

SCHEDULE 1

Article 3

MODIFICATIONS OF PART I OF THE ACT

1. After section 1(4), there shall be inserted—
  - “(5) In this Part—
    - “the 1995 Order” means the Local Government (Exemption from Competition) (Scotland) Order 1995;
    - “the exemption end date” has the meaning assigned to it in the 1995 Order;
    - “the exempt period” has the meaning assigned to it in the 1995 Order.”.
2. For section 4(7), there shall be substituted—

“(7) This section applies where it is proposed to enter into the works contract on or after the exemption end date.”.
3. For section 5(1), there shall be substituted—
  - (1) Where—
    - (a) a defined authority (as a bidding authority) entered into a works contract in the exempt period, and
    - (b) had they entered into the contract on the exemption end date they would have infringed section 4 above,on that date the parties to the contract shall cease to have power to carry it out.”.
4. In section 6—
  - (a) in subsection (5), for the words “any date specified in the regulations” substitute the words “the exemption end date”; and
  - (b) after subsection (5), there shall be inserted—

“(6) This section does not apply to functional work carried out in the exempt period.”.
5. After section 9(4), there shall be inserted—

“(4A) In the application of subsection (4) above in the exempt period (and any continuation thereof in terms of article 8 of the 1995 Order)—

  - (a) where an existing contract (within the meaning of the 1995 Order) has expired; or
  - (b) where it is intended to carry out functional work falling within a defined activity to which that Order applies following the expiry or termination of an arrangement with that authority’s direct labour organisation (or similar organisation) or the variation of such arrangement which would constitute a breach of the sixth condition had section 6 above applied; or
  - (c) where work falls anew or for the first time within a defined activity,a local authority shall, before carrying out that work, prepare a detailed specification and shall prepare a bid in terms of section 7(6) above, for a period not extending beyond the end of the exempt period (or any continuation thereof as aforesaid), which bid shall be taken as being the bid referred to in subsection (4) above to carry out that work through that authority’s direct labour organisation (or similar organisation).”.
6. After section 9(7) there shall be inserted—

“(8) In respect of the period from 31st March 1995 until the end of the financial year within which the exemption end date falls, subsections (1) to (7) above shall apply, subject to the following modifications:—

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- (a) in subsection (1) the words—
  - “and fulfils the condition that—
    - (a) it is carried out under a works contract to which section 4 above applies,  
or
    - (b) section 6 above applies to it”

shall not apply; and

- (b) in subsection (2) for the words “, is carried out by them in that year and fulfils that condition” substitute the words “and is carried out by them in that year”.

**7.** After section 10(4) there shall be inserted—

“(5) In respect of the period from 31st March 1995 until the end of the financial year within which the exemption end date falls, subsections (1) to (4) above shall apply, subject to the following modifications:—

- (a) in subsection (1) the words—
  - “and fulfils the condition that—
    - (a) it is carried out under a works contract to which section 4 above applies,  
or
    - (b) section 6 above applies to it”

shall not apply; and

- (b) in subsection (2)(a) for the words “, is carried out by them in that year and fulfils that condition” substitute the words “and is carried out by them in that year”.

**8.** After section 11(7) there shall be inserted—

“(7A) In respect of the report to be prepared in regard to the financial year beginning 1st April 1995, subsection (7) above shall apply subject to the following modifications:—

- (a) for the words “30th September” substitute the words “31st December”; and
- (b) for the words “31st October” substitute the words “31st January”.

**9.** After section 11(9) there shall be inserted—

“(10) In respect of the period from 31st March 1995 until the end of the financial year following the financial year within which the exemption end date falls, subsections (1) to (9) above shall apply subject to the following modifications:—

- (a) in subsection (1) the words—
  - “and fulfils the condition that—
    - (a) it is carried out under a works contract to which section 4 above applies,  
or
    - (b) section 6 above applies to it”

shall not apply;

- (b) in subsection (2) for the words “, is carried out by them in that year and fulfils that condition” substitute the words “and is carried out by them in that year”;

(c) subsection (2)(e) shall not apply; and

(d) in subsection (5)—

(i) insert the word “and” after the word “activity”; and

(ii) the words—

“and fulfils the condition that—

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- (a) it was carried out under a works contract to which section 4 above applies, or
- (b) section 6 above applies to it”

shall not apply.”.