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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

1. These Regulations amend regulations made under Part I (competition) of the Local Government Act 1988 (“the 1988 Act”) in respect of the defined activities of construction and property services, financial services, housing management, information technology services, legal services and personnel services.

2. In the case of all services, a credit in respect of voluntary competitive tendering is allowed. For work awarded after 12th December 1997 the credit is of an amount equal to 125 per cent of the cost of the work.

3. Except in the case of housing management that credit is provided by means of a new definition of “D” for the purposes of the relevant formula. For housing management the credit is provided by reduction of the “relevant amount” to which section 6 of the 1988 Act is applied by regulation 3 of the Local Government Act 1988 (Competition) (Housing Management) (Wales) Regulations 1997.

4. In the case of all services the cost of specified work for the purposes of the relevant formula is redefined to provide for such work and its overheads to be treated as forming part of the cost of one activity only.

5. In the case of all services, except housing management, a percentage credit is allowed for work carried out by a defined authority which is funded from a school’s delegated budget under a scheme prepared under section 103 of the Education Act 1996 (the definition of “G” in the relevant formula).

6. In regulation 3, other changes are made to the regulations relating to construction and property services which—

- (a) reduce from 65 per cent to 55 per cent the amount of work that is subject to competition;
- (b) raise the de minimis threshold from £300,000 to £450,000; and
- (c) restore the credit for work in progress to run for a period of two years beginning on 1st October 1999.

7. In regulation 4, changes are made to the regulations relating to financial services to require authorities to expose 40 per cent of financial services work to competition.

8. In regulation 8, a change is made to the regulations relating to personnel services which allows a 60 per cent credit (“J”) for employee training work carried out by a defined authority which is funded by grants for education support and training paid to a school’s governing body under a delegated budget scheme, or by a matching contribution paid to the governing body by the authority.

9. Regulation 9 revokes in part the Local Government Act 1988 (Competition) (Wales) Regulations 1997.