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STATUTORY INSTRUMENTS

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**1997 No. 2732**

**LOCAL GOVERNMENT, ENGLAND AND WALES**

**The Local Government Act 1988 (Competition)  
(England) (No. 2) Regulations 1997**

*Made* - - - - *17th November 1997*  
*Laid before Parliament* *21st November 1997*  
*Coming into force* - - *12th December 1997*

The Secretary of State for the Environment, in exercise of the powers conferred on him by sections 6(3) and 15(6) of the Local Government Act 1988<sup>(1)</sup>, and of all other powers enabling him in that behalf, hereby makes the following Regulations—

**Citation, commencement and application**

1.—(1) These Regulations may be cited as the Local Government Act 1988 (Competition) (England) (No. 2) Regulations 1997 and shall come into force on 12th December 1997.

(2) These Regulations apply to defined authorities in England only.

**Interpretation**

2. In these Regulations—

“the construction regulations” means the Local Government Act 1988 (Competition) (Construction and Property Services) (England) Regulations 1994<sup>(2)</sup>;

“the financial services regulations” means the Local Government Act 1988 (Competition) (Financial Services) (England) Regulations 1995<sup>(3)</sup>;

“the housing management regulations” means the Local Government Act 1988 (Competition) (Housing Management) (England) Regulations 1994<sup>(4)</sup>;

“the information technology regulations” means the Local Government Act 1988 (Competition) (Information Technology) (England) Regulations 1995<sup>(5)</sup>;

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(1) 1988 c. 9. Section 6 is amended by paragraph 12 of Schedule 1 to the Local Government Act 1992 (c. 19).  
(2) S.I. 1994/3166, amended by S.I. 1995/2546 and 1997/175.  
(3) S.I. 1995/2916, amended by S.I. 1997/175.  
(4) S.I. 1994/2297, amended by S.I. 1997/176.  
(5) S.I. 1995/2813, amended by S.I. 1997/175.

“the legal services regulations” means the Local Government Act 1988 (Competition) (Legal Services) (England) Regulations 1994(6);

“the personnel services regulations” means the Local Government Act 1988 (Competition) (Personnel Services) (England) Regulations 1995(7).

### **Amendments to the construction regulations**

3.—(1) The construction regulations are amended in accordance with paragraphs (2) to (4) below.

(2) With effect from 1st October 1998 in regulation 2 (interpretation)—

(a) substitute the following for the definition of “allowable period”—

““allowable period”, in relation to a defined authority of the description specified in paragraph (2), means the period of two years commencing with the day on which section 6 of the Act first applies to that authority;”

(b) substitute the following for the definition of “the cost”(8)—

““the cost” means the estimated total annual cost including overheads provided that that estimated cost (including overheads) is not treated by a defined authority as forming part of the cost of—

- (i) another defined activity; or
- (ii) work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies;(9)

(c) substitute the following for the definition of “the specified proportion”—

““the specified proportion” means an amount equal to the product of the formula

$$(T - (A + B)) - (C + D + E + F + G + H + J)$$

where—

- T = an amount equal to the cost to a defined authority of the specified work;
- A = an amount equal to the cost of specified work which is being carried out by a person other than a defined authority in connection with work falling within any other defined activity or in connection with work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies where that work is being carried out by another person on behalf of a defined authority;
- B = an amount equal to any amount included in T in respect of goods or services which are provided by a person other than a defined authority;
- C = an amount equal to 45% of (T - (A + B)) or £450,000, whichever is greater;
- D =
  - (i) for work awarded before 1st April 1994, an amount equal to the cost of specified work which is being carried out following voluntary competitive tendering;
  - (ii) for work awarded after 12th December 1997, an amount equal to 125% of the cost of specified

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(6) S.I. 1994/3164, amended by S.I. 1995/2546 and 1997/175.

(7) S.I. 1995/2101, amended by S.I. 1997/175.

(8) The definition of “the cost” was substituted by S.I. 1997/175, regulation 3(1)(b).

(9) 1980 c. 65.

- work which is being carried out following voluntary competitive tendering;
- E = an amount equal to the cost of any specified work being carried out following a competitive tendering process in respect of that work conducted in accordance with the provisions of the Act;
- F = an amount equal to the cost of any specified work being carried out by a person other than a defined authority following a competitive tendering process where—
- (i) no defined authority submitted a bid to carry out that work; and
  - (ii) that work had previously been carried out by the defined authority conducting that process or by its predecessor;
- G = an amount equal to 45% of the cost of work carried out by a defined authority which is funded from a school's delegated budget provided under a scheme prepared in accordance with section 103 (local education authority required to have scheme for purposes of Chapter V) of the Education Act 1996;
- H =
- (i) until 30th September 2000, an amount equal to the cost of specified work which is being carried out by a defined authority in connection with functional work falling within the defined activity mentioned in section 2(2)(h) of the Act (housing management) where that functional work is not subject to section 6 (functional work: restrictions) of the Act;
  - (ii) on and after 1st October 2000, nil;
- J =
- (i) in relation to a defined authority of the description mentioned in paragraph (2) and for the allowable period applicable to that authority, an amount equal to the cost (including overheads) of work falling within paragraph 12(3)(d) or (e) of Schedule 1 to the Act, where that work has been started before the commencement of the allowable period,
  - (ii) in relation to any such authority and for any period other than the allowable period applicable to that authority, nil,
  - (iii) in relation to any other defined authority, nil:
- provided that—
- (a) any amount taken into account in applying any element in the formula (other than T) shall not also be taken into account in applying any other element in the formula; and
  - (b) any such amount shall not be taken into account in applying any element in the formula used for

calculating the specified proportion of any other defined activity;(10);”

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(d) after the definition of “specified work” insert—

““structural change” means a change, effected by order under section 17 (implementation of recommendations by order) of the Local Government Act 1992, of the description mentioned in paragraph (a) or (b) of subsection (1) of section 14 (changes that may be recommended) of that Act;(11);”and

(e) substitute the following for the definition of “voluntary competitive tendering”—

““voluntary competitive tendering” means the award (whether or not to the defined authority conducting the process) of work following a competitive process in the course of which at least three persons who are not defined authorities were invited to tender for that work.”.

(3) With effect from 1st October 1998—

(a) after “2.” insert “—(1)”; and

(b) at the end of new paragraph (1) insert—

“(2) The description for the purposes of—

(a) the definition of “allowable period”; and

(b) assigning a value to J in the formula set out in the definition of “the specified proportion”,

is a local authority which is subject to, or created by, a structural change taking effect on 1st April 1996, 1st April 1997 or 1st April 1998.”.

(4) With effect from 31st March 1998, in regulation 3 (application of section 6)(12)—

(a) in paragraph (a), omit the words from “or boundary” to “(“a structural change”)”; and

(b) in paragraph (b), for “1st April 1998” substitute “1st October 1998”; and

(c) in paragraph (c), for “1st April 1999” substitute “1st October 1999”.

### **Amendments to the financial services regulations**

**4.—**(1) The financial services regulations are amended in accordance with paragraphs (2) and (3) below.

(2) With effect from 1st January 1999, in regulation 2 (interpretation)—

(a) substitute the following for the definition of “the cost”(13)—

““the cost” means the estimated total annual cost including overheads provided that that estimated cost (including overheads) is not treated by a defined authority as forming part of the cost of—

(i) another defined activity; or

(ii) work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies(14);”

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(10) The chapter number of the [Education Act 1996](#) is c.56. Paragraph (h) of subsection (2) of section 2 of the Local Government Act 1988 was inserted by [S.I. 1994/1671](#). Paragraph 12 of Schedule 1 to that Act was added by [S.I. 1994/2888](#).

(11) [1992 c. 19](#).

(12) Regulation 3 was amended by [S.I. 1997/175](#).

(13) The definition of “the cost” was substituted by [S.I. 1997/175](#), regulation 4(1)(b).

(14) [1980 c. 65](#).

(b) substitute the following for the definition of “the specified proportion”—

““the specified proportion” means an amount equal to the product of the formula

$$(T - (A + B)) - (C + D + E + F + G + H)$$

where—

- T = an amount equal to the cost to a defined authority of the specified work and of determination work;
- A = an amount equal to the cost of specified work which is being carried out by a person other than a defined authority in connection with work falling within any other defined activity or in connection with work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies where that work is being carried out by another person on behalf of a defined authority;
- B = an amount equal to any amount included in T in respect of goods or services which are provided by a person other than a defined authority;
- C = an amount equal to 60% of  $(T - (A + B))$  or £300,000, whichever is greater;
- D =
- (i) for work awarded before 1st April 1994, an amount equal to the cost of specified work which is being carried out following voluntary competitive tendering;
  - (ii) for work awarded after 12th December 1997, an amount equal to 125% of the cost of specified work which is being carried out following voluntary competitive tendering;
- E = an amount equal to the cost of any specified work being carried out following a competitive tendering process in respect of that work conducted in accordance with the provisions of the Act;
- F = an amount equal to the cost of any specified work being carried out by a person other than a defined authority following a competitive tendering process where—
- (i) no defined authority submitted a bid to carry out that work; and
  - (ii) that work had previously been carried out by the defined authority conducting that process or by its predecessor;
- G = an amount equal to 60% of the cost of work carried out by a defined authority which is funded from a school’s delegated budget provided under a scheme prepared in accordance with section 103 (local education authority required to have scheme for purposes of Chapter V) of the Education Act 1996;
- H =
- (i) until 30th September 2000, an amount equal to the cost of specified work which is being carried out by a defined authority in connection with functional work falling within the defined activity mentioned in section 2(2)(h) of the Act (housing management) where that functional work is not subject to section 6 (functional work: restrictions) of the Act;

- (ii) on and after 1st October 2000, nil:  
provided that—
    - (a) any amount taken into account in applying any element in the formula (other than T) shall not also be taken into account in applying any other element in the formula; and
    - (b) any such amount shall not be taken into account in applying any element in the formula used for calculating the specified proportion of any other defined activity;<sup>(15)</sup>”
  - (c) after the definition of “specified work” insert—
 

““structural change” means a change, effected by order under section 17 (implementation of recommendations by order) of the Local Government Act 1992, of the description mentioned in paragraph (a) or (b) of subsection (1) of section 14 (changes that may be recommended) of that Act;<sup>(16)</sup>”and
  - (d) substitute the following for the definition of “voluntary competitive tendering”—
 

““voluntary competitive tendering” means the award (whether or not to the defined authority conducting the process) of work following a competitive process in the course of which at least three persons who are not defined authorities were invited to tender for that work”.
- (3) With effect from 30th September 1998, in regulation 3 (application of section 6), in paragraph (1)—
- (a) in sub-paragraph (a), omit the words from “or boundary” to (““a structural change””);
  - (b) in sub-paragraph (b), for “1st October 1988” substitute “1st April 1999”;
  - (c) in sub-paragraph (c), for “1st October 1999” substitute “1st January 2000”; and
  - (d) in sub-paragraph (d)<sup>(17)</sup>, for “1st October 1998” substitute “1st April 1999”.

### **Amendments to the housing management regulations**

**5.** Regulation 2 (interpretation) of the housing management regulations is amended, with effect from 1st October 1998—

- (a) by the insertion, after the definition of “the Act”, of the following definition—
 

““the cost” means the estimated total annual cost including overheads provided that that estimated cost (including overheads) is not treated by a defined authority as forming part of the cost of—

  - (i) another defined activity; or
  - (ii) work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies;”;
- (b) in the definition of “the specified proportion”, by the substitution—
  - (i) for the definition of “T”, of the following—
 

““T<sup>22</sup> an amount equal to the cost to a defined authority of the specified work;” and

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<sup>(15)</sup> The chapter number of the [Education Act 1996](#) is c.56. Paragraph (h) of subsection (2) of section 2 of the Local Government Act 1988 was inserted by [S.I. 1994/1671](#).

<sup>(16)</sup> [1992 c. 19](#).

<sup>(17)</sup> Regulation 3(1)(d) was amended by [S.I. 1997/175](#), regulation 4(4).

(ii) for the definition of “B”, of the following—

““B” =

- (i) for work awarded before 1st September 1994, an amount equal to the cost of specified work which is being carried out following voluntary competitive tendering;
- (ii) for work awarded after 12th December 1997, an amount equal to 125% of the cost of specified work which is being carried out following voluntary competitive tendering;
- (iii) for any period other than the permitted period, nil;” and

(c) by the substitution of the following for the definition of “voluntary competitive tendering”—

““voluntary competitive tendering” means the award (whether or not to the defined authority conducting the process) of work following a competitive process in the course of which at least three persons who are not defined authorities were invited to tender for that work.”

#### **Amendments to the information technology regulations**

**6.—**(1) The information technology regulations are amended in accordance with paragraphs (2) and (3) below.

(2) With effect from 1st April 1999, in regulation 2 (interpretation)—

(a) substitute the following for the definition of “the cost”**(18)**—

““the cost” means the estimated total annual cost including overheads provided that that estimated cost (including overheads) is not treated by a defined authority as forming part of the cost of—

- (i) another defined activity; or
- (ii) work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies;**(19)**”

(b) substitute the following for the definition of “the specified proportion”—

““the specified proportion” means an amount equal to the product of the formula  
**(T – (A + B)) – (C + D + E + F + G + H + J)**

where—

- T = an amount equal to the cost to a defined authority of the specified work;
- A = an amount equal to the cost of specified work which is being carried out by a person other than a defined authority in connection with work falling within any other defined activity or in connection with work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies where that work is being carried out by another person on behalf of a defined authority;
- B = an amount equal to any amount included in T in respect of goods or services which are provided by a person other than a defined authority;

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**(18)** The definition of “the cost” was substituted by S.I. 1997/175, regulation 5(1)(a).

**(19)** 1980 c. 65.

- C = an amount equal to 60% of  $(T - (A + B))$  or £300,000, whichever is greater;
- D =
- (i) for work awarded before 1st April 1994, an amount equal to the cost of specified work which is being carried out following voluntary competitive tendering;
  - (ii) for work awarded after 12th December 1997, an amount equal to 125% of the cost of specified work which is being carried out following voluntary competitive tendering;
- E = an amount equal to the cost of any specified work being carried out following a competitive tendering process in respect of that work conducted in accordance with the provisions of the Act;
- F = an amount equal to the cost of any specified work being carried out by a person other than a defined authority following a competitive tendering process where—
- (i) no defined authority submitted a bid to carry out that work; and
  - (ii) that work had previously been carried out by the defined authority conducting that process or by its predecessor;
- G = an amount equal to 60% of the cost of work carried out by a defined authority which is funded from a school's delegated budget provided under a scheme prepared in accordance with section 103 (local education authority required to have scheme for purposes of Chapter V) of the Education Act 1996;
- H =
- (i) until 30th September 2000, an amount equal to the cost of specified work which is being carried out by a defined authority in connection with functional work falling within the defined activity mentioned in section 2(2)(h) of the Act (housing management) where that functional work is not subject to section 6 (functional work: restrictions) of the Act;
  - (ii) on and after 1st October 2000, nil;
- J = J = an amount equal to the cost of specified work which is being carried out by a defined authority, being work undertaken by way of functional work at the request of any person other than a defined authority who is carrying out work ("other work") on the authority's behalf, for the purposes of facilitating such work:

provided that—

- (a) any amount taken into account in applying any element in the formula (other than T) shall not also be taken into account in applying any other element in the formula; and



- (b) any such amount shall not be taken into account in applying any element in the formula used for calculating the specified proportion of any other defined activity;(20);”
  - (c) after the definition of “specified work” insert—
    - ““structural change” means a change, effected by order under section 17 (implementation of recommendations by order) of the Local Government Act 1992, of the description mentioned in paragraph (a) or (b) of subsection (1) of section 14 (changes that may be recommended) of that Act;”; and
  - (d) substitute the following for the definition of “voluntary competitive tendering”—
    - ““voluntary competitive tendering” means the award (whether or not to the defined authority conducting the process) of work following a competitive process in the course of which at least three persons who are not defined authorities were invited to tender for that work.”.
- (3) With effect from 31st March 1998, in regulation 3 (application of section 6)—
- (a) in paragraph (1)(a), omit the words from “or boundary” to “(“a structural change”)”;
  - (b) in paragraph (1)(b), for “1st October 1999” substitute “1st April 2000”; and
  - (c) in paragraph (1)(d), for “1st April 1999” substitute “1st April 2000”.

#### **Amendment of the legal services regulations**

7.—(1) The legal services regulations are amended in accordance with paragraphs (2) and (3) below.

- (2) With effect from 1st October 1998, in regulation 2 (interpretation)—
- (a) substitute the following for the definition of “the cost”(21)—
    - ““the cost” means the estimated total annual cost including overheads provided that that estimated cost (including overheads) is not treated by a defined authority as forming part of the cost of—
    - (i) another defined activity; or
    - (ii) work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies;(22);”
  - (b) substitute the following for the definition of “the specified proportion”—

““the specified proportion” means an amount equal to the product of the formula

$$(T - (A + B)) - (C + D + E + F + G + H)$$

where—

- T = an amount equal to the cost to a defined authority of the specified work;
- A = an amount equal to the cost of specified work which is being carried out by a person other than a defined authority in connection with work falling within any other defined activity or in connection with work to which Part III (direct labour organisations) of the Local Government, Planning

(20) The chapter number of the [Education Act 1996](#) is c.56. Paragraph (h) of subsection (2) of section 2 of the Local Government Act 1988 was inserted by [S.I. 1994/1671](#).

(21) The definition of “the cost” was substituted by [S.I. 1997/175](#), regulation 6(1)(a).

(22) [1980 c. 65](#).

- and Land Act 1980 applies where that work is being carried out by another person on behalf of a defined authority;
- B = an amount equal to any amount included in T in respect of goods or services which are provided by a person other than a defined authority;
- C = an amount equal to 55% of  $(T - (A + B))$  or £300,000, whichever is greater;
- D =
- (i) for work awarded before 1st April 1994, an amount equal to the cost of specified work which is being carried out following voluntary competitive tendering;
  - (ii) for work awarded after 12th December 1997, an amount equal to 125% of the cost of specified work which is being carried out following voluntary competitive tendering;
- E = an amount equal to the cost of any specified work being carried out following a competitive tendering process in respect of that work conducted in accordance with the provisions of the Act;
- F = an amount equal to the cost of any specified work being carried out by a person other than a defined authority following a competitive tendering process where—
- (i) no defined authority submitted a bid to carry out that work; and
  - (ii) that work had previously been carried out by the defined authority conducting that process or by its predecessor;
- G = an amount equal to 55% of the cost of work carried out by a defined authority which is funded from a school's delegated budget provided under a scheme prepared in accordance with section 103 (local education authority required to have scheme for purposes of Chapter V) of the Education Act 1996;
- H =
- (i) until 30th September 2000, an amount equal to the cost of specified work which is being carried out by a defined authority in connection with functional work falling within the defined activity mentioned in section 2(2)(h) of the Act (housing management) where that functional work is not subject to section 6 (functional work: restrictions) of the Act;
  - (ii) on and after 1st October 2000, nil:

provided that—

- (a) any amount taken into account in applying any element in the formula (other than T) shall not also be taken into account in applying any other element in the formula; and
- (b) any such amount shall not be taken into account in applying any element in the formula used for calculating the specified proportion of any other defined activity;(23);”

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(23) The chapter number of the Education Act 1996 is c.56. Paragraph (h) of subsection (2) of section 2 of the Local Government Act 1988 was inserted by S.I. 1994/1671.

- (c) after the definition of “specified work” insert—
- ““structural change” means a change, effected by order under section 17 (implementation of recommendations by order) of the Local Government Act 1992, of the description mentioned in paragraph (a) or (b) of subsection (1) of section 14 (changes that may be recommended) of that Act;” and
- (d) substitute the following for the definition of “voluntary competitive tendering”—
- ““voluntary competitive tendering” means the award (whether or not to the defined authority conducting the process) of work following a competitive process in the course of which at least three persons who are not defined authorities were invited to tender for that work”.
- (3) With effect from 31st March 1998, in regulation 3(1) (application of section 6)—
- (a) in paragraph (a), omit the words from “or boundary” to “(“a structural change”);”;
- (b) in paragraph (b), for “1st April 1998” substitute “1st October 1998”;
- (c) in paragraph (c), for “1st April 1999” substitute “1st October 1999”.

### **Amendment of the personnel services regulations**

8.—(1) The personnel services regulations are amended in accordance with paragraphs (2) and (3) below.

- (2) With effect from 1st January 1999, in regulation 2 (interpretation)—
- (a) substitute the following for the definition of “the cost”<sup>(24)</sup>—
- ““the cost” means the estimated total annual cost including overheads provided that that estimated cost (including overheads) is not treated by a defined authority as forming part of the cost of—
- (i) another defined activity; or
- (ii) work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies;<sup>(25)</sup>”
- (b) substitute the following for the definition of “the specified proportion”—
- ““the specified proportion” means an amount equal to the product of the formula
- $$(T - (A + B)) - (C + D + E + F + G + H + J)$$

where—

- T = an amount equal to the cost to a defined authority of the specified work;
- A = an amount equal to the cost of specified work which is being carried out by a person other than a defined authority in connection with work falling within any other defined activity or in connection with work to which Part III (direct labour organisations) of the Local Government, Planning and Land Act 1980 applies where that work is being carried out by another person on behalf of a defined authority;
- B = an amount equal to any amount included in T in respect of goods or services which are provided by a person other than a defined authority;

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<sup>(24)</sup> The definition of “the cost” was substituted by S.I. 1997/175, regulation 7(1)(a).

<sup>(25)</sup> 1980 c. 65.

- C = an amount equal to 60% of  $(T - (A + B))$  or £300,000, whichever is greater;
- D =
- (i) for work awarded before 1st April 1994, an amount equal to the cost of specified work which is being carried out following voluntary competitive tendering;
  - (ii) for work awarded after 12th December 1997, an amount equal to 125% of the cost of specified work which is being carried out following voluntary competitive tendering;
- E = an amount equal to the cost of any specified work being carried out following a competitive tendering process in respect of that work conducted in accordance with the provisions of the Act;
- F = an amount equal to the cost of any specified work being carried out by a person other than a defined authority following a competitive tendering process where—
- (i) no defined authority submitted a bid to carry out that work; and
  - (ii) that work had previously been carried out by the defined authority conducting that process or by its predecessor;
- G = an amount equal to 60% of the cost of work carried out by a defined authority which is funded from a school's delegated budget provided under a scheme prepared in accordance with section 103 (local education authority required to have scheme for purposes of Chapter V) of the Education Act 1996;
- H =
- (i) until 30th September 2000, an amount equal to the cost of specified work which is being carried out by a defined authority in connection with functional work falling within the defined activity mentioned in section 2(2)(h) of the Act (housing management) where that functional work is not subject to section 6 (functional work: restrictions) of the Act;
  - (ii) on and after 1st October 2000, nil;
- J = an amount equal to 60% of the cost of work falling within paragraph 15(1)(g) of Schedule 1 to the Act where that work is carried out by a defined authority and is wholly funded by—
- (i) a grant paid to the authority pursuant to section 484 (grants for education support and training) of the Education Act 1996 which is paid on to a governing body of a school with a delegated budget provided under a scheme prepared in accordance with section 103 of that Act; or
  - (ii) a matching contribution by the authority to such a grant which is paid on to such a governing body:

provided that—

- (a) any amount taken into account in applying any element in the formula (other than T) shall not also be taken into account in applying any other element in the formula; and
  - (b) any such amount shall not be taken into account in applying any element in the formula used for calculating the specified proportion of any other defined activity;(26);”
  - (c) after the definition of “specified work” insert—
    - ““structural change” means a change, effected by order under section 17 (implementation of recommendations by order) of the Local Government Act 1992, of the description mentioned in paragraph (a) or (b) of subsection (1) of section 14 (changes that may be recommended) of that Act;(27); ”and
  - (d) substitute the following for the definition of “voluntary competitive tendering”—
    - ““voluntary competitive tendering” means the award (whether or not to the defined authority conducting the process) of work following a competitive process in the course of which at least three persons who are not defined authorities were invited to tender for that work”.
- (3) With effect from 31st March 1998, in regulation 3 (application of section 6), in paragraph (1)
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- (a) in sub-paragraph (a), omit the words from “or boundary” to “(“a structural change”);
  - (b) in sub-paragraph (b), for “1st October 1998” substitute “1st January 1999”;
  - (c) in sub-paragraph (c), for “1st October 1999” substitute “1st January 2000”; and
  - (d) in sub-paragraph (d), for “1st April 1998” substitute “1st January 1999”.

### **Revocation of Regulations**

9.—(1) Subject to paragraph (2), the Local Government Act 1988 (Competition) (England) Regulations 1997(28), are hereby revoked.

(2) Nothing in paragraph (1) affects the amendments made by regulations 3(2) and (3), 4(2) to (4), 5(2) and (3), 6(2) and (3) and 7(2) and (3), or the revocation made by regulation 8, of those Regulations.

(3) In the Local Government Act 1988 (Competition) (Financial Services) (England) Regulations 1995(29), in regulation 2 (interpretation), the definition of “the allowable period” is hereby revoked with effect from 1st January 1999.

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(26) The chapter number of the [Education Act 1996](#) is c.56. Paragraph (h) of subsection (2) of section 2 of the Local Government Act 1988 was inserted by [S.I. 1994/1671](#). Paragraph 15 of Schedule 1 to that Act was added by [S.I. 1995/1915](#).

(27) [1992 c. 19](#).

(28) [S.I. 1997/175](#).

(29) [S.I. 1995/2916](#). A relevant amendment is made (prospectively) by regulation 4(1)(a) of [S.I. 1997/175](#).

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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Signed by authority of the Secretary of State for the Environment

17th November 1997

*Hilary Armstrong*  
Minister of State,  
Department of the Environment, Transport and  
the Regions

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## EXPLANATORY NOTE

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

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 management services, carried out by the majority of defined authorities in England.

In the case of all services, a credit in respect of voluntary competitive tendering is allowed by means of a new definition for the purposes of the relevant formula (the definition of “D” except in the case of housing management, where the relevant element in the formula is “B”). For work awarded after 12th December 1997 (the date on which these Regulations come into force), the credit is of an amount equal to 125% of the cost of the work.

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

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 (the definition of “G” in the relevant formula).

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

- (a) reduce from 65% to 55% the amount of work that is subject to competition;
- (b) raise the de minimis threshold from £300,000 to £450,000;
- (c) restore the credit for work in progress for authorities which have been subject to, or created by, local government reorganisations that took effect on 1st April 1996 and 1st April 1997 or are due to take effect on 1st April 1998. The credit will run for a period of two years beginning with the date on which the authority first became subject to section 6 (functional work: restrictions) of the 1988 Act; and
- (d) change some of the dates from which section 6 of the 1988 Act is to apply (“the implementation date”). Current implementation dates of 1st April 1998 and 1st April 1999 are put back to 1st October 1998 and 1st October 1999 respectively.

In regulation 4 other changes are made to the regulations relating to financial services which—

- (a) require all authorities to expose 40% of financial services work to competition; and
- (b) change some of the implementation dates. Current implementation dates of 1st October 1998 and 1st October 1999 are put back to 1st April 1999 and 1st January 2000 respectively.

In regulation 6 a change is made to the regulations relating to information technology which puts back, for authorities which are not subject to reorganisation and for those which were reorganised with effect from 1st April 1996, current implementation dates of 1st April 1999 and 1st October 1999, respectively, to 1st April 2000.

In regulation 7 a change is made to the regulations relating to legal services which puts back current implementation dates of 1st April 1998 and 1st April 1999 to 1st October 1998 and 1st October 1999 respectively.

In regulation 8 changes are made to the regulations relating to personnel services which—

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) allow a 60% credit (“J”) for employee training work 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;
- (b) put back current implementation dates of 1st April 1998, 1st October 1998 and 1st October 1999 to 1st January 1999, 1st January 1999 and 1st January 2000 respectively.

Regulation 9(1) revokes the Local Government Act 1988 (Competition) (England) Regulations 1997. The revocation does not affect amendments (which took effect on 21st February 1997) made by those Regulations to regulations under Part I of the 1988 Act relating to construction and property services, financial services, information technology services, legal services, personnel management services and services relating to the supervision of parking, management of vehicles and security work, nor does it affect the revocation of paragraphs (2) and (3) of regulation 3 of the Local Government Act 1988 (Defined Activities) (Competition) (Supervision of Parking, Management of Vehicles and Security Work) (England) Regulations 1994 (S.I. 1994/3165).

Regulation 9(3) revokes the definition of “the allowable period” in regulation 2 of the Local Government Act 1988 (Competition) (Financial Services) (England) Regulations 1995 with effect from 1st January 1999. (That provision would have been revoked with effect from 21st August 1998 had the revoking provision (regulation 4(1)(a) of the Local Government Act 1988 (Competition) (England) Regulations 1997) not itself been revoked (by regulation 9(1)), on the coming into force of these Regulations.)