Official Report
Aithisg Oifigeil

DRAFT

Economy, Tourism and Energy Committee

Comataidh na h-Eaconamaidh, Turasachd agus Cumhachd

Tuesday 24 November 2026

Session 7

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Pàrlamaid na h-Alba

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ECONOMY, TOURISM AND ENERGY COMMITTEE
12th Meeting 2026, Session 7

CONVENER

*Duncan Massey (North East Scotland) (Reform)

DEPUTY CONVENER

Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Gary Bouse (Falkirk West) (SNP)
*Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP)
*Martyn Day (Falkirk East and Linlithgow) (SNP)
*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)
*Kristopher Leask (Highlands and Islands) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ivan McKee (Cabinet Secretary for Public Service Reform)

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Economy, Tourism and Energy Committee

Tuesday 24 November 2026

[The Convener opened the meeting at 09:30]

Subordinate Legislation

Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 [Draft]

The Convener (Duncan Massey): Good morning, and welcome to the 12th meeting in 2026 of the Economy, Tourism and Energy Committee. We have apologies from Daniel Johnson.

Our first item of business is consideration of an affirmative statutory instrument: the draft Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027. I refer members to paper 1. I welcome Ivan McKee, Cabinet Secretary for Public Service Reform, and his official, Alasdair Hamilton. I remind members that Scottish Government officials can participate during the evidence session, but only MSPs can participate in the formal debate at agenda item 2. I invite the cabinet secretary to make a short opening statement.

The Cabinet Secretary for Public Service Reform (Ivan McKee): Good morning. When the Procurement Reform (Scotland) Act 2014 was passed, it introduced a level of regulation of the award of public contracts that are worth less than the thresholds that are set out in the United Kingdom's international obligations. The thresholds in the act have not been amended since then. In the previous parliamentary session, the Economy and Fair Work Committee carried out a post-legislative review of the act, and one of its recommendations was that the thresholds should be reviewed.

Earlier this year, we consulted on that. Respondents told us that, although they value the 2014 act, it is important that procurement rules are proportionate; and that, 12 years after the thresholds were first set, they needed to rise. The order will increase thresholds for contracts to which the 2014 act applies. For goods and services contracts, the threshold will increase from £50,000 to £100,000. For works contracts, the threshold will go from £2 million to £4 million.

Those new values reflect the consultation feedback. Increasing the thresholds will create more opportunities for local businesses, small and medium-sized enterprises and third sector organisations, by allowing more contracts to be awarded through faster routes to market, such as the quick quote facility. The changes will enable public bodies to reduce bureaucracy, cut unnecessary paperwork and shorten the time that is taken for contracts to be awarded. We expect more public spending to reach local suppliers, strengthen local economies, support jobs and retain wealth in communities across Scotland.

We also consulted on whether to reduce the threshold from which there is a duty to consider imposing community benefits. Respondents told us that community benefits play an important role in delivering positive social, economic and environmental outcomes for people and places across Scotland, but views were split on whether the threshold from which there is a duty to consider community benefits should be reduced. Public bodies have already been using the flexibility in the procurement rules to voluntarily include community benefits in contracts below the current £4 million threshold. We also recognise that the impact of inflation since 2014 has already reduced the threshold in real terms. The draft instrument does not, therefore, propose any changes to the community benefits threshold.

The Convener: Thank you, cabinet secretary. Do members have any questions?

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Good morning, cabinet secretary. You said that views were mixed on the community benefit threshold, which is to remain unchanged. Will you give an example of how the unchanged threshold will not work to the detriment of those who make applications?

Ivan McKee: Do you mean the community benefit threshold?

Rachael Hamilton: Yes.

Ivan McKee: We have some data on the responses. There is a balance, because lowering the threshold would mean that more work needed to be done on smaller contracts to show what was being done to comply with the community benefit requirements. Consequently, that would put more onus on smaller businesses, typically, to produce more supporting evidence. The point is that, over time, that number has been reducing in real terms. There is therefore no change from where we are now. The decision was taken that it did not seem appropriate to reduce that number at this point.

Rachael Hamilton: That is fine.

The Convener: There are no more questions, so we move to item 2, which is formal consideration of motion S7M-01980.

Motion moved,

That the Economy, Tourism and Energy Committee

recommends that the Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 [draft] be approved.—[*Ivan McKee*]

The Convener: Do members wish to make any further points?

Gary Bouse (Falkirk West) (SNP): With a number of years' experience in construction, and having dealt with Public Contracts Scotland and such like, I am pleased to see the instrument—that is why you got no questions from me earlier.

Community benefits need to be looked at a wee bit more closely, and perhaps we can chat about that away from here. When you have been involved in this for more than 20 years, it gives you a certain insight, but I totally agree with the instrument.

The Convener: I invite the cabinet secretary to wind up and to press or withdraw the motion.

Ivan McKee: On Mr Bouse's point, I am happy to engage on that basis, and I am happy to press the motion.

The Convener: The question is, that motion S7M-01980 be agreed to.

Motion agreed to,

That the Economy, Tourism and Energy Committee recommends that the Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 [draft] be approved.

The Convener: Do members agree to delegate authority to me as convener to approve a short factual report on the instrument?

Members *indicated agreement*.

The Convener: I thank the cabinet secretary and his official, Alasdair Hamilton, for their time, and I suspend the meeting briefly to allow them to leave.

09:36

Meeting suspended.

09:37

On resuming—

Commercial Payments Bill

The Convener: Our final item of business is consideration of legislative consent memorandums on the Commercial Payments Bill. I refer members to paper 2. Members will note that we have received a reply from the Scottish Government, but not from the Convention of Scottish Local Authorities, in response to our request for further information. Do members have any comments?

Rachael Hamilton: At our meeting on 3 November, we noted that COSLA had raised concerns about the potential financial, commercial and operational implications of aspects of the wider bill for local authorities, including provisions on payment practices and banning retentions in construction contracts. I am disappointed that we have not had a response from COSLA to the committee's letter. I am grateful that we have received a response from the Minister for Business and Fair Work, Tom Arthur. We should pursue the response that we require from COSLA, because it remains an outstanding point that needs to be addressed.

The Convener: Do members have any further comments?

Gary Bouse: It is hard to go through this without the comments from COSLA. It is fine to get the Scottish Government's side, but it is vital that we get a response from COSLA. I appreciate that staff have been pushing COSLA for that, but it is a challenge to do this without COSLA's input, and it is disappointing that it has not sent a response.

Martyn Day (Falkirk East and Linlithgow) (SNP): I have a technical question. What is the timescale in which we need to conclude our thoughts on the matter?

The Convener: I am informed that we have time to request a response from COSLA.

Rachael Hamilton: In the letter from the Government, the minister says that COSLA's concerns

"could be appropriately managed through the phased implementation approach provided for in the Bill, together with continued engagement with stakeholders".

I think that we should share the minister's letter with COSLA and ask it to comment further on how local authorities might be impacted.

The Convener: Do members agree to write such a letter, in which we could request a response from COSLA?

Members *indicated agreement*.

The Convener: That concludes our business for today. Our next meeting will be on Tuesday 1 December, when we will have a round-table evidence session on Grangemouth.

Meeting closed at 09:41.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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