Economy, Tourism and Energy Committee
Tuesday 24 November 2026
12th Meeting, 2026 (Session 7)

Note by the Clerk on the Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 [draft]

Overview

1. At this meeting, the Committee will take evidence from the Cabinet Secretary for Public Service Reform and officials on the Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 [draft], before debating a motion in the name of the Cabinet Secretary inviting the Committee to recommend approval of the instrument.

2. This is a draft Scottish Statutory Instrument (SSI), which requires approval by resolution of the Parliament before it can become law. More information about the instrument is summarised below—

   Title of instrument: Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 [draft]

   Laid under: Procurement Reform (Scotland) Act 2014

   Laid on: 2 November 2026

   Procedure: Affirmative

   Lead committee to report by: 11 December 2026

   Commencement: If approved, parts of the instrument come into force the day after it is made and others on 1 April 2027.

Procedure

3. Under the affirmative procedure, an instrument must be laid in draft and cannot be made (or come into force) unless it is approved by resolution of the Parliament.

4. Once laid, the instrument is referred to—

   - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and

   - a lead committee, whose remit includes the subject-matter of the instrument, for scrutiny on policy grounds.

5. The lead committee, taking account of any recommendations made by the DPLR Committee (or any other committee), must report within 40 days of the instrument being laid.

6. The normal practice is to have two agenda items when an affirmative instrument is considered by the lead committee—

- an evidence session with the Cabinet Secretary and officials, followed by;
- a formal debate on a motion, lodged by the Cabinet Secretary, inviting the lead committee to recommend approval of the instrument.

7. Only MSPs may participate in the debate, which may not last for more than 90 minutes. If there is a division on the motion, only committee members may vote. If the motion to recommend approval is agreed to, it is for the Chamber to decide, at a later date, whether to approve the instrument.

Delegated Powers and Law Reform Committee consideration

8. The DPLR Committee considered the instrument on 10 November 2026 and reported on it in its 17th Report, 2026. The DPLR Committee made no recommendations in relation to the instrument.

Purpose of the instrument

9. The Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 amends the financial thresholds from which the Procurement Reform (Scotland) Act 2014 (the Act) applies to the award of contracts. This instrument increases the goods and services threshold (referred to in the Act as "Public contract (other than a public works contract") from £50,000 to £100,000. This instrument also increases the works threshold (referred to in the Act as "Public works contract") from £2,000,000 to £4,000,000.

10. The thresholds in the Procurement Reform (Scotland) Act 2014 (the Act) haven't changed since 2014, and inflation has pushed more procurements into its scope. The order raises the thresholds to reduce regulatory burden on lower-value procurements, while keeping controls on regulated and higher-value ones.

11. The instrument amends the threshold figures within section 3(2) of the Act. The goods and services threshold increases from £50,000 to £100,000 and the works threshold increases from £2,000,000 to £4,000,000.

12. Ministers have certified that the order is compatible with the UN Convention on the Rights of the Child requirements under the 2024 Incorporation Act.

13. The order is not relevant to the policy of maintaining alignment with the EU.

14. In June 2024, the Session 6 Economy and Fair Work Committee's post-legislative scrutiny recommended a review of the thresholds. A public consultation ran from 16 October 2025 to 8 January 2026. This consultation asked for views on changing three thresholds in the Procurement Reform (Scotland) Act 2014; the public contract (other than a public works contract), the public works contract, and the community benefits threshold. Respondents broadly supported raising the goods, services and works thresholds to the levels above. Views on lowering the community benefits threshold were mixed. The most common choice was to keep it at £4,000,000, so it is unchanged.

15. Lower-value public contracts below the relevant threshold will not be subject to all the requirements set out in the Procurement Reform (Scotland) Act 2014. This means contracting authorities can use simpler approaches such as 'Quick Quotes' or direct awards, which reduce the barriers to business and the burden on contracting authorities.

16. A Scottish Government blog sets out what the proposed new threshold would mean for suppliers, stating that the proposed changes will "make public procurement quicker, simpler and more proportionate for lower-value contracts".

17. The following impact assessments have been published:

- Child Rights and Wellbeing Impact Assessment
- Business and Regulatory Impact Assessment

18. The impact assessments expects a largely positive effect on business, particularly SMEs, third sector organisations and local suppliers, and the regulations are considered compatible with UNCRC requirements.

19. The Scottish Government's Policy Note accompanying the instrument is included in **Annexe A**.

20. The Cabinet Secretary for Public Service Reform wrote to the Committee. This letter is included in **Annexe B.**

Report

21. Depending on the outcome of today's proceedings on the instrument, the Committee should either:
    - agree to consider the draft report by correspondence, and delegate to the Convener responsibility for resolving any differences of view (if members wish the report to make points of substance or recommendations); or
    - delegate to the Convener responsibility for approving the draft for publication (if members are content with a short, factual report only).

Clerks to the Committee
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Annexe A: Accompanying material

POLICY NOTE

THE PROCUREMENT REFORM (SCOTLAND) ACT 2014 (THRESHOLDS) AMENDMENT ORDER 2027

SSI 2027/XXX

The above instrument is made by Scottish Ministers in exercise of the powers conferred by sections 3(3) and 44(1) of the Procurement Reform (Scotland) Act 2014 and all other powers enabling them to do so. The instrument is subject to affirmative procedure.

Summary Box

This instrument amends the financial thresholds from which the Procurement Reform (Scotland) Act 2014 (the Act) applies to the award of contracts. This instrument increases the goods and services threshold (referred to in the Act as *"Public contract (other than a public works contract"*) from £50,000 to £100,000. This instrument also increases the works threshold (referred to in the Act as *"Public works contract"*) from £2,000,000 to £4,000,000.

Policy Objectives

The thresholds within the Act have remained unchanged since 2014, when the Act received Royal Assent. Over this period, inflation has reduced the value of the thresholds in real terms, resulting in a greater number of procurements falling within the scope of the Act. This instrument seeks to amend the Act's goods, services and works thresholds, helping to reduce and rebalance regulatory requirements for lower value procurements, while retaining controls for regulated and higher value procurements.

The instrument amends the threshold figures within section 3(2) of the Act. The figures used to determine whether a contract is be covered by the Act will increase. This instrument increases the goods and services contract threshold from £50,000 to £100,000 and increases the works contract threshold from £2,000,000 to £4,000,000.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024, the Scottish Ministers certify that, in their view, the Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 is compatible with the UNCRC requirements as defined by section 1(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU. Certified copy from legislation.gov.uk Publishing

Consultation

In its *Post-legislative scrutiny of the Procurement Reform (Scotland) Act 2014*, published June 2024, the Economy and Fair Work Committee of the Scottish Parliament noted that the thresholds within the Act have not been uprated since the Act came into force. The committee recommended that a review of the Act's thresholds, prioritising the Quick Quote threshold, be undertaken.

A public consultation took place from 16 October 2025 to 8 January 2026. The consultation sought views on increasing the Act's goods, services and works thresholds as well as decreasing the community benefits threshold.

A common view expressed by consultation respondents was that the goods, services and works thresholds needed to be revised. It was felt that increasing the thresholds would help to reduce administrative burden for both public bodies and businesses looking to bid for lower value Scottish public contracts. The respondents favoured increasing the goods and services thresholds to £100,000 and the works threshold to £4,000,000.

Views expressed on decreasing the community benefits threshold were more mixed. Analysis of consultation responses found that the most commonly selected option by respondents was to maintain the community benefits threshold at its current level of £4,000,000. While respondents did note that the inclusion of community benefits in procurement exercises do help to deliver benefits to communities, it was also noted that they can act as a barrier to businesses, particularly smaller businesses. Respondents observed that community benefits may be included in procurements below the £4,000,000 threshold and suggested that greater emphasis should be placed on promoting existing flexibilities.

As a result of that consultation this instrument increases the goods, services and works thresholds.

Impact Assessments

A Business and Regulatory Impact Assessment has been completed. The impact of this policy on business is expected to be largely positive, particularly for SMEs, third sector organisations and local suppliers.

A Child Rights and Wellbeing Impact Assessment has also been completed. There are no anticipated impacts on child rights and wellbeing.

Financial Effects

The policy is expected to make lower-value public contracts easier and cheaper for businesses to bid for.

Scottish Government
Scottish Procurement and Property Directorate

November 2026

Annexe B: Letter to the Economy, Tourism and Energy Committee

19 November 2026

Dear Convener,

On 2 November I laid The Procurement Reform (Scotland) Act 2014 (Thresholds) Amendment Order 2027 in draft for the Parliament's consideration. I understand that the Economy, Tourism and Energy Committee will be considering this instrument, and so I write as a courtesy to set out the background to this instrument. I have also written to the Convener of the Public Service Reform Committee.

One of the recommendations of the Economy and Fair Work Committee's post-legislative review of the Procurement Reform (Scotland) Act 2014 in the last session was that the Scottish Government should review the thresholds in that Act. This was also a theme in evidence given as part of the consideration of the Bill for the Community Wealth Building (Scotland) Act 2026.

Subject to Parliament's approval, the threshold from which contracts for goods and services are regulated by the Procurement Reform (Scotland) Act 2014 will increase from £50,000 to £100,000, while the threshold for works contracts will increase from £2 million to £4 million. The threshold from which the duty to consider the imposition of community benefit requirements will remain at £4 million. This reflects the outcome of a public consultation on the subject. This will mean that more lower value contracts can be awarded in a quicker, more proportionate way, which supports local supply chains.

I formally announced the intention to lay this draft order in a GIQ, which can be found on the Parliament's website at: Written question and answer: S7W-04591 | Scottish Parliament Website.

I look forward to appearing before the Committee on Tuesday 24 November to assist the committee's consideration of this instrument.

Yours sincerely

IVAN MCKEE