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.

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

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