

Procurement Reform (Scotland) Act 2014 thresholds

SNIPEF consultation submission

Submission deadline: 8 January 2026

Link to submit SNIPEF consultation: [HERE](#)

Background to the consultation

When public bodies buy goods, works or services they must follow certain rules set out in law. Which rules apply to the award of a contract is determined by the value of that contract.

The Procurement Reform (Scotland) Act 2014 (the Act) puts some rules in place. These rules:

- require contracts to be advertised
- set out some standards which govern the tender process, and
- put other duties on public bodies. The duties are described further in this document. These duties apply as well as rules which originally came from EU Directives, and which implement international agreements.

The Act only applies to contracts worth more than a specified amount. These values are known as ‘the Act’s thresholds’.

The Act’s thresholds have not changed since the Act was passed in 2014. The impact of inflation between 2014 and now has been significant. It has had the effect of “lowering” the Act’s thresholds in real terms. This consultation seeks your views on whether these thresholds should be changed, and if so, by how much.

Part one: options for amending the goods, services and works thresholds

In the consultation responses on the Community Wealth Building Bill and the review by the Economy and Fair Work Committee of the Scottish Parliament into the Act, some people suggested increasing the Act’s thresholds.

This is partly due to the effect that inflation since 2014 has had on the real value of the thresholds. It is also partly because public bodies are better able to take their local economies into account when awarding contracts which are worth less than the Act’s thresholds.

Increasing the thresholds would mean more contracts could be awarded by quicker and simpler processes. Instead of advertising the contract and following strict rules public bodies may be able to invite a number of companies to bid for the contract.

While this may be a benefit, it is important to remember that the Act provides certain protections and standards.

For example increasing the value of the thresholds may mean that fewer bidders will be entitled to feedback on their bids. It would also mean that fewer contracts would have their information

published. We would continue to promote publishing contract information and giving feedback as a matter of good practice for all contracts, but these are not legal requirements for unregulated contracts.

Increasing the thresholds would also mean that fewer contracts are subject to the sustainable procurement duty. This is a duty on public bodies to consider, before carrying out a procurement exercise, opportunities to:

- improve the economic, social, and environmental wellbeing of their area
- facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process; and
- promote innovation

The government would like to hear your views on the following three options in relation to the Act's goods, services and works thresholds:

- Option 1: Threshold values remain unchanged
- Option 2: Inflation-linked changes
- Option 3: A bigger increase

Part two: options for amending the community benefits threshold

The Act defines a community benefit as a contractual requirement imposed by a public body relating to:

- training and recruitment
- the availability of sub-contracting opportunities, or
- which is otherwise intended to improve the economic, social or environmental wellbeing of the authority's area in a way additional to the main purpose of the contract in which the requirement is included.

When Scottish public bodies award contracts with a value equal to or greater than the community benefits threshold, they must consider including community benefit requirements as part of the procurement process. This threshold is currently set at £4 million (excluding VAT).

When public bodies plan to include community benefits in a contract they must set this out in the published advert for the contract.

A public body can decide not to include community benefits if they believe they are not appropriate or relevant to the procurement. Public bodies must include a statement in the contract advert explaining their reasons for this.

Public bodies can include community benefits in procurements valued below the community benefits threshold. Data shows that public bodies often include community benefit requirements in contracts with a value less than the current £4 million threshold. In 2022-23, 58% of all contracts worth between £2 and £4 million included community benefits (43% in 2023-24). Table 7 provides analysis of this data for 2022-23 and 2023-24 and demonstrates the use of community benefits across a range of thresholds.

Consultation

<p>Question 1:</p> <p>Which is your preferred option in relation to the Act's goods, services and works thresholds?</p> <p>a) Option 1: Threshold values remain unchanged, i.e. £50,000 for goods and services and £2 million for works.</p> <p>b) Option 2: Inflation-linked threshold values, i.e. £70,000 for goods and services and £2,800,000 for works with these thresholds being revised every two years to reflect inflation.</p> <p>c) Option 3: A bigger increase, i.e. £100,000 for goods and services and £4 million for works. Please note that under this option these thresholds will not be amended every two years to reflect inflation.</p> <p>d) None of the above</p>	<p>Option 1: Threshold values remain unchanged, ie. £50,000 for goods and services and £2 million for works.</p>
<p>Question 2:</p> <p>Optional. What are the reason(s) for your answer to question one?</p>	<p>The Scottish and Northern Ireland Plumbing Employers Federation (SNIPEF) represents plumbing and heating employers across Scotland, the overwhelming majority of whom are micro businesses, small firms and sole traders.</p> <p>For these businesses, the key issues in public procurement are visibility of opportunities, fair access and proportionate processes.</p> <p>Raising the thresholds as set out in Options 2 or 3 would move a significant share of contracts into the “unregulated” space, where there is no legal requirement to advertise, publish award information, provide feedback or apply the sustainable procurement duty.</p> <p>This would reduce transparency and weaken the duty on contracting authorities to consider how best to facilitate SME participation, precisely at the value levels where small firms are most able to compete.</p> <p>We therefore favour maintaining the existing thresholds, while encouraging the Scottish Government to continue improving the proportionality and simplicity of procedures for regulated contracts, rather than reducing the scope of the Act.</p>

	<p>We also note that keeping the works threshold at £2 million is more consistent with ambitions to use community benefits, including apprenticeships and training, on a wider range of works contracts.</p>
<p>Question 3:</p> <p>Which is your preferred option in relation amending the community benefit threshold?</p> <p>a) Option A: Threshold values remain unchanged at £4 million</p> <p>b) Option B: Threshold value is reduced to £3 million</p> <p>c) Option C: Threshold value is reduced to £2 million</p> <p>d) Option D: Threshold value is reduced to £1 million</p> <p>e) None of the above</p>	<p>Option C: Threshold value is reduced to £2 million</p>
<p>Question 4:</p> <p>Optional. What are the reason(s) for your answer to question 3?</p>	<p>The Scottish and Northern Ireland Plumbing Employers' Federation (SNIPEF) represents plumbing and heating businesses across Scotland, the vast majority of which are sole traders, micro enterprises and small firms operating within construction and building services supply chains.</p> <p>Skills shortages, an ageing workforce and limited apprenticeship capacity present significant challenges for the long-term sustainability of the profession. Community benefits are one of the few mechanisms within procurement policy that can meaningfully influence workforce development, training opportunities and local SME participation.</p> <p>For these reasons, SNIPEF supports reducing the community benefit threshold to £2 million. Lowering the threshold ensures that a wider range of public works contracts explicitly consider apprenticeships, skills development and supply chain engagement.</p> <p>Many of the projects in the £2–4 million range already include community benefits in practice, particularly in housing, schools, local authority works and refurbishment programmes where plumbing and heating firms make a core contribution.</p> <p>Aligning the statutory duty with this reality helps create a more consistent pipeline of apprenticeship and training opportunities across Scotland. In a safety-critical profession facing significant skills pressure, this is essential for maintaining quality, building future capacity and supporting the growth of the workforce.</p>

	<p>At the same time, lowering the threshold must not create barriers for sole traders and micro employers. The legislation places community benefit duties on the principal contractor, not on specialist subcontractors, and requires that any measures applied are proportionate to the contract.</p> <p>This protects small plumbing and heating firms from disproportionate obligations, additional reporting requirements or unrealistic apprenticeship expectations. Instead, it encourages main contractors to plan early for skills and training, to engage local SMEs more effectively and to distribute opportunities in a way that reflects the actual size and structure of the sector.</p> <p>However, SNIPEF also recognises that, in practice, many main contractors pass community benefit requirements, particularly apprentice recruitment, down the supply chain to subcontractors. For sole traders and micro employers, this can create challenges when a subcontract is short-term or located outside their usual operating area, making it difficult to guarantee long-term employment and potentially disadvantaging the apprentice.</p> <p>To ensure that community benefits support rather than disadvantage small firms, SNIPEF recommends that where apprenticeship or training commitments are cascaded, main contractors must be required to share responsibility and contribute directly to the associated costs, or provide structured support for the duration of the apprenticeship, which in plumbing and heating is typically four years. This would help ensure that community benefits remain proportionate, achievable and reflective of the realities facing small specialist trades.</p> <p>A £2 million threshold therefore achieves the right balance. It strengthens the profession's long-term skills base, encourages meaningful training opportunities, supports SME access to public sector work and remains proportionate for the smallest firms. It aligns closely with SNIPEF's objective of expanding apprenticeship opportunities while ensuring that micro and small businesses can continue to bid, participate and thrive without unnecessary burden.</p>
<p>Question 5:</p> <p>Optional. Is there anything else you want to tell us about the goods, services, works or community benefit thresholds of the 2014 Act?</p>	
<p>Questions 6-10 are about SNIPEF and publication permissions</p>	