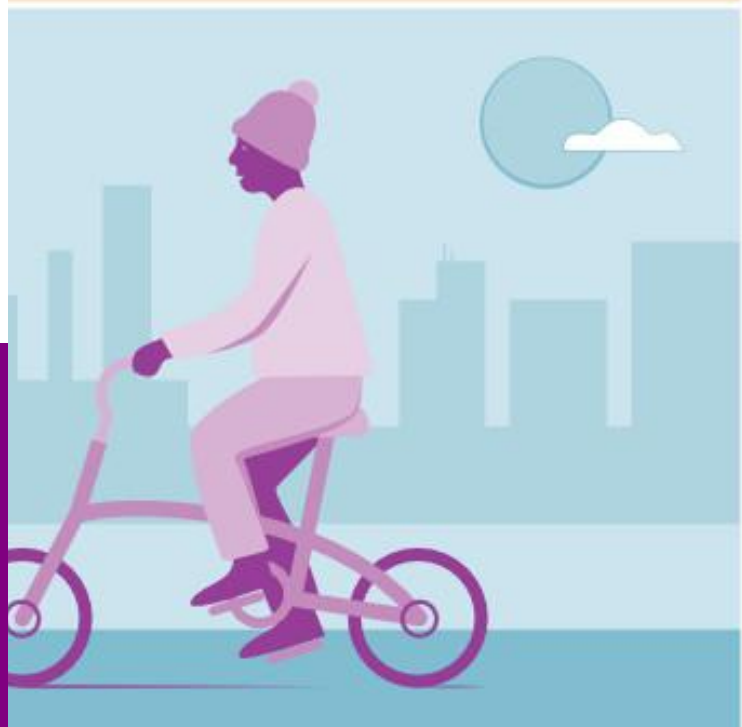




**The Health and
Social Care
Alliance
Scotland
(the ALLIANCE)**



**Procurement Reform (Scotland) Act
2014 thresholds
ALLIANCE response**

7 January 2026

Introduction

The Health and Social Care Alliance Scotland (the ALLIANCE) welcomes the opportunity to respond to the Scottish Government's consultation on Procurement Reform (Scotland) Act 2014 thresholds.¹ Transparency and accountability are essential for public finances, helping to ensure that the public can trust that money is being spent effectively and appropriately.

At the same time however, third sector organisations are experiencing increasing pressure on their finances and growing administrative burdens in bidding for and reporting on contracts. We believe the threshold approach established by the Act strikes a reasonable balance between the need for careful regulation of expenditure and ease of administration for small contracts.

As such, we agree that the thresholds for regulated contracts should be increased to account for the significant levels of inflation since 2014. The threshold for goods and services should be increased at least in line with inflation, though we believe that a larger one-off increase may be justified. Regardless of how the new threshold is set, we believe it should then be increased periodically in line with inflation.

This approach will help to reduce the administrative burdens on small third sector organisations in particular, enabling them to focus more on delivering essential services, whilst still ensuring that public contracts are well-regulated overall.

Question 1: Which is your preferred option in relation to the Act's goods, services and works thresholds?

- a) Option 1: Threshold values remain unchanged, i.e. £50,000 for goods and services and £2 million for works.
- 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.**



- 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.
- d) None of the above

Question 2: What are the reason(s) for your answer to question 1?

As a third sector intermediary organisation, the ALLIANCE are responding to this consultation from that perspective. Our comments are therefore largely in relation to goods and services contracts, rather than public works.

Increasing administrative burden has been a recurring issue raised by our third sector member organisations. Organisations are having to dedicate substantial amounts of time to applying for and reporting on funding and contracts, often for relatively small amounts of money. This has led to significant pressure and stress for organisations, and particularly for smaller organisations time spent on administration can come at the expense of service delivery and improvement.

We have also heard from several third sector members that their financial circumstances are increasingly precarious due to a failure to increase grant and contract funding in line with inflation². As such, some organisations are effectively being squeezed by inflation in two directions.

On the one hand, funding available to them has not kept pace with inflation. This threatens their sustainability and has led to service closures and reductions, as well as job insecurity and losses. On the other hand, more of their work is being brought under the scope of procurement thresholds as increased costs of delivery have not been matched by threshold increases. This requires them to dedicate more time to preparing applications and reporting.

We also recognise the vital importance of transparency and accountability in public spending. It is essential that public bodies can demonstrate good value for money – albeit that value should be determined based on positive outcomes for people accessing services – and ensuring procurement contracts are regulated and monitored is an important part of that. We



believe the threshold approach established by the Act strikes a reasonable balance between the need for careful regulation of expenditure and ease of administration for small contracts.

The ALLIANCE therefore supports the principle of increasing thresholds in line with inflation and doing so every two years as in Option 2. This will help to remove relatively small value contracts from the scope of the act and ensure that going forward they are not brought back in scope by inflation. This will help to reduce administrative burden on third sector organisations involved in public procurement for goods and services, enabling them to focus more on delivering those essential services.

However, we would also consider Option 3 to have elements worthy of consideration. Given that inflation has not been felt evenly across different areas of expenditure and that organisations have been facing further costs such as the UK Government's increase in employer National Insurance Contributions, a larger initial increase to the goods and services threshold may be justified. This would offer further flexibility and reductions in administrative burden for smaller third sector organisations in particular.

We cannot fully support Option 3 as proposed, however, because it does not include regular increases in the future. It is unclear from the consultation document why it would not be possible to combine a larger initial increase with periodic inflation-based increases. If it was possible to do so, we feel this would have merit.

Question 3: What is your preferred option in relation to amending the community benefit threshold?

- a) Option A: Threshold values remain unchanged at £4 million
- b) Option B: Threshold value is reduced to £3 million**
- c) Option C: Threshold value is reduced to £2 million
- d) Option D: Threshold value is reduced to £1 million
- e) None of the above



Question 4: What are the reason(s) for your answer to question 3?

The ALLIANCE supports the principle of community benefits requirements, and recognises that the procurement system is an effective means of delivering these benefits. Where organisations are receiving large sums of public money, it is reasonable to attach conditions to contracts which stipulate additional benefits beyond those inherent to the contract. We therefore agree in principle that the threshold for presumed inclusion of community benefits should be lowered.

At the same time, however, we acknowledge potential concerns around increased burden on contractors, which we discussed from a third sector perspective in our response to question 2. We understand that there is already existing flexibility for public bodies not to include community benefits where they believe they are not appropriate or relevant, and believe that this offers adequate protection against overly prescriptive requirements.

Whilst we do not have strong views on the precise threshold for applying community benefits, we note that the consultation document indicates that the clear majority of contracts between £3 million and £4 million in recent years have included community benefits. It therefore seems reasonable to set the threshold at £3 million as in option B, though a reduction to £2 million may also be justifiable with a view to increasing the willingness of public bodies to consider the use of community benefits requirements.

About the ALLIANCE

The Health and Social Care Alliance Scotland (the ALLIANCE) is the national third sector membership organisation for the health and social care sector. We bring together over 3,500 people and organisations dedicated to achieving our vision of a Scotland where everyone has a strong voice and enjoys the right to live well, with dignity and respect. Our members are essential in creating a society in which we all can thrive, and we believe that by working together, our voice is stronger.



We work to improve the wellbeing of people and communities across Scotland by supporting change in health, social care and other public services so they better meet the needs of everyone in Scotland. We do this by bringing together the expertise of people with lived experience, the third sector, and organisations across health and social care to shape better services and support positive change.

The ALLIANCE has three core aims.

We seek to:

- **Empower people with lived experience:** we ensure disabled people, people with long term conditions, and unpaid carers are heard and that their needs remain at the heart of the services and communities.
- **Support positive change:** we work within communities to promote co-production, self management, human rights, and independent living.
- **Champion the third sector:** we work with, support and encourage co-operation between the third sector and health and social care organisations.

The ALLIANCE is committed to upholding human rights. We embed lived experience in our work and aim to ensure people are meaningfully involved at every level of decision-making.

Working together creates positive, long-lasting impact. We work in partnership with the Scottish Government, NHS Boards, universities, and other key organisations within health, social care, housing, and digital technology to manage funding and develop successful projects. Together, our voice is stronger, and we can create meaningful change.

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¹ Scottish Government, 'Procurement Reform (Scotland) Act 2014 thresholds: consultation' (October 2025), available at:
<https://www.gov.scot/publications/procurement-reform-scotland-act-2014-thresholds-consultation-document/>

² The ALLIANCE, 'Stretched Beyond Limit' (December 2025), available at:
<https://www.alliance-scotland.org.uk/blog/news/stretched-beyond-limit-alliance-report-finds-deepening-crisis-in-third-sector-funding/>

