Scotland's Regeneration Forum

SURF SUBMISSION:

2027/2028 Pre-Budget Scrutiny: Economy, Tourism, and Energy Committee

About This Paper

In September 2026, the Economy, Tourism, and Energy Committee of the Scottish parliament launched a public call for views as part of its pre-budget scrutiny of the 2027/2028 draft Scottish budget. Submissions will inform how the Committee approaches its budget scrutiny over the next five years of the current session of parliament.

Relevant background on this consultation can be found here.

Please see below SURF's response to selected questions from this consultation.

What are your views on what the spending priorities should be in the Scottish budget 2027/28 in terms of the economy, tourism and energy sectors?

Regeneration funding fell significantly over 2026-2027, with a 43.7% decrease from roughly £62 million to £35 million and is forecasted to stabilise, over the course of the spending review, at the £47 million mark, representing a real-terms decrease against an already reduced baseline. This reduced funding envelope hits hardest in areas of deprivation and poverty, places the Scottish Government is keen to support.

SURF would like to see the Scottish Government reinstate the previous £62 million funding baseline for Regeneration from 2025-2026, along with a commitment to see this uprated, at a minimum, by inflation on a year-by-year basis. This funding should prioritise genuinely community led regeneration programmes, rather than merely

revolving around physical assets or economic growth, as we know this does not address widespread poverty. This must include a focus on community infrastructure and capacity, and committing to areas that need regeneration most.

Additionally, place-based regeneration must be long-term in nature. Regeneration is a complex, multi-year process. If the Scottish Government is serious about its intention to, for example, reduce the attainment gap, eradicate poverty, and reduce inequalities, it must commit to this long-term process.

That is why SURF has previously called on the Scottish Government to launch a 10-year Place-based Regeneration Fund for 10 places in Scotland—which we believe should target places that need it most. Areas should be selected collaboratively and reflect Scotland's diverse communities, while also incorporating best-practice and key learnings from previous regeneration schemes.

A further area of concern is the flat-lining employability spend, which is therefore falling in real terms. Employability is an area that requires targeted and on-going funding to ensure that wrap-around support can continue. A stop-start dynamic is harmful to both service users and the organisations they depend on. As with regeneration more broadly, employability support can often extend far beyond the usual annual funding envelope; in some instances, it requires years of ongoing support from a whole host of support organisations.

What are your views on the impact or outcomes spending on economy, tourism and energy is delivering?

A key outcome which SURF would like to call attention to is the implementation of Community Wealth Building, an area which is not explicitly resourced by the Scottish Government. Uptake and implementation across Scotland has been varied, and there remain uncertainties around how and when CWB will begin to have an impact. Much has been made of procurement, while progress on genuine community ownership and assets has been scarce. And even regarding procurement, it is clear that changing procurement systems to fully support local businesses will require more, not less money to deliver.

Community Wealth Building will never be an accidental by-product of existing economic development or procurement. It does not simply happen on its own and must be stimulated, supported, and funded to have an impact. If done well, it has significant potential to rewire Scotland's economy. But it must be resourced and supported – also by Government.

What are your views on the overall spending profile set out in the Scottish Spending Review which indicates that public spending on the economy, tourism and energy sectors will see a real terms decrease in funding over the coming financial years?

The overall spending profile – as with other areas of government spending – is of concern to SURF, especially in areas which touch directly on poverty alleviation. This includes aforementioned policy areas such as regeneration, Community Wealth Building, and employability. A lower spending profile will disproportionately impact deprived communities, as it tends to when public expenditure falls. As a result, it is vital that the Scottish Government retain services and budget lines that relate directly to poverty alleviation and support those communities most in need.

Any other comments you wish to make on budget spending on the economy tourism and energy sectors?

The Scottish Government should deliver its stated aim of mainstreaming Fair Funding to ensure that the yearly funding uncertainty no longer hampers the ability of communities to deliver locally. In a context of smaller funding envelopes, this may mean providing more funding, and over a longer period, but to less communities.

End of SURF's response

Augustijn van Gaalen, Policy & Advocacy Manager, October 2026

Visit our policy page for more on SURF's policy influencing activities and other consultation responses.