

PRE-BUDGET SCRUTINY 2027-28: ECONOMY, TOURISM AND ENERGY COMMITTEE

A BEFS Response to a Scottish Parliament Committee call for views

Background

The Scottish Parliament's Economy, Tourism and Energy Committee launched a call for views into proposed Scottish Government spending priorities over the 2026-31 term of Parliament and the longer-term implications for the Scottish economy.

The call for views closed on 23 October 2026. The outcomes will inform a report to Parliament and future questioning of Scottish Ministers on spending plans around the economy, tourism and energy.

This paper presents a submission from Built Environment Forum Scotland (BEFS). BEFS is grateful to the Committee for the opportunity to contribute to this pre-budget scrutiny.

BEFS is an umbrella body for organisations working in the built environment in Scotland. Drawing on extensive expertise in a membership-led forum, BEFS informs, debates and advocates on the strategic issues, opportunities and challenges facing Scotland's historic and contemporary built environment. Further information about BEFS is available on the BEFS website.

Other relevant consultation responses from BEFS can be seen below, as many issues overlap and demand associative consideration:

- Tourism Inquiry (May 2026)
- Draft Infrastructure Strategy 2027-37 (May 2026)
- Draft Climate Change Plan (Jan 2026)
- Future of Scotland's High Streets (Dec 2025)
- Protecting Built Heritage (Feb 2025)

BEFS Response to Call for Views

Q1: 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?

Built Environment Forum Scotland (BEFS) consulted its Members and stakeholders towards the production of a 2026 Manifesto: Building Foundations for a Better Scotland. The Manifesto is designed to inform and influence actions by the Scottish Government in the 2026-31 term of Parliament.

As an umbrella body for organisations working in the built environment in Scotland, BEFS would like to bring to the Committee's attention six overlapping spending priorities in the economy, tourism and energy sectors. These priorities were identified through consultation with BEFS Members towards the Manifesto and in a wider activities programme that includes multiple thematic, cross-sector Working Groups. They are set out below.

Economy: capital investment to support the repair and maintenance of our existing built and historic environment.

Some national heritage-related funding programmes saw successful application rates drop below 20% in 2025, demonstrating an extreme discrepancy between demand and supply. Supporting a greater number of proposed cross-sector heritage led initiatives would deliver strong and mutually beneficial outcomes for improving town centres and high streets, the historic and existing built environment sector, and wider society.

One of Historic Environment Scotland's (HES) central functions is the distribution of around £12-13m per annum in grants to external bodies. This supports the care and repair of historic buildings and monuments, archaeological activity, and area-based regeneration and heritage improvement schemes. It also directly funds a number of national, regional and local initiatives.

HES is a successor organisation to Historic Scotland (HS), which was founded pre-devolution in 1991 as an executive agency of the Scottish Office. In 1994/95, the value of Historic Scotland's annual external grant programme was £11.3m. It has remained broadly stable over time, and was worth £12.4m in 2024/25.

If the HS/HES grant programme had kept pace with inflation since then, a policy ask highlighted in the BEFS Manifesto, it should have grown to £23.4m for 2025/26. This £10m real terms budget decline, based on figures from annual HS/HES reports, is representative of an underinvestment in the sector that restricts wider economic potential.

Economy: employability support in the traditional skills and construction sector.

We have a widely recognised problem finding workers with the traditional building skills needed to maintain Scotland's historic properties across cities, towns, villages, rural areas, and islands. Specialist contractors like stonemasons or thatchers are often booked up months in advance and unavailable in some parts of the country.

This makes it difficult for building owners to get the quotes or repairs they need, sometimes causing entire projects to fail. As these skilled experts become harder to find, buildings in our towns, cities and rural localities will become at greater risk of dereliction and vacancy. The benefits repair and maintenance contractors bring to communities, like supporting local economies and improving resilience to downturns, are put at risk alongside their potential to increase productive economic activity.

Traditional construction training is an essential service needed for the health of buildings and for preventative maintenance in high streets and tourism sites. Action to support Colleges and training centres to deliver these courses is vital. In addition, in a fast-changing sector driven by Net Zero goals and emerging technology, skilled workers need ongoing opportunities to learn and to share their knowledge with the next generation.

BEFS Members have pointed to skills gaps and capacity issues in other areas of the built environment sector, including retrofit coordinators, conservation engineers, planning officers and many specialisations in the wider construction industry.

Tourism: active investment in heritage tourism to unlock potential.

Well-maintained, active and accessible heritage buildings enhance a place's distinctive identity and tourist offer. This includes the creation of jobs at visitor attractions, and other economic benefits to the many local businesses, including hospitality and retail, that benefit from tourism. 48% of visitors to Scotland state that cultural heritage is a key motivation, according to the most recent VisitScotland survey.

BEFS, Historic Environment Scotland and other heritage sector bodies have argued that more needs to be done to spread tourists out beyond the main "beaten track" of popular locations including Edinburgh, Stirling and Skye.

Aberdeenshire, Ayrshire and Perthshire are just three of the regions regularly cited in BEFS discussions that are seen as being off this well-trodden path, but which have particularly strong heritage tourism potential that many feel is not being capitalised on.

Active investment in potential would directly benefit local economies, progress multiple Scottish Government objectives, and alleviate the over-concentration of tourism and excessive pressure on infrastructure in a relatively small set of key locations.

Tourism: align heritage, place-based regeneration and Community Wealth Building.

The built environment is a focal point of regeneration strategies enabling pride of place, sustainable economies, good quality of life, and adaptive buildings suited to new futures. There are further gains to be made in aligning the spheres of economic regeneration, tourism and heritage through improved collaboration and holistic, cross-policy strategy.

There is a clear line of influence between Community Wealth Building, heritage tourism and economic resilience. The local procurement of maintenance contracts for historic buildings can reduce costs while attracting tourists, upskilling contractors and supporting local economies. As case studies and awards by BEFS Members Scotland's Towns Partnership and SURF – Scotland's Regeneration Forum evidence, community led and regeneration initiatives are bringing vacant, derelict, vulnerable or under-utilised heritage buildings back into use to improve places across Scotland.

The Community Wealth Building (Scotland) Act includes an obligation for local authorities and other public bodies to produce and implement Community Wealth Building action plans. Leading public sector stakeholders responsible for developing and investing in these action plans must work closely and collaboratively with prospective projects and partners in the sphere of heritage tourism and place-based regeneration, to help ensure the highest chance of long-term success. The ability of local authorities to lead, support and deliver Community Wealth Building action plans, requires an improved level of resourcing across multiple local authority departments that are currently stretched.

Energy: devise and deliver a Retrofit Delivery Plan to further support the existing built and historic environment sector to decarbonise.

Retrofitting of older properties to increase residents' comfort, reduce fuel poverty, improve energy efficiency, boost local economic activity and reduce carbon emissions is not happening quickly enough, and at the quality and scale required. A practical response to this situation is under active consideration by the Retrofit Roundtable, a group of 14 built environment sector stakeholders including BEFS.

Through regular meetings and Parliamentary gatherings, the Retrofit Roundtable, coordinated by the Chartered Institute of Building, investigate and promote solutions Retrofitting Older Properties to the retrofit challenge emerging from the sector. Its 2023 Meeting Scotland's Retrofit Challenge report highlighted the urgent need for stepping up action on retrofit to meet fuel poverty, building maintenance and Net Zero commitments and targets.

While being realistic on the cross-policy complexity of retrofit and the varied effectiveness and costs of new technologies and processes, the report identifies a need for improved joined-up policymaking to overcome barriers and capitalise on opportunities to make serious progress.

To break down policy silos, the Retrofit Roundtable call on the Scottish Government to create a Ministerial Oversight Group on Retrofit, which will be responsible for devising and implement a Retrofit Delivery Plan, to set a robust framework for appropriate and effective solutions.

Energy: improve active reuse of vacant and derelict built assets.

"The greenest building is the one already built" is a common refrain in BEFS meetings and events. BEFS Members believe more could be done through public investment decision-making to bring vacant and derelict existing and historic buildings back into use. These buildings have vital importance nationally, contribute a great deal to the visitor economy, and are invaluable to the communities who live, work, and spend their leisure time within and around them.

Historic buildings regularly become at risk of vacancy and demolition through redundancy, deteriorating condition, and other factors. To highlight the scale of the challenge, of the 47,639 listed buildings in Scotland, there are 2214 buildings on the currently paused Buildings at Risk Register (BARR). Historically, 22% of buildings that have been listed on BARR have been demolished, which statistically suggests that around 500 buildings are at risk of demolition in Scotland today.

Historic buildings should be retained and re-used wherever possible, given the value accrued in doing so to many public policy areas, from culture, heritage and economic development to health, climate change, and place-making.

Ensuring that the appropriate specialist skills are available to inform public sector decisions will help prevent unnecessary demolition and degradation, save more of our invaluable historic buildings for the benefit of our current population, visitors and future generations, and retain the vast embodied energy within our existing buildings.

Q4: Any other comments you wish to make on budget spending on the economy, tourism and energy sectors?

The BEFS Manifesto shares concerns set out in the 2026 Spending Review about gloomy economic forecasts and restricted public finances. BEFS Members, including professional bodies, national charities, funding agencies, community groups, heritage trusts and public bodies, recognise that in this context, the best value for public investment can be achieved through a focus on preventative measures and in a more joined-up approach to policy-making.

The Spending Review acknowledges in the opening Strategic Context section that "a different approach" and a "systematic change" must be taken to "focus on prevention, joined up services and efficiency". BEFS Members welcome, in principle, a changed approach towards public spending that is geared towards preventative spend and enhanced public sector collaboration. There is agreement that such an approach can maximise the impact achieved from limited resources.

The natural risk here is that good intentions towards systemic change will not follow into action. BEFS is keenly aware of the statutory pressures and rising demands national and local governments face on their present budgets. Allocating greater levels of expenditure from immediate needs towards future prevention will require, as noted, "strong commitment to this agenda".

Previous Scottish Government administrations have committed towards prioritising preventative spend, but progress has been slow. A March 2026 Spotlight commentary published by the Scottish Parliament Information Centre noted that while prevention has been, "the urgent topic of the last decade... there remains a lot of work to do to untangle the rhetoric around prevention and transform it into powerful, meaningful action."

Central to BEFS interest is the built and historic environment, which contributes vastly to the quality and character of Scotland's places and the wellbeing of its population. This is a diverse field that influences, and is influenced by, all of the public policy areas under the Committee's purview. With public finances under such heavy pressure, the need for preventative spend in these areas – including the economy, energy, tourism, skills, heritage, housing, communities and more - is greater than ever.

Preventative spend and systems thinking reduces the need for more expensive and complex interventions and 'fixes' later. A simplified comparison can be made to a house with a weathered roof. Taking the time to address future risks by assessing needs, cleaning out the gutters and replacing eroded slates now, can avoid major repair bills later.

The risk of *not* taking a new, preventative approach to policy and investment decision-making in this context is perhaps the greatest risk.

The Economy, Tourism and Energy Committee Members could usefully explore whether good intentions on preventative spend are being followed up with meaningful action as they scrutinise Scottish Ministers on their spending plans.

End of BEFS submission for the Economy, Tourism and Energy Committee.

BEFS responses to a number of consultations in relation to the Built Environment can be found at: https://www.befs.org.uk/resources/consultations/

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BEFS gives consent to the Economy, Tourism and Energy Committee to publish the consultation with name, to share the response internally with other Scottish Parliament representatives and with Scottish Government policy teams, and to contact BEFS in future in relation to this consultation exercise.

BEFS

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