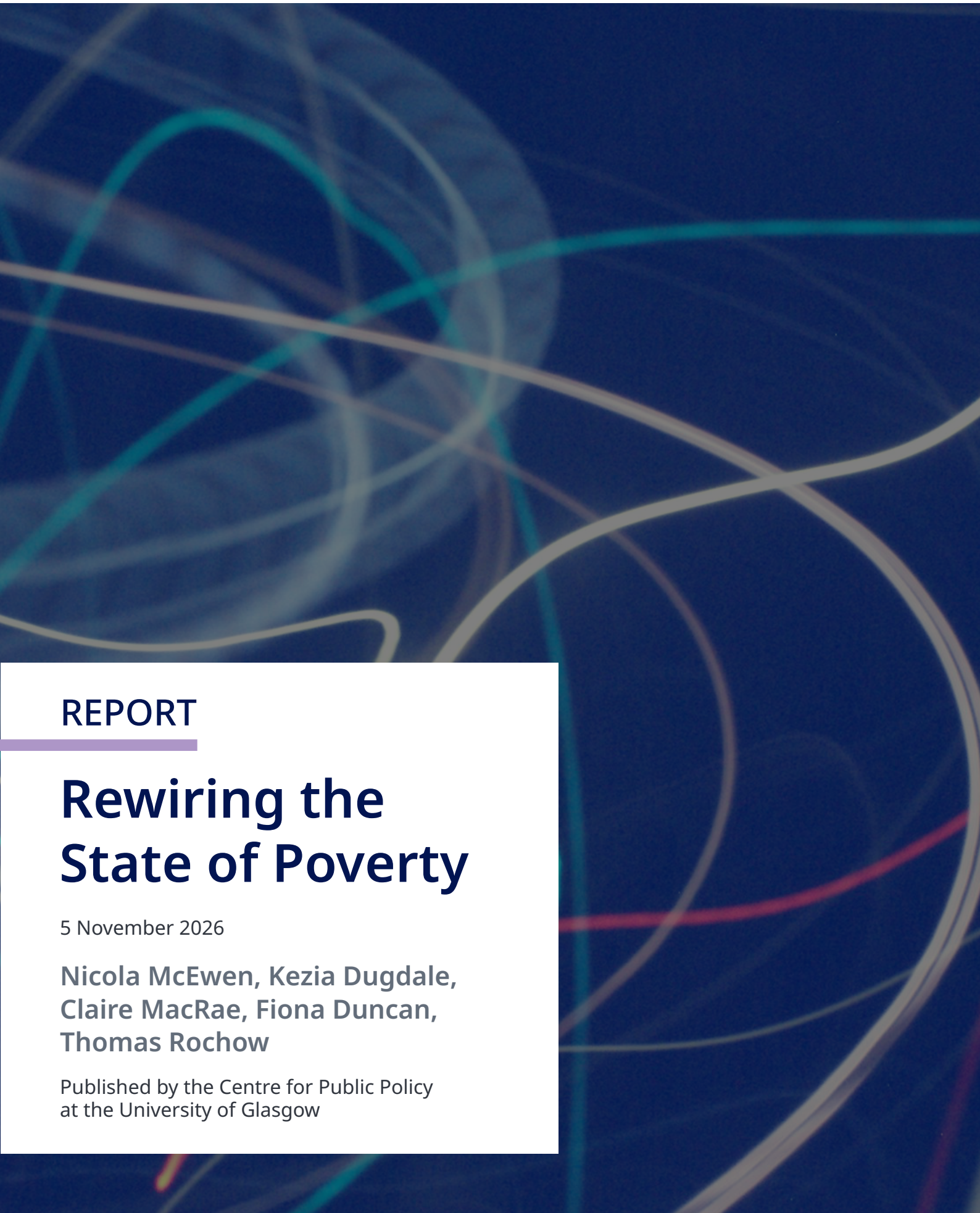


REPORT

Rewiring the State of Poverty

5 November 2026

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Foreword

This project started with Michelle. She is a single mum currently out of work but with a dream of being a nurse. You can read her story and others later in the report. These stories portray how difficult living in poverty can be, and how complex it can be. Developments in life that initially feel like a few steps forward in one area can sometimes send you hurtling backwards in another. In some contexts, that's a product of luck. In the systems that govern poverty, it is by design. Or at the very least design flaws.

Michelle, Lowrie and the El Amin family who feature in this report are fictional characters. Their stories are constructed from the data that underly them and were informed by our lived experience panel. While these characters are fictional, the reality of their experiences of navigating the state is all too real for the many hundreds of thousands of people experiencing poverty across the country.

It doesn't have to be this way. Across these pages, we set out what systems look like now, and what they could look like if they were centred on the citizens they should be designed to serve. Crucially, we offer our view of how to get from where we are now to a system that works better for those who most need it to, identifying the factors and conditions required to make that progress.

This report doesn't seek to explain the underlying causes of poverty. Nor does it offer specific policy solutions to alleviate certain aspects of how people experience poverty. There's already ample evidence of the drivers and scale of the challenge, and that literature has informed this work. Equally there's a bounty of ideas about policies that work, and new policies that may be required to tackle poverty, all produced by a vibrant community of people from across civic society and academia in Scotland and beyond. We've been fortunate to engage with many of the authors and advocates of these ideas throughout the passage of this project through a mixture of interviews, engagements and within our policy labs.

Our contribution is different. Funded by The Robertson Trust, we have sought to study the state of poverty. More specifically, how the state responds to the poverty challenge. We've examined how poverty is governed between and within different levels of government. This includes how local government policy interacts with Scottish Government policy and what happens when UK Government policy decisions meet Scottish Government priorities. But it is also about how policies made within different departments of the same sphere of government interact with each other, or don't. And how services designed to deliver those policies work together in practice, or don't, and how that delivery is experienced by the people reliant upon those services.

If the map and diagrams of the system that we set out in this report feel overwhelming or incomprehensible, that's a glimpse of what it must feel like to be a citizen trying to navigate the system that our map depicts. The complexity is evidence that people have many competing needs and multiple identities. You can be an unpaid and paid worker, a carer and

a claimant, a young adult and a daughter all at the same time but likely only ever one of these identities to one part of the system at any one time.

That's why one change to one part of the system at one moment in time is never likely to be enough. Instead of viewing the mechanisms of the state as an engine with levers to be pulled, we imagine them as an orchestra. Each instrument has its own part to play, but it is only when they play together, with the notes in the right combination and at the right time, that they produce the symphony.

Good governance cannot substitute for adequate incomes, resources, or effective policy. But poor governance can be an obstacle to realising policy ambitions. Good governance needs effective leadership to enable and empower different parts of the system to play together, without directing every note. Better public policy outcomes are to be found in a series of conditions and decisions taken either simultaneously or in a designed chronology. Each taken by a number of different people located in different parts of the system who are informed by the whole picture of an individual's life, not just one broken fragment of it. It's why governance matters and why *how* poverty is governed is critical to how we tackle it.

The Thank Yous

Reports like this are rarely the product of their authors alone. The approach taken across these pages, the data insights and experiences reflected and thinking that underpins the findings stem from many hundreds of conversations over the 18-month passage of this project.

A particular debt of gratitude to The Robertson Trust, our funders, for the trust they've placed in us to explore this issue. Likewise, our partners in the Poverty Alliance played a pivotal and recurring role in testing our evidence and thinking, including with a specially curated lived experience panel. We are incredibly grateful to our panel members for sharing their experiences and insights from their communities and helping us to shape the stories featured as part of this project.

We benefited enormously from those who gave up time to serve on an advisory board which helped shape our work programme and guide us through key decision points. Corinna Elsenbroich, from the University of Glasgow's School of Health and Wellbeing deserves our grateful thanks for empowering our research team to use system mapping techniques.

Dozens of organisations and individuals also gave their time to participate in research interviews and in our Policy Labs, which took place in Glasgow, Edinburgh and Shetland. There are too many to list here for fear of omission. But some, most notably The Joseph Rowntree Foundation, Aberlour Children's Charity, Carnegie UK, Citizens Advice Scotland and Shelter Scotland, went above and beyond by attending several Policy Labs, following up with further insights and reflections, or partnering with us to run spin-off activities and events. We are also especially grateful to Shetland Islands Council for facilitating a Policy Lab and

convening participants from across locally delivered public services to give us a glimpse into the challenges and opportunities of governing poverty in the northern isles.

We do not pretend that this report is definitive. But we hope that it, alongside the various tools, infographics and briefing papers on our website that are associated with this project, will continue to inform and help shape public policy in Scotland, especially in the context of public service reform.

We welcome all opportunities to share our findings and talk to this work. Please keep the conversation going by emailing us at public-policy@glasgow.ac.uk.

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Contents

Executive Summary	1
1. The Governance of Poverty in Scotland	3
2. People at the Heart of the System	16
3. Rewiring the State of Poverty	26
Conclusion	53
References	56
Appendix 1	58
About this report	59



Executive Summary

Poverty affects around one in five people across the UK. More children live in poverty than any other age group. Usually measured as low income, poverty is driven by, and influences, many other aspects of life including education, health, employment, and unequal opportunity.

Poverty is a system-wide issue. No single part of the system holds all the authority, responsibilities, resources, knowledge or capability required to tackle poverty. Effective governance of poverty requires both a coordinated response from ***across*** policy portfolios within each sphere of government and effective intergovernmental cooperation ***between*** governments.

This report's focus is on poverty in Scotland. The new Scottish Government has made eradicating child poverty its defining mission. But it cannot eradicate poverty without effective coordination across the governance system. The three composite stories featured in this report shine a light on how policies, services, institutions and governance systems interact to shape and often frustrate opportunities and outcomes for those living in poverty.

Commitments to 'rewire the state' through public service reform offer an opportunity to redesign the architecture of government to ensure it can more effectively respond to complex policy challenges like poverty. This report identifies and charts the system change that could support more coherent and effective action, outcomes and impact across the governance system.

The Scottish Parliament is the foundation of democratic governance in Scotland. It set the ambitious targets in the Child Poverty (Scotland) Act 2017. It can play a stronger role in driving and scrutinising long-term outcomes that cut across policy portfolios and electoral cycles. Pragmatic steps include: creating new committees or more opportunity for cross-committee inquiry; strengthening post-legislative scrutiny; decluttering and simplifying overlapping statutory obligations; and investing in research and analytical capability to scrutinise complex, cross-portfolio, challenges.

The Scottish Government sets the policy direction, directs funding and can provide leadership to drive change. It recognises poverty as a cross-departmental challenge, but continued fragmentation and siloed decision making can frustrate policy ambitions. Building capability at the centre of government could help drive change and coordinate action on strategic policy priorities, like eradicating child poverty. Other priority actions include publishing a clear assessment of barriers to poverty reduction, improving data sharing and evidence use, aligning budgets to outcomes, streamlining overlapping strategies and creating systems that enable barriers to implementation to be identified and resolved quickly. Cultural change is also important, with a greater emphasis on innovation, learning and shared responsibility.

The UK Government shares the Scottish Government's broad agenda on tackling child poverty and remains responsible for many areas of policy that shape the opportunities and outcomes for those in poverty. A more coherent governance system requires more effective **intergovernmental coordination** backed by inter-parliamentary coordination, focused more explicitly on shared outcomes and practical problem-solving. Stronger cooperation, earlier engagement on policy developments, improved transparency and more strategic use of intergovernmental forums could help both governments address policy interdependencies and improve outcomes.

Local Government should be recognised as a strategic partner, not just a delivery partner, with the Verity House Agreement placed on a firmer footing. Earlier involvement in national policymaking, sustainable funding arrangements, greater local flexibility, improved access to shared evidence and streamlined reporting requirements would strengthen local capacity to deliver outcomes that are responsive to local needs. Any future reform of local government structures should be clearly aligned to strategic outcomes, with the purpose of reform determining structures, and responsibilities matched by authority and resources.

The **voluntary and businesses sectors** have important roles to play in eradicating child poverty and broader policy alleviation. More systematic engagement with these sectors, supported by stable voluntary sector funding, can inform planning, delivery and learning. Scotland's **research community** offers largely untapped potential to strengthen analytical capability, support innovation, and provide impartial monitoring and evaluation.

People and communities experiencing poverty should be recognised as active participants in the governance of poverty. That requires providing spaces and places for more meaningful participation of those at the sharp end of policy decisions. Embedding participatory approaches within policymaking, service design and budgetary decision-making would help ensure that the experiences of those affected by poverty are reflected in the decisions that shape their lives. Only then can we ensure a system designed around the realities, needs and potential of the people and communities it exists to serve.

Taken together, the inputs, activities, outputs and outcomes outlined in our Systems Theory of Change could contribute to a fundamental rewiring of the state - and the state's response to poverty - enabling coordinated action around the shared strategic outcome of reducing and ultimately eradicating poverty.

1. The Governance of Poverty in Scotland

1.1 Defining and Measuring Poverty

Poverty is the lack of resources, opportunities, and financial security needed to participate fully in society. It creates disadvantages that accumulate throughout an individual's life course. Although strongly associated with low income, poverty both influences and is shaped by outcomes in education, health, employment and community life. Effective poverty reduction therefore depends on improving financial security and removing the structural barriers that prevent people from participating fully in society. Addressing the drivers of poverty can generate wider benefits across society and can reduce demand for public services over the longer term.

There are different ways to measure poverty. Identifying measures that reflect people's lived experiences remains challenging, and most measurements rely upon income. **Relative poverty** is where household income falls below 60% of the median household income in any given year. **Absolute poverty** is measured by those living in a household with income below 60% of the median household income in a base year, adjusted for inflation. Poverty is also difficult to escape with cumulative detrimental effects. Some measurements thus capture **persistent poverty**, where individuals have lived in relative poverty for three of the past four years.

Income-based measures provide an important indicator of financial resources, but they do not fully capture the broader experience of poverty or the factors that shape it. Some measurements have tried to capture experiences of **material deprivation**, where households lack the ability to access key goods and services, including access to transport, a warm and damp-free home, free of disrepair, comfortable clothing, a healthy diet, and the opportunity to enjoy social experiences.

Table 1 demonstrates that large swathes of the population of both Scotland and the whole of the UK continue to live in relative poverty. This illustrates the extent of the challenge governments face, and their failure to confront that challenge. Children experience the highest rates of poverty of any age group. While Scotland's poverty rates are lower than the UK average, a substantial number of people continue to face financial hardship. Overall poverty rates have remained broadly stable for two decades, but the severity of poverty has increased, with roughly 6.8 million people in the UK living in **very deep poverty**[1], defined as a household with below 40% of the median national income after housing costs. In addition, poverty is increasingly experienced by working households and is particularly high among lone parents, larger families, disabled people, and people born outside of the UK. In Scotland, almost 60% of those living in relative poverty live in households where someone is in employment and nearly half of children from minority ethnic families live in poverty.[2]

Table 1: Poverty rates by group in the UK and Scotland

Group	UK (2024/25, HBAI)[3]	Scotland (2022–25 average)[4]
Overall population	20% (14m)	17% (940,000)
Children	27% (4m)	21% (210,000)
Working-age adults	19% (8m)	18% (600,000)
Pensioners	14% (1.7m)	13% (130,000)
Very deep poverty (<40% median)	~10% (6.8m)[1]	7% (388, 000)[2]
Children in lone-parent families	36% (1.5m)	30% (70,000)
Households incl. a disabled member	28%	23%
Born outside UK	31% (vs 16% UK-born)	—

Note: Dash indicates the equivalent Scotland-specific breakdown wasn't available in the same release.
Source: Joseph Rowntree Foundation (JFR) UK Poverty 2026, JRF Poverty in Scotland 2026, Department for Work and Pensions, 2026, Households Below Average Income 2024/25, Scottish Government, 2026, Poverty and Income Inequality in Scotland, 2022-25.

The breadth and persistence of poverty experienced by hundreds of thousands of Scots and millions across the UK underline that this is neither a fringe issue affecting a few nor an easy issue to address. The drivers of poverty and the effects of poverty intersect with almost every part of the system.

1.2 Poverty as a Systemic Problem

Poverty is undoubtedly about low income relative to need. But it is also closely linked to wider opportunities and outcomes in health, housing, education, employment, community, mobility, safety and quality of life, as well as wider market failures. Government policies can both alleviate or perpetuate poverty through decisions on taxation, welfare, housing, and public services. Attempts to address poverty through income measures are crucial to

poverty alleviation, but they are unlikely to be sufficient. This is especially the case if, for example, one part of government provides additional income to individuals and families in poverty while another part of government increases charges or reduces their access to other poverty-alleviating services. National and even global developments that affect employment opportunities or result in increased costs for energy or food reinforce the challenges facing those in poverty as well as adding to the complexity of the challenge of supporting them through public policy.

> ***"Poverty is a wicked issue - complex, multidimensional, unclear and changeable. There is not one problem to be addressed."***
>
> **Paul Spicker, 2016[5]**

The effective governance of poverty must therefore take the whole system into account. A whole-system approach recognises the interconnected nature of its causes and impacts. It requires coordinated action across portfolios, departments, levels of government, and service providers to ensure that responses recognise and enhance people's lived experiences.

Poverty as a Cross-Departmental, System-Wide Challenge

Poverty is complex. It brings precarity and chaos to the lives of those who face it. Its causes are deep-rooted in the social and economic structures of society. The determinants of poverty - disability, ill health, low educational attainment, housing insecurity, and family composition - are also simultaneously its effects. These complex and endemic features of poverty make it very difficult to design and implement effective and coherent policy interventions.

What is evident, however, is that no single department can 'own' the problem or resolve it in isolation from other parts of the policy and governance system. The problems facing citizens living in poverty do not fit neatly into the departmental structures around which government and public administration are organised, with their own budget, priorities and performance frameworks. But the fragmented approach that normally characterises policy and budgetary decisions within every sphere of government can result in a failure to recognise and react to the complex and multidimensional nature of the poverty challenge. The experiences of those living in poverty may also be worsened, often inadvertently, by policy decisions taken by different departments for another purpose.

> "Sadly, in my experience, it (Scottish Government policymaking) feels very siloed. I think there's a very consistent ambition and language and commitment to addressing poverty [...] But to Scotland as a whole, however, it feels that it's still very much taken in the different contexts of a particular ministerial brief or of a particular thematic area."
>
> Research interview, voluntary sector

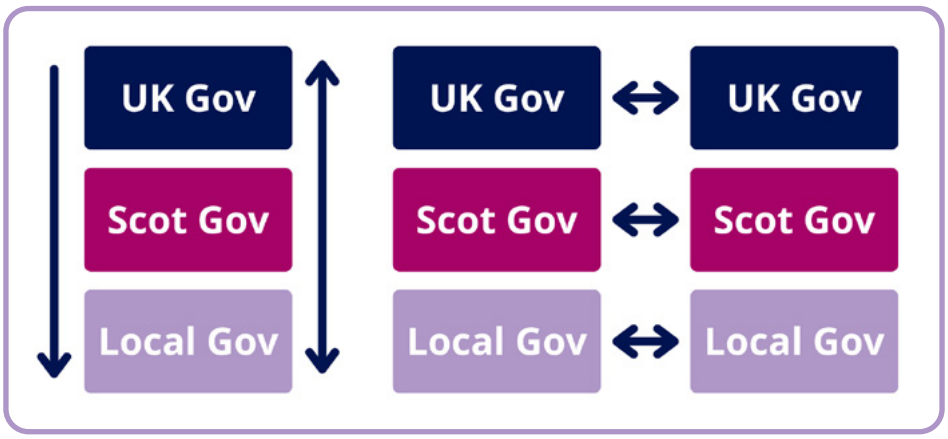
The drivers of poverty and the effects of poverty intersect with almost every part of the system. At national level, poverty is affected by - and has implications for - many areas of public policy, from income security, taxation, employment, education, health and social care, energy, transport, to criminal justice. At local level, it is shaped by separate departmental structures that assume responsibility for service delivery, from housing, education and social care to community parks and leisure facilities, as well as the policies used to fund and recover taxes and charges that contribute to these services. Governing in siloes is therefore unlikely to be sufficient.

Poverty as a Multi-level Governance Challenge

Just as no single department can 'own' or 'fix' poverty, no single government can tackle it alone. Poverty in Scotland interacts with policy decisions that are the responsibility of every level of government.

The Scottish Government derives its authority from the Scottish Parliament. It sets the strategic agenda and has overall policy responsibility for large swathes of public services, including education and skills, housing, social justice, criminal justice, economic development and social care. But it relies upon public bodies and local government to implement its strategic goals and administer most public services.

Figure 1: Governmental Interdependencies and Relationships



The UK Government maintains responsibility for key areas of public policy that contribute to perpetuating or alleviating poverty, including macroeconomic policy, most areas of taxation, employment policy, social security, energy policy, immigration, and trade policy, with decisions in these areas affecting citizens across the UK.

The Scotland Act (2016) gave additional powers to the Scottish Parliament, most notably, over income tax and social security. These have given the Scottish Government additional tools to help tackle poverty, as discussed below. However, these new powers have increased the degree of fiscal and policy interdependence between devolved and reserved responsibilities.

Fiscal and policy interdependencies occur as a result of the way devolution is financed, according to a long-established funding formula (the Barnett formula) and the Fiscal Framework Agreement negotiated by the UK and Scottish governments.

The biggest element of the Scottish Government's budget comes in the form of a grant from the UK Treasury, known as the Block Grant. If the UK Government decides to increase – or decrease – spending on public services like health or education that are devolved in Scotland, this has knock-on effects - known as Barnett consequentials - for the overall amount of money that is transferred to the Scottish Government via the Block Grant. This is why decisions made by the UK Chancellor in his budget statements matter for Scotland, even when these decisions are for services that are delivered by the UK Government in England only. How much is allocated to this spending in England determines how much will be transferred to the devolved nations.

Additional funding for social security devolution is calculated through 'adjustments' to the Block Grant. This is based on a proportionate share of spending on equivalent benefits in England and Wales. This means that a UK Government policy decision to reduce entitlement to disability benefits, for example, which cut welfare spending in England and Wales, would mean less money added to the Scottish Government's budget to cover its devolved social security responsibilities. Conversely, a UK Government decision to expand entitlement in England and Wales, with corresponding spending increases, would mean more money added to the Scottish Government budget via block grant adjustments.

The Block Grant is also reduced to reflect the taxes that are now devolved to and set by the Scottish Government. These 'Block Grant Adjustments' are updated every year, broadly in line with the growth in equivalent tax revenues in the rest of the UK.[6] Changes in these revenues can reflect a range of factors, including tax policy decisions made by the UK Government.

Devolved tax powers have given the Scottish Government an opportunity to design a more progressive income tax system that raises more revenues from middle and higher earners. But the revenue raised is also shaped by the behaviour of individual taxpayers (who might, for example, shift more income into savings, which are taxed by the UK Government at a lower rate). It is also shaped by the overall performance of the Scottish economy relative to the rest of the UK.

There are also administrative interdependencies that shape and constrain action, especially in social security. A key example is 'passporting', where entitlement to one benefit provides access to another. In Scotland, entitlement to Universal Credit (UC) (a reserved benefit) acts as a gateway, or passport, to several devolved benefits, including the Scottish Child Payment. Conversely, losing entitlement to UC can result in an automatic loss of devolved benefits, creating a 'cliff-edge' for some low-income families in precarious low-paid employment.

The often-hierarchical relationship between UK Government decision making and Scottish Government decision making is mirrored in the relationship between the Scottish Government and local government. Local government administers much of the day-to-

day response to poverty's effects, for example, providing homelessness support and social care services. It is responsible for implementing Scottish Government strategies and is accountable for their delivery. Local government is also highly dependent upon, and vulnerable to, Scottish Government decisions on its funding, which shapes and constrains its capacity to deliver.

Yet, national policy ambitions are not always matched in resources available for local delivery. The Joseph Rowntree Foundation (JRF) *Poverty in Scotland 2026* report highlighted weaknesses in the relationship between national and local government, particularly in the way funding is allocated. Two thirds of those surveyed for the JRF report believed that their councils did not have adequate funding to tackle poverty. Those with lived experience of poverty also expressed frustration at perceived blame-shifting between levels of government, calling for greater accountability.[7]

Households in poverty are thus affected by decisions made by multiple actors in multiple governments across multiple policy portfolios, sometimes in ways that add to the problem rather than alleviating it. Devolution to the Scottish Parliament and to local government allows for policies to be tailored to local places, communities, preferences and needs. But it can also leave those facing poverty having to navigate and interact with a complex and confusing array of public services and bureaucracies. Without effective coordination, these interdependencies and hierarchies can create inconsistencies and tensions in the policymaking system that undermine the effective governance of poverty.

Poverty as a Cross-Sectoral Challenge: The Role of the Voluntary Sector and Business

The voluntary and business sectors must be key partners for governments at every level when designing and delivering policy interventions that address poverty.

> "We're still delivering, but [the Scottish Government funding] doesn't take into account the increase in cost of living [...] it's an ever-increasing demand, partly from Scottish Government; can you help us with this? Can you help us with that?"
>
> Research interview, Voluntary sector

The voluntary sector – a collective term for charities, community groups and social enterprises – plays a vital role, often filling gaps left by statutory provision. This includes supporting people experiencing homelessness, disability, or family hardship and, increasingly, acting as a conduit for the kind of citizen-centred, lived-experience engagement to which the Scottish Government has committed.[8] They are often uniquely placed to do so, being embedded within communities and with deeper understanding of the challenges faced by those living in poverty. Yet, the voluntary sector is highly vulnerable to annual budget cycles, making it difficult to invest in staff and services for the longer term.

The labour market, and therefore business practice, is also central to tackling poverty in Scotland: low pay, insecure and part-time work, and occupational segregation by gender

all contribute directly to in-work poverty, which now affects a majority of working-age adults living in poverty in Scotland. Employers' decisions on wages, contract security, work flexibilities, transport challenges, and progression routes in employment therefore function as de facto policy levers, even though businesses are rarely framed as formal partners in poverty strategy and rarely involved in poverty-focused discussion forums.

A systems-oriented response to poverty should not treat business or the voluntary sector as peripheral. Effective co-design depends on their meaningful inclusion alongside government and parliament in shaping as well as implementing policy.

> "I think small businesses have traditionally been more likely to take on someone who's further from the labour market because they can offer a bit more flexibility... [They] develop that close relationship with their staff so they'll understand the challenges that they face and support them to work around that."
>
> Research interview, Private sector

1.3 Scotland's Approach to Tackling Poverty

Tackling poverty has been a priority for successive Scottish governments since the establishment of the Scottish Parliament, with a particular focus on child poverty. A key milestone was the Child Poverty (Scotland) Act 2017, backed by unanimous support in parliament. It set ambitious legally binding targets to reduce and eradicate child poverty to be met by the financial year beginning April 2030, with interim targets set for the year beginning April 2023. While progress has been made, the interim targets were not reached, and the trends suggest that reaching the 2030/31 targets may prove extremely challenging (see Table 2).

Table 2: Scottish Child Poverty Targets

Poverty	2030/31 targets	2023/24 interim targets	2023 measures
relative poverty	Less than 10%	Less than 18%	21%
absolute poverty[1]	Less than 5%	Less than 14%	16%
combined low income and material deprivation	Less than 5%	Less than 8%	9%
persistent poverty	Less than 5%	Less than 8%	17%

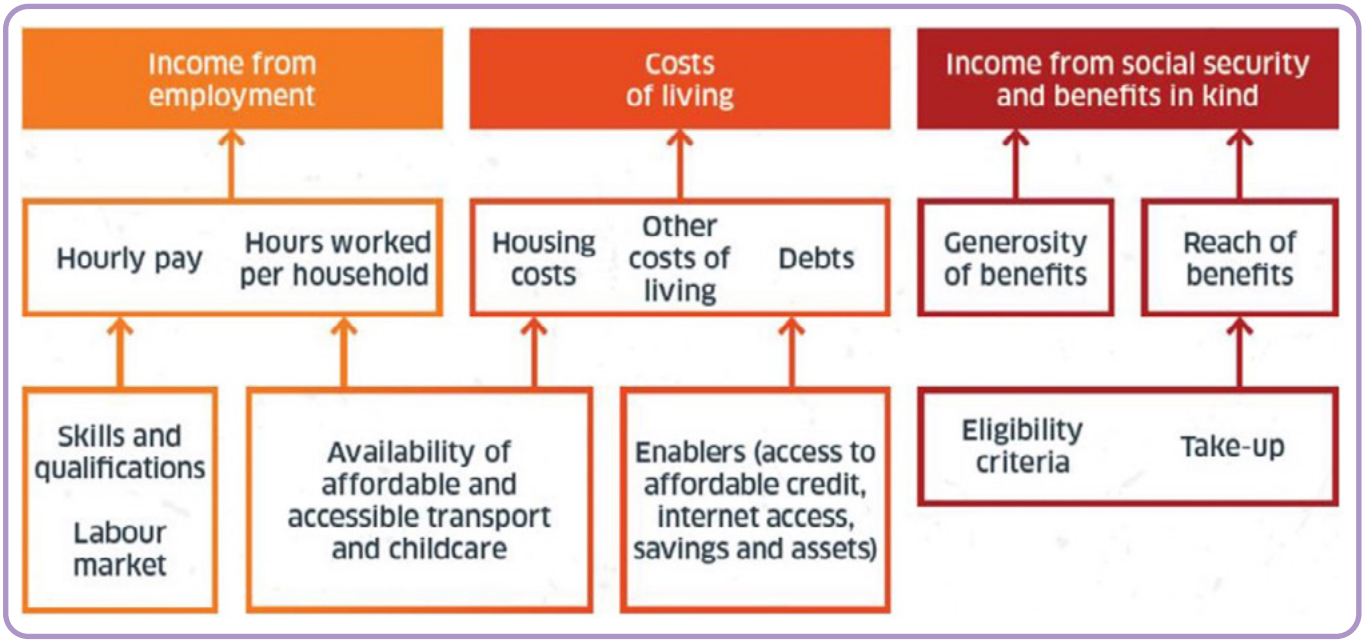
Baseline year = 2010/11
Source: Scottish Government Child Poverty Delivery Strategy[9]

Priority family groups were identified to help target resources to households most likely to have children living in poverty: lone-parent families; minority ethnic families; families with a

disabled adult or child; families with a mother under 25; families with a child under one; and larger families. These 'priority' family groups account for almost 9 in 10 children in poverty in Scotland.[10] The legislation included statutory requirements to produce regular delivery plans and progress reports against the targets to encourage sustained action and greater ministerial accountability. While the delivery plans have recognised the wider system factors at play, accountability is measured entirely on income thresholds. As a result, success – or failure – becomes defined by movement across income thresholds by a given date, rather than sustained improvements in the lived experience of those in or emerging from poverty, including the quality, security and affordability of their housing arrangements, access to public services, physical and mental health, education and access to employment, and social participation, alongside income.

The Scottish Government's analysis identified the drivers of poverty (Figure 2) as income from employment, income from social security and costs of living, with the latter having a disproportionate effect on lowest income households.[11] Some of the contributing factors are influenced by devolved policies, such as affordable transport, childcare, skills and qualifications, and wider system effects, but what is striking from the diagram is that most of the levers that directly contribute to income from employment and benefits, as well as costs of living, sit with the UK Government. These include the minimum wage, employment rights, macroeconomic policy, trade and energy policy and their associated costs, and most social security benefits, like Universal Credit. Some factors contributing to inflationary pressures on the cost of living, such as global conflict or trade decisions of other countries, are beyond the control of even the UK Government.

Figure 2: Direct drivers of child poverty



Source: Scottish Government, Tackling Child Poverty Delivery Plan 2018-2022[12]

The focus on income and the lack of devolved competence over employment policy and the costs of living may explain why much of the heavy lifting in tackling child poverty was assumed by the relatively modest social security powers devolved to the Scottish Parliament by the Scotland Act (2016). Social security devolution entailed the transfer of responsibility

for categories of benefits accounting for around 15% of social security expenditure in Scotland (Table 3). The power to create new benefits and to top up benefits delivered by the UK Government was also devolved, but the financing for these measures, as well as any expansions of entitlement or take-up in Scottish benefits relative to those delivered in England and Wales, has to come from the existing Scottish Government budget.

Table 3: Areas of social security devolution

Benefit category
Disability and industrial injuries benefits
Benefits for carers
Payments related to cold weather
Payments related to maternity, welfare foods and funeral expenses
Discretionary housing payments and power to alter housing costs element of Universal Credit
Power to top up reserved benefits
Power to create other new benefits

Source: Scotland Act 2016[13]

The Scottish Government has used its social security powers to extend financial support through a package of family benefits, often referred to as the Five Family Payments. The flagship is the Scottish Child Payment (SCP), introduced in 2021 as a top-up to Universal Credit (UC) for families with children. It now provides an additional £28.20 per child per week - with a planned increase to £40 per week for children under one. Benefits and service delivery have also been designed to maximise take-up, while Scottish policy has also been used to mitigate the effects of UK policies, like the spare room subsidy ('bedroom tax') and the benefits cap, that have curtailed benefit entitlement. These policies have made a material difference. A recent study found that material deprivation and food insecurity are estimated to be 8–9 percentage points lower in Scotland than they would otherwise be without the SCP, equivalent to over 70,000 fewer children affected.[14] Overall, the evidence suggests that the Five Family Payments have increased household incomes and helped reduce material hardship.[15]

The interdependence between devolved and reserved social security adds complexity and financial challenges to these policy interventions, however. Because Universal Credit acts as a passport that qualifies families for the Scottish Child Payment, those in precarious and volatile employment may periodically lose entitlement to UC, and with it, access to devolved benefits, even if their earnings take them just a little over the threshold. Money is transferred from the UK Government to the Scottish Government to fund social security devolution in the form of block grant adjustments. But these are calculated on the basis of what the UK Government would have spent had it continued to deliver its benefits in Scotland. Forecasts suggest this leaves a gap of £1.1 - £1.2bn per year, but this amount is vulnerable to any policy changes that the UK Government makes.[16]

More benefits, and more take-up of those benefits, thus puts pressure on other parts of

the Scottish Government's budget. Social security spending increased much faster than any other part of the Scottish Government's budget during the last parliamentary session and is projected to grow from £7.4bn in 2026-7 to £9.2bn in 2030-31. By contrast, local government – which provides or funds many of the community-based services upon which those living in poverty rely – is facing the largest decrease of any policy portfolio.[12]

Whole Family Support: Child Poverty Pathfinders and Fairer Futures Partnerships

The Dundee and Glasgow Pathfinders, introduced in 2022 by the Scottish Government as part of its Tackling Child Poverty Delivery Plan (2022-26), created a new model of whole-system, person-centred support for families experiencing poverty. This included targeted, holistic support and 'No Wrong Door' policies designed to address multiple and interlocking barriers to employment, financial security and wellbeing. Similarly, the Fairer Futures Partnerships (FFPs), introduced in 2024 with 16 partnerships across Scotland, and the Family Wellbeing Partnership (FWP), established in Clackmannanshire in 2020, placed greater emphasis on prevention, community empowerment and longer-term system reform. With a dual focus on improving outcomes for families and driving wider public service reform, whole-family support has included proactive outreach, income maximisation support, employability assistance, wellbeing services, food and holiday programmes. The Child Poverty Pathfinders and other whole-family support models have demonstrated the potential of integrated, person-centred approaches to improve outcomes for families. Supported by the Scottish Government, models are driven by local authorities, who also use their place-based knowledge and convening power to bring other delivery bodies, including the UK Department for Work and Pensions, public bodies and voluntary sector partners, around the table to coordinate effective interventions.

Evaluations of these models point to some successes, particularly at the level of service delivery and engagement with families.[17] But these programmes have also faced common barriers to delivering on ambitions, including challenges relating to governance, data sharing, partnership working, performance measurement, and sustainable funding. Table 4 outlines the key barriers to effective implementation of these models drawn from evaluations of child poverty pathfinders and interviews with the public and third sectors.

These implementation challenges highlight the need for stronger enabling conditions to support whole-system reform. Addressing barriers relating to data sharing, delivery, governance, accountability, partnership working, performance measurement and long-term funding will be critical to scaling effective whole-family approaches and achieving sustainable reductions in child poverty. This cannot be addressed with new, relatively small-scale initiatives alone; revisiting legacy programmes and investments is surely a pre-requisite to driving long-term change.

Table 4: Barriers to Implementing Whole Family Support Models

Barrier	Description	Implications for Implementation
Data-sharing	Difficulties establishing data-sharing agreements between partner organisations limited access to information on families most at risk of poverty.	Reduced ability to identify, target and proactively support priority families.
Lack of clarity at programme inception	Uncertainty about programme objectives, delivery expectations, and partner responsibilities during the early stages of implementation.	Inhibited progress and shared understanding. Lack of comprehensive data to evaluate best value.
Conflicting organisational cultures and incentives	The Pathfinders' relationship-based, person-centred approach often conflicted with organisational performance targets focused on outputs.	Tensions between holistic support delivery and existing operational requirements.
Fragmented public service structures	Partner organisations operated with different priorities, systems and accountability arrangements.	Made multi-agency collaboration more complex and slowed progress towards whole-system change.
Challenges measuring outcomes	Limited monitoring data and difficulties capturing outcomes such as empowerment and systems change.	Restricted the ability to demonstrate impact, assess effectiveness and inform improvement.
Sustainability and funding concerns	Whole family support models require significant staffing capacity and long-term investment.	Raised concerns about the sustainability of delivery and the ability to achieve lasting system change without secure multi-year funding.

Source: Analysis is derived from evaluations of pathfinders[18]/FFP[19]

The impact of any policy intervention will of course be limited by the structural determinants of poverty, including the labour market, housing supply, energy markets and retail priorities. These often extend beyond the scope of local government and are not always in the control of the Scottish or even the UK governments. Without addressing the structural determinants that can be addressed nationally, and aligning national policy responses to local interventions, these so-called 'whole-system' programmes risk becoming aspirational frameworks rather than transformative policy mechanisms.

The latest Child Poverty Delivery Plan, *Bringing Hope, Building Futures* (2026–2031), recognised this challenge, highlighting the need to "remove

> "I think our greatest strength [in Scotland] is that morally we know we've got to tackle poverty. But our greatest weakness is that we haven't coordinated the tackling of poverty... it's extremely complex because you'll come at it from a policy or organisational bias... and actually what you end up with [...] is policy areas bumping into each other."
>
> Research interview, Local Government official

barriers between services; align policy, funding and delivery; and hold ourselves and our partners accountable for progress", adding that "Staff should be empowered to work across organisational boundaries".[20]

The Scottish Government's five-year Programme for Government, published in September 2026, set eradicating child poverty as its 'defining mission'. It's a mission that commands widespread cross-party and cross-government support. But the scale of the challenge and the pace of progress to date suggests that delivering on that mission will require a radical reimagining of how the state responds to the poverty challenge.

UK Government Child Poverty Strategy

The UK Government has also prioritised child poverty. The ministerial Child Poverty Taskforce set up in July 2024 recognised child poverty as a cross-portfolio policy challenge, with the Secretaries of State for Work and Pensions and for Education acting as its co-chairs. It engaged extensively across government, including with ministers from the devolved governments, regional mayors and local government leaders. It also involved the voluntary sector, think tanks, faith leaders and the research community, and was shaped by those with lived experience via the Changing Realities project.[21] The result was the Child Poverty Strategy, *Our Children, Our Future*, published in December 2025.[22]

The strategy brings together existing and new measures under three themes: boosting family incomes, reducing the cost of essentials, and strengthening local support. Many of the policies associated with the strategy fall within devolved policy areas, like support for housing or free school meals, and are therefore targeted at addressing poverty in England. A key commitment emerging from the strategy, however, was the removal of the 'two child limit', which had restricted the additional amount of Universal Credit that low-income families received to the first two children. As Universal Credit is a reserved matter, this change benefited larger families in Scotland directly. It also had a knock-on benefit for the Scottish Government, who had pledged to provide 'top-up' payments to larger families to effectively 'remove' the two-child limit, thus freeing up revenues to spend in other areas. The government resisted pressure to lift the cap on benefits, which limits the total amount of benefits working-age households can receive, despite advocacy groups and expert analysis suggesting that its effects are felt most by the poorest families.[23]

In contrast to the Scottish Government's child poverty programmes, the UK child poverty strategy is not embedded in law. Nor did it set specific targets for poverty reduction. Instead, it established an evaluation framework to chart progress over a ten-year period, with annual reports on overall trends against two key metrics: relative low income after housing costs and deep material poverty. Some concerns have been expressed about the absence of clear and measurable targets in legislation, as well as the robustness of some of the measurements used in the evaluation.[24]

The UK Government has a broader range of policy 'levers' to target poverty that have UK-wide reach, including employment policy, reserved social security policy, energy policy,

immigration and asylum policy, trade policy and macroeconomic policy. The Chancellor's October 2026 budget has used some of these levers to relieve cost-of-living pressures, for example increasing the minimum wage and measures to offset rising energy bills. But delivering on the ambitions of the strategy will require broader more structural reforms.

1.4 Public Service Reform as a Governance Opportunity

> **"We will undertake radical and widespread public service reform, putting the individual at the heart of the changes that we make... The vision I set out today will mean more modern, more flexible, more person-centred public services, delivered by a Scottish state that is rewired and reimagined."**
>
> **First Minister John Swinney, 1 September 2026**

If eradicating child poverty is the Scottish Government's defining mission, public service reform is its defining imperative. The fiscal gap between the government's spending commitments and its revenue forecasts, as well as longer-term pressures emerging from demographic and climate change, point to the need for reform to ensure the sustainability of public services. Public service reform is focused on reducing the public sector workforce and generating efficiencies through structural reforms, such as reducing the number of public bodies. But the ambition is also to enable a more strategic state, capable of addressing complex challenges and driving system change.

Early plans signal replacing the 14 strategic Health Boards with two strategic boards, substantially reducing the number of public bodies, bringing Transport Scotland into core government, and tentative proposals that could lead to a radical overhaul of the structures and functions of local government.[25] A Public Service Renewal (Scotland) Bill, expected in 2026–27, is intended to give statutory backing to restructuring the delivery landscape. The public service reform agenda, which may also include reforms to the structures of local government, offers an opportunity to rewire the state so that it works more effectively for those it serves.[26] But for households living in poverty, the question is not how many public bodies or local authorities Scotland has, but whether the points where systems meet become easier to navigate.

Restructuring can reduce fragmentation, but it can also create a period of disruption in which relationships, data-sharing agreements and funding arrangements that took years to build are lost. Reform is also being announced alongside workforce reduction and savings targets, while the whole-family models described above depend on relationship-based, staff-intensive and long-term support. Whether reform is experienced as renewal or as little more than code for public sector cuts, as some have feared, will depend on whether outcomes for people in poverty, rather than structures and costs, are the core purpose and the test of its success.

2. People at the Heart of the System

The governance challenges outlined in Chapter 1 are not abstract; they have a direct impact on people's lives. Understanding the drivers of poverty in Scotland therefore requires attention to how individuals and families navigate the complex, multi-level systems of governance that shape their experiences. In this project, we developed a systems-based approach to understanding poverty, developing fictional composite stories informed by secondary data, stakeholder interviews, and lived experience evidence. These stories were then mapped to identify and examine the issues and interactions they revealed across the wider system.

Combining composite stories, systems mapping, and governance analysis can strengthen the integration of lived experience evidence into policymaking. Rather than simply illustrating individual circumstances, composite stories help demonstrate how policies, services, institutions, and governance arrangements interact to shape outcomes. They reveal how challenges emerge and are reinforced across interconnected systems, rather than existing by exception.

Linking lived experience evidence to broader system dynamics provides policymakers with a richer understanding of where pressures, gaps, and barriers exist within governance systems, as well as where opportunities for improvement may lie. Through these composite stories, we first zoom in on the experiences of individuals and families at the sharp end of fragmented policy and service systems, highlighting the realities they face in everyday life. We then zoom back out to develop systems maps that illuminate the interdependencies, feedback loops, and governance challenges that influence pathways into and out of poverty. Here we present the composite stories of Michelle, Lowrie and the El-Amin family. These stories then generated a systems map to illustrate the wider governance landscape.



2.1 Michelle's Story



Michelle lives in Edinburgh with her two boys, Ryan (5) and Fraser (9). She used to work for a local catering firm, but the lack of flexibility over working hours proved too difficult to combine with caring for her children. Her eldest son is autistic. He doesn't always make it to school. There was a learning support teacher who helped him, but she left and hasn't been replaced yet.

Most jobs need a commitment to regular shifts that she just can't cope with just now. She's glad of the benefit income she gets – the Scottish Child Payment has been especially helpful. But it's still hard to make ends meet given the cost of living. Her gas, electricity and food bills have increased massively over recent months. The struggle to keep on top of the bills is causing her a lot of stress and anxiety.

She rents a private 2-bedroom flat; the rent went up after the rent freeze ended. She's kept up with rent payments so far, but she keeps the heating off for as long as possible. The kids are always complaining about the flat being freezing. She's on the waiting list for social housing, but she's been told she'll have to wait years for a house. Her council tax went up a lot last year and it's her biggest worry because she's now in council tax arrears. Her arrears started small, but with added penalties and enforcement fees, her debt has spiralled. She's frightened about what comes next.

Michelle is eager to pick up work where she can but is scarred from the last time she got some shifts in the run-up to Christmas last year. It took her over the threshold for her Universal Credit (UC). That meant she also lost her Scottish Child Payment and a host of other benefits for two months. That was the start of her debt troubles. She tried to set up a payment plan, but even the smallest instalment meant cutting back even more on essentials like food and heating.

The summer holidays were hard. She used to take the boys to swimming but the nearest swimming pool is 40 minutes away by public transport. The kids get free travel, thankfully, but it's nearly £5 for her to get there and back by bus, plus the cost of entry – it's just too much now. There was a local judo class that the boys loved, but it closed. Fraser finds sports at school really hard but the judo gave him confidence. She heard that the library might be closing too – she uses it to access the computer for job searching and claiming benefits while the boys look at the books and games.

Michelle would love to be a nurse – this would give her and her boys more stability and a greater quality of life and she's always liked caring for people. But she's worried that the student loan would mean more debt and lost benefits, as well as extra childcare costs and worries. When she goes shopping, she can see Christmas stuff appearing – goodness knows how she will be able to afford all that comes with Christmas.

Image source: Centre for Public Policy research team

Michelle's story is typical of lone parent families whose experiences of living in poverty cut across multiple policy areas: employment; childcare; special educational needs' provision; social security; housing; mental health; and transport. Her story is shaped by the cumulative effect of decisions made across multiple policy portfolios and multiple administrations.

Some of these policy and budgetary decisions sit with UK Government, including rules around flexible employment, Universal Credit, and the regulatory framework that influences the costs of energy. Many are devolved matters for which the Scottish Government and Parliament have policy and legislative responsibility, like education, housing and childcare. In most of these, delivery is undertaken by local government. Scottish Government decisions on funding for local government have put pressure on local service provision, including special needs support in schools, or library and leisure facilities. Scottish Government also shapes the policy framework within which domestic and non-domestic tax rates are set locally and distributed across income and property groups. Some decisions rest with local authorities, for example on grant-funding to community-based voluntary sector support or policies and decisions on debt collection. And some lie with private actors, such as her landlord and employers, or with the voluntary sector actors who run community groups and classes.

Most, if not all, of these actors will be committed to poverty reduction. But Michelle's story illustrates the problems that can arise when decision-making is neither aligned nor coherent. Her story also underlines the multi-level interdependence of some decisions, for example between reserved and devolved social security systems. Policy interventions intended to directly alleviate Michelle's poverty, like the Scottish Child Payment, may be limited in their effect by policy decisions made primarily to address another problem but have unintended consequences for those living in poverty, for example lifting the freeze on council tax or rent. UK Government policies designed to incentivise work can inadvertently trap families in poverty when they have a knock-on effect of reducing access to devolved benefits. The cumulative impact of these decisions on Michelle could put pressure on other services. For example, if these experiences have a detrimental impact on her and her children's health and wellbeing, they may need access to NHS or social work support, or additional learning support.

The point here is not to judge the rights or wrongs of any of these policy interventions. Rather, it is to shine a light on the connections between them and the cumulative impact they have on those like Michelle who live at the sharp end of the policy system.

2.2 Lowrie's Story



Lowrie is 72 and lives alone on a croft in Yell, one of the northern islands in Shetland. His wife passed away last year. Life is lonely without her. Lowrie has type 2 diabetes and suffers from macular degeneration, a side effect of diabetes that causes blurry vision. He's worried this will soon prevent him from driving. Life without a car on Yell would be a struggle. The closest shop is a 30-minute drive; the closest GP a 40-minute drive and near impossible by bus. The practice doesn't dispense anymore. His medication has to come from Brae on the Shetland mainland and that can take up to a fortnight. He's had to go without some days while waiting for the delivery.

Lowrie spends most of his day working the land, repairing his house, and trying to stay warm. It's an old house, with poor insulation and no central heating. It's hard to heat, both because of the building and the frightening energy bills. He knows lots of folk in Shetland worry about heating costs. It doesn't seem right that household energy bills are so high in Shetland when they seem to be surrounded by windfarms. Lowrie's worried about money but he's too ashamed to tell anyone. He doesn't have savings. He receives the State Pension and Pension Credit but it's barely enough to afford the cost of living. He mostly relies on the local shop for groceries, but prices there are around double the supermarket in Lerwick. Even Lerwick prices are inflated compared to most of Scotland. It is a three-hour round trip to the nearest supermarket. That's around £60 petrol and ferry fares even before getting the shopping!

The local shop is a lifeline – more than just a shop, it's the heart of the community. But it's constantly under threat of closure. Before COVID, Lowrie had a fairly active social life, but he doesn't see people as often anymore. He is grateful for the fortnightly visits from the social care worker to check he is still mobile and healthy, and his neighbours pop by from time to time. He used to enjoy a blether with the postie, but she retired and the branch closed. He's glad to hear a new Post Office branch is coming to the shop – maybe that will help keep it open.

The weather shapes Lowrie's life on Shetland. For eight months of the year, it's dark, windy and cold. Sometimes in winter, the weather suspends the inter-island ferry and sometimes even the ferry to Aberdeen. Lowrie's house is frequently weather-damaged. He has anxiety about going to the Scottish mainland to be closer to family or for any major medical treatments. His family don't get the subsidised travel fares offered to the locals, so they can only afford to visit once or twice a year. He's attached to his croft and to Yell, he just wishes the government could do something about the rising cost of living on the island because, for the first time, he feels it is becoming unmanageable.

Image source: Photo of cottage in Eshaness, Shetland, by Moorefam via Getty Images Signature on Canva Pro

Lowrie's experience of poverty in an island community is shaped by the interaction of multiple policy areas: health and social care; transport; energy; housing; digital connectivity; economic development; and social security. His story also illustrates how experiences of poverty can be intensified when policies do not take place-based disadvantage or the realities and costs of remote, rural life into account.

As with Michelle, many of the policy responsibilities that shape these experiences are spread across multiple layers of government. For example, the UK Government is responsible for setting and delivering his state pension and Pension Credit, has overall responsibility for the postal service and sets the policy framework, mix and funding for the energy sector, while the UK regulators, Ofcom and Ofgem, regulate the postal and energy industries. The Scottish Government grants consents for larger electricity generation, including those in and around Shetland, and is responsible – via its health boards – for his health care, including support for primary care services. The Scottish Government awards and subsidises the contract for ferry travel between Lerwick and mainland Scotland and Shetland Islands Council fund and subsidises inter-island ferry services, though neither of them can control the weather. Shetland Islands Council provide or coordinate a range of other local services, including social care.

Image source: Photo from Centre for Public Policy research team



Lowrie's story also highlights the extra costs and challenges of living in rural and island communities. There is no accurate up-to-date assessment of this **rural poverty premium**; most of the Scottish Government documents we have cited relied on estimates from a study in 2021[27], although a more recent study includes 2024 data estimates.[28] We can expect that premium to be especially acute in Shetland and other island communities, where winter weather lasts longer, where many rely on expensive oil as the primary source of heating costs, and residents face substantially higher costs to travel anywhere, including to buy essentials. Yet, the UK Government sets uniform rates for the state pension and Pension Credit, despite substantial geographical variation in the cost of living.

Lowrie's experience highlights how energy policy interacts with housing quality, infrastructure and place-based inequalities. Living in an older croft house with poor insulation and no central

heating means his energy needs are inherently higher. Poor energy efficiency increases demand for heating, while high energy prices make it difficult for him to heat his home adequately. Scottish Government energy efficiency schemes can help provide insulation and modernise heating in homes, but finding tradespeople to do the work in remote rural and island communities can be challenging. Lowrie's access to healthcare is heavily influenced by transport and geography. His nearest GP is a significant distance away, public transport is limited, and medication must be posted; efficiency drives have seen health boards centralise dispensing services, creating knock-on effects for patients like Lowrie.

Shetland's geography and the combination of its rurality and population size highlight the need for a governance model rooted in place. Services which feel fragmented and lacking in cohesion on the mainland are by necessity more joined up in Shetland, with substantially more policy cohesion between different agencies and services. Furthermore, the local authority runs more services directly itself than many other local authorities and is therefore better placed to act with agility when faced with the need to overcome barriers. For example, when the council faced recruitment challenges for social care workers, it was able to remove the barriers of transport and fuel costs by providing those workers with council vehicles.

2.3 The El-Amin Family's Story



Khaled and Fatima El-Amin live in Glasgow with their three children, Youssef (16), Leila (11), and Mahmoud (8). For 10 years, the family lived in the same privately rented flat in an area they all liked. In spring 2025, they received notice of eviction as the flat was going up for sale, giving them three months to find a new home. While Khaled was at work, Fatima spent each day looking online for alternative accommodation, but everything was so expensive.

In Autumn 2025, the family submitted a homelessness application to the council and secured temporary accommodation in another part of Glasgow. They were told it would only be for a few weeks, but months have passed with little sign of a move to a more permanent home. The temporary accommodation costs more per month than their old flat, despite being much poorer quality. The family would be better off financially if Khaled gave up his job to receive Housing Benefit, but both he and Fatima remember how bad his mental health got the last time he had a spell of unemployment.

The small 2-bed flat is difficult to heat and has black mould on the bathroom ceiling. The small kitchenette only has a microwave and a kettle, making it difficult to cook nutritious meals. Fatima and Khaled sometimes skip meals so the children get enough food. Fatima tries to keep things clean and cheerful for the children but it's difficult. The flat is next to a busy road and the local park is known for drug activity; it's not unusual to find discarded needles. The children have nowhere safe to play, indoors or out.

The flat is further away from the children's school and friends. The environment has aggravated Leila's asthma and she has stopped participating in PE at school. The move has also spiked Youssef's anxiety and he has nowhere suitable to study for his upcoming exams. He's become more withdrawn and Fatima is worried about him. She tried to seek help but was told the waiting list for a counsellor is at least six months. Mahmoud's birthday is coming up. He wants to invite his school pals for a small birthday party, but there's no space for any visitors.

Still, they have tried to make life work. Fatima attended free yoga classes at a local community centre. This was her only break from caring for her children and supporting her husband. However, the charity said last week that they were unsuccessful in securing a grant to continue the classes. The family are grateful for the kindness many people have shown them, like the teacher who helped Leila design her presentation on the computer after school. But these moments are often isolated against a background of a system that seems to work against them, not for them.

Image source: Ross Sneddon on Unsplash

The El-Amin family's lived experience of poverty originates in the housing system and the lack of affordable housing. Over 10,000 children are in temporary accommodation in Scotland.[29] Households with children spend longer in temporary accommodation than any other household.

The El-Amin family's experience also demonstrates how housing insecurity can quickly become a cross-cutting issue spanning multiple policy domains, many of these within the policy responsibility of the Scottish Government. Poor housing and the lack of quality affordable housing have knock-on effects for physical and mental health, food health, educational attainment, and social development which affect the family's lived experience and prospects. This illustrates how poor outcomes that are a consequence of one policy area can generate demand and, consequently, costs in others. Yet, housing policy has largely been treated as a separate policy domain to tackling child poverty. It continues to sit in a separate directorate within Scottish Government, albeit that in the new administration, the two are responsibilities of the same Cabinet Secretary.

The family's circumstances are also shaped by policy decisions and pressures operating at multiple levels. The quality of housing offered to those in temporary accommodation is a responsibility of local councils, as is the state of neighbourhood parks and other facilities, and support for community services. Scottish Government provides the legislative framework for how social housing should be allocated, an issue with particular salience as politicians debate the impact of concepts such as "local connection" and "priority need."

UK policy decisions, meanwhile, especially in social security, influence housing affordability and the financial incentives faced by working households. For example, the benefit trap created by the absence of social housing supply forces thousands of people to rent in the private sector, often in properties they would be unable to afford were it not for the housing benefit they receive. Entitlement to that benefit is income dependent, interacting with the wider social security system. Working more hours or securing a better paid job will increase that individual's income while decreasing their ability to "make rent" as a result of the loss of housing benefit. This traps people in low paid part-time work and inflates the housing benefit bill, representing another example of a structural fault line in how Scottish and UK Government policies interact.

2.4 Mapping the Governance System

Across these stories, several common governance challenges emerge. First, policy interventions intended to address one issue can inadvertently create or exacerbate difficulties elsewhere. The stories illustrate how poverty is often shaped by the combined effects of multiple systems rather than any single policy domain. Housing affects employment and health; transport affects access to healthcare and food; social care influences educational and labour market opportunities, and so on.

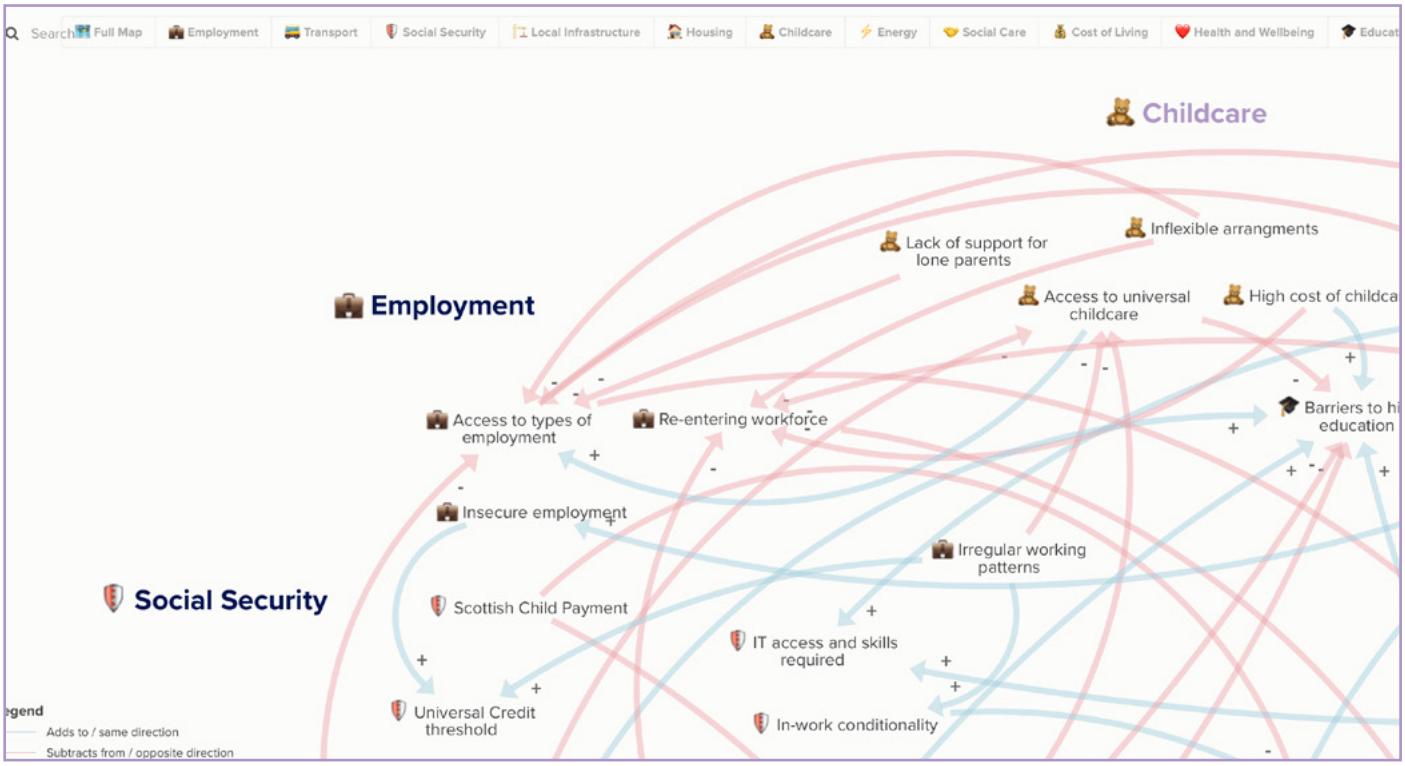
The stories also illustrate the myriad ways that individuals interact with the state.

Responsibilities for policies and services accessed by those living in poverty are distributed across governments, public institutions, charities and private actors. Even within the public sector, we see different bodies operating under distinct policy objectives, funding arrangements, and accountability structures. But decisions taken within one part of the system have consequences that extend into others, often without mechanisms to fully account for these wider effects.

The composite stories help to surface governance and systems issues. Systems mapping tools also help to both illustrate the connections between different policy areas and to convey the complexity of the system itself. In this report, we have used the governance analysis of the three featured stories to zoom out from the experiences of Michelle, Lowrie and the El-Amin family to identify the common themes and complex web of interconnected systems, services and policy areas that shape their experiences. Figure 3 depicts an extract from this overarching systems map; the full map derived from these three composite stories is provided in the appendix to this report and is available in interactive format on our website.[30]

The outer layer of the map represents the key policy domains: Education, Housing, Employment, Social Care, Health & Well-being, Social Security, Childcare, Energy, Cost of Living, Local Infrastructure, and Transport with key elements emerging from stories clustered around them. By following the connections, it is easy to see which policy areas impact on another. For example, “lack of public transport” (transport policy domain) links to “access to types of employment” (employment policy domain). This indicates limited access to public transport can limit the types of employment people can undertake (part-time, evening, night shift work).

Figure 3 – Sample of the systems map for Michelle, Lowrie, and the El-Amins



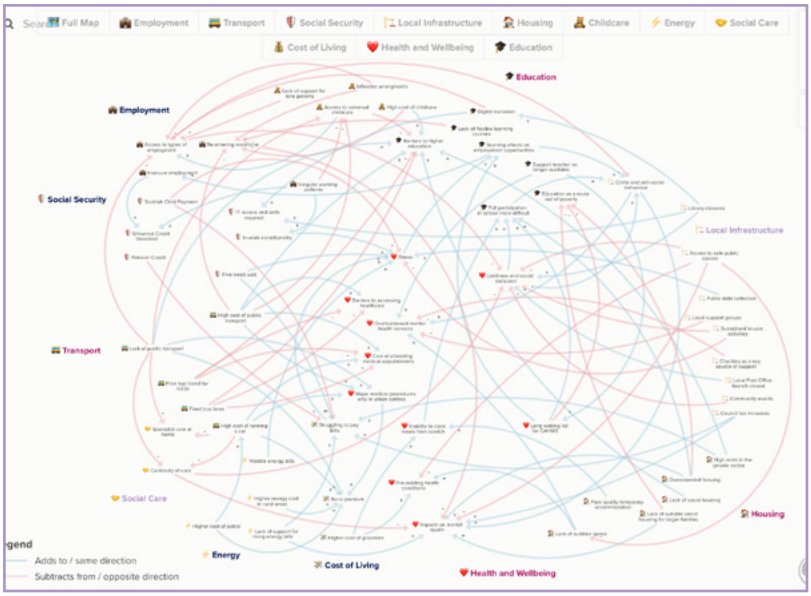


Figure 4 - preview of full map

- View the map in full size in the Appendix
- Open and explore the interactive systems map[31]

The visual complexity of the map is not a presentation problem to be simplified. Its purpose is to provide a window into the complexity that individuals in poverty must navigate every day, and a direct challenge to policymakers to take that complexity seriously.

Siloes within and between governments are inevitable. Different governments have different democratic mandates and policy priorities. Even within government, organisational structures must be set in manageable ways that aid decision making and delivery. But for those at the sharp end of these complex systems of government, who bear the weight of all of these decisions, it is critical to recognise and respond to the complex nature of poverty. Effective anti-poverty action requires greater policy coherence and coordination across policy and governance systems to ensure that interventions and services are designed around the realities of people's lives rather than the administrative boundaries of systems.

3. Rewiring the State of Poverty

The stories of Michelle, Lowrie and the El-Amin family help to shine a light on the problem of fragmentation in public service decision making and delivery. That fragmentation can have a detrimental impact on the lived experience of those facing poverty, making life harder than it should be. This is not a story of neglect; at every level, we see actions from governments, public bodies and service providers that are designed to help prevent and respond to the poverty challenge. But the lack of coherence within and across the governance system makes it more difficult to achieve positive, systemic and lasting change that would deliver on shared ambitions.

> "I don't think I can overstate how much of a difference it would make to people if governments at all levels worked more holistically and coherently. It really would be seismic."
>
> Research Interview, voluntary sector

We have set out our recommendations in a Theory of Change. Theories of Change explain how and why a set of inputs and actions are expected to shape outputs and deliver measurable outcomes, theorizing the cumulative impact that these steps can achieve. Of course, life is not a logical, predictable sequence of events. The causal links assumed in Theories of Change can be disrupted by many political and economic factors and unexpected developments. But it's too easy to shine a light on the failures and flaws in the system and stop there. Change is difficult, especially when it is centred on something so complex and multi-faceted. A Theory of Change can be helpful in giving strategic direction to the breadth of resources required and actions necessary to make the difference that those driving the change want to see.



Figure 5: Structure of Theories of Change

Inputs		Activities		Outputs		Outcomes		Impact
What resources are required?	→	...for *what* activities - that must either be delivered - or planned - by who and in what sequence	→	...as, once achieved, they will result in [insert product/service/ etc.] that will...	→	...benefit who in such a way that their life will change...	→	which will also result in a change to which organisations/ community/ system/etc.

Our Theory of Change focuses not on policy interventions but on the system itself.

It recognises that no single institution alone can tackle poverty in an effective and sustained way. No single part of the system holds all the authority, responsibilities, resources, knowledge or capability required. And each part is itself a system within the wider system. The opportunity therefore is not only to strengthen each of these individual systems, but to better connect them so that the whole can achieve more than the individual parts can separately.

This Systems Theory of Change (SyToC) is built on the assumption that the Scottish Government, a broad political consensus in the Scottish Parliament, all local governments in Scotland, and the UK Government broadly share a commitment to tackling poverty, especially child poverty. Addressing poverty is also central to the prevention agenda that is now prioritised by both the Scottish and UK governments as a necessary means of ensuring sustainable public services. This cross-government and cross-party support provides an opportunity for new ways of working to deliver a goal they share.

Public service reform and commitments by the UK and Scottish governments to **'rewire the state'** also create the opportunity to revisit the architecture of government to ensure it is fit for the purpose of responding to such challenges and bridging the gap between strategic goals and outcomes. If we don't seize that opportunity, the risk is that public service reform becomes – or is perceived and felt to be – little more than code for public sector cuts. Cuts which will compound the challenges people experiencing poverty face when navigating the system.

Our SyToC is therefore offered as a contribution to rewiring the state. It has been developed through the lens of poverty but offers an approach that could be applied to other complex public policy challenges that cannot be resolved by any one institution or policy team acting alone. It identifies and charts the system change that could create the conditions for more coherent and effective action, outcomes and impact in tackling poverty across key institutional actors within and connected to the governance system.

Many a politician entering office arrives excited at the prospect of accessing the machinery of government. They understand Government to be a system of cogs, engines and levers which, if given the right fuel, can motor towards desired results. Once they arrive in office,

they are often quick to exclaim that it's not as simple as that. Or they express frustration that they pull a particular lever or grease a certain cog and nothing happens, or certainly not with the immediacy of results they expect or need.

We have offered below the distinctive elements of our Systems Theory of Change in bite-sized chunks, for each set of institutions that make up the governance system. These are not discrete actors, however. As has been stressed throughout this report, the actions and decisions by one institutional actor shapes and constrains the others.

3.1 Scottish Parliament

We begin with the Scottish Parliament as the foundation of democratic governance in modern Scotland. In the wake of the 1997 referendum vote to establish the Scottish Parliament, a body known as the Consultative Steering Group (CSG) was established to consider its operational framework, rules and procedures. It established four founding principles on which the Parliament would be built:

- the Scottish Parliament should embody and reflect the sharing of power between the people of Scotland, the legislators and the Scottish Executive;
- the Scottish Government should be accountable to the Scottish Parliament and the Parliament and Government should be accountable to the people of Scotland;
- the Scottish Parliament should be accessible, open, responsive, and develop procedures which make possible a participative approach to the development, consideration and scrutiny of policy and legislation;
- the Scottish Parliament in its operation and its appointments should recognise the need to promote equal opportunities for all.[32]

It's in that vein that we offer a Theory of Change for Parliament itself.

Democratic leadership requires opposition parties to view their own role as not just scrutinising and holding government to account for its actions, but as active players in pursuit of shared strategic outcomes. The ambitious targets in the Child Poverty (Scotland) Act (2017) were set by Parliament after all. Parliament, not just government, can drive the change.

Inputs	Activities	Outputs	Outcomes	Impact
Democratic leadership of shared long-term outcomes. Parliamentary **time, space and resource to conduct inquiries into, and scrutinise,** strategic outcomes that span committee remits. **Sustained focus** on strategic outcomes.	Use and/or adapt committee structures, including convenors group, to **enable effective enquiry and scrutiny of cross-portfolio strategic outcomes.** Use post-legislative scrutiny to **evaluate the implementation, impact and coherence of legislation**. Declutter landscape to **streamline statutory obligations.** **Build research capacity and skills** to support inquiry and scrutiny of strategic outcomes.	A **coherent legislative and parliamentary system** that embeds co-ownership of shared strategic outcomes, with clear processes and responsibilities, and effective mechanisms for scrutinising progress.	Parliament is better equipped to uphold a constructive power-sharing role. More outcome-focused, cross-committee scrutiny of progress towards shared outcomes.	Stronger incentives and accountability for Scottish Government policy, legislation, and funding of shared strategic outcomes. A Parliament that meets the challenge of addressing and progressing shared long-term strategic outcomes, tracked across parliamentary cycles.

Inputs and activities:

The systemic challenges surrounding the governance of child poverty are unlikely to be scrutinised effectively when the siloes in government are replicated within the parliamentary committee system. Indeed, the CSG always envisaged that parliamentary committees should 'be able to address cross-cutting issues, and to ensure that matters which cross conventional departmental boundaries are properly handled'. We suggest new inputs and activities to enable Parliament to play a more active and less reactive role in areas of complex challenge, like poverty, that span multiple policy areas and multiple electoral cycles. This can include making more use of the Convenors' group, conducting joint committee inquiries led by two or more committees or, ideally, setting up new ad hoc committees around key shared strategic objectives.

The current committees have very busy workloads where the prioritisation of budget, legislation and the individual interests of members through short-to-medium term inquiries leave little space for rounded scrutiny of complex, long-term, issues. The Public Service Reform Committee offers an opportunity to view issues through a systemic lens, not least in ensuring that the public service reform (PSR) agenda is focused not just on structures and budgets but on securing better outcomes. But it, too, may become bogged down in

scrutinising the legislation intended to underpin PSR, and the structural reforms currently under consideration, leaving little space to focus on how reforms will improve outcomes.

We see merit in establishing further committees whose function is investigative rather than legislative, thus providing the necessary long-term focus on shared strategic outcomes. The Parliament could convene multiple short-life committees or establish a permanent new committee with a roving investigative function. Such a committee could be charged, for example, with examining the barriers that Scotland faces in meeting its 2030 Child Poverty targets. Scrutinising action across health, housing, transport and the economy would enable a better understanding of what within the state's sphere of influence is constraining progress. The Committee would be tasked with driving progress further on this shared strategic outcome that Parliament itself owns. Such an innovation could also help Parliament to examine not just the activities of government but the barriers to implementation, with greater attention to post-legislative scrutiny. This would help to ensure legislation is delivering as Parliament intended.

The legislative timetable should also be re-examined to avoid the Stage 3 process of Bills being inundated with sometimes hundreds of amendments. This would help to ensure that Parliament is better equipped to pass better laws in the final hours of deliberation. Space could also be created to consider the impact of framework bills, or rights-based bills, where the detail is either established through secondary legislation or where implementation gaps stem from rights being written into law without the resource to allow them to be realised in practice. To avoid performative legislation that wastes time and resource, there should be sufficient preparation to give confidence that laws passed by Parliament will be implemented. Large parts of the Children (Scotland) Act passed in 2020 have yet to be implemented.

The cumulative impact of legislation has placed statutory obligations on local authorities and public bodies that are burdensome to report, do not always cohere, and risk creating a cluttered legislative landscape that inhibits transparency and may be a barrier rather than a bridge to shared strategic outcomes. Such joined up scrutiny could more easily be undertaken by a committee focused on strategic outcomes which could also be tasked with streamlining statutory obligations where appropriate.

There is limited space in Parliamentary business to assume new functions, and limited resource capacity. More committees would require MSPs to work differently and the institution may need to become more comfortable with the practice of plenary and committee sessions happening simultaneously. Just as it has recently agreed to allow the Parliament's events space to be used for CPG and wider public engagement activities at the same time as business in the chamber.

All of this agenda requires the Scottish Parliament itself to be appropriately resourced. Investing in the continued professional development of parliamentarians and research staff is key. Parliament already leads the way on engaging with the research community to enhance capability within the Scottish Parliament Information Centre (SPICe) and to support

committees directly. There is scope to build on these initiatives, with willing partners in the research community, to support and enhance parliamentarians' ability to scrutinise and lead in sharing the power in transforming the lives of those living in poverty and other shared national outcomes.

Outputs and outcomes:

We believe these inputs and activities undertaken together would deliver a more coherent legislative and parliamentary landscape. In addition, they would enhance the Parliament's ability to play a pro-active role in driving change that confronts long-term challenges that span parliamentary cycles. The Scottish Parliament has a proud history of evolution and innovation. At its foundation, the establishment of the Public Petitions Committee made Scotland a world leader in citizen-parliament engagement, and its People's Panel has continued in this vein. More than a quarter of a century on, there is scope for Parliament once again to lead institutional innovation that keeps pace with the increasing complexity of policy challenges. As the primary representative body for Scotland, Parliament is also uniquely placed to empower and provide space for local communities to give voice to their lived experiences and ensure these voices feed into the policy and legislative process.

3.2 Scottish Government and the wider Scottish Government Family

The Scottish Government has a distinctive role in providing leadership, setting strategic direction, directing funding and shaping the conditions within which others plan, make decisions and deliver. Through its control over policy, legislation, budgets and investment, national frameworks, data and accountability for delivery, the Government's decisions can enable greater alignment around shared strategic outcomes like tackling and eradicating poverty. Conversely, its actions can create fragmentation and reinforce siloes between departments, public bodies and local government that might lead to duplication of effort or generate competing demands.

Public bodies that make up the wider Scottish Government family are part of that national system. Public bodies hold significant statutory responsibilities, resources, specialist expertise, evidence and delivery capability. Their contribution relies on whether their responsibilities, resources and accountability enable them to contribute individually and collectively to shared strategic outcomes, working with partners across the system.

The Government has laid strong foundations for collective action on poverty. Most recently, 'Ambitious for Scotland: Programme for Government 2026–31' made eradicating child poverty the defining mission of Government, while recognising it does not hold all the levers required to achieve it. Poverty is explicitly recognised as a cross-government priority, with statutory targets to be met by 2030 embedded within a wider National Performance Framework outcome around fairness. The Public Service Reform Strategy recognises that eradicating child poverty depends on preventative, joined-up and efficient public services.

‘Bringing Hope, Building Futures’ makes clear that delivery requires action across the NHS, local government, the voluntary sector and employers, and identifies national partners including Public Health Scotland.

Inputs	Activities	Outputs	Outcomes	Impact
Prioritisation of shared strategic outcomes with **analysis** of barriers and bridges. **New and existing resources (re) aligned** to strategic priorities. Clearer statutory **powers, duties and organisational responsibilities.** **Cultural conditions** that enable collective responsibility, challenge and action across portfolio and organisational boundaries. **Sustained political and organisational leadership** capable of enduring across parliamentary terms.	**Reshape the system of government** around shared strategic outcomes and **enabling leadership to drive change** where needed. Create **authority to identify, escalate and resolve barriers** across portfolios and organisations. **Align resources** required for delivery of existing and new policy, legislation, funding, investment, data, accountability and decision-making. **Build a culture** of collective responsibility, challenge and action across portfolio and organisational boundaries. Use **shared evidence and experience** to track progress, learn and adapt collectively.	**A national delivery architecture capable of realising shared strategic outcomes,** spanning Scottish Government and the wider government family. **Ways of working** that support challenge, shared responsibility, risk appetite, and action across policy and institutional boundaries. **Clear individual and collective responsibility and accountability,** with resources, expertise and specialist capability aligned to delivery. **Clear routes to identify, escalate and resolve barriers** across portfolios and organisations. **Shared evidence and intelligence** that enables progress to be tracked and collective action to adapt.	Scottish Government and the wider government family act as a cohesive, efficient national system capable of delivery of shared strategic outcomes.	The combined powers, resources and delivery capability of Scottish Government and the wider government family enable shared strategic outcomes to be achieved.

Inputs and activities:

We contend that a priority input in pursuit of these ambitions should be to examine - and publish - analysis of the barriers and bridges to eradicating poverty, including impartial analysis of why targets have been missed and what changes might be required across the system to speed progress. Publishing such a piece of work would provide the necessary transparency with respect to the Government's starting assumptions and direction of travel. It would also consolidate all policies and ambitions into one overarching and cohesive presentation of the Government's agenda.

The Programme for Government (PfG) is where priorities are set. But the PfG focuses on new policies and ambitions. Progress towards shared strategic outcomes will depend on effective performance and delivery in huge swathes of existing commitments, spend and practice across government. Designing strategic governance that is focused only on new initiatives risks exacerbating the lack of cohesion between existing and new policies and misses the totality of investment and scale as a consequence.

The wider public service reform agenda demands that existing and new initiatives be considered together to stop pouring new resource into old systems and achieving the same frustrated results. New and existing resources therefore need to be aligned to strategic priorities to maximise the value and impact of every public pound spent.

> **"Governments today operate in an environment of heightened complexity, where policy challenges are increasingly interconnected, resources are constrained, and citizens' expectations of public services continue to rise. Delivering government priorities requires not only clear political direction, but also strong institutional capabilities to co-ordinate action across government. In this context, the role of the centre of government has become more critical than ever."**
> **OECD**[33]

Scotland is not alone in facing these governance challenges. Across the OECD, governments are exploring how to build their capabilities to help them to better confront complex, interconnected policy priorities in a fast-changing environment and against a backdrop of constrained resources, rising public expectations and diminished trust. In some cases, this has led to the creation of new ministries or enhanced ministerial, bureaucratic and analytical capability at the centre of government to steer, steward or coordinate delivery of policy priorities. Embedding priorities in routine Cabinet decision making, planning frameworks, budget processes, and monitoring processes is also considered important to enhancing capability to deliver on outcomes.[34]

Scotland's centre of government capability is weak by comparison. While the First Minister and Deputy First Minister have assumed responsibility for key strategic priorities and ambitions, this is not matched by dedicated bureaucratic capability at the centre of

government. We believe establishing an enhanced unit at the centre can help to drive change by:

- setting and communicating strategic priorities;
- brokering and coordinating joint working across departments where responsibilities intersect;
- ensuring alignment with decision-making, budgetary and monitoring processes;
- providing the political authority necessary to deprioritise particular policies and practices where they block or frustrate progress and innovation;
- and building analytical capability, including foresight capability, to increase agility and resilience in fast-changing environments.

The same core team should also be actively engaged in the process of reducing the number of overlapping strategies across government, noting that they often compete, duplicate and add to a broad picture of incoherence. The centre of government should also broker honest conversations with key partners, Parliament and the public about the trade-offs that may be required in delivering strategic outcomes such as the eradication of child poverty.

The default model might be an enhanced policy delivery unit within the First Minister's Office, but a focus solely on delivery risks making existing, and often struggling, systems work harder, rather than engage in the more difficult but rewarding task of reforming them to be more strategic and effective. Such a team needs sufficient authority within the civil service, with senior ministerial backing, to be respected and active across the administration, able to identify and unlock barriers to progress and facilitate joint action. But it should avoid overreach and duplication of effort.

A comparative example is offered by Ireland's Child Poverty and Well-being Programme Office, which sits within the Department of the Taoiseach, reflecting the priority he has given to securing drastic reductions in child poverty.[35] The Office does not implement policy nor does it manage programmes or budgets. Instead, it has a mandate to coordinate policy interventions across multiple portfolios from the centre of government and uses its convening power to broker cross-government activity in pursuit of this priority outcome. It also leads a cross-government network of senior officials and ensures that budgetary processes incorporate and are evaluated through the lens of child poverty.

The Scottish Government's Strategy Directorate may be developing in ways that support this function. It has ministerial leadership from the First Minister and Deputy First Minister, and a Director-general who also has the Exchequer as part of her remit. But it remains unclear how the Strategy Directorate coordinates and drives change in each strategic priority area, how it ensures budgets are aligned to policy and legislative priorities, or whether, how and with what authority it coordinates and monitors progress across other Scottish Government directorates and the wider Scottish Government family.

There are already a wide range of statutory and policy impact assessments in policy development that are intended to support priority outcomes and act as a check on policy development. In policies focused on addressing poverty, these include Equality Impact

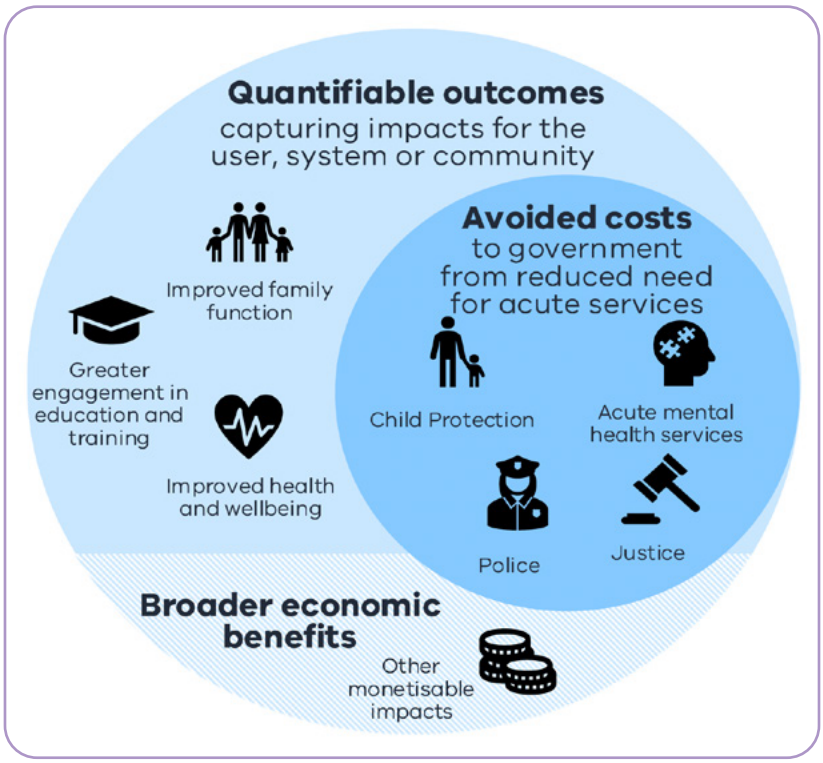
Assessments, Child Rights and Wellbeing Impact Assessments, and Fairer Scotland Duty Assessments. But these assessments inspire little confidence and were frequently described to us during this project as performative 'tick-box' exercises. We are not proposing adding to these. There is a case for bringing coherence and integration to the process of impact assessments to reduce the administrative burden on officials and potentially provide a more comprehensive understanding of how multiple equality and socio-economic disadvantages interact. But such integrated assessments should be made early enough in the policy process to influence decisions, as part of a broader change that supports strategic alignment in public policy.

Alignment of resources is also critical to overcoming the siloed and competitive approach to departmental budgeting, and to maximise the impact of public investment. Resource alignment can also help to identify and incentivise preventative spending. This may include incentivising and supporting cross-portfolio collaboration to support policy action toward strategic outcomes; an example would be officials working in both transport and health policy collaborating to model or evaluate the effects of a change to transport policy on health inequalities.

The State of Victoria in Australia has developed an Early Intervention Investment Framework (EIIF) that offers an example of how to incentivise cross-portfolio collaboration. It models the savings from demand reduction that joined-up policy interventions are expected to generate. It was designed against a backdrop similar to Scotland's: growth in acute expenditure outstripping government revenues, creating a fiscal gap. The EIIF supports new interventions that can model and demonstrate both improved outcomes and avoided costs over a 10-year timeframe. Departments are incentivised to invest in preventative spending as they get to retain the avoided costs both to manage risk and for future investment, even if the modelled cost savings are felt elsewhere in the system (see Figure 6).[36]

The Whole Family Wellbeing Fund, discussed in chapter 1, has supported cross-portfolio funding in local government but it is a small sum in the context of the Scottish Government's overall spend on those parts of the system that interact with poverty.

Figure 6: Victoria's Early Intervention Investment Framework



Source: Victoria State Government Early Intervention Investment Framework (EIIF) EIIF presentation and toolkit for OECD Wellbeing Forum 2024[37]

The UK Government budget in October 2026 signalled that some funding for prevention may be ring-fenced in future budgets. It announced a new category of preventative departmental expenditure limits (PDEL) to be introduced in the 2027 spending review, citing its investment plans to tackle rough sleeping in England which it believes will save substantial sums in the long run. The purpose is to share resource and accountability across departments - and budget holders - within the UK Government. How PDEL will operate and interact with funding for devolution is yet to be clarified. In principle, a similar approach could be adopted by the Scottish Government. Preventative spending is both essential to the long-term sustainability of public services and critical to improving outcomes and avoiding harms. But we recognise that the Scottish Government's limited capacity to borrow, especially in a tight fiscal climate, poses an extra barrier to preventative spending.

One persistent and recurring barrier we met throughout this work was the issue of data sharing. This is a multi-faceted barrier with multiple causes including culture, data compatibility and risk. For example, in areas where the desire to share data more meaningfully has been established, technical barriers around the ability of datasets to 'talk' to each other are often met. There are also concerns, often rooted in misconceptions, about the limits imposed by data ownership, i.e. the way the data has been collected, by whom and for what purpose, and whether explicit consent was sought to share its use. This includes GDPR rules and regulations where the risk of going beyond the perceived confines of the legislation are viewed as more significant than the benefits of pushing at its boundaries. While confidentiality and appropriate use of data is vital, this should not preclude data sharing across government departments or integrating datasets to support improved policy

design. Investment in the digital technology and skills required to properly facilitate data sharing and data analysis can support a systems approach to governance and policy, with a presumption towards transparency that is then weighted appropriately in line with due ethical and privacy issues.

We've also been told throughout the passage of this project that statutory powers, duties and organisational responsibilities often sit in different parts of the system under the command of different leaders. It is also common for the duty to sit separately from the requisite resource. This leads to absence of clarity over who is ultimately accountable for what within government. This creates an opaque operating environment and can lead to duplication, omission and slower productivity as policies cycle round the system. Every opportunity should therefore be taken to establish clearer statutory powers, duties and organisational responsibilities.

As well as clarifying responsibilities and accountabilities, it is important to establish the cultural conditions that can enable collective responsibility for realising strategic national outcomes. These cultural conditions include ensuring there is space for constructive challenge, testing ideas and sharing learning. It means a departure from excessive risk aversion to allow policy leaders and officials to test, learn and pivot, accommodating and recognising failure as part of the learning process. This type of empowerment requires a flattening of hierarchies and a willingness to challenge orthodoxies and speak truth to power. It requires trust and understanding that should flow from having a much clearer sense of the outcomes being pursued and greater transparency over the bridges and barriers in pursuit of those outcomes.

Often within the policy development process, actors will uncover structural barriers or bridges that are beyond their immediate capacity or scope to address, regardless of how empowered they feel or how good a problem solver they are. A mechanism to escalate or dial these into the strengthened core of government is required in order to support innovation, harness collective wisdom and inform rolling phases of reform. Of course, there are barriers and bridges that are beyond the control of the Scottish Government and indeed any government. These should not detract from those policy domains that are under the direct control of ministers and their officials, or those wider factors that are within their spheres of influence.

Political cycles are short. It often feels like we are in a perpetual state of elections in Scotland. This significantly minimises the window for any one government to 'rewire the state'. This points to a need to build political and organisational capacity capable of enduring across parliamentary terms. One mechanism for achieving this is, of course, to legislate for targets that span electoral cycles; the 2017 Child Poverty (Scotland) Act is a prime example, committing governments of the day to achieving poverty reduction targets by 2030. Legislation is not the only way of achieving this type of leadership buy-in. Another is to build broad consensus around a shared agenda, such as public service reform, or 'The Promise' made to Scotland's care-experienced community. These approaches to co-leadership and co-ownership deliver that sustainability and also protect against a sense of being owned by one

institution or party and therefore vulnerable to events. Some strategic objectives, including those focused on eradicating child poverty, need not be wholly owned by one party or one government; they can be about the Scotland we all want.

Outputs and outcomes:

These inputs and activities are not easy. But we believe they are necessary to create a national delivery architecture across the Scottish Government and the wider Scottish Government family capable of realising shared strategic outcomes in the face of policy challenges, like poverty, that are complex, multi-generational, and span multiple portfolios and sectors. Strengthening central government capability is a critical step in building a culture of shared learning, shared responsibility, and joint action across policy and institutional boundaries. That central leadership should also empower other parts of the system to lead their contributions to the delivery of these outcomes, with clear individual and collective responsibility and accountability, and resources, expertise and specialist capability aligned to delivery. It also requires and supports an environment that permits calculated risk, challenges accepted ways of working, and where the system is made more agile in the face of evidence of delivery failures or as new challenges emerge. This includes establishing clear routes to identify, escalate and resolve barriers across portfolios and organisations. The outcome should be a more cohesive, efficient, national system more capable of eradicating or at least significantly reducing poverty.

3.3 UK Government and Intergovernmental Relations

Since Andy Burnham became Prime Minister, there has been a marked increase in the desire to 'rewire the state'. This is often used as short-hand to describe a policy agenda which would see substantial new powers devolved to the regions of England, both following and expanding the model of the Greater Manchester Combined Authority. The Fiscal Devolution Roadmap published alongside the Budget in late October 2026 detailed plans to pass some income tax receipts to regional authorities to allow local decision making to drive investment and economic growth.[38] The Prime Minister has also set out some ambitious policy goals that could alleviate poverty, including ending rough sleeping and transforming social care. These are complex challenges embedded in a complex policy system, and the UK Government will face similar challenges as its Scottish counterpart to foster the kind of cross-portfolio collaboration that would be necessary to achieve and sustain change.

Decisions made by the UK Government for England - in areas like social care and housing that are devolved elsewhere - could have fiscal impacts for the Scottish Government in the form of 'Barnett consequentials', with the devolved governments receiving a proportionate share of spending within their allocated 'Block Grant' funding. There are also areas of reserved policy, including social security, employment, energy, macroeconomic policy and immigration policy, that have a significant effect on the experiences of those living in poverty. The interdependence between reserved and devolved policies underline the need

for governments to work together if they are to make progress in alleviating or eradicating poverty and delivering on what are, at least implicitly, shared strategic outcomes. Our SyToC focuses here on improving the system of intergovernmental relations.

"Rewiring the state is not an end in itself. It is how we give the people closest to the challenges faced by our places the power to fix them, and people closest to opportunities the chance to shape and realise them."

James Murray, Financial Secretary to the Treasury[39]

Inputs and activities:

There is a strong desire among the public and key sectors for the Scottish and UK governments to communicate, cooperate and collaborate more effectively. This work should start with the recognition that both governments share some policy challenges and goals that neither can address alone. This includes the ambition to end child poverty and to reduce inequality.

Chapter 1 gave numerous examples of the intricate relationship between reserved and devolved social security policy, resulting from passporting entitlements and administrative interdependencies. These interdependencies can disrupt policy coherence and create perverse incentives that make the realisation of shared policy goals more difficult, with detrimental consequences for family incomes and opportunities. Examples abound in other policy areas too. For example, the bridging finance required to allow a young person to transition from Universal Credit into the student support system as a route out of youth economic inactivity provides another example of policy interdependence across reserved and devolved responsibilities.

Inputs	Activities	Outputs	Outcomes	Impact
Recognition that both governments **share some policy challenges and goals.** **Recognition of policy interdependencies** in relation to shared strategic outcomes, e.g. eradicating child poverty. **Commitment and willingness to work cooperatively** towards shared strategic outcomes.	**Utilise intergovernmental fora** - especially strategic layer Inter-ministerial Standing Committee (ISC) and Finance Interministerial Standing Committee (F:ISC) - **to identify shared outcomes and co-operate where beneficial.** Invest in **trust-building** activities to better manage interface between reserved/devolved powers and **foster early engagement on interdependent policy developments.** Improve **transparency and reporting** on joint activity.	Regular schedule of interministerial meetings focused on **shared learning, joint action and problem-solving on shared and inter-dependent strategic outcomes**, with transparent timebound reporting to aid scrutiny and accountability.	IGR processes that respect democratic mandates, recognise interdependence, foster cooperation and enable delivery toward shared strategic outcomes.	More effective and mature cooperative governance on shared outcomes across constitutional and geographical boundaries.

Putting shared strategic priorities at the heart of intergovernmental relations could bring renewed purpose to intergovernmental forums. For example, the UK and Scottish Governments meet in a Joint Ministerial Working Group on Welfare, established to facilitate the transfer of social security powers following the Scotland Act (2016). Although there remain legacy issues associated with the devolution process, its last meeting in February 2026 suggested that the remit be revisited after the elections. This creates an opportunity to foster cooperation and shared learning on social security outcomes, as well as maintaining a forum to share policy developments early to help manage interdependencies and reduce uncertainty.

Most interministerial forums largely mirror the departmental silos that shape policy development within each government. The exception is the Interministerial Standing Group (IMSC). This is the middle layer of the tripartite structure of intergovernmental relations. It sits alongside the Finance: Interministerial Committee (F:ISC) and between portfolio-level Interministerial Groups (IMGs) and the top-level Prime Minister and Heads of Devolved Government Council. The IMSC was intended to provide space for strategic considerations

that affect many different portfolios as well as discussing cross-cutting international issues. It is unclear from the joint communiques whether and how it actually facilitates collaboration as opposed to information sharing. We do know that its meetings are often brief, offering little time for joint working. Renewed efforts at collaboration on shared strategic objectives may require more intensive, less formulaic, engagement between both ministers and officials. This joint working can be supported by more collaborative scrutiny between committees in the Scottish Parliament and committees in the UK Parliament, especially the Scottish Affairs Committee. This need not undermine the autonomy that each administration enjoys in exercising its own allocation of powers. Indeed, respecting the autonomy, authority and democratic mandate of each government helps to build trust and create space for innovation and experimentation in public policy that can be shared across administrations.

Such respect is also the foundation for effective cross-government working. Because some policy challenges simply defy the split between reserved and devolved powers just as much as they defy the departmental silos around which individual administrations are structured. Poverty is one of them. There is an opportunity now - given the shared strategic outcomes of the UK, Scottish and other devolved governments, especially in relation to alleviating and preventing poverty - to put intergovernmental forums like the IMSC and the F:ISC to the service of those individuals and communities that the governments are there to serve.

'Problem-solving, not point-scoring' in intergovernmental relations will, however, require recognising the challenges that have beset these relationships in recent years, including those resulting from UK legislation and policy choices that have diminished the legislative authority of the devolved institutions. It also requires an investment from all administrations in building relationships of trust that can support early information-sharing, encourage joint action, overcome hierarchies and recognise shared leadership.

Building trust relies upon creating safe spaces for private discussion of policies in development or how best to avoid or resolve disputes. But further joint working between administrations should not come at the expense of democratic scrutiny of their actions. Ensuring each government is accountable for its actions and engagement points to the need for greater transparency of intergovernmental activities, in line with commitments that Scottish Government has already made to the Scottish Parliament.[40]

Outputs and outcomes:

Intergovernmental relations are often performative engagements between administrations focused on preserving their own autonomy and influence. Maintaining a regular schedule of meetings can help to build trust, especially where ministers and officials are engaging in joint actions of mutual interest. Party competition, constitutional differences, competing mandates and the hierarchies generated by the dominant position of the UK Government mean tensions cannot be avoided. But putting shared strategic priorities at the heart of intergovernmental relations would help to share learning in areas of distinct responsibility and manage the interdependencies between devolved and reserved powers. This would help to shift the focus away from point-scoring and jurisdictional protection towards how

to achieve the outcomes both the UK and devolved governments want to see for those they serve. Respecting autonomy and democratic mandates while working collaboratively to drive change would bring a maturity to intergovernmental relations that could generate improvements for those facing poverty.

3.4 Local Government

Scotland's 32 local authorities each have a democratic mandate to determine priorities, allocate resources and deliver or commission services in response to local need. They have significant statutory responsibilities, resources and delivery functions in the governance of poverty. In exercising these, they face similar opportunities and challenges as discussed at the national level to recognise and, where necessary, overcome policy silos to work across boundaries and sectors in pursuit of shared strategic outcomes, like poverty reduction. They also have enormous convening power, with many local authorities leading the way on cross-sector collaboration across service providers in pursuit of shared strategic outcomes. But they exercise local democratic authority within a wider system that is shaped by decisions, programmes and practices of the Scottish Government, the breadth and limits of Scottish Parliament legislation, and through decisions of, and relationships with, the UK Government and other partners.

"...people from right across the piece come together regularly... so it's housing, employability, the third sector, children's services, adult services, education, Police Scotland... that builds up something that gets rid of the silos. But the silos were also being driven by some of the activity in Scottish Government and the directorates and ministers all working in different ways... and that plays out in the way that funding is drawn down...[and] reporting is played back [with] 10 different plans that are all about tackling poverty but they all go into separate parts of Scottish Government."

Lorraine Sanda, Depute Chief Executive and Director of Wellbeing at Clackmannanshire Council, UofG Spotlight Podcast, October 2025

Inputs and activities:

Local authorities' capacity to deliver shared strategic outcomes requires sufficient and sustainable resources, effective leadership, access to evidence and data, and flexibility to respond to local circumstances. Yet, all of these have been areas of challenge in recent years.

At least some of these may be better managed if local government is engaged in the process of national policy making much earlier, bringing local knowledge to bear on delivery challenges and opportunities. Scottish Government could facilitate broad access to evidence and data-sharing agreements across the public sector, including with local government, to support delivery and help local authorities to match programmes to needs. Overcoming the

silos in Scottish Government policy making discussed above should be done in ways that feed into delivery and accountability at the local level. This should include streamlining and supporting integrated data reporting to reduce the considerable burden experienced by local authorities - as dramatically depicted in Figure 7 - which consumes resource that could otherwise be spent on delivering shared strategic outcomes.

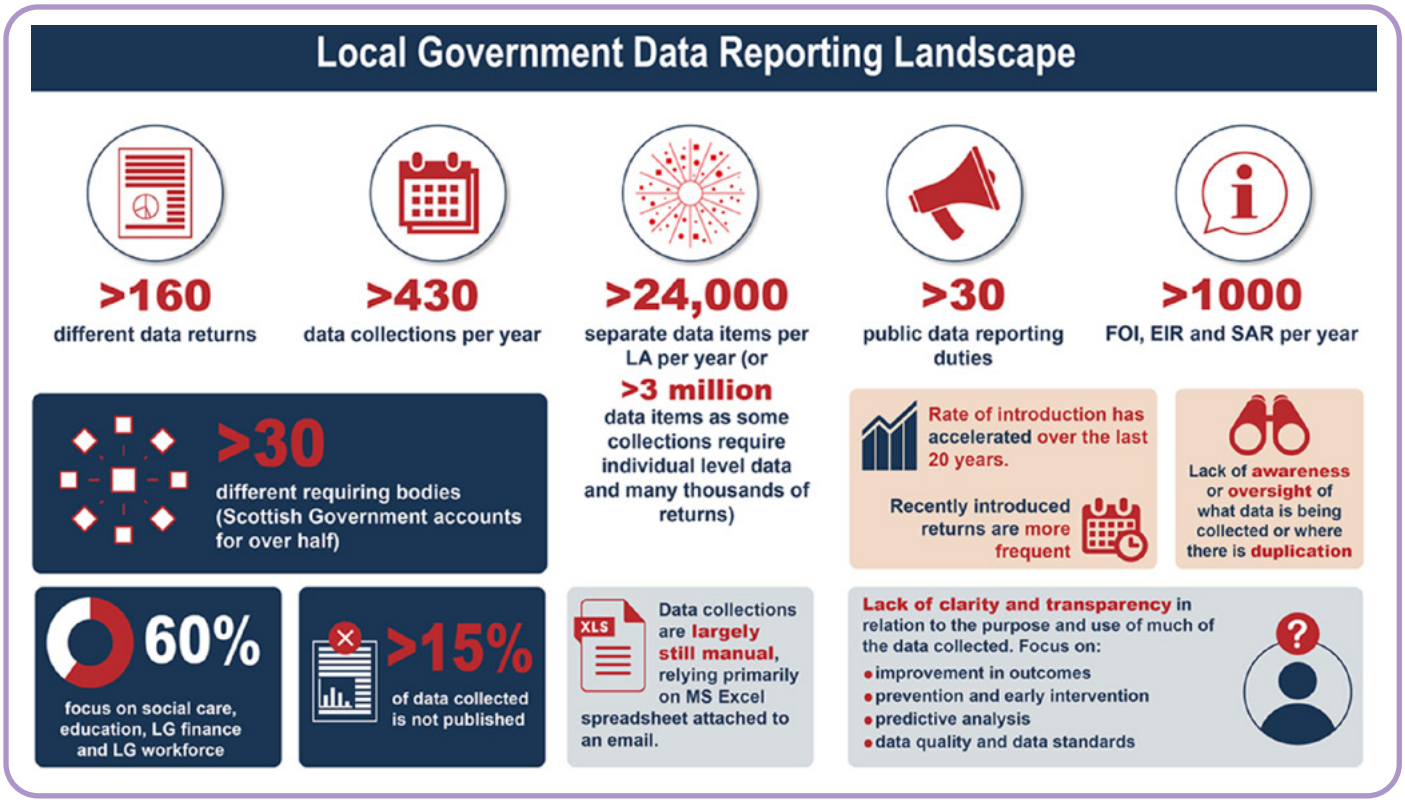
Embedding and respecting the role of local government in the state of poverty will best be achieved when there are meaningful opportunities to co-determine shared national outcomes, such that local government is not just a delivery partner but a policy partner for matters that fall under their responsibility. These national frameworks should maximise local flexibility, enabling local authorities to tailor their approach to local places and needs.

Inputs	Activities	Outputs	Outcomes	Impact
Co-determine with national government shared strategic outcomes. **Co-determine with communities and local delivery partners** local pursuit of strategic outcomes. **Clear statutory powers, duties and responsibilities** focused on shared strategic outcomes. **Sufficient and sustainable resources** to enable delivery. **Operational autonomy and flexibility** to support place-based policies. **Access to evidence / data** from within and beyond the system of local government.	**Honour the Verity House Agreement and Fiscal Framework** to improve how national and local government work together, make decisions and allocate resources. **Empower communities and local delivery partners** with voice and resource to deliver shared strategic outcomes. **Review and, if necessary, adapt local delivery** around shared strategic outcomes and **foster and enable leadership to drive change.** Review effectiveness of local planning partnerships and **embed strategic outcomes into discussions of local government reform.** Reach **data-sharing agreements** at early stage of policy development.	Local authorities have the **authority, flexibility and resources required** to fulfil their responsibilities and contribute to shared strategic **outcomes that are responsive to local need.**	Local authorities are better able to act and deliver on shared strategic priorities in ways that are responsive to local needs and shared strategic outcomes.	Shared strategic outcomes are achieved through effective local delivery, with national ambition translated into change that works for people and places and stronger local democratic accountability.

The Verity House Agreement underpins the relationship between Scottish and local government, including commitments to partnership, respect for local democratic accountability and subsidiarity. But it is too easy to ignore. Giving it statutory underpinning, alongside the European Charter on Local Self Government (Scotland) Act (2026), may help to develop and routinise mechanisms of intergovernmental coordination between Scottish and local government that build trust, support joint action, and foster cooperation and joint ownership of shared strategic outcomes. The Fiscal Framework between Scottish

Government and local government - a commitment of the Verity House Agreement - was intended to provide greater clarity and certainty about local government funding, with more flexibility to strengthen local financial autonomy. But the ability of local government to deliver in areas of shared strategic priority will be undermined if their overall funding allocation continues to decline in real terms.

Figure 7: Local Government Data Reporting Landscape



Source: Improvement Service Local Government Data Platform[41]

Local authorities also have an important role in commissioning and funding activities in their communities, including those provided by the voluntary sector. Precarious funding arrangements in what are small-scale community-based activities can have a devastating impact on both service providers and those individuals and families accessing these community-based services, as illustrated in our composite stories. Wherever possible, the financial security that local governments seek from national government should be replicated at the community scale, aligned to strategic outcomes, with communities given an opportunity to shape outcomes in ways that respond to place-based needs.

The structures of local government are central to discussions of public service reform. The Scottish Government initiated a three-month consultation with a proposal for six to ten larger strategic authorities operating alongside a much larger number of 120 to 160 community authorities. Alternative proposals may emerge as part of the discussion. Public service reform creates the opportunity to reconsider whether the current structures of local government create opportunities to take strategic action locally while giving communities a stake in decisions, developments and outcomes. But changing structures alone is unlikely to lead to more effective delivery in pursuit of complex policy challenges. It also risks creating new institutional silos and structural faultlines that could inhibit progress and blur

accountability. Any reform process should thus ensure clarity on its purpose and alignment to strategic outcomes and ensure roles and responsibilities are matched by resources.

Outputs and outcomes:

Recognising the role of local authorities as partners in co-determining programmes, not just delivering them, is more likely to generate plans that are responsive to local need and aligned to national priorities. Any considerations about its structures should provide greater clarity about what local government is responsible for, what needs to be done with others, and where action is required from Scottish Government or other public bodies. Ensuring resources are aligned to authority, responsibility and accountability would pave the way for more productive and constructive relationships; without adequate resources, relationships will be fraught. It would also leave local authorities better able to act and deliver on shared strategic priorities, with sufficient flexibility to tailor programmes and resources to local needs. This would pair shared national ambitions with effective local delivery and local democratic accountability. Where barriers can't be unlocked locally, more effective intergovernmental relations between local and Scottish Governments, built on parity of esteem, would provide clear routes for collective or national action.

3.5 Beyond Government and Parliament: embedding the voluntary sector, business and the research community in the state of poverty

If strategic priorities are framed as national outcomes rather than simply government ambitions, we should look beyond organisations with statutory duties in devising a system theory of change. The voluntary sector, including funders, the business community and the research community all have significant knowledge, influence, relationships, resources and capability. Each can make a specific contribution to support the delivery of shared national outcomes:

- **Voluntary sector,** including funders: relationships, community knowledge, specialist capability, lived experience, resources, delivery and challenge.
- **Business community**: employment, investment, innovation, expertise, assets, economic influence and social responsibility.
- **Research and knowledge sector**: evidence, analysis, evaluation, long-term thinking, testing and learning.

These sectors cannot be directed or held accountable in the same way as statutory bodies. But they can be enabled, invited in and mobilised to play an active role in building capability to confront complex policy challenges. A more strategic and consistent approach to identifying, connecting and welcoming this capacity could significantly increase Scotland's ability to achieve transformative change for those living in poverty and realise strategic outcomes. Without that, valuable additional capability can remain untapped or, worse still,

organisations acting independently may add to the fragmented landscape or inadvertently add barriers to progress. This part of the SyToC recognises the distinct contribution of these three sectors, exploring the system change necessary to mobilise the knowledge, relationships, resources and capability of organisations beyond those with formal responsibility for delivering shared strategic outcomes.

Inputs	Activities	Outputs	Outcomes	Impact
Independence; capacity to contribute to shared strategic outcomes; trusted relationships; clear mutual expectations; appropriate resources and incentives; and meaningful routes into planning and decision-making.	**Voluntary sector**: bring relationships, specialist knowledge, lived experience, resources and delivery capability. **Business:** bring employment, investment, innovation, expertise, assets and economic influence. **Research community:** generate, connect and test evidence and learning to inform and improve delivery. Work with government, communities and each other to help develop and deliver shared strategic outcomes.	The knowledge, resources and capability of the three sectors are connected to and reflected in planning and delivery of shared strategic outcomes.	The three sectors are recognised, enabled and mobilised as partners in achieving shared strategic outcomes, while retaining their distinct roles and independence.	Scotland makes fuller use of its collective knowledge, resources, relationships and capability to achieve shared strategic outcomes.

Inputs and activities:

Although these three sectors need different conditions to contribute fully, trusted relationships, meaningful involvement and recognition of what they bring should underpin any engagement, alongside valuing their independence, diverse perspectives, and their ability to challenge and bring resources and capability that exists outside government.

- **Voluntary Sector:** A vital partner in meeting and supporting the needs of those experiencing poverty, the voluntary sector offers community knowledge, lived experience, specialist expertise and trusted relationships with communities. This can help to identify unmet need, gaps and emerging issues, challenge existing approaches and

contribute to developing solutions. The voluntary sector can also contribute resources, relationships and support delivery that complements and strengthens statutory services. It should not, however, be left to the voluntary sector to fill service gaps that should be provided by statutory bodies. To enable the voluntary sector to be an effective partner in the delivery of shared strategic outcomes, and avoid diverting its resources away from those activities, national and local government should provide and sustain longer-term funding, where possible, aligned to strategic outcomes. This could include incentivising voluntary sector actors to collaborate with each other rather than compete for resources.

- **Business Sector:** To be an effective partner in the system, business needs to be brought into discussions around the governance of poverty, with clear mutual expectations and appropriate incentives (and removal of disincentives) to support engagement and practice to support delivery of strategic priorities. Poverty is not just a social policy issue; businesses play a vital role in creating and sustaining secure employment and have considerable experience and expertise, as well as assets and resources, that can inform and complement policy development and delivery. As employers, contractors (consultants, suppliers, providers etc.), investors and partners within communities, the business community can work with government and others to identify and remove barriers and perverse incentives. Business engagement can also foster empathy and support the co-design of policies that incentivise flexibility in employment practices, help to mobilise investment and innovation, and align business activity with shared strategic outcomes.

- **Research community:** With 19 universities across the country, Scotland has an embarrassment of riches when it comes to research knowledge and expertise. Yet, the ecosystem for evidence-informed policy making remains comparatively poor, ad hoc, and dependent on individual relationships. There is enormous potential to unlock additional capability that could support progress towards strategic national outcomes. This includes: knowledge, research evidence and expertise; foresight analysis; problem formulation; systems thinking to identify patterns, gaps and opportunities for effective intervention; comparative insight and analytical capability to build evidence of what works and what doesn't; and the ability to test, evaluate and offer guidance to ministers, elected representatives and officials looking to adapt policies and programmes to meet need and achieve outcomes. There are a variety of inputs and activities that can support evidence-informed policy making, including through scientific advisers within government, knowledge brokers within universities, or via institutions or forums that can foster collaboration between the research community and both government and parliament. The latter could provide an especially useful opportunity to convene diverse, multi-disciplinary and cross-sector expertise to support sustained engagement around strategic policy priorities. These inputs and activities require some investment in terms of resources, but also investment in building a culture of evidence and data-sharing, skills in evidence use, a strong learning culture, as well as a shared language and mutual understanding of evidence and policy needs.

Outputs and outcomes:

With appropriate inputs and activities to support collaboration, all three sectors can offer a contribution that enhances the capacity of government to realise strategic outcomes. They can identify where current approaches are not working, contribute to developing and testing alternative solutions, and work across organisational and sectoral boundaries. This would result in the knowledge, relationships, evidence, resources and capability that currently sit outside the statutory sector and governance systems being better accessed and reflected in the planning and delivery of shared strategic outcomes. It would help all three sectors feel that their expertise was recognised, and to be enabled and mobilised to contribute to the pursuit of shared strategic outcomes like poverty reduction, while retaining their distinctive roles and independence from government. Their contribution towards shared strategic outcomes would help to build an evidence-informed ecosystem that becomes part of the policy making process, rather than being sought occasionally and / or after priorities and approaches have already been determined. This would also see Scotland make better use of its collective assets, knowledge, resources, relationships and capabilities, increasing the likelihood that other actors in the system will be able to confront complex policy challenges and make life better for the people they serve.

3.6 Citizens and communities

People are not simply recipients of policy, public services or support; they are experts in their own lives and communities and in how systems and services are experienced. Participation is fundamental to democratic legitimacy and confidence yet it is often fragmented or limited to consultation after priorities, parameters or ‘solutions’ have been set. Traditional participation focuses on adults, overlooking children and young people who cannot readily participate through conventional mechanisms. It also privileges those with the capabilities and skills to navigate formal processes of consultation.

The stories in this report illustrate what can happen when systems neglect the people they serve. Their lives and experiences must shape understanding of what interventions and outcomes are required and whether outcomes are being achieved. Meaningful participation needs to start earlier and continue throughout change. The recommendations in this section of the SyToc have been informed by our Citizens’ Panel.

Inputs	Activities	Outputs	Outcomes	Impact
Informed, inclusive and properly resourced participation that enables all citizens and communities to have meaningful influence over decisions and actions.	**Build trusted relationships and create appropriate and diverse accessible in-person and digital spaces** that can draw on people's experience, knowledge and community capability. **Establish feedback processes** so that citizens and communities can see the results of their engagement.	Citizen and community knowledge, priorities and capability shape decisions, plans and delivery of shared strategic outcomes.	People and communities have greater agency and shared ownership of the shared strategic outcomes that affect their lives and places.	Shared strategic outcomes become shared societal outcomes, pursued through the collective agency, capability and assets of people and communities.

Inputs and activities:

Elections provide the political mandate for elected representatives to make decisions. Meaningful citizen and community participation complements that, enabling people's knowledge and experience to inform decisions and delivery between elections. This requires accessible information, trusted relationships, time and support, with different approaches for different people with different needs.

Participation is different to consultation. It should be facilitated throughout the pursuit of shared strategic outcomes, shaping priorities, decisions, delivery and monitoring. Different approaches are needed to draw on people's knowledge and lived experience to understand what matters in their lives and ensure that their voices contribute to decisions and delivery. Community-based organisations can also be effective advocates for those less able or willing to engage directly.

The Scottish Parliament has led the way in engaging citizens in policy development, including through the Petitions Committee and the People's Panel. More opportunities could be created - nationally and locally - that support citizen and community participation in diverse and inclusive ways and in places where they feel comfortable, welcome and safe to speak openly. Our Citizens Panel supported a stronger role for local councillors as a link between communities and government. Participants also supported modernising engagement practices by offering a wider range of opportunities for involvement, including both digital and face-to-face approaches, and regular forums focused on local priorities such as housing, transport, and community services. The Public Service Reform Strategy provides a significant opportunity to reform existing frameworks and practices in support of more person-centred policymaking and public service delivery.

Innovations in citizen participation should also find avenues that enable the lives and experiences of children and young people, and others who cannot readily participate through conventional mechanisms, to be understood. Actively encouraging youth participation, including through schools and other community settings, can help to build trust in public institutions and strengthen civic participation in the longer term. This can ensure that policy developments keep pace with the changing needs, insecurities and aspirations of young people. More broadly, community engagement should be embedded throughout policy development and service reform rather than treated as a one-off consultation exercise.

Stigma can act as a barrier to participation. Approaches such as the composite storytelling included in this project offer a means of bringing lived experience into policy discussions that can help to reduce stigma. By focusing attention on shared and systemic challenges rather than individual circumstances, and combining personal experiences into collective narratives, these approaches can generate rich insights, humanise complex policy issues, and support meaningful engagement in the design and delivery of public services.
As demonstrated in this report, composite stories can offer a basis to examine where governance arrangements align or conflict, where operational challenges arise, and how collaboration can be improved.

Outputs and outcomes:

Providing avenues for citizens and communities to meaningfully engage in processes of decision making and delivery can help to ensure the system works more effectively for the people it serves. Participation has demonstrable influence integral to, not alongside, decision-making. It supports decisions that are better informed by what people know and experience, with clearer connections between participation, decisions and action. The engagement of people and communities throughout the design, delivery and assessment of shared strategic outcomes can help to assess progress, adapt delivery and build shared ownership, and ultimately build and sustain trust in public institutions. Such participation cannot be tokenistic or performative; if it is, trust will quickly evaporate. Feedback loops are essential to enable people and communities to feel heard and to see how their contribution has influenced decisions and action, with greater agency and shared ownership of the shared strategic outcomes that affect their lives and the places they call home.

Impact:

The six elements of the Systems Theory of Change are presented separately to reflect their distinct contributions – but they are interdependent. Decisions taken in one system shape, and are shaped by, decisions taken in another. Taken together, the inputs, activities, outputs and outcomes outlined above could contribute to a fundamental rewiring of the state, enabling coordinated action around the shared strategic outcome of reducing and ultimately eradicating poverty. By strengthening coordination within and between governments, public bodies, and democratic institutions, and harnessing the expertise and capabilities of the voluntary sector, business and the research community as partners to the change, the

system should be better equipped to respond to the complex and interdependent causes of poverty. Greater coherence in decision making, clearer accountability, stronger relationships, and better use of evidence, monitoring and evaluation can help to align resources, authority and action across institutional boundaries and reduce the fragmentation that too often compounds disadvantage. All of these changes should provide spaces and places for more meaningful participation of the people and communities at the sharp end of policy decisions. Embedding participatory approaches within policymaking, service design and budgetary decision-making would help ensure that the experiences of those affected by poverty are reflected in the decisions that shape their lives. Only then can we ensure a system designed around the realities, needs and potential of the people and communities it exists to serve.

Conclusion

> "People's problems do not respect the boundaries of government. Someone struggling to find work may also be dealing with debt, poor health, insecure housing, family pressures or the consequences of involvement with the criminal justice system. These are not five separate lives. They are one life."
>
> Sean Duffy, Chief Executive, the Wise Group[42]

This project began with Michelle. Her story charts how her experiences are shaped by the cumulative effect of decisions made under different statutory duties, by different institutions, with different funding arrangements and different lines of accountability. It shines a light on a fragmented system that compartmentalises her life into the silos that suit the system, not her.

The onus is on Michelle to understand the different parts of the system and become skilled at navigating them. And, frankly, she doesn't have the time. Even where organisations act with the best of intent, the combined effect is a state that does not respond adequately or coherently to her needs.

The focus of our project and of the accompanying System Theory of Change (SyToC) was to explore what a more connected system for a fairer Scotland could look like. The challenge is less about establishing strategic intent - there is already considerable agreement across the system on the overarching ambition to reduce poverty and improve outcomes. It is more about creating the conditions, relationships and governance mechanisms necessary to support collective and coherent action.



A more connected system for a fairer Scotland

Different institutions hold different authority, responsibilities, resources, knowledge and capability. When they are connected, the whole can achieve more than the individual parts can separately.



Enabling conditions

The foundations that support collective action across the system:

- Common evidence and data
- Clear accountability
- Continuous learning and adaptation
- Aligned resources and capability

These relationships are not linear. Evidence, experience and learning move across and back through the system so decisions and delivery can adapt.

Source: Diagram created by Centre for Public Policy research team with the use of NapkinAI.

Changing the system need not mean changing structures. Some of the inputs and activities set out in our SyToC are relatively straightforward. They ask governments, parties and sector partners to recognise that they share goals that they cannot achieve independently.

A shift in mindset and practice can build a culture of challenge, learning and collaboration. Meaningful opportunities that enable people's voices to be heard and respected, should mean that when we rewire the system, we do so around their needs.

Other inputs and activities require more radical action to change embedded practices or the cumulative impact of decades of uncoordinated action. For example, reviewing and potentially streamlining statutory duties would require legislative action that takes time and careful consideration to avoid unintended consequences that could weaken those duties intended to make life better and fairer. Aligning budgets around strategic goals and enabling preventative spending across the system would require new budgetary processes that would take time.

But carrying on with systems that don't work for those they are meant to serve is not good enough. And Scotland is not the only country attempting to reform the way the state is organised and the way services are delivered; there is much to learn from tried and tested innovations across the globe.

Our evidence and analysis suggest that the changes proposed in this report would help the system to work differently and work better – it would work *for* Michelle.

For Lowrie.

For the El-Amin family.

And for all Scots trying to move on from a life in poverty.

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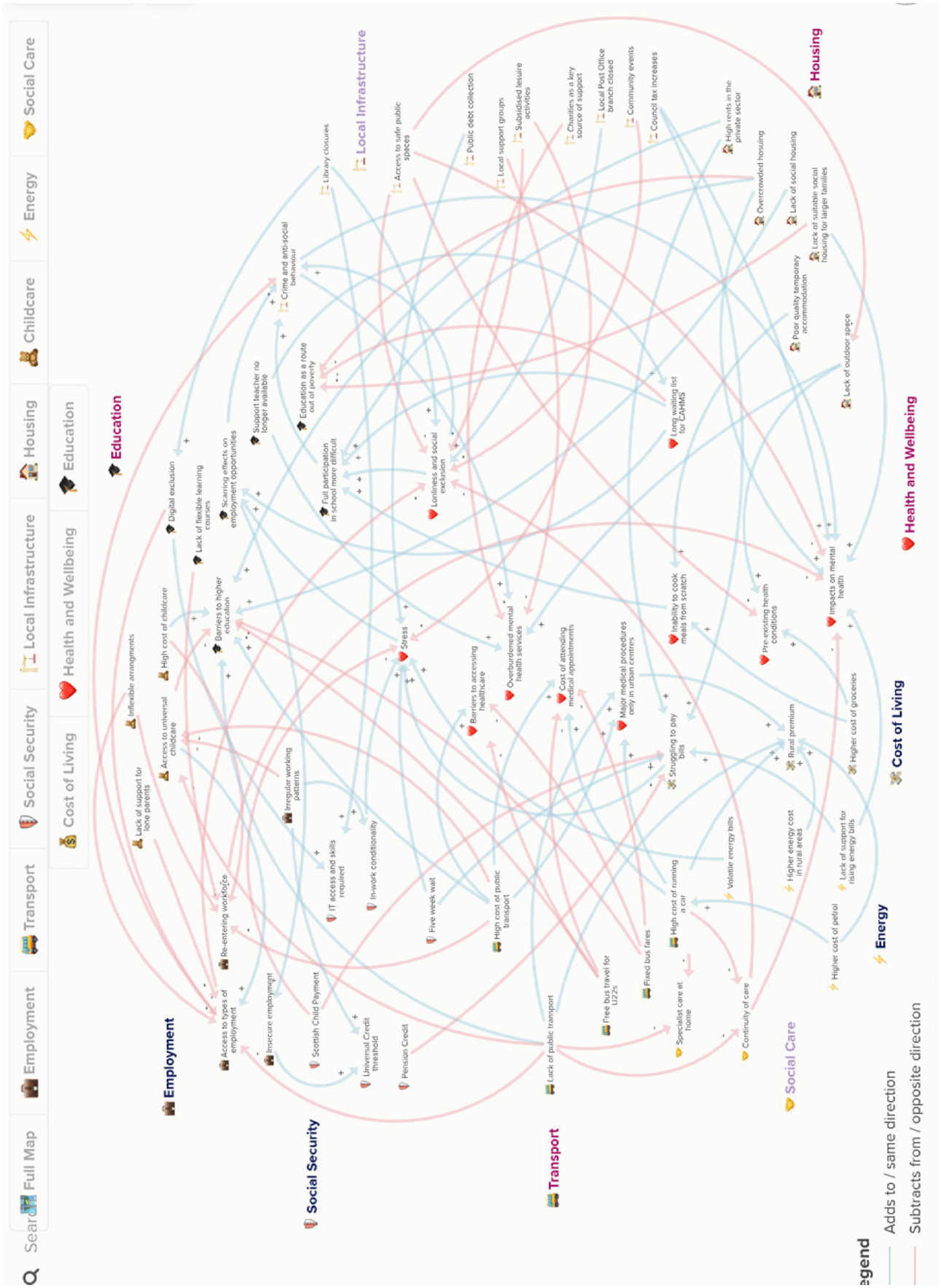
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Appendix 1
Systems map full snapshot

For improved accessibility and zoom in on the detail, [visit the interactive systems map online]



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