Poverty in Scotland 2026

Joseph Rowntree Foundation Report

To: All Chief Executives, Main Contacts and APSE Contacts in Scotland.
For information only: Northern Ireland, England, and Wales.

1 Executive Summary

The Joseph Rowntree Foundation (JRF) has published its annual Poverty in Scotland 2026 report, examining the scale and nature of poverty in Scotland and the action required to reduce it. This year's report places a particular focus on the role of local government, drawing on public attitudes research and engagement with people with lived experience of poverty.

The report argues that local authorities have a critical role to play in preventing and reducing poverty through the services they provide and the wider economic, social and environmental levers available to them. These include housing, childcare, transport, employability, economic development and education. However, JRF also highlights significant constraints on councils' ability to act, including financial pressures, short-term funding arrangements, ring-fenced funding, and increased demand for services.

The report comes at a significant time for Scottish local government. In September, the Scottish Government published proposals for reform of local governance, including a potential move from the existing 32-council structure towards a smaller number of regional authorities alongside a substantial number of community authorities. The Scottish Government has said that the proposals are intended to improve public services and achieve a better balance between regional and community decision-making.

JRF argues that poverty reduction should be central in discussions of these reforms and that changes to local government structures should be assessed according to whether they improve outcomes for people experiencing poverty. It also calls for fundamental reform of local government finance, greater stability in council funding and greater freedom for councils to respond to local circumstances.

For local authorities, the report provides an opportunity to consider how existing services and functions can contribute to poverty prevention, while also highlighting the importance of sufficient and sustainable funding, effective partnership working and meaningful engagement with communities.

Click here to read the full report.

2 Overview

Poverty remains a significant challenge in Scotland. The Scottish Government's latest official statistics estimate that around 940,000 people, or 17% of Scotland's population, were living in poverty between 2022 and 2025. For children, the relative poverty rate was higher at 21% of the population.

JRF's report is published against this background, following the failure to meet Scotland's interim child poverty reduction targets and renewed commitments from the Scottish Government to tackle poverty and reform public services.

The Scottish Government's Programme for Government 2026-31 identifies eradicating child poverty as one of its central priorities. It also commits to reforming public services and engaging with local government and other partners to establish a shared direction for the future of local governance (APSE Briefing 26-59).

In September 2026, the Scottish Government subsequently published a proposal for reform of local governance. Among the options being considered is a new structure comprising a smaller number of regional authorities focused on strategic decision-making alongside a larger number of community authorities focused on local decision-making. The proposals also suggest separate arrangements for island communities and that councillors could sit on both community and regional councils (APSE Briefing 26-68).

JRF's report therefore provides relevant evidence for the ongoing debate about how local government should be structured, funded and empowered to deliver services and tackle poverty.

2.1 The role of local government in tackling poverty

JRF argues that councils have a critical role in reducing poverty because of the breadth of services and responsibilities that they hold at a local level. Local authorities can influence both the immediate effects of poverty and some of its underlying causes.

Some services can provide direct financial support to households, including Council Tax Reduction, Discretionary Housing Payments, income maximisation advice and social housing. Other council responsibilities, including childcare, social care, social work, public transport, employability, economic development and education, can help prevent poverty or address barriers to employment and improved living standards.

The report also highlights the potential for councils to co-locate services together around families and communities. Local authorities are well placed to understand local circumstances and can work with third sector organisations and other partners to provide more joined-up support.

However, JRF argues that the potential of local government is not currently being realised

consistently across Scotland. It points to a combination of financial pressures, increasing demand, short-term funding cycles and multiple reporting requirements as factors limiting councils' ability to undertake longer-term preventative work.

The report also identifies a gap between the importance that people attach to councils and their perceptions of local government. Around half of those surveyed (49%) considered their local council highly responsible for reducing poverty in their area. However, only 13% agreed that their council was doing everything it could to reduce child poverty in their area.

This sits alongside generally positive experiences of individual local services. JRF found that people tended to be satisfied with services when they accessed them, particularly universal services such as schools, childcare, leisure, and waste and recycling services. Satisfaction was lower for some services aimed specifically at people on low incomes, including money and debt advice, council housing and employment support.

2.2 Local government funding and financial pressures

A key theme of the report is the relationship between local government funding and councils' ability to tackle poverty.

Of those surveyed by JRF, 67% thought that their council received too little funding to provide the services their community needs. This figure was particularly high in rural towns and communities, where 74% and 73% respectively believed their council received too little funding.

JRF's analysis also highlights the wider financial pressures facing Scottish councils. It cites the Accounts Commission's assessment that councils continue to face major risks to financial sustainability as funding fails to keep pace with rising demand and increasing costs, with a combined budget gap of £529 million for 2026/27 (APSE Briefing 26-38). It also highlights research from the Local Government Information Unit indicating that more than two-thirds of responding councils considered it likely that they would be unable to balance their budgets within five years.

JRF argues that these pressures make it more difficult for councils to invest in preventative approaches. Where statutory services and services involving significant safeguarding responsibilities have to take priority, there can be less capacity to invest in wider interventions designed to prevent poverty or address its underlying causes.

The report therefore calls for a more stable settlement for local government, including an end to reliance on single-year funding agreements and greater flexibility for councils to respond to the circumstances of their communities. It also argues that fundamental reform of local government finance, including consideration of Council Tax and business rates, should form part of the wider public service reform agenda.

2.3 Local government reform and poverty reduction

The publication of the JRF's report coincides with the Scottish Government's proposals for reform of

local governance.

The Scottish Government has stated that reform should help deliver improved services, make better use of public spending and achieve a better balance between national, regional and community decision-making. Its initial proposals suggest a smaller number of regional authorities alongside a substantial number of community authorities.

JRF does not argue that structural reform is unnecessary. Instead, it argues that the purpose of reform should be to improve outcomes for people and communities rather than simply reducing the number of councils, changing administrative boundaries or achieving financial savings.

In particular, JRF proposes that two questions should be central to the consideration of public service reform:

- Will the proposed changes contribute to reducing child poverty?
- Will they ensure that services are strongest and most effective where they are needed most?

The report also argues that structural reform should be accompanied by reform of local government finance. It considers changes to governance without corresponding consideration of funding arrangements to be a missed opportunity to address some of the underlying constraints facing councils. This is particularly relevant to the current reform debate, given the Scottish Government's intention to establish a shared direction on the future of local governance before the end of 2026, with early decisions informing the Scottish Budget.

Finally, JRF stresses that this period of potential upheaval and the difficult financial position that councils face do not give them an excuse to defer action now to reduce poverty, arguing that it is not fair for children growing up in poverty today.

3 Recommendations for Local Government

Although JRF identifies significant constraints outside the direct control of councils, it also argues that local authorities have opportunities to strengthen their contribution to poverty reduction within existing responsibilities.

The report recommends that councils:

Prioritise poverty reduction. JRF argues that councils should make full use of the levers available to them, including economic development, childcare, employability, transport, housing and schools. This would involve considering the potential poverty impacts of decisions across a broad range of council services rather than treating poverty reduction as the responsibility of a single service area.

Provide better quality and more joined-up services. The report highlights the potential for councils to work more closely with third sector organisations and other partners, including through co-location of services, better use of data and a 'no wrong door' approach whereby people can be connected to the support and services they need without having to navigate multiple disconnected

systems.

Improve communication and community engagement. JRF found that six in ten people disagreed that their council listens to the concerns of people like them, while 56% disagreed that their council knows what their community needs. The report therefore argues for stronger day-to-day communication and more meaningful involvement of people with lived experience of poverty in local decision-making.

These recommendations sit alongside JRF's recommendations for the Scottish Government, including more stable local government funding, fundamental reform of local government finance, and greater alignment between national and local approaches to poverty reduction.

4 APSE Comment

APSE recognises the significant role that local authorities play in supporting communities and addressing the causes and consequences of poverty. Councils deliver a wide range of services that can directly or indirectly affect household incomes, access to employment, housing, transport and wider quality of life.

The findings of JRF's Poverty in Scotland 2026 also highlight the challenging environment in which councils are expected to deliver these outcomes. Financial pressures, increasing demand and uncertainty over future funding can make it difficult for local authorities to maintain existing services while also investing in longer-term preventative approaches.

The report is particularly relevant to the current debate around public service and local government reform in Scotland. Any changes to local governance should consider how they will affect councils' ability to understand and respond to local need, maintain accessible services, and work effectively with communities and partners. Reform should also take account of the resources required to deliver the responsibilities placed on local government.

APSE members will have an important role in contributing practical experience to this debate. Local authorities are already undertaking work across areas including housing, employability, transport, economic development, education, childcare and community services that contributes to poverty reduction. Sharing evidence of what is working locally, alongside the challenges faced in delivering services, can help inform the development of future approaches to local government and public service reform. Local authority examples of this important work has been presented at various APSE Networks including our APSE Scotland Commercialisation, Income Generation and Social Value Network. At the end of 2025, North Ayrshire Council presented on their pioneering solar farms project which are the first to be owned and operated by a local authority. To access Jennifer Wraith, Senior Manager – Energy & Sustainability at North Ayrshire Council's presentation please click here. In addition, at our July APSE Scotland Climate Change and Renewables Network, colleagues heard from Scott Fell, Energy Advice Team Leader at St Andrews Environmental Network. This presentation highlighted the excellent partnership working between Fife Council and the Network, providing support and wrap around services for to help prevent fuel poverty through the H.E.A.R.T project. To access this presentation please click here.

The JRF report provides a useful contribution to this discussion by highlighting both the expectations placed on local government and the constraints within which councils currently operate. It reinforces the importance of ensuring that discussions around reform remain focused on the quality, accessibility and outcomes of local services, particularly for communities experiencing the greatest levels of hardship.

5 How can APSE help?

APSE will be hosting a roundtable meeting on **Wednesday 28 October** to enable our Scottish membership to share and debate their thoughts and views on the Scottish Government's recent proposals for local government reform, including the potential implications for service delivery and communities across Scotland. To register to attend this free roundtable event please click here.

In addition, APSE has issued a short survey to gather initial thoughts from members which will help to inform discussions on the day. APSE would greatly appreciate if colleagues could take the time to complete the survey found here. All responses will be anonymised but will help to shape discussions during the roundtable itself.

Furthermore, APSE's National Local Government Reorganisation and Devolution Network will take place on **Wednesday 10 November**. This meeting will include local authority case study examples of shared services and provide an opportunity for members to consider different approaches to delivering effective local services. To register to attend this national network please click here, or for more information on these Networks please click here.

All APSE members can also access the APSE Scotland networks, which provides updates, information, and opportunities to engage with colleagues across local government in Scotland. Members can keep up to date with regional activities, events, policy developments, and networking opportunities by visiting the Scotland members' area. You can access the network using this link: APSE Scotland

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Sign up for APSE membership to enjoy a whole range of benefits

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular network meetings, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The networks are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Networks are a free service included as part of your authority's membership of APSE and all in-person meetings end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE Network meetings and would like to be added to our list of contacts for your service area, please email enquiries@apse.org.uk.

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- Social Value, Procurement and Commercialisation Network
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- Renewables and Climate Change
- Roads, Highways and Street Lighting
- Sports and Leisure Management
- Vehicle Maintenance and Transport
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- Local Government Reorganisation Network
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