



Midlothian
Health & Social Care

Midlothian Integration Joint Board (IJB)

Audited Annual Accounts 2024/25

The Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2024 to 31 March 2025, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

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Audit Arrangements

Under arrangements approved by the Accounts Commission of Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the accounts of Midlothian Integration Joint Board for the period 1 April 2024 to 31 March 2025 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

Management Commentary

The management commentary considers the work and financial performance of Midlothian Integration Joint Board (IJB) during the financial year 2024/25. It provides an overview of the role, remit, members, objectives, and the strategy of the Board.

The role and responsibilities of the IJB

The IJB is an Integration Authority set up under the Public Bodies (Joint Working) (Scotland) Act 2014.

Midlothian IJB plan for the delivery of functions that have been delegated to us by Midlothian Council and NHS Lothian. These are:

- Adult Social Care (Including Criminal Justice)
- Primary Care (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health
- Physical and Learning Disabilities
- Community Health
- Community Hospital
- Unscheduled Care (generally delivered from the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital).

We assumed strategic formal responsibility for these functions in April 2016 including managing the budgets to deliver them.

We approved our third Strategic Plan for 2022-2025 in April 2022. In August 2023, work began to develop the draft Strategic Plan for 2025-2035. This new Strategic Plan is currently being reviewed by the relevant Committees and Boards of both our NHS Lothian and Midlothian Council Partners. The scheduled publication date of the Midlothian IJB Strategic Plan 2025-2035 is October 2025.

Membership and meetings of the IJB

The IJB met 8 times in 2024/25 for formal business meetings.

We also met for 5 IJB Development sessions and 2 financial briefings.

The members of the IJB as of March 2025 are as follows:

Member	Nominated/Appointed by	Role
Conor McManus	Nominated by Midlothian Council	Voting Member, Chair
Val de Souza	Nominated by NHS Lothian	Voting Member, Vice Chair and Chair of the Audit and Risk Committee
Pauline Winchester	Nominated by Midlothian Council	Voting Member
Derek Milligan	Nominated by Midlothian Council	Voting Member
Kelly Parry	Nominated by Midlothian Council	Voting Member
Dr Amjad Khan	Nominated by NHS Lothian	Voting Member
Andrew Fleming	Nominated by NHS Lothian	Voting Member
Vacant	Nominated by NHS Lothian	Voting Member
Morag Barrow	Appointed by the IJB	Chief Officer
Chris King	Appointed by the IJB	Interim Chief Finance Officer
Nick Clater	Nominated by Midlothian Council	Social Work Representative
Fiona Stratton	Nominated by NHS Lothian	Nursing Representative
Claire Ross	Nominated by NHS Lothian	AHP Representative
Dr Rebecca Green	Nominated by NHS Lothian	Primary Care Representative
Dr Wendy Metcalfe	Nominated by NHS Lothian	Medical Practitioner Representative
Grace Chalmers	Nominated by Midlothian Council	Partnership Representative (MLC)
Jordan Miller	Nominated by NHS Lothian	Partnership Representative (NHS)
Magda Clark	Appointed by the IJB	Third Sector Representative
Keith Chapman	Appointed by the IJB	Lived Experience Representative
Vacant		Volunteer Representative
Vacant		Carer Representative

Notes

David King was the IJB's Chief Finance Officer until 6th of December 2024 when he retired. Chris King has been appointed as interim Chief Finance Officer until a permanent appointment can be made.

IJB Vision and Objectives

Our vision and objectives in the IJB's Integration Scheme reflect the 9 national health and wellbeing outcomes which apply to integrated health and social care.

National Health & Wellbeing Outcome

1		Health & Wellbeing People are able to look after and improve their health and wellbeing and live in good health for longer.
2		Living in the Community People are able to live, as much as possible, independently and at home or in a homely setting in their community.
3		Positive Experiences & Dignity People who use health & social care services have positive experiences of those services, and have their dignity respected
4		Quality of Life Health & social care services help to maintain or improve the quality of life of people who use those.
5		Health Inequalities Health & social care services contribute to reducing health inequalities.
6		Support for Carers People who provide unpaid care are supported to look after their health and wellbeing.
7		Safe from Harm People using health & social care services are safe from harm.
8		Workforce Staff are engaged with their work and are supported to continuously improve the information, support, care, and treatment they provide.
9		Use of Resources Resources are used effectively and efficiently.

We also contribute to the achievement of the national criminal justice outcomes. This is because the NHS Lothian and Midlothian Council agreed to delegate criminal justice social work to Midlothian IJB in the Midlothian Scheme of Integration.

IJB Activities for 2024/25

Strategic Plan

The Public Bodies (Joint Working) (Scotland) Act 2014 places a statutory duty on the IJB to develop a Strategic Plan that directs how delegated health and social care functions will be planned and delivered. This includes how resources will be used to meet agreed priorities.

Officers from Midlothian Health and Social Care Partnership (HSCP) established a dedicated project team in August 2023 to develop a Strategic Plan for 2025-2035. The approach has been guided by Scottish Government statutory guidance and has followed the required consultation and governance procedures led by the Strategic Planning Group, and involving NHS Lothian, Midlothian Council, third and independent sector partners, and the wider public.

Between September and November 2023, an initial consultation gathered feedback on the 2022–2025 Strategic Plan and identified emerging priorities. This informed the development of strategic proposals, which we reviewed during a development session in January 2024 and subsequently approved in February 2024. A first draft of the new Strategic Plan 2025 -2035 was developed during February and March 2024 with a revised second draft produced following further IJB and Strategic Planning Group sessions, leading to its approval in August 2024 for a statutory three-month public consultation period.

During the consultation period (August–November 2024), the Strategic Planning Group conducted an Equality and Children’s Rights Impact Assessment, which informed final revisions. Feedback from consultation, the Impact Assessment, and the audit were incorporated into the draft, with final adjustments made in close consultation with both NHS Lothian and Midlothian Council. In December 2024, we agreed to delay the publication of the final plan to ensure alignment with 2025/26 budget decisions and a reflection of operational transformation planning.

Throughout the process, engagement with Partner organisations has been sustained through direct discussions with senior leaders, strategic leads, and representation on the Strategic Planning Group. The voices of more than 1,500 individuals, services, and organisations have contributed to the development of this plan. The Strategic Plan remains a dynamic and evolving document and is planned for publication in October 2025.

Annual Performance Report - Operational Performance




[The Annual Performance Report for 2024/25](#) details progress in delivering our strategic priorities, as well as performance in relation to the Scottish Government's national health and wellbeing outcomes and associated indicators.










The National Indicators











- Indicators 1- 9 are taken from the Health and Care Experience Survey, which is conducted every 2 years. This is not a reporting year for the Health and Care Experience Survey, so there is no change from our Annual Performance Report 2023/24.
- Results for indicators 2, 3, 4, 5, 7 and 9 are not directly comparable to previous years due to changes in survey wording.
- Indicator 10 is still in development and is therefore not published.
- Information for Indicator 11 has not yet been published nationally
- Indicators 12 to 19 have been updated this year by Public Health Scotland and are compared with the results from last year.

How we are reporting our data

Full data is provided in the Appendix of our APR. This includes our progress over time and our position in comparison to the rest of Scotland. We look at each of the Health and Wellbeing Outcomes alongside the National Performance Indicators used to measure each one and summarised our progress:

-  - Our performance has improved compared to last year.
-  - There hasn't been a significant change in performance compared to last year.
-  - Our performance has worsened compared to last year.

	National Indicator	Our result	Our Progress
 1	Adults are able to look after their health very well or quite well.	92.5%	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
 2	Adults supported at home agreed that they are supported to live as independently as possible*.	76.5%	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
 3	Adults supported at home agreed they had a say in how their help, care or support was provided*.	61.9%	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
 4	Adults supported at home agreed that their health and social care services seemed to be well coordinated*.	74.4%	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
 5	Adults receiving care or support rated it as excellent or good*.	65.6%	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
 6	Adults had a positive experience of the care provided by their GP practice.	67.9%	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
 7	Adults supported at home agreed services and support had an impact on improving or maintaining their quality of life*.	76.0%	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
 8	Carers feel supported to continue in their caring role.	34.6%	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
 9	Adults supported at home agreed they felt safe*.	79.9%	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

	National Indicator	Our result	Our Progress
 11	Premature Mortality Rate. (People under 75)	Note 2	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
 12	Emergency Admission Rate.	9,778 per 100,000	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
 13	Emergency Bed Day Rate.	108,536 per 100,000	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
 14	Readmission to hospital within 28 days.	93 per 1,000	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
 15	Proportion of the last 6 months of life spent at home or a community setting.	87.8%	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
 16	Falls Rate (People over 65 who were admitted to hospital).	24	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
 17	Care services graded Good or better in Care Inspectorate Inspections.	77.2%	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
 18	Adults with intensive care needs are receiving care at home.	57.7%	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
 19	The number of days people aged over 75 spend in hospital when they are ready to be discharged.	928 per 1,000	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
 20	Health and Care resource spent on hospital stays where the person was admitted as an emergency.	23%	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

Future Plans – Bold and Sustained Transformation

Public sector finances are under significant pressure across Scotland. The wider economic climate and the ongoing cost of living crisis continue to create uncertainty. These financial challenges are intensified by a growing and ageing population, rising levels of frailty and long-term conditions, and increasing complexity in the care and support that people require. Workforce challenges and limited financial resources impact the ability to sustain current models of care.

In response, we recognise the urgent need for bold and sustained transformation. Our Strategic Plan and Medium-Term Financial Strategy will form the foundations for a new sustainable model for health and social care focusing on prevention, early intervention, and integrated, person led care. To achieve transformation on scale strong leadership, cross sector collaboration, and meaningful engagement with communities will be essential to ensure that services remain sustainable, equitable, and responsive to local needs.

A Transformation Programme Board will develop and oversee these changes.

Work of the Transformation Programme Board

- Shift the focus away from specialist services toward a broader range of community-based services across health, social care, and primary care.
- Invest more in early intervention, self-management, education, and primary and community care services.
- Promote and embed a person-led, strengths-based approach to improve the outcomes that matter most to people and communities.
- Build on the principles of the Public Bodies (Joint Working) (Scotland) Act 2014, to develop more personalised and flexible services, planned together.
- Continue to support the implementation of the Social Care (Self-Directed Support) (Scotland) Act 2013, recognising individuals as experts in their own lives, with a range of assets and skills.
- Develop a single point of access to help people navigate services more easily and get the right support at the right time.
- Redirect resources to areas of high priority. This may mean disinvestment in some services.

Workstreams that will support the transformation

- Palliative Care
- Bed based provision – Care Home and Community Hospitals
- Home First Model of Care
- Primary, Community and Social Care
- Commissioning and Third sector
- Community Assets
- Mental Health/Dementia
- Midlothian Community Front Door (Single Point of Access)

Enabling factors essential to the transformation.

- **Finance and Resource** - ensuring sustainable funding models and the effective use of available resources.
- **Business, Intelligence, and Insight** - providing timely and accurate data to support evidence-based decisions.
- **Workforce** - focusing on recruiting, retaining, and developing the right skill mix to meet future demand.
- **Carers** - recognising and supporting unpaid carers as critical partners in care delivery.
- **Sustainability (including digital)** - embedding environmentally conscious practices while utilising digital tools to enhance efficiency and access.
- **Communication Strategy** - ensure consistent, transparent messaging and active engagement with stakeholders throughout the transformation journey.

IJB Financial Performance in 2024/25

For the year ending 31 March 2025 the IJB recorded a surplus of £0.149 million.

The IJB incurred operational overspends in both Health and Social Care services during the 2024/25 financial year which amounted to £2.949 million and £4.883 million respectively. In line with the Integration Scheme, both Partners, NHS Lothian and Midlothian Council, provided additional year end funding allocations to fully cover these overspends.

The reported surplus is a result of an increase in the level of Earmarked Reserves held by the IJB. These reserves are set aside to fund specific future commitments and priorities.

Summary of the IJB's financial position for the year ending 31 March 2025

Year-end position	Health £000's	Social Care £000's	Total £000's
Income Income received from the partners Midlothian Council and NHS Lothian in 2024/25	132,629	64,189	196,818
Additional Income One off income received from partners to ensure the IJB achieved financial balance.	2,949	4,883	7,832
Expenditure Expenditure incurred by the partners in the delivery of the IJB's delegated functions for 2024/25.	135,018	69,483	204,501
Surplus/ (Deficit)	560	(411)	149

Analysis of Financial Position

Health:

- As in previous years, the main financial pressure contributing to the overspend within health services continues to be the cost of medications prescribed through GP services. These costs are exceeding the available budget due to a combination of increasing prices and growing demand.

Price increases are influenced by new medications, which are often expensive when first released. In addition, the volume of prescriptions continues to rise reflecting Midlothian's growing and ageing population, and the associated need for increased medical intervention to support people's health and wellbeing.

- Another contributing factor to the overspend in health services was the timing of financial recovery actions linked to service redesigns. While a number of planned financial recovery actions were implemented during the year, the full financial benefits were not realised in 2024/25 due to lead in times. The financial

benefits associated with these plans are expected to materialise in full during the 2025/26 financial year.

Social Care

- In Social Care services, the overspend was primarily driven by rising demand and increasing complexity of care needs. During 2024/25, a comprehensive review of 585 commissioned care packages across a range of services was undertaken to ensure that individuals' needs were met in the most appropriate and cost-effective way.

Despite these efforts, significant financial pressures remained, most notably within the Learning Disability service. In this area, the level and intensity of support required to ensure individuals' safety and quality of life continued to grow, placing sustained pressure on resources.

Funding for the IJB

The IJB is funded exclusively by our partners (Midlothian Council and NHS Lothian) to deliver the functions that are delegated to us in the Midlothian Scheme of Integration. A significant proportion of the services that deliver this care and support are operationally managed by Midlothian HSCP.

Budget offers (representing the funding) are made to the IJB by the partners before the start of each financial year. We assess these offers and base our acceptance of these offers on the guidance from the Scottish Government which it issues as part of its own budget setting process. The IJB accepted the indicative budget offer from NHS Lothian and the formal budget offer from Midlothian Council in March 2024.

NHS Lothian's funding is for:

- **Health services in Midlothian** (Core funding)

This includes

- the running costs of the local hospitals,
- the community health services,
- the running costs of the Medical General Practitioners services (the local GPs)
- a share of other primary care services (General Ophthalmic Services, General Dental Services and General Pharmaceutical services).

- **Health services for Midlothian residents, delivered and managed on a pan-Lothian basis by NHS Lothian** (Hosted funding).

This includes

- Mental Health inpatients beds at the Royal Edinburgh Hospital.

- **Unscheduled health services for Midlothian residents, delivered and managed by NHS Lothian's Acute Services** (Set Aside funding)

This is delivered at the Royal Infirmary of Edinburgh, the West General Hospital and St. John's Hospital at Howden. This is budget 'set aside' by NHS Lothian on behalf of the IJB.

Midlothian Council's funding is for:

- **Adult Social Care services in Midlothian**

Reserves

During the 2023/24 financial year, we fully utilised all of our general reserve. As a result, there were no reserves available to mitigate unforeseen financial pressures in 2024/25. This is a financial risk to both the IJB and its partners, as it significantly reduces our financial resilience and ability to respond to emerging cost pressures or volatility.

In response to this risk, we have requested a comprehensive review of our current reserves policy. The existing policy sets out an aspiration to maintain a general reserve equivalent to 2% of annual expenditure. Our Chief Finance Officer will lead this review across 2025/26, assess whether the current target remains appropriate, and consider how financial resilience can be rebuilt over time. The outcomes of the review will be presented to our Audit and Risk Committee prior to making a recommendation to the IJB.

IJB spend in 2024/25 - the Financial Statements are on a net basis.

Performance of the functions that are delegated to the IJB for 2024/25

	Health Budget £000's	Social Care Budget £000's	Health Expenditure £000's	Social Care Expenditure £000's	Variance £000's	Note
Direct Midlothian Services						
Community AHPS	3,828	0	3,772	0	56	
Community Hospitals	7,146	0	7,142	0	4	
District Nursing	9,002	0	9,228	0	(225)	
General Medical Services	19,549	0	19,726	0	(176)	
Health Visiting	2,784	0	2,720	0	64	
Mental Health	3,215	0	3,045	0	170	
Other	8,895	0	9,578	0	(683)	1
Prescribing	20,472	0	22,285	0	(1,814)	
Resource Transfer	6,973	0	6,941	0	31	2
Older People	0	29,412	0	31,908	(2,495)	
Learning Disabilities	0	21,298	0	24,456	(3,158)	
Mental Health	0	1,314	0	1,132	182	
Physical Disabilities	0	4,232	0	4,235	(3)	
Assessment & Care Management	0	4,113	0	3,608	505	
Social Care Other	0	3,819	0	3,734	85	3
Midlothian Share of Pan Lothian						
Set Aside	20,192	0	20,728	0	(535)	4
Mental Health	2,899	0	3,070	0	(170)	
Learning Disabilities	1,322	0	1,333	0	(11)	
GP Out of Hours	1,553	0	1,513	0	40	
Rehabilitation	990	0	884	0	106	
Sexual Health	993	0	965	0	28	
Psychology	1,757	0	1,782	0	(26)	
Substance Misuse	573	0	531	0	42	
Allied Health Professions	1,739	0	1,664	0	75	
Oral Health	1,034	0	838	0	197	
Hosted Other	4,033	0	4,154	0	(121)	
Dental	7,231	0	7,231	0	0	5
Ophthalmology	2,117	0	2,117	0	0	5
Pharmacy	4,332	0	4,332	0	0	5
Sub Totals	132,628	64,188	135,578	69,072	(7,833)	
Partner Additional Contributions	2,949	4,883	0	0	7,833	6
Movement in Earmarked Reserves	0	0	(560)	411	149	7
Per Annual Accounts	135,578	69,072	135,018	69,483	149	

Notes

1. **Other** includes £4.816m for the Social Care Fund which is held in the Health Budget but expended in the Social Care services. It also includes the impact of the addition to the Earmarked reserve – see point 7.
2. **Resource Transfer** are funds for specific purposes which are transferred from Health to Social Care. However, these remain part of the health budget and are reported there.
3. **Social Care Other** includes care for non-specific groups, substance misuse services and other management and performance costs.
4. **Set Aside** are the budgets for those functions delegated to the IJB which are managed by the Acute Services management teams within NHS Lothian. These services are delivered at the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital and cover the following:
 - Accident and Emergency
 - Cardiology
 - Diabetes
 - Endocrinology
 - General Medicine
 - Geriatric Medicine
 - Rehabilitation Medicine
 - Respiratory Medicine
 - Various ancillary support services for the above
5. **Dental, Ophthalmology, Pharmacy** - in the health system, expenditure to support the delivery of community dentistry, community opticians and community pharmacists is termed as 'non-cash limited' (NCL) but is clearly part of the delivery of primary care services and these functions are delegated to the IJB. However, being NCL there is no budget as such, but any expenditure incurred is supported in its entirety by the Scottish Government. The NCL values are not part of the budget setting process, there being no budget, but NHS Lothian has matched the NCL expenditure with income to cover this expenditure.
6. **Additional contributions from Partners** - In line with the Integration Scheme, as we do not hold general reserves, any funding shortfalls incurred during the year are met by the respective partner. In 2024/25, we experienced operational pressures in both Health and Social Care services. As a result, both NHS Lothian and Midlothian Council provided additional year-end funding to address the overspends within their respective areas of responsibility.
7. **Movement in Earmarked Reserves** - The net movement in Earmarked Reserves during the year resulted in a £0.149 million increase in reserves for the IJB.
 - Within Health, reserves held by NHS Lothian increased by £0.560 million, primarily due to the receipt of Unscheduled Care funding. Although this was processed through as expenditure, it is not considered in year spend and has therefore been excluded when calculating the IJB's net position.
 - Within Social Care, Earmarked Reserve balances were used as planned, resulting in a drawdown of £0.411 million, which is reflected as expenditure.

The charges (shown as expenditure above) made by Midlothian Council to the IJB are the net direct costs incurred in the delivery of social care in Midlothian. The charges from NHS Lothian are based on the health budget setting model as agreed by the IJB. That is, charges for the core services (specifically for and delivered by the Midlothian partnership) are based on the net direct actual costs incurred in Midlothian.

However, charges for hosted and set aside services (not managed by the Midlothian Health and Social Care Partnership and are delivered on a pan-Lothian basis) are based on the total actual costs for these services shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2024/25 for hosted services is 10% and, generally, 10% of the Lothian element of the set aside budgets and the non-cash limited budgets.

How the IJB spent its funds in 2024/25

	Spend 2024/25 £000's	Percentage Share %
Adult Social Care Services Includes funds from NHS Lothian which are used to support social care (see note 7 at the end of this report)	£82,408	40%
Primary Care Services Includes GPs, GP prescribing, community opticians, community pharmacists and community dental services	£55,690	28%
Other Community Health Services Includes local community hospitals, community nursing services, community allied health professionals and Midlothian's share of pan-Lothian hosted services	£45,675	22%
Acute Services Includes Midlothian Share of Acute services that have been delegated to the IJB	£20,728	10%
Total	£204,501	100%

Consideration of the financial position

At the March 2025 meeting, Midlothian IJB approved the budget offers received from both NHS Lothian and Midlothian Council and were able to set a balanced financial plan for 2025/26. This plan was underpinned by the delivery of £5.8 million in financial recovery actions covering both Health and Social Care functions. It was also agreed that there would be continued engagement with NHS Lothian to address the outstanding financial pressures within Set Aside services.

This financial recovery programme represents a significant one-year plan, designed to provide a foundation of financial stability for us. Given the scale and scope of the required financial recovery actions, the programme carries a degree of financial and operational risk. This includes uncertainty around full deliverability, timing, and the potential impact on service delivery.

We acknowledge these risks and will manage them proactively. Oversight and mitigation will be supported through established risk management frameworks within the Health and Social Care Partnership and through the governance role provided by our Audit and Risk Committee and our Board.

Throughout 2025/26, we will receive routine financial reporting which will include:

- The overall financial position of the IJB
- Progress against agreed financial recovery actions
- Identification of emerging trends, risks, or cost pressures.

This reporting will support us in adopting a forward looking and responsive approach to financial governance and management. This will enable timely decision making, ensure we operate within our available resources, and allow for additional financial recovery actions or collaborative solutions with partners if required. Maintaining financial discipline while safeguarding the quality and accessibility of care services will remain a core focus throughout the financial year.

Key Risks, challenges and uncertainties

The main financial pressures facing us remain consistent with those outlined in the 2023/24 Annual Accounts. These pressures are significant and continuing, and they reflect both national trends and specific local challenges within Midlothian:

1. Demographic Change: A Growing and Ageing Population

Midlothian has the fastest growing population in Scotland. While national funding formulas for both Local Authorities and NHS Boards aim to reflect population change, these mechanisms face 2 key limitations:

- The total funding available has increased but not at a level sufficient to fully meet the scale of the pressures.
- Declining populations in other areas do not automatically result in proportionate reductions in service delivery costs, which limits the system's ability to redistribute resources effectively.

In addition, Midlothian's population is not only growing but also ageing. As life expectancy increases, so too does the complexity and intensity of health and social care needs. This demographic trend represents a growing and long-term challenge, both locally and nationally.

2. Workforce Availability

Both Health and Social Care services continue to experience workforce shortages. The availability of skilled professionals remains a key constraint on the IJB's ability to meet rising demand and deliver the Strategic Plan. A local workforce plan has been developed in collaboration with partners to mitigate this risk as much as possible.

3. The Wider National Financial Environment

The financial landscape for public services remains extremely challenging. While the Scottish Government has expressed a strong commitment to protecting Health and Social Care budgets, it has also acknowledged the broader fiscal pressures facing all public services. National taxation and policy decisions, such as increases in employer National Insurance contributions, are likely to have an impact on service providers. These pressures may increase the cost of commissioned services and threaten the financial sustainability of providers.

We do not have dedicated funding to offset these pressures. However, we remain actively engaged with providers and partners to manage the implications and support continuity of service delivery wherever possible.

Val de Souza

Val de Souza, IJB Chair.

18 September 2025



Morag Barrow, Chief Officer.

18 September 2025

Chris King

Chris King, Interim Chief Finance Officer.

18 September 2025

Statement of Responsibilities

Responsibilities of the IJB

We are required to:

- Make arrangements for the proper administration of our financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
- Manage our affairs to secure economic, efficient, and effective use of resources and safeguard our assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit & Risk Committee.

Signed on behalf of Midlothian Integration Joint Board.



Val de Souza, IJB Chair.

18 September 2025

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).


In preparing the Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the local authority Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Midlothian Integration Joint Board at 31 March 2025 and the transactions for the year then ended.



Chris King, Interim Chief Finance Officer

18 September 2025

Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables is subject to external audit. The other sections of this report will be reviewed by Audit Scotland and any apparent material inconsistencies with the audited financial statements will be considered as part of their audit report.

Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by Midlothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holder alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2024/25 (Previous Year: nil). The Chair of the IJB in 2024/25 was Councillor Connor McManus (who is an elected member of Midlothian Council), the Vice Chair was Val de Souza who is a non-executive member of the NHS Lothian Board.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore, no pension rights disclosures are provided for the Chair or Vice Chair.

NHS Lothian no longer automatically offers another full day's remuneration for being the Board's Lead Voting Member on an IJB. Instead, non-executive remuneration is based on an individual's overall estimated time commitment, which can include multiple memberships of Board committees and IJBs as well as other responsibilities, not just as committee chairs or lead voting members of the IJBs. No specific remuneration is therefore available for the vice chair of the IJB in 2024/25 (Previous Year: nil).

Remuneration: Officers of the IJB

The IJB does not directly employ any staff; however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

The Chief Officer of the IJB is Morag Barrow, who is also the Director of Health and Social Care for Midlothian Council and the Joint Director of the Midlothian Partnership. It has been agreed that 50% of her total remuneration is to be shown in the accounts of the IJB as her remuneration as the Chief Officer of the IJB.

Chief Finance Officer

Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency, the remuneration of the Chief Finance Officer is included.

David King was Chief Finance Officer until the 6th December 2024 and was employed by NHS Lothian and had two roles – Midlothian IJB's Chief Finance Officer, the Chief Finance Officer of East Lothian IJB. On that basis, 50% of the total remuneration for David King between 1st April 2024 and 6th December 2024 is shown below.

From the 19th of December 2024 until 31st March 2025, Chris King was appointed as Chief Finance Officer on an interim basis. He is employed by NHS Lothian. His role is that of Chief Finance Officer with Midlothian IJB and an operational role in the NHS Lothian finance team as a Finance Business Partner. Therefore, 50% of the total remuneration during this period is shown below.

Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures.

Senior Employees: Salary, Fees & Allowances:

Name	2023/24 £	2024/25 £	Full Year Equivalent
Morag Barrow	£55,822	£59,048	£59,048
Claire Flanagan	£15,038	-	-
David King	£10,272	£23,522	£34,342
Chris King	-	£11,832	£41,526

The IJB has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The tables also show the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

In year pension contributions

Name	For year to 2024 (£)	For Year to 2025 (£)
Claire Flanagan	£3,077	-
Morag Barrow	£0	£12,241
Chris King	-	£2,662

Note 1: Morag Barrow became an active member of the SPPA in 2024/25.

Note 2: David King is no longer an active member of the SPPA.

Total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions

Name	Pension (as at 31 March 2024) £000's	Lump Sum (as at 31 March 2024) £000's	Pension (as at 31 March 2025) £000's	Lump Sum (as at 31 March 2025) £000's
Morag Barrow	£0	£0	£30	£82
Claire Flanagan	£22	£55	-	-
Chris King	-	-	£9	£0

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2023/24	Remuneration Band	Number of Employees in Band 2024/25
1	£55,000 - £59,999	1
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0

Exit Packages

The IJB did not support nor did it direct to be supported by its partners, any exit packages during 2024/25 (2023/24: nil).

Val de Souza

Val de Souza, IJB Chair.

18 September 2025

VB

Morag Barrow, Chief Officer.

18 September 2025

Annual Governance Statement 2024/25

Introduction

The Annual Governance Statement explains our governance arrangements and systems of internal control and reports on their effectiveness.

Scope of Responsibility

We are responsible for ensuring that our business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To do this we have established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of our policies, aims and objectives. Reliance is also placed on NHS Lothian and Midlothian Council's (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as ours. The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The IJB Board comprises voting members, nominated by either NHS Lothian or Midlothian Council, as well as non-voting members including a Chief Officer appointed by the Board.

Our current Local Code of Corporate Governance (Local Code), which was approved by the Board on 8 April 2021, sets out the framework and key principles of effective governance. The Local Code is consistent with the principles and recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework '[Delivering Good Governance in Local Government](#)' (2016) and the [supporting guidance notes for Scottish authorities](#). It ensures that resources are directed in accordance with agreed policy and priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources to achieve desired outcomes for people and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the Local Code in existence during 2024/25 included:

- **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law**

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the Scheme of Integration which was approved by the Board and NHS Lothian in June 2022, which serves as the approved constitution, and Standing Orders, a

revision of which was approved by the Board in February 2023, to make sure that public business is conducted with fairness and integrity.

The Ethical Standards in Public Life (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies. As a Public Body listed in schedule 3 of the Act, we are required to produce a Code of Conduct, which was approved by the Board in April 2022, continued adherence to this Code of Conduct provides appropriate assurance against this principle.

We are dependent upon arrangements within the partner organisations for:

- ensuring legal compliance in the operation of services;
- handling complaints;
- training on ethical awareness and whistleblowing policies and procedures;
- appointing and appraising staff – taking into account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procuring goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where we place significant reliance on arrangements in place within the partner organisations are set out in this governance statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by our Chief Officer supported by Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

- **Ensuring openness and comprehensive stakeholder engagement**

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality. Board papers are available to the public on the Council website.

Unless confidential, decisions made by the Board are made available on the [Midlothian Health and Social Care](#) Website

The Scheme of Integration and our Strategic Plan were developed through a range of consultation and engagement activities including statutory consultation.

In determining how services and other courses of action should be planned and delivered, we have a statutory responsibility to involve people who experience our services and members of the public.

Our Strategic Plan is based on both routine engagement and statutory consultation. The statutory consultation plan for our draft Strategic Plan was approved on 20th June 2024. Substantial stakeholder consultation has already been completed in the development of the draft Midlothian IJB Strategic Plan 2025-2035.

We have issued Directions to our partners, most recently on 28th March 2025 for 2025/26 Directions for service delivery and for service redesign and recommissioning in line with the transformation programme.

Our Strategic Planning Group is reviewing our Public Engagement Statement and the Community Engagement Self-Assessment and Action plan.

Our complaints procedure was established in 2017. This procedure is currently being reviewed and will be considered by the Audit and Risk Committee ahead of recommendation to the board for approval.

- **Defining outcomes in terms of sustainable economic, social, and environmental benefits**

Each of the strategic aims support at least one of the 9 National Health and Wellbeing outcomes and our Directions for 2025/26 are structured this way too. We have intentionally designed our planning this way to help people see how our ambitions for change are linked to the way we make decisions about funding and the action we ask our Partners to take.

As we continue to work towards people achieving what matters most to them, it is important that we understand what our contribution is to that process. To do this, we have not simply taken old processes and made them electronic, we have adopted a new way to describe how we are making an impact in Midlothian. This is called Outcome Mapping.

We began developing our approach in 2021/22 with a framework that describes how we work with people and communities to improve outcomes. Based on this learning, we have continually improved the process over the last three years with a common approach for services to tell their story and describe the contribution we make to changing outcomes.

We have chosen to further develop our whole-system approach using a Strategic Governance Outcome Map. This map describes how the IJB operates and can give assurance on the progress we are making towards our three strategic aims and the 9 National Health and Wellbeing Outcomes. Storytelling and the stories of the people who experience our services are an important part of showing and evidencing how people feel and the difference we have helped make in their lives. This information is also very useful to help us learn, continually improve and share this with our Partners.

- **Determining the interventions necessary to optimise the achievement of the intended outcomes**

The vision, strategic objectives and outcomes in our Strategic Plan 2022-25 were approved in April 2022 and have been updated to reflect ongoing assessment of

need and priorities following public consultation. Implementation is underpinned by the associated Directions, on which progress reports are presented to the Board. The process of developing the 2025-2035 strategic plan has been underway since August 2023 and a draft plan is progressing through the governance route of both partners ahead of publication, currently planned for October 2025.

Where it makes sense to do so, our (draft) Strategic Plan 2025-2035 explores ways to create opportunities to have shared goals and outcomes, jointly fund services, and share our data. For example, services like mental health, substance use, primary care, housing, employability, and welfare support can all contribute to preventing some of the causes of poor or deteriorating mental health. We must avoid limiting what we can do with unnecessary 'red tape' while also meeting our duties to keep people safe.

Where people live can have a significant impact on health and health inequalities. An emerging threat to health and health inequalities is climate change. We have a duty to report on how we are working with our Partners in this regard, and we must find the shared opportunities within all our strategies to underpin the principles of equality, net zero emissions, and sustainability. We will continue to support 'Green Health Prescribing' and work with others to ensure the health and social care needs of people are considered as part of proposed local development plans.

Implications are considered during the decision-making process within the standard report template covering Policy, Equalities, Resources, Risk, and Involving People

- **Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Our Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the IJB. Our Chief Officer also meets regularly with representatives from the partner organisations.

Members of the IJB Board can attend Development Sessions relevant to their role as part of their development programme. We have also undertaken a Self-Assessment first completed in August 2023 with an improvement plan being approved. We reviewed this plan in April 2025 with formal approval due from the IJB Board.

We approved a 3-year Integrated Workforce Plan 2025-28 in February 2025 to allow delivery to the Scottish Government in March 2025. This is aligned to our medium-term financial strategy and supports the delivery of our Strategic Plan 2025-2035. We are waiting for feedback from Scottish Government and will then agree an improvement plan and a publication date.

- **Managing risks & performance through robust internal control & strong public financial management**

Our Chief Officer has overall responsibility for directing and controlling the partnership to deliver health and social care services. The IJB Board is responsible for key decision-making.

We have approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance. This Strategy has been updated and presented to the June 2024 Audit & Risk Committee with the Risk Management Policy being approved by the IJB Board in October 2024. Regular risk reporting is completed by our Audit & Risk Committee.

Our Chief Financial Officer is responsible for the proper administration of all aspects of our financial affairs including ensuring advice is given to the Board on all financial matters.

Our system of internal financial control is dependent upon the framework of financial regulations, regular management information (including Revenue Budget Monitoring reports to the Board), administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

The MIJB also relies upon the partners for:

- Counter fraud and anti-corruption arrangements (whose arrangements are in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption); and
- Management of data in accordance with applicable legislation.

- **Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Shared Chief Internal Auditor of Midlothian Council is the IJB's Chief Internal Auditor whose role is to provide an independent and objective annual opinion on the effectiveness of the IJB's internal controls, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

We respond to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. Our Audit and Risk Committee is integral to overseeing assurance and monitoring improvements in internal controls, risk management and governance. Our Audit & Risk Committee updated the terms of reference in June 2024 and have recruited an independent member in line with CIPFA best practice.

Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals. An Annual Performance Report for 2023/24 was presented to the IJB Board for review prior to publication in October 2024.

The Annual Accounts and Report for 2024/25 will set out the financial position in accordance with relevant accounting regulations and is being prepared.

Review of Adequacy and Effectiveness

We are required to conduct an annual review of the effectiveness of our governance framework. The review was informed by:

- Annual self-assessment carried out by Internal Audit against our Local Code of Corporate Governance;
- Internal Audit reports;
- External Audit reports;
- Relevant reports by other external scrutiny bodies and inspection agencies;
- Relevant partners' (NHS Lothian and Midlothian Council) Internal Audit and External Audit reports.

There have been developments in all 3 improvement areas of governance identified by the IJB in 2023/24.

- Our Strategic Plan and the Medium-Term Financial Strategy continue to be developed to include a more explicit link, however this work remains ongoing including the development of the new strategic plan during the year,
- Governance processes to manage the monitoring of financial recovery plans have been put in place, closing all internal audit recommendations in this area
- Reporting to the IJB Board commenced in February 2025, our Publication scheme improvements closing all Internal Audit recommendations were completed in October 2024.
- We agreed a Directions Policy on 20th February 2025 alongside the process for linking the Directions Log and the HSCP Service Plans.

Improvement Areas of Governance

The review identified areas where further improvement in governance arrangements can be made:

- 1 The Medium-Term Financial Strategy should be developed to include a more explicit link to our Strategic Plan.
- 2 Our Medium Term Financial Plan presented to the MIJB Board in October 2024 highlighted that the starting financial pressure for the 2025/26 financial year was £11.33 million with the overall financial pressure from 2025/26 to 2029/30 being £77.633 million, by February 2025 the starting pressure for 2025/26 had increased to £13.2million. In presenting a budget setting paper in March 2025 both partners had either offered or indicated increases of 11% for the 2025/26 IJB funding leaving a £6.835million financial pressure remaining. Application of Operational and Strategic redesign recovery actions of £5.801million resulted in a remaining unbalanced budget position of £1.034 million with a reported expectation that sustainability funding for NHS Lothian would allow the setting of a Balance budget. The reliance on continued recovery plan savings and significant increases in partner budget support continues to highlight the significant financial position risks for the IJB. Maintaining financial reporting of achievement of recovery actions, as

well as overall budget position throughout the year will continue to be vital for the Board.

- 3 The IJB retains no General Reserve and with the current financial position this creates further financial risk a review of the IJB Reserve policy is required and underway during the 2025/26 financial year.

The implementation of these actions to enhance the governance arrangements in 2025/26 will be driven and monitored by our Chief Officer to inform the next annual review. Internal Audit work planned in 2025/26 will test improvements and compliance in governance.

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of our governance arrangements and system of internal control, while recognising that further improvements are required to fully demonstrate compliance with the Local Code of Corporate Governance for the IJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control



Val de Souza, Chair
18 September 2025



Morag Barrow, Chief Officer
18 September 2025

Independent Auditor's Report

Independent auditor's report to the members of Midlothian Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Midlothian Integration Joint Board for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Midlothian Integration Joint Board as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 5 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the Midlothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard was not provided to the Midlothian Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Midlothian Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the Midlothian Integration Joint Board's current or future financial sustainability. However, I report on the Midlothian Integration Joint Board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Interim Chief Finance Officer and the Audit and Risk Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Interim Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Interim Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Interim Chief Finance Officer is responsible for assessing the Midlothian Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the Midlothian Integration Joint Board's operations.

The Audit and Risk Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to

detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Midlothian Integration Joint Board;
- inquiring of the Interim Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Midlothian Integration Joint Board;
- inquiring of the Interim Chief Finance Officer concerning the Midlothian Integration Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Midlothian Integration Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Interim Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual

Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to

have responsibilities to members or officers, in their individual capacities, or to third parties.

Claire Gardiner

Claire Gardiner, CFPA

Audit Director

Audit Scotland

4th Floor

102 West Port

Edinburgh

EH3 9DN

18 September 2025

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

IJB Comprehensive Income and Expenditure Statement

Income/Expenditure	2023/24 Net Expenditure £000's	2024/25 Net Expenditure £000's
Health Care Services - NHS Lothian	£132,906	£135,018
Social Care Services - Midlothian Council	£66,036	£69,483
Cost of Services	£198,942	£204,501
Taxation and Non-Specific Grant Income	(£186,584)	(£204,650)
Surplus/(deficit) on Provision of Services	(£12,358)	£149

The Integration scheme lays out that the partners will provide corporate and other support to the IJB as required and will not charge for these services. These costs are not, therefore, included.

Movement in Reserves Statement

The movement in reserves statement shows the value of the IJB's reserve and how this has changed during 2024/25.

Movements in Reserves during 2024/25

IJB Reserves	Earmarked Reserves £000's	General Reserves £000's	Total Reserves £000's
Opening Balance - 31/3/2024	£799	£0	£799
Drawdown of Reserve in year	(£792)	£0	(£792)
Additions to Reserve in year	£941	£0	£941
Closing Balance - 31/3/2025	£948	£0	£948

Movements in Reserves during 2023/24

IJB Reserves	Earmarked Reserves £000's	General Reserves £000's	Total Reserves £000's
Opening Balance - 31/3/2023	£6,975	£6,182	£13,157
Drawdown of Reserve in year	(£6,176)	(£6,182)	(£12,358)
Additions to Reserve in year	£0	£0	£0
Closing Balance - 31/3/2024	£799	£0	£799

Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets (assets less liabilities) of the IJB are matched by the reserves held by the IJB.

IJB Balance Sheet

	31 March 2024 £000's	31 March 2025 £000's	Notes
Net Current Assets			
Debtors	£799	£948	7
Creditors: amounts falling due within one year	£0	£0	
Total assets less current liabilities	£799	£948	
Net Liabilities			
Earmarked Reserve	£799	£948	1
General Reserve	£0	£0	1
Total Reserves	£799	£948	

The audited accounts were authorised for issue on 18 September 2025.

Chris King

Chris King, Interim Chief Finance Officer.

18 September 2025

Notes to the Financial Statements

1 Significant Accounting Policies

General Principles

The Financial Statements summarise the IJB's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Basis of Preparation

The IJB financial statements for 2024/25 have been prepared on a going concern basis. The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973. In accordance with the CIPFA Code of Local Government Accounting (2024/25), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB's funding from and commissioning of services to partners has been confirmed for 2025/26, and a medium-term financial plan has been prepared through to 2028. Given that the IJB is wholly funded by the partners and the IJB's Integration Scheme commits the partners to funding any overspend within the IJB I consider that there are no material uncertainties around its going concern status.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received, and their benefits are used by the IJB
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable

- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet
- Where debts may not be received, the balance of debtors is written down

Funding

The IJB is wholly funded through funding contributions from the statutory funding partners, Midlothian Council and NHS Lothian. Expenditure is incurred in the form of net charges by the partners to the IJB.

Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet.

Debtors and Creditors

The funding balance due to or from each funding partner as at 31st of March is represented as a debtor or creditor on the IJB's Balance Sheet. Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.

Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31st of March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31st of March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31st of March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

The IJB has none of the above.

Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision. As noted above, the IJB has reserves of £948,000 on 31 March 2025.

IJB Usable Reserve

Reserves	2023/24 Closing Balance £000's	2024/25 Closing Balance £000's
Embedding a gender informed effective response to domestic abuse Project	£27	£7
Unscheduled Care	£0	£941
Carers Act	£391	£0
Primrose Lodge	£286	£0
Sexual Health	£35	£0
Learning Disability Checks	£60	£0
General Reserves	£0	£0
Total	£799	£948

Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and Midlothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) scheme, the charge for this in 2024/25 was £3,000 (PY £3,000).

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

There are no outstanding claims or any indications that any claims are to be made against the IJB.

2 Accounting Standards that have been Issued but have not yet been Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted and could have a material impact on the accounts. This applies to new or amended standards within the 2024/25 Code.

There are no new or amended Accounting Standards issued but not yet adopted that will have a material impact on the 2024/25 Annual Accounts.

3 Critical Judgements and Estimation Uncertainty

The critical judgements made in the Financial Statements relating to complex transactions are:

- The partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required, and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations' options that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none).
- The Annual Accounts contains estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
- There are no items in the IJB's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year.

Provisions

The IJB has not created any provisions in respect of compensation claims. It is not certain that all claims have been identified or that the historic level of settlement payments is a reliable guide for future settlements.

4 Subsequent Events

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date that the accounts were certified by the Chief Financial Officer following approval by the Audit and Risk Committee.

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified.

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts is adjusted to reflect such events.
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

5 Expenditure and Funding Analysis

Income and Expenditure 2024/25

Services specifically for Midlothian	2023/24 £000's	2024/25 £000's
Health	£79,694	£83,878
Social Care	£66,036	£69,483
Midlothian's share of Lothian Health Services (Hosted)	£28,884	£30,412
Midlothian's share of Lothian Health Services (Set Aside)	£24,328	£20,728
Total	£198,942	£204,501
Funded by: Midlothian Council	£57,416	£69,072
Funded by: NHS Lothian	£129,168	£135,578
Total Funding	£186,584	£204,650
Surplus/(Deficit)	(£12,358)	£149

Expenditure above has been split into three main areas:

- **Services delivered specifically for the population of Midlothian.** These services are managed locally by the Midlothian Partnership – shown under Health and Social Care.
- **Hosted Services** – these are health services managed either by the Edinburgh, East Lothian and West Lothian Partnerships or managed by NHS Lothian on a pan-Lothian basis. These services included Mental Health Services, Learning Disability Services, Substance Misuse Services, Rehabilitation services, General Dental Services, General Pharmaceutical Services and General Ophthalmic Services. This is the IJB's agreed share of these services.
- **Set Aside Services** – these are services delivered in the main acute hospitals (Royal Infirmary of Edinburgh, Western General Hospital and St. John's Hospital) and managed by NHS Lothian. This is the IJB's agreed share of these services.

6 Corporate Service

Included in the above costs are the following corporate services

IJB Corporate Costs	2023/24 £000's	2024/25 £000's
Staff (Chief Officer)	£56	£59
CNORIS	£3	£3
Audit Fee	£33	£34
Total	£92	£96

As noted above, the Chief Finance Officer is not charged to the IJB.

7 Related Party Transactions

Related parties are organisations the IJB can control or influence or who can control or influence the IJB. As Partners in the Joint Venture of Midlothian IJB, both Midlothian Council and NHS Lothian are related parties and material transactions with those bodies are shown in line with the requirements of IAS 24 Related Party Disclosures.

There are elements of expenditure which are shown against NHS Lothian above but where the resources are used for the Social Care services delivered by Midlothian Council, in particular these include resource transfer and social care funds.

In the 2024/25 financial year the following transactions were made with NHS Lothian and Midlothian Council relating to integrated health and social care functions.

Income:	2023/24	2024/25
Payments for integrated functions	£000's	£000's
NHS Lothian	£129,168	£135,578
Social Care	£57,416	£69,072
Total	£186,584	£204,650

Expenditure:	2023/24	2024/25
Payments for delivery of integrated functions	£000's	£000's
NHS Lothian	£132,906	£135,018
Social Care	£66,036	£69,483
Total	£198,942	£204,501

In addition, a range of support services are provided to the IJB by each partner organisation. These functions are not formally delegated under the integration scheme; however, they remain essential to maintaining the IJB's operational infrastructure. Such services include, but are not limited to, Human Resources, Information Technology, and other corporate support functions.

8 Short Term Debtors

Owed to the IJB at 31 March 2025	2023/24 £000's	2024/25 £000's
Funding due from NHS Lothian	£381	£941
Funding due from Midlothian Council	£418	£7
Total	£799	£948

9 VAT

The IJB is not VAT registered. The VAT treatment of expenditure in the IJB's accounts depends on which of the Partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excluded any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the Commissioning IJB.