Midlothian Integration Joint Board (IJB)

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Unaudited Annual Accounts 2025/26

The Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2025 to 31 March 2026, 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 2025/26.

Contents

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 2025 to 31 March 2026 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

Section 1 – Performance Report

Section 1.1 – Management Commentary Introduction

The management commentary considers the work and financial performance of Midlothian Integration Joint Board (MLIJB) during the financial year 2025/26. It provides an overview of the role, remit, 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.

We 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.

The third Strategic Plan for 2025-2035 was approved and published in November 2025.

Our Vision and Objectives

The Scottish Government measures our performance on Health and Wellbeing Outcomes.

		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 measure our performance against the objectives in our Strategic Plan.

The Midlothian Integration Joint Board Strategic Plan 2025–2035, published in November 2025 sets out the long-term vision and priorities for integrated health and social care across Midlothian. Developed in partnership with Midlothian Council, NHS Lothian and local communities, the Plan provides the overarching strategic framework for how the IJB will plan services, allocate resources and deliver improved health and wellbeing outcomes. Covering the period from November 2025 and subject to formal review every three years, the Strategic Plan underpins the IJB's financial planning arrangements, including the annual budget setting process, the Medium-Term Financial Strategy, and the issuing of Directions to partner organisations, which translate strategic priorities into operational and financial commitments.

The Strategic Plan is centred on three core strategic aims:

- supporting people to stay well and prevent ill health
- ensuring access to care and support in the community and at home
- and promoting people's rights through person-centred and equitable services

These priorities directly inform decisions on the allocation of the IJB's integrated budget and the prioritisation of investment across services. The Plan explicitly recognises that available resources are not expected to keep pace with increasing demand driven by population growth, demographic change and complexity of need. As a result, the IJB must make difficult financial choices, including service redesign and reprioritisation, to ensure resources are used to achieve best value and deliver sustainable outcomes.

In this context, the Strategic Plan outlines a programme of transformation focused on prevention, early intervention and shifting the balance of care towards community-based provision. This approach is intended to improve long-term financial sustainability by reducing reliance on more costly acute services and enabling more effective use of limited resources. The Plan also highlights the constraints of annual funding settlements from partner bodies, which create challenges for longer-term financial planning and require ongoing review of priorities and resources. The Strategic Plan therefore plays also a critical role in linking financial planning, service delivery and performance management, ensuring that the IJB's resources are aligned with its strategic objectives and national outcomes while maintaining financial balance over the medium to long term.

Section 1.2 – Annual Performance Report - Operational

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Performance

The Partnership has continued to deliver services in a highly complex and demanding environment. Demand for care and support has remained consistently high, with increasing complexity of need across older people, adults with long-term conditions, and those experiencing mental health challenges. Despite these pressures, the Partnership has maintained a clear focus on improving outcomes, reducing inequalities, and progressing its strategic shift towards prevention and community-based care.

Key Achievements

During the year, the Partnership has delivered significant progress across a range of priority areas:

Strengthening Community-Based Care and Prevention

- Expansion of home-first and anticipatory care approaches, supporting more people to remain safely at home and avoid unnecessary hospital admission.
- Continued development of multi-disciplinary community teams, improving coordination of care and enabling more timely, person-centred support.
- Increased focus on preventative interventions, including falls prevention, wellbeing support, and early identification of risk, helping to reduce deterioration and crisis presentations.
- Enhanced support to care homes, including clinical input, workforce support, and use of digital tools to improve resident care and reduce avoidable escalation.
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These approaches align with wider system evidence demonstrating the benefits of community-first models in reducing hospital demand and improving outcomes.

Service Transformation and Pathway Redesign

- Redesign of key care pathways, improving flow through services and reducing duplication between health and social care provision.
- Implementation of integrated assessment and triage processes, enabling people to access the right support more quickly.
- Development of unscheduled care pathways, supporting more effective management of demand across acute and community settings.
- Progression of primary care improvement initiatives, strengthening the resilience and sustainability of community-facing services.

Improving Quality and Safety

- Targeted quality improvement programmes have strengthened care planning, documentation, and risk assessment, addressing areas of identified variation.
- Enhanced governance and oversight arrangements have supported greater consistency in service delivery and clearer accountability.
- Learning from reviews, complaints, and audits has been embedded into practice, supporting continuous improvement across services.

Digital Innovation and Data

- Increased use of digital consultations and virtual support models, improving access and flexibility for service users and staff.
- Expansion of data sharing and reporting tools, supporting more informed decision-making and improved performance management.
- Use of technology to support care delivery, particularly within care homes and community settings, enabling more proactive and preventative care.

Partnership and System Working

- Continued strengthening of integration across NHS, local authority, and third sector partners, enabling more joined-up services.
- Development of collaborative approaches to service delivery, including joint planning, shared resources, and coordinated responses to system pressures.
- Active participation in regional and national programmes, ensuring alignment with wider system priorities and access to shared learning.

Hosted Services

The Midlothian Partnership continues to play a key role in delivering hosted services on behalf of partner organisations and the wider system.

Over the past year, hosted services have:

- Delivered specialist services at scale, supporting multiple Partnerships and ensuring equitable access to high-quality provision
- Enabled greater consistency in care and practice, through shared standards, expertise, and governance arrangements
- Improved efficiency and reduced duplication, by centralising delivery and coordinating resources across system partners
- Supported key system priorities, including transformation programmes and regional service delivery

Progress has also been made in strengthening:

- Governance and accountability, with clearer reporting arrangements and performance oversight

- Performance management, ensuring hosted services are aligned to local and national expectations
- Integration with local services, improving coordination and patient/service user pathways

Performance Overview

Performance across national and local indicators reflects a mixed picture. There has been positive progress in areas aligned to prevention, community support, and service redesign. However, sustained pressures remain in services where demand continues to exceed capacity.

Ongoing areas of focus include improving access, reducing waiting times, strengthening system flow, and ensuring consistent delivery of high-quality services across all areas.

Key Challenges

In addition to financial pressures, the Partnership has faced a number of significant operational challenges:

- Rising demand and complexity of need
  Increasing numbers of individuals requiring support, often with multiple and complex conditions, have placed sustained pressure on services.
- Workforce capacity, recruitment, and wellbeing
  Ongoing challenges in recruiting and retaining staff, alongside the need to support workforce wellbeing, have impacted service resilience and sustainability.
- System flow and delayed transitions of care
  Continued pressures across hospital and community settings have affected the timely movement of individuals through the system, impacting capacity and performance.
- Variation in service delivery and quality
  Ensuring consistent standards across all services remains a key focus, particularly in areas such as documentation, care planning, and risk management.
- Integration and organisational complexity
  Differences in systems, processes, and governance across partner organisations continue to create barriers to fully seamless service delivery.
- Digital maturity and data integration
  While progress has been made, further work is required to improve data quality, interoperability, and real-time performance reporting.

The National Indicators (TBC)

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

Section 1.3 – Future Plans – Bold and Sustained Transformation

Public sector finances across Scotland continue to face significant pressure. The wider economic climate, including ongoing cost of living pressures, increases demand for health and social care services while limiting the funding available. These challenges are compounded by a growing and ageing population, increasing levels of frailty and long-term conditions, and rising complexity in the care and support required. Workforce shortages and constrained resources further impact the sustainability of existing models of care.

In response, the IJB recognises the need for sustained transformation to ensure services remain financially and operationally sustainable. The refreshed Strategic Plan and Medium-Term Financial Strategy provide the framework for this change, setting a clear direction towards prevention, early intervention, and more integrated, person-centred models of care.

During 2025/26 and into 2026/27, this transformation was supported by a programme of financial recovery actions and savings schemes, designed to address the gap between available funding and the cost of delivering services. These actions focus on redesigning services, managing demand more effectively, and ensuring that resources are directed towards areas of greatest need and impact.

While necessary, these changes require careful management to balance financial sustainability with the continued delivery of safe and effective care.

The Transformation Programme Board has continued to oversee and coordinate this work. The programme is focused on:

strengthening community-based services and reducing reliance on acute and specialist care increasing investment in early intervention, prevention and self-management promoting person led and strengths-based approaches to care improving access to services, including through a more streamlined “single point of access” ensuring resources are aligned to strategic priorities, which may require changes to how services are delivered.

Delivery of this programme is supported by a number of enabling factors, including financial planning and resource management, workforce development, improved data and insight, engagement with carers and communities, and the use of digital solutions to improve access and efficiency.

This transformation agenda is essential to addressing the long-term financial challenges identified within the MTFS. However, it also carries a level of financial and

operational risk, particularly where savings depend on changes to service models, workforce availability, and the timing of benefits. The IJB will continue to work closely with its partners to manage these risks and ensure that transformation supports both improved outcomes and financial sustainability.

Section 1.4 – IJB Financial Performance in 2025/26

The Comprehensive Income and Expenditure Statement in Section 4 show that the IJB finished the Financial Year 2025/26 with a surplus of £0.845m. This is not, however, an indication of the financial stability of the IJB as the reported surplus is a result of an increase in the level of Earmarked Reserves held by the IJB. This means that, while the IJB ended the year in surplus, the underlying cost of delivering services continued to exceed the recurring funding available.

The increase in Earmarked Reserves reflects elements of Scottish Government funding for Unscheduled Care. This is due to the timing of expenditure against planned delivery rather than an underspend in underlying funding.

The funding has been set aside to support the continued delivery of agreed Unscheduled Care initiatives, where implementation is ongoing and spans financial years. The use of an earmarked reserve ensures that resources remain aligned to their intended purpose and are available to complete delivery of planned service improvements. The use of reserves remains carefully managed to support agreed priorities while recognising that reserves are not a sustainable solution to underlying financial pressures.

The underlying financial position for delegated services remains challenging, with expenditure in year exceeding funding in both Health and social care leaving the Midlothian IJB with an operational over-spend of £4.379m, representing just over 2% of the overall funding received in 2025/26.

Summary of the Underlying Financial Position for the year ending 31 March 2026

Financial Position Breakdown	Health £000's	Social Care £000's	MLIJB £000's
Funding for Delegated Services Income received from Midlothian Council and NHS Lothian in 2025/26	143,570	71,748	215,318
Total Expenditure Total costs incurred in the delivery of services in 2025/26	145,122	74,575	219,697
Current year Additional Payments Required One off income contribution received to ensure the IJB achieved financial balance	1,552	2,827	4,379
% Value of additional income required	**1.08%**	**3.94%**	**2.03%**

These over-spends were supported by both Partners in line with the Integration Scheme. This reflects the continued financial pressure across delegated services and highlights the ongoing challenge of delivering financial balance on a recurring basis within the resources available.

The charges (shown as expenditure in the Summary Table above) made by Midlothian Council to the IJB reflect the net direct costs of delivering social care services in Midlothian.
The charges from NHS Lothian are based on the health budget model agreed by the IJB. For services that are delivered locally by the Midlothian Health and Social Care Partnership (core services), these charges reflect the actual net costs of providing services in Midlothian.

Some services used by Midlothian residents are delivered across Lothian rather than locally. These include hosted services and "set aside" services, which are managed on a pan-Lothian basis. The costs of these services are shared across the four Lothian Integration Joint Boards in line with the agreed budget model.
For 2025/26, Midlothian IJB's share of these costs is 10% for hosted services and, in general, 10% of the Lothian share of set aside services and non-cash limited budgets.

How the IJB spent its funds in 2025/26

IJB Services	Revised Budget £000's	Actual Outturn £000's	Outturn Variance £000's
Joint Older People Services	33,793	34,418	624
Joint Mental health Services	7,417	7,550	133
Joint Learning Disability Service	25,259	28,992	3,733
Joint Alcohol and Drugs Service	1,144	1,136	(7)
Physical Disability Service	4,669	4,922	254
Primary Care	36,256	36,861	606
Prescribing	21,166	22,295	1,128
Community Hospitals	7,455	7,542	87
Community Nursing	12,667	12,230	(436)
Other Core Health Services	10,489	9,891	(598)
Other Hosted Services	9,242	8,858	(384)
Non-Cash Limited	14,798	14,798	0
Health Set Aside	21,656	22,611	954
Other Social Care	9,308	7,593	(1,715)
NHSL/MLC Additional Contributions	4,379	0	(4,379)
	219,697	**219,697**	**0**

The financial position reflects a combination of demand-led pressures, market factors, and the timing of recovery actions across both Health and Social Care services.

Health:
The key financial pressures within Health services are driven by rising demand, increasing complexity, and cost inflation.

- As in previous years, the biggest pressure on the health budget comes from the cost of medicines prescribed. Spending on medicines is higher than the budget because prices are rising and more people need prescriptions.

  Some medicines are new and cost more when they are first used. At the same time, more prescriptions are being issued because Midlothian's population is growing, and people are living longer. Many people need extra support to stay well, which increases the need for medication.

- In addition to prescribing pressures, increasing clinical complexity and multimorbidity have contributed to higher service demand, placing additional pressure on community and primary care services.

- Health Set Aside services continue to be a pressure for the IJB, mainly driven by Emergency and General medicine services provided across the acute sites in NHS Lothian as well as growing pressures linked to Diabetes technology and Medicine of the Elderly care again across the hospital sites.

Social Care:

- In Social Care services, the overspend was primarily driven by rising demand and increasing complexity of care needs. During 2025/26 work commenced to support increased governance around the allocation of spend across care packages. This work will continue in 2026/27 and will be a key action in out Medium-Term Financial Strategy.

  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.

Financial recovery actions continue to be in place across both Health and Social Care, with a focus on service redesign, demand management and cost control. While some actions introduced during 2025/26 did not deliver full year financial benefit due to lead-in times, these remain central to the IJB's ongoing approach to managing financial pressures in partnership with NHS Lothian and Midlothian Council.

These pressures are consistent with those facing Integration Joint Boards across Scotland, reflecting rising demand for health and social care services, workforce pressures and wider cost inflation.

Funding for the IJB

The IJB is funded by Midlothian Council and NHS Lothian. This funding is used to provide the services the IJB is responsible for under the Integration Scheme.

Each year, before the start of the financial year, both partners confirm the level of funding they will provide. The IJB reviews these funding offers and decides whether to accept them. This decision is informed by guidance issued by the Scottish Government as part of the national budget process.
In March 2026, the IJB accepted the funding offers from both NHS Lothian and Midlothian Council.

These funding arrangements are an important part of how the IJB works in partnership with NHS Lothian and Midlothian Council to plan and deliver health and social care services locally.

NHS Lothian provides funding for:

- **Health services in Midlothian, including:**
    - Local hospitals
    - Community health services
    - GP (doctor) services
    - Other primary care services, such as dentists, opticians and pharmacies

- **Health services used by Midlothian residents but delivered across Lothian, including:**
    - Inpatient mental health services at the Royal Edinburgh Hospital
    - Specialist services like Dietetics, Podiatry and Hospice and Palliative Care

- **Unplanned hospital care for Midlothian residents, such as emergency and urgent treatment.**
    - This care is provided at the Royal Infirmary of Edinburgh, the Western General Hospital and St John's Hospital. The budget for this care is held by NHS Lothian on behalf of the IJB and is known as "set aside" funding.

Midlothian Council provides funding for:

- **Support at Home and in the Community**
    - Care at Home services, supporting people to live independently in their own homes

    - Day services and other community-based support
- **Housing support services**
    - Residential and Specialist Care
    - Residential and nursing care, including care home placements
    - Support for people with learning disabilities
    - Services for people with physical disabilities and long-term conditions
- **Health and Wellbeing Support**
    - Community mental health services and support
    - Support for unpaid carers
- **Assessment, Care Management and Protection**
    - Assessment and care management, including social work support and care planning
    - Adult protection and safeguarding services

Reserves

The Midlothian IJB did not hold any general reserves at the end of 2024/25. As a result, no reserves were available to manage unforeseen financial pressures in 2025/26. This limits the IJB's financial resilience and reduces its ability to respond to emerging cost pressures or changes in demand.

In response, the IJB has reviewed its Reserve Policy. The updated policy was approved by the Audit and Risk Committee during 2025/26, with final approval by the Board planned for 2026/27. The policy confirms that reserves should be built up through planned underspends against operational budgets and must be clearly linked to formal Directions issued by the Integration Joint Board, in line with the Integration Scheme. Where an underspend is not linked to a Direction, the funding will be returned to the relevant partner organisation.

The policy also sets out an appropriate level of reserves, based on the scale and responsibilities of the IJB, at around 2% of net expenditure.
The absence of a general reserve means the IJB remains reliant on partner funding to manage in-year pressures or unexpected costs. This presents both financial and operational risks for the IJB and its partner organisations.

Financial and Risk Outlook

Medium Term Financial Planning

Each year, the IJB updates its financial plan to reflect the most up to date information available. The plan combines current financial data with future projections to estimate the likely financial position over the next three to five years. This allows the IJB to understand how changing demand, costs, and funding levels may impact services over time.

This approach ensures we are always looking forward and clearly understand the resources we need to provide the right treatment, care, and support in Midlothian. By planning over several years, the IJB can accurately plan,
see trends, and identify financial risks early. This will ensure we make informed decisions about where to invest, redesign, or disinvest by aligning our financial planning with wider strategic priorities, such as prevention, early intervention, and sustainable models of care.

Budget Setting for 2026/27

At the March 2026 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 2026/27. This plan was underpinned by the delivery of £6.6 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.

Midlothian IJB 2026/27 Financial Plan Position

Spend Type	Agreed Budget £000's	Expected Expenditure £000's	Financial Gap £000'
Health	113,660	117,564	3,904
Social Care	75,120	78,014	2,894
Total	**188,780**	**195,578**	**6,798**

The Medium-Term Financial Strategy

The Integration Joint Board operates in a financial environment that requires planning beyond a single financial year. In response to this, the IJB maintains a Medium-Term Financial Strategy (MTFS), which provides a forward-looking assessment of the key financial pressures and risks facing the organisation over the next three financial years. The MTFS reflects the anticipated impact of continued demand growth, demographic change, workforce pressures, inflation, and the cost of existing and new treatments across both Health and Social Care services. It also recognises the ongoing reliance on non-recurring measures and partner support to achieve financial balance, which presents a significant sustainability challenge.

The MTFS will be updated regularly to reflect the most up-to-date assumptions, funding information, and policy direction from both the Scottish Government and partner organisations. It is a key tool used by the IJB to understand the scale of its financial challenge, inform decision-making, and support the prioritisation of financial recovery and service redesign actions.

While the MTFS identifies significant projected funding gaps in future years, it does not represent a fixed plan. Instead, it provides a framework for ongoing engagement with partners and stakeholders on the actions required to deliver financially sustainable health and social care services for the population of Midlothian.

The table below summarises the projected funding gap identified through the current Medium Term Financial Strategy for the period 2026/27 to 2028/29. These projections are indicative and subject to change as funding assumptions, service demand, policy decisions and financial recovery plans are further developed.

Spend Type	**Financial Year: 2026/27 - £m**	**Financial Year: 2027/28 - £m**	**Financial Year: 2028/29 - £m**
Social Care	(3,904)	(5,704)	(7,504)
Health	(2,893)	(3,343)	(6,176)
Total	**(6,797)**	**(9,047)**	**(13,680)**

Addressing these projected financial pressures will require sustained collaboration with NHS Lothian and Midlothian Council, difficult decisions regarding service delivery, and continued focus on prevention, demand management and transformation. The IJB will continue to use the MTFS as a core component of its financial governance and oversight arrangements.

Key Financial Risks

The main financial pressures facing the IJB remain consistent with those outlined in the 2024/25 Annual Accounts. These pressures are significant and ongoing, reflecting both national trends and local challenges within Midlothian.
The IJB continues to face a number of financial risks. A key risk is that partner organisations may not be able to provide sufficient additional funding to support increasing demand and cost pressures.

Other Pressures include:

Demographic Pressures
Midlothian has the second 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.

Workforce
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.

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.

These pressures are not unique to Midlothian and are experienced across Scotland. They include rising costs associated with staff pay and conditions, increasing demand for services, the cost of existing medicines, the introduction of new treatments, and wider inflationary pressures.

These factors are reflected in the IJB's Medium Term Financial Strategy and will continue to influence future financial planning and decision-making.

Strengthening Financial Oversight

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 2026/27, 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.

Val de Souza, IJB Chair.

Morag Barrow, Chief Officer.

Eleonora Ho, Interim Chief Finance Officer.

Section 2 – Accountability Report

Section 2.1 - Membership and meetings of the IJB

The IJB met 8 times in 2025/26 for formal business meetings. We also met for 4 IJB Development sessions and 3 financial briefings.

The members of the IJB as of March 2026 are as follows:

Member	Nominated/Appointed by	Role
Val de Souza	Nominated by NHS Lothian	Voting Member, Chair
Connor McManus	Nominated by Midlothian Council	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
George Gordon	Nominated by NHS Lothian	Voting Member
Heather Campbell	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 Paul Bailey	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
Sheree Muir	Appointed by the IJB	Lived Experience Representative
Vacant		Volunteer Representative
Vacant		Carer Representative

Notes

Chris King was the IJB's Chief Finance Officer until 26th of March 2026. Eleonora Ho has been appointed in April 2026 as Interim Chief Finance Officer until a permanent appointment can be made.

Section 2.2 – 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

Val de Souza, IJB Chair**.**

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 2026 and the transactions for the year then ended.

Eleonora Ho, Interim Chief Finance Officer

Section 2.3 - 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 2025/26 (Previous Year: nil). The Chair of the IJB in 2025/26 was Val de Souza who is a non-executive member of the NHS Lothian Board, the Vice Chair was Councillor Connor McManus (who is an elected member of Midlothian Council).

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 Chair of the IJB in 2025/26 (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 must 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.

Chris King was Chief Finance Officer until the 26th of of March 2026, was employed by NHS Lothian and had two roles – Midlothian IJB's Chief Finance Officer and an operational role in the NHS Lothian Finance team as Finance Business Partner. On that basis, 50% of the total remuneration for Chris King between 1st April 2025 and 26th March 2026 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	2024/25 £	2025/26 £	Full Year Equivalent £
Morag Barrow	59,048	62,700	62,700
Chris King	11,832	43,163	43,763

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 2025 £	For year to 2026 £
Morag Barrow	12,241	14,108
Chris King	2,662	9,712

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 of 31 March 2025) £000's	Lump Sum (as of 31 March 2025) £000's	Pension (as of 31 March 2026) £000's	Lump Sum (as of 31 March 2026) £000's
Morag Barrow	30	82	34	86
Chris King	9	0	12	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 2024/25	Remuneration Band	Number of Employees in Band 2025/26
1	£55,000 - £59,999	0
0	£60,000 - £64,999	1
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 2025/26 (2024/25: nil).

Val de Souza

Val de Souza, IJB Chair.

Morag Barrow, Chief Officer.

Section 2.4 – Annual Governance Statement 2025/26

Introduction

The Annual Governance Statement explains the MIJB's governance arrangements and system of internal control and reports on their effectiveness.

Scope of Responsibility

The MIJB is responsible for ensuring that its 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 meet this responsibility, the MIJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the MIJB's 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 those of the MIJB. The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the MIJB 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.

The current MIJB Local Code of Corporate Governance (MIJB Local Code), which was approved by the Board on 8 April 2021, sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The MIJB Local Code reflects the changing context of integration and is consistent with the principles and recommendations of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users 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 MIJB Local Code in existence during 2025/26 included:

A. 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 standing orders were reviewed at the MIJB Audit & Risk Committee in September 2025 and no changes were proposed in the review and this was approved by the MIJB Board in February 2026.

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, the MIJB is 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.

The MIJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the MIJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the 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 the MIJB Chief Officer supported by Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

B. 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 documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plans of the Health and Social Care Integration Joint Board were developed following consultations with interested parties including members of the public.

The Board develop and approved the Midlothian IJB Participation Statement 2025-2028 in October 2025. This was developed following the completion of a self-assessment process utilising the Healthcare Improvement Scotland Quality Framework for Community Engagement and sets out how the Board will work alongside people and communities to strategically plan and direct delegated health and social care.

The Midlothian IJB complaints procedure was established in 2017, revised in 2021 and is currently being revised to be brought to the Audit & Risk Committee in 2026.Work is ongoing to revise the complaints processes in conjunction with Midlothian Council during 2026.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The vision, strategic objectives and outcomes are reflected in the Midlothian Health & Social Care Integration Joint Board Strategic Plan 2025-35 was approved in October 2025 and has been updated to reflect on-going assessment of need and priorities following public consultation and has review the sustainable economic, social and environmental benefits and challenges over the period of the plan. Implementation is underpinned by the associated Directions, on which progress reports are presented to the Board.

The Boards Strategic Plan 2025-2035 was foundationally shaped by the Midlothian IJB Joint Strategic Needs Assessment (JSNA) and clearly sets out the outcomes the Board hopes to achieve.

The board completes an Equality and Children's Rights Impact Assessment (ECRIA) for all of its new or revised strategies, plans, policies, provisions or practices where the impact on equality is not already known. All ECRIAs are published on the Midlothian Health and Social Care website.

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

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

In determining how services and other courses of action should be planned and delivered, the MIJB has a statutory responsibility to involve patients and members of the public.

The MIJB Strategic Plan is based on both routine engagement and statutory consultation to inform its review and update.

The statutory consultation plan for the Midlothian IJB draft Strategic Plan was approved by Midlothian IJB Board in June 2024. Substantial stakeholder consultation was undertaken in the development of the draft Midlothian IJB Strategic Plan 2025-2035.

The MIJB has issued Directions to the partners, in March 2025 for 2025/26 Directions for service delivery and for service redesign and recommissioning in line with the transformation programme.

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

The MIJB 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 MIJB. The MIJB Chief Officer also meets regularly with representatives from the partner organisations.

Members of the MIJB Board are provided with the opportunity to attend Development Sessions relevant to their role as part of their development programme. The MIJB has also undertaken a Self-Assessment, first completed in August 2023 with an improvement plan being approved. Midlothian IJB review this plan in April 2025 with formal approval the due from the MIJB Board in 2026.

A 3-year Integrated Workforce Plan 2025-28 was approved by the MIJB in February 2025 to allow delivery to the Scottish Government in March 2025. The Workforce This plan is aligned to the MIJB medium-term financial strategy and supports the delivery of the MIJB Strategic Plan 2025-2035 to improve outcomes for people and communities. Midlothian IJB awaits feedback from Scottish Government where after an improvement plan and a publication date will be agreed.

F. Managing risks & performance through robust internal control & strong public financial management

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

The MIJB has 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 MIJB Board in October 2024. The Midlothian IJB Performance Framework 2025-28 that accompanies the Strategic Plan clearly sets out the outcomes and measures that the IJB are utilising to track and evaluate its performance against, and regular risk reporting is completed to the MIJB Audit & Risk Committee.

The MIJB Chief Financial Officer is responsible for the proper administration of all aspects of the MIJB's financial affairs including ensuring advice is given to the Board on all financial matters.

The MIJB's 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; and
- Management of data in accordance with applicable legislation.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Shared Chief Internal Auditor of Midlothian Council was the MIJB's Chief Internal Auditor for 2025/26 whose role was to provide an independent and objective annual opinion on the effectiveness of the MIJB's internal controls, risk management and governance. This is carried out in conformance with the Global Internal Audit Standards as amended by the UK Public Sector Application note.

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

Performance Reports are regularly presented to the Board for monitoring and control of achievement of Improvement Goals. An Annual Performance Report for 2024/25 was presented to the IJB Board for review prior to publication in August 2025.

The Annual Accounts and Report for 2025/26 will set out the financial position in accordance with relevant accounting regulations and is being prepared.

Review of Adequacy and Effectiveness

The MIJB is required to conduct an annual review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment carried out by Internal Audit against the MIJB's Local Code of Corporate Governance; Internal Audit reports for the MIJB; External Audit reports for the MIJB; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and Midlothian Council) Internal Audit and External Audit reports.

In respect of the three improvement areas of governance identified by the MIJB in 2024/25, there have been developments during the year in all three of these. Specifically, the Medium-Term Financial Strategy 2025-2028 approved at the special Board Meeting in March 2026 provides a link to the Strategic Plan 2025-35 identifying 2 main strategic financial priorities. Transformation and feedback work remains ongoing to resolve the challenge of the current financial projections within that Medium Term Financial Strategy 2025-28 which reported a £13.68million annual overspend by the 2028/29 financial year. Financial monitoring processes are in place and risks are acknowledged including that MIJB's immediate focus must be on financial recovery to ensure stability limiting the ability to invest in service changes. The IJB Reserves Policy was updated and approved at the September 2025 Audit & Risk Committee

Improvement Areas of Governance

The review activity during the 2025/26 year outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

1 The Internal Audit of the IJB Strategic planning process identified that IJB management should ensure that the Consultation and Engagement Statement, Housing Contribution Statement and Market Facilitation plan were finalised as soon as possible, and this occurred at the IJB Board in October 2025.
2 The MIJB Medium Term Financial Strategy 2025-2028 approved at the March 2026 IJB Board projects a £13.68million annual overspend by the 2028/29 financial year and therefore continued focus on the transformation and feedback processes in place is required to ensure financial sustainability of the MIJB remains in place. Substantial control processes are in place and operating, however these must remain under review to ensure that they remain effective.
3 The MIJB review of the complaints process and policy remains to be complete in conjunction with Midlothian Council.

The implementation of these actions to enhance the governance arrangements in 2026/27 will be driven and monitored by the MIJB Chief Officer and Chief Financial Officer to inform the next annual review. Internal Audit work planned in 2026/27 is designed to test improvements and compliance in governance.

Look forward on Governance in 2026/27

During 2026/27 the following key areas of governance will be developed as part of the ongoing programme of improvement and development for the MIJB:

- The refresh of the MIJB Local Code of Corporate Governance will also be put forward for MIJB approval.

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the MIJB's governance arrangements and system of internal control, while recognising that further improvements are required to fully demonstrate compliance with the Local Code for the MIJB 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

Morag Barrow, Chief Officer

Section 3 – Independent Auditor's Report

To follow

Section 4 – Financial Statement

Section 4.1 - 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

2024/25 Net Expenditure £000's		Notes to the Accounts	2025/26 Net Expenditure £000's
135,018	Health Care Services - NHS Lothian		143,432
69,483	Social Care Services - Midlothian Council		74,575
204,501	**Cost of Services**	**3**	**218,007**
(204,650)	Taxation and Non-Specific Grant Income	3	(218,852)
(149)	**(Surplus)/Deficit on Provision of Services**		**(845)**

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.

Section 4.2 - Movement in Reserves Statement

This statement shows the movement in year of reserves held by the Midlothian Integration Joint Board.

Movement in Reserves	Notes to the Accounts	31/03/2026 £000's	31/03/2025 £000's
Usable Reserves - brought forward		(948)	(799)
Deficit/(Surplus) or provision of Services		(845)	(149)
Closing Balance, carried forward	**1**	**(1,793)**	**(948)**

Section 4.3 - 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

31/03/2025 £000's	Balance Sheet	Notes to the Accounts	31/03/2026 £000's
	Net Current Assets		
948	Debtors	6	1,793
0	Creditors: amounts falling due within one year		0
948	**Total assets less current liabilities**		**1,793**
	Capital and Reserves		
(948)	Earmarked Reserves	1	(1,793)
0	General Reserves	1	0
(948)	**Total Reserves**		**(1,793)**

Eleonora Ho, Interim Chief Finance Officer.

Section 4.4 - Notes to the Financial Statements

1. Significant Accounting Policies

1.1. General Principles

The Financial Statements summarise the IJB's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026.
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 2025/26, 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.

1.2. Basis of Preparation

The IJB financial statements for 2025/26 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 (2025/26), 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 2026/27, and a medium-term financial plan has been prepared through to 2029. 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.

1.2. 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

1.3. 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.

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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.

1.8. 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 of 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 £1,793,000 on 31 March 2026.

General Fund	31/03/2025 £000's	Movement £000's	31/03/2026 £000's
Earmarked Reserves			
Embedding a gender informed effective response to domestic abuse project	(7)	0	(7)
Unscheduled Care	(941)	(845)	(1,786)
General Reserves	0	0	0
Total Usable Reserves	(948)	(845)	(1,793)

1.9. 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 2025/26 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.

1.10. 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 2025/26 Code.

There are no new or amended Accounting Standards issued but not yet adopted that will have a material impact on the 2025/26 Annual Accounts.

1.11. 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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year.

1.12. 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.

2. 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.

3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the funding available to the IJB, in the form of partner contributions, has been used in providing services.

2024/25 Net Expenditure £000's	Service Type	2025/26 Net Expenditure £000's
33,280	Joint Older People Services	34,418
7,246	Joint Mental health Services	7,550
26,080	Joint Learning Disability Service	28,992
1,000	Joint Alcohol and Drugs Service	1,136
4,235	Physical Disability Service	4,922
31,420	Primary Care	36,758
22,325	Prescribing	21,450
7,298	Community Hospitals	7,542
11,948	Community Nursing	12,230
10,568	Other Core Health Services	9,891
7,748	Other Hosted Services	8,116
13,679	Non-Cash Limited	14,798
20,728	Health Set Aside	22,611
6,947	Other Social Care	7,593
204,501	**Cost of Services**	**218,007**
(204,650)	Delegated Funding	(218,852)
(149)	**(Surplus) or Deficit on Provision of Services**	**(845)**
(799)	Opening General Fund Balance	(948)
(149)	(Surplus) or Deficit in Year	(845)
(948)	**Closing General Fund Balance**	**(1,792)**

4. Corporate Service

Included in the above costs are the following corporate services

Corporate Costs	2024/25 £000's	2025/26 £000's
Staff (Chief Officer)	59	63
CNORIS	3	3
Audit fee	34	35
Total	**96**	**101**

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

5. 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.

In the 2025/26 financial year the following transactions were made with NHS Lothian and Midlothian Council relating to integrated health and social care functions.

Income received from the two parties:

Partner	2024/25 £000's	2025/26 £000's
NHS Lothian	135,578	144,277
Midlothian Council	69,072	74,575
Total	**204,650**	**218,852**

Expenditure relating to the two parties:

Partner	2024/25 £000's	2025/26 £000's
NHS Lothian	135,018	143,432
Midlothian Council	69,483	74,575
Total	**204,501**	**218,007**

There are elements of expenditure which are shown against NHS Lothian, 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 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.

6. Short Term Debtors

Partner	2024/25 £000's	2025/26 £000's
Funding due from NHS Lothian	941	1,786
Funding due from Midlothian Council	7	7
Total	**948**	**1,793**

7. 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.