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Agenda Item: 6

Performance and Audit Committee

Date of Meeting: 23 September 2026.

Subject: Annual Accounts for Financial Year 2025/26.

1. Purpose

1.1. To present the Annual Accounts for financial year 2025/26 for members' approval.

2. Recommendations

It is recommended:

2.1. That the Annual Accounts for financial year 2025/26, including the Annual Governance Statement, attached as Appendix 1 to this report, be approved.

3. Background

3.1. A requirement exists for each Integration Joint Board to prepare an annual set of accounts which are to be publicised by 30 June each year.

3.2. The accounts are then subject to an external audit verification process which concludes with an independent opinion being expressed on the accuracy and/or quality of the financial statements themselves.

3.3. The Chief Finance Officer is responsible for the preparation of the Orkney Integration Joint Board's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"), are required to give a true and fair view of the financial position of the Orkney Integration Joint Board at the financial year end and its income and expenditure for the year ended 31 March.

3.4. Local Authorities and Health Boards will continue to use the existing guidance in the preparation of their financial statements as well as consolidate the Integration Joint Board as a joint arrangement.

3.5. The draft Annual Governance Statement and accounts were submitted to the Performance and Audit Committee of the Orkney Integration Joint Board on 24 June 2026 for scrutiny.

4. Main Issues

4.1. The Annual Accounts for the year ended 31 March 2026, attached as Appendix 1 to this report, have been prepared in accordance with proper accounting practice as required by sections 12 and 14 of the Local Government in Scotland Act 2003.

4.2. Proper accounting practices include compliance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee.

4.3. The Management Commentary, comprising pages 3 to 20 of the Annual Accounts, provides an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2026. These matters are summarised as follows:

- The Orkney Integration Joint Board recorded total expenditure of £81.42 million against a final budget of £82.379 million, resulting in an underspend of £0.959 million. The final outturn showed a surplus of £0.959 million following the additional funding allocations from NHS Orkney and Orkney Islands Council received during the year, with this amount returned to earmarked reserves.
- Workforce shortages continued to create significant financial pressures, particularly through the use of agency and locum staff. Agency expenditure was £6.0 million, partly offset by £2.8 million of staffing underspends arising from vacancies, resulting in a net staffing pressure of £3.2 million.
- NHS Orkney's Set Aside budget increased from £9.899 million to £12.670 million during the year. The increase reflected pay and other uplifts, the 2025/26 budget setting exercise and Agenda for Change adjustments. The principal cost pressures remained agency and locum cover for medical and nursing vacancies, alongside increases in drug prices and demand.
- The Orkney Integration Joint Board's baseline budget for 2026/27 is £82.141 million, comprising £36.970 million for NHS Orkney commissioned services, £11.411 million for Set Aside services and £33.760 million for Orkney Islands Council commissioned services. An indicative Cash Releasing Efficiency Savings target of £0.570 has been set for NHS Orkney commissioned services, while Council commissioned services are required to take action to achieve savings of £2.4 million under the Financial Recovery Plan to operate within the approved revenue budget.
- The Financial Recovery Plan and 2026/27 budget were approved by the Integration Joint Board on 22 April 2026 and progress against the Recovery Plan will be reported regularly to the Board. Longer term transformation remains essential to sustain services in the context of workforce shortages, an ageing population, increasing complexity of need, growing demand for care at home and the additional costs associated with delivering services in a rural and island setting.

5. Contribution to quality

Please indicate which of the Orkney Community Plan 2025 to 2030 values are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	No.
Enterprise: To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
Equality: To encourage services to provide equal opportunities for everyone.	No.
Fairness: To make sure socio-economic and social factors are balanced.	No.
Innovation: To overcome issues more effectively through partnership working.	No.
Leadership: To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	Yes.
Sustainability: To make sure economic and environmental factors are balanced.	Yes.

6. Resource and financial implications

6.1. There are no resource or financial implications arising directly from this report.

7. Risk, equality and climate change implications

7.1. The Orkney Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded; properly accounted for; and used economically, efficiently and effectively.

7.2. There are no other risk, equality or climate change implications arising directly from this report.

8. Direction required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.

9. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

10. Author and contact information

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11. Supporting documents

11.1. Appendix 1: Annual Accounts 2025/26.



Orkney Integration Joint Board Annual Accounts 2025/26



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Management Commentary

1. Introduction

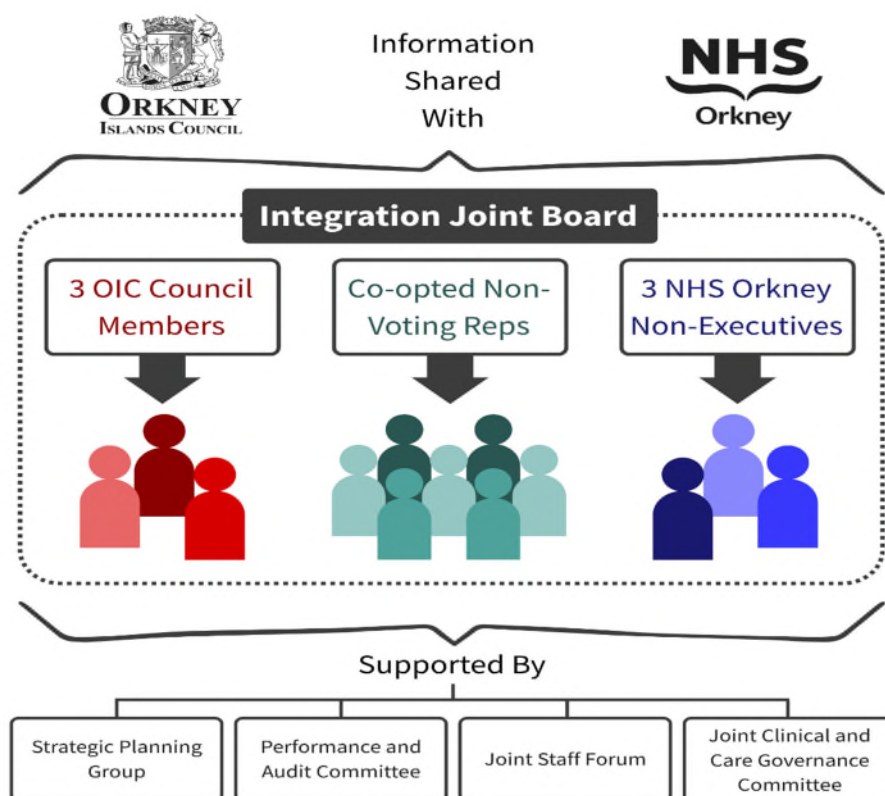
The Orkney Integration Joint Board (IJB) is required to prepare annual accounts under the Local Government (Scotland) Act 1973 and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

The Management Commentary outlines key messages regarding the objectives and strategy of the Orkney IJB, its financial and performance reporting for the 2025/26 financial year and provides an indication of risks which may impact upon the Orkney IJB moving forward.

2. Purpose and Objectives

The Orkney IJB is a legal entity established through a formal partnership between NHS Orkney and Orkney Islands Council (the Parties), as described in the Orkney Integration Scheme.

The Integration Scheme is a legally binding contract between the Parties. It sets out the make-up of the Integration Authority and how it will work.



Section 44 of The Public Bodies (Joint Working) (Scotland) Act 2014 requires the Local Authority and the Health Board to carry out a review of the scheme within a five-year period for the purpose of identifying whether any changes to the scheme are required.

A comprehensive review of the Integration Scheme was undertaken which was approved by NHS Orkney and Orkney Islands Council. The revised [Integration Scheme](#) was approved by Scottish Government in May 2022 with the next formal review due in 2026.

The [Medium Term Financial Plan 2025 - 2028](#), approved by the Orkney IJB on 2 July 2025, provides an overview of the key messages in relation to the Orkney IJB's financial planning for 2025/26 to 2027/28. It also provides an indication of the challenges and risks which may impact upon the finances of the Orkney IJB in the future.

The [Strategic Plan 2025 - 2028](#) was approved by the Orkney IJB on April 2025. This Plan sets out the detail of how the vision and strategic priorities are to be achieved over the lifetime of the Plan.

From the Parties, Orkney IJB commissions community health services, 'set aside' services and social care for its population of 22,500 (as at 2 February 2023).

[Appendix 1](#) details the Membership of the Orkney IJB as at 31 March 2026.

3. Strategic Plan

Following engagement with communities and stakeholders, the six previous Strategic Priorities contained within the Strategic Plan 2022 – 2025 were still felt to be relevant and required continuing into the next Strategic Plan. Throughout discussion it was felt that the "Supporting Older People to Remain in Their Own Homes" Priority should be renamed "Supporting People to Age Well".

The [Strategic Plan 2025 - 2028](#) identifies six priority areas to address the most pressing health and social care issues in Orkney:

1. Unpaid Carers.
2. Supporting People to Age Well.
3. Community Led Support.
4. Mental Health and Wellbeing.
5. Early Intervention and Prevention.
6. Tackling Inequalities and Disadvantage

More detailed outcomes and the actions required to achieve the ambitions of the Strategic Plan are contained within a Strategic Plan Delivery Plan. The Plan contains SMART objectives to accomplish and monitor progress towards addressing each of the six priority areas.

The [Strategic Plan Delivery Plan 2025/26](#) delivers an outline of the six Strategic Priorities, adopted by the Orkney IJB, as well as the intention of each Priority. The Strategic Plan Delivery Plan goes on to articulate specific outcomes, or milestones, relating to each Strategic Priority and, crucially, details of how the respective milestones will be measured. The Strategic Plan Delivery Plan was approved by the Orkney IJB in April 2025.

The Performance and Audit Committee receives quarterly progress updates via the Strategic Plan Priorities Progress Update report. Each quarter three Strategic Priorities are updated to enable members to see progress every six months on each Priority. In March 2026, the Committee received an update on all six Priority areas noting at the time of writing the position of all actions.

In April 2026, the Orkney IJB approved the Strategic Plan Delivery Plan 2026/27, subject to the amendments discussed at the Board meeting being incorporated. A final version will be shared with members via a Briefing Note.

4. Performance Reporting

Section 42 of the Public Bodies (Joint Working) (Scotland) Act 2014 states that each Integration Authority must prepare a performance report for the reporting year. The report sets out an assessment of performance in planning and carrying out its integration functions.

The Orkney IJB is working to ensure the content of the performance report is meaningful and useful for members. Performance reports are presented to the Performance and Audit Committee to analyse the data to check the root causes of the changes in performance rankings.

The Orkney IJB [Annual Performance Report](#) for 2025/26 provides updates of the Strategic Plan's progress.

Nine National Health and Wellbeing Outcomes

Nine National Health and Wellbeing Outcomes have been set by the Scottish Government and each IJB uses these outcomes to set their local priorities. Underpinning the National Health and Wellbeing Outcomes sits a core suite of integration indicators, which all HSCPs report their performance against. The published information available, which is available every two years, is as follows:

Indicator Description	Area	2021/22	2023/24	2025/26
Percentage of adults able to look after their health very well or quite well.	Orkney	93%	93.7%	92.6%
	Scotland	91%	90.7%	90.6%
Percentage of adults supported at home who agreed that they are supported to live as independently as possible.	Orkney	90%	77.7%	83.6%
	Scotland	79%	72.4%	73.6%
Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided.	Orkney	61%	68.1%	74.8%
	Scotland	71%	59.6%	63.9%
Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated.	Orkney	57%	68.2%	50.0%
	Scotland	66%	61.4%	65.0%
Total percentage of adults receiving any care or support who rated it as excellent or good.	Orkney	91%	82.5%	77.1%
	Scotland	75%	70.0%	72.1%
Percentage of people with positive experience of the care provided by their GP practice.	Orkney	88%	90.1%	89.2%
	Scotland	67%	68.5%	70.7%
Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life.	Orkney	81%	79.6%	89.2%
	Scotland	78%	69.8%	70.7%
Total combined percentage of carers who feel supported to continue in their caring role.	Orkney	43%	34.0%	32.3%
	Scotland	30%	31.2%	31.9%
	Orkney	85%	84.1%	88.5%

Indicator Description	Area	2021/22	2023/24	2025/26
Percentage of adults supported at home who agreed they felt safe.	Scotland	80%	72.7%	74.7%

National Indicators

Title	Orkney (previous data)	Orkney	Scotland	Year of latest data
Premature mortality rate per 100,000 persons.	356	271	426	2024
Emergency admission rate (per 100,000 population).	9,975	9,408	11,470	2025*
Emergency bed day rate (per 100,000 population).	81,589	87,405	108,988	2025*
Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges).	64	59	104	2025*
Proportion of last 6 months of life spent at home or in a community setting.	91.4%	91.4%	89.3%	2025*
Falls rate per 1,000 population aged 65+.	13.6	12.3	22.2	2025*
Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections.	70.7%	71.1%	83.1%	2025/26
Percentage of adults with intensive care needs receiving care at home.	69.5%	64.0%	64.7%	2024
Number of days people spend in hospital when they are ready to be discharged (per 1,000 population).	1,023	1,615	873	2025/26
Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency.	26.8%	20.1%	24.0%	2019/20

Note: * Data for 2024/25 is incomplete at time of writing, so 2024 has been used as a proxy for the financial year.

5. Operational Review

Throughout the 2025/26 financial year, there continued to be various staffing challenges and capacity levels, resulting in senior managers needing to focus their time more on ensuring safe operational delivery rather than strategic planning. However, despite this, progress continued to be made, including the following:

- Significant progress has been made on the 40-bed replacement residential care facility in Kirkwall, Kirkjuvagr House. The facility has now been completed and fully operational – with residents moving from St Rognvald house into this new facility in mid-September 2026.

- The Psychological Therapies and Child and Adolescent Mental Health Service continue to meet the Local Delivery Plan (LDP) 18-week waiting times. The national targets also continue to be met in relation to Substance Misuse and Dementia Post Diagnostic Support.
- An Older People/Frailty Workstream has been developed which has identified a range of actions being implemented, one of which was a Dementia Workshop which was held in March 2026.
- There is an increase in Care at Home hours delivered/number of service users.
- Continued progress in the shift from analogue to digital for telecare systems. In March 2026, over 60% of service users were using digital.
- During 2025/26 we continued to commission services from a number of Third Sector partners to assist us in progressing our early intervention agenda.
- In September 2024, the Orkney IJB approved the establishment of the All Age Nurse Led Psychiatric Liaison Team. In November 2025, the Team Lead commenced in post and work is ongoing to recruit to the other posts as regrettably we have been unable to recruit to these posts thus far. Significant work has been done to develop Standard Operating Procedures and liaise with key stakeholders.
- The strategic partnership with the Open University continues, with a number of individuals progressing through the Social Work sponsorship scheme. Two individuals successfully secured a place in 2025/26.
- The Council's "Growing A Sustainable Social Care Workforce" project has seen an increased interest in care posts with one Service being recruited to for the first time in many years.
- In partnership with UHI Orkney, an Introduction to a Career in Care six-week course continues to run with students being guaranteed an interview within a care setting. 18 students commenced the course within the last year.
- Significant work has been done to reduce oral surgery waiting times within the Public Dental Service and work within Public Dental Service continues as improvement opportunities associated with a new structure, revised skillset and improved partnership working with General Dental Services partners are looked at.
- Significant work has been done in relation to the Neurodevelopmental Pathway for children and young people with colleagues from across Health and Education. The Orkney IJB approved the establishment of two posts for tackling waiting numbers in July 2025.
- The Health Visiting Service is consistently delivering the 11 core contacts, being one of the only Health Boards to achieve this with face to face visits (including the ferry linked Isles).
- The Suicide Prevention Task Force developed a Suicide Prevention Action Plan for the period 2025/26.
- A local Public Service Reform group has been established and a Routemap to Reform for public services in Orkney has been approved by the Orkney IJB, NHS Orkney and Orkney Islands Council and submitted to Scottish Government.
- A paper was presented to the February 2026 meeting of the Orkney IJB which approved, in principle, use of the fourth wing of Hamnavoe House as a short breaks facility.
- In February 2026, the Orkney IJB approved the extension of funding for Distress Brief Intervention for a further two years which will enable time to identify recurring funding to permanently establish the service.
- In 2025/26, the Learning Disability and Autism Spectrum Disorder Nurse Service achieved the target of 100% Learning Disability Health Checks being offered.
- There has been collaboration with independent practices on the future Primary Care Improvement Plan to best meet the needs of the Orkney community.

- Throughout 2025/26, work has progressed on developing strong relationships with the Public Dental Services and the General Dental Services and there is now increasing levels of confidence about the ability for the General Dental Services to open registration for NHS patients in the near future.
- Orkney has continued to run a successful Childsmile campaign and Orkney is recognised to be a top performing service within Scotland.
- Wherever possible the Public Dental Service is committed to growing its own workforce and offering employment opportunities to the people of Orkney. This is evidenced by the recent recruitment to two trainee dental nursing positions. This offer allows applicants to be able to earn as they learn.
- Primary Care Services have engaged with community optometry and offered support, where possible, to achieve maximum capacity to allow more patient appointments to be held.
- The last 12 months saw the successful roll out and adoption of the PHIO app (an innovative digital assessment tool which allows patients with musculoskeletal conditions to access support for their conditions at any time), and following a review the initial 12 month period was extended for an additional two years.
- There has been significant progress in recruitment in Community Nursing which has seen the vacancy rate reduce from 50% to 15%.
- In 2023/24, the proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections in Orkney was 70.7%, in 2024/25 it rose to 92.1% meaning Orkney was second best in the country which was published in 2025/26.
- Completion rates for Community Payback Orders varied across Scotland in 2024/25 whereas Orkney saw their completion rate improve to 97% which was published in 2025/26.
- A range of governance documents have been reviewed and updated such as, the Risk Management Strategy and the Communication and Engagement Strategy.

Created and Future Workstreams:

- In April 2026, the All Age Nurse Led Psychiatric Liaison Team will commence a Hospital Liaison Service as a test for change.
- In April 2026, the Council's Corporate Leadership Team will be presented a Social Care Project Initiation Document (PID) for approval. The key areas of focus include shift patterns, career pathways, registration status and staff resources in Community and Social Care.
- In April 2026, the Orkney IJB approved the Financial Recovery Plan and Budget for 2026/27.
- Following the last Mental Welfare Commission visit in June 2025, a new action plan has been created to address their recommendations which will help improve service delivery.
- An ADHD Pathway will be developed by the end of March 2027.
- There is need to reconsider the age criteria for the Orkney Drugs and Alcohol Team in light of emerging trends.

6. National Care Service/Care Reform (Scotland) Act 2025

The Care Reform (Scotland) Act 2025, which received Royal Assent in 2025, replaces the earlier proposals set out in the National Care Service (Scotland) Bill. The Act does not establish a centralised National Care Service as originally envisaged. Instead, it focuses on strengthening and improving existing arrangements for the planning, commissioning and delivery of social care services across Scotland.

During the Bill's parliamentary passage, significant amendments were made, including the removal of Part 1, which had proposed the creation of a National Care Service as a national public body accountable directly to Scottish Ministers. As a result, IJBs have been retained and accountability for service delivery continues to rest at a local level.

The Act places greater emphasis on consistency of standards, improved collaboration, and enhanced oversight of social care services. It also enables the Scottish Government to introduce further measures through secondary legislation and guidance to support ongoing reform.

In addition, the Scottish Government has committed to establishing a non-statutory National Care Service Advisory Board to support continuous improvement and stakeholder engagement at a national level.

The Orkney IJB will continue to engage with the Scottish Government and partners to support the implementation of the Act and associated reforms.

7. Climate Change

The Climate Change (Scotland) Act 2009 and the subsequent Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 require public bodies to prepare a report on their compliance with climate change duties. This includes 'An integration joint board established by order under section 9(2) of the Public Bodies (Joint Working) (Scotland) Act 2014'.

The Climate Change Duties report is prepared on a Scottish Government prescribed standard template, including policies and emissions associated with the employment of staff, ownership and occupation of buildings, plant and vehicles, and the delivery of services.

As a consequence, the content of the report is very limited as the Orkney IJB does not directly deliver these services nor have any buildings or employ staff. The Scottish Government recognises this in the Guidance issued to Health and Social Care Partnerships, and representation has been made at the request of the Orkney IJB to make this reporting more meaningful.

The Climate Changes Duties report for 2025 was presented to the Orkney IJB in February 2026. Following a request in November 2022, both the NHS Orkney and Orkney Islands Council returns were noted along with the Orkney IJB to provide some additional context for members.

The Orkney IJB, the Performance and Audit Committee and the Joint Clinical and Care Governance Committee report templates all include a section on climate change implications to enable members to see where decisions can impact climate change.

8. Financial Management

The Orkney IJB's finances are overseen by the Chief Finance Officer. There is support from the Finance teams within NHS Orkney and Orkney Islands Council. There is also support from the Council's corporate services, who provide a range of services such as Human Resources, Corporate Governance and Legal Services.

Within the financial governance of the Orkney IJB, there are various policies which include Financial Regulations, Stakeholder Representatives' Expenses, Reserves

Policy and a Medium Term Financial Plan, which support the governance process. All of these are contained within the [IJB Finance](#) webpages.

In April 2026, the Orkney IJB approved refreshed copies of the Financial Regulations and Reserves Policy as well as approving the Financial Recovery Plan and Budget. It is also anticipated that a draft Revenue Expenditure Outturn paper will be presented in June 2026.

9. Analysis of Financial Statements

One of the main objectives of the Annual Accounts is to provide information on the financial position and financial performance of the Orkney IJB. This is useful to a wide range of stakeholders to allow them to make and evaluate decisions about the allocation of resources.

The 2025/26 Annual Accounts comprise:

- **Comprehensive Income and Expenditure Statement** – During the year the Orkney IJB received reports setting out projected over/underspends throughout the year.
- **Movement in Reserves Statement** – At the year-end there was earmarked funding not fully utilised in relation to various services. These funds are anticipated to be utilised when the related work has been delivered.
- **Balance Sheet** – The Orkney IJB does not hold non-current assets for long term use. The short-term debtors are earmarked reserves due from a partner.
- **Notes** – These include a summary of the significant accounting policies and analysis of significant figures within the Annual Accounts, as well as other explanatory information.

10. Financial Performance

Revenue Expenditure Monitoring reports were presented to the Orkney IJB throughout the year. The purpose of the reports is to set out the current position and projected financial year end out-turn.

The year-end over/(under)spend within each Party was as follows:

Partner Organisation	Opening Budget	Additional Allocation	Full Year Budget	Full Year Spend	Variance
	£000	£000	£000	£000	£000
NHS Orkney.	32,579	3,729	36,308	35,349	(959)
NHS Orkney Set Aside.	9,899	2,771	12,670	12,670	-
Orkney Islands Council.	31,575	1,826	33,401	33,401	-
Total Allocation.	74,053	8,326	82,379	81,420	(959)

For the 2025/26 financial year the total Orkney IJB outturn spend was £81.42m (2024/25 £77.01m) against a budget of £82.379m (2024/25 £73.1m). This resulted in the Orkney IJB returning £0.959m to the reserves.

The final outturn position showed a surplus of £0.959m after the additional funding was received by both Parties and utilisation of reserves. See the [Movement in Reserves](#) Statement for further information.

Throughout the 2025/26 financial year there were significant financial pressures highlighted within the Revenue Expenditure Monitoring reports as follows:

Workforce – There continues to be increasing recruitment challenges, whereby it is becoming more difficult to recruit to posts, as there are national shortages of qualified staff in a range of disciplines. Locally, there has also been feedback that due to shortages within the housing rental market, some successful candidates have had to decline positions within the partner organisations. Consequently, agency and locum staff costs continue to be the largest cause of overspend against budget. In 2025/26, agency spend was £6.0 million (2024/25 £5.8 million) , which was the same overall level as the prior year in real terms. This was offset with a contra saving of £2.8 million in staff costs due to vacancies i.e. a net overspend of £3.2 million. The Orkney IJB's established budgeting process assumes no temporary staff requirements as management do not want this additional cost to be a standard expectation of services. However, existing workforce challenges in Orkney mean the use of agency and locum staff is expected to continue and will continue to negatively impact outturn against budget in future years.

Permanent recruitment to social work management and frontline teams and Social Care frontline teams, including recruitment incentives via the Growing a Sustainable Social Care Workforce project and Growing our own Social Work schemes, continue.

Outwith Orkney Placements – Significant expenditure is required for complex, specialised care packages, driving up costs for children and family services. Growing demand for services, including statutory child protection, has strained the budget in the past. However, this was an exceptional year, and a reversal of the trend with lower spend in both adult (£137k) and child (£125k) placement costs – a total saving of £262k on last year (£2.438 million this year, £2.7 million last year). This is not a structural change so could yet revert back to previous year's levels again, as it is difficult to predict and manage the demand, as well as the mix and complexity of user needs.

Children and Families – There is a need to recruit more foster carers. To support this, OIC approved an enhanced foster care package in early 2025 to boost recruitment and retention, replacing an outdated banding system with a significantly higher, more consistent offering. The proposals will reduce the need to source placements outwith Orkney with costly independent agencies, and most importantly will ensure children and young people are cared for and grow up in the Orkney community.

Disability – As well as agency staff pressures there has been an increase in both demand and complexity of care requirements.

Self Directed Support/Direct Payments – The demand for Care at Home continues to grow as the ageing population is continuing to increase. Once an assessed need has been identified and agreed, budget availability cannot be a deciding factor on provision of service due to the current eligibility criteria. The introduction of self-directed support became an enabler for service users whereby they can choose to either have an in-house service, funding to employ their own personal assistant or ask for another agency to provide the care. This means that there is more choice for service users and where an in-house service is at full capacity other options have to be sought for the provision of care.

NHSO Underspend – Vacancies in the Nursing team, Speech and Language Therapy, and across most areas of health spend, together with higher-than-expected income generation from other Health Boards were the key drivers for the underspend at NHSO.

Primary Care, £725k underspend. Primary Care General Medical Services is currently underspending (£27k underspend) due in the main to vacancies. There are also underspends in Primary Care Administration (£265k underspend), Community Nurses (£331k) and Specialist Nurses (£106k underspend). **Primary Care – Dental** £159k underspend. The dental underspends relate in the main to Senior Dental and Dental Nursing.

Health and Community Care, £607k underspend. This is broken down into Intermediate Community Therapy Team (£45k underspend), Mental Health Underspends due to unsuccessful attempt to recruit to nursing posts (£141k underspend) as well as increased income from other boards in relation to Psychological Therapies at £306k where we have been able to provide some mutual aid with no local detriment.

Primary Care Prescribing – £79k underspend, including a reduction in funding from Scottish Government for tariff transfer. This volatile cost area will continue to be closely monitored along with the accrual assumptions which are based on payments made two-months in arrears.

Allied Health Professionals – Funding was allocated at the start of 2025/26 for Allied Health Professional posts but the Diabetes budget remains an overspend due to the cost of diabetic pumps (and supplies) due to the demands created by the national guidance being greater than the associated funding received from Scottish Government.

Set Aside – Under the Public Bodies (Joint Working) (Scotland) Act 2014 and the Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Regulations 2014, the budget for hospital services used by the partnership population, including the hospital "set aside" budget, must be included within the scope of the Strategic Plan Where a Health Board and an Integration Authority are coterminous, unscheduled adult inpatient services must be delegated to the Integration Authority, based on the functions included in the legislation. The need to employ locums due to challenges faced in recruiting to permanent medical posts has increased costs in relation to locums and agency staff. Significant effort has been given to recruitment with some progress made in filling some long-standing medical vacancies on a permanent basis.

The main financial pressures within the Set Aside budget are in relation to the use of agency staff to cover Medical and Nursing vacancies as well as increases in drug prices and growth. The increase in budget throughout the year is as follows:

Budget Reconciliation	£000
Opening Budget	9,899
Pay and Other Uplifts	437
Budget Setting Exercise 2025/26	838
Agenda for Change Band 5-6 Upgrade	23

Open University Funding	40
Additional Funding	1,433
Revised Budget	12,670

11. Financial Outlook

As per the Integration Scheme, the funding available to the Orkney IJB shall be dependent on the funding available to NHS Orkney and Orkney Islands Council and the corporate priorities of both. A budget report was approved by the Orkney IJB on 22 April 2026 to illustrate the funding allocations within which the Strategic Plan should be delivered.

The original baseline financial contributions from each of the Parties for 2026/27 is as follows:

	NHS Orkney	NHS Orkney Set Aside	Orkney Islands Council	Orkney IJB
	£000	£000	£000	£000
Budget	36,970	11,411	33,760	82,141

There will continue to be additional funding received from the Scottish Government to meet various commitments to social care and integration needs which will be transferred by the Parties once known.

The Orkney IJB holds financial reserves, most of which are earmarked for the Primary Care Improvement Fund, Mental Health and the Alcohol and Drugs Partnership Fund which are underspent but are needed in future financial years.

For NHS Orkney commissioned services, to assist in achieving a balanced budget for 2026/27 indicative Cash Releasing Efficiency Savings (CRES) target of £570k has been set.

For health and social care, managing limited budgets in the context of ageing demographics, providing care at home in a rural location and increased levels of need, will be hugely challenging. It will not be sufficient to simply consider year on year budget allocations and, instead, the Orkney IJB will need to plan for transformation that can bring longer term safe and sustainable services for the people of Orkney.

In addition to these budgetary targets, the Orkney Islands Council commissioned services have also been tasked with taking affirmative action, in line with the financial recovery plan, to return to operating within its approved revenue budget.

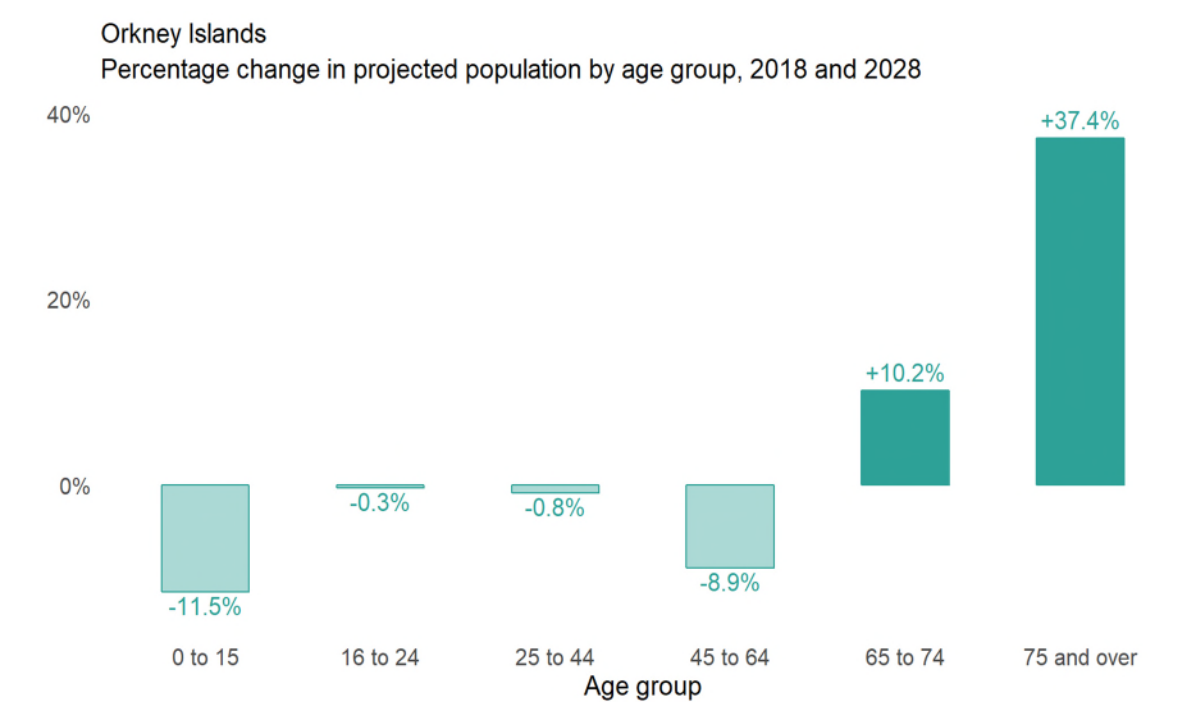
As previously mentioned, the Financial Recovery Plan and Budget for 2026/27 were approved by the Orkney IJB in April 2026. This provides assurance that there are robust plans in place to align spend with the funding available. The recovery plan should be regularly reported against, to give the Board confidence that progress is being made towards achieving a balanced financial position.

12. Sustainability Challenges

Due to medical advances and improved quality of care, individuals who require or are in receipt of complex care (also known as long term care or continuing care) have substantial and ongoing health and social care needs. These can be the result of chronic illness, disabilities or following hospital treatment. Social care services were previously more general in nature but there is an increasing requirement for specialist input as individuals have the rightful expectation to receive care whilst in their own homes.

Although this challenge is not unique to Orkney, our older population is increasing faster than the national average. In addition, significant numbers of our working age population are leaving the islands and so fewer people are available to provide the care and support required with the predicted levels of chronic illness and disabilities. People in the older age group are most often in need of health and social care services.

National Records of Scotland's most recent mid-year population estimates, in June 2024, demonstrate that Orkney's population is ageing more rapidly than the national average. While the overall population has stayed the same since 2021, the 75 and over age group continues to grow and remains the fastest increasing cohort. In contrast, children and the younger working-age groups represent a smaller proportion of the population. The 45–64 age group remains the largest, reflecting future increased demand on health and social care services as this cohort ages. This will have a significant impact on how we deliver services in the future.



Alongside the challenges, the contribution that older people make to our society also needs to be recognised. For example, people over 65 years of age deliver more care than they receive – acting as unpaid carers, child minders and volunteers.

13. Management of Risks

The Orkney IJB approved the revised Risk Register on 17 June 2026 [Risk Register](#) . The Risk Register forms part of the wider framework for corporate governance and internal control. There are broadly two types of risks: those that relate to the Orkney

IJB's operation as a separate legal entity; and risks to the quality of service delivery, which are experienced by commissioned services. For the latter, it will depend largely on these risks being identified, assessed and mitigated by the partner organisations for commissioned services (mainly NHS Orkney and Orkney Islands Council through the Orkney Health and Social Care Partnership).

Risks, risk reduction actions and risk quantification on the current risk register are as follows:

Risk	Actions to do to control Risk with a timescale for completion.
Savings Target Unable to deliver upon existing savings targets or any new savings imposed by either party.	Review where £2.4m recurring savings can be taken from. Lead: Chief Finance Officer. Target action by date: 31 December 2025. Risk Quantification: High. Update: This risk has been updated with a review date of 30 November 2026.
Funding Resources Uncertainty around the level and terms of future funding settlements and funding allocations.	Estimate of reducing resources built into a Long Term Financial Plan Lead: Chief Finance Officer. Target action by date: 31 March 2026. Risk Quantification: High. Update: This risk has been updated with a review date of 30 November 2026.
Inflationary Pressures Inflationary pressures driving up costs, in turn wage pressures.	Service review to determine areas requiring further funding. Lead: Chief Finance Officer. Target action by date: 31 December 2025. Risk Quantification: High. Update: This risk has been updated with a review date of 30 November 2026.
Commissioned Services Economies of scale, lack of competition, choice or financial stability for tendered contracts.	Review Service Level Agreements and ensure current and relevant. Lead: Procurement Leads at NHS Orkney and Orkney Islands Council. Target action by date: Ongoing. Risk Quantification: High. Update: This is an issue and not a risk and has been removed from the risk register. The Health and Social Care Partnership continues to procure services via existing frameworks where available.
Annual Budget Failure to set a balanced budget by 1 April each year.	Ongoing discussions with partner bodies on more joined up working. Budget allocations should be sent by the Orkney IJB to both the Partners for the

Risk	Actions to do to control Risk with a timescale for completion.
	services they deliver. The budget should detail: service pressures, saving initiatives, and change initiatives. Lead: Chief Finance Officer. Target action by date: 1 April 2026. Risk Quantification: Medium. Update: This risk has been updated with a review date of 30 November 2026.
Budget Control Failure of budgetary control processes	Create a Financial Recovery Plan to bring spend in line with budgets. Lead: Chief Finance Officer. Target action by date: 30 September 2025. Risk Quantification: High. Update: This risk has been updated with a review date of 30 November 2026.
Future Demographics Ageing population, more children with complex needs, increase in demand.	Lead: Chief Finance Officer. Target action by date: Ongoing. Risk Quantification: High. Update: This risk has been updated with a review date of 30 November 2026.
Public Protection Potential ineffective processes and joint working arrangements around identifying, investigating, sharing information and protective action.	NHS Orkney to propose updated pathway, procedures and training to ensure that Paediatric child protection assessments are robust enough. Lead: Chief Officer. Target action by date: 31 March 2026. Risk Quantification: High. Update: Significant work has been done to strengthen processes and has been removed from the Risk Register. Amended RAG rating is Green (Target met).
Public Protection Findings of the Children and Young People in Need of Care and Protection report. Findings of the Adult Support and Protection Inspection in 2023.	To update child protection procedures in line with national guidance. Lead: Head of Children, Families and Justice Services and Chief Social Work Officer. Target action by date: 30 September 2025. Risk Quantification: Green. Update: Significant work has been done to strengthen processes and has been removed from the Risk Register. Amended RAG rating is Green (Target met).
Public Protection Vacancies in suitably qualified and experienced staff.	Training and Development Schedule to follow updated procedures and support identified

Risk	Actions to do to control Risk with a timescale for completion.
	areas for improvement in the improvement plans. Lead: Head of Children, Families and Justice Services and Chief Social Work Officer. Target action by date: 30 November 2025. Risk Quantification: Green. Update: Significant work has been done to strengthen processes and has been removed from the Risk Register. Amended RAG rating is Green (Target met).
Implications of National Care Service The Scottish Government's intention to create a National Care Service and to amend the functions of Integration Joint Boards may affect the provision of care in Orkney.	To be reviewed. Lead: Chief Officer. Target action by date: Ongoing. Risk Quantification: Medium. Update: This has been superseded by the Care Reform (Scotland) Act 2025 which leaves decision making at a local level and has been removed from the Risk Register. Amended RAG rating is: Not Applicable.
Isles Primary Care Model There is a risk that the Orkney IJB will fail to commission services to deliver and meet the population needs of the Isles.	Commission Long term review of Primary Care service delivery model. Lead: Head of Primary Care Services. Target action by date: 31 March 2026. Risk Quantification: Medium. Update: This risk has been updated with a review date of 30 November 2026.
Unpaid Carers Non-self-identification of people providing care as being unpaid carers themselves.	Investigate opportunities to work with employers (initially NHS Orkney and Orkney Islands Council) to develop carer-friendly employment policies. Lead: Head of Health and Community Care. Target action by date: 31 December 2025. Risk Quantification: High. Update: Previously there were three separate risks in relation to carers, this has been reviewed and is now a single risk.
Young Carers External pressure on unpaid carers such as financial pressures from the cost-of-living crisis and educational pressures.	Develop specific strategies to identify and support young carers. Lead: Head of Health and Community Care. Target action by date: 31 March 2026. Risk Quantification: High. Update: Previously there were three separate risks in relation to carers, this has been reviewed and is now a single risk.

Risk	Actions to do to control Risk with a timescale for completion.
Unpaid Carers Support for unpaid carers is not effectively planned for and managed.	Maximise innovative respite care/short breaks options and opportunities. Lead: Head of Health and Community Care. Target action by date: 31 March 2026. Risk Quantification: High. Update: Previously there were three separate risks in relation to carers, this has been reviewed and is now a single risk.
Insufficient Workforce Planning Failure to recruit and retain appropriately skilled workforce.	Updated Three Year Workforce Plan to be submitted to Scottish Government Lead: Chief Officer. Target action by date: 31 December 2025. Risk Quantification: High. Update: This risk has been combined and updated with a review date of 30 November 2026.
Recruitment, Development and Retention of Workforce Difficulties in recruiting to Social Care posts.	Evaluate recruitment incentives. Lead: Head of Health and Community Care. Target action by date: 31 December 2025. Risk Quantification: High. Update: There were two separate risks in relation to Recruitment, Development and Retention of Workforce, this has been reviewed and collated into a single risk.
Recruitment, Development and Retention of Workforce Difficulties in recruiting to Social Work posts.	Social Worker 'Grow Our Own Scheme' will continue to aim for two trainee intakes per year. Lead: Head of Children, Families and Justice Services and Chief Social Work Officer. Target action by date: 31 March 2026. Risk Quantification: High. Update: There were two separate risks in relation to Recruitment, Development and Retention of Workforce, this has been reviewed and collated into a single risk.

Risk	Actions to do to control Risk with a timescale for completion.
Analogue to Digital Switchover Cost implications delaying progress of an accelerated switch from analogue to digital phone lines. Switch from analogue to digital planned for 31 January 2027 in Scotland.	The project team continues to test the capabilities of alternative kit in an Orkney environment. A paper is to be prepared and presented to a future meeting of the Board to detail the estimated cost of transition and in future service provision. Lead: Head of Health and Community Care. Target action by date: 31 March 2026. Risk Quantification: High. Update: The testing phase of digital kit has been completed beyond other new devices coming to market. Planned installation will continue during 2026. Over 60% of Community Care Alarm have now been transition to Digital and are on track to meet the deadline. This has been removed from the Risk Register. Amended RAG rating is Green (Target met).
Additional Investment Posts There is a risk that the Orkney IJB will fail to identify the funding to commission the four additional investment posts as agreed in August 2023.	Further work is required relating to the cost/benefit analysis for both of these posts. Although there is a strong sense of spend to save, further work is underway to quantify and evidence this before a decision can be put to Orkney IJB. Lead: Chief Officer. Target action by date: 31 December 2025. Risk Quantification: Green. Update: Further work is required relating to the cost/benefit analysis for both of these posts. Although there is a strong sense of spend to save, further work is underway to quantify and evidence this before a recommendation can be put to the Board. This has been removed from the Risk Register. Amended RAG rating is Green (Target met).

The Risk Register will be further revised to ensure greater alignment to the new Strategic Plan 2025 – 2028, the Strategic Plan Delivery Plan 2025/26 and the revised Risk Management Strategy. It will also look to incorporate the risks of outcomes not being achieved.

14. Unscheduled Care (Set Aside)

Within the Public Bodies (Joint Working) (Scotland) Act 2014 and Regulations there is a requirement that the budget for hospital services used by the partnership population is included within the scope of the Strategic Plan.

The budget was formally delegated to the Orkney IJB in September 2020 and the spend is reported on a quarterly basis. There have been further development sessions on the Set Aside budget for Orkney IJB Members.

As a very small area, with a hospital that cannot be further reduced in size and a demographic profile and geography that presents some of the biggest challenges in Scotland, in terms of increasing numbers of older age and older people, we have very limited scope to make significant resource shifts from hospital to other forms of care. However, there has been progress in ensuring that people are in a hospital setting for the shortest period of time as it is recognised that recovery is best in a homely setting.

15. Further Information

Further information in relation to the Orkney IJB can be found [here](#).

The section that is dedicated to the Orkney IJB Finance can be found [here](#).

Further information regarding the Annual Accounts can be obtained from:
Chief Finance Officer, Orkney IJB, School Place, Kirkwall, Orkney, KW15 1NY.

16. Conclusion

The Orkney IJB's focus will always be on innovation and the continual improvement of the health and wellbeing of all people living in Orkney. It will also be about ensuring activities maximise the ability to reduce health inequalities that exist in Orkney's communities.

The Orkney IJB needs to work within communities to support people taking greater responsibility for their own health and wellbeing and to ensure that communities are adequately equipped to meet the needs of their individual populations.

The Orkney IJB faces many challenges moving forward to ensure the continual improvement of the health and wellbeing of all living in Orkney.

The Orkney IJB has an established reputation for good joint working with NHS Orkney and Orkney Islands Council, as well as the wider community planning partners and therefore has a strong foundation to build on to address the challenges that the future brings.

Stephen Brown
Chief Officer

Joanna Kenny
Chair of Orkney IJB

Mohammed Sohail
Chief Finance Officer

Statement of Responsibilities

The Integration Joint Board's Responsibilities

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its 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 its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, 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 for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Orkney IJB Performance and Audit Committee on 23 September 2026.

Signed on behalf of the Integration Joint Board.

Joanna Kenny

Chair of Orkney IJB

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Integration Joint Board'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 Accounting 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.

Deborah Langan was appointed as Chief Finance Officer from 25 August 2025. Mohammed Sohail was in post as Chief Finance Officer from 1 December 2025 (anticipated end November 2026) to cover Deborah's maternity leave.

I certify that the financial statements give a true and fair view of the financial position of the Orkney Integration Joint Board as at 31 March 2026 and the transactions for the year then ended.

Mohammed Sohail
Chief Finance Officer

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No.2014/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. It discloses information relating to the remuneration and pension benefits of specific IJB members and staff.

All disclosures in the tables below are audited by auditors. The other sections of the Remuneration Report are reviewed by auditors to ensure that they are consistent with the Financial Statements. Orkney IJB Chair and Vice Chair

The voting members of the Orkney IJB are appointed by NHS Orkney and Orkney Islands Council. In accordance with the Integration Scheme, the posts of Orkney IJB Chair and Vice Chair alternate between a Councillor and a Non-Executive Director of the Health Board. In May 2023, the role of Chair of the Orkney IJB alternated to Orkney Islands Council following the two-year period of Chair by a Non-Executive Director of the Health Board. In May 2025, the role of Chair reverted to NHS Orkney.

The Orkney IJB does not provide any additional remuneration to the Chair, Vice Chair or any other Board Member relating to their role on the Orkney IJB. The Orkney 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 Orkney IJB in 2025/26.

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

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 must 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 Chief Officer is employed by NHS Orkney and seconded to the Orkney IJB.

Chief Finance Officer

The Chief Finance Officer is employed by Orkney Islands Council and seconded to the Orkney IJB. The substantive post holder is currently on Maternity Leave, with an interim CFO employed by the same arrangement i.e. by Orkney Islands Council.

Board Members

Membership of the Orkney IJB comprises voting and non-voting members. The voting members are three Non-Executive Directors of NHS Orkney and three Elected Members of Orkney Islands Council, although Article 3(5) of the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 permits otherwise if necessary.

The remuneration of the Chief Officers is as follows:

Name	Salary, Fees and Allowances	Taxable Expenses	Total Remuneration 2025/26	Total Remuneration 2024/25
	£	£	£	£
Stephen Brown, Chief Officer	126,355	-	126,355	121,192
Deborah Langan, Chief Finance Officer*	32,854	-	32,854	-
Mohammed Sohail, Chief Finance Officer*	21,114	-	21,114	-

* Deborah Langan was appointed as Chief Finance Officer from 25 August 2025 and commenced maternity leave in November 2025. Mohammed Sohail is in post as Chief Finance Officer from 1 December 2025 to cover Deborah's maternity leave (anticipated end November 2026). In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pension liability reflected on the Orkney IJB balance sheet for the Chief Officer or any other officers.

The Orkney 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 Orkney IJB. The following table shows the Orkney IJB's funding during the year to support the Chief Officer's pension benefits. The table also shows the total value of accrued pension benefits, which may include benefits earned in other employment positions and from each officer's own contributions.

Name	Pension contributions made by Orkney IJB		Accrued pension benefits as at 31 March 2026		Change in accrued pension benefits since 31 March 2025	
	2024/25	2025/26	Pension	Lump Sum	Pension	Lump Sum
	£	£	£	£	£	£
Stephen Brown, Chief Officer	27,268	28,395	9,819	-	2,831	
Deborah Langan, Chief Finance Officer	-	7,593	-			
Mohammed Sohail, Chief Finance Officer	-	3,160	-	-	-	-
	27,268	39,148	9,819		2,831	

Disclosure by Pay Bands

Pay band information is not separately provided as all relevant employees' pay information has been disclosed in the table above.

Exit Packages

The Regulations require the Remuneration Report to provide information on the number of exit packages awarded, in bandings of £20,000 up to £100,000 and thereafter in bandings of £50,000, along with the total cost of the exit packages within each band. The regulations also require disclosure of the number of compulsory redundancies and other agreed departures.

No exit packages were awarded in either the current or previous financial year.

Stephen Brown

Chief Officer

Joanna Kenny

Chair of Orkney IJB

Annual Governance Statement

Introduction

The Orkney IJB was established as a body corporate by order of Scottish Ministers with effect from 6 February 2016 on approval of an Integration Scheme. The Orkney IJB took over delegated responsibility on 1 April 2016 and the Annual Governance Statement reflects these responsibilities.

Scope of Responsibility

The Orkney IJB 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 Orkney IJB has established governance arrangements, which include a system of internal control. The system is intended to manage risk to support the achievement of the Orkney IJB's policies, aims and objectives. Reliance is also placed on NHS Orkney and Orkney Islands Council's systems of internal control that support compliance with both organisations' policies and promote achievement of each organisation's aims and objectives, as well as those of the Orkney IJB.

The CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016 Edition)" provides a structured approach to defining the principles that should underpin governance arrangements. Whilst the Framework was developed specifically for local government, its principles are equally applicable to Integration Authorities. In addition, the May 2025 Addendum to the Framework, which provides updated guidance on the annual review of governance, the Annual Governance Statement, and the assessment of whether governance arrangements are fit for purpose, has been considered in the development and review of the Authority's governance arrangements and reporting processes.

The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The key elements of the Orkney IJB's governance arrangements are described in terms of the Framework's seven principles of good governance:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensure openness and comprehensive stakeholder engagement.
- Define outcomes in terms of sustainable economic, social, and environmental benefits.
- Determine the interventions necessary to optimise the achievement of the intended outcomes.
- Develop the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implement good practices in transparency, reporting and audit to deliver effective accountability.

Review of Adequacy and Effectiveness

The Orkney IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Senior Management Team who have responsibility for development and maintenance of the governance environment.

The Orkney IJB Performance and Audit Committee conducts its business in line with CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police" guidance.

The Performance and Audit Committee received Internal Audit reports for the following audit areas during 2025/26:

- **Workforce Planning** – to optimise use of limited staffing resources and build capacity in a structured and planned way. This helps ensure that the workforce is the right size, with the right skills and diversity, and is deployed in the right way.

The overall audit finding was 'Substantial Improvement Required'. While the organisation has a solid understanding of its workforce challenges, the current workforce planning framework is no longer demonstrably and proactively robust and update to date to support delivery of the IJB's strategic objectives. The outdated Integrated Workforce Plan, limited succession planning, high-level action planning, gaps in evidencing stakeholder engagement and lack of alignment with financial planning mean the organisation does not currently have an integrated workforce plan that reflects its present needs. Developing a new, streamlined Integrated Workforce Plan that is clearly aligned to the Strategic Plan 2025 – 2028 and supported by defined actions, stakeholder engagement and financial integration will be essential to ensuring the organisation is equipped to address its workforce priorities going forward.

The internal audit included seven amber (Grade 3) priorities and one purple (advisory) recommendation. There were no red (immediate major improvements) requirements.

- **Strategic Planning and Links with Localities** - reviewing the effectiveness of the strategic planning arrangements focusing on how locality needs and priorities are reflected in the Strategic Plan. The Public Bodies (Joint Working) (Scotland) Act 2014 requires Integration Joint Boards to develop a Strategic Plan for delegated functions and budgets. This includes dividing the area covered by the Board into localities and setting out arrangements for each as well as ensuring engagement with communities, service users, carers and staff in planning

The internal audit report identified one medium priority recommendation regarding Local Place Plans. There are also four low priority recommendations regarding the Strategies, Policies and Plans Log, stakeholder engagement, promotion plans and performance reporting. There were no high priority recommendations made as a result of this audit.

The audit found that overall, the Strategic Plan 2025 – 2028 demonstrates a strong strategic foundation. Governance arrangements are appropriate and aligned with national requirements. The Plan was approved within the required timeframe and is supported by structured delivery arrangements and clear alignment with national health and wellbeing outcomes. The final opinion was 'Substantial' - The framework of governance, risk management and control were found to be comprehensive and effective.

A key area for improvement relates to the documentation of locality arrangements. Although the Strategic Plan identifies Local Place Plans as the mechanism for capturing locality level health and social care arrangements, none of the three Local Place Plans currently published include such content

The Annual Internal Audit Report and Opinion for 2025/26 will be presented to the Orkney IJB Performance and Audit Committee on 23 June 2026. The Orkney IJB's Chief Internal Auditor's overall opinion is:

"On the basis of the audit work performed in 2025/26, my opinion is that the Orkney IJB has a framework of controls in place that provides Limited assurance regarding the Orkney IJB's governance framework, related internal controls, and the management of key risks.

Significant weaknesses in the framework of governance and control were identified during an audit of Financial Planning, Monitoring and Reporting, performed during 2025/26.

I confirm that there were no instances of fraud identified from the audit work conducted for the Orkney IJB during the year.

My opinion has not been limited by any shortfall in resources, absence of skills, or any limitation of scope of internal audit activity that would adversely affect my ability to form an opinion."

There is evidence that governance arrangements across the Orkney IJB are well established and operating effectively in most areas, with clear structures, processes and oversight in place including the through the Senior Management Team.

Across all seven governance principles, there is consistent evidence of:

- Defined policies and frameworks – including approved Codes of Conduct, Standing Orders, Risk Management Strategy, Performance Framework and Strategic Plans, all aligned to statutory requirements and regularly reviewed.
- Active leadership and accountability – key statutory roles (such as Chief Finance Officer and Standards Officer) are in place, with clear responsibilities for financial stewardship, ethical standards and regulatory compliance.
- Strong committee structure and scrutiny – robust arrangements through the Performance and Audit Committee and the Joint Clinical and Care Governance Committee provide regular oversight, challenge and assurance on performance, audit, risk and service quality.
- Transparent and open decision-making – meetings are held in public, papers are published in advance, and recordings are available, supporting openness and public accountability.

- Meaningful stakeholder engagement – there is regular and structured involvement of communities, the third sector, unpaid carers and service users, supported by a clear Communication and Engagement Strategy.
- Effective strategic planning and performance management – a clear three-year Strategic Plan and annual Delivery Plans set out priorities and measurable outcomes, with regular reporting on progress.
- Robust risk and financial management – formal risk registers, financial monitoring reports and internal control frameworks are in place, with ongoing scrutiny and improvement.
- Continuous development and improvement – induction processes, training sessions, informal briefings and national engagement ensure Members and officers are supported to fulfil their roles effectively.

Conclusion and Opinion on Assurance

On the basis of the audit work performed in 2025/26, the opinion from the Chief Internal Auditor is that the Orkney IJB has a framework of controls in place that provides Limited assurance regarding the organisation's governance framework, related internal controls, and the management of key risks.

Taking account of the evidence reviewed, including the internal audit opinion and other sources of assurance as outlined above, the Orkney IJB considers that its governance arrangements were partially effective during 2025/26. While the overall governance framework was in place and operating, improvements are required in key areas particularly workforce planning for governance to be fully fit for purpose.

In recognition of the Limited assurance rating, the Orkney IJB commits to actively monitoring the implementation of agreed actions and improvements throughout the coming year.

The key governance improvements identified as a result of the annual review and internal audit work are summarised below:

- Workforce planning: Implementation of agreed internal audit actions to strengthen workforce planning, stakeholder engagement and links to the financial budget and performance (Lead: Chief Officer; Oversight: Performance and Audit Committee).
- Assurance reporting: Further development of assurance reporting to strengthen member oversight and clarity on the status of key risks (Lead: Senior Management Team).

Progress against these actions will be reported regularly to the Performance and Audit Committee.

Looking ahead, the Orkney IJB recognises that its governance arrangements will need to continue to evolve to respond to sustained financial pressures, workforce fragility and the increasing complexity of partnership delivery arrangements. Key governance priorities for 2026/27 will include strengthening financial oversight, supporting effective medium term financial planning and ensuring the assurance framework remains robust and proportionate to the risks faced by the organisation.

While the overall governance framework remains in place, the Limited assurance opinion highlights areas where sustained management attention and improvement are required to strengthen governance effectiveness.

Stephen Brown
Chief Officer

Joanna Kenny
Chair of Orkney IJB

DRAFT Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Orkney Integration Joint Board for the year ended 31 March 2026 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 2025/26 (the 2025/26 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2026 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 2025/26 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

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We 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 we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body'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 body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Finance Officer and Orkney Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the 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 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 Chief Finance Officer is responsible for assessing the body'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 body's operations.

The Orkney Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our 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 body;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;

- inquiring of the Chief Finance Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our 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 our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body'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 our auditor's report.

Reporting on other requirements

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

We have audited the parts of the Remuneration Report described as audited. In our 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 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 parts of the Remuneration Report.

Our 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 our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we 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 our 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 we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our 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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Michael Wilkie,
for and on behalf of KPMG LLP
Chartered Accountants
319 St Vincent Street,
Glasgow
G2 5AS

Comprehensive Income and Expenditure Statement

		2024/25			2025/26		
		£000	£000	£000	£000	£000	£000
	Note	Gross Spend	Gross Income	Net	Gross Spend	Gross Income	Net
Corporate Services	2	222	-	222	181	-	181
Support Services and Overheads		4,398	(579)	3,819	5,149	(108)	5,041
Alcohol and Drugs Partnership		691	-	691	564	-	564
Voluntary Sector by SLAs excluding commissioned services		37	-	37	-	-	-
Children and Families		8,225	(190)	8,035	8,091	(199)	7,892
Prescribing		5,866	-	5,866	5,900	-	5,900
Elderly Residential, Supported and Day Care		13,433	(2,332)	11,101	14,092	(2,890)	11,203
Disability		8,007	(378)	7,629	9,012	(168)	8,844
Mental Health		2,374	(309)	2,065	2,242	(424)	1,817
Other Community Care		1,625	(1)	1,624	1,586	(106)	1,480
Occupational Therapy		1,052	(62)	990	1,081	(88)	993
Care at Home		6,308	(14)	6,294	6,397	(1)	6,396
Criminal Justice		571	(396)	175	572	(389)	183
Community Nursing		1,787	(20)	1,767	1,932	(23)	1,910
Primary Care		13,365	(331)	13,034	14,961	(407)	14,553
Allied Health Professions		1,360	(10)	1,350	1,558	(46)	1,512
Rehabilitation		359	(73)	286	359	(78)	281
Unscheduled Care		12,028	-	12,028	12,865	(195)	12,670
(Surplus)/Deficit on Continuing Operations		81,708	(4,695)	77,013	86,542	(5,122)	81,420
Taxation and Non-Specific Grant Income	4			(77,584)			(82,379)

		2024/25			2025/26		
		£000	£000	£000	£000	£000	£000
(Surplus)/Deficit on Provision of Services				(571)			(959)
Total Comprehensive Income and Expenditure (Surplus)/Deficit				(571)			(959)

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

There are no statutory or presentation adjustments that affect the Orkney IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these Annual Accounts.

Movement In Reserves Statement

	Earmarked Reserves	Total Reserves
	£000	£000
Balance as at 1 April 2024	(2,715)	(2,715)
Movement in reserves during the year		
Surplus on the provision of services	(571)	(571)
Total Comprehensive Income and Expenditure	(571)	(571)
Balance as at 31 March 2025	(3,286)	(3,286)
Movement in reserves during the year		
Surplus on provision of services	(959)	(959)
Total Comprehensive Income and Expenditure	(959)	(959)
Balance as at 31 March 2026	(4,245)	(4,245)

This statement shows the movement in the year on the Orkney IJB's reserves. The movements that arise due to statutory adjustments affecting the General Fund balance are separately identified from the movements due to accounting practices.

Balance Sheet

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

31 March 2025		Note	31 March 2026
£000			£000
3,286	Short Term Debtors	5	4,245
3,286	Current Assets		4,245
-	Short Term Creditors	6	-
-	Current Liabilities		-
3,286	Net Assets		4,245
3,286	Earmarked Reserves	10	4,245
3,286	Total Reserves		4,245

The unaudited accounts were issued on 24 June 2026 , and the audited Annual Accounts were authorised for issue on 23 September 2026.

Mohammed Sohail
Chief Finance Officer

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2026 have been prepared in accordance with proper accounting practice as per Section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Orkney IJB and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The following accounting concepts have been considered in the application of accounting policies:

- **Accruals basis** – the accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which payment is made or income received.
- **Going concern** – the going concern concept assumes that the Orkney IJB will continue in existence for the foreseeable future.
- **Understandability** – users of the financial statements are assumed to have a reasonable knowledge of accounting and local government.
- **Relevance** – the information in the financial statements is useful for assessing the Orkney IJB's stewardship of public funds and for making economic decisions.
- **Materiality** – information is included in the financial statements where the information is of such significance that it could influence the decisions or assessments of users of the information.
- **Reliability** – information included in the financial statements faithfully represents the substance of transactions, is free from bias and material error, is complete within the bounds of materiality and cost, and has been prudently prepared.
- **Primacy of legislative requirements** – legislative requirements have priority over accounting principles in the event of conflict between legislation and the Accounting Code.

The Accounts have been prepared under the historic cost convention.

Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Expenditure is recognised when goods or services are received, and their benefits are used by the Orkney IJB.
- Income is recognised when the Orkney 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.

VAT status

The Orkney IJB is a non-taxable entity and does not charge or recover VAT on its functions as long as it does not deliver any supplies and services that fall within the scope of VAT.

The VAT treatment of expenditure in the Orkney IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where Orkney Islands Council is the provider, income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. Where NHS Orkney is the provider, expenditure incurred will include irrecoverable VAT as generally NHS Orkney cannot recover VAT paid as input tax and NHS Orkney will charge the full cost to the Orkney IJB.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements but are disclosed as a note to the accounts where they are deemed material. There were no contingent assets and liabilities in 2025/26.

Employee Benefits

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

The Orkney IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March 2026 is accrued, for example in relation to annual leave earned but not yet taken.

Charges from funding partners for other staff are treated as administration costs.

Post-employment benefits

The Orkney IJB does not participate in a formal pension scheme. The Chief Officer participates in the NHS Pension Scheme which is managed by NHS Orkney who makes the relevant contributions. The Chief Finance Officer participates in the Local Government Pension Scheme which is managed by Orkney Islands Council who makes the relevant contributions.

Funding

The Orkney IJB is primarily funded through funding contributions from the statutory funding partners, NHS Orkney and Orkney Islands Council. Expenditure is incurred as the Orkney IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Orkney.

Cash and Cash Equivalents

The Orkney IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the Orkney IJB by the funding partners. Consequently, the Orkney IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March 2026 is represented as a debtor or creditor on the Orkney IJB's Balance Sheet.

Indemnity Insurance

The Orkney IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding the Orkney IJB member and officer responsibilities. NHS Orkney and Orkney Islands Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

There were no claims in 2025/26.

Note 2 Corporate Services

The corporate services costs are as follows:

2024/25		2025/26
£000		£000
168	Staff Costs.	186
16	Other Costs.	(40)
38	Audit Fees.	35
222	Total	181

Note 3 Critical Judgements and Estimation Uncertainty

Where a critical judgement has been made, this is referred to in the relevant note to the financial statements.

There were no critical judgements for the 2025/26 Annual Accounts.

Note 4 Taxation and Non-Specific Grant Income

2024/25		2025/26
£000		£000
44,665	Funding contribution from NHS Orkney.	48,978
32,919	Funding contribution from Orkney Islands Council.	33,401
77,584	Taxation and Non-specific Grant Income.	82,379

The funding from NHS Orkney shown above includes £12.67m (2024/25 £12.03m) in respect of unscheduled care resources relating to acute hospital resources. The associated services are provided by NHS Orkney, which retains responsibility for managing the costs of providing the services. However, the Orkney IJB has responsibility for the consumption of, and level of demand placed on, these resources.

Note 5 Debtors

2024/25		2025/26
£000		£000
3,286	NHS Orkney	4,245
-	Orkney Islands Council.	-
3,286	Total	4,245

Note 6 Creditors

The Orkney IJB has no creditor balances.

Note 7 External Audit Costs

KPMG is the appointed external auditor for the 2025/26 audit. The fee is £35,480 (2024/25 £34,000). This fee covers the costs of planning, delivering and reporting the annual audit including auditors' attendance at committees.

Note 8 Related Party Transactions

The Orkney IJB is required to disclose material transactions with related parties/bodies or individuals that have the potential to control or influence the Orkney IJB or to be controlled or influenced by the Orkney IJB. Disclosure of these transactions allows readers to assess the extent to which the Orkney IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Orkney IJB.

The Orkney IJB has related party relationships with NHS Orkney and Orkney Islands Council. The nature of the partnership means that the Orkney IJB may influence, and be influenced by, its partners. The following transactions included in the Orkney IJB's accounts are presented to provide additional information on the relationships.

The Scottish Government has significant influence over the general activities of the Orkney IJB. It is responsible for providing the statutory framework within which the Orkney IJB is constituted and will operate; through partner agencies, provides most of the Orkney IJB's funding and prescribes the terms of many of the transactions that the Orkney IJB has with other parties (e.g. NHS Orkney and Orkney Islands Council).

Members of the Orkney IJB have control over the Orkney IJB's financial and operating policies to the extent they are transacted through the Orkney IJB.

2024/25	Transactions with NHS Orkney	2025/26
£000		£000
44,094	Net Expenditure on Services.	48,019
44,094	Net Transactions with NHS Orkney.	48,978

Transactions with Orkney Islands Council

2024/25	Transactions with Orkney Islands Council	2025/26
£000		£000
32,919	Net Expenditure on Services.	33,401
32,919	Net Transactions with Orkney Islands Council	33,401

The funding received from each party can be found at Note 4.

The balance due from each party can be found at Note 5.

Note 9 Events after the Balance Sheet date

The audited Annual Accounts reflect events after 31 March 2026 up to the date the audited accounts were authorised for issue. Where events taking place after 31 March 2026 provided information about conditions existing as at 31 March 2026, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. For 2025/26, no such adjustments have been required.

Note 10 Reserves

Reserves are established as part of good financial management. These funds are held for five main purposes as follows:

- A working balance to help cushion the impact of uneven cash flows.
- Avoid unnecessary temporary borrowing – this forms part of general reserves.
- A contingency to cushion the impact of unexpected events.
- Emergencies – this also forms part of general reserves.
- A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

Within the Reserves Policy and in regard to the size and scale of the Orkney IJB's responsibilities over the medium term it is proposed that a prudent level of general reserves will represent approximately 2% of net expenditure. This value of reserves must be reviewed annually as part of the Orkney IJB budget and Strategic Plan, and in light of the financial environment at that time. The level of other earmarked funds will be established as part of the annual financial accounting process.

There are no general reserves balances due to Board requiring additional funds at the end of the financial year to have a balanced year end position.

		2024/25			2025/26		
	Balance as at 01/04/24	Funds In	Funds Out	Balance as at 31/03/25	Funds In	Funds Out	Balance as at 31/03/26
	£000	£000	£000	£000	£000	£000	£000
Primary Care	622	735	(782)	575	985	(839)	721
COVID-19	138	-	(126)	12	-	-	12
Hospital At Home	219	-	(69)	150	30		180
Integration Support/System Pressures	387	349	(112)	624	1401	(210)	1,815
Alcohol and Drugs Prevention	596	242	(28)	810	239	(512)	537
Mental Health	306	1,666	(996)	976	1,251	(1,342)	885
Children and Family Services	8	4	(12)	-			-
Other	439	254	(554)	139		(44)	95
Uplifts	-	-	-	-	-	-	-
Total Earmarked Reserves	2,715	3,250	(2,679)	3,286	3,906	(2,947)	4,245

At 31 March 2026, the Orkney IJB is reporting a net increase of £959k in reserves.

Appendix 1: Orkney IJB Members

Members as at 31 March 2026.

Voting Members.	
Isobel Grieve.	NHS Orkney.
David Campbell.	NHS Orkney (Proxy Member).
Joanna Kenny.	NHS Orkney (Voting Member) (Chair).
Rona Gold.	NHS Orkney (Voting Member).
Fiona MacKay.	NHS Orkney (Proxy Member).
Councillor Rachael King.	Orkney Islands Council (Vice Chair).
Councillor Ivan Taylor.	Orkney Islands Council (Proxy Member).
Councillor Jean Stevenson.	Orkney Islands Council (Voting Member).
Councillor Lindsay Hall.	Orkney Islands Council (Voting Member).
Councillor Mellissa Thomson.	Orkney Islands Council (Proxy Member).
Councillor Heather Woodbridge.	Orkney Islands Council (Proxy Member).
Non-Voting Members (Professional Advisors).	
Stephen Brown.	Chief Officer.
Mohammed Sohail.	Chief Finance Officer.
Darren Morrow.	Chief Social Work Officer.
Dr Kirsty Cole.	Registered Medical Practitioner who is a GP.
Dr Louise Wilson.	Registered Medical Practitioner not a GP.
Samantha Thomas.	Registered Nurse.
Non-Voting Members (Stakeholder Members).	
Danny Oliver.	Staff Representative, Orkney Islands Council.
Ryan McLaughlin.	Staff Representative, NHS Orkney.
Morven Brooks.	Third Sector Representative.
Willie Neish.	Unpaid Carer Representative.
Sarah Kennedy.	Unpaid Carer Representative.
Vacant.	Service User Representative.
Additional Non-Voting Members (Locally agreed in addition to requirements).	
Frances Troup.	Housing Representative.