Unaudited Annual Accounts 2025/26

NHS Shetland

SHETLAND ISLANDS COUNCIL

SHETLAND ISLANDS
INTEGRATION JOINT BOARD

Contents

Management Commentary

The purpose of the Management Commentary is to inform all users of these Accounts and help them to understand the most significant aspects of Shetland Islands Health and Social Care Partnership's financial performance for the year to 31 March 2026 and its financial position as at 31 March 2026.

The Management Commentary has been prepared in accordance with the requirements of the Local Authority Accounts (Scotland) Regulations 2014 (SSI 2014/20) and the statutory guidance in Finance Circular 5/2015 which is based on Companies Act legislation and Financial Reporting Council guidance.

Introduction

The Shetland Islands Health and Social Care Partnership (Integration Joint Board) is a Body Corporate, established by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014, on 27 June 2015.

The Parties:

Shetland Islands Council ("the Council" or "SIC"), established under the Local Government etc. (Scotland) Act 1994.

Shetland Health Board ("the Health Board" or "NHS Shetland" or "NHSS"), established under section 2(1) of the National Health Service (Scotland) Act 1978 (operating as Shetland NHS Board).

The Parties agreed the Integration Scheme of Shetland Islands Health and Social Care Partnership, which sets out the delegation of functions by the Parties to the Integration Joint Board (IJB). The Integration Scheme was reviewed during 2020/21 and the IJB considered and recommended the revised Integration Scheme to be approved by NHSS & SIC for submission to Scottish Government Ministers for final endorsement. Both Parties approved the Revised Integration Scheme in April 2021.

The Shetland IJB Members for 2025/26 were as follows:

Voting Members:

- Mr J Fraser (SIC Vice Chairperson – Resigned 01 April 2026, SIC – Chairperson – Appointed 01 April 2026)
- Ms N Cornick (NHSS – Chairperson – Resigned 01 April 2026)
- Ms K Eunson (NHS Vice Chairperson – Appointed 28 April 2026)
- Mr L Carroll (NHSS)
- Mrs K Hubbard (NHSS)
- Mr R McGregor (SIC)
- Ms L Peterson (SIC)

Non-Voting Members:

- Ms J Robinson (Chief Officer)
- Mr K Williamson (Chief Financial Officer)
- Ms R MacMillan (Chief Social Work Officer – Acting)
- Dr K Brightwell (Senior Clinician – GP)
- Ms K Anderson (Senior Clinician – Senior Nurse)
- Mr B McCulloch (Staff Representative)
- Ms S Gens (Staff Representative)
- Mrs L Tulloch (Third Sector Representative)
- Mrs Laura Whittall (Patient/Service User Representative)
- Mr J Guyan (Carers' Representative)
- Ms G Ironside (Allied Health Professionals Representative – Resigned 04 September 2025)
- Ms C Coutts (Allied Health Professionals Representative – Appointed 04 September 2025)
- Mr A McDavitt (Pharmacy Representative)
- Dr S Laidlaw (Public Health Representative)

Background

The Public Bodies (Joint Working) (Scotland) Act was granted royal assent on 1 April 2014. SIC and NHSS took the decision that the model of integration of health and social care services in Shetland would be the Body Corporate known as an Integrated Joint Board (IJB).

Under the Body Corporate model, NHSS and SIC delegate the responsibility for planning and resourcing service provision of adult health and social care services to the IJB.

As a separate legal entity, the IJB has full autonomy and capacity to act on its own behalf and can make decisions about the exercise of its functions and responsibilities within its allocated funding, as it sees fit.

The IJB is responsible for the strategic planning of the functions delegated to it by SIC and NHSS and for the preparation of the Strategic Commissioning Plan. The SIC delegate responsibility for all adult social care services to the IJB. NHSS delegate responsibility for all community based health services plus an element of acute services including unscheduled care. The Strategic Commissioning Plan specifies the services to be delivered by the Parties and binding Directions issued by the IJB to SIC and NHSS act as the mechanism to action the Strategic Commissioning Plan. The IJB is also responsible for ensuring the delivery of its functions through the locally agreed operational arrangements set out within its Integration Scheme.

The practical application of the Integration Scheme is managed and administered in accordance with the Financial Regulations, Standing Orders and Scheme of Administration of the Parties, as amended to meet the requirements of the Act

Purpose and Objectives

Integration of health and social care is the Scottish Government's ambitious programme of reform to improve services for people who use health and social care services. Integration will ensure that health and social care provision across Scotland is joined-up and seamless, especially for people with long-term conditions and disabilities, many of whom are older people. The Integration Scheme is intended to achieve the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under section 5(1) of the Act; as follows:

National Health and Wellbeing Outcomes

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. People, including those with disabilities or long-term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.
4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and social care services contribute to reducing health inequalities.
6. People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.
7. People using health and social care services are safe from harm.
8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.
9. Resources are used effectively and efficiently in the provision of health and social care.

The difference these make are helpfully summarised by the Coalition of Care and Support Providers in Scotland as:

- Improved or sustained health
- Increased or sustained independence
- Improved quality of life

(Commissioning for Outcomes, 2023)

Shetland's Partnership Plan

The Shetland Partnership is a wide range of partners and community bodies who collectively make up the Community Planning Partnership (CPP) for Shetland. A CPP should have a clear and ambitious vision for its local area.

The Partnership and the key partners within it, including the IJB, SIC & NHSS, have a statutory duty to produce Shetland's Partnership Plan and ensure it is delivered and resourced.

Extracts from Shetland's Partnership Plan 2018-2028:

Our *shared* vision

"Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges"

Our *shared* priorities

The IJB approved Shetland's Partnership Plan 2018-2028 – the Local Outcomes Improvement Plan (LOIP) on 20 June 2018, agreeing to prioritise resources in the annual budgeting process to improve local outcomes. The current Delivery Plan for the Shetland Partnership, from April 2023 has the following priority for the next 5 years:

"Increase our Working Age Population across our Islands and Reduce Inequalities"

This will be delivered by 5 improvement programs and projects:

- Inclusive Growth
- Compassionate Communities – reducing stigma
- Person-centred delivery
- Climate Change Strategy
- Place-based Program of Change

The IJB, SIC and NHSS jointly developed the Performance Management Framework 2019-24 (PMF). The PMF was approved for implementation by the three bodies in June/July 2019. The intention of the PMF is to provide a consistent "Once for Shetland" approach and a clear focus on improving outcomes. This is in line with the principles of Shetland's Partnership Plan and allows the IJB to monitor and report on improvement against the LOIP outcomes as part of its overall performance reporting.
The Health and Social Care Partnership (HSCP) consists of the operational delivery teams across the SIC and NHSS and is an important partner in all of these programmes. The HSCP will lead on Person-centred delivery through the Shifting the Balance of Care Programme.

Shetland HSCP Strategic Priorities:

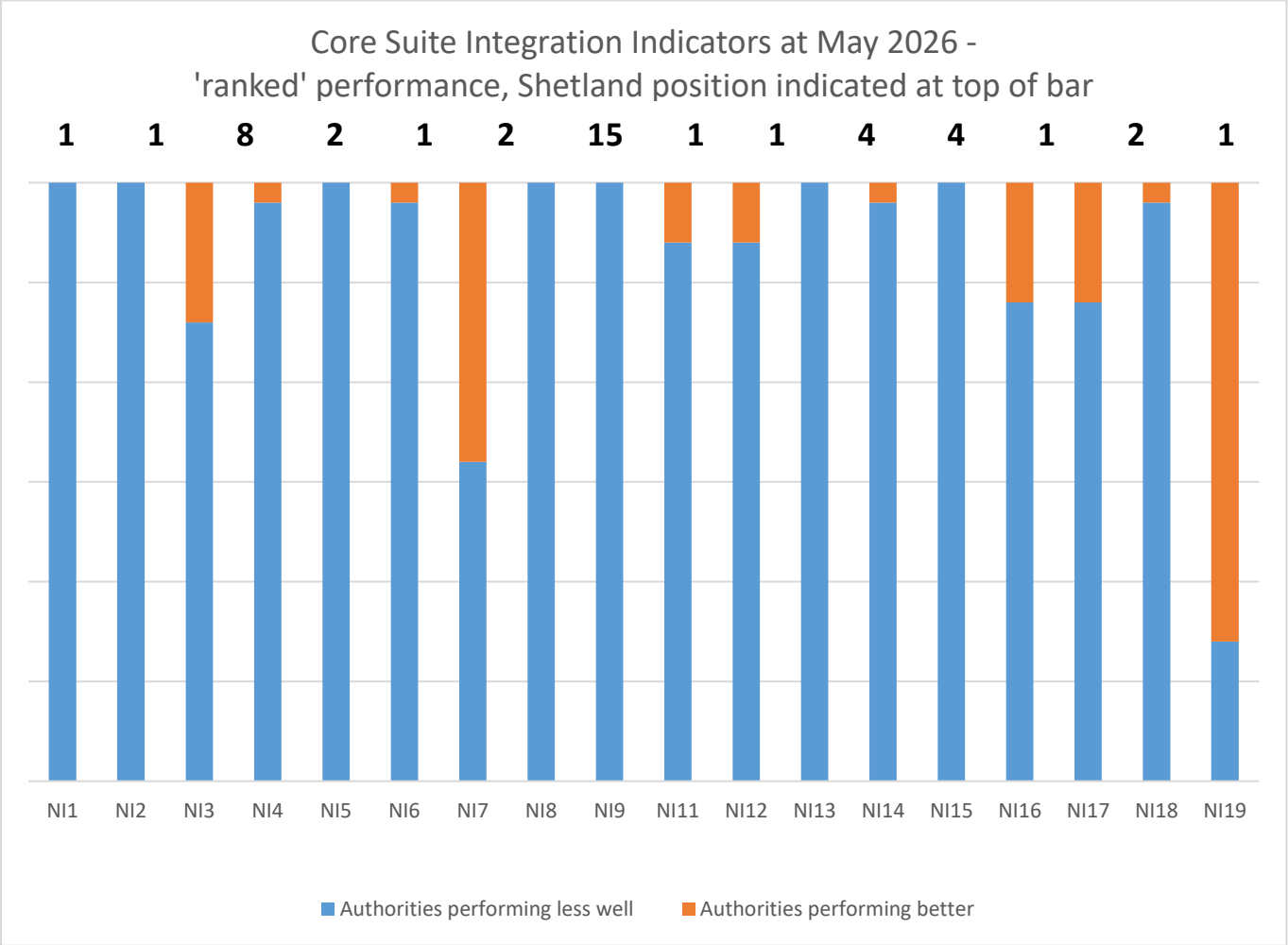
1. To prevent poor health and wellbeing and intervene at an early stage to prevent worsening outcomes.
2. To prevent and reduce the avoidable and unfair differences in health and wellbeing across social groups and between different population groups.
3. To demonstrate best value in the services that we commission and the ways in which we work.
4. To shift the balance of care towards people being supported within and by their communities
5. To meaningfully involve communities in how we design and develop services and to be accountable to their feedback.

Performance Overview

The HSCP continued to operate in a context of significant and sustained pressure throughout 2025–26, largely due to persistent demographic changes including a growing older population and increasing complexity of health and care needs. This year also brought sustained demand on services and workforce capacity, further highlighting the unsustainability of current delivery models.

The IJB continued to monitor its key indicators aligned with the National Health and Wellbeing Outcomes, with quarterly reporting to support assurance and improvement. These include local management data and selected national indicators where available. The measures used align with the National Health and Wellbeing Outcomes monitored by the Scottish Government to check the system is working as a whole.

The most recent release of the Core Suite of Integration Indicators is reflected in the chart below, showing Shetland's performance compared to all other integration authorities. The data compared with Scotland is shared overleaf.



	Indicator	Title	Partnership rate	Scotland rate	Year of latest data
Outcome indicators	NI - 1	Percentage of adults able to look after their health very well or quite well	94.6%	90.7%	2023/24
	NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	95.4%	72.4%	
	NI - 3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	66.5%	59.6%	
	NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	72.8%	61.4%	
	NI - 5	Percentage of adults receiving any care or support who rate it as excellent or good	88.2%	70.0%	
	NI - 6	Percentage of people with positive experience of care at their GP practice	87.4%	68.5%	
	NI - 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	70.7%	69.8%	
	NI - 8	Percentage of carers who feel supported to continue in their caring role	46.3%	31.2%	
	NI - 9	Percentage of adults supported at home who agreed they felt safe	87.5%	72.7%	
Data indicators	NI - 11	Premature mortality rate per 100,000 persons	306	426	2024
	NI - 12	Emergency admission rate (per 100,000 population)	8,028	11,514	2024/25
	NI - 13	Emergency bed day rate (per 100,000 population)	63,225	118,078	2024/25
	NI - 14	Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)	66	103	2024/25
	NI - 15	Proportion of last 6 months of life spent at home or in a community setting	94.7%	89.1%	2024/25
	NI - 16	Falls rate per 1,000 population aged 65+	20.1	22.8	2024/25
	NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	87.9%	81.9%	2024/25
	NI - 18	Percentage of adults with intensive care needs receiving care at home	76.4%	64.7%	2024
	NI - 19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)	1,070	925	2025/26

Locally performance is reported quarterly to the IJB using a suite of indicators focussing on performance of services, and on case studies of particular interest to add context and understanding. Operationally performance is reviewed fortnightly at a Clinical and Professional Oversight Group.

The IJB is obliged by the Public Bodies (Joint Working) (Scotland) Act 2014 to publish an Annual Performance Report by July each year. The Annual Performance Report (APR) 2025/26 was presented to the IJB on 26 June 2026 in keeping with this deadline.

The purpose of the APR is to provide an open account of the IJB's performance in relation to planning and delivering delegated health and social care services.

The APR acknowledges the various challenges the IJB has faced this year, including significant workforce challenges, aligning resource to need, appropriately prioritising those in greatest need while also trying to shift towards a model of preventing ill health and crisis.

Operational Review

In the year ending 31 March 2026, the Shetland Health and Social Care Partnership (HSCP) continued to drive forward delivery of the Strategic Commissioning Plan 2022–2025, primarily through the Shifting the Balance of Care programme. This programme remains central to the transformation of health and care services, supporting a system focused on early intervention, person-centred care, and sustainable service models.

This plan aligns with areas the IJB feels need to improve to support Shetland towards the National Health and Wellbeing (NHWB) outcomes. The Core Suite of Integration Indicators, designed to approximate HSCP's contribution to the NHWB outcomes, shows Shetland performing comparatively well against other HSCP's in Scotland, and compared to the national average.

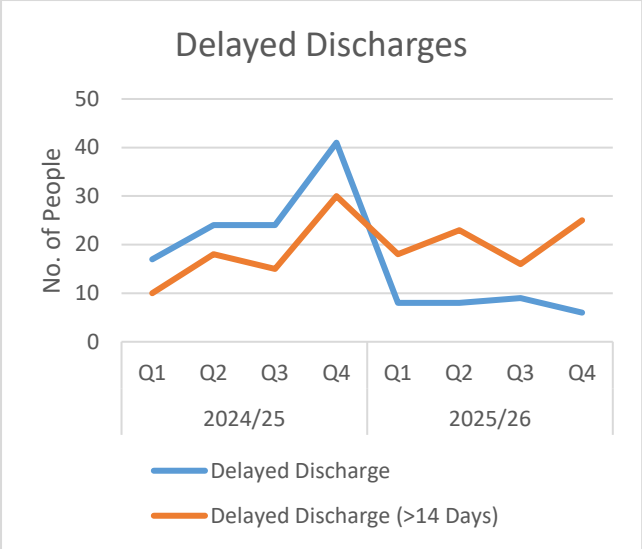
The most recent full Health and Care Experience survey is published in a dashboard online: https://www.gov.scot/collections/health-and-care-experience-survey/#2025to2026.

The 2025–26 operational landscape was again marked by intense pressures related to demographic change, increasing service demand, and persistent workforce challenges. These trends continued to reinforce the need and value for integrated, community-based services to ensure the system remains both safe and sustainable.

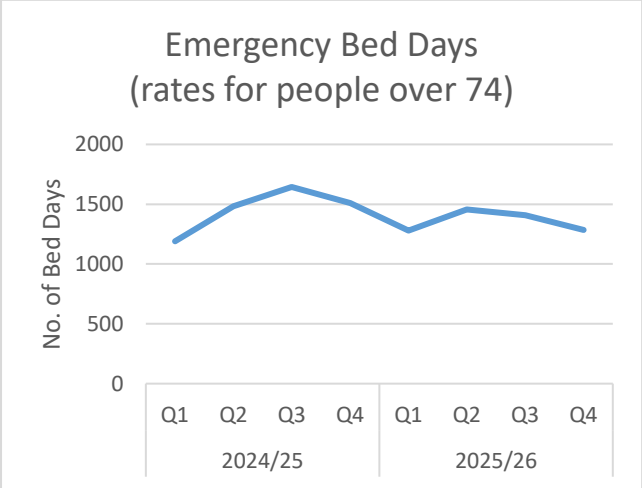
Challenges

While Shetland HSCP continues to perform well compared to Scotland there are a number of areas of performance that have remained challenging over the financial year. These are largely linked to staffing shortages, where overspends on supplementary staffing have been a feature.

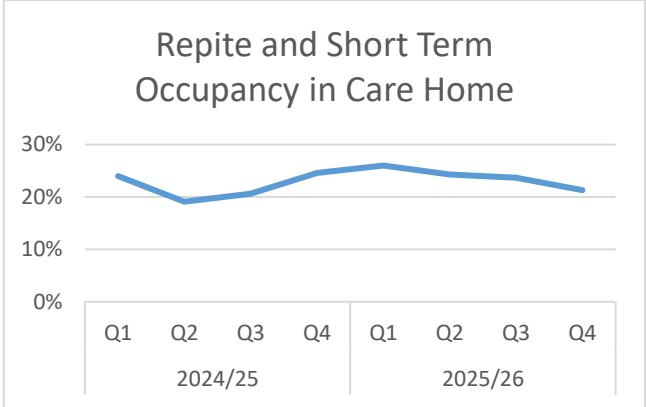
Delayed Discharges: delayed discharge levels in Shetland remained broadly stable, with a small increase of one individual at the census point. While this equates to a 9% percentage change, percentage changes should be interpreted with caution due to the impact of small numbers within small population numbers. In contrast, other island areas experienced larger fluctuations over the same period, Orkney (114% increase) and the Western Isles (56% increase), highlighting the variability that can occur in small systems. Nationally, delayed discharges reduced slightly by around 3% over the same period. There remains significant variation in delayed discharge performance across Scotland, particularly in smaller and rural systems where figures can fluctuate due to small numbers and local capacity challenges.



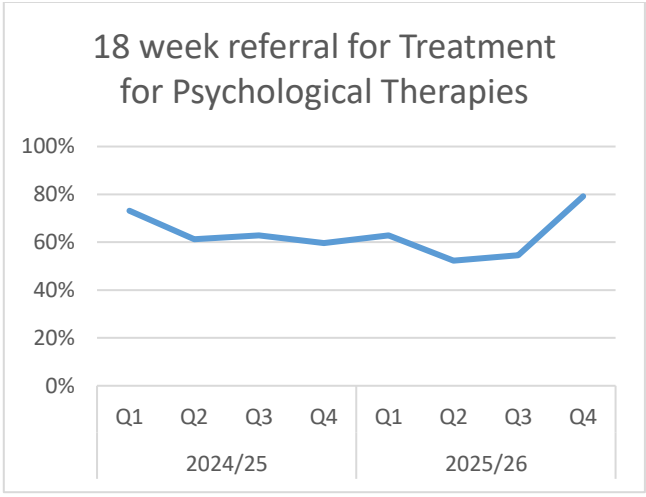
This reflects system-wide challenges in social care capacity and availability, increasing assessment workloads and growing complexity of need in our increasingly older population. It also reflects that Shetland has a higher than elsewhere utilisation of care resources in the 65+ population.



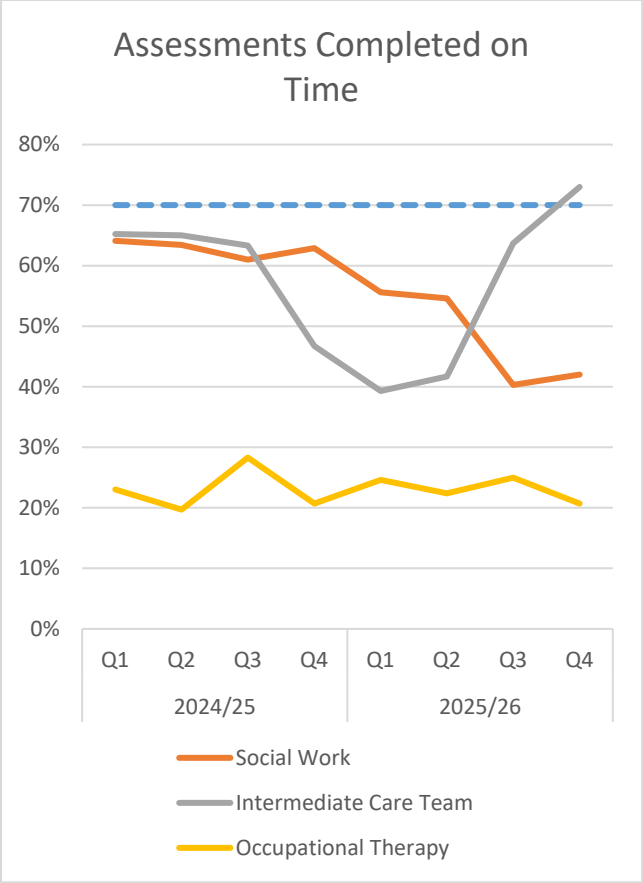
Respite and Short-Term Occupancy: The challenges facing Social Care, noted above, resulted in a reduction in the number of beds available to use for Respite and Short Term Occupancy during the financial year. At year-end the percentage of beds used for Respite and Short Term Occupancy had fallen to 21%.

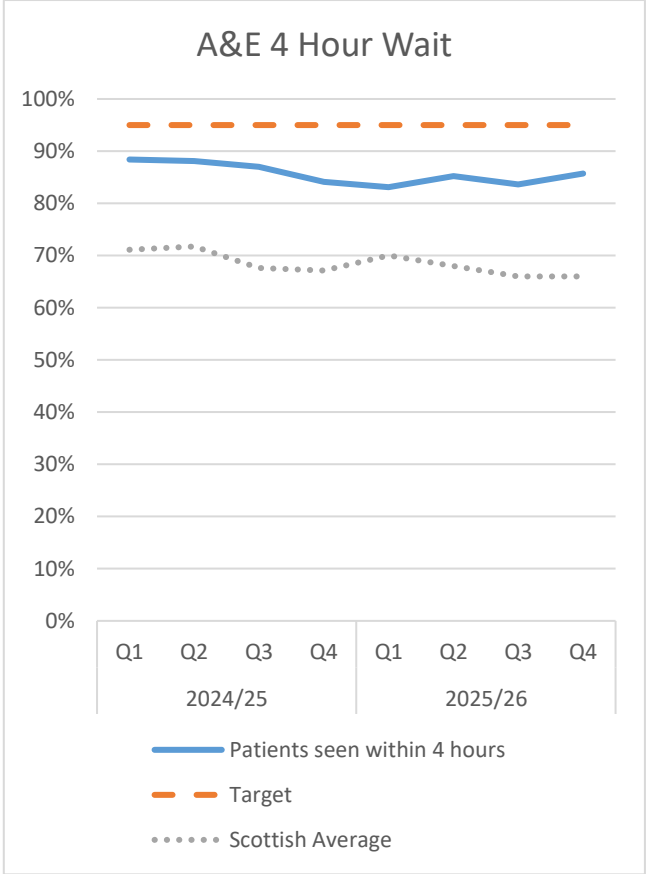


Psychological Therapies Access: The percentage of patients seen within 18 weeks increased to 79% during the final quarter of the year. The annual average was 61% materially below the 90% standard. This reflects a sustained structural mismatch between demand and available capacity, compounded by workforce challenges.



Assessment Times: Timeliness of access to assessment has been challenging across the year. Social Work and Occupational Therapy have each failed to achieve their target rate of 70%, achieving average rates of 48% and 23% respectively in year. Intermediate Care Team exceeded the target in Q4 73% though the average percentage over 2025/26 was 54%.





These delays have primarily been due to staffing difficulties and have also been impacted by increasing complexity and demand. Teams work to see the most critical cases first and will provide support while the full assessment is completed so waiting times are not indicative of service users not having access to required support.

Emergency Care: The Accident and Emergency access target has been challenging again this year, with an average of 84% of patients seen within 4 hrs, compared to 87% last year, against a target of 95%, while this remains significantly above the Scottish average it represents a prolonged dip in performance for Shetland.

Achievements

Despite ongoing workforce and system pressures, the Integration Joint Board (IJB) and Health and Social Care Partnership (HSCP) continued to progress a range of improvement initiatives aligned with the five strategic priorities set out in the Strategic Commissioning Plan. These programmes reflect a clear commitment to developing more sustainable, person-centred services and responding to the specific challenges of delivering care in Shetland.

Improvement Work

Responding to Rising Neurodevelopmental Need

Demand for neurodevelopmental services has continued to increase during 2025/26, particularly in relation to adult ADHD, placing sustained pressure on existing pathways. In response, the HSCP re-prioritised its Primary Care Mental Health Nurse pilot following recruitment challenges and redirected resources to areas of greatest need.

A time-limited ADHD Shared-Care Access Pilot has been introduced to improve access to assessment, diagnosis and treatment, while supporting earlier intervention and reducing reliance on specialist services. The model brings together multidisciplinary expertise and partnership working across Boards, strengthening collaboration between primary and secondary care and improving overall system resilience. The pilot will also inform longer-term redesign of neurodevelopmental services, supporting a more sustainable and responsive model of care.

Improving Post-School Transitions

Progress has been made in improving how young people with additional support needs transition into adulthood through the introduction of a new "Getting Transitions Right" Policy. Developed in partnership, the policy responds to feedback highlighting inconsistency in experience and aims to improve early planning, coordination and clarity across services. The approach promotes person-centred planning, clearer roles and responsibilities, improved access to information, and the introduction of a named point of contact to support continuity. This is expected to result in more coordinated transitions, reduced uncertainty for families, and better alignment of support with individual aspirations.

Annual Learning Disability Health Checks

Annual Learning Disability Health Checks have been implemented in line with national policy, with delivery now underway through Primary Care. While uptake remains lower than anticipated, work is ongoing to strengthen operational processes and improve consistency of delivery.

This includes refining pathways and approaches to increase participation and ensure the service is sustainable and able to respond to increased demand over time.

Sustainable Model of Adult Social Care

The Sustainable Model of Adult Social Care Programme has commenced, focusing on the longer-term redesign of adult social care services across Shetland. This includes consideration of future accommodation and workforce models, including provision for people with learning disabilities, to better meet changing demographic needs.

The programme aims to ensure services are fit for the future, addressing capacity pressures while supporting the development of more sustainable, person-centred models of care.

Drug Treatment and Testing Order (DTTO) Scheme Review

A review of the Drug Treatment and Testing Order (DTTO) scheme is underway to assess its effectiveness, impact and value for money. The review includes consideration of eligibility criteria, treatment options and supervision arrangements, alongside partner feedback.

Progress has been slower than anticipated due to dependencies across partner organisations; however, the findings will inform future service design and delivery, supporting continuous improvement and ensuring resources are used effectively to achieve positive outcomes.

Psychological Therapies

Access to Psychological Therapies remains a sustained area of pressure, with demand continuing to exceed available capacity. During 2025/26, improvement work has focused on strengthening workforce sustainability, expanding training opportunities and developing alternative delivery models, including remote and group-based therapies in partnership with other Boards.
Significant progress has also been made in understanding demand and capacity, with detailed analysis informing future workforce and service planning. However, waiting times remain above target, including performance against the 18-week standard, reflecting the ongoing imbalance between demand and capacity.

Overall, while stronger foundations for recovery have been established, further capacity and continued

service redesign will be required to achieve sustained improvement in waiting times.

Challenges and Pressures

Throughout 2025/26, Shetland HSCP has continued to operate within a challenging environment characterised by sustained workforce pressures and increasing demand for services. Recruitment difficulties have persisted, alongside a continued reliance on agency and temporary staffing to maintain safe service delivery. These pressures have also reduced the capacity of staff to participate in training and professional development, which is essential for longer-term service sustainability.

Demand across services has continued to rise, both in terms of volume and complexity. In particular, there has been a marked increase in referrals to mental health services, including those relating to ADHD. At the same time, there is a growing cohort of young people transitioning from children's to adult services, placing additional pressure on already constrained resources. Demand for residential care has also increased, resulting in longer waiting lists and reflecting wider demographic trends and the increasing level of need within the local population.

Capacity challenges have been evident across the whole system. Delayed discharges have remained above target levels, reflecting pressures not only within hospital settings but across the wider health and social care system. Increased demand has also contributed to longer waiting times in a number of services, including orthotics, drug treatment and other community-based services. These pressures have had a direct impact on the timeliness of assessments and overall service responsiveness.

Analysis published by Audit Scotland highlights that delayed discharge performance in Shetland has remained relatively stable over the period from October 2024 to October 2025, with only a small increase in the number of individuals delayed at the census point. However, caution is required in interpreting percentage changes in small populations, where minor numerical shifts can appear proportionally significant. Compared to other island authorities, which experienced greater fluctuations over the same period, Shetland's position has been more stable, although national performance improved slightly over this period.

Delayed discharges continue to reflect wider system pressures, including workforce constraints, limited capacity in community and care services, and the increasing complexity of need—particularly within an ageing population. While the number of individuals affected at any given time is relatively small, delays can have a significant impact on patient outcomes and experience.

Workforce

The HSCP workforce comprises both NHS Shetland and Shetland Islands Council employees working in an integrated model to deliver services across the Community Health and Social Care Directorate. This partnership approach remains a key strength, supported by strong collaboration, shared knowledge and a collective commitment to delivering high-quality care for the Shetland community.

However, workforce capacity remains one of the most significant risks facing the Partnership. Delivering sustainable services in a remote and rural setting presents ongoing challenges, influenced by national workforce trends as well as local factors such as geography, housing availability and labour supply. The Partnership continues to rely more heavily on Council-employed staff than is typical elsewhere in Scotland, reflecting the structure of local service provision.

Shetland also has a relatively high workforce density, driven in part by a large proportion of part-time roles across care at home, housing support and care home services. While this supports flexibility, it also increases reliance on a wider pool of staff and can create additional vulnerability where staff are unavailable.

Staff absence continues to place further strain on services, contributing to pressures on continuity of care, service capacity and waiting times. These challenges can affect staff wellbeing and resilience,

increase reliance on temporary staffing solutions and create additional pressures for teams and managers. In response, the HSCP has continued to focus on improving recruitment and retention, strengthening workforce planning, and enhancing the use of workforce data to support decision-making. Progress has also been made in supporting staff wellbeing and resilience during the year. Despite these actions, workforce availability remains a key area of risk and will continue to be a central focus to ensure the sustainability of services and the ability to meet increasing demand in future years.

Tackling Inequalities

Inequalities are the unfair, avoidable, systematic differences in health and social outcomes between different groups of people in our communities. Shetland Integration Joint Board (IJB) is committed to promoting equality, fairness, and dignity in health and social care services. In partnership with Shetland Islands Council and NHS Shetland, the IJB works to eliminate discrimination, advance equality of opportunity, and foster good relations. To tackle inequalities Shetland HSCP uses a Person-Centred approach, this puts the focus on what matters most to individuals, families, and communities. The HSCP aims to deliver joined up, flexible, and compassionate support by enabling staff across services to work together, respond earlier to needs, and offer person centred and strengths based care. The HSCP 2025–2029 Equality Outcomes focus is on improving access to evidence for decision-making, using Equality Impact Assessments to reduce disadvantage, ensuring services meet the needs of adults with disabilities, and enhancing inclusive communication.

This work aligns with and supports a wide range of local and national strategies, and contributes to trauma-informed practices and wellbeing strategies, and efforts to reduce child poverty. Through these coordinated efforts, Shetland HSCP is actively working to reduce inequalities and improve outcomes for all members of the community. More information on this work can be found on the IJB pages and the Shetland Partnership website.

Joint Strategic Needs Assessment (JSNA): Nearing publication, the JSNA has informed development of the strategic plan and will underpin locality planning and future strategy.

Data-Sharing Improvements for Complex Needs: Enhanced coordination supported better transitions and planning for people with complex needs.

Outreach to Vulnerable Groups: Advanced Nurse Practitioner outreach with the Recovery Hub supported people back into mainstream services.

Development of new HSCP Strategic Plan: Work undertaken to develop a new Strategic Plan which includes a stronger focus on inequalities.

Improving communication: Funding through the IJB Reserve has allowed development of an Easy Read Strategic Plan, and a means for developing Easy Read documents locally.

Equalities Outcomes evidence gathering: A series of focus group and survey work was progressed by the HSCP in collaboration with Community Planning and Public Health colleagues, to improve local understanding of the experiences of people in Shetland with Protected Characteristics.

Best Value

During 2025/26, Shetland HSCP has progressed a programme of improvement and service redesign to support sustainable, high-quality integrated care in the context of ongoing financial, workforce and demand pressures.

There is clear recognition that financial sustainability cannot be achieved through efficiencies alone, and that service redesign and transformation are required to address the medium-term financial challenge. Improvement activity is being progressed through established governance arrangements, ensuring alignment with the Medium Term Financial Plan and Recovery and Sustainability Plan.

Targeted action in 2025/26 has improved workforce stability and reduced reliance on temporary staffing.

This includes continued implementation of the Out-of-Hours Advanced Nurse Practitioner model and strengthened oversight of supplementary staffing, supporting improved service resilience and reduced non-recurrent cost pressures.

A coordinated programme of system-wide transformation has also been progressed. Key areas include urgent and unscheduled care redesign, with initiatives such as Hospital at Home, frailty pathways and discharge improvement supporting reduced admissions and improved patient flow. Primary care redesign, supported by workflow optimisation and development of the Shetland Health Intelligence Platform, is improving service delivery and data-driven decision-making.

Work has also continued to support prevention and population health approaches, alongside initiatives to improve access and support patients awaiting treatment.

These programmes are at varying stages of development, with benefits expected to be realised over the medium term as redesigned models are embedded.

Overall, the HSCP continues to demonstrate a clear and structured approach to securing Best Value through service redesign, workforce sustainability and strengthened governance, with transformation central to delivering long-term financial sustainability.

System Redesign and Models of Care

In 2025/26, the HSCP has continued to progress system-wide redesign aligned to the Shifting the Balance of Care programme, with a focus on strengthening community-based provision and reducing reliance on acute services. Primary Care Redesign remains a core enabler, bringing together workflow optimisation, networked models of care and enhanced use of data to support more sustainable delivery.

Work within urgent and unscheduled care has progressed through the continued development of Hospital at Home and multidisciplinary team approaches, supporting admission avoidance and earlier discharge. In parallel, integrated models of care for remote and island communities, including enhanced Healthcare Support Worker roles, are improving continuity and access to services.

A range of enabling programmes have also progressed, including implementation of a revised Self Directed Support model, development of future accommodation and housing models, and the roll-out of ReSPECT care planning.

Together, these initiatives support a shift towards prevention, person-centred care and more sustainable service delivery, with benefits expected to continue to emerge over the medium term.

Meaningful Involvement

In 2025/26, the HSCP has continued to support meaningful involvement of communities, patients and stakeholders in service planning and redesign. Locality profiles and population data, including protected characteristics information, are used alongside service utilisation data to inform decision-making and support place-based discussions on local needs and priorities.

Engagement activity continues to inform the development of key programmes, including Primary Care Redesign and wider system transformation. The ongoing development of the Shetland Health Intelligence Platform has strengthened the use of data to identify those most at risk and to target resources more effectively within primary and community care settings.

Patient, service user and stakeholder feedback is also used to inform service improvement and redesign, ensuring that changes are shaped by lived experience as well as operational and financial considerations.

This approach supports a more integrated, evidence-based and person-centred approach to planning, aligned to the HSCP's strategic objectives and Best Value duty.

Workforce

Workforce challenges remained significant during 2025/26, consistent with the national position, with ongoing pressures relating to recruitment, retention and increasing service demand.

Addressing workforce sustainability continues to be a key priority, given the impact of temporary staffing on both service delivery and financial performance.

Targeted actions during the year have contributed to improved workforce stability across NHS services, including successful recruitment initiatives and the development of more flexible staffing models. This has supported a reduction in reliance on supplementary staffing within NHS services.

In contrast, pressures within social care services have remained more acute, with demand and absence levels continuing to drive reliance on temporary staffing.

Workforce Sustainability and Service Models

Progress has been made in developing more sustainable workforce models aligned to service redesign. The continued implementation of the Out-of-Hours Advanced Nurse Practitioner model and the development of multidisciplinary approaches within services such as Hospital at Home are supporting more resilient and flexible delivery models.

In primary care, investment through the Primary Care Phased Investment Programme has enabled further progression of CTAC and Pharmacotherapy services, which are now moving towards business-as-usual delivery. This supports improved capacity within primary care and enables a shift in activity away from GP services, contributing to more sustainable workforce models.

Workforce Planning and Enabling Infrastructure

During 2025/26, there has been continued improvement in workforce planning through enhanced use of staffing data, rostering systems and demand intelligence. This has strengthened visibility of workforce pressures and supported more proactive management of capacity and deployment across services.

Business Continuity Planning arrangements have continued to be strengthened during 2025/26, with regular review and oversight through governance structures including NHS Audit and Risk Management Group. While work is ongoing to ensure consistency across all services, these arrangements support organisational resilience and the HSCP's ability to respond to workforce and service pressures.

Overall, while workforce challenges remain a key pressure for the HSCP, progress has been made in stabilising the workforce, reducing reliance on temporary staffing within NHS services, and developing more sustainable models of care. This work forms part of a wider programme of system redesign and transformation required to deliver long-term financial and service sustainability.

Financial Statements

The Financial Statements detail the IJB's transactions for the year and its year-end position as at 31 March 2026. The Financial Statements are prepared in accordance with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (IASB Framework) as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom.

A description of the purpose of the primary statements has been included immediately prior to each of the Financial Statements: The Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Balance Sheet. These Statements are accompanied by Notes to the Accounts which set out the Accounting Policies adopted by the Partnership and provide more detailed analysis of the figures disclosed on the face of the Primary Financial Statements.

No Cashflow Statement is required as the IJB does not operate a bank account or hold cash. The Primary Financial Statements and notes to the accounts, including the accounting policies, form the relevant

Financial Statements for the purpose of the auditor's certificate and opinion. The remuneration of the Chief Officer and Interim Depute Chief Officers of the Partnership is disclosed in the Remuneration Report.

Financial Review

At its meeting on 19 March 2025 the IJB approved its 2025/26 budget of £76.512m (2024/25: £68.032m), inclusive of IJB Direct Running costs of £39k (2024/25: £38k) and that budget of £76.512m (2024/25 £67.996m) be delegated to the Parties for the Financial Year to fund delegated services. Subsequently, budget revisions have been made during the year for additional funding allocations and application of contingency and cost pressure budgets with the total budget delegated from the IJB to the Parties for 2025/26 being £82.231m (2024/25: £75.086m).

The purpose of the Financial Statements is to present a public statement on the stewardship of funds for the benefit of both Members of the IJB and the public. The IJB is funded by SIC and NHSS in line with the Integration Scheme.

The Comprehensive Income and Expenditure Statement presents the full economic cost of providing the Board's service in 2025/26.

For the year-ended 31 March 2026, the IJB generated a surplus of £0.622m (2024/25 deficit: (£0.061m)), after adjustment has been made for additional contributions made by SIC and NHSS.

The surplus of £0.622m represents expenditure incurred during the year that the IJB agreed would be met from its Reserve off-set by underspend of Scottish Government Additionality Funding and other specific funding allocations.

The outturn position at 31 March 2026 for IJB delegated services is an overall deficit against budget of (£1.234m) (2024/25: (£2.524m)), which represents an overspend in relation to services commissioned from SIC of (£1.687m) (2024/25: (£0.0m)) and an underspend in relation to services commissioned from NHSS of £0.453m (2024/25: (£2.524m)).

Financial Transactions 2025/26

	2025/26			2024/25		
	SIC £000	NHSS £000	TOTAL £000	SIC £000	NHSS £000	TOTAL £000
Original Budgets delegated to the Parties from the IJB	38,942	37,570	76,512	34,890	33,106	67,996
Additional Budget delegated to the Parties in year	1,231	4,488	5,719	3,333	3,757	7,090
Revised Budgets delegated to the Parties from the IJB	40,173	42,058	82,231	38,223	36,863	75,086
Contribution from the Parties to the IJB (against delegated budgets)	(41,860)	(41,605)	(83,465)	(38,223)	(39,387)	(77,610)
Budget Variance	(1,687)	453	(1,234)	0	(2,524)	(2,524)
Additional contributions from Parties to meet IJB Direct Costs	20	19	39	19	19	38
IJB Direct Costs (Audit fee, Insurance & Members Expenses)	(20)	(19)	(39)	(19)	(19)	(38)
Additional contributions (to)/from the Parties to/(from) IJB	1,678	178	1,856	(1,281)	3,744	2,463
Final Surplus/(Deficit) of IJB	**(9)**	**631**	**622**	**(1,281)**	**1,220**	**(61)**

	2025/26			2024/25		
	SIC £000	NHSS £000	TOTAL £000	SIC £000	NHSS £000	TOTAL £000
Additional contributions (to)/from the Parties to/(from) IJB to meet Outturn of IJB delegated services	1,687	(453)	1,234	0	2,524	2,524
Transfer of Scottish Government Additionality funding between the Parties	0	0	0	(1,277)	1,277	0
Draw from Reserves	(9)	(210)	(219)	(4)	(158)	(162)
Pass back to Reserves	0	841	841	0	101	101
Additional contributions (to)/from the Parties to/(from) IJB	**1,678**	**178**	**1,856**	**(1,281)**	**3,744**	**2,463**

The Balance Sheet as at 31 March 2026

The IJB carried a General Fund of £0.887m as at 1 April 2025. This Reserve was created from previous years underspending in the Scottish Government Additionality Funding £0.525m and underspend in specific NHSS Funding which were carried forward as an earmarked element of the Reserve £0.362m.

During the year there has been an draw on the IJB Reserve of £0.219m.

Underspend in Specific NHS Funding in 2025/26 of £0.841m, has been added to the Reserve.

As at 31 March 2026, the General Fund has a balance of £1,509m, of which £1.101m is earmarked, leaving £0.408m uncommitted Reserve available to be spent in line with the IJB Strategic objectives.

2026/27 Budget and Medium Term Financial Outlook

The IJB Board approved its budget for 2026/27 of £84,652m, on 18 March 2026.

The 2026-27 budget anticipates additional significant cost pressures related to temporary workers. The budget contains outline savings and cost reduction schemes on how this challenge will be addressed. Progress on these schemes, along with the ongoing development of further schemes, will be regularly reported in the IJB's quarterly Financial Monitoring Reports.

General Fund is also available to support the strategic objectives of the IJB, as detailed in Note 7 to the Accounts (page 34). Since the inception of the Shetland IJB, like other health and social care partnerships, it has faced significant financial challenges and has anticipated that it will be required to operate within tight fiscal constraints into the future, due to the continuing difficult national economic outlook and increasing demand for services.

The IJB approved its current Medium-Term Financial Plan 2026-2031 (MTFP) on 12 March 2026. This plan presents an extremely challenging financial outlook for the IJB over the next five years. If services remain in the current model, the IJB will face a cumulative financial deficit of £10.676m (5.7%) by 2030-31. Addressing this deficit will require strategic financial planning and decisive action to ensure the long-term financial sustainability of IJB delegated services.

Savings and cost reduction schemes will continue to be progressed and developed during future years with continued IJB scrutiny in this area.

Principal Risks and Uncertainties

The Integration Scheme requires that a Risk Management Strategy is developed and that a Risk Register is maintained by the Chief Officer. An updated IJB Risk Management Strategy was approved by the IJB on 9 November 2021. The Risk Register was updated and considered by the IJB Audit Committee on 12 November 2025. For full details on the current risks and associated mitigating actions, the latest Risk Register and associated report can be found here.

The main risks continue to be around the sustainability of IJB commissioned services in regards to both finance and workforce. The significant financial challenge is amplified by difficulty in recruitment and retention across services. The extra cost of temporary workers is even higher in remote locations such as Shetland due to the associated travel and accommodation implications.

A Finance and Sustainability Group was established to oversee a wide range of remedial actions. This group will continue to support service managers to lead sustainable change initiatives that will maintain safe, effective health and social care services in Shetland.

Acknowledgement

We would like to acknowledge the significant effort of all the staff across the IJB who contributed to the preparation of the Annual Accounts and to the budget managers and support staff who have ensured delivery of the outcomes of the Strategic Commissioning Plan within the adjusted financial resources available to the IJB for the year ended 31 March 2026.

.....	.....	.....
Jo Robinson	John Fraser	Karl Williamson
Chief Officer	Chair	Chief Financial Officer

Annual Governance Statement

Executive Summary

The Annual Governance Statement provides a transparent and evidence-based assessment of the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

Overall, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance arrangements and systems of internal control that operate across the Council and NHS throughout 2025/26. We consider that the governance arrangements and internal control environment allows the identification of any significant risks which may impact on the achievement of the IJB's principal objectives, and to take action (or actions) to avoid or mitigate the impact of any such risks.

There is ongoing review and forward looking commitment to ensure governance remains appropriate in the future.

There are no significant changes planned for action in the forthcoming year.

What is the Annual Governance Statement?

Preparing an Annual Governance Statement is an opportunity to undertake a rigorous annual assessment of governance and consider whether it truly is fit for purpose. The review takes into not just current demands but also anticipated challenges.

In this document the IJB:

- Acknowledges its responsibility for ensuring that there is a sound system of governance;
- Summarises the key elements of the Governance Framework. The IJB through its partner organisations assesses against the core principles of good governance and the behaviours and actions that demonstrate good governance;
- Summaries how the review of effectiveness was conducted and the results;
- Provides details on areas of governance requiring improvement and how these are being addressed; and
- Demonstrates how the governance issues identified in the previous year's statement have been addressed and whether further work is required.

The Annual Governance Statement reports on the governance system as it applied during 2025/26, and up to the date of approval of the audited accounts.

What is Governance

The IJB, through its Chief Officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs, including the legality of activities and transactions, and for monitoring their adequacy and effectiveness.

The IJB involves those charged with governance (including the IJB Audit Committee) in monitoring these arrangements.

Corporate governance is the system by which the IJB directs and controls its functions and relates to its community. It covers the following dimensions:

- Service delivery arrangements
- Structures and processes
- Risk management and internal control
- Standards of conduct

Good governance is about the culture, systems, processes and values by which the IJB conducts its business and delivers services. The IJB adheres to and works within a framework of internal values and expected external principles and standards which help to deliver good standards of governance.

Specific details of the IJB's Governance arrangements are set out in the Integration Scheme.

What is the Governance Framework?

The governance framework consists of the systems, processes, culture and values by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost-effective services.

The key elements of the IJB's governance framework include:

- the legal powers, duties and functions of the IJB, and roles and responsibilities of the people who take decisions on behalf of the community
- The Integration Scheme sets out the detail as to how Shetland Islands Council (the Council) and Shetland NHS Board (the Health Board) integrate services.
- Scheme of Administration sets out the Constitution of the IJB, how it is established in terms of membership, terms of office and dealing with vacancies. It also sets out the scope of the IJB responsibilities and reserved matters, and the roles and responsibilities of the Chief Officer and Chief Financial Officer.
- Standing Orders for meetings sets out how decisions are made and the procedures that are followed.
- Financial Regulations sets out the expectations on and the responsibilities of the Board and senior officers in relation to the proper administration of the Board's finances. The Financial Regulations don't supersede those of the Shetland Islands Council or the Standing Financial Instructions of Shetland NHS Board but operate alongside those procedures.
- Performance Management Framework which sets out how the IJB sets its objectives, monitors and reports on its performance against those objectives and identifies areas for improvement.
- Following COSLA's Code of Guidance on Funding External Bodies and Following the Public Pound for both resources delegated to the Parternship by NHSS and SIC and resources paid to its SIC and NHSS Partners.
- A comprehensive programme of internal audit reviews across different service areas, which provides assurance about the effectiveness of the system of internal controls and identifies areas of improvement.

The IJB's suite of governance documents, including the Integration Scheme, Scheme of Administration, Standing Orders for Meetings and Financial Regulations, are easily accessible and can be found on the Shetland Islands Council's website.

Our assessment of effectiveness

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure Best Value.

The review of the IJB's governance framework is supported by a process of self-assessment and assurance certification by Directors within SIC and NHSS. The IJB directs SIC and NHSS to provide services on its behalf and does not provide services directly. Therefore, the review of the effectiveness of the governance arrangements and systems of internal control within the IJB places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

A high level assessment of the IJB's compliance with the 17 standards set out in the FM code has been completed by management and It has been determined that the IJB is compliant with all standards through existing governance arrangements.

In discharging these responsibilities, the Chief Officer has a reliance on the systems of internal control of both NHSS and SIC that support compliance with both organisations' policies and promote achievement of each organisation's aims and objectives, as well as those of the IJB.

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks facing the organisation. The system aims to evaluate the nature and extent of failure to achieve the organisation's policies, aims and objectives and to manage risks efficiently, effectively and economically. As such it can

therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control has been in place at the IJB for the financial year ended 31 March 2026 and up to the date of the approval of the Annual Accounts.

Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify areas for improvement.

Alongside the responsibilities noted above the IJB conducts its business in line with the core arrangements for the local code and provides reasonable and objective assurance that each of the core arrangements are operating effectively. Please see the Shetland Health and Social Care Partnership Joint Strategic Plan 2025-2028

Internal audit reviews

IJB Members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB's Audit Committee operates in the main in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Audit Committee performs a scrutiny role in relation to the application of the Global Internal Audit Standards (in the UK Public Sector) (GIAS) and reviews the performance of the IJB's Internal Audit Service. The appointed Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of the IJB's system of internal control.

The internal audit service undertakes an annual programme of work, approved by the Audit Committee, based on a strategic risk assessment. The appointed Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of internal control.

The Internal Audit plan for 2025/26 included two specific IJB related review – Governance of Providers and Risk Management. Both audits were assessed as providing a reasonable level of assurance on the control environment. Implementation of recommendations arising from these reviews will be monitored and reported back to the IJB during 2026/27.

On the basis of the audit work undertaken during the reporting period, the Chief Internal Auditor is able to conclude that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2025/26.

External audit

External auditors assess the design and implementation of internal controls in operation within the IJB as part of their annual audit work.

External audit report to the IJB Audit Committee on the year end financial audit, setting out significant matters identified from the audit of the annual report and accounts and the wider scope areas specified in the Code of Audit Practice.

The 2024/25 Annual Audit Report was considered by the IJB Audit Committee in November 2025. The Audit Report made 3 new recommendations following the audit process relating to service redesign and transformation, medium-term financial plan and engagement with two-yearly skills review.

Where our governance needs to improve

During the year the Audit Committee received a range of reports produced by Internal Audit that enabled scrutiny and questioning of officers, such that the Committee gained assurance about any weaknesses identified as well as the actions being taken to address them.

Other than the minor issues reported in the 'Our assessment of effectiveness' above, there were no significant governance issues during 2025/26.

How we have improved our governance arrangements in 2025/26

Of the three audit recommendations for 2024/25 specific to the IJB. One has been completed and the remaining two are currently in progress.

IJB Board Members observe and comply with the Nolan Seven Principles of Public Life. These are articulated through the latest version of the Board's Code of Conduct as a devolved public body. The Code was approved on 24 March 2022. Comprehensive arrangements are in place to ensure IJB Board Members and officers are supported by appropriate training and development including compliance with their Code of Conduct.

The Council has approved an organisational restructure which commenced in May 2026. The work to review and update the governance documents is therefore more extensive to ensure that the new structural arrangements, Values and Ways of Working are included in the updated constitutional documents. Subject to the restructure progressing as planned, an update report will be presented to the council during 2026 to approve the updated Governance Documents.

The following table details the actions taken to address the significant governance issues that have been previously reported in a prior year's Annual Governance Statement.

Significant Governance Issue	Responsible Officer	Action Taken	Current status and further action required
Financial Sustainability	Chief Financial Officer	Savings and cost reduction programmes have been progressed during 2025/26, with monitoring through established governance arrangements. The IJB's financial outturn for 2025/26 shows a marked improvement compared to recent years, with a significant reduction in the overall overspend. The Medium Term Financial Plan (MTFP) has been developed and updated, setting out the financial framework to 2030/31 and identifying the scale of the financial challenge. Financial monitoring reports highlight ongoing cost pressures driven by demand, inflation and reliance on temporary staffing.	The IJB continues to face a recurring structural financial pressure, with savings requirements exceeding assumed funding growth across the planning period. A significant proportion of savings delivered are non-recurring, limiting long-term sustainability. Financial performance remains impacted by demand and workforce pressures, particularly reliance on agency and locum staffing. Further actions include accelerating service redesign and transformation, developing recurring savings solutions, and continued monitoring through financial reporting and governance arrangements.
Business Continuity Arrangements	Resilience and Business Continuity Officer	A Business Continuity Management System (BCMS) has been established, including standardised Business Continuity Plans (BCPs), Business Impact Assessments (BIAs), and a centralised dashboard to provide oversight and automated compliance monitoring. Improved visibility and engagement has been achieved through management escalation and enhanced reporting arrangements.	Compliance remains incomplete, with c.68% of BCPs in-date and variable engagement across services. Testing of Business Continuity arrangements is not yet systematic, with limited evidence of structured exercising or consistent capture of lessons learned. Further actions include achieving full compliance, embedding BIA outputs,

			implementing a formal testing programme, and strengthening governance oversight and assurance arrangements.
Sustained Underperformance Against Psychological Therapies Waiting Times Standards	Head of Mental Health Services, NHSS	NHS Shetland has continued to invest in Mental Health Services, including commissioning additional capacity from NHS Orkney and developing workforce capacity (including CBT trainees). Service improvement actions include expansion of group therapy programmes, introduction of digital delivery models, and implementation of a Recovery and Improvement Plan to model required capacity and redesign pathways. Targeted waiting list management interventions have been developed, including a proposal to provide a one-off clinical "check-in" for patients waiting more than 12 weeks following assessment, in line with national "Waiting Well" principles. Short-term non-recurring funding has been progressed to stabilise service delivery and address backlog pressures. Work is underway to develop a longer-term business case for sustainable investment, to be progressed through the Strategic Change Oversight Group (SCOG).	Performance remains materially below the 90% standard, with 61.1% achieved at March 2026. Long waits persist, including increasing numbers of patients waiting over 52 weeks and a significant increase in the longest waiting patient. This reflects a sustained structural mismatch between demand and available capacity, compounded by workforce challenges. Further actions include implementation of targeted waiting list interventions, progression of the full business case for long-term capacity through SCOG, and continued delivery of the Improvement Plan.

Forward look on governance

The IJB is committed to take steps to address any new or outstanding matters to further enhance our governance arrangements.

All audit reports presented to the Audit Committee for consideration will be reviewed and updated annually to ensure continuous improvement and to identify the key areas that need further work or processes and/or policies to be put in place.

The IJB will continue to monitor effectiveness of the governance arrangements and will take any new recommendations into account as part of the next annual review.

.....
Jo Robinson
Chief Officer

.....
John Fraser
Chair

Remuneration Report

Introduction

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

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditor to ensure it is consistent with the Financial Statements.

Remuneration: IJB Chair and Vice Chair

The voting Members of the Integration Joint Board comprise three persons appointed by NHSS, and three persons appointed by the SIC. Nomination of the IJB Chair and Vice Chair post holders alternates between a SIC Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair (NHSS), Vice Chair (SIC) or any other board Members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The Chair and Vice Chair did not receive any taxable expenses paid by the IJB in 2025/26 or 2024/25.

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

Remuneration: Officers of the IJB

The IJB does not directly employ any staff in its own right, however specific post-holding officers are non-voting Members of the Board.

Chief Officer

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

The Chief Officer is employed by SIC but this is a joint post with NHSS, with 50% of their cost being recharged to NHSS. The salary of senior employees of the SIC is set by reference to national arrangements and agreements. Performance appraisal and terms and conditions of service are in line with SIC policies and procedures.

Depute Chief Officer

The Depute Chief Officer position is currently split between the SIC and NHSS, with a Senior Manager from each organisation taking on responsibilities of the role on an interim basis. Ruth MacMillan (SIC) and Anthony McDavitt (NHSS) have been acting in this role since December 2023.

The salary of senior employees of the SIC is set by reference to national arrangements and agreements. Performance appraisal and terms and conditions of service are in line with SIC policies and procedures.

The salary of senior employees of the NHS is set by reference to national arrangements and agreements. Performance appraisal and terms and conditions of service are in line with NHS Scotland circulars and continuity of service applies.

Other Officers

No other staff are appointed by the IJB under a similar legal regime and no other non-voting board Members of the IJB meet the criteria for disclosure. All Partnership officers are employed by either NHSS or SIC, and remuneration to senior staff is reported through the employing organisation.

The IJB approved the appointment of the Chief Financial Officer at its meeting on 20 July 2015. The role of Chief Financial Officer for the IJB is carried out by the NHSS Head of Finance & Procurement, Karl Williamson, with NHSS meeting his full cost.

Disclosure by Pay Bands

Pay band information is not separately provided as all staff pay information has been disclosed in the information that follows below.

Remuneration

The Chief Officer and Depute Chief Officer received the following remuneration during 2025/26:

Senior Employees	Designation	2025/26 *Total Remuneration £	2024/25 *Total Remuneration £
Jo Robinson	Chief Officer	105,020	100,462
Anthony Mcdavitt	Interim Depute Chief Officer	43,367	41,901
Ruth MacMillan	Interim Depute Chief Officer	47,822	41,670

*Consists of salary, fees and allowances, with no expenses/benefits in kind/other payments.

The Full Time equivalent for the Chief Officer post in 2025/26 is £118,253.

The Interim Depute Chief Officer position has been covered by Anthony McDavitt and Ruth MacMillan on an interim basis from 18 December 2023.

Pension Benefits

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 pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB, however, has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The table below shows the IJB's funding during the year to support officers' 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.

The current Chief Officer and one Depute Chief Officer participates in the Local Government Pension Scheme (LGPS) which is a funded pension scheme that receives contribution payments from both Scheme members and participating employers. From 1 April 2015, the Pension Scheme moved to a career average related earnings scheme for all scheme members.
The previous Chief Officer and one Depute Chief Officer participates in the National Health Service Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and

from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations.

Pension entitlements for the Chief Officer and the Depute Chief Officer positions for the year to 31 March 2026 are shown in the table below, together with the contribution made to this pension by the employing body

Name of Senior Official	Designation	In-Year Employer Pension Contributions		Accrued Pension Benefits			
				As at 31 March 2026		Increase from 31 March 2025	
		2025/26 £	2024/25 £	Pension £	Lump Sum £	Pension £	Lump Sum £
Jo Robinson	Chief Officer	19,954	19,088	45,970	45,241	4,284	1,963
Anthony Mcdavitt [a]	Interim Depute Chief Officer	9,530	23,034	18,687	0	2,881	0
Ruth MacMillan [b]	Interim Depute Chief Officer	9,028	7,917	2,094	0	1,014	0

[a] It is not possible to separate out the pension attributable to individual posts held by Anthony McDavitt during 2025/26, so his full entitlement is disclosed in the above table.

[b] A separate post has been established for Ruth MacMillan while she is acting as Interim Depute Chief Officer so it is possible to separate out the pension attributable to this post.

.....
Jo Robinson
Chief Officer

.....
John Fraser
Chair

Statement of Responsibilities for the Annual Accounts

The Integration Joint Board's Responsibility

The Integration Joint Board is required to:

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

I can confirm that these Annual Accounts were approved for signature by the Integration Joint Board on 26 June 2026.

Signed on behalf of Shetland Integration Joint Board.

.....
John Fraser
Chair

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the 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 Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation; and
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).
- Kept adequate accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Integration Joint Board at the reporting date and the transactions of the Integration Joint Board for the year ended 31 March 2026

.....
Karl Williamson
Chief Financial Officer
26 June 2026

Independent Auditor's Report to the members of Shetland Islands Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Comprehensive Income and Expenditure Statement for year ended 31 March 2026

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000		Notes	2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Expenditure £000
3,811	0	3,811	Mental Health		4,118	0	4,118
805	0	805	Substance Misuse		940	0	940
3,515	0	3,515	Oral Health		3,463	0	3,463
9,655	0	9,655	Pharmacy & Prescribing		10,079	0	10,079
12,179	0	12,179	Primary Care & Community Nursing		12,419	0	12,419
1,020	0	1,020	Directorate		1,891	0	1,891
88	0	88	Sexual Health		98	0	98
16,141	0	16,141	Adult Services & Adult Social Work		18,207	0	18,207
18,577	0	18,577	Community Care Resources		19,350	0	19,350
95	0	95	Criminal Justice		443	0	443
1,804	0	1,804	Allied Health Professionals		1,653	0	1,653
2,177	0	2,177	Occupational Health		2,341	0	2,341
1,002	0	1,002	Health Improvement		1,039	0	1,039
5,681	0	5,681	Unscheduled Care		6,431	0	6,431
364	0	364	Renal		393	0	393
696	0	696	Intermediate Care Team		599	0	599
38	0	38	Corporate Services		40	0	40
77,648	**0**	**77,648**	**Cost of Services**	**4**	**83,504**	**0**	**83,504**
0	(77,587)	(77,587)	Taxation and Non-Specific Grant income	5	0	(84,126)	(84,126)
77,648	**(77,587)**	**61**	**Deficit / (Surplus) on Provision of Services**		**83,504**	**(84,126)**	**(622)**
		61	**Total Comprehensive Income and Expenditure**				**(622)**

There are no statutory or presentation adjustments which affect the 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 (CIES). Consequently, an Expenditure and Funding Analysis is not provided in these Annual Accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the reserves held by the IJB.

2025/26	General Fund Balance £000
Balance at 1 April 2025	**(887)**
Total Comprehensive Income and Expenditure	(622)
Increase in 2025/26	**(622)**
Balance at 31 March 2026	**(1,509)**

Comparative Movements in 2024/25	General Fund Balance £000
Balance at 1 April 2024	**(948)**
Total Comprehensive Income and Expenditure	61
Decrease in 2024/25	**61**
Balance at 31 March 2025	**(887)**

Balance Sheet as at 31 March 2026

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

Increase from 31 March 2025 £000		Notes	As at 31 March 2026 £000
887	Other Current Assets	6	1,509
887	**Current Assets**		**1,509**
887	**Net Assets**		**1,509**
	Represented by:		
887	Usable Reserves: General Fund	7	1,509
887	**Total Reserves**		**1,509**

The unaudited financial statements were issued on 26 June 2026.

The Annual Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2026 and its income and expenditure for the year then ended.

.....
Karl Williamson Chief Financial Officer
26 June 2026

Notes to the Primary Financial Statements

Note 1: Critical Judgements and Estimation Uncertainty

There are no significant judgements and estimates impacting figures.

Note 2: Events after the Reporting Period

The unaudited accounts were authorised for issue on 26 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes to the accounts have been adjusted in all material respects to reflect the impact of this information.

There were no events which took place after the 31 March 2026 which would materially affect the 2025/26 Annual Accounts.

Note 3: External Audit Costs

The authority has incurred the following costs in relation to the audit of the statement of accounts:

2024/25 £000		2025/26 £000
34	Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year.	35
34		**35**

Note 4: Cost of Services

2024/25		2025/26
£000		£000
38,223	Expenditure on Commissioned Services from Shetland Islands Council	41,860
39,387	Expenditure on Commissioned Services from NHS Shetland	41,605
38	Expenditure on Direct Running Costs of the IJB	39
77,648	**Total**	**83,504**

Note 5: Taxation and Non-Specific Grant Income

2024/25 £000		2025/26 £000
36,961	Funding contribution from Shetland Islands Council	40,593
40,626	Funding contribution from NHS Shetland	43,533
77,587	**Total**	**84,126**

The funding contribution from NHSS shown above includes £10.639m (2024/25: £8.774m) in respect of 'set aside' resources. These are provided by NHSS which retains responsibility for managing the costs of providing the services. The IJB has responsibility for the consumption of, and level of demand placed on these resources.

Note 6: Debtors

Increase from 31 March 2025 £000		As at 31 March 2026 £000
107	Shetland Islands Council	97
780	NHS Shetland	1,412
887	**Total**	**1,509**

Amounts owed by the funding Partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding Partners but not

yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.
The IJB does not have a bank account. Underspends recorded by SIC and NHSS that are carried forward are therefore held in their own bank accounts and reflected as Other Current Assets by the IJB.

Note 7: Usable Reserve: General Fund

The IJB holds a balance on the General Fund for two main purposes:

- to earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management; and
- to provide a contingency fund to cushion the impact of unexpected events or emergencies.

2024/25 Total Usable Reserve £000	General Fund	2025/26 Earmarked Reserve £000	2025/26 Non-Earmarked Reserve £000	2025/26 Total Usable Reserve £000
(948)	**Balance at 1 April 2025**	**(362)**	**(525)**	**(887)**
(101)	**Transfers in:** Underspend in Specific NHSS Funding	(841)	0	(841)
(1,049)	Sub-total	(1,203)	(525)	(1,728)
162	**Transfers out:** Draw on Reserve in year	102	117	219
(887)	**Balance at 31 March 2026**	**(1,101)**	**(408)**	**(1,509)**

Note 8: Related Party Transactions

The IJB has related party relationships with the SIC and NHSS. In particular, the nature of the Partnership means that the IJB may influence, and be influenced by, its Partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

The funding contributions made by the SIC and NHSS are detailed in Note 5. The debtor balances of the SIC and NHSS with the IJB as at 31 March 2026 are detailed in Note 6.

Full expenditure detailed in the CIES on Health Services and Social Care Services was provided by NHSS and SIC, respectively.

SIC and NHSS provide support services such as Human Resources, ICT and Finance to the IJB. These Service overhead costs of £2.461m (2024/25: £2.235m) which support the provision of services commissioned by the IJB are included within the IJB commissioning expenditure.

Key management personnel including the Chief Officer and Depute Chief Officers are included with the IJB commissioning expenditure. Their remuneration is disclosed within the Remuneration Report on page 25.

Note 9: Accounting Standards Issued but not yet Adopted

Standards, amendments and interpretations issued but not adopted this year

At the date of authorisation of these financial statements, the Council has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets). Applicable for periods beginning on or after 1 April 2025.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). Applicable for periods beginning on or after 1 April 2025.
- Annual improvements to IFRS accounting standards – Volume 11. Applicable for periods beginning on or after 1 April 2025.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). Applicable for periods beginning on or after 1 April 2025.

  These amendments are not expected to have an impact on the IJB's financial statements.

Note 10: Summary of Significant Accounting Policies

A General Principles

The accounts summarise the IJB's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The IJB is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which Section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government Act 1973 and as such is required to prepare its annual accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Financial Statements is historical cost. The accounts have been prepared on a going concern basis, on the premise that its functions and services will continue in existence for the foreseeable future.

The Chief Financial Officer undertook an assessment of going concern in April 2026 seeking assurance from Shetland Islands Council and NHS Shetland with regard to future financial contributions. It was concluded that there is no material uncertainty regarding going concern and continued service presumption.

The IJB will disclose material accounting policy information to aid reader's understanding and interpretation of the information presented in the financial statements. Information is considered to be material if it might influence the decisions users make based on financial information about the IJB. If immaterial items are included, they can interfere with decision making, because excessive detail may obscure the relevant information. Some items may qualify as material by nature or context regardless of their size.

B Accruals of income and expenditure

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

- Supplies are recorded as expenditure when they are consumed, but where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a change made to the CIES for the income that might not be collected.

C Funding

The IJB is primarily funded through funding contributions from the statutory funding Partners, SIC and NHSS. Expenditure is incurred as the IJB commissions specified health and social care services from the funding Partners for the benefit of service recipients in Shetland.

D Cash and Cash Equivalents

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

E Employee Benefits

The 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 IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangement are provided in the Remuneration Report. Charges from the employing partner are treated as employee costs.

F Reserves

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

The IJB Reserve includes an earmarked element which is set aside for a specific purpose in line with the IJB's Reserves Policy.

G Indemnity Insurance

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

Unlike NHS Boards, the IJB does not have any "shared risk" exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

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

H Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the annual accounts are authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period, whereby the annual accounts are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period, whereby the annual accounts are not adjusted to reflect such events; where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

I VAT

The IJB is not VAT registered and does not charge VAT on income or recover VAT on payments. Any VAT incurred in the course of activities is included within service expenditure in the accounts.

J Support Services

To the extent that delegated services include an element of overheads and support service costs, these will be included within the appropriate line within the Income and Expenditure statement.

Glossary

While the terminology used in the Annual Accounts is intended to be self-explanatory, it may be useful to provided additional definition and interpretation of the terms used.

ABIs
Alcohol Brief Interventions

Accounting Period
The period of time covered by the Accounts normally a period of twelve months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals
The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

ANP
Advanced Nurse Practitioner

Asset
An item having value to the IJB in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A noncurrent asset provides benefits to the IJB and to the services it provides for a period of more than one year.

Audit of Accounts
An independent examination of the IJB's financial affairs.

CIES
Comprehensive Income and Expenditure Statement

CIPFA
The Chartered Institute of Public Finance and Accountancy.

CNORIS
The Clinical Negligence and Other Risks Indemnity Scheme.

COSLA
Convention of Scottish Local Authorities.

CPP
Community Planning Partnership

Consistency
The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

Creditor
Amounts owed by the IJB for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CTAC
Community Treatment and Care

Debtor
Amount owed to the IJB for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Entity
A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

GIAS
Global Internal Audit Standards

Government Grants
Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the IJB. These grants may be specific to a particular scheme or may support the revenue spend of the IJB in general.

HSCP

Health and Social Care Partnership

IAS
International Accounting Standards.

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standards.

JSNA
Joint Strategic Needs Assessment

LASAAC
Local Authority (Scotland) Accounts Advisory Committee.

LGPS
Local Government Pension Scheme

LHS
Local Housing Strategy

Liability
A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

LOIP
Local Outcomes Improvement Plan.

MTFP
Medium Term Financial Plan.

NHWB
National Health and Wellbeing.

OOHS
Out of Hours

PMF
Performance Management Framework.

Post Balance Sheet Events
Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

PSIAS
Public Sector Internal Audit Standards.

Related Parties
Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer, the Chief Finance Officer, the Heads of Service and their close family and household members.

Remuneration
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves
The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure
The day-to-day expenses of providing services.

SCAS
Shetland Care Attendant Scheme

SHIP
Shetland Health Intelligence Platform

SSSC
Scottish Social Service Council.

The Code
The Code of Practice on Local Authority Accounting in the United Kingdom.