MENTAL WELFARE COMMISSION FOR SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED

31 March 2026

Thistle House
91 Haymarket Terrace
Edinburgh
EH12 5HE

MENTAL WELFARE COMMISSION FOR SCOTLAND

Annual Report and Accounts for year ended 31 March 2026

Contents

Performance Report **2**

1. Overview 2

2. Performance Analysis 10

Accountability Report **13**

1. Corporate Governance Report 13

    - The Directors' Report 13
    - Governance Statement 17

2. Remuneration and Staff Report 23

3. Parliamentary Accountability Report 33

Independent Auditor's Report on the financial statements 33

Statement of Comprehensive Net Expenditure **39**

Statement of Financial Position **40**

Statement of Cash Flow **41**

Statement of Changes in Taxpayers' Equity **42**

Notes to the Accounts **43**

Direction by the Scottish Ministers **69**

Performance Report

1. Overview

The purpose of this overview is to give the reader a short summary of the Commission's purpose, how we have performed during the year 2025-26, and the key risks to the achievement of our objectives.

The Commission's key performance indicators are outlined on page 10.

1.1. Statement from the Chief Executive

Throughout 2025-26, we continued to influence and promote the rights, safeguards and welfare of people with mental illness, learning disabilities, dementia and other related conditions.

We remained actively involved in working in partnership to advance human rights and progress the transformation that the Scottish Mental Health Law Review (SMHLR) evidenced is needed in Scotland now and in the future.

We welcome the fact that we are now members of the Scottish Government's Expert Reference Group and Ministerial Oversight Group, both of which are aiming to drive forward adults with incapacity reform. We started auditing the apparent multifactorial reasons which contribute to the failure to ensure the important safeguard of mental health officer consent in emergency detention decisions and will report on this in September 2026. During this year, we also started to work on monitoring restrictive practice across health settings as recommended by the SMHLR.

The agility of the Commission was evidenced when undertaking joint enhanced visits with Healthcare Improvement Scotland to the four children and young people units in Scotland (Skye House, Dudhope, Melville and the National Children's Inpatient Unit) during 2025-26. This work was not planned for but was undertaken at the request of the Minister for Social Care, Mental Wellbeing and Sport. The fifth and final summary report can be found here: https://www.mwcscot.org.uk/node/2612

In 2022, we presented two proposals to the Scottish Government on appropriate levels of review when:

- someone dies when subject to an order of the mental health act.
- someone receiving mental health care commits a homicide.

During 2023-24, we published four 'pilot' investigations to test out these proposals.

Our project proposals were not agreed by Scottish Government and no resource was given during 2025-26. I am pleased to confirm that this work will, however, begin again in 2026-27; it absolutely fits with the Commission's overall investigation function.

Our new intranet has gone live and the first stage implementation of our new information management system is also live. The launch of our new information management system was delayed until March 2026 to ensure the integrity of the

data within the system and this delay was understood to be within the normal parameters of an IT system go live. Those providing external assurance of this project have given significant praise and support to our project team. The new system, as voted by Commission staff, is named LEO (Local. Evidence. Operations).

We have delivered on the third and final year of our strategic plan for 2023 to 2026, originally approved by our Board in February 2023 and following extensive consultation we now have a new ambitious plan to deliver over the next three years: StrategyPlan2026-29.pdf

Feedback on our new strategic plan has included:

"It looks clear, concise and very informative" Member of the public

"An excellent plan" Director of Health and Social Care

"Have just received this and wanted to say how much I like the presentation and overall layout. Your purpose is clear, concise, and effectively communicated. Although it has 15 pages, lots of content is presented in visually attractive ways spaciously and it avoids the trap of lots of plans and strategies by not going into unnecessary and often laborious detail, which is fantastic". Chief Social Work Officer

This year we report an overall budget underspend of 17%, mainly due to delays with the project to replace the Commission's information management system. This project is expected to fully complete in the next financial year following the initial launch in March 2026

1.2. Purpose and Activities of the Commission

The Mental Welfare Commission for Scotland was originally constituted under the Mental Health Act of 1960, replacing a body that can be traced back to 1857. The current duties of the Commission are embodied in the Mental Health (Care & Treatment) (Scotland) Act 2003 (MHCT Act 2003) as amended by the Public Services Reform (Scotland) Act 2010 and the Mental Health (Scotland) Act 2015; and the Adults with Incapacity (Scotland) Act 2000 (AWI Act 2000). Schedule 1 of the 2003 Act applies certain provisions of the NHS (Scotland) Act 1978 with regards to annual accounts. The Commission's accounts are consolidated into those of the NHS in Scotland and it follows procedures outlined in the Health Board Annual Accounts Manual.

The Commission's mission, purpose, priorities and activities are illustrated in the diagram below.

Our mission and purpose



1.3. Key issues and risks

The Board sets the strategic direction for the organisation and monitors performance against key strategic objectives. It is also responsible for ensuring sound corporate governance. The strategic plan for 2023-26 and the associated business plan for 2025-26 are available on the website.

Through the strategic planning, performance and risk management processes the Board reviews the principal risks and uncertainties facing the Commission.

The key risk identified and agreed at the Board in December 2025 was:

- The replacement of the Commission's information management system.

Whilst the minimum viable product has since gone live (March 2026) there remains significant work to be done to ensure full implementation of our new information management system. It is important to note that previous risks relating to the Scottish Government's Shared Services Programme and recruitment of designated medical practitioners have reduced as a result of actions taken and progress being made.

1.4. Performance summary

Influencing and Empowering

A key focus during the year has been to continue to contribute to and influence the Scottish Government's priorities in response to the Scottish Mental Health Law Review (SMHLR) and to complete consultations and written submissions, including in relation to the Commissioner for Older People (Scotland) Bill, the Mental Health (Care and Treatment) (Scotland) Act Remedial Order 2026 and the Supreme Court Hearing in relation to the Attorney General for Northern Ireland and a devolution matter.

We published our closure report relating to Out of NHS Scotland placements in November 2025; the intention of closure reports, introduced in 2022, is to answer the 'so what' or 'what happened next' questions for our themed and investigation work.

Following our Authority to Discharge report published in May 2021 and our closure report published in May 2022, we have continued to collaborate with NHS Education for Scotland as part of a project (funded by Scottish Government) to support a national approach to learning and applying the principles and requirements of the Adults with Incapacity (Scotland) Act 2000 in practice. This project was originally funded for 14 months but will now extend further until March 2027, such is the evidence base of the impact of this work.

The Commission continues to contribute to the Sharing Intelligence for Health & Care Group which aims to improve the quality of health and social care by allowing members to share and learn from existing data, knowledge and intelligence. The Commission is one of seven national organisations that make up the group, along with Audit Scotland,

the Care Inspectorate, Healthcare Improvement Scotland, NHS National Services Scotland, NHS Education for Scotland and the Scottish Public Services Ombudsman.

The National Mental Health and Learning Disability Coordination Group is chaired by the Commission and has met three times. The group is beginning to come together to understand roles and responsibilities with a commitment to avoid duplication and ensure enhanced collaboration to support robust processes.

For the first time, the Commission's work was subject to scrutiny by the Scottish Parliament's Health, Social Care and Sport Committee convened by Claire Haughey in June 2025 and we gave evidence at the SPCB Supported Bodies Landscape Review Committee in May 2025.

We remain an active member of the National Preventive Mechanism (NPM). We were appointed as Scotland's representative on the UK NPM Steering Group (initial three-year term from 22 September 2025), and we are a continuing member of the NPM Scotland Subgroup. This provides a direct route to UK-wide OPCAT oversight discussions and strengthens our justice-system links.

We also continue to participate in professional networks including the Mental Health Nursing Forum, the Royal College of Psychiatrists' Scottish Committee and Social Work Scotland. We have continued to contribute to training and learning across a range of forums, for example, we joined the plenary panel at the UK and Ireland Mental Diversity Law Conference in July 2025 and we spoke at the Forensic Pathologists' Conference in November 2025, contributing to cross-disciplinary discussion on mental disorder, risk and forensic practice.

Our engagement and participation officers continue to grow their networks across Scotland, once again exceeding their targets of meeting carers and people with experience both virtually and face to face. The development of a leaflet for children and young people on their rights and the role of the Commission has been developed and used in planned events and during our visiting programme.

Visiting

We were able to plan a full programme of local visits throughout the year, both announced and unannounced.

As stated earlier in this report, enhanced visits were also undertaken to the four children and young people units in Scotland (Skye House, Dudhope, Melville and the National Children's Inpatient Unit) during 2025-26. This work was not planned for but was undertaken at the request of the Minister for Social Care, Mental Wellbeing and Sport.

We visit people who are being treated under mental health and incapacity law or who are otherwise receiving care and treatment in hospital, in the community and other settings. When we visit an individual we find out their views of their care and treatment. We also check that their care and treatment is in line with the MHCT Act 2003, the

AWI Act 2000 or any other relevant legislation. We make an assessment of the facilities available for their care. We expect to find that the individual's needs and outcomes are met and their rights respected. If not, we make recommendations for improvement.

For each local visit we provided feedback and recommendations for improvement to the services involved (where indicated). The local visit reports are published on our website.

Our publications this year included a themed report on the experience of carers titled 'Not on the Radar': Not on the radar - Carers report 2025. We are grateful to the over 370 carers and 109 services who engaged with us on this work and we continue to follow up on the single key recommendation which is to respect carers as true partners in care.

Monitoring of Mental Health and Incapacity Legislation

We have various duties under the MH Act 2003 to receive, check and report on statutory interventions and notifications. We also promote the principles of this Act. In addition, we receive statutory notifications of certain welfare interventions under the AWI Act 2000. Our monitoring work involves both checking the paperwork and records of people who are being cared for or treated under mental health or incapacity law and analysing and reporting on trends and differences in the way the law is being used across the country.

Our Adults with Incapacity monitoring report for 2024-25 highlighted that there was a total of 20,152 individuals subject to a guardianship order in Scotland on 31 March 2025 compared to 19,078 in 2024, representing a 5.6% increase. A total of 4,300 guardianship orders were granted in 2024-25, 4.1% more than in 2023-24.

During 2025-26 we visited 361 people subject to guardianship orders and exceeded our target of 350 people.

Our MHA monitoring report 2024-25 reported that a total of 7,449 detention episodes began in 2024-25, which was 3.3% more episodes than the updated figure in 2023-24 of 7,211 and slightly lower than the average year-on-year increase in the previous years of 4.7%.

We are still concerned at the low rate of mental health officer (MHO) consent to emergency detention certificates (38.6%); however, we note that there has been a slight increase in the number of MHO consents compared with the 2023-24 low of 35.7%. In mainland health boards this ranged from 27.0% in Greater Glasgow and Clyde to 81.4% in Dumfries and Galloway. We are currently exploring the data further in both Greater Glasgow and Clyde and Dumfries and Galloway to try to understand practice issues in this area, which we know will be multifactorial. We intend to report on this additional monitoring in September 2026.

In 2024-25, 57 children and young people under the age of 18 were involved in 71 admissions to non-specialist hospital wards (primarily adult mental health wards) for treatment of their mental health difficulties. While this represents a higher number of

admissions than the previous year (67 admissions), it involved fewer individuals (59 children and young people). The admission rate of 7.0 per 100,000 under 18 population is similar to the 2023-24 rate of 6.7 per 100,000: https://www.mwcscot.org.uk/sites/default/files/2025-12/CYPMonitoringReport2024-25.pdf

Under section 233 of the MHCT Act 2003, the Commission is responsible for appointing Designated Medical Practitioners (DMPs). Their function is to provide an independent second medical opinion when medical treatments are prescribed under Part 16 of the MHCT Act 2003 (and section 48 of the AWI Act 2000). 2951 contacts were made during 2025-26 (up to 15 March 2026). These are important safeguards and are high priority for recovery under our business continuity plans. We therefore continue to prioritise recruitment and attracted 15 new DMPs in the last year (compared to 6 in the previous year).

Investigations and Inquiries

We carry out an investigation when we believe something may have gone seriously wrong with an individual's care and treatment. Investigations are at many levels, from a telephone call to a service to a more in-depth investigation where we might interview individuals and staff involved. We cannot formally investigate every case of potentially poor treatment, so for the major investigations we publish, we choose cases which have implications for services across Scotland.

As noted previously, we tested out a proposed process to ensure appropriate levels of review when a person dies whilst subject to an order of the mental health act and also where someone who is receiving, or has received within the last year, mental health services, commits homicide. The four pilot investigations were published, recommendations followed up and closure reports for all were published by the end of 2025 (Mr TU and GH (homicide related) and AB and Mr D (deaths in detention)). We also completed a closure report in relation to Mrs F Closure report - investigation into the death of Mrs F.

Publishing closure reports for our investigations is relatively new to the Commission, our first was published in January 2025 Closure report - Investigation into the care and treatment of Mr E (2024). The aim is to evidence the action taken in response to the recommendations we have made.

Information and Advice

From Mondays to Fridays, we run an advice line staffed by mental health and learning disability nurses, social workers (mental health officers) and psychiatrists. Our team offers advice to a wide range of callers seeking help, including health and care professionals, people with mental ill health or a learning disability and families and carers.

With the implementation of our new information management system, we are only able to report on data up to and including 13 March 2026 at this stage. Therefore,

the number of telephone calls logged during 2025-26 (excluding the last 12 working days of March 2026) was 3,197 (compared to 3,455 for 24/25 (full year)) with the top number of calls received again from relatives/carers/guardians, followed by people with experience of using services with the third highest caller group being psychiatrists.

There is a slight shift this year with more of our total calls coming from relatives/carers/guardians/people with experience (54%) and 46% of calls from people working across health, social work and social care.

Most calls received related to the Mental Health Act (1680 calls), we received 676 calls this year in relation to the Adults with Incapacity Act and we categorised 692 calls this year as 'other'. These figures are broadly similar to last year. Once again, the breadth of calls is often difficult to capture however the 'other' category might include discussions about medicines, about care packages, about relationships, good practice guides and so on. Much of our work is at the complex interface between the individual's rights, the law and ethics and the care the person is receiving. We work across the continuum of health, social work and social care and are the only organisation to do so hence the importance of the advice line.

We also reviewed seven existing good practice guides and completed eight new advice notes in response to practice issues arising throughout 2025-26. One of our new advice notes was requested by sheriff colleagues: Completion and return of Form 22 to Sheriff Clerks (the legal form used for guardianship court processes)

Continuous Improvement and Best Value

We are committed to demonstrating that our work provides best value for money and we strive for continuous improvement in performance while maintaining a balance between quality and cost. Indeed, an updated best value framework for 2026-27 was completed and presented to the Board in April 2026.

Our work in this area is further outlined in the governance report on page 17.

Social Matters

The Commission strives to continually improve inclusiveness by creating a work environment that not only welcomes individuals of all backgrounds but actively highlights and celebrates the unique mix of people who work for us and use our services.

We refreshed our values from 2016 with the support of an external facilitator and now have our Organisational Development Plan 2025-28 (the OD Plan) to foster a culture of inclusiveness and excellence in all we do.

In accordance with the Equality Act 2010 and regulations, the Commission promotes equality and celebrates the diversity of the people it serves. The development of equality outcomes provides assurance that the Board meets the equality and diversity needs of people with the nine relevant protected characteristics (age, disability, gender

reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation). Our equalities plan 2026-30 is in its final draft following consultation with our staff.

The Fraud Prevention and Investigation Policy provides detailed guidance on key elements of the Bribery Act (2010) and staff conduct with regard to reporting any issues. No matters have been raised this year relating to fraud or anti-bribery legislation.

2. Performance Analysis

This Performance Analysis summarises the key indicators on how the Commission has performed during 2025-26.

Key Performance Indicators

The Commission's business plan and performance report is presented to the Audit Performance and Risk Committee twice per year and goes to the Board annually.

Financial Performance

The Commission's core revenue resource allocation from the Scottish Government for 2025-26 was £9,153,000 (prior year £7,552,000). The Commission received £170k capital allocation in 2025-26 to reflect the new accounting requirements arising from IFRS 16 (prior year £151k).

The revenue resource allocation includes funding for Commission 'core activities' (including the costs of medical second opinions), the joint project with NHS Education for Scotland on the understanding of the Adults with Incapacity (Scotland) Act (2000) and for the Information Management System project.

Details of the Commission's financial performance are given below and in the following statements and supporting notes.

		Limit as set by SGMWASCD £'000	Actual Outturn £'000	Variance (Deficit)/Surplus £'000
1	**Core Revenue Resource Limit**			
	• MWC Core	5,251	4,941	310
	• Medical Second Opinion Fees*	411	770	(359)
	• AWI**	233	210	23
	• IMS***	3,088	1,514	1,574
	Total	**8,983**	**7,435**	**1,548**

		Limit as set by SGMWASCD £'000	Actual Outturn £'000	Variance (Deficit)/Surplus £'000
2	**Core Capital Resource Limit**			
	• MWC Core	170	179	(9)
	Total	**9,153**	**7,614**	**1,538**

**The Commission pays the fees and travel costs for requested medical second opinions. This is a demand led service over which the Commission has no control and for which we have agreement with Scottish Government to fund an amount which cannot absorbed by overall allocated in year funding.*

*** Joint project with NHS Education for Scotland on the understanding of the Adults with Incapacity (Scotland) Act (2000)*

****Project to replace the Commission's patient database system.*

Memorandum for In Year Outturn

	£'000
Reported Surplus in 2025-26	1,538
Financial flexibility: funding banked with / (provided by) Scottish Government	0
Surplus against in year total Revenue Resource Limit	1,538
Percentage	100%

The Commission is showing net liabilities of £761,000 (prior year: £615,000 net liabilities).

Under accounting arrangements Health Boards must show liabilities for future years in their accounts without showing funding anticipated from the Scottish Government Mental Health Directorate. This has resulted in net liabilities on the Statement of Financial Position. The Statement of Financial Position reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government. Accordingly, the accounts have been prepared on the going concern basis.'

Total current liabilities of £966k (notes 10 and 15) are £180k higher than as at 31 March 2025.

There were no impairments of receivables (2024-25: nil)

There are no significant remote contingent liabilities.

There are no legal obligations as at 31 March 2026.

Performance against Key Non-Financial Targets

Payment policy

The Scottish Government is committed to supporting business in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies.

- In 2025-26 average credit taken was 4.0 days (2024-25: 4.6 days)
- In 2025-26 the Commission paid 100% by value and 100% by volume within 30 days (2024-25: 100% and 100%)
- In 2025-26 the Commission paid 100% by value and 100% by volume within 10 days (2024-25: 98.06% and 95.34%)

Pension Liabilities

The accounting policy note for pensions is provided in note 1 and disclosure of the costs is shown within note 15 and the Remuneration Report.

Approval and signing of the Performance Report



Julie Paterson
Chief Executive Officer
Accountable Officer

Date: 30 June 2026

Accountability Report

1. Corporate Governance Report

The Directors' Report

Date of Issue

The Accountable Officer authorised these financial statements for issue on 30th June 2026.

Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Grant Thornton UK LLP to undertake the audit of the Mental Welfare Commission. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Board Membership

The Commission is a body corporate under the Mental Health (Care & Treatment) (Scotland) Act 2003 as amended by the Public Services Reform (Scotland) Act 2010. The Board members are appointed by Scottish Ministers and the public appointments were made in accordance with the Commissioner for Public Appointments in Scotland's Code of Practice.

Board Member	Date of appointment	Due to demit office
Mr Alexander Riddell (Chair)	1 April 2019	31 March 2027
Mr David Hall	1 April 2018	31 March 2026
Ms Cindy Mackie	1 April 2018	31 March 2026
Ms Nichola Brown	1 April 2019	31 March 2027
Ms Alison White	1 April 2020	31 October 2027
Ms Kathy Henwood	1 April 2023	31 March 2027
Mr Alan Wright	28 July 2025	27 July 2029
Ms Beth-Anne McDowall	28 July 2025	27 July 2029

The Board members' responsibilities in relation to the accounts are set out in a statement below.

Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Commission is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Commission as at 31 March 2026 and of its operating costs for the year then ended. In preparing these accounts the Board Members are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable.
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Commission will continue to operate.

The Board Members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of Scottish Ministers. They are also responsible for safeguarding the assets of the Commission and hence taking reasonable steps for the prevention of fraud and other irregularities.

The Board Members confirm that they have discharged the above responsibilities during the financial year and in preparing the accounts.

Board members' and senior managers' interests

During the year the Mental Welfare Commission for Scotland has not entered into any material related party transactions as per note 17.

Registers of interests are available on https://www.mwcscot.org.uk/about-us/freedom-information#181

Third party indemnity provisions

There are no qualifying third-party indemnity provisions in place for one or more of the Board members.

Remuneration for non-audit work

Details of any remuneration paid to auditors in respect of any non-audit work carried out on behalf of the Commission is disclosed in note 3. There was no remuneration for non-audit work during 2025-26.

Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. A statement on this is available on our website https://www.mwcscot.org.uk

Personal data related incidents reported to the Information Commissioner

No personal data incidents were reported during the year (2024-25: None)

Disclosure of Information to Auditors

The Board Members who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Commission's auditor is unaware; and each Board Member has taken all the steps that he/she ought reasonably to have taken as a Board Member to make himself/herself aware of any relevant audit information and to establish that the Commission's auditor is aware of that information.

Statement of the Accountable Officer's responsibilities

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer (PAO) of the Scottish Government has appointed me as Accountable Officer of the Mental Welfare Commission for Scotland.

This designation carries with it, responsibility for:

- the propriety and regularity of financial transactions under my control;
- the economical, efficient and effective use of resources placed at the Board's disposal; and
- safeguarding the assets of the Commission.

In preparing the Accounts I am required to comply with the requirements of the Government's Financial Reporting Manual and, in particular to;

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- ensuring there is no relevant audit information of which the entity's auditors are unaware and that I have taken all necessary steps to make myself aware of any relevant audit information that the auditors are should be aware of;

- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed and disclose and explain any material departures; and

- prepare the accounts on a going concern basis.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me dated 3rd August 2020.

Governance Statement

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. Also, I am responsible for safeguarding the public funds and assets assigned to the organisation.

Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the year up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

Governance Framework

The Board is responsible for setting the overall strategic direction for the organisation and has corporate responsibility for ensuring that the organisation fulfils its strategic aims and objectives. The Board regularly met throughout the year with members attending both informal 'question and answer' sessions which included development opportunities and also formal board meetings (six formal meetings) to progress the business of the Commission.

The Board comprises a Chair and seven Board members. The Board members are appointed by Scottish Ministers and all public appointments were made in accordance with the Commissioner for Public Appointments in Scotland's Code of Practice (including two new Board members during 2025-26). The Chief Executive and the executive team are not Board members but attend all meetings.

The Board completed a self-assessment during the year, the outcome report of which was discussed at a board development session on 3rd June 2026.

Each Board member has an appraisal with the Chair. The Chair is subject to appraisal by the Scottish Government sponsor department. A pro forma for the Board appraisal is in operation and any development needs for individuals are identified through this process.

The Standing Orders of the Commission outline the scheme of delegation to the Audit, Performance and Risk Committee (AP&R Committee) and the executive directors of the Commission. There are two standing committees; the Audit, Performance and Risk Committee and the Advisory Committee. The Standing Orders and Standing Financial Instructions are reviewed and updated on an annual basis by the AP&R Committee and approved by the Board in February each year. The Procurement Policy is reviewed and approved annually by the AP&R Committee ensuring the Commission is compliant with procurement regulations.

The AP&R Committee remit and membership is outlined in the standing orders. The committee comprises three Board members: David Hall, Chair, Alison White and Cindy Mackie. The Committee met three times (June, November and February) during the year to consider the operational effectiveness of the internal control structure, to approve the strategic and annual internal audit plan and external audit arrangements, performance management, risk management and information governance and security. The project to implement the new information management system reports to each committee meeting. The committee undertakes an annual self-assessment of its effectiveness and the Chair formally reports to the Board recommending the annual accounts and providing an annual report of AP&R Committee activities and objectives for the following year. Audit Scotland announced the appointment of Grant Thornton UK LLP as the Commission's auditors in November 2022.

Minutes of each AP&R Committee meeting are presented to the Board. In February 2024 the AP&R Committee approved the re-appointment of the internal auditors following a tendering exercise.

By statute the Commission is required to have an Advisory Committee and it meets twice a year. Its remit and membership are outlined in the standing orders and includes representatives from relevant stakeholder groups. There is work ongoing to strengthen representation of those with lived experience of using mental health services and carers. The Advisory Committee gives the Board advice on the Commission's functions and how it exercises its functions.

The Board retains the scrutiny and decision making on remuneration. All staff, except medical consultants, are covered by the Scottish Government Pay Policy. The Chief Executive is covered by the Scottish Government Pay Policy for senior appointments. The Board approves the pay remit in line with the pay policy guidance for approval by Scottish Ministers. Medical consultants' pay mirror those in the NHS in Scotland.

The Executive Leadership Team (ELT) assists the Chief Executive on the day-to-day management of the organisation. The team meets fortnightly and covers all the key strategy areas in its remit. It is not a standing committee of the Board but the remit of the group is approved by the Board.

The Chief Executive Officer is accountable to the Board through the Chair of the Commission. The Chair, along with the Board, agrees the Chief Executive Officer's annual objectives in line with the Commission's strategic and business plans. The members of the executive leadership team set objectives with the Chief Executive and identify any development needs.

The Commission was advised at the start of 2025 that it does in fact fall under the Independent National Whistleblowing Office's (INWO) remit. This therefore places the Commission under a duty to provide quarterly performance reports to INWO which must be approved by the Board prior to submission. The first quarterly report was approved by the Board at its meeting in April 2026.

The Commission has a Complaints process where the policy is to record and investigate complaints about the Commission from the public.

The organisation strives to consult and involve all of its key stakeholders. We do this by:

- Creating opportunities to bring our staff together (team meetings, extended team meetings, CEO briefings, staff events held April 2025 and April 2026).
- Developing processes to support staff suggestions both online and via a suggestion box in the office.
- Developing approaches to consult and engage with a wide variety of interested parties, for example, the process which led to our strategic plan 2026-2029.
- Meeting with the Advisory Committee and consulting on our strategic priorities.
- Supporting our Engagement and Participation officers to meet with individuals and groups of people with experience of using services and carers/relatives.
- Ensuring that the composition of the Board reflects the breadth of stakeholder groups.
- Meeting with our sponsor department and the relevant Minister to discuss our strategic and operational plans highlighting the use of the Acts across Scotland and any areas of concern that the Commission has in mental health and learning disability care and treatment.
- Meetings with professional, lived experience and carer groups nationally and locally.
- Attending roadshows and 'pop up' events (e.g. Rediscovering Africa, Voice Ability, Young carers event, PRIDE, Scottish Families against drugs, Alzheimer Scotland event).

- The Commission has a statutory duty to consult with the Care Inspectorate (CI) and Healthcare Improvement Scotland (HIS). We have memoranda of understanding with both organisations. We have collaborated with both partners throughout this year visiting children and young people in inpatient mental health units (HIS) and children and young people in secure units (CI).

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- executive and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas;

- Board meetings six times during the year;

- periodic reports from the Chair of the AP&R Committee, to the Board, concerning internal control;

- the production of, and regular updating of, the strategic risk register and developing associated action plans to mitigate the identified risks;

- the production of, and regular reporting on the agreed performance framework with actions in place to address any identified areas for improvement;

- the work of the internal auditors, who submit to the AP&R Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement;

- comments by the external auditors in their management letters and other reports; and

- feedback from the delegation chains within the Commission about our business and its use of resources. All staff (including those attached to the Commission as part of their professional training, secondees and Board members) are able to voice any concerns in a responsible and effective manner without fear of reprisal.

Risk Assessment

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

Scrutiny of the risk management strategy is delegated to the AP&R Committee. A strategic risk register is reviewed by the Executive Leadership Team and presented to the AP&R Committee twice per year and Board annually.

As noted earlier at 1.3, the key risk identified and agreed at the Board in December 2025 was:

- The replacement of the Commission's information management system.

Risks to information are considered in line with the process described above. All projects need to consider a data protection impact assessment (DPIA) as part of the approval documentation. Reports on information governance and IT security are presented to the AP&R Committee twice a year.

- We adhere to the Scottish Government's cyber resilience strategy and we have cyber essentials accreditation.

The lessons learned from the two years of the pandemic were used to revise and update the business continuity strategy which was finalised in June 2022. This strategy has since been reviewed and is under further discussion currently.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice. During the year the organisation has:

- Continued to develop and improve a comprehensive corporate performance management framework with the aim to contain more qualitative features in future. The Audit, Performance and Risk Committee continues to provide scrutiny and assurance that this is operating effectively.

- Continued to audit the advice given on the telephone advice line. Results from these evaluations are fed back to the practitioners to improve practice and share any learning points.

- Continued to audit local visit reports for discussion at 1:1 meetings with senior managers and practitioners.

- Reviewed the visiting programme, recommendations made and produced a RAG status for each.

- Followed the Scottish Government assurance process to evaluate each stage of the project for a new transformational information management and casework system.

- Carried out self-assessment of the AP&R Committee and with the Board.

- Reviewed membership of the Advisory Committee and considered a range of options to enhance the voices of those with experience of services or of caring.

Disclosures

During the previous financial year, and to the date of the authorisation of these accounts, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. There were no significant lapses in data security. The internal audit annual report findings are noted and outstanding recommendations are subject to regular review by the Executive Leadership Team, AP&R and an annual follow up by the internal auditors. Our internal auditors are satisfied that, for the areas reviewed during the year, Mental Welfare Commission for Scotland has reasonable and effective risk management, control and governance processes in place.

2. Remuneration and Staff Report

The Commission determines pay and terms and conditions of employment for staff. This is governed by the Board which recommended the pay policy set by Scottish Ministers for Scottish Government for 25/26.

There are no additional performance related bonuses. All staff with the exception of the Chief Executive Officer, Executive Director (Medical) and medical consultants are covered by the pay remit. Medical consultant pay mirrors those of the NHS in Scotland.

The remuneration of the Board and the Chief Executive Officer is covered by Public Sector Pay Policy.

Duration of Board appointments can be found in the Accountability report. The Chief Executive Officer and Directors are employed on permanent contracts with three month notice periods.

There have been no significant awards made to past senior managers. (2024-25: Nil).

The remuneration of senior staff, Board members and other public appointees is outlined as follows and has been audited by the Commission's auditors. Remuneration policy, staff gender composition, sickness absence data, disability policy, diversity and equality, and disclosures under The Trade Union (Facility Time Publication Requirements) Regulations 2017 are not subject to audit.

Remuneration Table

Ms S McGuinness chose not to participate in the pension scheme during the reporting year.

	Gross Salary (bands of £5,000)		Bonus Payments (bands of £5,000)		Benefits in Kind		Pension Benefits Note 1		Total Remuneration (bands of £5,000)	
	£'000		£'000		£		£'000		£'000	
	(audited)		(audited)		(audited)		(audited)		(audited)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Executive										
Ms J Paterson *Chief Executive*	125 -130	115 - 120	-	-	-	-	37	32	160 -165	150 - 155
Dr A Chopra (Note 2) *Executive Director (Medical)* *Left 29th November 2024*	-	135 - 140	-	-	-	-	-	-	-	135 - 140
Dr John Crichton (Note 2) *Executive Director (Medical)* *Started 1st July 2025*	110 - 115	-	-	-	-	-	30	-	140 -145	-
Ms S McGuinness *Executive Director (Social Work)*	85 - 90	85 - 90	-	-	-	-	-	-	85 -90	80 - 85
Ms C Lamza *Executive Director (Nursing)*	85 - 90	80 - 85	-	-	-	-	52	42	135 -140	120 - 125
Mr A Dee *Head of Culture and Corporate Services*	85 - 90	85 - 90	-	-	-	-	24	22	110 - 115	105 - 110
Ms J O'Neill *Business Change and Improvement Manager*	55 - 60	50 - 55	-	-	-	-	16	14	75 - 80	65 - 70

	Gross Salary (bands of £5,000)		Bonus Payments (bands of £5,000)		Benefits in Kind		Pension Benefits Note 1		Total Remuneration (bands of £5,000)	
	£'000		£'000		£		£'000		£'000	
	(audited)		(audited)		(audited)		(audited)		(audited)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Board Members							*note 3*			
Mr A Riddell (Chair)	15 - 20	15 - 20	-	-	-	-	-	-	15 - 20	15 - 20
Ms N Brown	0 - 5	0 - 5	-	-	-	-	-	-	0 - 5	0 - 5
Mr D Hall	5 -10	0 - 5	-	-	-	-	-	-	5 -10	0 - 5
Mr G Johnston	0 - 5	5 - 10	-	-	-	-	-	-	0 - 5	5 - 10
Ms C Mackie	0 - 5	0 - 5	-	-	-	-	-	-	0 - 5	0 - 5
Ms M Twaddle	-	0 - 5	-	-	-	-	-	-	-	0 - 5
Ms A White	0 - 5	0 - 5	-	-	-	-	-	-	0 - 5	0 - 5
Ms K Henwood	0 - 5	0 - 5	-	-	-	-	-	-	0 - 5	0 - 5
Ms Beth-Anne McDowall	0 - 5	-	-	-	-	-	-	-	0 - 5	-
Mr Alan Wright	0 - 5	-	-	-	-	-	-	-	0 - 5	-

In accordance with the Financial Reporting Manual (FReM), 2013-14 was the first year that publication of 'pension benefits' was required. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period, which is the estimated life span following retirement.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2025-26.

Note 1: The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Note 2	**Full time equivalent Annualised Gross Salary (Bands of £5,000)**	
	2025-26	**2024-25**
Mr John Crichton	180 - 185	N/A
Mr Arun Chopra	N/A	155 - 160

Note 3: Board members are not in receipt of Pension benefits.

Pensions Values Table (Audited)

	Total accrued Pension as at 31/03/26 (bands of £5,000)	Total accrued lump sum at 31/03/26 (bands of £5,000)	Real Increase In pension (bands of £2,500)	Real Increase in lump sum at 31/03/26 (bands of £2,500)	CETV At 31/03/26	CETV At 31/03/25	Real Increase In CETV in year
Executive	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Ms J Paterson	10 - 15	0 - 5	2.5 – 5.0	0 – 2.5	228	176	52
Mr John Crichton	0 - 5	0 - 5	0 – 2.5	0 – 2.5	35	0	35
Ms C Lamza	35 - 40	95 - 100	2.5 – 5.0	2.5 – 5.0	917	814	103
Mr Ashley Dee	0 - 5	0 - 5	0 – 2.5	0 – 2.5	50	28	22
Ms J O'Neill	0 - 5	0 - 5	0 – 2.5	0 – 2.5	28	8	20

Pensions Values Table (31 March 2025)

	Total accrued Pension as at 31/03/5 (bands of £5,000)	Total accrued lump sum at 31/03/25 (bands of £5,000)	Real Increase In pension (bands of £2,500)	Real Increase in lump sum at 31/03/25 (bands of £2,500)	CETV At 31/03/25	CETV At 31/03/24	Real Increase In CETV in year
Executive	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Ms J Paterson	10 - 15	0 - 5	0 – 2.5	0 - 2.5	176	134	24
Ms C Lamza	30 - 35	85 - 90	0 – 2.5	2.5 – 5.0	789	716	49
Mr Ashley Dee	0 - 5	0 - 5	0 – 2.5	0 - 2.5	28	8	8
Ms J O'Neill	15 - 20	45 - 50	0 – 2.5	0 - 2.5	439	416	10

Fair Pay Disclosure (Audited)

The Commission is required to disclose the relationship between the remuneration of the highest paid executive and the median remuneration of the Commission's workforce as follows:

	2025-26	2024-25	Change
	£000's	£000's	%
Range of Staff Remuneration	25.3 - 189	23.9 - 149	
Highest Earning Executive's Total Remuneration (£000s)	185 -190	145 - 150	27%
Median *(Total Pay & Benefits)*	48.48	46.39	4%
Ratio	3.9	2.14	89%
25th Percentile *(Total Pay & Benefits)*	31.2	32.9	-5%
Ratio	6.07	4.53	34%
75th Percentile *(Total Pay & Benefits)*	72.3	69.5	4%
Ratio	2.62	2.14	22%

2026 Commentary
These figures exclude employer pension contributions to improve comparability. The Executive remuneration disclosure is mid salary range using the £5k banding system. The median ratio has decreased slightly due to changes in staff composition. The highest earning Executive was a consultant psychiatrist and is remunerated in line with medical consultant pay of the NHS in Scotland.
The total pay & benefits calculations are also based on salary only as Commission staff are not in receipt of any additional benefits.

Staff Report

a) Higher Paid Employees' Remuneration

Band (bands of £5,000)	2026 Number of Staff	2025 Number of Staff
Clinicians		
£70,001 to £80,000	17	2
£80,001 to £90,000	3	5
£90,001 to £100,000 £100,001 to £110,000 £110,001 to £120,000		
£120,001 to £130,000		1
£130,001 to £140,000		3
£140,001 to £150,000	1	
£150,001 to £160,000	1	
£180,001 to £190,000	1	
Other		
£70,001 to £80,000	1	
£80,001 to £90,000	3	1

£90,001 to £100,000		
£100,001 to £110,000		-
£110,000 to £120,000		1
£120,000 to £130,000	1	

b) Staff Costs and Numbers (Audited)

31 March 2025 Total		Executive	Board Members	Permanent Staff	Inward Secondees	Other Staff	31 March 2026 Total
£'000	**STAFF COSTS**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
3,633	Salaries and fees	580	38	3,208	178		4,003
442	Taxation and social security costs	82	3	509			595
682	NHS scheme employers' pension costs	108		639			747
726	Second Opinion Doctors					767	767
121	Short term staff					181	181
5,604	**TOTAL**	**770**	**41**	**4,356**	**178**	**948**	**6,293**

	STAFF NUMBERS						
74.4	Whole Time Equivalent (WTE)	6.1	8	62.2	1.8	0.7	78.8

c) Staff Composition

	2026			2025		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Executive Directors	2	4	6	2	4	6
Board Members	3	5	8	3	5	8
Other	20	63	83	24	67	91
Total Headcount	**25**	**72**	**97**	**29**	**76**	**105**

d) Sickness absence data

	2026	**2025**
Sickness Absence Rate	4.98%	5.02%

e) Staff turnover data

	2026	**2025**
Staff Turnover Rate	15.28**%**	14.39%

f) Staff Policies

As an equal opportunity employer, the Commission welcomes applications for employment from people with disabilities and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the Commission. As such the Commission has been awarded the disability symbol employer status.

The Commission provides employees with information on matters of concern to them as employees by means of monthly team briefs, staff meetings and internal communications.

Employees are encouraged to participate in a variety of forums on matters affecting staff including sustainability, dignity at work and office accommodation. Our staff policies are regularly updated for any new legislation and recommended practice. Policies affected by legislation are a mandatory read for all staff.

Pay policy is approved annually by the Board and Scottish Government.

g) Trade Union Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. The Commission will be reporting a nil return for the year to 31st March 2026 (2024-25 Nil).

h) Exit Packages (Audited)

Exit Packages			2025-26	2024-25
Exit Packages	**Number of Compulsory**	**Number of Other Departures Agreed**	**Total number of exit packages by cost band**	**Total number of exit packages by cost band**
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	-	-
£25,000 - £50,000	-	-	-	1
£50,000 - £100,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
>£200,000	-	-	-	-
Total Number of Exit Packages by Type	-	-	-	**1**
		-	-	
Total Resource Cost (£000's)	-	-	-	**49**

3. Parliamentary Accountability Report

The Board were not required to approve the write off of any losses or make any large special payments during the financial year under review (2024-25 £Nil).

Approval and signing of the Accountability Report

Julie Paterson

Julie Paterson
Chief Executive Officer
Accountable Officer

Date: 30 June 2026

Independent auditor's report to the members of Mental Welfare Commission for Scotland, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Mental Welfare Commission for Scotland for the year ended 31 March 2026 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Government Financial Reporting Manual (the 2025/26 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the board's affairs as at 31 March 2026 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

These conclusions are not intended to, nor do they, provide assurance on the board's current or future financial sustainability. However, we report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;

- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;

- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;

- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Angela Pieri

Angela Pieri, (for and on behalf of Grant Thornton UK LLP)
Level 8
120 Bothwell Street
Glasgow
G2 7JS

Date: 30 June 2026

Statement of Comprehensive Net Expenditure
For the Year ended 31 March 2026

31 March 2025 £'000		Note	31 March 2026 £'000
5,653	Staff costs	3a	6,293
1,046	Other operating expenditure	3b	1,321
	Finance costs		
6,699	**Gross expenditure for the year**		7,614
-	Less: operating income		-
6,699	**Net expenditure for the year**		**7,614**
-	**Other Comprehensive Net Expenditure**		-
6,699	**Comprehensive Net Expenditure**		**7,614**

The Notes to the Accounts, numbered 1 to 17, form an integral part of these Accounts.

Statement of Financial Position

31 March 2025 £'000		Note	31 March 2026 £'000	31 March 2026 £'000
	Non-current assets:			
-	Property, plant and equipment	5(a)	-	
639	Right of Use Asset	5(a)	460	
639	**Total non-current assets**			**460**
	Current Assets:			
	Financial assets:			
24	Trade and other receivables	6	57	
2	Cash and cash equivalents	7	3	
26	**Total current assets**			60
665	**Total assets**			**520**
	Current liabilities			
	Financial liabilities:			
(607)	Trade and other payables	8	(787)	
(179)	Lease Liabilities	14	(179)	
(786)	**Total current liabilities**			(966)
(121)	**Non-current assets plus/less net current assets/liabilities**			**(446)**
	Non-current liabilities			
(460)	Lease Liabilities	14	(281)	
(34)	Provisions	9	(34)	
(494)	**Total non-current liabilities**			(315)
(615)	**Assets less liabilities**			**(761)**
	Taxpayers' Equity			
(615)	General Fund	SOCTE		(761)
(615)	**Total taxpayers' equity**			**(761)**

The financial statements on pages 39 to 66 were approved by the Board on 30th June 2026 and signed on their behalf by:

Julie Paterson

Alexander Riddell
Chair

Julie Paterson
Chief Executive Officer
Accountable Officer

The notes to the Accounts, numbered 1 to 17, form an integral part of these Accounts.

Statement of Cash Flow
For the year ended 31 March 2026

2025 £'000		Note	2026 £'000	2026 £'000
	Cash flows from operating activities			
(6,699)	Net expenditure	SOCNE	(7,614)	
179	Adjustments for non-cash transactions	2 (b)	179	
362	Movements in working capital	2 (b)	147	
(6,158)	**Net cash outflow from operating activities**			**(7,288)**
	Cash flows from financing activities			
6,335	Funding	SOCTE	7,468	
0	Movement in general fund working capital	SOCTE	0	
(179)	Repayment of borrowings and leasing liabilities	14	(179)	
0	Interest paid	14	0	
6,156	Cash drawn down			7,289
6,156	**Net Financing**			**7,289**
(2)	**Net Increase / (decrease) in cash and cash equivalents in the period**			1
4	**Cash and cash equivalents at the beginning of the period**			2
2	**Cash and cash equivalents at the end of the period**			**3**
	Reconciliation of net cash flow to movement in net debt/cash			
(2)	Increase/(decrease) in cash in year			1
4	Net debt/cash at 1 April	7		2
2	**Net Cash at 31 March**	**7**		**3**

The notes to the Accounts, numbered 1 to 17, form an integral part of these Accounts.

Statement of Changes in Taxpayers' Equity

Year ended 31 March 2026	Note	General Fund £'000	Total Reserves £'000
Balance at 31 March 2025		**(615)**	**(615)**
Changes in taxpayers' equity for 2025-26			
Net operating cost for the year	CFS	(7,614)	(7,614)
Total recognised income and expense for 2025-26			
Funding:			
Drawn down	CFS	7,468	7,468
Balance at 31 March 2026	**SoFP**	**(761)**	**(761)**

Year ended 31 March 2025	Note	General Fund £'000	Total Reserves £'000
Balance at 31 March 2024		**(251)**	**(251)**
Changes in taxpayers' equity for 2024-25			
Net operating cost for the year	CFS	(6,699)	(6,699)
Total recognised income and expense for 2024-25			
Funding:			
Drawn down	CFS	6,335	6,335
Balance at 31 March 2025	**SoFP**	**(615)**	**(615)**

The notes to the Accounts, numbered 1 to 17, form an integral part of these Accounts.

Notes to the Accounts

1) Accounting Policies

a) Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the United Kingdom, Interpretations issued by the IFRS Interpretations Committee (IFRIC) Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. There are no areas this year involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(i) Standards, amendments and interpretations effective in current year

IFRS 17 Insurance Contracts have been included within the FreM for 2025-26.

(ii) Standards, amendments and interpretation early adopted this year

There are no new standards, amendments or interpretations early adopted the 2025-26 financial year

(iii) Standards, amendments and interpretation issued but not adopted this year

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2025-26 financial year.

Standard	Current status
IFRS 18 Presentation and disclosure in financial statements	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.
IFRS 19 Subsidiaries without public accountability: disclosures	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.

b) Going Concern

The accounts are prepared on a going concern basis, which provides that the Commission will continue in operational existence for the foreseeable future unless informed by Scottish

Ministers of the intention for dissolution without transfer of services or functions to another entity.

c) Accounting Convention

The Accounts are prepared on a historical cost basis.

d) Funding

The expenditure of the Commission is met from funds advanced by the Scottish Government within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

All other income receivable by the Commission that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Summary of Resource Outturn.

Funding for the acquisition of capital assets received from the Scottish Government is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the Statement of Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

e) Property, plant and equipment

The treatment of capital assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Capital Accounting Manual.

Recognition

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or operational capacity be provided to, the Commission; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.

2) Assets of lesser value may be capitalised where they form part of group of similar assets purchased at approximately the same time and cost over £20,000 in total

(including VAT where this is not recoverable),, or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable),.

Measurement

Valuation:
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value as follows:

Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.

Non specialised equipment, installations and fittings are valued at fair value. The Commission values such assets using the most appropriate valuation methodology available (cost). A depreciated historical cost basis is used as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

Subsequent expenditure: Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Commission and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

Depreciation

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on each main class of tangible asset as follows:

1) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.

2) Assets in the course of construction are not depreciated until the asset is brought into use by the Commission.

3) Equipment is depreciated over the estimated life of the asset.

Depreciation is charged on a straight-line basis and the following asset lives have been used:

Computing equipment : Servers 5 years

Computing equipment	: Laptops	3 years
Land & Buildings	: Alterations	5 years

f) Sale of Property, plant and equipment and intangible assets

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure.

g) Leasing

Scope and Classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

- Contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- contracts with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that are reasonably certain to be exercised and any termination options that are reasonably certain not to be exercised).

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued

using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.
The Commission does not lease assets to others.

h) General Fund Receivables and Payables

Where the Commission has a positive net cash book balance at the year end, a corresponding payable is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Commission has a net overdrawn cash position at the year end, a corresponding receivable is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

i) Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the Commission not been bearing its own risks. Had the Commission provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

j) Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

Pension Costs

The Commission participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and 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. The Commission is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 ‘Employee Benefits’. As a result, the amount charged to the

Statement of Comprehensive Net Expenditure represents the Commission's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Net Expenditure at the time the Commission commits itself to the retirement, regardless of the method of payment.

k) Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government. The Commission participates in this scheme however medical staff do not operate in clinical environment and the risk of clinical negligence are therefore minimal.

l) Related Party Transactions

Material related party transactions are disclosed in line with the requirements of IAS 24 in note 17. Transactions with health bodies e.g. sharing administration costs or with individuals are disclosed if material.

m) Value Added Tax

The Mental Welfare Commission for Scotland was separately registered for VAT on 1st April 2016 (Registration Number 654463916) (2016: part of the Scottish Government VAT Group (Registration Number 888842551 (GD425))). The Commission remains able to reclaim input VAT under the Customs and Excise Contracting Out Direction published in the Edinburgh Gazette dated 10 January 2003.

n) Provisions

The Commission provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

o) Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Commission's control) are not recognised as assets but are disclosed in note 11 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 11, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

p) Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements' requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

q) Financial Instruments

Financial Assets

Business model
The Commission's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

Classification
When the Commission first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Commission classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

(a) Financial assets at fair value through profit or loss

This is the default basis for financial assets.

(b) Financial assets held at amortised cost

A financial asset may be held at amortised cost where both of the following conditions are met:

i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

(c) Financial assets at fair value through other comprehensive income

A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:

i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and
ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets
Provisions for impairment of financial assets are made on the basis of expected credit losses. The Commission recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Commission where there has been a significant increase in credit risk since the asset's initial recognition. Where the Commission does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

Recognition and measurement
Financial assets are recognised when the Commission becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

(a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

(c) Financial assets held at fair value through other comprehensive income

Financial Liabilities

Classification

The Commission classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Commission classifies all financial liabilities as measured at amortised cost, unless:

i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
ii. they contain embedded derivatives; and/or

iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The Commission does not trade in derivatives and does not apply hedge accounting.

(b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The Commission's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement
Financial liabilities are recognised when the Commission becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Amortised costs

Financial liabilities held at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

r) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the Board within the Commission.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in note 3b.

s) Cash and cash equivalents

Cash and cash equivalents, includes cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

t) Critical accounting judgements

The Board makes subjective and complex judgements in applying its accounting policies and relies on a range of estimation techniques and assumptions concerning the uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results. As such, key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

u) Key sources of estimation uncertainty

Key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

There are no key estimates and assumptions that are deemed to present a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 a) Summary of Resource Outturn

Summary of Resource Outturn	**Note**	**£'000**	**£'000**
Net Expenditure	SOCNE		7,614
Total Non Core Expenditure *			(179)
Total Core Expenditure			7,435
Core Revenue Resource Limit			8,982
Saving/ (excess) against Core Revenue Resource Limit			1,547

* *Depreciation*

Summary of Resource Outturn	**Resource**	**Expenditure**	**Saving/ (Excess)**
Core	8,982	7,435	1,547
Non-Core	170	179	(9)
Total	**9,152**	**7,614**	**1,538**

2 b) Notes to the Cash Flow Statement

a) Consolidated adjustments for non-cash transactions

2025 £'000		Note	2026 £'000
	Expenditure not paid in cash		
179	Depreciation	5	179
179	**Total expenditure not paid in cash**	**CFS**	**179**

b) Consolidated movements in working capital

2025 Net Movement £'000		Note	2026 Opening Balances £'000	2026 Closing Balances £'000	2026 Net Movement £'000
	TRADE AND OTHER RECEIVABLES				
7	Due within one year	6	24	57	
			24	57	
7	**Net Decrease/(Increase)**				**(33)**
	TRADE AND OTHER PAYABLES				
355	Due within one year	8	607	787	
-	Less: General Fund Creditor included in above	8	(4)	(4)	
			603	783	
355	**Net (Decrease)/Increase**				**180**
	PROVISIONS				
0	Balance Sheet	9	34	34	
0	**Net (Decrease)/Increase**				**0**
					0
362	**NET MOVEMENT (Decrease)/Increase**				**147**

3) Operating Expenses

a) Staff Costs

2025 Total £'000		Note	2026 Total £'000
766	Board and Executive		808
1,867	Practitioner staff Costs		2033
1,322	Casework Administration and Corporate Services		1592
726	Second Opinion Doctors Fees		767
204	AWI: Joint staff costs		206
768	IMS: Administration staff		887
5,653	**Total**	**SOCNE**	**6,293**

Further detail and analysis of staff costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

b) Other Operating Expenditure

31 March 2025 £'000		31 March 2026 £'000
130	Travel and Subsistence	131
179	Depreciation / Amortisation	179
217	Computer Equipment and Supplies	190
33	Office administration costs	39
63	Human Resources	50
24	Communications	18
75	Legal and Professional	40
3	Good Practice Projects	24
295	IMS Project Costs	627
1,019	**Total**	**1,298**

31 March 2025 £'000		31 March 2026 £'000
	Other health care expenditure	
	External auditor's remuneration	
27	- Statutory audit fee	24
27	**Total**	**1,321**
6,699	**Total**	**7,614**

4) Segmental Information

Segmental information as required under IFRS has been reported based on Financial Information used by Management to operate the Commission.

	2025-26					2024-25				
	MWC	**2nd Opns**	**AWI**	**IMS**	**Total**	**MWC**	**2nd Opns**	**AWI**	**IMS**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£000**	**£000**	**£000**
Net operating cost	**4,941**	**770**	**210**	**1,514**	**7,435**	**4,463**	**780**	**204**	**1,073**	**6,520**
Depreciation and amortisation	179	-	-	-	179	179	-	-	-	179

The Commission considers that the Board is the Chief Operating decision maker as it is the highest level of authority within the Commission.

Four segments have been reported as follows;

1) The Executive Leadership Team (ELT) is presented with monthly segment accounts for the 'Core' operations of the Commission.
2) The cost of the demand led service for patient medical second opinions (including travel and subsistence)
3) Joint project with NHS Education for Scotland on the understanding of the Adults with Incapacity (Scotland) Act (2000)
4) The project to replace the Commission's core patient database.

The financial results for the year as above were presented to the June 2026 Management Groups.

5 a) Property, Plant and Equipment (Purchased Assets)

Year ended 31 March 2026	**Buildings (excluding dwellings)**	**Leases (ROU Assets)**	**Total**
	£'000	**£'000**	**£'000**
Cost or valuation			
At 1 April 2025	288	1,135	1,423
At 31 March 2026	**288**	**1,135**	**1,423**
Depreciation			
At 1 April 2025	288	496	784
Provided during the year		179	179

At 31 March 2026	**288**	**675**	**963**
Net book value at 1 April 2025	**-**	**639**	**639**
Net book value at 31 March 2026	**-**	**460**	**460**
Asset Financing			
Owned	**-**	**-**	**-**
Net Book value at 31 March 2026	**-**	**-**	**-**

5 b) Property, Plant and Equipment (Purchased Assets) (Prior Year)

Year ended 31 March 2025	**Buildings (excluding dwellings)**	**Leases (ROU Assets)**	**Total**
	£'000	**£'000**	**£'000**
Cost or valuation			
At 1 April 2024	288	1,135	1,423
At 31 March 2025	**288**	**1,135**	**1,423**
Depreciation			
At 1 April 2024	288	317	605
Provided during the year		179	179
At 31 March 2025	**288**	**496**	**784**
Net book value at 1 April 2024	**-**	**818**	**818**
Net book value at 31 March 2025	**-**	**639**	**639**
Asset Financing			
Owned	**-**	**-**	**-**
Net Book value at 31 March 2025		**-**	

5 c) Donated Assets

All Property, Plant and Equipment is purchased and there are no donated assets (2024-25: £nil).

6) Trade and Other Receivables

31 March 2025 £'000		31 March 2026 £'000
	Receivables due within one year	
-	Trade Receivables	-
24	Prepayments	57
24	**Total Receivables due within one year**	**57**
24	**TOTAL RECEIVABLES**	**57**
	WGA Classification	
24	Balances with bodies external to Government	57
24	**Total**	**57**

There is no provision for impairment of receivables (2024-25: £nil)

There are no receivables assessed as individually impaired.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2026, receivables of carrying value of £nil (2024-25: £nil) were past their due date but not impaired.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

The maximum exposure to credit risk is the fair value of each class of receivable. The Commission does not hold any collateral as security.

31 March 2025 £'000		31 March 2026 £'000
	The carrying amount of receivables are denominated in the following currencies:	
24	Pounds	57
24		**57**

7) Cash and Cash Equivalents

	Note	2026 £000	2025 £000
Balance at 1 April		2	4
Net change in cash and cash equivalent balances	CFS	1	(2)
Balance at 31 March	**SoFP**	**3**	**2**
Overdrafts		0	0
Total Cash - Cash Flow Statement		**3**	**2**
The following balances at 31 March were held at:			
Commercial banks and cash in hand		3	2
Balance at 31 March		**3**	**2**

Cash at bank is with a major UK bank. The credit risk associated with cash at bank is considered to be low.

8) Trade and Other Payables

31 March 2025 £'000		31 March 2026 £'000
	Payables due within one year	
	NHS Scotland	
19	Boards	12
	Total NHS Scotland Payables	
5	General Fund Payable	5
7	Trade Payables	-
576	Accruals	770
-	Income tax and social security	-
588	**Total Payables due within one year**	**775**
607	**TOTAL PAYABLES**	**787**
	WGA Classification	
19	NHS Scotland	12
48	Central Government Bodies	45
-	Whole of Government Bodies	-
540	Balances with bodies external to Government	730
607	**Total**	**787**

There are no borrowings in either 2025-26 or 2024-25

The carrying value of short-term payables approximates their fair value. The carrying amount of payables is denominated in the following currencies;

31 March 2025		31 March 2026
£'000		£'000
607	Pounds	787
607		**787**

9) Provisions	Participation in CNORIS	Other provisions	2026 Total
	£'000	£'000	£'000
At 1 April 2025	34	-	34
Arising during the year	2	-	2
Utilised during the year	-	-	-
At 31 March 2026	**36**	**-**	**36**

Analysis of expected timing of discounted flows to 31 March 2026			
	£'000	£'000	£'000
Payable in one year	9	0	8
Payable between 2 - 5 years	22	0	22
Payable between 6 - 10 years	2	0	2
Thereafter	3	0	3
At 31 March 2026	**36**	**0**	**36**

Participation in CNORIS
The Commission holds a provision for its share of CNORIS liability for NHS Scotland and the amount for 2025-26 is £34,000 (2024-25: £34,000)

10 a) Provisions (Prior Year)	Participation in CNORIS	Other provisions	2024 Total
	£'000	£'000	£'000
At 1 April 2024	34	-	34
Arising during the year	1	-	1
Utilised during the year	(1)	-	(1)
At 31 March 2025	**34**	**-**	**34**

Analysis of expected timing of discounted flows to 31 March 2025	**£'000**	**£'000**	**£'000**
Payable in one year	8	0	8
Payable between 2 - 5 years	21	0	21
Payable between 6 - 10 years	2	0	2
Thereafter	3	0	3
At 31 March 2025	**34**	**0**	**34**

10 b) Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

2025		**Note**	**2026**
£000			**£000**
0	Provision recognising individual claims against the Commission as at 31 March		0
0	Associated CNORIS receivable at 31 March		0
34	Provision recognising the Commission's liability from participating in the scheme at 31 March		36
34	**Net Total Provision relating to CNORIS at 31 March**		**36**

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required, then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The receivable is netted off against the provision to reflect reimbursement from the scheme.
As a result of participation in the scheme, boards also recognise that they will be required to make contributions to the scheme in future years. Therefore, a second provision that recognises the board's share of the total CNORIS liability of NHS Scotland has been made and this is reflected in the table above.

Therefore, there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions, as well as the associated receivable, have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at: http://www.clo.scot.nhs.uk/our-services/cnoris.aspx

11) Contingent Assets and Liabilities

There are no Contingent Assets or Liabilities that have not been provided for in the accounts (2024-25: £nil).

12) Events after the end of the reporting year

There were no other events after the reporting period which have a material effect on the accounts.

13) Commitments

The Commission has no Capital Commitments as at 31 March 2026 (2024-25: £nil).

Other financial commitments

The Commission has entered into non-cancellable contracts (which are not leases or PFI contracts), for the provision of professional support and software support services.

14) Commitments under Leases

The Commission leases its office premises on a five year recurring agreement.

Lease liabilities

Maturity Analysis - Contractual Undiscounted Cash Flows	**2026 £'000**	**2025 £000's**
Less than one year	179	179
One to five years	281	460
More than five years	-	-
Total undiscounted lease liabilities at 31 March	**460**	**639**
Lease liabilities included in the statement of financial position at 31 March 2025		
Current	179	179
Non-current	281	460

Amounts recognised in profit or loss

	2026 £'000	**2025 £'000**
Interest on lease liabilities	-	-

Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses relating to short-term leases		-
Expenses relating to low-value assets, excluding short-term leases of low-value assets	**3**	**3**

Amounts recognised in the statement of cash flows

	2026 £000's	**2025 £'000**
Repayment of lease liabilities	179	179
Interest paid	-	-

15) Pension Costs

The Commission participates in the NHS Pension 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. The rate of employer contributions is set with reference to a four-yearly funding valuation undertaken by the scheme actuary. The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 April 2024 have been paid within a range of 5.7% to 12.7% and have been anticipated to deliver a yield of 9.8%. The Commission has no liability for other employers' obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Commission is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2025 is 22.5% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.8% of pensionable pay.

While a valuation was carried out as at 31 March 2016, work on the cost control element of that valuation was suspended by the UK Government following the Court of Appeal judgments in the McCloud (Judiciary scheme) and Sargeant (Firefighters' scheme) cases, which found that the transitional protections introduced as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and the introduction of statutory measures to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. In parallel, the Government Actuary was asked to review whether, and to what extent, the employer cost cap mechanism continues to meet its original policy objectives. The findings of that review were taken into account in the completion of the 2020 actuarial valuations, which were substantially delayed as a result of the McCloud remedy and wider economic changes. Employer contribution

rates were implemented from 1 April 2024 following the completion of the 2020 valuations and will remain in force pending the outcome of the current 2024 valuation cycle, which is now underway. The Commission's level of participation in the scheme is 0.041% based on the proportion of employer contributions paid in 2024-25.

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at https://pensions.gov.scot/.

16) Financial Instruments

Financial Instruments by category

2025 Total £'000	AT 31 March Assets per Statement of Financial Position	Note	Financial assets held at amortised cost £'000	2025 Total £'000
2	Cash and cash equivalents	7	3	3
2			3	3

2025 Total £'000	AT 31 March Liabilities per Statement of Financial Position	Note	Financial liabilities held at amortised cost £'000	2026 Total £'000
551	Trade and other payables excluding statutory liabilities (VAT and income tax and social security)	8	682	682
551			**682**	**682**

Exposure to Risk

The Commission's activities expose it to a variety of risks:

Credit risk – the possibility that other parties might fail to pay amounts due.

Liquidity risk – the possibility that the Commission might not have funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which health bodies are financed, the Commission is not exposed to the degree of financial risk faced by business entities.

Financial Risk Factors

Risk Management policies: The Commission provides written principles for overall risk management, as well as written policies covering standing financial Instructions and Financial Operating procedures.

(a) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Commission.

No losses are expected from non-performance by any counterparties in relation to deposits.

(b) Liquidity Risk

The Scottish Parliament makes provision for the use of resources by the Commission for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial Year. The Commission is not therefore exposed to significant liquidity risks.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2026	**Less than 1 year £'000**
Trade and other payables excluding statutory liabilities	682
Total	

31 March 2025	**Less than 1 year £'000**
Trade and other payables excluding statutory liabilities	551
Total	

(c) Market Risk
The Commission has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the Commission in undertaking its activities.

Cash flow and fair value interest rate risk
The Commission has no significant interest-bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

Foreign Currency Risk
The Commission is not exposed to foreign exchange rates.

Price risk
The Commission is not exposed to equity security price risk.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

17) Related Party Transactions

The Commission has not entered into any material transactions with other Government departments and other Central Government organisations.

The Scottish Government provides the majority of the Commission's funding and prescribes the terms of many of the transactions that the Commission has with other parties (e.g. payment policy).

No Board Member, key manager or other related party has undertaken any material transaction with the Commission during the year.

Remuneration paid to Board and Executive Team members is given in the Remuneration Report on pages 23 to 33.

Direction by the Scottish Ministers

MENTAL WELFARE COMMISSION FOR SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as applied by Schedule 1 paragraph 9(c) of the Mental Health (Care and Treatment) (Scotland) Act 2003, hereby give the following direction.

2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.

4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 10/2/2006