



The Scottish Parliament
Pàrlamaid na h-Alba

Roy Brannen
Director-General Net Zero
Scottish Government

Public Audit Committee
Room T3.60
The Scottish Parliament
EDINBURGH
EH99 1SP

Direct Tel: (0131) 348 5186

Email:

publicaudit.committee@parliament.scot

21 June 2024

Dear Mr Brannen,

The 2022/23 audit of the Water Industry Commission for Scotland

Thank you for your [letter of 10 June 2024](#). As part of its scrutiny of the above section 22 report, the Committee considered the letter alongside correspondence from the [Water Industry Commission for Scotland](#) (WICS) and the [Auditor General for Scotland](#) (AGS) at its meeting on 13 June 2024.

The Committee also considered the contents of a [Freedom of Information \(FOI\) request](#) published by WICS on 11 June 2024 in relation to staff training costs, as referred to in your correspondence.

The Committee has agreed to seek further information in a number of areas, as outlined below.

Staff training

In your letter of 10 June 2024, you explain that the Scottish Government is aware that in 2017 WICS introduced a policy that required senior staff to hold an MBA.

The Committee asks whether it is common practice for public bodies in Scotland to require senior staff to hold MBAs?

The Committee also asks if the sponsorship team raised any concerns or challenged the introduction of this policy on 2017?

The response to the FOI request by WICS on 11 June 2024 highlighted that WICS staff had attended a range of courses between £20,000 and £88,000. In your letter, you confirm that the Scottish Government sponsorship team was aware that WICS staff were attending MBA courses but were unaware of the costs. You also state that no approval from the sponsorship team had been sought for these courses.

The Committee asks what work, if any, the Scottish Government has undertaken to verify whether the correct procurement processes were carried out by WICS in respect of the training courses listed in the response to the FOI request.

The Committee also seeks your view on whether WICS should have sought approval from the Scottish Government for any of these training courses.

Departure of former Chief Executive

WICS explains in its letter of 10 June 2024, that—

“the WICS Chair and Board member discussed and agreed the Board’s proposed approach to accepting the CEO’s resignation with the Deputy Director (DD) of the SG Sponsor team on 19 December 2023. The DD noted that it was for the WICS Board to decide whether to accept the CEO’s resignation (under the Water Services etc (Scotland) Act 2005), that contractual obligations would have to be met as a consequence, and that WICS should continue to seek legal advice”.

WICS’s letter also states that it received a letter from the Cabinet Secretary on 15 March 2024, which—

“...noted the Board’s swift resolution of the departure of the former CEO following the issues identified in the Section 22. The Cabinet Secretary also noted that the process carried out by the Board did not follow the requirements outlined in the Scottish Public Finance Manual by not offering the Scottish Government enough opportunity to provide input”.

Can you confirm what advice the Scottish Government sponsorship team provided to WICS on the requirements of the Scottish Public Finance Manual regarding the process for accepting the former Chief Executive’s resignation, either during, or following the meeting on 19 December 2023.

In noting the Cabinet Secretary’s concerns that there was insufficient opportunity for the Scottish Government to provide input to this process, the Committee wishes to establish what further input should the Scottish Government have had?

Further retrospective approval

The Committee notes that WICS’s internal review of financial transactions identified expenditure relating to the use of a recruitment agency to undertake a recruitment search for a Senior Operations Director. The internal review also identified expenditure relating to the provision of legal advice by a King’s Counsel and for gifts purchased for a delegation from Barbados on 12 October 2023.

The Committee seeks clarification as to whether you consider any of the expenditures identified in the internal review of financial transactions will require retrospective approval.

Review of governance

During evidence to the Committee on 21 March 2023 and in your letter of 10 June 2023, you confirmed that you were in the process of procuring an independent external review of WICS’s governance. The Committee notes that from recent media reports that the Cabinet Secretary for Net Zero and Energy has confirmed the Scottish Government’s intention to launch –

“a full external review of WICS with an extended scope to look at all the circumstances around these issues. This will include the culture and ethos...the responsibility of WICS to proactively communicate with the Scottish Government and a specific review of the WICS training policy, amongst other things”.

In light of these recent media reports, can you confirm whether the Scottish Government intends to carry out two separate external reviews of WICS, or whether the original external review you referred to during oral evidence has now been expanded.

The Committee also requests further details on the scope and timetable for the planned external review(s) of WICS.

I would be grateful for a response by **31 July 2024**.

I would also add that following consideration of your response, it remains open to the Committee to invite you to provide further oral evidence at a future meeting.

Yours sincerely

**Richard Leonard MSP,
Convener**