

Richard Leonard MSP

1 October 2025

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

Your Ref:
011025-DSRL

Dear Convener

Public Audit Committee Recommendations – Progress Update

I am writing to update the Committee on the progress made in response to its recent report and recommendations. I am pleased to confirm that all actions arising from those recommendations are now complete.

- Full implementation of actions from the 2022/23 and 2023/24 audit reports.
- Introduction of a revised Framework Document, Scheme of Delegation, and strengthened financial controls.
- Updated procurement and training policies (the latter attached for the Committee's reference).
- Refresher training for all Board Members, supported by a revised induction programme.
- Improved culture and staff engagement, with the establishment of a new People Committee to drive continuous improvement in matters such as staff engagement, HR policies and wellbeing.

An update against each recommendation is provided in Appendix 1. The most notable is in the changes to the scheme of delegation where we have reverted to the 2005 act that founded the Commission. This makes explicit the role of board members as Commission members including in staffing matters and the expectations of the executive.

In addition to addressing specific recommendations, we have sought to align improvements with wider priorities for public sector reform. This has included exploring shared services and taking forward opportunities for co-location other public bodies.

The Committee may be aware of a recent FOI request to the Scottish Government concerning the staff survey undertaken as part of the independent review. While the survey was referenced

in the review, its results were not published. Survey responses have since been made publicly available by the Scottish Government through this FOI process.

Since the Scottish Government's independent review, we have taken the opportunity to strengthen our approach to whistleblowing specially and employee engagement more generally. Earlier this year, we commissioned an internal audit review, which included a staff survey and a full assessment of our policies. This confirmed that our internal whistleblowing policy had not been used, and that our external policy for water industry issues had been tested, with all cases appropriately investigated and documented.

We have accepted all of the audit's recommendations, which include:

- Revising our whistleblowing policy (approved by the Board last week).
- Appointing a Board level Whistleblowing Champion.
- Publishing anonymised information on all whistleblowing claims received, as well as those considered but not deemed to be whistleblowing cases.

We are now preparing training for all staff to ensure a clear understanding of the distinction between whistleblowing, grievances and management issues. This training will also support managers to handle and escalate matters appropriately.

I trust this letter provides further assurance of the action WICS has taken to fully address the Committee's findings and recommendations. We are determined to build on these governance reforms to ensure WICS operates to the highest standards, underpinning the trust and confidence essential to performing our vital role as Scotland's independent water industry economic regulator.

Yours sincerely



David Satti
Chief Executive

Appendix 1

Recommendations for WICS

#	Page	Recommendation	Action status / update
1	7	Recommendations made by the auditor in the annual audit reports for 2022/23 and 2023/24 should be fully implemented to improve governance and financial controls.	Actions for 2022/23 and 23/24 complete.
2	12	The CEO interpreted the rules suggesting that he did not need to refer to anyone or seek additional advice. This process should be reviewed to ensure proper oversight and checks.	Action complete. Revised Framework Document and Scheme of Delegation in place and subject to annual review.
3	13	WICS should ensure that staff leave the organisation within the agreed lock-in period if they do not fulfil their obligations related to training costs.	Action complete. Revised training policy in place with lock-in periods are explicit (based on duration of training and cost and applicable to all training).
4	14	Procurement should follow competitive tendering processes, and WICS should have sought approval from the Sponsorship Team in advance.	Action complete. Financial policies revised and Framework Document updated to include. All procurement exercises have complied with our revised financial policies and Framework Document.
5	22	WICS should improve its financial controls, particularly around expenses reimbursement and adherence to approved subsistence rates.	Action complete. WICS' financial policies and procedures have been revised to reflect public

#	Page	Recommendation	Action status / update
			sector best practice and alignment with the SPFM. As a result of the changes we have put in place, travel and subsistence costs have reduced significantly, from £147,903 in 2023–24 to £25,253 in 2024–25, representing a decrease of 83%.
6	32	WICS should establish stronger governance controls to prevent a repeat of the issues identified in the 2022/23 and 2023/24 reports.	Action complete. Revised financial controls and governance in place. Internal audit has reviewed the financial controls and is due to review governance following changes to the Framework Document and wider governance structure, including Scheme of Delegation.
7	10	The Committee notes that WICS is undertaking a review of its training policy and trusts that this will include a preference for courses based in the UK and that value for money is clearly demonstrated in each case. The Committee requests a copy of the new policy when it is available.	Action complete. Training policy has been revised (Appendix 3).
8	31	The Committee also recommends that current Board Members undertake refresher training on their roles and responsibilities and the financial management and reporting requirements of public bodies.	Action complete. Board Members have attended the Scottish Government's 'on board' training and a full revised

#	Page	Recommendation	Action status / update
			induction process has been implemented and completed.
9	31	To ensure that staff can raise legitimate concerns without fear of repercussion, the Committee recommends that a robust whistleblowing policy for staff is put in place. This should also include a clear reporting route for concerns and situations within WICS which would not meet statutory whistleblowing thresholds.	Action complete. Internal Audit review of whistleblowing is complete with a revised whistleblowing policy in place and a Board Member appointed as a 'whistleblowing champion'.
10	39	The Committee welcomes the Auditor General for Scotland's reassurance on progress to improve the culture and behaviours at WICS and requests an update from WICS on the outcomes of the staff survey to be undertaken in 2025.	Action complete. We have undertaken the HSE survey and a series of staff workshops to explore key themes. The outcome of this is an action plan to take forward key themes as raised in the survey and during workshops. This includes a regular programme of staff engagement and surveys (Appendix 2).
11	42	As part of this process the Committee recommends that the Scottish Government and WICS seeks feedback on all aspects of the work WICS has provided to international clients to help determine the value of its work. The Scottish Government and WICS should also consider the most appropriate model or organisation to take this work forward were it to be resumed.	No further action required at this stage. We will work with the Scottish Government on this area should there be an appetite to engage in such activities going forward.

#	Page	Recommendation	Action status / update
12	43	The Committee recommends that as part of its organisational transformation, WICS gives consideration to where it can most usefully share services with the Scottish Government or other public bodies in order to optimise its resources.	Initial action complete and future opportunities being actively considered. WICS has put arrangements in place to share office space with two other NDPBs. A cost review and benchmarking with other public bodies is in progress to explore further shared service opportunities.

Appendix 2 – HSE survey key themes and action plan

The following table summarises the key themes and plan of action to be taken forward following the outcomes of the 2025 HSE survey and staff engagement workshops.

Theme	Response action		
1. Working well together	Action	Timeframe	Who
Provide a safe psychological environment and show a commitment to listening to others and different perspectives and supporting individual strengths and weaknesses.	To set up an employee voice forum with colleagues from each directorate (with a dedicated Director) to explore new ideas and refreshed approaches.	December	Director Led
2. Individual change to move forwards	Action	Timeframe	Who
Show sensitivity when giving individual feedback to support a shared understanding and ownership of what needs to be different. More empathy being shown towards employees.	To engage with external training providers to discuss appropriate interventions.	December	HR
Contemplate other approaches to resolve recurring issues and tasks.	To set up an employee voice forum with colleagues from each directorate (with a dedicated Director) to explore new ideas and refreshed approaches.	December	Director Led

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Live in the moment, leave the past behind and don't dwell on difficult conversations.	Clarify what more can be done to support employees individually. Make use of regular check ins to engage with employees.	Ongoing	Line Manager/HR Line Manager
3. Corporate changes	Action	Timeframe	Who
Provide employee guidance and support in how issues can be addressed.	Ensure access to policies and provide clarity through a step by step approach.	January	Line Manager/HR
Refresh and re-establish WICS values to reflect evolving new culture.	To discuss with the appropriate employee group to lead on a review. To collate ideas for onward discussion and evaluation.	February	Director Led
Ensure there are sufficient resources in place to meet objectives.	To identify the specific resources needed and evaluate the need and value. To provide optimum resources to meet requirements.	October	Line Manager
Have more workshop sessions to encourage good behaviour.	To ensure interactive sessions are integrated into the People agenda. Better use of all staff meetings to encourage engagement, participation and ownership.	Ongoing	HR
4. Support/Wellbeing	Action	Timeframe	Who
Workshops and listening groups to encourage a better understanding of each other.	To set up an employee voice forum with colleagues from each directorate (with a dedicated Board	December	Director Led

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	member) to explore new ideas and refreshed approaches.		
Having someone to speak to if having a difficult week or a personal issue.	Consider having a 'wellbeing champion' to provide a touchpoint for employees	December	
Recognition of urgent and competing priorities.	Regular check ins are part of the performance management policy.	Ongoing	Line Manager
5. Shared Commitments	Action	Timeframe	Who
More openness, talking and planning and listening to work towards a culture of learning and improvement to get better.	To set up an employee voice forum with colleagues from each directorate (with a dedicated Director) to explore new ideas and refreshed approaches.	December	Director Led
Openness to care personally about others and engage with colleagues in other teams.			

Appendix 3 – Training policy



EMPLOYEE TRAINING AND DEVELOPMENT POLICY

July 2025
Valerie Lindsay

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1. Introduction

The employee training and development policy outlines WICS' commitment to continuous professional development (CPD) through various learning programmes and activities. It emphasises the importance of developing skills, knowledge and competencies to support the current and future business objectives and plans. Training opportunities are available fairly and equitably to all employees.

Good organisations thrive on an uninterrupted learning culture where employees at all levels are encouraged to undergo some form of training.

2. Purpose

In today's competitive environment, keeping skills and knowledge up to date is essential. Ongoing development supports both individual growth and WICS' continued success. WICS wants employees to feel confident about improving efficiency and productivity and finding new ways to achieve personal development and success.

3. Scope

This policy applies to all permanent, full-time, or part-time employees. Employees with temporary/short-term contracts may attend training at their manager's discretion. This policy doesn't cover supplementary resources such as contractors or consultants.

It is WICS' policy to connect employee development directly to organisational objectives. Linking training and development opportunities to WICS' goals ensures that resources are invested wisely. Aligning individual growth with organisational objectives cultivates a culture of ongoing improvement, empowering employees to contribute effectively to WICS's success.

4. Roles and responsibilities

Creating a continuous professional development (CPD) culture requires collaboration between employees, managers and HR.

4.1 Employees

- Employees are encouraged to take ownership of their professional growth by actively engaging in learning opportunities, reflecting on their development needs, and applying new knowledge and skills in their roles.
- Employees must ensure that all enrolled courses are attended unless there are extenuating circumstances which must be shared with HR/line manager.
- Employees can choose to attend as many training programmes as they want, provided they don't exceed the budget and annual day limit.
- Any employee training that WICS mandates due to reasons such as underperformance or changes to their job description is excluded from the training budget and time limit.

- This proactive approach not only supports individual career progression but also contributes to the broader success of WICS.
- Employees must be open to changes to improve their skills and productivity, and discuss any training needs which have been self-identified or in conjunction with their line manager.
- Employees are expected to complete mandatory training within the specified timelines.

4.2 Directors

Directors are required to establish their training budgets based on agreed and projected training plans to support team development and individual career aspirations. It is also their responsibility to clarify how development opportunities can be created both within and outside the organisation i.e project work.

4.3 Managers

- Managers play a crucial role in supporting employee development. They are responsible for identifying skills gaps, providing coaching and guidance, and helping team members explore suitable development opportunities.
- In exceptional cases where training is not directly work-related or falls outside regular working hours, employees may be asked to use annual leave, subject to agreement with their line manager in advance.
- Managers should evaluate the effectiveness of any training activity, such as workshops, mentoring, formal courses and on-the-job learning. This includes assessing whether the training met its intended objectives, improved performance, and offered value for money.
- Where appropriate, managers should evaluate whether there is a cost-effective case for extending training to others.
- Internal development methods, including job shadowing, coaching, and mentoring, can be used flexibly as long as service delivery is not disrupted. Managers must ensure that any resulting gaps are covered to maintain continuity.
- Before training begins, the manager and employee must agree on a clear training plan, outlining specific learning objectives and expected outcomes.

4.4 Human Resources (HR)

- HR supports the process by designing and delivering workshops, seminars, and refresher courses that help keep employees informed about emerging trends, regulatory changes, and best practices.
- HR provides tools and guidance to help employees and managers make informed development decisions.
- Based on current projects and future plans, HR formulates and revises an annual workforce development plan that outlines the objectives and key performance indicators (KPIs) for the year ahead. This plan will feed into the overall planning and budgeting at WICS.

5. Training delivery

5.1 Types of training

To meet varying development needs, training is categorised as follows:

- **Technical skills:** Specialised subjects to develop technical skills and knowledge according to the job/function.
- **Managerial skills:** Skills necessary for managerial-level employees to manage their functions and employees.
- **Soft skills:** To develop personal attributes that effectively enhance an employee's interactions with other employees internally or externally.
- **Professional certification:** Training programmes that certify an employee in a particular professional speciality e.g. CIPD, ACCA
- **Higher education,** including undergraduate and postgraduate qualifications
- **CEO and Accountable Officer training:** Specialist training in Accountable Officer duties for the Chief Executive

5.2 Methods of training delivery

There are various methods to impart training. The selection of the training delivery method depends on cost effectiveness in terms of achieving the training outcome. Training activity will primarily be delivered in one or a combination of the following methods.

- Formal training sessions (individual or corporate)
- Day or block release external professional development courses
- Training provided by internal and/or external experts
- E – learning
- On-the-job training (OJT)
- Conferences/Seminars participation
- Rotation assignments
- Training apprentices
- Peer support – having a 'buddy' in place to support training
- Employee coaching and mentoring

- Job shadowing
- As part of the ongoing learning and development provisions, arrangements for subscriptions or educational material can also be accessed wherever applicable. This provides all employees with access to news, articles, and other material that can help them inform their work.
- However, employees need to get written approval from their line manager to access this facility¹. Subscriptions and other materials should be job-related.

6. Statutory and mandatory training

- WICS is committed to ensuring all staff have the essential knowledge and skills to operate effectively within a public sector regulatory environment. Mandatory training supports legal compliance, promotes a respectful and inclusive workplace, and ensures consistent standards in management and governance.
- Although this list is not exhaustive, the following areas of training are considered essential for employees in relevant roles **please also refer to Appendix 1**.
- **Equality, diversity and inclusion (EDI)**: Understanding rights and responsibilities under equality legislation and promoting an inclusive workplace culture.
- **Data protection and information security (GDPR)**: Ensuring the responsible handling of personal and sensitive data in accordance with legal requirements.
- **Health and safety awareness**: Promoting a safe and healthy work environment for all staff.
- **Recruitment and selection**: Training for those involved in hiring to ensure fair, consistent and legally compliant processes.
- **Appraisal and performance management**: Equipping managers to conduct effective and constructive performance reviews.
- **Leadership and management essentials**: For people managers to build capability in line management, communication, and organisational values.
- **Communication and conflict resolution**: Helping staff navigate and de-escalate conflict constructively.
- **Fraud awareness and public ethics**: Promoting integrity, transparency, and the responsible use of public funds.
- **Financial management**: Ensuring those with budgetary responsibility understand public finance principles, financial accountability, and value for money.
- **Risk management** – Building awareness of organisational risk, including how to assess, mitigate and report on potential threats to objectives.

7. Corporate Training Programmes

- WICS occasionally engage experts to train employees. In such cases WICS will cover the training programme's entire cost. Attendance records must be part of the process.

¹ Including following relevant financial procedures required for purchase.

These training programmes include:

- Disciplinary and Grievance Meetings
- Managing difficult conversations
- Conflict resolution training for employees

8. Financial Penalty – Lock In

- Those employees who have undertaken higher education and professional training in the furtherment of their career whilst at WICS, which has been paid for by WICS, are required to repay either the full amount or an agreed proportion depending on when they leave if they leave WICS within 2 years of attaining the qualification.
- There may be exceptions if an employee is made redundant or leaves due to ill health. Any funding of high-cost training may be subject to a legal agreement to confirm the conditions attached to the financing of such development opportunities.

9. Budgets

- A budget is determined for each directorate at the beginning of each financial year. The director is responsible for assessing potential training requirements for the year and using the budgeting process to ensure sufficient funds are allocated.
- The CEO must approve any changes to training requirements during the year, and sufficient funds must be available.
- If WICS must seek an external provider's assistance to deliver mandatory or statutory training, this will be covered under the general overhead training budget. This type of training will always be done within the employee's regular working hours.

10. Process for approval

- This process applies to all training and development activities, whether or not they involve cost. It ensures that all training is planned properly, aligned with organisational priorities, and delivers value for the employee and WICS.
- Any proposed staff training or conference attendance expenditure must be identified as part of the WICS' performance appraisal system. This ensures that training needs are assessed in alignment with individual and organisational objectives.
- A training need may be identified by either the employee or their line manager. They should discuss it together to clarify what the training should achieve, why it's needed, and what type of learning (e.g. on-the-job, online, external) would be most suitable.
- Firstly, alternative cost-effective training methods, such as online courses and webinars, must be considered before opting for external conferences or training programmes.

- All training and conference attendance requests must be justified based on improving employee performance. This may include acquiring new skills, staying current with industry trends, or enhancing existing competencies.
- The employee completes a training request form outlining the purpose, expected outcomes, and any anticipated costs. The line manager considers the request and confirms whether they support the training. The manager will also ensure that any budget is available if there is a cost to the training.

10.1 Manager and HR review

- The manager sends the completed form to HR. HR checks that the proposal aligns with organisational priorities and reviews costings or content if external training is involved.
- The HR function may confer with the Finance team to ensure the cost benefit appraisal is robust and a sufficient budget is available.

10.2 Approval by the budget holder (if required)

- HR passes the request to the relevant director as the budget holder if expenditure is involved. The director decides whether to approve or decline the spend.
- If approved, HR informs the line manager and proceeds with the next steps.
- If declined, the director provides written reasons and HR notifies the manager and the employee.

10.3 Booking and arrangements

- If the request is approved, HR arranges the booking and, where relevant, travel or accommodation. Employees should not make personal arrangements unless this has been agreed in advance. The approval limits for training are outlined in the staff training section of WICS' financial policies and procedures.

10.4 Cancellations and exam results

- If the employee cannot attend or needs to cancel, they must notify HR immediately. The employee may be asked to cover any cancellation fees if no extenuating circumstances are presented.
- Employees must share their results if the training includes an exam or assessment. WICS will usually only cover training costs (including exam and registration fees) **once**. The employee must pay for any costs for resits or re-registration

10.5 Expenses

- If agreed in advance, WICS may cover reasonable costs for travel, accommodation, and meals. All arrangements must follow the WICS expenses policy and be made through the usual policy for booking travel and claiming expenses.

10.6 Reviewing the impact of training

After the training intervention, the employee and their line manager should discuss its effectiveness. This might include:

- whether the original learning objectives were achieved
- how the new knowledge or skills are being used in the role
- any noticeable impact on performance or confidence
- whether there is value in sharing the learning with others
- HR may request a short written summary from the manager or employee for more formal or higher-cost training. This helps assess value for money and supports future planning.

10.7 Record of training activity

- All completed training activities must be recorded in People HR. The line manager is responsible for ensuring that these records are accurate and up to date and include key details such as the type of training, date completed, and any outcomes or certifications achieved.
- HR will review these records annually to ensure alignment with career progression and organisational objectives.

11. Appendix 1

	MANDATORY TRAINING
Board/CEO/All Roles	• Fire Safety • Health & Safety Induction • Data Protection and Freedom of Information • Information Security (GDPR) • Cyber Awareness • Disclosing and Managing Conflicts of Interest at WICS • Fraud Awareness & Public Ethics • Risk Management • Introduction to Equality, Diversity and Inclusion
CEO	• Accountable Officer

CORPORATE MANAGEMENT TRAINING (optional)

The following list is not exhaustive and will be reviewed in line with organisational requirements.

Options	Director	Head of Function	Manager/ Senior	Assistant/ Support
1. Leadership Essentials	✓			
2. Management Essentials		✓	✓	
3. Recruitment & Selection	✓	✓	✓	✓
4. Managing Difficult Conversations	✓	✓	✓	
5. Financial Management	✓	✓		
6. Appraisal and Performance Management	✓	✓	✓	
7. Communication and Conflict Resolution	✓	✓	✓	✓
8. Grievance Investigations/Meetings	✓	✓	✓	
9. Disciplinary Investigations/Meetings	✓	✓	✓	✓

REVISION HISTORY

Audit trail of key changes:

Version	Revision date	Section of document	Summary of changes
1	July 2026		

This document was approved by:

Approver	Date approved	Section of document	Section approved
Board	14 August 25		Whole Document