

News release

For immediate release

Leadership critical to culture change at WICS

Collective leadership is needed to create a culture of good governance and effective management after failings at Scotland's water regulator.

The Chief Executive of the Water Industry Commission for Scotland resigned in December 2023 after the audit of its 2022/23 accounts found unacceptable use of public funds by senior officials. The Chair of the Commission's Board stepped down in October 2024.

Auditors have now found a range of additional spending that did not meet public sector spending rules in the first nine months of the 2023/24 financial year. This included £75k on:

- consultancy costs (£19.5k) and a King's Counsel retainer (£24k)
- Travel and subsistence (£23.7k)
- Un-itemised expenses (£7.5k)

A further £20k, mostly on business class flights, was found to have been unlikely to represent value for money. However, no instances of inappropriate spending were identified after December 2023.

In a separate judgment, auditors also said more time could have been taken to consider other options for the departure of the former Chief Executive, which cost the public purse £105,488.

Stephen Boyle, Auditor General for Scotland, said:

"This has been a challenging year for the Commission. Action has been taken to address the issues I highlighted, with significant work underway to improve leadership, governance, and culture.

"The success of that work will depend on all parties - Board members, senior management, staff, and the Scottish Government - working together to move the Commission into a stronger place in delivering its regulatory role."

For further information contact Patrick McFall Tel: 0131 625 1663 / 07786660171
pmcfall@audit-scotland.gov.uk or media@audit-scotland.gov.uk

Notes to Editor:

1. The former WICS Chief Executive and Accountable Officer resigned with effect from 31 December 2023. As part of the agreement for his departure he received a payment of

£86,268 covering payment of salary in lieu of the 6 months' notice period (£84,800) and 2.25 days of accrued but untaken annual leave (£1,468).

2. The Commission also paid £840 to the former Chief Executive's legal representatives and incurred a further £6,580 for their own legal advice and services. A payment of £11,800 was paid to HMRC for the employer national insurance contributions due on the payment in lieu of notice. The total cost to the Commission of the former Chief Executive's departure was £105,488.

3. Grant Thornton, WICS's internal auditors, carried out reviews of Governance and Financial Management Arrangements, which were published [in correspondence](#) to the Public Audit Committee in July 2024.

4. The Scottish Government [published](#) an independent review of WICS' governance arrangements in November 2024.

5. The Auditor General has prepared the report on the Water Industry Commission for Scotland under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament and the public's attention matters of public interest related to the financial statements of public bodies.

6. Section 22 reports are submitted to Scottish Ministers for laying in the Parliament along with the accounts of the relevant body. While there are statutory deadlines for these reports, the actual timing of publication is determined by when the report is laid in the Scottish Parliament by Scottish Ministers.

7. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
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