

Richard Leonard MSP

2 April 2025

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

Your Ref:
02042025-DSRL

Dear Convener

Further information relating to the 2023/24 audit of the Water Industry Commission for Scotland

Thank you for your letter of 7 March 2025 requesting further information on WICS' response to the findings of the Scottish Government's Independent Review of Governance Arrangements. I welcome the opportunity to assure further the Committee, our stakeholders, and the Scottish public on the substantial progress WICS has made in delivering meaningful and transformative change.

Introduction and context for the Independent Review

WICS fully accepted the findings of the [Scottish Government's Independent Review of Governance Arrangements](#) published in November 2024.

The review built upon the Auditor General's [Section 22 report on the 2022/23](#) Accounts (December 2023), WICS' internal review of transactions, and Grant Thornton's refocused internal audit. Collectively, these reports confirmed longstanding challenges within the organisation, which the Board has recognised and accepted.

As discussed with the Committee, WICS agreed to a 21-point action plan (Appendix 1) with the Scottish Government in December 2023 to address the issues raised in the Section 22 report. Recognising that governance challenges were interconnected with structural and operational inefficiencies, the Board took decisive action to stabilise the organisation while setting a long-term transformation programme in motion. This approach was not about short-term fixes but creating a framework to ensure resilience, transparency, and long-term success for WICS. Following the appointment of the Interim CEO, a broader organisational change programme was developed, comprising 55 planned actions to drive improvements across key areas.

WICS, First Floor, Moray House, Forthside Way, Stirling FK8 1QZ

Interim Chair: Ronnie Hinds

01786 430 200 | enquiries@wics.scot | wics.scot | scotlandontap.gov.uk

By the summer of 2024, WICS was embedding the changes outlined in the action plan while simultaneously advancing the wider organisational change programme. These initiatives were structured around the following key themes:

1. Clarifying roles and responsibilities
2. Establishing directorate budget centres
3. Introducing hybrid working arrangements
4. Strengthening risk and assurance functions
5. Improving internal and external communication
6. Further revising financial policies
7. Revising approval processes
8. Refreshing the governance framework
9. Enhancing compliance reporting

Recognising the need for decisive action, WICS focused not just on governance reforms but on laying the foundations for a fundamental organisational rebuild. By the time the review team commenced its fieldwork, a substantial portion of the initial change programme was already demonstrating progress in strengthening governance and controls. Key improvements included revised Board reporting, structured internal leadership team meetings, integrated risk management, and centralised action tracking to ensure sustained oversight and accountability. Additionally, compliance reporting and risk management practices were strengthened to ensure greater transparency and accountability.

The day after I was appointed, the Scottish Government committed to a review of WICS governance at the Public Audit Committee session on March 21st. This review, which followed both the internal transaction review and the internal audit by Grant Thornton, was planned to take place over the summer and conclude before any future committee meetings. The commitment to this review coincided with the Board's request for me to develop a second phase of the organisational change programme. As a result, the review itself ran in parallel with some of the changes already underway, such as strengthening internal governance through leadership team meetings, revising Board reporting, and implementing clearer decision-making structures. When the review report was published in November 2024, the organisational change programme was well underway.

In response to the Independent Review's findings, WICS identified [10 additional actions](#) to further enhance its organisational transformation. These actions include fostering greater openness and trust within the organisation, ensuring that the Board receives regular reports on staffing issues and wellbeing, and establishing a dedicated sub-committee to oversee the effective delivery of

the organisational change programme. This sub-committee will ensure that progress is closely monitored and reported to governance bodies, including the sponsor team within the Scottish Government.

WICS' response to the Independent Review

Remit Area 1

Concern	Actions taken	Actions planned
Governance framework	Revised Framework Document clarifying the role of the Board Chair and Non-Executive Directors.	Full review of WICS' governance framework including Board ToR, Code of Conduct, risk management strategy and Scheme of Delegation.
	Revised Audit and Risk committee ToR	
	Developed the Organisational Change Assurance Group (OCAG) ToR	
Board and leadership changes	Appointed Interim Board members, strengthening oversight.	Recruit full complement of Board members to ensure balance of expertise.
Board effectiveness and reporting	Introduced annual board self-effectiveness review.	
	Revised board reporting format and approval process.	
Performance appraisals	Regular appraisals for the Board, Chair, and CEO are now in place to improve transparency and accountability.	Embedding performance reviews as part of an annual governance cycle.

A key priority for our reform has been embedding a strong governance framework that ensures effective Board oversight, transparency, and accountability.

Governance framework

We have worked with the Scottish Government to agree a revised Framework Document, clarifying the roles and responsibilities of the Board, Chief Executive and Accountable Officer, and the Portfolio Accountable Officer.

A wider Governance Framework review is underway and will provide greater clarity on the role and responsibilities of our Board.

Board and leadership changes

Interim Board appointments have strengthened oversight, bringing a wider range of expertise. The recruitment of a full complement of Board Members is in progress to ensure a balanced mix of financial, regulatory, economics, and governance expertise. Up to three new Board Members are expected to take up post in summer 2025. These appointments are part of a broader effort to ensure the Board has the necessary skills to provide effective scrutiny, challenge, and strategic direction. In addition, a structured induction programme will ensure new Board members quickly gain a full understanding of WICS' role, governance responsibilities, and strategic objectives.

Board effectiveness and reporting

An annual Board self-effectiveness review has been introduced to ensure continuous evaluation and improvement of Board level governance and a formal appraisal process for the CEO and Board Members is now in place.

Board reporting has been significantly enhanced to improve oversight and challenge. These improvements were already being embedded during the Independent Review fieldwork.

These governance reforms provide a strong foundation for WICS' continued transformation, ensuring decision-making is transparent, well-structured, and aligned with best public sector practices.

Remit Area 2

Concern	Actions taken	Actions planned
Policies and procedures Risk management	Overhauled financial policies and procedures. Reviewed and updated policies and procedures to align with best practice.	Regular updates to policies to reflect emerging governance standards.
	Documented clearer escalation routes for Internal Audit.	Present ARC with a list of WICS policies and a plan for when each policy will be reviewed.
Risk management	Risk appetite included in annual work plan	Board level risk strategy workshop
	Leadership team risk workshop and risk mapping exercise	
	Revised risk mitigation action plans	
Follow-up on actions	Action tracking system introduced to monitor LT, Board and ARC actions.	
Engagement with Scottish Government (SG)	Redefined relationship with the SG Sponsorship Team, ensuring clearer roles, stronger accountability and more structured engagement.	

Completion of the 21-point action plan

The structured 21-point action plan, agreed with the Scottish Government, has been fully delivered, addressing key governance and financial control issues.

Revised financial policies and procedures

WICS has overhauled financial policies and procedures, focusing on best value and incorporating recommendations from the Board, Internal Audit, External Audit and Independent Reviews. In

addition, a comprehensive staff training programme is being implemented to ensure employees understand these revised policies.

Quarterly compliance reporting has been introduced for the Leadership Team and the Audit and Risk Committee (ARC) to ensure policies are being followed. There are also clearer escalation routes between Internal Audit, ARC and the Board to ensure appropriate oversight and scrutiny.

Audit Scotland's 2023/24 report acknowledged the progress WICS has made since the 2022/23 audit, confirming no instances of non-compliant expenditure since the publication of the December 2023 Section 22 report. This reflects the impact of strengthened financial governance, including enhanced internal controls, clearer financial reporting structures, and reinforced escalation pathways. These improvements have increased financial transparency and accountability, ensuring robust oversight of expenditure decisions.

Risk management

The management of actions has been centralised to ensure reforms are linked to our efforts to manage risk across the organisation. We have made key changes to our risk management approach with regular risk interrogation at Leadership Team level and clear reporting to the Audit and Risk Committee and Board. There are plans underway for the Board to review risk strategy later this year.

Internal Audit

The focus of our new Internal Audit team has been to review all the changes to financial policies and controls, provide assurance around the completion of existing actions, and suggest further improvements such as anti-fraud control measures. This work is now being integrated into WICS' risk management framework, alongside the development of an assurance mapping exercise to proactively demonstrate enhancements to the control environment.

These reviews have now been completed, and the Audit and Risk Committee (ARC), and thus the Board, have been provided with this assurance. The first internal audit review in December received positive assurance, confirming the effectiveness of these strengthened financial controls.

Beyond this, we have also reset the relationship with Internal Audit to ensure they operate as a critical friend—providing independent assurance while also supporting continuous improvement. This approach ensures that Internal Audit is not only identifying risks but also helping to nudge the organisation towards best practices in governance and financial control.

Engagement with Scottish Government

There has been a redefinition of the relationship with the Scottish Government’s Sponsorship Team to ensure clearer roles, stronger accountability, and a more structured approach to engagement across all levels.

Revenue generating

The revised Framework Document makes clear that any future revenue generating activity would require the Scottish Government to issue specific Directions to WICS. The framework document does not preclude stakeholder engagement and knowledge exchange activity, including with international stakeholders, that WICS undertakes as part of fulfilling its core functions and statutory duties.

These measures reinforce WICS’s long-term commitment to governance resilience and ongoing improvements in risk management and oversight.

Remit Area 4 and 5

Concern	Actions taken	Actions planned
Compliance / ensuring value for money	Staff training on revised financial policies.	Staff training on further changes to policies and processes. Including training on value for money on travel bookings.
	Introduced quarterly compliance reporting for the Leadership Team (LT), Audit and Risk Committee (ARC) and Board.	Reinforce training on Accountable Officer duties for CEO.
	Financial sustainability review	Mid-year budget review
Internal communication	Regular in person all staff meetings.	
	Staff engagement on future working arrangements, results of which shared with LT and Board in summary.	

	Implemented hybrid working.	Hybrid working policy.
		Staff engagement plan for organisational change.
		Revised communications strategy
HR support	Appointed interim HR specialist.	Recruit permanent HR support.
Wellbeing	HSE workplace stress survey.	Schedule periodic staff surveys and document the resulting actions taken.
		Report to Board on staffing issues and well-being at least twice yearly.
Culture	Planning for organisational change initiatives.	
	Established Organisational Change Assurance Group (OCAG) to oversee culture and organisational change.	

Remit Area 3 and 6

Concern	Actions taken	Actions planned
Strengthened decision-making	Established structured approach to regular Leadership Team meetings.	
	Management reporting aligned with directorate budget centres.	
	Re-established approval panel.	

	Reviewed roles and responsibilities of each member of the approval panel.	
	Created a report to the approval panel to ensure expenditure is authorised in line with policy.	
Organisational structure	Established Leadership Team structure and created office workstreams.	Review roles and agree structure and job descriptions for each directorate.
	Appointed Director of Performance & Reporting and Director of Pricing.	Recruit a permanent CEO, Director of Markets and Director of Finance and Corporate Services.
	Included budget responsibilities within roles at Director level.	Include budget responsibilities within roles at all levels other than Director.
		Standardise employee contracts and align with Model code.
		Lessons learned exercise to conclude phase 2 of the organisational change to assess the fitness and direction of the organisation.
Recruitment policies and procedures	Draft and formalise a recruitment policy to ensure true and fair competition for roles.	Develop an approach to evaluating use of consultants vs employing staff.
Performance appraisals and training	Create an end-to-end training policy, with value for money at its heart.	Revise performance appraisal process, considering training and value for money.

Set up a formal mentoring programme for senior leadership to support ongoing development.

Revise staff handbook.

Strengthening decision-making

We have established a structured approach to regular leadership team meetings to support overall communication and direction ensuring that there is appropriate discussion and challenge during decision making. In addition, an early action was taken to re-establish an approval panel to ensure there is appropriate internal scrutiny of expenditure.

Organisational structure

We are in the process of reviewing our organisational structure with the aim of clarifying roles and responsibilities. This began with a review of the Leadership Team aimed at creating a decentralised model, ensuring clearer delegation of responsibilities, stronger collective decision-making, and clear accountability. This was undertaken in collaboration with the Board to reinforce leadership effectiveness and included frequent engagement with the Sponsor Team. A competitive selection process was introduced to allocate Directors to roles, ensuring fairness, transparency, and alignment of skills with responsibilities. This approach was implemented as good practice, reinforcing integrity in appointments while also addressing concerns about past recruitment practices.

A formal recruitment policy has been established to ensure transparent and fair hiring practices, reinforcing best practice standards across leadership appointments. This work aims to bring WICS's practices in line with other public bodies, ensuring consistency, accountability, and a more structured approach to leadership and organisational objectives.

Once embedded, the new Leadership Team is expected to generate significant savings in remuneration costs, allowing reinvestment into addressing functional gaps and reducing consultancy reliance. These efficiencies, combined with strengthened governance structures, will enhance decision-making, promote individual accountability, and embed a culture focused on value for money and regulatory excellence.

Additionally, a revision to the performance management and objective-setting process is underway to ensure clear alignment of priorities from the Chair and Board to the CEO, to

Directors, and throughout the Directorates. Performance appraisals are now in place for leadership positions, ensuring all senior staff have clear objectives and structured role definitions. This addresses previous concerns regarding leadership accountability and ensures a stronger performance management framework.

Audit Scotland has already acknowledged these improvements, highlighting WICS's strengthened governance arrangements at a [recent Public Audit Committee](#). Collectively, these reforms ensure that WICS is not only more effective and resilient but also a model of good governance, capable of delivering value for Scotland's water customers while upholding the highest standards of public sector accountability.

Over the next six months, WICS will continue to evolve, with the confirmation of its permanent CEO, the appointment of up to three new Board members, and two new Directors. These appointments will enhance governance by bringing in additional expertise, strengthening strategic oversight, and ensuring a leadership team that is well-equipped to drive forward ongoing reforms. The new Board Members and Directors will play a key role in embedding accountability, improving decision-making processes, and fostering a culture of transparency and effectiveness within the organisation. This ongoing transformation will extend throughout 2025, further embedding governance improvements and strengthening the organisation's leadership capacity.

Conclusion

WICS has undergone a significant transformation, strengthening governance, accountability and organisational effectiveness while continuing to deliver our core regulatory role.

The Scottish Government's Independent Review of Governance Arrangements provided valuable external assessment, but it captured a moment when many reforms were already well underway. The decisive actions taken by the Board and Leadership Team have reinforced governance structures, financial oversight, risk management, and operational resilience, ensuring that WICS operates on a more sustainable footing.

We remain committed to building on the progress made, resetting our organisation for the long term, and maintaining a strong focus on our critical role as the economic regulator of Scotland's water industry.

I hope this update is helpful to the Committee and demonstrates the significant progress WICS has made in transforming our organisation.

Yours sincerely

David Satti
Interim Chief Executive

Appendices

Appendix 1 – 21-point action plan

Appendix 2 – Audit Scotland recommendations 2023-24

Appendix 1

WICS' workplan to respond to the annual audit report 2022-23

Governance / controls

Complete

Action	What are we committing to	Stage	Why	When	Progress
Reinstating an approval panel	Ensuring that all potential expenditure that requires approval or is novel or contentious has unanimous agreement by a quorum of Directors	<input checked="" type="checkbox"/>	Acts as a control that prevents expenditure from occurring without the requisite budget or approvals in place	26-Jan	The approval panel has been meeting since December 2023.
Expand membership and visibility of the approval panel	The Chair attends approvals panel meetings until June 24	<input checked="" type="checkbox"/>	Provides greater board oversight of the expenditures approved within the office	15-Jan	The Chair attends approval panel meetings as an observer and minutes are appended to the board pack as standard.
	Add minutes of approval panel meetings to the WICS board pack for information	<input checked="" type="checkbox"/>			
Further clarification on approval form requirements	Revise approval form templates and staff guidance, including linking them to annual budgeting and corporate planning processes	<input checked="" type="checkbox"/>	Ensures focus on business needs and value for money and identifies any novel or contentious expenditures	28-Mar	Approval templates and financial policies and guidelines have been updated.
Training	Training of all staff on WICS' financial rules and expectations	<input checked="" type="checkbox"/>		22-Mar	We have issued the revised policies to staff and asked them

WICS, First Floor, Moray House, Forthside Way, Stirling FK8 1QZ

Interim Chair: Ronnie Hinds

01786 430 200 | enquiries@wics.scot | wics.scot | scotlandontap.gov.uk

Action	What are we committing to	Stage	Why	When	Progress
	Leadership team attending a Value for Money training course by the Civil Service College	☒	Ensures that staff understand the approval process and have the necessary knowledge to fill in approval forms		<p>to sign that they have read and understood the document. Training was carried out on 30 January to cover the areas of concern raised by the audit report and other important areas of the existing financial policies.</p> <p>The Finance team is developing a longer-term training programme for employees, consisting of short, but regular training modules on elements of the procedures and refresher training.</p> <p>A value for money course at the Civil Service College was undertaken on 19th March for 12 members of staff.</p>

Policies and procedures

☒ Complete

WICS, First Floor, Moray House, Forthside Way, Stirling FK8 1QZ

Interim Chair: Ronnie Hinds

01786 430 200 | enquiries@wics.scot | wics.scot | scotlandontap.gov.uk

Action	What are we committing to	Stage	Why	When	Progress
Strengthening the expenses policy	Reimbursing alcohol only on pre-approved events	<input checked="" type="checkbox"/>	Alignment with expectations of public bodies in Scotland and strengthen a culture of best value	26-Jan	The Finance team has completed policy revisions which the ARC reviewed on 12 March. The final step is Board approval.
	Guidance on non-compliant expenses (e.g. personal reimbursement if not approved)	<input checked="" type="checkbox"/>			
	Creating a separate Events and Hospitality policy	<input checked="" type="checkbox"/>			
	Creating a separate Business Development policy	<input checked="" type="checkbox"/>			
	Restrictions on flexible tickets or any other nonstandard ticket	<input checked="" type="checkbox"/>			
Enhancing compliance with key elements of the existing expenses policy	Mandating itemised receipts	<input checked="" type="checkbox"/>	Alignment with expectations of public bodies in Scotland and to strengthen a culture of best value	26-Jan	Financial policies and guidelines have been updated to clarify expectations in these areas. The programme of staff training with strengthen further the policies relating to travel and the provision of receipts.
	Guidance on hotel providers and expenditure limits	<input checked="" type="checkbox"/>			
	Preference for rail travel where possible but flights remain permissible	<input checked="" type="checkbox"/>			
	Requiring the use of the SG approved travel provider unless greater	<input checked="" type="checkbox"/>			

Action	What are we committing to	Stage	Why	When	Progress
	value is achieved elsewhere				
Approval of the new expense policy	Board and Audit and Risk Committee approval of the revised policies	<input checked="" type="checkbox"/>	As above	23-Feb	Board approval was received on 4 th April and policies uploaded onto PeopleHR for staff to read and sign.
Seek advice on taxable benefits	Training of all staff on WICS's financial rules and expectations	<input checked="" type="checkbox"/>	As above	28-Mar	<p>A review of all transactions is complete for the current year and £840 in taxable benefits were identified. Existing policies were for WICS to incur taxation on employees' behalf resulting in a payment of £506 as part of a PSA.</p> <p>The financial policies and guidelines have been reviewed to ensure sufficient guidance is available to employees on taxable benefits going forward. This includes double taxation on international activities. Taxable benefits were covered at the training to staff on 30 January.</p>
	Attribute taxable benefits to relevant staff	<input checked="" type="checkbox"/>			
Training on expense policies and procedures	Training on existing policies	<input checked="" type="checkbox"/>	Ensures that staff understand their respective roles and have the necessary	01-Mar	Refresher training was held on 30 th Jan which was followed up with training on the draft revised financial policies on 1 st March. The Head of Finance will provide a programme of
	Organisation-wide training on revised policies, systems and	<input checked="" type="checkbox"/>			

WICS, First Floor, Moray House, Forthside Way, Stirling FK8 1QZ

Interim Chair: Ronnie Hinds

01786 430 200 | enquiries@wics.scot | wics.scot | scotlandontap.gov.uk

Action	What are we committing to	Stage	Why	When	Progress
	respective roles and responsibilities		knowledge to adhere to the policies.		training during 2024-25 focussing on the key areas of risk.

Reporting

Complete

Action	What are we committing to	Stage	Why	When	Progress
Progress reporting against the action plan	Concise and regular reporting to the Board monthly until actions are complete	<input checked="" type="checkbox"/>	Ensures that the board are holding the executive to account for delivery	19-Jan	Regular reporting to the board is underway.
	Completing an Internal Audit review on the management response to the issues identified by Audit Scotland	<input checked="" type="checkbox"/>	Provides an independent expert view of progress	29-Mar	The IA review is complete. A verbal update was provided at the ARC on 12 th March with reports to follow. There is a meeting with the Chair of the ARC, CEO and internal audit on 16 th April before the final report is issued.
Revise reporting to management	Revision to management reporting to include potential expenditure non-compliance	<input checked="" type="checkbox"/>	Provides an early warning signal on non-compliance while raising awareness	29-Feb	A one-off review of potential irregularities during 23-24 is complete with the findings presented to management and the board. Ongoing reporting will

Action	What are we committing to	Stage	Why	When	Progress
					be covered as part of the internal audit work.
Revise reporting to ARC	Revise compliance reporting to include expenditure outwith limits and non-itemised or lost receipts	<input checked="" type="checkbox"/>	Adds additional layers of control to safeguard against non-compliance	29-Mar	As above. There have been no non-compliances to report during this period.
	Concise fortnightly reporting to the Chair of the ARC on expenditure non-compliance	<input checked="" type="checkbox"/>			

Other

Complete

Action	What are we committing to	Stage	Why	When	Progress
Moray house lease	Test with Stirling council the dilapidations provision and revise if needed	<input checked="" type="checkbox"/>	Ensures clarity over the dilapidations liability and provisioning Provides an independent, expert view on the progress made	23-Feb	We received a market valuation of the dilapidations which we can reflect in our provisioning and reviewed our lease terms with both Stirling Council and ZWS. We will not be able to revise the terms of the lease and will write a paper outlining the circumstances of the lease

					for audit trail purposes which will be circulated to the ARC.
--	--	--	--	--	---

Appendix 2 – Audit Scotland 2023/24 recommendations

#	Issue/risk	Recommendation	Agreed management action/timing	Status
1	<p>Cash reserves balance.</p> <p>The level of the cash reserves held at 31 March 2024 represented 146 per cent of the Commission’s 2023/24 expenditure, and current liabilities at the year-end totalled only £0.441 million.</p> <p>Risk: Money is being held in the Commission’s bank account that could be released back to Scottish Water and Licensed Providers.</p>	<p>The Commission should review what level of cash reserves needs to be retained to cover the Commission’s future costs, so that any excess funds can be returned to Scottish Water and Licensed Providers.</p>	<p>The Commission has committed to a financial sustainability review (scope agreed in organisational change programme) and an action on a cash reserves policy (action 8 in Board action tracker).</p> <p>Completing both of these actions will bring a conclusion to the position on cash reserves going forward.</p> <p>Responsible officer: Interim Chief Executive</p>	<p>In progress.</p> <p>The Board considered WICS’ financial sustainability and a proposal for financial reserves in March 2025. It was agreed that cash the level of appropriate cash reserves will be revisited as part of a mid-year budget review in November 2025.</p>

Officer Agreed date: 30 June 2025

2	<p>Finance and support services capacity Finance and support services staff have faced an increased workload during 2024.</p> <p>Risk: The additional demands on finance and other support services staff may impact on their wellbeing or capacity to perform the other duties required of their role.</p>	<p>Management should view the Commission's capacity within finance, and other support services, to ensure it has sufficient staff resources to enforce and report on compliance with the revised Financial Policies, and Guidelines and to deal with the other additional resource pressures that the organisation is currently facing.</p>	<p>The Commission has committed to reviewing roles within directorates as part of phase two of its role review (action 3 of the organisational change programme). This will include finance and other support services staff on a temporary and permanent basis.</p> <p>Responsible officer: Interim Chief Executive Officer Agreed date: 31 March 2025</p>	<p>In progress.</p> <p>Phase 1 of the role review is complete. The recruitment of a Director of Finance and Corporate Services is ongoing and planned to conclude in June 2025. Thereafter, roles within this directorate will be reviewed.</p>
3	<p>Need to embed financial management across the organisation Management took a range of actions to address the financial management weaknesses reported in our 2022/23 Annual Audit</p>	<p>Management should continue to focus on embedding financial management, and a focus on value for money, across</p>	<p>The Commission has committed to reviewing its training policy (action 33 of the organisational change programme). This will</p>	<p>In progress. HR resource has been diverted to other aspects of organisational change which has delayed the delivery of this training</p>

<p>Report which included revising the Commission's expenses policy, reinstating an approval panel to scrutinise expenditure, and strengthened the internal reporting processes. It now needs to ensure that these are embedded across the organisation and staff are committed to adhering to the Commission's Finance Policies and Guidelines and the SPFM.</p>	<p>the organisation to ensure all staff are aware of the requirements of the Commission's Finance Policies and Guidelines and the SPFM, and their role in ensuring that expenditure is incurred in compliance with these.</p>	<p>include mandatory training on a periodic basis for managers which finance policies will be an element of. The Commission has also committed to a staff training session on changes to policies and processes (action 49 of the organisational change programme). This training policy will be completed in 2024 with periodic training in 2025 and beyond.</p>	<p>policy. A first draft is expected by the end of April 2025.</p>
<p>Risk: Staff are still not fully aware of the requirements of the Commission's Finance Policies and Guidelines and the SPFM, and their role in ensuring that expenditure is incurred in compliance with these.</p>		<p>Responsible officer: Interim Chief Executive Officer Agreed date: 31 March 2025</p>	
<p>4 Delivery of the organisational change programme. Managing and delivering the organisational change programme alongside the Commission's core</p>	<p>The Board should ensure that adequate resource is allocated to manage the delivery of the</p>	<p>The Commission acknowledges this risk. Management has an action plan in place</p>	<p>Complete. Organisational Change Assurance Group (OCAG) in place with appropriate legal, HR and</p>

<p>regulatory activity is likely to place significant pressure on the interim Chief Executive and other key staff. The actions to deliver certain key themes will also need legal and HR input to ensure that the Commission is complying with legal requirements when implementing changes to the organisational structure and staff roles.</p>	<p>organisational change programme and realistic timescales are set for the delivery of each action. Professional advice and support should also be obtained at key stages in the programme to ensure that the Commission is complying with legal requirements when implementing changes to the organisational structure and staff roles.</p>	<p>(organisational change programme) and are working through the actions. The Board and management team are also in the process of establishing a subcommittee to focus on these initiatives and to ensure timescales are achievable and resources / expertise is in place to deliver this change programme.</p>	<p>project management resource.</p>
<p>Risk: There is a risk that the Commission does not have sufficient resource or professional expertise to deliver the organisational change programme</p>		<p>Responsible officer: Interim Chief Executive Officer Agreed date: 31 December 2024 to establish subcommittee</p>	
<p>5 Performance reporting The KPIs used for reporting performance against the</p>	<p>Management should review the KPIs used to measure performance</p>	<p>The Commission has committed to a review of the Corporate Plan (action</p>	<p>Complete. KPIs been reviewed and revised as</p>

<p>Corporate Plan do not include any numeric performance measures.</p>	<p>against the Corporate Plan 2021-27 to ensure these provide a clear and objective framework to measure progress against the 9 outcomes identified to deliver the 3 strategic objectives.</p>	<p>2 of the organisational change programme). Responsible officer: Interim Chief Executive Agreed date: 30 June 2025</p>	<p>part of the 2025-26 annual work planning process. Further work on KPIs will be required in preparing the 2027-33 Corporate Plan.</p>
<p>Risk: Performance against the 9 outcomes for the 2021- 2027 regulatory period is not clearly reported.</p>			
<p>6 Demonstrating value for money in the use of consultants It is important to the Commission's regulatory role that it is able to engage external experts when required, but it must be able to demonstrate that these appointments are supported by a robust VFM assessment.</p>	<p>Management should identify which staff will be required to engage external consultants as part of their role, and ensure that they have adequate training and support to undertake a robust VFM assessment prior to appointments being made.</p>	<p>The Commission has committed to including budget responsibilities into roles. This action will include making clear who is responsible for requesting and managing the use of consultants (action 32 of the organisational change programme). We have also committed to an action to review the use of hiring staff versus procuring consultants to support any VFM assessment (action 35</p>	<p>Complete. There is now clarity on which staff are expected to engage and manage external consultants as part of their role. Budget responsibilities are clear in Director level roles within our revised financial policies.</p>
<p>Risk: There is a risk that the Commission cannot demonstrate the value for money of expenditure on consultants and legal advice</p>			

of organisational change
programme).

Responsible officer:
Interim Chief Executive
Agreed date: 30 September
2025
