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| Public Services Reform (Scotland) Act 2010  Report for the year ended 31 March 2024 |
| December 2024 |
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# **Introduction**

Part 3 of the Public Services Reform (Scotland) Act 2010 (PSRA) imposes duties on the Scottish Government and listed public bodies to publish information as soon as reasonably practicable after each financial year's end. These duties came into force on 1 October 2010. The duties in Part 3 of the 2010 Act are intended to promote greater openness and transparency.

This document details the information the Water Industry Commission for Scotland (WICS) must publish as prescribed in the PSRA. It has been compiled using the Scottish Government's guidance.

Further information on WICS's work can be found on its website. The annual report and accounts provide full audited financial information.

# **Steps to promote sustainable growth**

Section 32(1)(a) of the Public Services Reform (Scotland) Act 2010 requires public bodies to outline steps taken to promote and increase sustainable growth.

Supporting a sustainable water industry

As Scottish Water's economic regulator, WICS is committed to ensuring long-term sustainability for Scotland’s water industry. During 2023-24, WICS initiated the consultative process for the Strategic Review of Charges (SRC) 2027-33, focusing on sustainability and innovative investment approaches.

The draft methodology incorporates lessons from previous reviews and prioritises options that balance environmental and social benefits with financial sustainability. The regulatory framework will enable Scottish Water to deliver services efficiently while meeting ambitious national goals, such as achieving net-zero emissions by 2040. This ensures that customers receive high-quality, affordable services while preparing the industry to adapt to the challenges of climate change.

Driving economic growth

WICS supported economic development by aligning regulatory objectives with the Scottish Ministers’ policy priorities, enabling efficient investment in infrastructure to support communities and businesses.

Through collaborative work with stakeholders, WICS enhanced Scottish Water's reporting standards, ensuring resources were allocated efficiently to high-priority projects. This effort contributes to significant progress in delivering infrastructure improvements and operational efficiencies.

Promoting global collaboration

Through the Hydro Nation initiative, WICS shared regulatory expertise internationally, enhancing Scotland’s reputation as a leader in water regulation.

During the year, WICS supported the New Zealand Department of Internal Affairs with water reform efforts and advised on infrastructure regulation for the country’s state highways. These projects provided staff with invaluable development opportunities and generated revenue that offsets some of WICS’ operational costs.

Promoting a resilient Retail market

WICS strengthened Scotland’s competitive retail water market by implementing financial resilience standards for licensed providers, safeguarding the sector’s stability. All active retailers have adopted the new license conditions, enhancing market integrity and consumer protection.

By embedding sustainability and resilience in Scotland’s water industry, WICS has ensured progress toward a model that benefits customers, communities, and the environment while fostering sustainable economic growth.

# **Steps to improve efficiency, effectiveness and economy**

Section 32(1)(b) of the Public Services Reform (Scotland) Act 2010 requires public bodies to describe actions taken to enhance efficiency, effectiveness, and economy in their operations.

Governance and financial controls

Following the Section 22 report on 2022-23 operations, WICS implemented wide-ranging improvements to its governance framework and financial management practices. This included revising the expense policies to include stricter controls and prohibitions on certain expenditures (e.g., alcohol claims) and introducing an internal approval panel to rigorously scrutinise expenditures, ensuring compliance with the Scottish Public Finance Manual (SPFM). The impact of these changes was demonstrated in the final quarter of 2023-24, with no issues being identified by the external audit team during this period.

Operational efficiencies

WICS has embraced flexible working models to reduce operational costs and enhance employee productivity. During the year, WICS continued to develop its hybrid working model and re-established a physical office presence while maintaining flexible arrangements to reduce overheads and foster collaboration.

Advancing value for money

WICS embedded value-for-money principles across its operations, ensuring all activities align with public sector best practices. This was achieved by delivering targeted training sessions on best practices in line with the revised financial policies and procedures.

Environmental sustainability

As the project in New Zealand drew to a close, WICS saw a substantial reduction in travel. Total travel emissions were reduced to 0.6 tonnes of CO2 in 2023-24 from 14.2 tonnes in 2022-23. This reduction has not impacted WICS’ operational standards and contributes to Scotland’s climate targets.

Transparency and accountability

WICS has upheld transparency and accountability as central pillars of its operations, continuously striving to improve governance and stakeholder engagement.

In response to the Section 22 report, WICS conducted comprehensive internal reviews to proactively identify instances where best practices were not followed. These reviews carried out in collaboration with the internal audit team, have informed targeted actions to address identified issues and strengthen internal controls.

WICS actively engaged with the Public Audit Committee, attending sessions and providing evidence demonstrating its commitment to accountability and continuous improvement.

WICS published Scottish Water’s 2022-23 performance report as part of its regulatory responsibilities, incorporating enhanced metrics to assess service delivery and investment outcomes better. Additionally, WICS worked closely with key stakeholders during the drafting process for the Strategic Review of Charges (SRC) methodology for the 2027-33 period, ensuring an inclusive and consultative approach.

This year, WICS also focused on strengthening the competitive retail market by encouraging licensed providers to take ownership of a Code of Practice. To support this initiative, WICS established a Steering Group in partnership with Consumer Scotland and the Central Market Agency. Together, they worked to develop the Code of Practice and its assurance process, fostering greater resilience and accountability within the retail market.

# **Expenditure information**

All expenditures disclosed in the sections below include VAT.

## 3.1 Public relations

WICS must publish a statement of expenditure during the year on all external communications, including the cost of in-house and contracted staff and consultants. Expenditure on 'public relations' includes (for example) marketing, PR campaigns, media relations, marketing research and evaluation, branding and design, promotional events, external events, conferences and exhibitions, corporate communications, sponsorship, publications and printing, digital communications, advertising and media planning.

The following categories of expenditure incurred by WICS relate to public relations, as defined above.

|  |  |  |
| --- | --- | --- |
| Expenditure type | 2023-24 (£) | 2022-23 (£) |
| External media support | 26,220 | - |
| Website hosting[[1]](#footnote-2) | 4,633 | 5,948 |
| Website development and maintenance | 19,106 | 35,550 |
| Publishing | - | 2,072 |

No employees at WICS have been employed specifically to perform a role in any of these areas.

## 3.2 Overseas travel

WICS is required to publish a statement of expenditures incurred on overseas travel, including travel to and from the United Kingdom. The following should be included: the cost of hotels, conference fees, travel and subsistence during the overseas visit, and any other related expenditures.

|  |  |  |
| --- | --- | --- |
| Type of expense | 2023-24 (£) | 2022-23 (£) |
| Flights | 35,235 | 196,928 |
| Accommodation | 11,672 | 64,626 |
| Subsistence | 16,646 | 32,960 |
| Other travel and expenses | 7,770 | 9,190 |

The overseas travel costs in the table above include costs associated with a funded project in relation to consultancy services provided by WICS to the Department of Internal Affairs (DIA) in New Zealand. Of the total flight costs for the year, £22,895 (22-23: £121,884) was reimbursed as part of the fees paid by the DIA.

## 3.3 Hospitality and entertainment

# WICS is required to publish a statement of expenditure on hospitality and entertainment, which is widely interpreted as including any gifts, meals, parties, receptions, tickets for or invitations to public, sporting, cultural or other events or other similar benefits accorded by a public body to its own members, employees, or third parties for whatever reason.

# The payment of reasonable travel and subsistence allowances and the reimbursement of expenses that are necessarily incurred in relation to service as a member or employee of a public body are excluded. Gifts and benefits which are wholly trivial and of minimal value are also excluded as de minimis. WICS has disclosed gifts over £50 for 'one-off' gifts or benefits.

Meals and events

|  |  |  |
| --- | --- | --- |
| Type of event | 2023-24 (£) | 2022-23 (£) |
| Staff related | 559 | 3,323 |
| Stakeholder related | 1,791 | 4,504 |

Gifts > £50

# Gifts are provided in exceptional cases to recognise life events of employees and key stakeholders. The total amount spent on gifts greater than £50 are outlined in the table below.

|  |  |  |
| --- | --- | --- |
| Recipient | 2023-24 (£) | 2022-23 £) |
| WICS employees and members | 105 | 2,939 |
| External stakeholders | 192 | 52 |

## 3.4 External consultancy

WICS must provide a statement on expenditures on “external consultancy” services, which are defined as a wide range of professional services such as management consultancy, IT consultancy, financial consultancy, research and evaluation, and policy development.

WICS requires wide-ranging advice to make appropriate assumptions about the reasonable costs it should allow in setting prices. These assumptions must be robust to external challenges. WICS must also ensure that its processes and decisions can withstand judicial scrutiny. Supplementing WICS’s expertise with that of outside experts provides significant reassurance of the quality and independence of its work.

As WICS is a small organisation with fewer than 25 employees, it requires the services of external experts for activities such as HR and data protection. The cost of these external experts is considered to be better value for money than employing individuals to fill these roles.

## Expenditure on external consultancy services is outlined by type in the table below.

|  |  |  |
| --- | --- | --- |
| Type of consultancy service | 2023-24 (£) | 2022-23 (£) |
| Regulation and licensing support | 297,391 | 294,515 |
| Internal audit and accounting | 90,588 | 116,165 |
| Data protection services | 15,743 | 11,448 |
| HR and recruitment | 40,085 | 26,409 |
| Information technology | 26,530 | 6,420 |
| Other | 9,260 | 37,915 |

## 3.5 Payments in excess of £25,000

Section 31 (3) of the Act provides that each listed body must publish a statement specifying the amount, date, payee and subject matter of any payment[[2]](#footnote-3) made with a value in excess of £25,000 (inclusive of VAT). The table below provides information on all payments made by WICS over £25,000.

|  |  |  |  |
| --- | --- | --- | --- |
| Date of transaction | Amount (£) | Recipient | Description |
| 11/05/23 | 38,296.80 | Oxera Consulting | Economic consultancy services |
| 03/08/23 | 25,048.50 | Stirling Council | Quarterly rent and service charges |
| 03/08/23 | 42,045.54 | Oxera Consulting | Economic consultancy services |
| 09/11/23 | 25,048.50 | Stirling Council | Quarterly rent and service charges |
| 20/12/23 | 71,296.80 | Oxera Consulting | Economic consultancy services |
| 22/03/23 | 26,368.80 | Oxera Consulting | Economic consultancy services |

# **Remuneration**

# Section 31(4) of the PSRA provides that each listed public body must publish a statement specifying the number of individuals (if any) who received remuneration during that financial year in excess of £150,000 in relation to service as a member or employee of a public body.

# Remuneration in relation to service as a member or employee includes salary, bonus or other discretionary performance payments, allowances, fees, royalties, and bonus or other payments in respect of performance in a previous financial year, but it does not include receipt of a pension, voluntary severance, compromise agreements, or redundancy payments.

# No employees of WICS received remuneration payments in excess of £150,000 during the financial year 2023-24.

# WICS' [annual report and financial statements](https://wics.scot/publications/our-performance/annual-reports-financial-statements/annual-report-2023-24) fully disclose remuneration costs, directors’ salaries, and pension entitlements.

1. WICS hosts two websites: (i) [WICS' corporate website](https://wics.scot/) and (ii) a website to support the [retail market](https://www.scotlandontap.gov.uk/) [↑](#footnote-ref-2)
2. “Payments” include all payment transactions, including payments for goods and services and with government departments or other public bodies. However, they do not include information relating to remuneration or other payments made to an individual for their service as a member or employee of a public body, such as salary, allowances, fees, or pension. The reporting requirement relates to cash payments, not accruals or invoices. [↑](#footnote-ref-3)