FOI0725: Appendix 1

SCOTTISH GOVERNMENT AND WICS: MONTHLY LIAISON MEETING

19 December 2024, 15:00

Attendees

David Satti, Interim CEO, WICS

Scottish Government

Item 1 - Intro

- 1. The minutes of the previous meeting were agreed to be an accurate record.
- 2. All actions were noted as complete, ongoing or discussed below

Item 2 - Current issues

- 3. Cabinet Secretary will be writing to the Interim Chair today (19/12) on the back of their meeting on 5 December.
- 4. SG are aware that WICS has requested a meeting with Cabinet Secretary to discuss the SRC. A February date is expected to be suggested by Cab Sec's office.
- 5. Public Audit Committee have written back to WICS today (19/12) seeking further information. PAC will hear evidence from Audit Scotland on the latest section 22 report on 9 January.
- 6. David flagged the likely need to extend the Interim CEO position while the recruitment for a permanent CEO is underway. confirmed that SG is aware of this and will be flagging to Ministers ahead of time.
- 7. Touched upon restructuring and role review process. Further updates expected in early new year.
- 8. Board recruitment process has kicked off. The first meeting of panel expected to be scheduled for January. David reminded that SG had been asked by the Chair to explore whether a Deputy Chair can be appointed.

ACTION: SG to investigate roles and process for appointing a Deputy Chair.

Item 3 - SG approvals being sought

9. No expenditure exceeding delegated authority expected in the coming month.

Item 4 - Governance matters

10. Discussion around annual workplan and what SG's role might be. explained SG expectation to have the opportunity to review a draft and provide feedback in line with the framework document and good practice. There is no intention for SG to have any sign off

role. David explained that WICS might consult on its annual plan going forward, noting Ofwat and others already do this.

11. Brief discussion of the framework document progress which is currently with SG. David confirmed that the whole Governance Framework will be up for review.

Item 5 - AOB

12. No updates

Summary of actions:

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Agenda Item	Action Tracker	What	Who	When	Status
3	12.04	Submit business case to ST on	DS	TBC	
3	12.04	procuring an engineering consultant.	סט	IBC	
3	12.05	Submit item of novel and contentious expenditure (writing off travel voucher refund) to ST.	DS	TBC	
4	Already on action tracker (8.07)	Separate meeting to be held with on financial sustainability review/levy.		TBC	
5	12.06	Share the Water Industry Division's new organogram.	JB	28/2/25	

WICS - Sponsorship meeting

16 January 2025 – 15:00-16:00 Teams

WICS: David Satti.

Scottish Government (SG) Sponsor Team (ST): Jo Blewett;

Standing agenda:

No.	. Item				
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	Intro			
1	Minutes from previous meeting			
	Update on actions			
	Current issues, e.g.:			
	SG update on SG/Ministerial positions etc			
2	 Media, letters, communications, FOI etc 			
	 Staffing matters (e.g. CEO recruitment) 			
	Board recruitment			
	SG approvals being sought, e.g.:			
	 Expenditures exceeding Delegated Authorisation 			
3	 Novel and contentious expenditure 			
	 Procurement 			
	 International work 			
	Governance matters, e.g.:			
	 Annual reports and account (upcoming 23/24) 			
4	 WICS' annual workplan 			
7	 WICS Budget & Levy 			
	 Corporate plan (current 21-27 delivery, and 27-33 development) 			
	Review of Governance Framework			
5	AOB			

Minutes:

Item	Notes				
1	 sent DS a high level note of last meeting. ACTION: DS to confirm he's content with the note of the previous meeting. Outstanding actions: 7.05: Update – WICS is looking at the organisation's banding structure, including what the band requirements are and what the training requirements are for each band. This will help shape the policy. DS confirmed no one is going on MBAs currently and he is considering the future of this in general. End of the financial year remains the target date. 8.04: Still keen to have this to reassure staff that they're following standard practice to ensure anonymity is protected. continuing to chase. DS noted they'd be happy to discuss with other small public bodies if we can put them in touch. 8.07: Financial sustainability review should conclude around March/April & the corporate plan changes will likely be delayed until middle of the year to allow the permanent CEO to shape it once appointed. 11.01: updated DS that the Cab Sec has to appoint the deputy chair, according to the 2002 act. Essentially – Ronnie could suggest a deputy chair to us and we will then need to ask Cab Sec if she's content to appoint them as deputy chair. Ronnie will need to let us 				

know if the role of deputy chair will require a change to their terms (time/pay) and we will then need to discuss this with pay colleagues. If it does, we'll need to issue an updated appointment letter. DS will discuss with Ronnie, including whether the deputy chair is likely to be from the existing board or from the upcoming recruitment round.

PAC session

- asked who the WICS attendees are. DS confirmed it will be the Chair and him – TBC on any third attendee.
 confirmed that SG attendees will be Roy Brannen, Michelle Quinn, Kersti Berge and Jo Blewett.
- noted that we'll need input from WICS on the following areas (ACTION:
 DS to send SG information requested ahead of PAC):
 - asked for DS's input on their view on improvements in sponsorship engagement which was noted by Audit Scotland on 9 January. DS confirmed that WICS reflected increased engagement etc.. Robin McGill in particular is keen to engage with sponsor team more to demonstrate improvements within ARC, for example.
 - Audit Scotland noted in session that the expenses limit was removed and SG was aware of this – asked that it would be helpful to understand the background of this. DS confirmed there was engagement with SG at the time and should have a paper trail of this which he will forward.
 - Recruitment consultant for CEO role came up at PAC last week. JB
 noted WICS will need to demonstrate a record of why they used open
 procurement for this instead of the SG framework. DS confirmed he
 will follow this up with Ronnie and noted that a final decision on the
 recruitment consultant will have been made by PAC on 19 February.

Correspondence/meetings

- A SRC meeting with Cab Sec is provisionally scheduled for 20 February. **ACTION:** to check meeting details and confirm.
- DS noted they will likely approve SW's scheme of charges in their Board meeting next week and will then write to SW. They will coordinate with SW on public messaging.

 confirmed that we are also engaging with SW on this.

Staffing update from DS

DS provided an update on the role review process underway.
 . DS is considering an interim solution to fill this vacancy.

CEO recruitment

• confirmed Cab Sec has agreed the salary band so the next steps are now with WICS. highlighted ST is available to support if needed (Kersti Berge is on the panel). DS confirmed they will be awarding a recruitment consultant next week and then the process will continue.

Board recruitment

2

The Early Engagement meeting is taking place on 20 January. **ACTION:** send timeline for Board recruitment to DS. JB confirmed on Monday they'll be discussing whether the indicative timeline works. **Procurement** DS highlighted that they will need to procure an engineering consultancy to provide scrutiny/assurance on SW projects, particularly when WICS receives the draft business plan ahead of the final determination to ensure they aren't over-scoped (previously used PA Consulting). Yet to begin conversations with the board on this. noted there are frameworks with a variety of public sector engineering services/packages that could be utilised, such as Scotland Excel and Crown Commercial. DS confirmed that could be useful and may revert to JB to 3 discuss further. Value of contract likely to be around £200k. JB noted that WICS should still document a procurement strategy to demonstrate rationale for the choices made. International work No change but general agreement to tighten language on this as some international activity is needed for core regulatory work (e.g. attending conferences). To demonstrate the distinction, can use "consultancy" or "revenue generating work". Annual work plan: DS confirmed this is underway and WICS is likely to engage with SG in February on this. It will include the budget for the next FY (will not be a typical budget due to vacancies etc.). Corporate plan: There are 2 years left of the current corporate plan and some changes are required. DS stated that this will be progressed after the annual work plan is done and once the permanent CEO is appointed to allow them to input (expected ~middle of the year). WICS will then start considering what the corporate plan will look like for the next regulatory period. 4 Framework document: updated that we're working through some comments from DG and will revert to WICS for review shortly. We'll then need to get DG and Cab Sec sign off. Aiming to complete this by 24 January. DS noted it's unlikely to need another full review by WICS if the changes are primarily on SG's role. Employee contracts: DS noted WICS is standardising employee contracts. Query for SG – Is there a standard contract for the model code that can be included? ACTION: to enquire within SG if there's a standard contract for the model code that can be used and let DS know. RAG assurance rating: confirmed WICS is still being flagged as red due to the recent s22. asked if there has been a lessons learned exercise within WICS or if there is one planned. DS confirmed that they plan to do this once PAC engagement has concluded. 5 Board evaluation: enquired as to whether a board evaluation has been undertaken this year. DS confirmed they are planning to do this by the end of this FY.

Summary of actions:

Agenda Item	Action Tracker	What	Who	When	Status
1	12.01	Confirm note of the previous meeting.	DS	24/01/25	Open
2	13.01	Send SG information requested ahead of PAC	DS	23/01/25	Open
2	14.01	Check Cab Sec meeting details for 20 February and confirm.		24/01/25	Open
2	15.01	Send timeline for Board recruitment to DS.		17/01/25	Complete
4	16.01	Enquire within SG if there's a standard contract for the model code that can be used and let DS know.		24/01/25	Complete

Water Industry Commission for Scotland (WICS)

Member Appointments

Early Engagement Meeting - Monday 20 January 2025

Attendees

Ronnie Hinds - Interim Chair, WICS

Jo Blewett - DD, Water Industry and Corporate Operations, SG



Points covered

Background to the round:

- If Ronnie's appointment is extended, we are seeking to appoint two new members. There is scope for a code variation should a third member appointment be needed. Ronnie may have more information on this in the shortterm.
- Owing to the turmoil WICS has been in recently, we need board members whose skills can readily be applied to steering a significant programme of change at strategic level.

Criteria for person spec:

- The current WICS skills matrix is out of date, thus irrelevant to the appointment round. Ronnie therefore set out what he feels are the **essential criteria** we are seeking in new appointees:
 - 1. Seeing the bigger picture level 3 (adept)

- 2. Change management level 3 (adept)
- 3. Constructive & supportive challenge (level tbc)
- 4. Governance (level tbc)
- raised the fact that precedence is given to applicants who are most-able to demonstrate priority criteria. It was therefore suggested the following could be 'desirable criteria', with candidates able to pick if they evidence all or none of these in their application:
 - 1. Knowledge of water industry (capital-intensive industries and regulation)
 - 2. Strategic-level experience of change management OR the HR field (much of the change will revolve around people)
 - 3. Analysis & decision-making (level tbc)

Outreach strategy:

It was agreed that, with a robust outreach strategy, there won't be a need to
engage a search agency. We will take pointers from the previous outreach
strategy in determining how the vacancy reaches as strong and wide a field as
possible.

Methods of assessment:

- Ronnie asked about methods of assessment in addition to the panel interview.
 He has used psychometric assessments before in an appointment round, and wondered if these would be worthwhile in this recruitment.
 will speak to PAT colleagues to discuss what has been done previously.
- Update from PAT colleagues on psychometrics/comms input:

In public appointments rounds, sponsor areas – in collaboration with the panel - arrange additional assessment methods (role-plays, board papers etc). Therefore, any psychometric assessments would also be arranged by the sponsor area, who would then also pay for the psychometrics.

Psychometrics are not a widely used form of assessment, given cost implications, which can be costly per candidate. However, The Keil Centre have carried these assessments out for some previous appointment rounds in recent years – Keil assess shortlisted candidates, and provide a report to the panel ahead of interviews.

Health used to use psychometrics, but don't anymore.

PAT colleagues aren't sure what procurement framework was used for psychometrics – this would need to be confirmed by the sponsor area.

A recent round made use of comms input as an additional form of assessment: a comms colleague roleplayed a scenario with shortlisted candidates and assessed their response, then reported to the panel ahead of interviews.

Again, the sponsor area would need to liaise with comms if this is to be a form of additional assessment in this round.

Timeline/next steps for round:

See below

Next steps for/in respect of approval

First:

- to send submission to Ms Martin seeking approval to extend Ronnie's interim chair appointment for a period of 12 months, from 16 July 2025 until 15 July 2026.
- to draft business case for extension of chair appointment, and will send to ESC.

Next:

- If approval to extend Ronnie's appointment is received from ESC and Ministers, will send submission to Ms Martin seeking approval for <u>member</u> appointment round only.
- If approval for Ronnie's extension *not* received, the submission will be for an appointment round for both chair *and* members. **Panel**, please pre-emptively consider which criteria will be sought for the chair appointment.

Then:

- While we wait for decisions a) on possibility of extending Ronnie's appointment, and subsequently b) on which format the appointment round will take we will progress with the planning meeting on 13 February. We will plan the round in the hope that we are only appointing members. If this changes, we can discuss the criteria for the chair, and the advert will be for both members and chair.
- to issue agenda/papers in advance of planning meeting

END

WICS leadership meeting - 23 January 2025

Attendees:

Scottish Government: Kersti Berge (KB),

WICS: Ronnie Hinds (RH), David Satti (DS)

Item 1: Preparation for PAC session

- RH and DS confirmed that they will attend the PAC on behalf on WICS. DS will be engaging with the clerk for additional context.
- Brief discussion of the Auditor General and Perm Sec appearances at PAC on 9 January and 22 January respectively, and possible lines of questioning on 19 February as a result.
- RH confirmed that the recruitment consultant costs will be significantly lower than referenced at PAC.

Item 2: Recruitment and restructure



• RH provided an update on the CEO recruitment, confirming that the sponsor team had given the green light to pursue recruitment consultants in anticipation of Cabinet Secretary approval of the salary range [note: approval has since been confirmed]. Consultants should be in place in January and an advert issued in February.

Item 3: Governance and sponsorship assurance

• RH welcomed sight of the list of sponsorship meetings, their purpose and escalation routes. He is also keen to understand the RAG assurance process within SG. KB agreed to pick up in separate conversation.

Item 4: AOB

 RH confirmed that he has written to DG Net Zero in response to previous correspondence on fraud controls.

ACTIONS

KB to discuss the RAG assurance process with RH.

WICS - Sponsorship meeting

20 February 2025 – 15:00-16:00 Teams

WICS: David Satti.

Scottish Government (SG) Sponsor Team (ST): Jo Blewett;

Standing agenda:

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	Intro			
1	Minutes from previous meeting			
	Update on actions			
	Current issues, e.g.:			
	SG update on SG/Ministerial positions etc			
2	Media, letters, communications, FOI etc			
	Staffing matters (e.g. CEO recruitment)			
	Board recruitment			
	SG approvals being sought, e.g.:			
	Expenditures exceeding Delegated Authorisation			
3	Novel and contentious expenditure			
	Procurement			
	International work			
	Governance matters, e.g.:			
	Annual reports and account (upcoming 23/24)			
4	WICS' annual workplan			
4	WICS Budget & Levy			
	Corporate plan (current 21-27 delivery, and 27-33 development)			
	Review of Governance Framework			
5	AOB			

Minutes:

1	 Agreed January minutes. set out actions we're closing (5.07, 6.11, 8.04, 11.03, 11.04) & confirmed Cab Sec meeting on SRC that was cancelled today has been rescheduled for 25 March – should send through details to DS if not done so already. Action 7.05: DS updated on training policy and confirmed this will be done before the deadline (end March) and a draft will be shared with ST over the coming weeks.
2	 Reflections on day before. SW bonus scheme – JB mentioned we need to scrutinise the approach for the next regulatory period. DS agreed. JB noted we need to look at assessing WICS performance in future as currently unable to articulate this clearly. DS noted that how to quantify regulators' performance is a wider problem across regulators – point of discussion at previous OECD conference. JB noted that SW CEO recognises the importance of WICS' role too but need to be able to evidence this. JB noted we need to clarify SG's contact with the Board/ARC as well as reviewing Sponsor meetings and attendance. DS agreed that steady state should mean broader attendance on WICS side. Correspondence/meetings

Cab Sec meeting postponed to 25 March. Media enquiries WICS flagged they have a FOI request from The Times on grievances/bullying. [NB. WICS are planning to do HSE survey again]. Restructure ST noted there are professional supplements within SG main but unclear if this would work for WICS. Staffing issues DS updated SG. CEO recruitment The advert for permanent CEO went up yesterday (19 February). Engineering consultancy to provide scrutiny/assurance on SW projects – WICS continuing to develop business case for this and will bring this to SG over the next few months once it's been to the Board. ACTION: DS to submit business case to ST on procuring an engineering consultant. Novel and contentious expenditure 3 Writing off a travel voucher refund that had former employee's name on it and is therefore no longer valid. ACTION: DS to submit item of novel and contentious expenditure (writing off travel voucher refund) to ST. Board papers/ARC papers SG requested Board and ARC papers to be sent to SG via email. ACTION: DS to send recent ARC papers to ST. 4 Annual work plan:

- 2025/26 draft is being finalised and WICS will share with SG in the next few weeks. DS noted an underspend on budget, mostly due to the vacancies. In future, DS wants to draft this in Sep/Oct and loop SG in earlier.
- JB: Deliverables, budget, risk keen to begin to see these together to be able to understand performance and risk better. DS agreed.

Corporate plan:

• asked if the levy could be delayed until the financial sustainability review has been completed. DS noted this can be considered but would want the levy signed off earlier than last year. **ACTION**: Separate meeting to be held with on financial sustainability review/levy.

Framework document:

 Agreement that the governance framework should be separate from the framework document.

RAG assurance rating:

noted no change.

Public bodies benchmarking exercise

DS noted that further info is expected to be requested.

5

Strategic sponsorship product

 noted the ST will need to begin working through remaining strategic sponsorship products with WICS over the coming months.

SG staff changes

ACTION: JB to share the Water Industry Division's new organogram with DS.

WICS leadership meeting – 27 February 2025

Attendees:

Scottish Government: Kersti Berge (KB), Roy Brannen (RB)

WICS: Ronnie Hinds (RH)

Item 1: PAC reflections

- Discussion on the questions relating to Scottish Water and future thinking on the part of WICS to provide clearer assurance of SW performance demonstrated through its pay and bonus structure.
- Discussion also considered how best to ensure WICS is on a positive footing when relaying its regulatory role and its importance in regulating a publicly owned monopoly. The role of the Performance Framework was highlighted at importance in this.
- On the issue of reserves, RH confirmed that review work in this space is due to conclude in March, at which point the group will require an additional discussion on next year's levy.
- RB reminded the ongoing interest from AGS
- All agreed that no further action is needed until the committee clerks come back with any further questions, pending the drafting of their report.

Item 2: Recruitment and restructure

- RH confirmed that the CEO post advert is now live with interviews planned for end April.
- considered how to ensure the advert is highlighted to as wide a cohort of suitable candidates as possible.
- Regarding the advert for Board members, RH confirmed his agreement to stay in post for
 this calendar year.
 and RB agreed that this excellent update allows the publication of the
 adverts to move forward at pace. RH wished to take stock of where the organisation is at in
 terms of stability and progress in July.
- RH noted that many of the outstanding risks highlighted in the risk register relate to governance which are intrinsically linked to the recruitment of current vacant post. The filling of all vacancies is a high priority for all. All agreed to ensure every effort is made to expedite the publication of the Board member adverts.
- **ACTION** Sponsor team to prioritise the final stages of approval process for the publication of the Board advert.
- **ACTION** Sponsor team to confirm to the commissioner that RH will remain in post until the end of year, plan for future recruitment, but undertake a review in June/July.
- **ACTION** Sponsor team to consider and report back to RH any option to second temporary assistance from within the civil service to WICS.

Item 3: WICS RAG status

- Discussion on progress made and the impact on the RAG status. All agreed that the status remain red but with recognition of a trend to amber.
- Discussion of risk discussions at Sponsorship team level feeding up to Board level. All
 agreed to review the WICS risk register along side the SG risk rating at the relevant
 sponsorship meetings, and at future DG meetings.
- All agreed that the focus remains on seeing the impact of cultural change as a result of the actions being taken before a change to the status is made.
- ACTION to ensure risk is added to agendas for sponsorship and DG level meetings.

Item 4: WICS Action Plan and work plan

• Discussion on the actions which are outstanding, and the links between these and the current vacancies. While all hope the vacancies will be resolved within 6 months, it may take longer to see the results of contributions from those new appointments.

Action list

- **ACTION** Sponsor team to prioritise the final stages of approval process for the publication of the Board advert.
- **ACTION** Sponsor team to confirm to the commissioner that RH will remain in post until the end of year, plan for future recruitment, but undertake a review in June/July.
- **ACTION** Sponsor team to consider and report back to RH any option to second temporary assistance from within the civil service to WICS.

• **ACTION** – to ensure risk is added to agendas for sponsorship and DG level meetings.