



The Scottish Parliament
Pàrlamaid na h-Alba

Roy Brannen
Director-General Net Zero
Scottish Government

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

Direct Tel: (0131) 348 5186

Email:

publicaudit.committee@parliament.scot

10 May 2024

Dear Mr Brannen,

The 2022/23 audit of the Water Industry Commission for Scotland

Thank you for your recent correspondence following the evidence session with the Water Industry Commission for Scotland (WICS) and the Scottish Government in relation to the abovementioned section 22 report on [21 March 2024](#).

At its meeting on 9 May 2024, the Committee reflected on the evidence heard. The Committee also considered your correspondence, in addition to [correspondence from the interim Chief Executive Officer of WICS](#) and the Chief Operating Officer of WICS (see the Annexe to this letter) and agreed to seek further information as outlined below.

Internal review of transactions

During the oral evidence session, the Chair of WICS stated that an internal review of expenses had been undertaken by WICS and that the latest update showed that 92.5 per cent of expenses were itemised and fully compliant.

The Committee notes from the [Minutes of the Board meeting of the Water Industry Commission for Scotland on 1 February 2024](#) that WICS have been “reviewing data sets of transactions throughout 2022-23 and 2023-24”. It further notes that the

internal audit team have also been asked to conduct a review to enable WICS to be “fully transparent about any issues identified” ahead of the next external audit.

The Committee asks whether the Scottish Government has received a copy of the review of data sets of transactions throughout 2022-23 and 2023-24 and the separate review conducted by the internal audit team and if so, to what extent is it assured by the rigour of these reviews? Please note, we have written separately to WICS to request a copy of this information.

Harvard Business School course

The correspondence received from the Chief Operating Officer (COO) provides information about their attendance on a training course at Harvard Business School, including details of when this was communicated to the Scottish Government’s sponsor team. The correspondence states that the COO advised the Scottish Government in advance that they would be “out of the country in February and April 2023.”

The correspondence further states that as part of the training course, they were required to complete a 360-degree assessment which the Deputy Director of Water Policy, and Directorate for Energy and Climate Change Operations contributed to.

During oral evidence, you stated—

“The course happened at the start of the year, and the first that [the Deputy Director of Water Policy, and Directorate for Energy and Climate Change Operations] was made aware of it was when the matter came forward in the section 22 report.”

The Committee seeks clarity from the Scottish Government as to when it first became aware of the Chief Operating Officer’s attendance on a training course at Harvard Business School, given there appears to be a discrepancy in the evidence received on this point.

Scottish Government’s approach to training for Senior Civil Servants

In your correspondence, you state that learning and development for Senior Civil Servants “incorporates a number of central HR, professional, functional and externally delivered offers.”

The Committee requests further information on the training available for Senior Civil Servants including—

- **the extent to which Senior Civil Servants are offered the opportunity to attend advanced management and leadership programmes delivered by higher education institutions, either within the UK or abroad**

- **how many Senior Civil Servants have either completed such a programme within the past five years or are currently participating in one**
- **the total public expenditure incurred over the past five years as a result of the participation of Senior Civil Servants on advanced management and leadership programmes at higher education institutions.**

The Committee requests a response by **7 June 2024**.

Yours sincerely

Richard Leonard MSP

Convener

Annexe: Correspondence from the Chief Operating Officer

The 2022/23 audit of the Water Industry Commission for Scotland

Written submission by Michelle Ashford, Chief Operating Officer, Water Industry Commission for Scotland, 24 April 2024

Dear Convenor

My name is Michelle Ashford and I am the Chief Operating Officer at the Water Industry Commission for Scotland.

In advance of the Water Industry Commission attending the evidence session with the Public Audit Committee on 21 March 2024, I attempted to make sure that the Chair of the Board, the Chair of the Audit and Risk Committee and the Interim CEO were aware of the exact circumstances of my attendance on the Harvard Business School Advanced Management Program. I copied the email to Audit Scotland and I understand it was shared with the Auditor General in advance of the Committee Session. I have attached the email (see Annexe) I sent to them on 19 March 2024 and the responses I received from the Chair of the ARC and the Interim CEO, assuring me that they would endeavour to make sure the facts were clearly conveyed and understood, for your attention. I did not consider it appropriate to contact you directly until the Chair, the Chair of the ARC and the Interim CEO had the opportunity at the session to provide the evidence that I gave to them. Unfortunately, I feel there were several instances where the discussions directly concerned me, but the responses provided to the Committee did not provide sufficient information or clarity about me, my role or my attendance on the program at Harvard Business School in 2023. As a consequence, I would like to take the opportunity to explain exactly how my attendance at Harvard came about and my reasons for embarking on the program by providing the same explanation to you and to the Committee by providing you with the same information that I sent to my colleagues at the WICS.

I recently attended an event on the green economy in Edinburgh and was fortunate to spend some time talking to Graham Simpson MSP about the circumstances regarding both myself, my role in the Water Industry Commission and the wider water sector, as well as my passion for working to ensure we can operate in an uncertain future. I thanked Graham for the opportunity to explain the circumstances leading to my attendance on the Harvard program and to state the facts rather than the assumptions others had made, something which I did not consider had been afforded to me in the whole process since the S22 Report was issued.

Following the two sessions, I am sure you are aware of the cultural issues at WICS. In my personal opinion, the previous leadership was a toxic environment that caused staff to create dysfunctional coping mechanisms in order to survive. It is also my view that staff were reluctant to challenge the CEO through fear of the potential repercussions. A change in culture is required and this cannot be done through revising policies and procedures alone. The staff in WICS have been existing in that environment for so long that they are not really aware of the coping mechanisms and attitudes they have adopted to survive. Although the CEO has left, his legacy will extend for some time to come. We need to rebuild trust both internally and externally

and whilst the S22 Report surfaced many issues, it also exposed the culture within the organisation.

I would be happy to discuss both my circumstances and the wider issues within the Commission with you if you consider that would be of value to you and to the Committee.

Kind regards

Michelle Ashford

Annexe

Michelle Ashford

From: David Satti
Sent: 19 March 2024 15:44
To: Robin McGill; Michelle Ashford
Cc: Donald MacRae; Richard Smith
Subject: RE: Harvard - Points of Clarification

Michelle

Thank you for the information below. This is a lot more comprehensive than the material in our Q&A document and helps with preparations. As Robin highlighted, we will endeavour to ensure that the facts are clearly understood.

I am keen to learn from your experience including understanding more about your case study.

Regards
David

From: Robin McGill [REDACTED]
Sent: Tuesday, March 19, 2024 2:38 PM
To: Michelle Ashford [REDACTED]
Cc: Donald MacRae [REDACTED]; David Satti [REDACTED]; Richard Smith [REDACTED]
Subject: Re: Harvard - Points of Clarification

Michelle. Thank you. This helps a lot.

I can only echo Richard's apology at ARC. You should not be being mentioned by name.

Info below is good prep for Thursday. I will endeavour to ensure the facts are clearly understood.

Regards
Robin McGill
[REDACTED]

On 19 Mar 2024, at 14:13, Michelle Ashford [REDACTED] > wrote:

Dear Donald, Robin and David

I have just seen the letter that the AG sent to the PAC following the last session. Whilst aware of the email from Alan to Jon regarding retrospective approval, I had not previously seen it. It is now in the public domain and I am concerned that it appears to indicate that I instigated the discussions with Alan about my Harvard program and pressed ahead without proper authorisations.

I am also concerned that you will all be at the committee meeting and potentially answering questions about my attendance at Harvard Business School, without requesting any background information from me in the months since the audit and the S22 report. I have been the subject of media criticism following the S22 report and this was discussed at length at the PAC in February. At no point since the audit or the PAC has anyone discussed the facts of this directly with me.

There are a few points that I would like to make to clarify and address some of the inaccuracies currently circulating:

1. I have heard my Harvard program referred to as the 'Harvard thing'. It was the flagship Advanced Management Program (AMP) at Harvard Business School. It was a four month intense program from January 2023 to May 2023, with strict admission requirements, working with 170 people from across the globe. I worked evenings and weekends for the UK modules and 7 days a week when in Boston. I acknowledge and am grateful that I was afforded an incredible opportunity to learn alongside an extraordinary group on the AMP, but I embarked on this to enhance my skillset and ability to navigate uncertainty and embrace change with confidence in the uncertain world that we find ourselves in. I am passionate about the water sector in Scotland and our role as economic regulator and saw the HBS AMP as a way of providing me with the ability to deliver the value that customers and Scotland demand.
2. I originally discussed my development with Alan Sutherland in the Spring of 2021. I prepared a development plan in response to his request that we (the senior team) look at executive education. My plan included courses at the Said Business School in Oxford and Edinburgh Business School at costs of less than £10k. Over the course of the next few months and several conversations, Alan insisted that I focus on schools in North America, suggesting Harvard, Yale and Stanford, as he considered these to be much more appropriate for my development. I researched the programs on offer at these institutions and discussed these at length with Alan in the Spring of 2022. We agreed that the HBS AMP was the most appropriate, I prepared an approval form (including an estimate of expenses) and submitted this to Alan for approval in April 2022. Given that several others had attended similar programmes, including ██████████ at Tuck, ██████████ at Columbia, and ██████████ and ██████████ taking MBAs at the London Business School, I followed the same approach to completing the internal approvals. In the meantime, I had applied for and been accepted on the Financial Times Non-Executive Diploma, also encouraged and approved by Alan. ██████████ had also completed this diploma and Alan said there was value in his team being able to bring the perspectives of other organisation boards back into WICS. As the diploma ran from April to October 2022, I agreed with Alan that I would apply for the AMP starting in January 2023 and he approved my request on that basis.
3. I applied for the HBS AMP in October 2022. Admission is a selective process based on professional achievement and organizational responsibilities. As noted by HBS, they seek accomplished executives with potential for success at the highest levels of global business leadership. They select applicants who embrace challenges, seek genuine personal and professional growth, and are ready to innovate—in themselves and in their organizations. In order to apply, I was required to submit an application outlining my experience, my organization, and my current responsibilities, goals, and challenges and a letter of reference from someone familiar with my work. Alan provided the reference in October 2022 and I was accepted on to the program on 20 October 2022. The invoice was issued shortly after that date and I passed this to Finance for payment. Following payment of the fees, I made travel arrangements at the end of November for the trips in February and April 2023. As the flights were over six, I booked business class at a total cost of £5,739.94 for the two return flights from Edinburgh to Boston, via London.
4. The sponsor team at Scottish Government were aware that I was participating in the HBS program. I have been involved in the policy development work with SG since the middle of 2022. I lead the wastewater workstream, so advising them that I would be out of the country in February and April 2023 was essential. As part of the program, I had to complete a 360-degree review. I approached a number of colleagues both internal and external to WICS to contribute to my 360-degree assessment. Along with many others, Jon Rathjen was one of those that I approached and who accepted. Whilst Alan may not have formally requested approval from SG for the program, it was not a secret and in fact, I actively discussed it with as many people as possible. In addition, I completed my personal case study on 'Social Value in the Water Sector in Scotland'. I discussed this at length with

colleagues across the sector, both in Scotland and wider. I was selected to present my case study to the wider cohort and was recognised by the program for my ambition in respect of the sector.

5. On my return, following my successful graduation from the program in May 2023, neither Alan or anyone in the senior team contacted me regarding my experience. But I had many conversations about the program and my reflections following this incredible experience, with colleagues from all our stakeholders, as well as the corporate team and analysts in WICS. I contacted Alan in late June to request the opportunity to talk through it with him and how I could support WICS moving forward. I was not really aware, until I talked with him in July 2023, that his rationale behind letting me attend the program was to effectively manage me out of the business. But that is a subject for another day.
6. I was not aware that Alan had not told the Board about my application until I was actually on the program. Given that the succession planning exercise, where several assistant directors were promoted to directors, took place at around the same time in the spring of 2022, I would have expected that Alan had advised the Board as to my role and my development. It was during a conversation with [REDACTED], one of the Board members, at the Board meeting in April 2023, that I mentioned I was currently on the program and returning to Boston for the final module in the next week. I was surprised that [REDACTED] did not know that I was on the program.
7. I was aware that this expenditure had been picked up by the Audit Scotland team but was unconcerned as I had followed the processes put in place by Finance. I was also unaware of the discussions held between Alan, the Board and Audit Scotland in November and December. I was signed off sick with stress, exacerbated by the media suggesting that I was complicit in the financial irregularities and systematic failures that Alan was ultimately responsible for, by not following the robust policies and procedures that we have and had in place.
8. The impact on my reputation and mental health has been significant. I lost my position on the Audit and Risk Committee of a small public body (for which I was not recompensed, but where I thought I added value), as my reputation had been called into question. Those who know me well have told me that they know that I did nothing wrong, but those that do not know me or do not know me well, are sceptical as to my true role in this impropriety.

Whilst this may seem an excessive explanation to you, I felt it necessary on the eve of the next PAC to make you aware of the circumstances before, during and following my participation on the HBS AMP. Especially as the Herald is re-running the story today on-line, clearly in advance of the PAC.

Please note that I have copied in Richard Smith as I want to make sure that my points are transparently and accurately conveyed to Audit Scotland.

Kind regards

Michelle

Michelle Ashford
Chief Operating Officer
<image001.png>

WICS

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

