

Board Meeting Minutes



Meeting:	Scottish Canals Board
Date and Time:	Tuesday 4th November 2025 12:00 to 15:00
Venue:	Clachnaharry Room, The Treehouse, Inverness

Members:	Maureen Campbell	Chair
	Carolyn Sawers	Vice Chair
	Rob McGregor	Board Member
	Robin Strang	Board Member
	Michelle Wailes	Board Member
	Neil McDonald	Board Member
Attendees:	John Paterson	Chief Executive Officer
	Richard Millar	Chief Operating Officer
	Sarah Jane Hannah	Director of Finance & Business Services
	Brian Auld	Interim Director of People, Safety & Governance
	Nicola Christie	Head of Governance & Legal Services – Secretary
	Vikki Fleming	Executive Personal Assistant – minutes
	Andy Robinson	Head of Governance and Special Projects, Transport Scotland (joined remotely via MSTeams)

Item	Topic	Action
1	<p>Welcome, Apologies and Declaration of Interests</p> <p>1.1 The Chair welcomed Board members and Head of Governance and Special Projects, Transport Scotland to the meeting. The Chair reported that the strategy session and local site visits the previous day had been productive.</p> <p>1.2 There were no apologies for absence.</p> <p>1.3 There were no declarations of interest.</p>	
2	<p>Approval of Board Meeting Minutes</p> <p>2.1 Board considered and approved the draft minutes of the Board meeting held on 26th August 2025.</p>	
3	<p>Review of Previous Actions</p> <p>3.1 Scottish Canals maintain an action log of all key decisions and actions from Board meetings. This ensures that requests can be actioned in a timely fashion by the correct individual. The updated action log was reviewed, and the Board approved the closure of the completed actions.</p> <p>Matters Arising – Asset Management Report of High-Risk Assets</p> <p>3.2 The Chief Operating Officer gave an overview of Scottish Canals’ current asset risk profile; covering operational, financial, and compliance risks and outlined existing and planned mitigation strategies.</p>	

	<p>3.3 Board noted the current risk profile and the mitigation actions in place; the continued prioritisation of High-Risk Assets and associated compliance-driven investment; the projected degradation timeline of assets and the increasing risk profile should no additional funding be secured.</p> <p>3.4 Board was concerned to note the persistent trend of more asset defects v defects completed. Risks captured in Corporate Risk Register; ARC continues monitoring mitigation. Maintenance backlog reflects revenue funding shortfall, impacting essential asset upkeep. The Chief Operating Officer to circulate update on Asset Management position, including future projections and climate change adaptations.</p> <p>3.5 Report to Director General for Net Zero highlighted growing risk profile and revenue challenges in maintaining canal assets; response pending. It was noted that the Chair was scheduled to meet with the CEO of Transport Scotland in November 2025.</p> <p>ACTION:</p> <p>a) Report on Scottish Canals' Asset Management journey to be circulated to Board. Report to include future projections and climate change challenges.</p>	<p>Chief Operating Officer</p>
<p>4</p>	<p>People Update</p> <p>4.1 The Interim Director of People, Safety and Governance gave verbal update. Recruitment challenges persist in engineering function. Statutory compliance training and performance development progressing positively.</p> <p>4.2 Board updated on pay negotiations. Two initial offers to Unison and Unite rejected in ballots. Third offer: two-year deal – 4% pay rise (bands A-J) from 1 Apr 2025, backdated; further 3.5% rise from 1 Apr 2026. Offer aligned with Scottish Government and local government pay deals. Additional proposal: reduce fixed public holidays from 10 to 5, with employee choice. Protection period: employees may retain 10 fixed holidays until 31 Dec 2028.</p> <p>4.3 Board was assured that the Sponsor Team at Transport Scotland advised of final pay award offer; no issues raised. Update communication to all employees planned. Aim: pay settlement agreed before December 2025 pay date.</p> <p>4.4 Board noted and agreed with position on pay offer. Resource and time spent on union negotiations acknowledged. Future strategy: await Scottish Government pay award announcement before entering union negotiations.</p> <p>4.5 Board noted consideration of mirroring Scottish Government maternity leave provisions in future years.</p>	
<p>5</p>	<p>Audit & Risk Committee (ARC) Chair Report</p> <p>5.1 Board noted written report from ARC Chair and minutes of ARC meeting (6 Oct 2025). ARC Chair summarised the key issues.</p>	

External Audit

5.2 Draft Annual Report & Accounts 2024/25 submitted to Audit Scotland per External Audit Plan timeline. External audit progressing; no significant risks identified. Audit Scotland advised infrastructure valuation model requires in-year indexation update.

5.3 Target: Board to approve ARAs 2024/25 at December 2025 meeting. Transport Scotland aware of reporting timetable; advised laying before Scottish Parliament may extend beyond 31 December 2025 statutory deadline.

Internal Audit Procurement

5.4 Board updated on procurement process for new internal audit services supplier via Crown Commercial Framework. Planned appointment effective early December 2025 to ensure smooth transition and lead-in for 2026/27 Audit Plan. Board approval of appointment to be sought per Schedule of Matters Reserved.

5.5 Board noted options explored under SG public service reform initiative: Use of SG internal audit services not viable (no access to SG IT system) and collaborative tendering with TS transport bodies/local authorities not feasible due to contract renewal timing.

Annual Procurement Report 2024/25

5.6 Board ratified approval of Procurement Report 2024/25. Report had been unanimously approved by email to meet statutory timelines.

ARC Succession Planning

5.7 Board discussed ARC succession planning for end of terms of two members (June 2027). Approved appointment of Robin Strang to ARC effective June 2026. Noted: skills matrix for Vice Chair replacement (June 2026) to include finance qualifications, with view to ARC membership.

5.8 Board noted recruitment of independent ARC member for 3-year term to replace member stepping down Dec 2026.

Corporate Risk Tolerance Statements

5.9 Board discussed ARC recommendation to adopt risk tolerance model in place of risk appetite statement. Noted: model provides evidence-based view of risks Scottish Canals can pursue or tolerate, considering resource constraints and statutory obligations. Board approved adoption of risk tolerance model as high-level tool to inform key decisions.

5.10 The Board recommended comprehensive consultation with ARC members, Board and EMT via online poll. Consultation to inform risk tolerance categories, statement, and acceptable levels. Risk tolerance statement, shaped by responses, to be reported to Board in March 2026.

ACTION:

- b) ARC members, Board members and Executive Management Team to be consulted via online poll to inform risk tolerance categories, statement, and acceptable levels.**

Director of Finance & Business Services

	<p>c) Scottish Canals risk tolerance statement, informed by consultation responses, to be reported to Board in March 2026.</p>	<p>ARC Chair</p>
<p>6</p>	<p>Business Plan 2025–26 & Q2 Performance Update</p> <p>CEO Summary of Progress, Challenges and Q2 Business Plan Commitments Report</p> <p>6.1 Board considered CEO Report summarising key issues, progress and activities in Q2 2025/26. Current key activities and topical issues to be addressed noted.</p> <p>6.2 Board noted Scottish Canals’ active participation in SG Public Sector Reform (PSR) programme. Programme aims to demonstrate progress against efficiency and effectiveness targets. Noted SG expectation for public bodies to embrace PSR strategy to reduce overheads and overall number of bodies.</p> <p>6.3 Board noted early discussions with Transport Scotland sponsor team on onboarding SG Oracle system. Significant lead-in timescale anticipated.</p> <p>6.4 Board noted Scottish Government budget announcement scheduled for 13 Jan 2026, anticipated to be challenging.</p> <p>6.5 Board noted update on Lock 16, Scotland’s Centre of Excellence for Canals & Traditional Skills. Following value engineering and capital contribution from Historic Environment Scotland, site works anticipated to commence February 2026.</p> <p>6.6 Board assured Scottish Canals continues to benefit from success of the Kelpies experience.</p> <p>6.7 Board noted Crinan waterway operations impacted by sinkhole at Bellanoch stretch, reducing vessel traffic and visitor confidence during peak season. Scottish Canals planned dredging of Crinan Canal and targeted promotion to West Coast Marinas via social media ahead of 2026 season.</p> <p>Q2 KPI’s, Health & Safety Dashboard, Corporate Communications and Towpaths Report</p> <p>6.8 Board noted Q2 KPI progress towards key strategic commitments in 2025/26 Business Plan. Quarterly reports on health and safety, communications and marketing, and Towpaths also noted.</p> <p>6.9 Review of current KPIs underway to ensure alignment with Corporate and Business Plans. Initial scoping identified strengths and weaknesses in KPI structure; full review to inform 2026/27 planning. Draft Business Plan 2026/27 to be presented to Board prior to start of next financial year</p> <p>6.10 Board updated on work to improve validity of data informing active travel strategy for Towpath activity. Strava to be explored as potential active travel data tool.</p> <p>6.11 Board assured on RIDDOR-reportable accident during Q2. Full investigation completed and recommendations followed up.</p>	

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	<p>Q2 Corporate Risk Report 6.12 Board noted the Q2 Corporate Risk Report.</p>	
<p>7</p>	<p>Finance</p> <p>Q2 2025–26 Finance Report</p> <p>7.1 Director of Finance & Business Services reported on financial position at end of Q2 2025/26 and summarised ongoing issues. Q2 reforecast ongoing; similar outcome to RF1 anticipated. Board to be updated at next meeting.</p> <p>7.2 Board re-affirmed expectation of downward trend in budget deficit for 2025/26. Noted risk of significant funding deficit in 2026/27 if Grant in Aid settlement remains at current levels.</p> <p>7.3 Board assured finance team working closely with External Audit to meet tight timescales for ARAs 24/25 review. ARC to review at meeting on 4 December 2025; Board approval to be sought on 15 December 2025.</p> <p>7.4 Board noted pensions compliance exercise nearing completion, with only a reducing number of small pay-outs remaining to be processed.</p> <p>ACTION</p> <p>d) Board to be updated on the reforecast for Q2 at the next Board meeting.</p>	<p>Director of Finance & Business Services</p>
<p>8</p>	<p>Capital Investment</p> <p>Q2 2025–26 Capital investment Programme Report</p> <p>8.1 Board discussed proposed changes to Capital Investment Programme (CIP) identified in Q2 2025/26. Approved increased allocation of £1m to Forth & Clyde East Gates, subject to Transport Scotland Sponsor Team approval.</p> <p>8.2 Board noted additional investment arose from reduced spend at Townhead Reservoir in 2025/26 due to construction delay to 2026/27. Assured mitigations in place, including reduced water levels at Townhead Reservoir. Groundworks at Fort Augustus also delayed. Multi-year programme in development to ensure cost efficiency with minimal community impact.</p>	
<p>9</p>	<p>Commercial Investment</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	

