

Board Meeting Minutes



Meeting:	Scottish Canals Board
Date and Time:	Thursday 13th March 2025 13.00 – 16:00
Venue:	The Wheel Room, The Falkirk Wheel, Lime Road, Falkirk

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
	Vikki Fleming	Executive Personal Assistant – minutes
	Andy Robinson	Head of Governance and Special Projects, Transport Scotland
Apologies:	Amelia Morgan	Director of People, Safety & Governance
	Nicola Christie	Head of Governance & Legal Services – Secretary

Item	Topic	Action
2.	<p>Welcome, Apologies and Declaration of Interests</p> <p>2.1 The Chair welcomed all to the Board meeting following the morning strategic workshop attended by the Board and Executive Management Team to explore challenges and opportunities for Scottish Canals to achieve greater impact and sustainability. The feedback from the workshop would inform the draft Annual Business Plan 2025/26; draft Budget 2025/26; draft Capital Investment Programme 2025/26 and draft Commercial Investment Programme 2025/26.</p> <p>2.2 Apologies for absence as detailed above were noted.</p> <p>2.3 There were no declarations of interest.</p>	

3.	<p>People Report</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>	
4.	<p>Approval of Previous Board Minutes</p> <p>4.1 The Board considered and approved the draft minutes of the Board meeting held on 7th November 2024.</p>	
5.	<p>Review of Previous Actions and Matters Arising</p> <p>5.1 Scottish Canals maintains an action log of all key decisions and actions from the 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>5.2 The Board was assured that the outstanding actions relating to the Health & Safety strategy and progress reporting of Scottish Canals Net Zero goals and renewables projects would be reported the Board at its next meeting on 25 March 2025.</p> <p>5.3 The Board noted the Ministerial briefing regarding a significant strategic opportunity for the Caledonian Canal in relation to the development of Pump Storage Hydro Schemes and highlighted that Scottish Canal's statutory obligations should be emphasised. The Board would be kept updated on ongoing discussions with Scottish Government and developers to maximise the benefits of the Caledonian Canal as a sustainable freight transport route to mitigate the impact on the A82.</p>	

<p>6.</p>	<p>Audit & Risk Committee (ARC) Chair Report</p> <p>6.1 The Board noted the written report from the ARC Chair together with the minutes of the ARC meeting held on 20 February 2025. The ARC Chair summarised the key issues.</p> <p>Internal Audit Charter</p> <p>6.2 The Board noted the internal audit approach to ensuring compliance with the new Global Internal Audit Standards in the UK Public Sector (GIAS) during 2025/26. The Board was assured that an Annual Internal Audit Plan and a risk-based approach to internal audit reporting would remain consistent with the new GIAS. On the recommendation of the ARC the Board approved the updated Internal Audit Charter.</p> <p>Internal Audit Plan 2025/26</p> <p>6.3 The Board considered the draft Internal Audit Plan 2025/26 and discussed the timing of the proposed internal audits of Workforce/Succession Planning, Organisational Culture and an application review of the Electronic Cash Receipt replacement system to be undertaken. Following the recommendation of the ARC, the Board approved the Internal Audit Plan 2025/26.</p> <p>6.4 [REDACTED]</p> <p>6.5 The Board welcomed the considerable progress made in the implementation of recommendations from reported internal audits and commended the Scottish Canals and internal audit teams on their efforts to reduce the number of follow up recommendations.</p> <p>Insurance 2025/26</p> <p>6.6 The Board approved the ARC recommendation that Scottish Canals continued to maintain a risk protection programme balanced between self-insurance of the canal infrastructure and commercially insured risks based on value for money, appetite for risk and claims history compared to insurance premium costs.</p> <p>6.7 The Board also approved the ARC recommendation that digital insurance should not be included in Scottish Canal's commercial insurance portfolio for 2025/26 based on the Executive Management Team and ICT assessment of the value for money benefit of adding digital insurance compared to the proposal of adding in 24/7 cyber</p>	
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	<p>incident provision, additional cyber security safeguards and awareness training in place.</p> <p>ARC Terms of Reference</p> <p>6.8 The Board considered the revised ARC terms of reference which included the option to allow nominated deputies from the Scottish Canals Board to represent the Scottish Canals Board ARC members at ARC meetings as an additional safeguard to ensure that the ARC meetings were quorate. The Board approved the revised ARC terms of reference.</p> <p>6.9 The Board approved the re-appointments of Michelle Wailes as ARC Chair and Rob McGregor as ARC Board member for a two-year term ending on 30 June 2027 and welcomed their willingness to be reappointed.</p> <p>6.10 The Board noted that succession planning to ensure appropriate experience on the ARC would be explored as part of the ongoing succession planning for Board recruitment, specifically the possibility of current Board members shadowing the ARC meetings.</p>	
7.	<p>Scottish Canals Annual Report and Accounts (ARA) 2023/24</p> <p>Scottish Canals 2023/24 External Audit Report</p> <p>7.1 The ARC Chair confirmed that, at the ARC meeting held prior to the Board meeting, the external audit managing partner had confirmed that the external audit had been completed. The ARC had been assured that the internal peer review would conclude imminently and was not expected to revise the unmodified audit opinion in the ARAs 2023-24.</p> <p>7.2 The unmodified audit opinion reflected significant work undertaken to demonstrate good financial stewardship of public funds, specifically relating to improvements to Scottish Canals fixed asset register which would assist with forward planning of assumptions for capital spend.</p> <p>7.3 The conclusions of the external audit report of Scottish Canals' ARAs were summarised as follows:</p> <ul style="list-style-type: none"> Several significant adjustments to the financial statements had been identified, notably a prior year restatement of £15.3m due to the incorrect classification of operational assets as investment properties. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] 	

	<div data-bbox="395 336 1141 414" style="background-color: black; height: 35px; width: 467px;"></div> <ul style="list-style-type: none"> • Prior to commencing the external audit two significant audit risks relating to VAT and corporation tax had been identified. Based on the audit work satisfied that neither the VAT liability nor corporation tax were materially misstated, and the risk was less significant. External audit would continue to monitor ongoing discussions with HMRC. • Effective and appropriate budget processes were in place with regular budget monitoring reports provided to the Board. Scottish Canals had reported a total overspend of £0.566m against the 2023/24 budget of £23.492m. • Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate. • A review of the key controls in the main financial systems resulted in an increased level of substantive testing. It was noted that this issue together with the financial management of non-current risks were likely to be a focus for future external audits during Audit Scotland's term. • Medium-term financial sustainability had been identified as a very high risk and would continue to be monitored. Progress had been made on several actions to address this risk. Capacity constraints within Scottish Canals were acknowledged, but further work was required to develop a medium-term financial plan to ensure there was a clear strategy for addressing medium-term financial sustainability in addition to workforce planning and robust scenario planning. • Scottish Canals had clear plans in place to implement its vision, strategy and priorities with effective and appropriate governance arrangements for delivery of its plans. • Scottish Canals had developed an appropriate Best Value framework and was making good progress in delivering on its performance targets with clear, robust and transparent performance reporting. Scottish Canals Route map to Net Zero and Climate Change reporting was commended. It was noted that increasing requirements for Climate Change reporting were anticipated. • Scottish Canals was working effectively with partners to meet stated outcomes and improvement objectives. 	
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	<p>7.4 The Director of Finance & Business Services advised that the review of the key controls in the main financial systems had resulted in an increased level of substantive audit testing. It was noted that this issue together with the financial management of non-current risks were likely to be a focus for future external audits during Audit Scotland's term. The Board was assured that, whilst payroll resourcing had been a challenge, this had been addressed.</p> <p>Management Letter of Representation</p> <p>7.5 On the recommendation of the ARC the Board approved the management letter of representation for signature by the Accountable Officer.</p> <p>ARA 2023/24 Recommendation for Board Approval</p> <p>7.6 The external auditor had provided good assurance to the ARC that the ARAs 2023/24 presented a true and fair view and effective arrangements for governance, propriety, regularity and best value had been noted. Following the recommendation of the ARC, the Board approved the ARAs 2023/24, and authorised signature, as required, on behalf of the Board.</p> <p>7.7 Although the laying of the ARAs had not met the statutory deadline of 31 December 2024, the Board was assured that the timing of the interim audit work and external audit fieldwork for the ARAs 2024/25 was under discussion with the aim to meet the statutory deadline. It was acknowledged that resourcing constraints and the complexity of auditing non-current assets remained a challenge, although improvements had been implemented to assist this process.</p> <p>7.8 The Board expressed its appreciation to the Scottish Canals team and specifically the Director of Finance & Business Services and the finance team together with the support of the ARC to conclude the ARAs 2023/24 and acknowledged the tremendous amount of work involved.</p>	
8.	<p>Business Plan 2024/25 Q3 Performance Report</p> <p>CEO Overview</p> <p>8.1 The Board noted the comprehensive CEO strategic, operational and stakeholder updates as detailed in the CEO overview.</p> <p>Q3 Key Performance Indicators (KPIs)</p> <p>8.2 The Board noted the Q3 performance against the Business Plan commitments and corporate KPIs as detailed in appendix 1 to the CEO overview.</p> <p>Q3 Health & Safety Dashboard</p> <p>8.3 The Board noted the health & safety quarterly summary. There were no points of clarification required.</p>	

	<p>Q3 Corporate Communications & Marketing Report</p> <p>8.4 The Board noted the communications and marketing update which was on track.</p> <p>Q3 Corporate Risk Report</p> <p>8.5 The Board noted the Q3 summary of the corporate risk movements and risk activity undertaken as detailed in the Corporate Risk Report and noted most corporate risk scorings remained unchanged.</p> <p>Q3 Finance Report</p> <p>8.6 The Director of Finance & Business Services updated the Board on the financial position for the 2024/25 financial year, together with a summary of ongoing financial issues as detailed in the Q3 Finance Report.</p> <p>Q3 2024/25 Capital Investment Programme (CIP) Report</p> <p>8.7 The Board noted that the 2024/25 CIP continued the delivery of significant capital investment into Scottish Canals Assets. The Board welcomed the continuing safe delivery of Scottish Canals asset management plan to ensure compliance with the Transport (Scotland) Act 1968 and Reservoir (Scotland) Act 2011.</p> <p>8.8 As detailed in the Q3 CIP Report, the Board approved the proposed changes to the CIP identified during Q3 2024/25. The Board further approved the additional Scottish Government investment of £1.53m to asset improvement projects. It was noted that Transport Scotland had also approved the proposed CIP changes in accordance with the requirements of the Scheme of Delegation and current Ministerial guidance. The Board noted the adjustments to projects and contingency to facilitate this increased investment.</p> <p>8.9 The Board was updated on the continuing clear up following Storm Eowyn with the welcome support of Transport Scotland.</p> <p>Q3 2024/25 Commercial Investment Plan Report</p> <p>8.10 The Board noted that the Q3 2024/25 Commercial Investment update confirmed all investment projects were progressing as planned, specifically the completion of the Kelpies Experience (Phase 1) and the purchase of residential properties to let at Dundashill.</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	
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9.	<p>Any Other Business</p> <p>9.1 The Chair updated the Board on a positive meeting with the Minister and sponsor lead on 11th March 2025. An opportunity for Board Members to engage with the Minister was being explored to include a visit to the Kelpie experience. The Board would be kept updated on plans. The presentation would focus on Scottish Canals Destinations and include a presentation from the Head of Destinations.</p>	
	<p>Date of Next Meeting</p> <p>25th March 2025 on MS Teams</p>	

Signed

Maureen Campbell
Chair

Date