

Board Meeting Minutes

Meeting:	Scottish Canals Board
Date and Time:	Monday 15th December 2025 – 10:00 to 12:40
Venue:	The Whisky Bond, 2 Dawson Rd, Glasgow, G4 9SS

Members:	Maureen Campbell	Chair
	Carolyn Sawers	Vice Chair
	Robin Strang	Board Member
	Michelle Wailes	Board Member
	Neil McDonald	Board Member
Attendees:	John Paterson	Chief Executive Officer
	Richard Millar	Chief Operating Officer
	SJ Hannah	Director of Finance & Business Services
	Brian Auld	Interim Director of People, Safety & Governance (item 2 onwards)
	Nicola Christie	Head of Governance & Legal Services – Secretary (item 2 onwards)
	Vikki Fleming	Executive Personal Assistant - minutes
	Andy Robinson	Head of Governance and Special Projects, Transport Scotland (item 2 onwards)
	Monika Kalinowska	Sponsorship and Governance Manager (item 2 onwards)
	Fiona Dunn	Sponsorship Hub Team Leader (item 2 onwards)
	Donna Rigby	Audit Scotland (item 2 onwards)
Apologies:	Rob McGregor	Board Member

Item	Topic	Action
1	EMT Structure update – CLOSED SESSION The Board provided feedback on the proposed EMT recruitment and future structure.	
2	Welcome, Apologies and Declaration of Interests 2.1 The Chair welcomed all to the meeting, specifically the Transport Scotland sponsor team and a member of the External Audit team as observers. 2.2 Apologies from Rob McGregor were noted. 2.3 There were no declarations of interest.	
3	Approval of Board Meeting Minutes 3.1 The Board considered and approved the draft minutes of the Board meeting held on 4 November 2025.	
4	Review of Previous Actions 4.1 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	

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	<p>correct individual. The updated action log was reviewed, and the Board approved the closure of the completed actions.</p> <p>4.2 The Board noted that the timeline for the circulation of an on-line survey to Board members, ARC members and the EMT to inform risk tolerance statements would be extended to enable further discussion at the planned ARC meeting in January 2026. The Board would be updated on progress at its Q3 2025-26 meeting.</p>	
<p>5</p>	<p>Non-Executive Board Member Recruitment update</p> <p>5.1 The Board noted that Carolyn Sawers would be stepping down at the end of her term as Vice Chair and Non-Executive Board Member on 30 June 2026. In addition, Michelle Wailes and Rob McGregor would be stepping down as Non-Executive Board Member and ARC Chair and Non-Executive Board Member and ARC member respectively at the end of their terms on 30 June 2027.</p> <p>5.2 In anticipation of these changes to Board membership, the Board reviewed and approved the updated Non-Executive Board Member Succession Planning Guidance, including the current Board Member skills matrix. The Board noted that the guidance would inform the person specification for the recruitment of replacement Non-Executive Board Members. It would also aid discussion on potential training needs at Board Member annual reviews with the Chair to address recommendations included in the Internal Audit Review of Board Effectiveness.</p> <p>5.3 The Board commented on the draft person specification for the Non-Executive Board Member Recruitment. The Board agreed that a financial management qualification and recent and relevant experience working within the public sector should be essential requirements to be assessed at application and interview to aid succession planning in anticipation of the successful applicant becoming a member of the Audit & Risk Committee (ARC). It was noted that the Scottish Government guidance required at least one member of the ARC to have “recent and relevant financial experience”. The broader skills criteria should also refer to heritage.</p> <p>5.4 The sponsor team advised that the recruitment would not be managed by the Scottish Government Public Appointments team pending Scottish Canals, as a Non-Departmental Public Body, being included as a regulated body in the Public Appointments and Public bodies etc. (Scotland) Act 2003. Scottish Canals would manage the recruitment advertising and interview process to achieve a planned start date in July 2026 with the option to attend the June Board meeting as an observer.</p> <p>5.5 The interview panel would include the Chair, the ARC Chair and Andy Robinson, SG sponsor team. All Board members would be provided with a link to the application pack for sharing with their networks.</p> <p>5.6 The skillset currently provided by Carolyn Sawers, specifically third-sector delivery, social impact and community engagement experience, would be addressed in the person specifications for the recruitment of replacement Non-Executive Board Members for Michelle Wailes and Rob McGregor planned for Q3/Q4 2026/27.</p>	

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	<p>ACTIONS</p> <ul style="list-style-type: none"> a) The Board comments to be included in the person specification to form part of the application pack for the Non-Executive Board Member recruitment. b) The Chair, CEO and sponsor team to be consulted on the recruitment process and the Board would be updated on progress. 	<p>Head of Governance & Legal Services</p> <p>Head of Governance & Legal Services</p>
<p>6</p>	<p>Finance Report</p> <p>Pay Award Update</p> <p>6.1 The Board was advised that both trade unions had accepted the terms of the pay award as reported to the Board at its meeting on 4 November 2025. The agreed pay deal aligned with the Scottish Government and local government pay deals and the Transport Scotland pay policy team had been informed. It was confirmed that the pay award, backdated to April 2025, would be paid to employees in December 2025.</p> <p>6.2 It was noted that proposed changes to annual leave had been removed from the pay offer and would be negotiated separately.</p> <p>6.3 It was acknowledged that the process had caused frustration and the timing of future consultations would be aligned more closely with Scottish Government pay policy consultations. The agreement of a two-year pay deal was helpful.</p> <p>Re-Forecast and Budget Planning</p> <p>6.4 The Board considered the comprehensive 2025/26 re-forecast (RF2) reporting based on actual results for the end of September 2025 which provided a strong understanding of business performance. The Board acknowledged that it presented challenges, specifically the significant pressures arising from adherence to public sector pay policy. The Heads of Service had been instructed that the aim for the 2025/26 financial year was to break even, and all staff were expected to work towards reducing the current forecasted overspend. It was noted that deferring expenditure to the next financial year may increase future pressures.</p> <p>2024/25 Audit Update</p> <p>6.5 The Finance Team continued to lead on the fixed asset and valuation work. The external audit had been challenging. While the valuation model was operating as intended, a greater number of assets than anticipated required adjusting, requiring additional detailed audit testing. Resource constraints remained, with work since October handled within existing finance capacity. As the Senior Reporting Accountant only came into the organisation in October, the Head of Finance had been much more involved in the review stage.</p> <p>6.6 A revised approach to the valuation, and related annual report processes was in the planning stage for the next financial year reflecting the maturing of the revaluation model. Changes to valuation and indexation processes would improve future accuracy but the 31 December 2025 statutory deadline to file the Annual Report & Accounts 2024/25 would not be met. It was anticipated that the Annual Report & Accounts 2024/25 would be recommended for approval by the Board at its meeting in March 2026.</p>	

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	<p>6.7 Audit Scotland advised that the audit team had been fully engaged since September 2025 and had completed more interim work than in the previous year. Due diligence was essential to eliminate the risk of errors which could create more work in the following year. Audit Scotland thanked Scottish Canals finance team for their work and confirmed that all audit areas performed well, with only fixed assets resulting in the late audit sign-off. Audit Scotland advised that the 2025/26 audit should be smoother. The audit work would also support the upcoming fixed asset revaluation tender process.</p> <p>6.8 Transport Scotland was aware of the complexities surrounding the infrastructure valuations and the delays being experienced, however, it was noted that this was the fifth consecutive year of missing the statutory reporting deadline. The Board was concerned that this repeated failure was a potential reputational risk. The Board Chair would formally write to the Minister outlining the ongoing challenges and the actions being undertaken to prevent repetition.</p> <p>6.9 Improved reporting processes and year end close off for assets going live should support a timelier audit 2025/26 and help re-establish a compliant financial reporting timetable going forward. This would also be informed by the lessons learned discussion to be held with Audit Scotland following the completion of the current audit.</p> <p>ACTIONS</p> <ul style="list-style-type: none"> c) The Chair to formally write to the Minister outlining the ongoing challenges surrounding the infrastructure valuations and the resulting delay to approving the Annual Report & Accounts 2024/25. d) The finance team to undertake a lessons learned review with Audit Scotland and implement process improvements to avoid repeated deadline failures. 	<p>Chair</p> <p>Director of Finance & Business Services</p>
<p>7</p>	<p>Medium Term Financial Strategy</p> <p>7.1 The Director of Finance & Business Services summarised the amendments to the Medium-Term Financial Strategy (MTFS) in response to the Board feedback provided at the Board strategy workshop held on 3rd November 2025. It was noted that the updated projections included assumptions on proposed investment to increase destination income. The ongoing workforce planning and the target operating model project would further inform and clarify the sustainability of Scottish Canals. Movement in Scottish Canals investment programme could be incorporated as projects evolved.</p> <p>7.2 The Board reviewed the revised MTFS and welcomed the clear alignment with the Scottish Government Public Sector Reform (PSR) agenda. Scottish Canals would continue to monitor PSR initiatives to facilitate and maintain a sustainable organisation. Scottish Canals was open to a discussion on potential structural reform.</p>	

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	<p>7.3 The Board was concerned that inherent risk levels of Scottish Canals assets were rising and would lead to increasing cost to the public purse. Improving asset condition was critical to maintain income and Scottish Canals reputation. It was noted that discussions on managing risks and efficiency plans were ongoing with Transport Scotland.</p> <p>7.4 The importance of the risk tolerance work was emphasised to inform decisions relating to Grant-in-Aid dependency. The forthcoming Transport Act was highlighted by Transport Scotland as a potential route to address out-dated statutory requirements.</p> <p>7.5 The Board appreciated the significant work undertaken and recognised the document as a substantial step forward. The MTFS crystallised the scale of what was required to facilitate Scottish Canals aspirations. The Board approved the Medium-Term Financial Strategy as an internal document which would inform Board decisions.</p>	
<p>8</p>	<p>Capital Investment Programme 2025/26</p> <p>(a) Pump Storage Hydro Capital Investment Programme Alteration</p> <p>8.1 The Board considered the report detailing an adjustment to the 2025/26 Capital Investment Plan (CIP) to accelerate funding for a detailed review of asset conditions along the eastern section of the Caledonian Canal. The review would assess lock gates, swing bridges, and jetties and provide an assessment of condition and dependability to inform future investment focussed on delivering an increased and dependable navigation window. To enable this work, it was noted that projects within the CIP would be deferred or reduced. The associated risks had been assessed and were deemed acceptable.</p> <p>8.2 The Board approved the proposed an adjustment to the 2025/26 Capital Investment Plan.</p> <p>(b) Pump Storage Hydro Projects – Corporate Position, Stakeholder Mapping and Action Plan</p> <p>8.3 the Board noted the comprehensive report confirming Scottish Canals corporate position regarding the Pump Hydro Storage schemes together with the stakeholder mapping exercise undertaken to inform the action plan for stakeholder engagement. The emerging action plan and engagement to date included a constructive discussion with the Highland Council and ongoing conversations with Hitrans.</p> <p>8.4 The Transport Scotland sponsor team confirmed that relevant Ministers were supportive of the schemes, and the stakeholder mapping exercise would help to shape future Ministerial engagement.</p> <p>8.5 The Board noted that significant investment in the Caledonian Canal required a compelling case, weighed against current financial pressures as the organisation's core business was currently significantly underfunded. The importance of understanding the scheduled monument and tourism implications was also noted.</p>	

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ii	<p>A freight study was required to support the next phase of work in the statutory consultation process.</p> <p>TFW Masterplan – Business Case Update</p> <p>8.6 The Board was updated on the ongoing development of The Falkirk Wheel Masterplan Business Case. The strategic case highlighted the challenges of the current operating model: free general site access with only 30% of visitors paying, large areas of underused space, ageing infrastructure, and seasonal peaks that limited income growth. Repairs and maintenance had been consistently under-funded, and the visitor centre required significant upgrades.</p> <p>8.7 The Board supported the direction of travel to create a flagship attraction that offered a great day out, inspired local pride, and achieved internationally recognised quality. The Board noted the outcomes would include maintaining and enhancing the Wheel’s iconic status, strengthening commercial sustainability, upgrading and future-proofing the site, and extending the visitor season through programming and outreach.</p> <p>8.8 The Board recommended that information on income targets from retail and catering should be included in a more robust and detailed business case with clear alignment to the Medium-Term Financial Strategy. The reputational challenges of a paid entry model should also be addressed drawing on lessons learned from other paid entry models.</p>	
9	<p>Development of Draft Environment Strategy 2026 to 2030</p> <p>9.1 The Board was updated on progress of the review of Scottish Canals Environment Strategy. The Board noted that the Scottish Government Environment Strategy would inform the proposed Scottish Canals Environment Strategy 2026 to 2030. The strategy would be principle based with a supporting action plan. The Board would be consulted on the draft strategy in Q4 2025/26.</p> <p>ACTION</p> <p>e) The Board to be updated on the draft Environment Strategy 2026 to 2030 strategy in Q4 2025/26.</p>	<p>Interim Director of People, Safety & Governance</p>
10	<p>Forward Planning</p> <p>10.1 The Board noted the Board Meetings calendar 2026–27. Additional Board and ARC meetings would be arranged to approve the Annual Report & Accounts 2024/25.</p>	
11	<p>Any Other Business</p> <p>11.1 The Board thanked all members and attendees for their contribution to helpful discussions and expressed thanks to all staff involved in preparing comprehensive Board reports.</p>	
<p>Meeting Closed</p>		