

Board Meeting Minutes



Meeting:	Scottish Canals Board
Date and Time:	Thursday 28th August 2025 09:30 to 13:00
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 (CEO)
	Richard Millar	Chief Operating Officer (COO)
	Sarah Jane Hannah	Finance & Business Services Director
	Brian Auld	Interim Director of People, Safety & Governance
	Nicola Christie	Head of Governance & Legal Services (Secretary)
	Vikki Fleming	Executive Personal Assistant (Minutes)
	Andrew Robinson	Canals Policy & Sponsorship Manager, Transport Scotland (Item 2 onwards)
APOLOGIES		

[illegible]

[illegible]

	<p>staff-led Health & Safety, Wellbeing and Culture Committee. [REDACTED] [REDACTED] [REDACTED]</p> <p>5.5 The Board noted feedback relating specifically to its role and expressed full support for initiatives to enhance two-way communication and awareness of collective governance. Members will be invited to attend the November staff Roadshows and will receive an open invitation to join bi-monthly staff huddles.</p> <p>ACTIONS</p> <p>c) The Board to be kept updated on progress of pay negotiations with the trade unions.</p> <p>d) Board members to be invited to attend the annual staff November Roadshows.</p> <p>e) An open invitation to be circulated for Board members to attend bi-monthly staff huddles.</p>	<p>CEO</p> <p>Board Secretariat</p>
<p>6.</p>	<p>Audit & Risk Committee (ARC)</p> <p>6.1 The Board noted the written report from the ARC Chair together with the minutes of the ARC meeting held on 5 June 2025. The ARC Chair summarised the key issues.</p> <p>Annual ARC Report to the Board for 2024/25</p> <p>6.2 The Board reviewed and noted the ARC Annual Report, which provided an evidence-based assessment of governance, risk management, and internal controls for the year ending 31 March 2025, supporting the Governance Statement in the Annual Report & Accounts 2024/25. A supplementary ARC report would accompany the ARC's recommendation on the Annual Report & Accounts.</p> <p>External Audit 2024/25</p> <p>6.3 The Board was assured that the external audit was progressing in accordance with the External Audit plan together with completion of the external audit recommendations arising from the 2023/24 external audit.</p> <p>6.4 The Board noted the ARC members concern regarding the significant resourcing and financial burden of the rolling five-year revaluation process of non-current assets which diverted much needed funds from the maintenance of the canal network. The Director of Finance & Business Services advised that this significant change had been discussed with both the Transport Scotland finance team and Audit Scotland. The Board noted that adherence to the current accounting principles and disclosure requirements as governed by the Government Financial Reporting Manual (FrEM) could not be changed. The Scottish Government Accounts Direction for Scottish Canals would remain in its current format. Whilst the valuation was an onerous exercise to implement the Board was assured that specialist accounting resourcing was being actively pursued to improve the revaluation cycle overtime.</p> <p>Port Marine Safety Code (PMSC) Compliance</p>	

	<p>6.5 The Board was advised that the newly appointed independent PMSC Designated Person had completed annual audits at Ardrishaig and Corpach. While a positive safety culture and effective conservancy were noted, Scottish Canals was currently non-compliant with PMSC requirements due to outstanding system improvements, including a legal review of statutory powers, updates to the Marine Safety Management System, and procedural documentation. The Board was assured that actions to address the audit findings were underway. It was also noted that the compliance standards may be disproportionate to the scale of operations at these locations.</p> <p>6.6 The compliance burden had been noted as a challenge across the public sector in the context of public interest and benefit. The rising cost to Scottish Canals of resourcing compliance assurance and reporting would be raised as part of the ongoing engagement with the Scottish Government Public Service Reform team.</p> <p>Review of Board Effectiveness</p> <p>6.7 The Board welcomed the outcome of the internal audit assessment of the operation of the Board which indicated that the Scottish Canals Board was operating effectively. The Board was assured that the internal audit recommendations were being progressed.</p>	
7.	<p>Governance</p> <p>Governance Handbook and Scheme of Delegated Authority</p> <p>7.1 The Board reviewed the Governance Handbook and Scheme of Delegated Authority. The Board noted that Scottish Canals Framework Document, reviewed by the Board at its meeting on 25 March 2025, had been signed by Scottish Ministers. On receipt from the sponsor team the Framework Document would be uploaded to Scottish Canals website.</p> <p>7.2 The Board noted that, to streamline internal decision making, the Investment and Transformation Committees have been removed from the internal operational committee structure. The Executive Management Team (EMT) terms of reference have been amended to include oversight of the Investment and Transformation Programmes. The EMT would make decisions relating to the Investment and Transformation Programmes in accordance with delegated authority limits.</p> <p>7.3 The Board approved the amendment to the process to ensure the circulation of Board papers to Board members as close as possible to seven clear days in advance of Board meetings.</p> <p>7.4 The EMT would continue to review the Board paper content considering the schedule of delegated authority and Board members observation that the pack of Board papers contained a lot of detailed, operational information.</p> <p>7.5 The Board approved the Governance Handbook and Scheme of Delegated Authority as presented to the Board and recommended that the operational internal scheme of financial delegated authority be reviewed by the EMT in collaboration with the Senior Management Team to ensure consistency with the EMT terms of reference and internal committee structure.</p>	
8.	Review of Policies	

	<p>8.1 The Board reviewed and approved the Anti-Bribery Policy and Controls; Anti- Fraud Policy; and Whistleblowing Policy in accordance with its reserved responsibility to ensure maintenance of a sound system of internal controls. The approved policies would be circulated to all staff via the internal compliance management system.</p> <p>8.2 The Gifts and Hospitality Register for the financial year ending 31st March 2025 and to date in the financial year ending 31st March 2026 was noted.</p>	
9.	<p>Business Plan 2025/26 Q1 Performance Report</p> <p>Q1 CEO Overview and Business Plan Commitments</p> <p>9.1 The Board noted the comprehensive CEO strategic, operational and stakeholder updates as detailed in the CEO overview.</p> <p>9.2 The Board discussed external environmental factors affecting Crinan Canal operations, including restrictions on reservoir drawdown due to nesting birds and a decline in timber activity linked to timber disease and infestation affecting the market. An income and compliance cost analysis will be undertaken to assess the viability of continuing timber operations. The Board noted this analysis would support engagement with the Minister on the need to review the current operating model.</p> <p>9.3 It was noted that the Public Service Reform agenda and Transport Scotland cluster groups may assist Scottish Canals to engage other public sector bodies with the relevant skillset to assist with compliance management of specific assets such as the rationalisation of harbours.</p> <p>9.4 The Board noted the challenge of workforce capacity, particularly in the leadership team to manage an increasing number of key strategic opportunities, [REDACTED] [REDACTED] [REDACTED] The increased contractor costs of the lock-gate refurbishment on the Falkirk flight of the Forth & Clyde canal were also noted. The Board was assured these costs were being managed by a lean internal team.</p> <p>9.5 The Board was assured that the discussions with Transport Scotland to formally approve the Capital Investment Programme 2025/26 were progressing. The requisite Accountable Officer letter relating to the high value capital investments had been submitted and approval of the Director of Finance and Corporate Services at Transport Scotland expected imminently.</p> <p>9.6 The Board was updated on Scottish Canals' successful £300k Public Service Reform Spend to Save funding bid. While the funding is loan-based, discussions with Scottish Government teams concluded that associated risks are manageable. The main challenges identified were leadership capacity and the ability to deliver within the funding timeframe. Despite the recent departure of the Director of People, Safety and Governance, the Board was assured that steps are being taken to utilise the funding and secure the necessary resources. Progress updates will be shared with the Board and sponsor team.</p> <p>Q1 Key Performance Indicators (KPIs)</p> <p>9.7 The Board noted the Q1 performance against the Business Plan commitments and corporate KPIs as detailed in appendix 1 to the CEO overview. The Board further</p>	

	<p>noted that the EMT would focus on continuous improvement in editing and sense checking Board reports to ensure consistency.</p> <p>Q1 Health & Safety Dashboard</p> <p>9.8 The Board noted the health & safety quarterly summary.</p> <p>Q1 Corporate Communications & Marketing Report</p> <p>9.9 The Board noted the communications and marketing update which was on track.</p> <p>Q1 Corporate Risk Report</p> <p>9.10 The Board noted the Q1 summary of the corporate risk movements and risk activity undertaken as detailed in the Corporate Risk Report. New risks relating to water control, workforce planning and compliance had been escalated to the Corporate Risk Register on the recommendation of the Audit & Risk Committee as advised by the EMT. However, reflecting on earlier discussions, the Audit & Risk Committee and EMT would review the risk scorings which may need to increase.</p> <p>9.11 The presentation of corporate risks to the Board would be reviewed by the Audit & Risk Committee as advised by the EMT to assist the understanding of the trajectory of risks, however, it was noted that it was not uncommon for corporate risks to remain unchanged for several years. As Scottish Canals risk framework matured the introduction of an issues register may assist transparency.</p> <p>9.12 The Board discussed the static nature of several corporate risks, particularly asset health, and expressed concern that Scottish Canals may be operating at risk. It was advised that climate change presents challenges for historic assets, but high-risk assets are being closely monitored. The Board noted the option to request a further deep dive by the Audit & Risk Committee, following the 2019 review. An asset management report highlighting high-risk assets will be presented at the next meeting to support the Board's scrutiny of this risk.</p> <p>ACTIONS</p> <p>f) The Board and sponsor team to be kept updated on progress to implement the Public Service Reform Spend to Save Funding.</p> <p>g) The presentation of corporate risks to the Board to be reviewed by the Audit & Risk Committee and the EMT to assist the understanding of the trajectory of risks.</p> <p>h) An asset management report detailing high-risk assets to be reported to the next Board meeting to assist the Board in its scrutiny of the asset health risk.</p>	<p>EMT</p> <p>ARC/EMT</p> <p>COO</p>
10.	<p>Q1 2025/26 Finance Report</p> <p>10.1 The Director of Finance & Business Services updated the Board on the financial position for the 2025/26 financial year, together with a summary of ongoing financial issues as detailed in the Q1 Finance Report. The RFI reforecast undertaken had provided a revised forecast of an overspend of [REDACTED] compared to the budget of [REDACTED] which was in line with expectations. The Board was assured that Scottish</p>	

	<p>Canals aim was to break even, and all staff were expected to work towards reducing the forecast overspend.</p> <p>10.2 The Board reviewed the current list of vacancies and noted the inherent risks. Further clarity was required to prioritise the business needs not being fulfilled because of long-term vacancies, specifically in the Engineering function. The correlation with the feedback from the staff survey highlighting staff exhaustion was noted. In addition, the current pay scales were not competitive and constraining.</p> <p>10.3 It was noted that the spend to save funding could focus on workforce planning. The implementation of a process to analyse the current workforce profile and future workforce needs, including skills gaps, and ensuring the consideration of demographic, technological and economic staffing issues would enable the Board to assist in making informed strategic decisions on a workforce re-design including the potential for shared services and synergies with other public bodies. The Board was assured that the EMT was focussed on a target operating model as part of the Transformation Programme and would continue discussions with Transport Scotland to explore shared services. The Board would be kept updated on progress.</p> <p>Medium Term Financial Strategy Overview</p> <p>10.4 The Director of Finance & Business Services provided an update on the planning undertaken to inform Scottish Canals medium-term financial strategy. It was noted that a blend of efficiencies, income generation and increased funding was the optimum approach to progress from the current structural deficit towards achieving sustainable funding for Scotland's Waterways. The Board noted the Transformation Programme workstreams focussed on Customer Service, People and Estates, Digital and Automation and Net Zero and Sustainability. Multi-year scenario planning would inform the advocacy of long-term financial planning with stakeholders to demonstrate value for money and securing resources for canal sustainability.</p> <p>10.5 The Board was invited to provide feedback to inform the Medium-Term financial strategy which would be reviewed and discussed at the Board strategy meeting in November. The Board recognised the imperative to deliver a sustainable financial strategy to support Scottish Canals Corporate Plan objectives.</p> <p>ACTION</p> <p>i) the Medium-Term financial strategy to be reviewed and discussed at the Board strategy meeting in November 2025.</p>	<p>Director of Finance & Business Services</p>
11.	<p>Q1 2025/26 Capital Investment Programme (CIP) Report</p> <p>11.1 The Board noted that Scottish Canals continued to focus its CIP on a risk-based approach to ensure the safe delivery of Scottish Canals asset management plan in accordance with the statutory compliance requirements.</p> <p>11.2 The Board was assured that the delay to the construction phase of the Townhead Reservoir project to 2026/27 had been mitigated by reducing reservoir water levels.</p>	

	<p>The Board was advised that the improvements to the lock-flight at Fort Augustus were under review. A multi-year, cost-efficient programme was being developed to minimise disruption to the local community and stakeholders. The reduction in investment for these projects in 2025/26 had enabled an increase to the budget for the Falkirk flight lock-gate modernisation project to address lock chamber and timber floors issues which had been identified following the drain-down of the canal at this location.</p> <p>11.3 The Board was updated on additional reactive embankment works undertaken in Q1, notably to address embankment failures at Linlithgow on the Union Canal and Bellanoch Bay on the Crinan Canal. The failure at Bellanoch had required the canal depth to be reduced to 2.0m reducing the statutory navigation depth which had impacted customers based at Bellanoch marina.</p> <p>11.4 The Board approved the proposed Q1 adjustments to the CIP planned budget 2025/26.</p>	
12.	<p>Q1 2025/26 Commercial Investment Plan Report</p> <p>12.1 The Board discussed the Q1 2025/26 Commercial Investment update on the progress of approved investment projects for the financial year 2025/26. The Board noted that no new investment projects had been approved in Q1. There was an increase to the forecast annual plan arising from delayed spend from 2024/25 due to the delayed completion of the Unit 23&24 Borron Street refurbishment project. The Board was assured that this project had completed and was being actively marketed for let with interest noted from several organisations. It was noted that the Falkirk Hire Boats relocation may be delayed depending on the outcome of an options appraisal, the delivery of the mooring's strategy and 43/45 Clachnaharry Road refurbishment may also be extended into 2026/27 due to limited project management capacity. The design development of the Falkirk Wheel masterplan was delayed and proposed spend in 2025/26 may be lower than originally anticipated whilst third-party funding opportunities were pursued. The launch of the Scottish Government energy efficiency grant scheme was awaited to apply for potential funding to support the upgrade of the Falkirk Wheel visitor centre.</p> <p>12.2 The Board welcomed further recognition for the housing development at Dundashill which had received more industry awards. [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>12.4 [REDACTED]</p> <p>[REDACTED]</p>	

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13.	<p>Annual Board Effectiveness Review</p> <p>13.1 The Board reviewed the collated feedback following the completion of the self-assessment questionnaire by each Board member. The Board acknowledged the benefit of undertaking a review of the Board's collective responsibility. The Board noted that the feedback demonstrated that the Board was working effectively. The Board agreed that a senior independent director was not required given the size of the Board with a Chair and Vice Chair. The need for a set of objectives independent of those of the organisation would be considered during future business planning strategy discussions.</p> <p>13.2 The Board highlighted the increasing volume and length of Board papers and encouraged the EMT to continue to streamline the Board papers to assist the Board in its focus on strategic scrutiny and decision-making.</p>	
14.	<p>Forward Planning</p> <p>14.1 The Board reviewed the proposed Board and Audit & Risk Committee meeting dates 2026/27. The meeting dates would be revised to accommodate attendance of Board members where conflicts with other Board meeting requirements arose. The revised Board and Audit & Risk Committee 2026/27 meeting dates would be circulated to Board members for information.</p> <p>ACTION:</p> <p>k) A revised Board and Audit & Risk Committee 2026/27 meeting dates calendar to be circulated to Board members for information.</p>	Board Secretariat
15.	<p>Any Other Business</p> <p>15.1 The Chair thanked Andrew Robinson, Canals Policy and Sponsorship Manager, Transport Scotland for his continuing helpful guidance and support.</p> <p>15.2 There was no other business.</p>	
Date of Next Meeting: Tuesday 4th November 2025 at a venue to be confirmed.		