

**BOARD: NOVEMBER 2025**

**Item: Business Plan 2025–26 & Q2 Performance Update**

6i: CEO Summary of Progress, Challenges and Q2 Business Plan Commitments Report

CORPORATE / ASSURANCE / OPEN

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<b>EMT APPROVED:</b>	21 October 2025

## PURPOSE

In response to feedback from the Board this CEO report summarises key issues, progress and activities undertaken or managed by Scottish Canals during Q2 2025/26. The report also highlights current key activities and topical issues to be addressed and invites Board members' comment or observations.

Appendix 1 shows Q2 Key Performance Indicators (KPIs) performance and progress towards achieving key strategic commitments as outlined in the 2025/26 Business Plan. This report incorporates the KPIs as agreed by the Board for 25/26, and the quarterly health and safety, communications and marketing, and corporate risk updates.

## RECOMMENDATION

The Board is invited to:

- a. Discuss the overall issues arising, progress and performance against the 25/26 Business Plan commitments and corporate KPIs.
- b. Note the health & safety quarterly summary, subject to any points of clarification.
- c. Note the communications and marketing update.
- d. Note the corporate risk report.
- e. Comment on the presentation and areas for future development.

## BACKGROUND

This report forms part of the wider suite of routine reporting for Board with the primary aim of supporting good governance and the scrutiny of assurance of key operational outcomes.

## ASSESSMENT

This report is intended to provide the Board with the organisational intelligence on internal and external horizon scanning. It presents a broad portfolio of management information and data that demonstrates continual improvement towards agreed strategic commitments. The triangulation of performance measures against the organisations strategic obligations as presented in the Corporate Plan (2023-2028) and Business Plan (2025-2026), alongside consideration of wider organisational developments, will provide the Board with assurance that progress is being made towards successful outcomes.

The Executive Management Team (EMT) and Senior Management Team (SMT) are currently completing a mid-year review of the current departmental business plans to ensure suitable and adequate progress towards the corporate Business Plan commitments. This process will be concluded in November 2025. This is a new process designed to support continuous improvement and ensure the adequate use of resources within a constrained budget forecast. The outcomes of this process will inform the new cycle of Business Planning for 2026/27, which will commence in December 2025.

At the August 2025 Board meeting, the Board requested a review of the current suite of KPIs to ensure full alignment with the Current Corporate and Business Plans. Initial scoping work has identified strengths and weaknesses within the current KPI structure and all KPIs will be reviewed and presented to the Board for consideration prior to the start of the next financial year.

### **CORPORATE CONSIDERATIONS ANALYSIS**

<b>Strategic Priorities</b>	This report is intended to fully reflect the Corporate Plan (2023–2028) strategic themes and commitments and is aligned to the Business Plan (2025–2026) activities.
<b>Health &amp; Safety</b>	The quarterly health & safety report is reflected in the KPI and Business Plan progress update.
<b>Financial</b>	This report complements the Board finance report.
<b>Legal</b>	N/A
<b>Risk / Risk Appetite</b>	The quarterly corporate risk report is included.
<b>Sustainability</b>	N/A
<b>Environment</b>	N/A
<b>People</b>	Specific people-related measures are reported, and additional tracking is in development to complement the new People Strategy.
<b>Fair Work</b>	N/A
<b>Communication</b>	N/A
<b>Community &amp; Third Sector</b>	N/A
<b>Commercial</b>	This report contains measures of commercial performance reflected in the KPI and Business Plan progress update.
<b>Asset</b>	This report contains measures of Asset performance reflected in the KPI and Business Plan progress update.

## CEO OVERVIEW & TOPICAL ISSUES

### Strategic Overview

Scottish Canals has enjoyed a successful season with a high degree of vibrancy across all five canals. Highlights include The Falkirk Hire Boat Fleet returning, a record number of holiday nights booked, a record number of boats operating across the canal network and the successful operation of the now electrified trip boat. Visitor numbers to The Falkirk Wheel across both July and August have been high (130,000 visitors) with 38,000 customers buying boat tickets.

International travel remains strong although the cost of holidaying in Scotland is starting to show signs of a more reserved retail. The Kelpies Experience has now raised over ██████ for good causes across Scotland.

### Report to Director General for Net Zero Update

The Scottish Canals report on Financial Sustainability, Risk and Compliance has now been submitted to Transport Scotland (TS) as per the CEO of TS's request for her prior consideration, with our intention still to then send it to the Director General for Net Zero. TS timescale for consideration of the report is believed to be the end of November 2025.

### People Update

The results of Scottish Canals' first employee survey since 2021 have now been shared with all employees. A new Safety, Wellbeing & Culture committee has been created to lead on the Improvement Action Plan.

A programme of nationwide Staff Roadshow engagement sessions is planned for November, which will include Board member representation in response to staff interest in the Board's role being expressed in the staff survey.

### Public Service Reform Update

The narrative at Ministerial level on PSR is intensifying. As with all public bodies, Scottish Canals are actively participating in the Scottish Government's Public Sector Reform (PSR) programme and are exploring a shared service approach with other public bodies as to what this will look and feel like for the organisation. As an example, one of the PSR workstreams relates to property rationalisation. Scottish Canals were approached by SEPA who were looking for some office/drop in space for a small number of staff members at Applecross. After reviewing requirements, we agreed terms which will see Scottish Canals recharging some costs, whilst also demonstrating our commitment to embed Scottish Government's approach to estate rationalisation through PSR. This example reduces public sector spend overall on Glasgow premises.

The CEO recently attended PSR leadership forum discussions, with the main takeaway from Mr McKee (Minister for Public Finance) being that there is "no alternative" direction to delivering on the new PSR strategy for Scotland. Each of the workstreams identified in the strategy are to be populated with appropriate selection of personnel across the Public Bodies, with progress on each workstream being overseen by a governance structure. There is an escalation of the narrative of no option but change, and the lack of progress in delivering against the findings of the Christie Commission is not something that can be accepted going forward. There is a clear expectation on public bodies to facilitate and embrace the PSR Strategy and to demonstrate progress against clear targets (e.g. headcount reduction, reduction

in Corporate Services costs). Reporting data to TS & SG on PSR activity is now a regular requirement (e.g. recruitment, headcount, benchmarking corporate costs, etc.).

It is stated by Minister that all 133 public sector bodies and 50 SG Directorates are “in scope” as part of the wider reform agenda, with an anticipated reduction in the number of public bodies if not at least removal of duplication and waste, with the prioritisation of preserving front line services. There is also an expectation that this will not reduce Scottish Government’s policy commitments, nor impact the number or quality of public services offered in Scotland and therefore the focus is on sharing corporate overheads and overall reduction in costs.

The CEO responded to a separate invitation from Mr McKee (Minister for Public Finance) to meet at Parliament, to discuss revenue raising opportunities for Scottish Canals from public assets. Mr. McKee was supportive and indicated he would be receptive to receive any future bids for spend to save type funding which may become available in the next budget, to include “invest to earn” (revenue) investment type proposals, as well as “spend to save” (subject to any budgeted funding for this).

Transport Scotland’s PSR cluster; Scottish Canals already attends the Environment Leadership Groups’ PSR cluster. The CEO of TS has recently established a new Transport CEO’s group bringing together CEOs of all transport delivery bodies to focus on progressing the PSR strategy delivery across Transport . Each body has been allocated a workstream to lead on, reporting progress to Alison Irvine (CEO TS). Scottish Canals are leading on “Better Regulation” across each of the Transport bodies, with other CEOs leading on 1. Pension reform (CalMac Ferries Ltd) 2. Double Handling (Scottish Rail Holdings Ltd)

### **Lock 16 Update – Scotland’s Centre of Excellence for Canals & Traditional Skills**

SC hosted a visit from DG Net Zero and CEO TS to Lock 16. They were very supportive of the project and heard a presentation on our current engineering work on the Falkirk Flight. Final contractor costs for the fit out of Lock 16 have now been received, showing an increase of £1.3 million against the original budget. Through a programme of value engineering and an additional £500,000 capital contribution from Historic Environment Scotland (HES), the funding gap has been successfully closed. With the budget issue resolved, the Final Business Case (FBC) has been completed and is scheduled for submission to Falkirk Council and the Scottish Government in October, with a response anticipated in December. The contractor has agreed to hold the current price until January 2026; however, any delay beyond this may result in inflationary cost increases. Subject to final approvals and building warrant, site works are planned to commence in February 2026.

## **Operational Update and Highlights**

### **Estates and Placemaking**

Bigg Regenerations has secured planning in principle for Plot 4B at Dundas hill. [REDACTED]

Q2 focused on progressing key projects across the Capital Investment Plan (CIP), Investment Strategy, and Transformation workstreams, alongside BAU delivery. Additional resource has been recruited to support the Estates Action Plan, though Facilities Management remains 30% under-resourced with two vacancies still unfilled.

[REDACTED]

As part of the Transformation programme, a revised specification has been formed to retender the Facilities Management contract. [REDACTED]

[REDACTED]

CEO & COO met Argyll & Bute Council CEO & team to as part of regular liaison re Crinnan matters. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## **Engineering**

### **Falkirk Lock Flight Refurbishment**

The refurbishment of the Falkirk Lock flight has encountered delays and cost challenges due to significant asset issues identified during lock dewatering. Work continues with Scottish Canals' framework contractor Mackenzies to mitigate these issues. Project completion is now forecast for the later than planned date of August 2026, aligning with plans for a reopening flotilla and the 25th anniversary celebration of the Millennium Link. Further details are included in the Capital Investment Programme Report (Agenda item 8i).

Good progress has been made on the Asset Inspection Programme, with principal inspection compliance improving. It is expected a further reduction in the current backlog will continue to be achieved throughout this financial year. However, significant challenges remain on the Crinan Canal due to leaks at Bellanoch and Gleann Reservoir. Both are being investigated. A notable embankment leak has also undergone temporary repair in Linlithgow.

Dredging plans for Ardrishaig Harbour are progressing well. A high-level pricing exercise has been completed for a new active travel bridge at Slateford, with preliminary design underway. Townhead Reservoir design has resumed following near finalisation of land negotiations.

An Asset Health review with AECOM shows a slight decline in asset maturity from 2.9 to 2.7 since 2019, this is mainly due to staff turnover and recruitment difficulties. The Asset Manager role remains vacant despite efforts with two recruitment firms. AECOM has been engaged to fill this gap for six months. Limited capital and revenue investment continues to impact defect resolution and overall asset maturity. Nine long-term vacancies in E&I are straining staff wellbeing, asset maintenance, and assurance of asset safety. These challenges also affect delivery of the Capital Investment Plan and standby cover.

Construction inflation continues to impact contract costs, with value engineering reducing project scopes. Multi-year projects and extended canal closures may be necessary for efficiency, though these carry reputational and economic risks to Scottish Canals.

### **Operations – Lowlands Canals**

The summer season has been successful, with over 23,727 boat movements recorded and 2,000 tonnes of weed removed. Work continues to enhance assisted and user-led boat passage, alongside collaborative efforts with users to address several ongoing operational issues.

LUCS 50<sup>th</sup> Anniversary Flotilla this September saw a significant gathering of boaters and residents from Winchburgh meet at the new Winchburgh Marina to begin celebrations for the flotilla. Locals were offered trips on the flotilla and all embarked for Linlithgow. The canal looked spectacular, and the event went without incident.

### **Operations – Caledonian Canal**

Boat traffic and vessel numbers have recovered from a slow start in Q1 but remain down on previous years. Installation of self-service diesel pumps at Seaport and Corpach is complete, and the pumps are fully operational. The new equipment enables boating customers to serve themselves diesel in a modern, efficient way, and crucially for SC without any manual intervention from staff.

### **Operations – Crinan Canal**

Crinan waterway operations & depth continue to be impacted by the sinkhole in the Bellanoch stretch. The result is a drop in vessel traffic and visitor confidence at a crucial part of the season. Interestingly, licence income is down only marginally against target, reflecting the increasing size of vessels using the canal. Harbour operations at Ardrishaig are significantly reduced compared to 2024, due to the reduced Scottish Government funding for the TimberLink operation.

### **Moorings**

Residential occupancy continues to exceed target. Lowlands leisure occupancy continues to be negatively impacted by the Falkirk flight closure. Recent dips in compliance have now been reversed.

Efforts are ongoing to remove licence evasion crafts, with the moorings officer managing 13 vessels through the evasion process. Discussions are underway with potential operators for Spiers Wharf, Lochrin Basin and Kelpies.

There is local political interest by elected officials and boaters at Kirkintilloch marina as a result of a run of antisocial behaviour. A local action plan has been formed with police and other stakeholders.

### **Destinations**

The Falkirk Wheel YTD profit sits at [REDACTED]

The Falkirk Wheel Visitor Centre upgrade and active travel plaza is continuing to progress well with planning permission targeted for mid-November; tender-ready by end Q1 2026/27, with works starting Q3 2026/27. A preferred site for the Digital Experience has been identified, with masterplan approval expected in Q3. Holiday boat hire business case is on track to be submitted to the Investment Committee.

Uncertainty remains around the Central Government Energy Efficiency Grant due to upcoming elections. Alternative funding routes are being explored. A funding request to the Walking Wheeling Cycling Trust (formerly Sustrans) is planned for Q4 for 2026/27 investment.


## High Level Challenges and Constraints

### Staff

The Executive Management Team continues to closely monitor staffing levels across the organisation. The recently improved Pay Offer was rejected by one Trade Union group, whilst another group's ballot remains open. The Scottish Government has offered a pay award 0.25% higher than the current Scottish Canals offer, [REDACTED]

## Strategic Stakeholder Update - Highlights

### **08 July 2025: Photocall/Media opportunity to launch the propulsion of the Antonine Boat at The Falkirk Wheel.**

The event was held to celebrate the passenger vessel at The Falkirk Wheel now converted from a diesel engine to all-electric propulsion. The event was attended by a Falkirk-based youth climate action and Scottish Canals CEO.

### **28 July 2025: First Minister meeting with CEO.**

The First Minister, Mr. Swinney, hosted a Press Briefing at The Kelpies ahead of the American Presidential visit to Scotland. During his short visit he agreed to meet Scottish Canals to discuss The Kelpies GVA report, The Kelpies Experience and Kelpies 10. He commented on the importance of activity in the PSR space of preventing demand for public services, through services to encourage health & wellbeing.. He will have also learned of the potential opportunities for canals to deliver contemporary purpose, such as roles in pump storage at the Caledonian Canal.

### **29 July 2025: Photo-call/Media opportunity to launch Sea2Sea Caledonian Swim Challenge.**

Former professional rugby player, Iain Sinclair, approached the organisation to attempt a world-first swimming challenge, to raise money for charities. Supporting this activity, SC used the opportunity to promote the Caledonian Canal towards the shoulder months to maximise exposure for the organisation.

### **03 September 2025: Cabinet Secretary visit to Hamiltonhill Claypits Nature Reserve.**

Scottish Canals hosted Ms. Gillian Martin, Cabinet Secretary for Climate Action and Energy at Applecross, as part of the promotion of the SG Environment Strategy. Scottish Canals CEO spent time with Ms. Martin discussing the effects of climate change on Scotland's public infrastructure, Scottish Canals SMART canal and opportunities for the Caledonian Canal to offer low carbon transport freight movements.

### **19 September 2025: Stakeholder engagement day: Lock 16: Scotland's Centre of Excellence for Canals & Traditional Skills.**

Scottish Canals welcomed over 100 stakeholders to the facility in Falkirk to discuss the new public sector reform project and joint partnership with Historic Environment Scotland (HES). Presentations were led by SC and HES and attendees included project partners, funders, elected members and neighbouring canal communities.

**21-25 September 2025: World Canal Conference Buffalo, New York.**

Scottish Canals were invited as one of two keynote speakers at the Worlds Canal Conference, with costs met by the conference organisers. In attendance was Scottish Canals CEO and COO. Scottish Canals delivered a well-received keynote speech on a world stage to inland waterway operators, governments, industries, academics, historians, boaters and enthusiasts. 10 Countries and 22 USA States were represented amongst the 400+ delegates, who experienced a highly informative conference, networking and relevant site visits.

**02 October 2025: Meeting with Mr Fairlie (Minister for Agriculture & Connectivity).**

Regular meeting with the Minister to brief him on recent activity, challenges and opportunities for Scottish Canals. He will also visit The Kelpies climbing experience on 27<sup>th</sup> November to see SC's recent investment and revenue raising through existing public assets.

**Topical Issues**

**Scrutiny on public bodies** – Following multiple recent press articles featuring Historic Environment Scotland (HES) [Historic Environment Scotland: New chairman addresses staff at troubled quango for first time](#), public bodies within Scotland are finding themselves being additionally scrutinised by the public and media over spend and behaviour. SC is continuing to monitor that negative sentiment and will continue to share the positive public value messages that the organisation adheres to. The CEO and Chair continue to meet bi-annually with DG Net Zero and CEO TS to give assurances on good standards of governance in this context and that of the issues previously reported at Water Commissioner.

**Looking Ahead (Post November Board Meeting)****27 November 2025:**

Minister for Agriculture and Connectivity, Mr. Fairlie to visit the Kelpies Experience ahead of St Andrew's Day.

**28 November 2025:**

Scottish Canals will host its first evening outdoor ceilidh event at The Kelpies with partners Falkirk Council.

## Appendix 1: Business Plan Commitments

Please note, due to a shorter data gathering and analysis window for Quarter 2 (Q2), some data remains incomplete at the time of publication. Corporate risks contained within the Corporate Risk Register are cross-referenced where appropriate, however the three new emerging risks identified in Q2 (Business Resilience, Service Continuity, and Stakeholder Management) are excluded.

### Key

RAG	Summary of Status
Red	Target not met, remediation plans enacted
Amber	Measures in place to achieve target
Green	On target/ Above
Blue	Target met/ Complete

### Quarter 2 Corporate Plan Section Statuses

Section	RAG
Explore and Experience	Amber
Places and Spaces	Amber
Canals for the Future	Green
People & Business	Green








## Quarter 2 Highlights

Overall status is **Green**.

RAG	Total	%	Commentary
<b>Red</b>	0	0	N/A
<b>Amber</b>	9	36%	1 Member of the Public RIDDOR reported; Customer Facilities Improvement programme has made good progress during Q2 although competing demands on project management capacity has meant delivery of the full project spend this year remains challenging; North Glasgow Regeneration programme C40 competition has been delayed due to lack of capacity. Work is underway to launch Phase two during Q3/Q4; and Lock 16 has realised increased construction costs which are being funded by capital contribution from HES.
<b>Green</b>	16	64%	TFW - Antonine vessel in full operation since June following conversion to all electric propulsion. Archimedes (second vessel) conversion to electric propulsion contract has been awarded to the same supplier; Active Travel Strategy presented to SMT, and on course to seek EMT and Board approvals in Q3; Moorings strategy drafting commenced; The entire canal operational channel has been improved with aquatic weed being suitably maintained; Work to review the operational estate is underway, aligned to the multi-year customer & welfare facilities improvement programme; Capital spend committed to date circa £5.0m of an approx. £8m E&I allocation for this financial year. Revenue spend on target as confirmed through monthly Finance meetings with Revenue team; M&E Audit actions completed and implemented; Updated AIP presented to EMT w/c 15/09; Further works on compliance measures progressing throughout E&I M&E regimes in partnership with AMX and Dredging programme on target for delivery in Crinan this FY with additional works identified at Bellanoch; Bollards replacement completion delayed due to M&E capacity / prioritisation - but still planned as resources allow; Transformation Programme projects are progressing; and within the Statutory compliance programme, the energy performance improvements and planned & reactive maintenance are all underway as BAU, and on track for delivery by the end of the financial year.
<b>Blue</b>	0	0	N/A

## Explore and experience

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
Maintain visitor safety management	<ol style="list-style-type: none"> <li>1. Implemented phase one of Visitor and Water Safety Risk Assessment Framework.</li> <li>2. Implemented year one of the Health &amp; Safety Strategy (2025-2028).</li> <li>3. Published an updated towpath code of conduct to support visitor safety.</li> <li>4. Continued support for Christopher's Saving Lives Campaign and ongoing upgrading of Public Rescue Equipment.</li> </ol>	<ol style="list-style-type: none"> <li>1. Zero-harm approach to notifiable accidents.</li> <li>2. Visitor safety plans updated for 62 of 207 locations across the canal network.</li> </ol>			<ol style="list-style-type: none"> <li>1. 1 RIDDOR Reported – [REDACTED]</li> <li>2. Work continues to progress with the implementation of the first phase of the Visitor and Water Safety Risk Management Framework. Training now underway with selected staff groups.</li> <li>3. Draft engagement exercise for the review of the Towpath Code of Conduct has been prepared. Further work to streamline the consultation process underway. Anticipated launch Q3.</li> <li>4. Installation of new PRE ropes across the lowland canals continues.</li> </ol> <p>See Corporate Risk 1004.</p>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
Develop and promote destination experiences	<ol style="list-style-type: none"> <li>Upgraded The Falkirk Wheel tour boats to electric and hybrid engines enhancing the experience, minimising downtime for repairs and reducing emissions.</li> <li>Identified and opened two additional locations for campervan areas along the network.</li> <li>Supported Glasgow celebrating 850 years since the city gained Burgh status with activity on the Glasgow branch.</li> </ol>	<ol style="list-style-type: none"> <li>Visitor numbers.</li> <li>Income generated (£).</li> </ol>			<ol style="list-style-type: none"> <li>Antonine in full operation since June. Archimedes (second vessel) conversion to electric: contract awarded to same supplier. Spend approved by PAC and PO issued. Vessel coming out of service w/c 27th October ready for work to commence.</li> <li>              </li> <li>Visitor numbers TFW circa 289k FYTD</li> </ol>
Quality services for customers	<ol style="list-style-type: none"> <li>Fully implemented self-service diesel pumps at Corpach, Fort William and Seaport, Inverness.</li> <li>Continued embedding customer service culture reflecting our values, ensuring compliance with the Consumer Duty</li> </ol>	Customer sentiment reported and initiate benchmarking.			<ol style="list-style-type: none"> <li>Fully implemented self-service diesel pumps at Corpach, Fort William and Seaport Marina.</li> <li>A paper will come to EMT about embedding customer service culture as previously agreed.</li> </ol>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	provisions and carrying out effective sentiment measurement and reporting.				
Active Travel Strategy and infrastructure upgrades	<ol style="list-style-type: none"> <li>Completed strategy development with a view to launching in 26/27.</li> <li>Commenced the development a five-year capital co-investment programme.</li> </ol>	Active Travel Strategy developed.			<ol style="list-style-type: none"> <li>Presented draft ATS to SMT, strategy document drafting underway and on course to seek EMT and Board approvals in Q3.</li> </ol> See Corporate Risks 1001, 1008, 1906 and 2139.
Grow volunteering capacity	<ol style="list-style-type: none"> <li>Supported the volunteering and training partnership with Scottish Waterways for All enhancing activity along network between Edinburgh and Falkirk.</li> <li>Developed a Volunteering Strategy to nurture partnerships with community and third sector organisations.</li> </ol>	<ol style="list-style-type: none"> <li>Volunteering Strategy developed.</li> <li>Impact report produced.</li> </ol>			<ol style="list-style-type: none"> <li>No funding during 2025/26 - deferred to 2026/27, other than Caledonian Volunteering, which will start in Q4, with Volunteer Coordinator returning from maternity leave.</li> </ol> See Corporate Risk 1905.
Navigation, transits, and	1. Produced a new five-year moorings strategy	1. Moorings Strategy developed.			1. Moorings strategy drafting commenced.

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
moorings provision	seeking to make best use of our moorings estate. 2. Continue to implement Scottish Canals evasion policy to minimise the number of abandoned vessels on the waterways.	2. Occupancy rates maintained at 85% across the network.			2. Continued progress on evasion across all waterways. Monies recovered through sale of boat and Third-party insurance claim. (circa £47k). See KPI – Occupancy Rate 82%
Navigation, transits, and moorings provision	1. Carried out routine spot dredging and weed control to maintain navigation.	1. Unplanned closures for navigation.	98%		1. The entire operational channel has been improved with aquatic weed being suitably maintained. Q2 has seen two full cuts per month with aquatic weed remaining substantially clear of the navigation channel. The only section of canal not to have seen any aquatic weed cutting is between Carron Sealock and Lock 16 which has been closed for significant investment works.

## Places and spaces

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
Customer facilities Improvements	<ol style="list-style-type: none"> <li>Developed a multi-year programme based on agreed priorities and</li> <li>deliver year two projects, focused on improvements to facilities across the network.</li> </ol>	<ol style="list-style-type: none"> <li>Action plans developed.</li> <li>Capital investment in facilities and services (£).</li> </ol>			<p>Good progress made during Q2 although competing demands on project management capacity mean delivery of full project spend this year remains challenging. However, five priority projects are progressing through project governance. Scoping work progressed for Oakfield Bridge and Banavie staff welfare facilities, new projects scoped for the replacement of the Calder Crescent staff facility with a modular/container building, and for improvements to the Grangemouth customer facility, with procurement activity now underway. A project plan to capture data on customer facility usage has been developed and will be refined for implementation in Q4. Works continues to develop standardised heating and ventilation specification across the estate.</p>
Customer facilities Improvements	<ol style="list-style-type: none"> <li>Concluded the smart bollard pilot at Seaport Marina to inform further roll-out across the estate.</li> </ol>	<ol style="list-style-type: none"> <li>Action plans developed.</li> <li>Capital investment in facilities and services (£).</li> </ol>			<p>Awaiting finalisation of input costs (electricity) from EDF and appropriate training for finance / management team. Following this, bollards can be soft launched with WCD residential customers.</p>
Maximising the impact of land and estate holdings	<ol style="list-style-type: none"> <li>Progressed our review of operational estate to identify opportunities for vacant properties and under-utilised land.</li> </ol>	<ol style="list-style-type: none"> <li>Specific feasibility and investment plans developed.</li> </ol>			<ol style="list-style-type: none"> <li>Work to review the operational estate is underway, aligned to the multi-year customer &amp; welfare facilities improvement programme. Long term vacant &amp; derelict properties working group has established a prioritised list of vacant buildings to tackle, subject to available</li> </ol>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	2. Delivered a programme of statutory compliance, including Energy Performance Certificate standards, planned maintenance and reactive repairs across our properties.	2. Compliance performance and assurance.			<p>resource. Quarterly Placemaking workshops ongoing to review vacant land opportunities and undertake masterplan development. Investment opportunities being progressed per the Commercial Investment Plan.</p> <p>2. Statutory compliance programme, energy performance improvements and planned &amp; reactive maintenance all underway as BAU and on track for delivery by the end of the financial year.</p>
Falkirk Wheel masterplan	<p>1. Concluded design of new entrance and visitor toilets. Subject to funding tendered for a construction contract, with a programme in place for delivery.</p> <p>2. Business cases for wider site developments including digital visitor experience, holiday hire accommodation</p>	Capital improvement programme investment (£).			<p>1. Design of toilets, entrance, cladding and entrance plaza concluded to RIBA Stage 3. Stage 3 cost report to be concluded in Q3 and design and cost to be presented to EMT for planning submission approval in Q3.</p> <p>2. Update on business case for wider site developments including updated masterplan, outline business plan and outline strategic, economic, commercial and financial case to be presented to EMT in Q3.</p>
Scotland's Centre of Excellence for Canals and Traditional Skills - Lock 16, Falkirk	<p>1. Subject to approvals and all funding in place, we will have progressed the construction contract in readiness for anticipated launch during 2026/27.</p> <p>2. Partnerships developed to support delivery of traditional skills, volunteering and shared</p>	Progress against project plan.			<p>1. OBC received formal endorsement and Full Business Case (FBC) development continued, with submission to Falkirk Council in early October. Subject to approval, it will be presented to UK and Scottish Governments on 6 November. Construction contract tendering has realised increased construction costs which are being funded by capital contribution from HES. Planning permission and Stage 1 building warrant secured during August.</p>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
					2. Partnership agreement between HES and SC is drafted and anticipated to be finalised alongside the lease in late Q3/early Q4.
North Glasgow regeneration	1. Identified opportunities for the land and buildings at Applecross Street via the C40 Reinventing Cities competition, supporting the wider regeneration of the local area and building on the success of the Claypits and recent investments in moorings and connections. 2. Progressed the next phase of development at Dundashill with partners. 3. Completed a significant refurbishment project at Borron Street Business Park and 4. developed a five-year programme of investment in the asset.	Action plan developed. Income generated and capital receipts (£)			1. C40 competition delayed due to lack of capacity. Work is underway to launch Phase two during Q3/Q4. [REDACTED] 2. [REDACTED] 3. Refurbishment of Units 23 & 24 completed, [REDACTED] 4. Year 1 investment projects at 100 Borron Street Business Park anticipated to be submitted to the Investment Committee in the second half of the year

## Canals for the future

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
Improving asset health and resilience	<ol style="list-style-type: none"> <li>Delivered on priority repairs including planned preventative maintenance to extend the lifespan of assets alongside responding to defects.</li> <li>Significantly progressed actions arising from the audit of mechanical and electrical compliance and associated investment in our asset management system.</li> <li>Carried out dredging to meet navigation standards.</li> </ol>	<ol style="list-style-type: none"> <li>Capital and revenue spend (£).</li> <li>Progress on compliance assurance.</li> </ol>			<ol style="list-style-type: none"> <li>Capital spend committed to date circa £5.0m of an approx. £8m E&amp;I allocation for this financial year. Revenue spend on target as confirmed through monthly Finance meetings with Revenue team.</li> <li>M&amp;E Audit actions completed and implemented. Updated AIP presented to EMT w/c 15/09. In addition, further works on compliance measures progressing throughout E&amp;I M&amp;E regimes in partnership with AMX.</li> <li>Dredging programme on target for delivery in Crinan this FY with additional works identified at Bellanoch.</li> </ol> <p>See Corporate Risks 1001, 1008, 1906 and 2139.</p>
Network-wide climate change resilience assessment	<ol style="list-style-type: none"> <li>Initiated a climate resilience assessment of our heritage scheduled monuments to support future asset management planning.</li> <li>Scoped the parameters for hydrological modelling to support analysis of future climate change scenarios to understand likelihood</li> </ol>	Progress against the development of future approaches to resilience and water stewardship.			<ol style="list-style-type: none"> <li>Work continues to explore a partnership with technical experts and world leading academics in Australia who can provide expertise and leadership for climate impacts on historical monuments and assets. In person meeting scheduled for January 2026 with stakeholders.</li> <li>2 &amp; 3 . Work continues to explore opportunities for accessing hydrological expertise within the organization including different methods of support and delivery frameworks. EMT will consider all options during Q3.</li> </ol>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	and severity of resilience events on supply. 3. Progressed partnership working in place to support flood mitigation developments including early scoping of a second Smart Canal.				See Corporate Risk 1907.
Net Zero carbon	1. Progressed our net zero action plan with a focus on electrical vehicle charging across the network. 2. Introduction of hybrid electric engines to the trip boats will reduce carbon emissions and improve occupational safety for the boat crews. 3. Significantly advanced activity on pump hydro-related freight projects.	1. Progress against action plans. 2. Carbon emission reduction (%). 3. Progress on electric vehicle network roll- out.			1. Progressing with installing 4 new EV Charging points across the network in 2025/26  2. Second TFW tour boat engine replacement scheduled for winter works 2025/26.  3. Engagement around pump hydro scheme ongoing with application for new scheme at Loch Kemp now under consideration by Highland Council.  See Corporate Risk 1907.
Devise and implement canal-specific strategies	1. Concluded replacement of service bollards at the Crinan Canal. 2. Progressed partnership initiatives aligned to the Union Canal Strategy delivered in partnership with City of Edinburgh Council and working closely with	1. Union Canal projects identified. 2. Harbour compliance standards maintained.			1. Bollards replacement completion delayed due to M&E capacity / prioritisation - but still planned as resources allow.  2. Quarterly meetings are held by Placemaking to interface with CEC and stakeholders to deliver against the Edinburgh Union Canal Strategy. Over the last 12 months, the Fountainbridge towpath improvement project has

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	<p>local community and third sector partners.</p> <p>3. Continued to fulfil statutory harbour compliance requirements for Corpach and Adrishiaig.</p>	<p>3. Crinan service bollards completed.</p>			<p>been delivered on site; we are interfacing with developers adjacent to the canal to determine future project integration; we have met with the local MP to discuss ongoing action; SC meet regularly with City of Edinburgh Council, this year we have met with their Regeneration team (who lead on canal interface), Head of Place and their Active Travel team, who have recently launched a public consultation on active travel along Dundee Street to Fountainbridge, which delivers against the strategy.</p> <p>3. Harbour Master training completed by CC &amp; SI (Caledonian).</p> <p>See Corporate Risks 1001, 1008, 1906 and 2139.</p>
Reservoir upgrades	<p>1. Implemented measures including inspections and repairs to be taken in the interests of safety to Scottish Canals reservoirs.</p> <p>2. Completed year one of a two-year programme to rebuild Townhead Reservoir spillway.</p>	<p>Capital investment (£).</p>			<p>1. As Q1 status. MIOS inspections brought forward in Crinan to allow ARPE opportunity to visit.</p> <p>2. Capital works at Townhead Reservoir, while delayed due to land negotiation delays, are now progressing albeit with a 6-month delay while negotiations concluded.</p> <p>See Corporate Risks 1001, 1008, 1906 and 2139.</p>
Implement local gate and infrastructure	<p>1. Significantly progressed replacement of the Forth &amp; Clyde lock gates 3-16 on the west flight seeking to minimise the period of closure to navigation.</p>	<p>Capital investment (£).</p>			<p>1. F&amp;C works on site, Lock 16 and 15 - 3. Old gates removed, bypass works completed and new gates awaiting delivery and install in Q3. Stop plank grooves and stop planks installed/purchased and upper gates refurbished</p>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
automation programme	2. Mechanised bridges upgrade programme Bridge developed and delivery at Hillhead & Erskine, Gairloch, Cairnbaan, Ardrishaig, Muirton and Tomnahurich. 3. Completed upgrades to operational moorings to support ongoing asset management.				by internal maintenance team. Old gates removed 15,14,13 and 12. New gates to be installed in Q3. 2. Mechanised bridge upgrade not in CIP for 25/26FY. 3. Operational moorings works progressing on Caledonian canal - expected conclusion within 25/26FY. See Corporate Risks 1001, 1008, 1906 and 2139.
Biodiversity gain	1. Undertaken works to address hazardous trees, including those impacted by Ash Dieback. 2. Completed further assessment of wild salmon and potential solutions to manage fish migration. 3. Reported on research into approaches to control non-native New Zealand pygmy weed and future management of floating water fern on the Monklands Canal. 4. Maintained engagement with boat owners to ensure all vessels on the canal comply with the requirements of the Boat Safety Scheme.	1. Identified potential control measures to support biodiversity gain and compliance with statutory obligations. 2. Training implemented.			1. Tree survey work now complete and action plans including work packages currently being developed to ensure a risk based and proportionate response to tree management. Significant tree remediation work delivered during Q2. 2. Work continues to explore opportunities to support SG commitments and SEPA regulatory obligations to support fish migrations. 3. This work is now complete. Further engagement with the provider is underway to explore how technology can be used in other areas of the canal network. 4. Limited action during Q2 and this will be progressed during Q3. See Corporate Risk 1907.

## People and business

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
Transformation Programme implementation	<p>1. Implemented year two of our transformation programme focused service design and delivery and resetting our operating model.</p> <p>2. Progressed 'invest to save' initiatives and reflected in plans for 2026 onwards including engagement with employees, stakeholders and partners.</p> <p>3. Published a socio-economic impact report and refreshed our KPI framework and evidence and environmental impact evaluation framework.</p>	<p>1. Annual and multi-year project portfolio in place (capital and revenue £).</p> <p>2. Progress against transformation targets/milestones.</p> <p>3. Progress against internal audit recommendations and overall level of assurance.</p>			<p>1. Transformation Programmes are progressing, particularly Target Operating Model, Utilities, Compliance, and Sharepoint (M365). Initial work started on the updated HRM system.</p> <p>2. PMO dept have completed full update of Project paper and detailed analysis of trends for KPI are now beginning as Business data analyst is in place.</p> <p>3. Socio- Economic report initial phase has been completed. and information being analysed. Environmental impact evaluation framework data gathering ongoing.</p> <p>4. Briefing of SMT on 26-27 gathering completed late Q2 See Corporate Risk 1003.</p>
Workforce planning and development	<p>1. Published our Workforce Plan and progressed activity to support assessment of people resource</p>	<p>1. Workforce Plan implementation progress.</p> <p>2. Apprenticeship scheme roll out.</p>			<p>Workstreams underway for Job Design Project, continuous Job Evaluation, and Target Operating Model. Succession Planning Project to commence in Q3.</p>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	<p>requirements aligned to our future service delivery model.</p> <p>2. Invested in capturing corporate knowledge and preparing for succession planning to address known corporate risk issues.</p> <p>3. Undertaken an employee survey and progressed an associated action plan to build on workforce engagement</p>	<p>3. Percentage of turnover invested in learning.</p> <p>4. Number of people trained.</p> <p>5. Employee survey completions.</p>			See Corporate Risk 1905.
Community engagement and employability programmes	<p>1. Launched our contribution to the partnership programme to create trainee opportunities along the John Muir Way.</p> <p>2. Contributed to year one of the Green Skills John Muir Way project, led by The Conservation Volunteers and funded</p>	<p>1. Organisations engaged and volunteer's numbers.</p> <p>2. Progress against plans.</p> <p>3. Number of young people engaged.</p>			<p>Green Skills employability project continued, with impact on vegetation management on Lowland Canals.</p> <p>See Corporate Risk 1905.</p>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	<p>by the National Lottery Heritage Fund to create trainee opportunities.</p> <p>3. Hosted the third year of Youth Engagement Forums through our YoungScot partnership, helping to shape plans which promote the voice of young people in the future of our canals.</p>				
Ongoing investment in employee wellbeing, health, and safety	<p>1. Published a three-year Health &amp; Safety Strategy for public safety and occupational health and wellbeing with a focus on safety culture.</p> <p>2. Assessed the impact on employee wellbeing and service delivery following the introduction of a shorter working week.</p> <p>3. Implemented year two priorities following the welfare review, adopting</p>	<p>1. Health &amp; Safety strategy implementation activity.</p> <p>2. Progress on welfare upgrade plans.</p> <p>3. Shorter working week review completed</p>			<p>1. Complete.</p> <p>2. This work will be carried out during Q3/Q4.</p> <p>3. Work is being led by Placemaking team.</p> <p>4. Tender exercise completed and a new provider for an integrated occupation health and surveillance programme has been contracted to the organisation.</p> <p>See Corporate Risk 1004.</p>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	<p>a risk-based approach to improvements.</p> <p>4. Occupational health surveillance refreshed for employees exposed to health hazards for all known activities.</p>				
<p>Information management, digital systems, cyber security, and safety</p>	<p>1. Introduced new software, upgraded systems and associated hardware to support customer service and asset management functions.</p> <p>2. Commenced investment in electronic records management plans to deliver key information compliance and audit activity.</p> <p>3. Implemented a robust sector leading cyber security platform with 24/7 365 monitoring and interception, UK wide monitoring in</p>	<p>1. Compliance performance.</p> <p>2. Progress against action plans.</p> <p>3. Lost time in response to cyber incidents.</p>			<p>1. Windows 11 roll out program ongoing, new software applications rolled out to specific user devices, such as EventBrite for ticket sales, firmware and security upgrades ongoing to firewall, ServiceDesk+, and servers/laptops.</p> <p>2. Consultancy and scoping work by MM, EJ, NC, CA, ICT, and Intelogy. Records manager in place.</p> <p>3. Acumen Cyber Secure Ops Centre in place as of July 25, Police Cyber Alarm for reporting in place and operational, ongoing collaboration with SwordBreaker Ransomware Protect and HEFESTIS ongoing.</p> <p>See Corporate Risk 1006.</p>

Activity	By March 2026 we will have	Performance measures	RAG Q2	RAG Q1	Q2 update
	collaboration with Police UK and Police Scotland, and continued innovation through pilot schemes.				

### Q2 Performance Dashboard

Please see Agenda Item 6ii PowerPoint slide deck for KPI report, H&S dashboard, Towpath Report, and Communications & Marketing insights.