BOARD: **MARCH 2026**
Item: **Performance Reporting (Formerly CEO Quarterly report)**
7i **Executive Management Team Challenges & Opportunities**

CORPORATE / ASSURANCE / OPEN

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EMT APPROVED:	

PURPOSE
To provide a summary on strategic alignment and high-level insights. The report also details any critical risks and clear actionable recommendations or decisions required.

RECOMMENDATION
The Board is invited to note the update and provide comments or observations.

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

ASSESSMENT
This report is intended to provide the Board with the organisational intelligence on internal and external horizon scanning, alongside consideration of wider organisational developments.

Strategic Overview

SCOTTISH GOVERNMENT

Ministerial Engagement – Mr Fairlie MSP, Minister for Agriculture & Connectivity
Regular engagement continues with Mr Fairlie, Minister for Agriculture & Connectivity, to ensure ministerial awareness of recent activity, challenges and opportunities for Scottish Canals. Mr Fairlie was also invited to take part in The Kelpies Experience in November 2025. The Minister's participation enabled Scottish Canals to give a live demonstration of commercial revenue generation from public assets. This provided tangible evidence of return on capital investment and an opportunity to reinforce Scottish Canals' contribution to tourism, placemaking and economic stimulus.

[redacted]

Public Service Reform (PSR)
At the PSR Operational Summit, the Minister for Public Finance outlined efficiency expectations across public bodies. Key implications for Scottish Canals included: anticipated scrutiny of cost base and duplication, increased expectation of shared services and collaborative delivery and potential requirement to evidence measurable productivity gains.

Subsequent PSR sessions with Transport Scotland and other public body CEOs reinforced the need to: identify areas of functional duplication, consider cross-body collaboration models and demonstrate value for money with constrained budgets.

[redacted]

[redacted]

[redacted]

STRATEGIC PARTNERSHIPS

Climate Adaption Leadership
Attendance at the Scottish Government Climate Adaptation Leadership Summit (opened by the Cabinet Secretary for Climate Action & Energy) reinforced: national prioritisation of climate resilience, cross-sector collaboration expectations and the importance of infrastructure adaptation planning.

Highland Council – Caledonian Canal & Pumped Storage Hydro
Engagement with the CEO of Highland Council focused on long-term strategic considerations for the Caledonian Canal in the context of emerging Pumped Storage Hydro (PSH) schemes. Key considerations included: water level management and operational interface risks, infrastructure resilience and investment requirements, potential economic stimulus to Highland communities and reputational and environmental sensitivities.

Lock 16: Scotland's Centre for Excellence for Canals and Traditional Skills – Full Business Case Approval
Approval and endorsement of the full business case by Falkirk Council and Scottish Government marks a significant milestone for the project. This allows Scottish Canals to strengthen partnership alignment, capital investment leverage and long-term enhancement of community and visitor infrastructure. This project contributes to economic regeneration for the Falkirk and Grangemouth area and reinforces the canal corridor as a destination asset.

British Marine Scotland – Sector & Workforce Development
Partnerships providing a strategic opportunity to position towpaths as active travel corridors and align with national health and net zero outcomes.

MEDIA & BRAND

Narrow Escapes Channel 4 Filming
Filming took place along the Caledonian Canal and at The Falkirk Wheel allowing the opportunity for Scottish Canals to gain national exposure, strengthen brand positioning whilst adding to the tourism and visitor economy stimulus supporting revenue growth and destination marketing objectives.

PEOPLE

Employee Engagement – Roadshows
Over 185 staff attended Scottish Canals annual staff roadshows. This allowed Scottish Canals to reinforce its strategic direction, improve transparency around financial and operational context and enhance employee engagement.

[redacted]

OPERATIONAL
Engineering and Infrastructure
Q3 saw the canal season close, traffic was low on Crinan as a result of water level (2.0m draft/ standard 2.3m/ legal depth 2.9m) reductions due to two significant embankment failures between Bellanoch and Crinan. Investigations have been undertaken and planning is in place for works Q4/ early Q1 (Crinan will open 1st May 2026). Works continued on the Falkirk Flight Lock 16-Lock 12 and good progress has been made with gates tested and rewatering planned for Q4 and stage 2 commencement Lock 11- Lock7, programme presently anticipates reopening of locks early August 2026 with further works on Lock 4 winter 2026/27.

Significant leakage has occurred within the historic Kelvin Aqueduct, leading to emergency investigations and the requirement to dewater the Forth & Clyde Canal at Maryhill. Plans are being put in place for Q4 major works to tackle this significant issue.

Asset Management works continue with limited resources, however this is being supported by AECOM. Work has continued catching up with the principle inspection programme and developing a 'Top Ten' list of asset concerns across all 16 assets types bringing further focus to our asset investment programme. Late Q3 work commenced within engineering on developing the State of The Infrastructure report aligning with Transport Scotland's processes.

Operations
Q3 has seen the boat movements across all waterways decrease towards the end of the traditional boating season in October. In November and December, the focus has been on winter works. A recent success on the Caledonian Canal has been deployment of a new Roboflail significantly increasing our efficiency, delivering our winter cut on embankments 50% faster than previous years. Towpath traffic has been at a similar level to previous years (excluding Covid period). Lowlands has removed over £200k of dangerous and fallen trees Q1-Q3 with support from Transport Scotland.

Moorings continue to perform well with overall compliance (Boat Safety, Insurance) returning to target at 85% and residential occupancy continues to exceed target at 92%. Lowlands leisure occupancy has been negatively impacted by the Falkirk flight suspended navigation and remains at 69%. Crinan occupancy continues to be impacted by the ongoing engineering works. Works continue to remove abandoned and non-compliant boats, presently we are managing 18 boats via the evasion process.

Estates and Placemaking

The team remained focussed on income generation, compliance and future projects to improve facilities and support business transformation.

[redacted]

The sale of Glentarff House by Community Asset Transfer concluded, supporting a continued reduction in the number of long term vacant and derelict properties held. Residential property occupancy has risen to 97% in Q4.

[redacted]

[redacted]

The estates team are working on moving all records and asset management to our Asset Management Expert system, ensuring our Engineering and Estates asset will be managed and operating within the same system. Full integration is planned for Q1 26/27.

Destinations

Q3 saw a solid performance across destinations with customer satisfaction remaining >90%/ 4.5 Trip Advisor. Work commenced on refitting the Archimedes tour boat with electric propulsion and winter works commenced at both visitor centres. Both Behind the Wheel/ The Kelpies Experience remained very popular as was our Breakfast with Santa Experience (85% capacity achieved). Teams have been focussing on winter works, Travel trade 2027 and a series of familiarisation tours that have already brought in a further [redacted] for next season.

CORPORATE CONSIDERATIONS ANALYSIS

Strategic Priorities	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.
Health & Safety	The Q3 health & safety report is reflected in the KPI and Business Plan progress update.
Financial	This report complements the Q3 finance report.
Legal	N/A
Risk / Risk Appetite	This report complements the Q3 corporate risk report.
Sustainability	N/A
Environment	N/A
People	Specific people-related measures are reported.
Fair Work	N/A
Communication	This report complements the Q3 corporate communications and marketing report.
Community & Third Sector	N/A
Commercial	This report contains measures of commercial performance reflected in the KPI and Business Plan progress update.
Asset	This report contains measures of Asset performance reflected in the KPI and Business Plan progress update.

Scottish Canals