Board Meeting Minutes

Meeting:	**Scottish Canals Board**
Date and Time:	**Friday 13 March 2026, 09:30 to 13:00**
Venue:	**The Blueprint Room, The Falkirk Wheel, Lime Road, Falkirk**

Members:	Maureen Campbell	Chair
	Carolyn Sawers	Vice Chair
	Robin Strang	Board Member
	Michelle Wailes	Board Member
	Rob McGregor	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
	Nicola Christie	Head of Governance & Legal Services – Secretary
	Vikki Fleming	Executive Personal Assistant - minutes
	Andy Robinson	Head of Governance and Special Projects, Transport Scotland
Apologies:	N/A	

	Topic	Action
1	**Welcome, Apologies and Declaration of Interests** 1.1 The Chair welcomed all to the meeting. There were no apologies for absence. 1.2 There were no declarations of interest.	
2	**People Report** [redacted] [redacted] [redacted] [redacted]	

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3	**Approval of previous Board Meeting Minutes** 3.1 The Board considered and approved the draft minutes of the Board meeting held on 15 December 2025. 3.2 The Board approved the internal summary of outputs from the Board Strategy held on 03 February 2026.	
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 correct individual. The updated action log was reviewed, and the Board approved the closure of the completed actions. 4.2 The Board noted that a risk tolerance survey had been circulated to Board, ARC and EMT members to gather views on risk tolerance across key risk categories. The survey output would inform the development of draft risk tolerance statements for consideration at the ARC meeting on 19 May 2026 prior to reporting to the Board for approval. **Annual Report and Accounts (ARAs) 2024/25 Update** 4.3 Audit Scotland had required to undertake reviews of non-current asset values prior to issuing an opinion appraisal. The asset duplication issue identified was not expected to recur in 2025/26. The Board was assured that all other audit work was complete, and Audit Scotland had confirmed that no other significant matters were outstanding. Due to unforeseen absences in the external audit team, the finalisation of the ARAs 2024/25 had been further delayed, and TS is aware. The external audit recommendations would focus on assets and improving transparency in financial management controls and will be reported to ARC. 4.4 The Board Chair emphasised the need to complete the ARAs 2024/25 at the earliest opportunity and that a Board meeting could be convened at short notice. 4.5 The Transport Scotland sponsor team had been advised of the further delay with anticipated Board approval of the ARAs 2024/25 by the end of March 2026. It was noted that the pre-election period may affect the laying of the ARAs 2024/25 before Parliament and that the Auditor General may be required to write to Parliament to explain the delay. 4.6 A lessons learned discussion is scheduled with Audit Scotland following the completion of the current audit to inform a timelier external audit 2025/26 with a view to re-establishing a compliant financial reporting timetable going forward. Consideration would also be given to improved non-current asset valuation processes for the external audit 2026/27. 4.7 The Board was assured that the ARC would review the external audit plan at its next meeting and update the Board. **Public Service Reform (PSR) Chairs Group Update** 4.8 The Chair reported on the Public Sector Reform Chairs Group, established to keep Chairs and Boards informed of PSR to streamline work across the public sector. Membership included cultural and regulatory bodies and the Scottish Government. It was noted that PSR was moving into a phase focused on demonstrating activity. The Chair highlighted the importance of sharing examples and feeding insights into wider discussions to support evidence-based decision-making, alternative approaches and expected savings.	

	4.9 The Board noted multiple concurrent workstreams across Scotland, making it challenging to identify where refinement was most needed to ensure consistency and savings. 4.10 The Chair emphasised the need to gather and share examples of inefficiencies or opportunities for collaboration, to be fed into PSR discussions for consideration. Better and proportionate policy-led regulation aligned with risk tolerance was required to address the increasing costs associated with several current potentially dis-proportionate regulatory obligations.	
5	**Audit & Risk Committee (ARC) Chair Report** 5.1 The Board noted the written report from the ARC Chair together with the minutes of the ARC meetings held on 21 January 2026 and 19 February 2026. The ARC Chair summarised the key issues in addition to the ARAs 2024/25 update reported under item 4 above. **Internal Audit** 5.2 The Board noted that, following a compliant procurement process using the Crown Commercial Internal Audit Framework, the Internal Audit function would be delivered by BDO LLP. The call-off contract commenced on 02 February 2026 to 01 February 2028 with the option to extend by two periods of twelve months. As recommended by the ARC the Board ratified the appointment of BDO LLP to provide internal audit services in accordance with the matters reserved to the Board. 5.3 The contract with Audit Glasgow had been varied to ensure the completion of internal audit services for the financial year ending on 31 March 2026 and to ensure an orderly close-off and hand-over of internal audit matters to BDO LLP. Audit Glasgow would attend the next ARC meeting to report on the organisational culture internal audit, together with the Follow-up report and Internal Audit opinion 2025/26. **Internal Audit Plan 2026/27** 5.4 The Board noted the outline four-year internal audit plan, the Audit Charter and working protocols. Four internal audits were proposed to be undertaken in 2026/27 on Financial Planning; Asset Management – Compliance; Risk Management; and Management Information and Performance Management together with a follow-up recommendation review. The Board was assured that the selected audits were aligned to the risk register, focussed on areas of high risk and were targeted to relevant business areas to improve efficiency and effectiveness. Following the recommendation of the ARC, the Board approved the Internal Audit Plan 2026/27. **Insurance 2026/27** 5.5 The Board approved the ARC recommendation that Scottish Canals continued to maintain a risk protection programme balanced between self-insurance of the canal infrastructure and commercially insured risks based on value for money, appetite for risk and claims history compared to insurance premium costs. **ARC Terms of Reference** 5.6 The Board considered the revised ARC terms of reference. The ARC Chair advised that the Scottish Government Handbook did not prescribe a quorum and that other small public sector bodies have an ARC with a quorum of two. It was also noted that the Financial Reporting Council set a quorum with a minimum of two. It was recommended that a minimum of two members (with a Board member as Chair) be present for an ARC meeting to be deemed quorate. The Board noted that Board members can nominate deputies from the Scottish Canals Board to represent the Scottish Canals Board ARC members at ARC meetings as an additional safeguard to ensure that the ARC meetings were quorate.	

	5.7 The Board discussed whether the current two Board and two independent member model remained optimal. The valuable scrutiny and challenge of the current independent ARC members was noted, and it was agreed to retain independent membership from sources other than the Board. 5.8 The Board approved the revised ARC terms of reference subject to revising the ARC membership to be at least four members with a minimum of one independent member. **Port Marine Safety Code (PMSC)** 5.9 The Board noted that the PMSC, as updated in April 2025 with a new guide for good practice, was the UK standard for port marine safety, with compliance confirmation to the Maritime Coastguard Agency (MCA) required every three years. The current PMSC compliance reporting window was open to 31 March 2026. Participation in the PMSC compliance exercise was encouraged but not legally required. Following the recommendation of the ARC the Board, as Duty Holder, agreed that Scottish Canals would provide the MCA with a statement of intent that it was working towards PMSC compliance pending clarification of the complex and historic local legislation. 5.10 The Board was assured that the most recent audits undertaken by the independent designated person, ABPmer, demonstrated Scottish Canals strong understanding of risk management with a good safety culture and conservancy duty. Continuous improvements to the Marine Safety Management System (MSMS) had been made. The Board was assured that the ARC would continue to monitor the audit report recommendations and observations for improvement.	
6	**Annual Business Planning & Budget 2026/27** **Annual Business Plan 2026/27** 6.1 The Board considered and approved the proposed activities, outcomes and performance measures to be included in the Annual Business Plan 2026/27. The activities and outcomes reflected the strategic priorities and commitments outlined in the Corporate Plan 2023-2028, operational conditions, corporate risk and Scottish Canals journey towards financial sustainability. 6.2 The Board noted that the Annual Business Plan 2026/27 would follow the same structure and design of the three previous business plans under the current 5-year Corporate Plan 2023-2028. The fully designed Annual Business Plan 2026/27 would be circulated to the Board and Transport Scotland for information prior to the year end. It was recommended that the strategic themes be re-ordered with Canals for the Future as the first strategic theme. 6.3 The Board was assured that the Business Plan outcomes were achievable, and ongoing discussions with Heads of Service would ensure alignment with departmental KPI delivery and available resources. 6.4 The mapping exercise of Scottish Canals planned strategies refresh would be circulated to the Board for information. An agile and viable approach was recommended for the planned volunteering strategy linked to the values in the Corporate Plan with clear opportunities to demonstrate income growth. The success of the active travel action plan would be a positive addition to the asset management strategy. The Net Zero Route map should include further detail on the success of the fleet transition to EV.	

	Budget 2026/27 6.2 The Board considered and approved the proposed balanced Scottish Canals Budget 2026/27. 6.3 The Board welcomed a re-baselined budget which better reflected the burden on the organisation for maintaining the canal infrastructure with a mix of both revenue and capital resources. The available budget would enable Scottish Canals to focus on reducing asset risk and increase performance measurement for key areas of compliance. The Board was assured that Budget spend would be closely monitored. 6.4 The Board noted that there would be pressure on delivery for 2026/27 and that a flexible recruitment programme of temporary roles/ agency and contractors would be required in addition to permanent and seasonal roles. The professional fees would be broken down in quarterly finance reports to ensure transparency of contractors and sub-contractors deployed. There may be some movement between wages and salaries and expenditure on maintenance / fees during the year – with all decisions on expenditure based on asset risk/compliance priorities and value for money. 6.5 Investment tracking would be included within finance reporting for 2026/27 to provide assurance to Board on investment decisions. **Capital Investment Programme 2026/27** 6.6 The Board considered and approved Scottish Canals Capital Investment Programme 2026/27 subject to receipt of Scottish Government approval of the allocation of spend of [redacted] Grant in Aid. 6.7 The Board noted alignment with the Asset Management Strategy and State of the Asset report and welcomed the clear investment focus on canals for the future, reflecting 87% of available funding and the implementation of efficiencies. Spaces and places were supported by investment in facilities and compliance. 6.8 The Board noted the structure and capital investment areas proposed for the following four years, 2027/28 to 2030/31 and acknowledged the significant efforts of the engineering team to demonstrate strategic alignment with Transport Scotland expectations. 6.9 The Board noted that Scottish Canals continued to operate at risk with significant challenges to demonstrate progress to address the operational backlog. Aging lock gates, aqueduct and embankment repairs and reservoir compliance requirements were highlighted as ongoing risks. 6.10 The Board noted that resourcing was a continuing concern and a focus for recruitment. The Board was assured that work was ongoing with the procurement team to demonstrate competitive cost controls and value for money from framework contractors. **ACTIONS**	
	e) The fully designed Annual Business Plan 2026/27 to be circulated to the Board and Transport Scotland.	**Interim Director of People, Safety & Governance**
	f) The mapping exercise of Scottish Canals planned strategies refresh to be circulated to the Board for information.	**Interim Director of People, Safety & Governance**
	g) Investment tracking to be included within 2026/27 finance reporting to provide ongoing Board assurance.	**Director of Finance & Business Services**

7	**Performance Reporting** **Executive Management Team Challenges & Opportunities** 7.1 The Board welcomed the comprehensive strategic, operational and stakeholder updates detailed in the refreshed Executive Management Team Challenges & Opportunities report. A section summarising expected priorities for the next quarter would be included going forward. 7.2 The Board noted continuing investigations of the Kelvin aqueduct to address infrastructure concerns. The Board was updated on lease negotiations at Borron Street together with additional income streams under negotiation at Ardrishaig. 7.3 The Board discussed succession planning for anticipated loss of operational and corporate knowledge in coming years. The Board was assured that a mentoring programme to support emerging and new talent was in development. **Q3 2025/26 Finance Report** 7.4 The Director of Finance & Business Services updated the Board on the latest financial position for the 2025/26 financial year, together with a summary of ongoing financial issues as detailed in the Q3 Finance Report. **Q3 2025/26 KPI's** 7.5 The Board noted the Q3 performance against the Business Plan commitments and corporate KPIs. The Board noted a drop in transits on the Crinan and Caledonian Canals. This was partially due to asset closure challenges. The Board was assured that increased marketing was planned although the affordability of boating was an increasing concern. **Q3 Health & Safety Dashboard** 7.6 The Board noted the health & safety quarterly summary. There were no points of clarification required. **Q3 Corporate Communications & Marketing Report** 7.7 The Board noted the comprehensive communications and marketing update. **Q3 2025/26 Corporate Risk Report** 7.8 The Board noted the Q3 summary of the corporate risk movements and risk activity undertaken as detailed in the Corporate Risk Report and noted most corporate risk scorings remained stable. 7.9 The Asset Health risk had increased in the short term, reflecting a concentration of critical reactive maintenance activity on high-risk assets. This position has been partially offset by the significant uplift in Grant-in-Aid funding secured for the financial year 2026/27, however, it will take time to see significant improvements. The uplift in capital investment provides a foundation for addressing underlying asset condition issues and reduces Scottish Canals' medium-long term financial sustainability risk. While reactive interventions will continue in the near term, the investment profile supports a transition toward proactive asset improvement and risk reduction. 7.10 In addition to a review of the risk tolerance questionnaire results an in-depth risk review by the Board was recommended to consider long-standing high-rated risks and consider inter-connections between corporate systemic risks. The introduction of key risk indicators would also enhance risk reporting linked to controls and mitigations. The planned internal audits of Asset Management Compliance and Risk Management were anticipated to assist with enhanced risk reporting. **ACTION** **h) an in-depth risk review by the Board to be planned to consider long-standing high-rated risks and consider inter-connections between corporate systemic risks.**	**Head of Legal & Governance**

8	**Q3 2025/26 Capital Investment Programme (CIP) Report** 8.1 The Board noted that the 2025/26 CIP continued the delivery of significant capital investment into Scottish Canals Assets. The Board noted adjustments approved by the Project Assurance Committee during the quarter in accordance with delegated authority limits. 8.2 The works progressing on the Falkirk Flight and Reservoirs remained key safety priorities. The Townhead Reservoir project was moving forward with a revised and more efficient design, and a new construction programme was being developed to ensure full operation.	
9	**Q3 2025/26 Commercial Investment Programme Report** [redacted] [redacted] [redacted] [redacted]	[redacted]
10	**Net Zero Route Map Work Plan 2025/26 Progress Report** 10.1 The Board welcomed significant progress and the impact of agile initiatives contributing constructively towards several strategic commitments set out in Scottish Canals Net Zero RouteMap 2023. The Board noted the priorities for financial year 2026/2027 including operational opportunities to ensure the effective and efficient delivery of the RouteMap. 10.2 The Board acknowledged that Scottish Canals needed to align with the Scottish Government on the bigger issue of climate change vulnerability risks, specifically Scottish Canals contribution to climate adaptation 10.3 The inclusion of the financial impact measures of green energy initiatives together with the impact of providing greenspace for biodiversity would be helpful additional information.	

11	**Forward Planning** 11.1 The Board noted the Board Meetings calendar 2026/27. Additional Board and ARC on-line meetings would be arranged to approve the ARAs 2024/25 before the end of March 2026. 11.2 The June Board meeting would be held at the Falkirk Wheel. The August Board meeting venue was discussed with potentially Crinan or Edinburgh as a location. It was noted that the Northern Lighthouse had extended an invite to host a Board meeting at its offices in Edinburgh. An additional Board meeting to discuss risk would be considered for Q3 2026/27. 11.3 An invite to Board members to join the Chair for a separate site visit to Bowling would be arranged.	
12	**Any Other Business** 12.1 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.	
	Meeting Closed	