

GOVERNANCE HANDBOOK AND SCHEME OF DELEGATED AUTHORITY

August 2025

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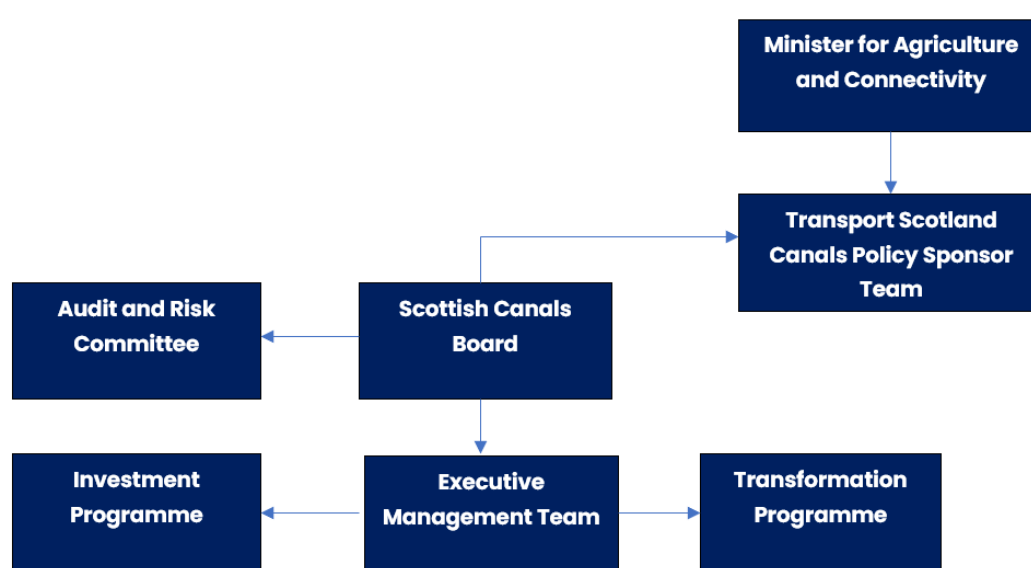
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1. INTRODUCTION

Scottish Canals is responsible for managing Scotland's canals, delivering safe navigation, protecting heritage assets and maximising the potential of our inland waterways for the people of Scotland. Good governance is integral to demonstrate openness, transparency and accountability in the decisions and actions we take to deliver our vision.

The governance structure underpins the day-to-day operations of Scottish Canals. It sets out how we are run and how we take decisions to achieve our Corporate Plan objectives.



2. SCOTTISH CANALS FRAMEWORK DOCUMENT

Drawn up by the Scottish Government in consultation with the Scottish Canals Board, our Framework Document sets out how we operate and defines the responsibilities which underpin our relationship with the Scottish Government aligned with the Scottish Public Finance Manual.

It includes details on:

- Our purpose, duties and powers
- Responsibilities and accountability
- Plans, budgets and controls
- Staff management arrangements
- Auditing and reporting procedures
- Scottish Canals delegated financial authority limits

<https://d1hxd0sho1wxko.cloudfront.net/production/general/Scottish-Canals-Framework-Document-2025.pdf>

3. ROLE OF THE BOARD

The role of the Scottish Canals Board is to provide leadership, direction, support, and guidance to ensure that Scottish Canals delivers, and is committed to delivering, its functions effectively and efficiently in accordance with its statutory obligations and the aims, policies and priorities of the Scottish Ministers. The procedures for Board meetings are attached as Appendix 1.

4. ASSISTING THE BOARD

4.1 AUDIT & RISK COMMITTEE

The Board has established an Audit & Risk Committee (ARC) as a committee of the Board to support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

The current ARC terms of reference are attached at Appendix 2.

4.2 THE EXECUTIVE MANAGEMENT TEAM

The Executive Management Team (EMT) is responsible to the Board for all aspects of operational management and delivery within Scottish Canals. It is responsible for devising and keeping under review annual business plans (including resource budgets) to deliver the priorities identified in the Corporate Plan, monitoring performance against operational priorities identified in the Business Plan as well as reputation management and corporate communications and initiating timely and appropriate action when circumstances require adjustments to be made. Integral to all of this is a responsibility to keep the Board informed of progress and risks, where unforeseen novel and contentious issues arise.

The Executive Management Team terms of reference are attached as Appendix 3.

Investment Programme

The EMT shall develop investment opportunities to secure additional funding to enhance organisational resilience in accordance with Scottish Canals Investment Strategy and five-year Investment Plan, aligned with the strategic investment objectives of Scottish Canals Corporate Plan and annual Business Plan. In accordance with delegated authority limits, the Investment Programme will direct prioritisation, shaping and implementation of activities to enable the EMT and/or the Board and Scottish Government to make well-informed, evidence-led decisions to optimise Scottish Canals' portfolio of investment to promote future financial sustainability, whilst seeking to maximise best value and ensure Scottish Canals' contribution to the National Performance Framework, Sustainable Development Goals and Public Service Reform Agenda.

Transformation Programme

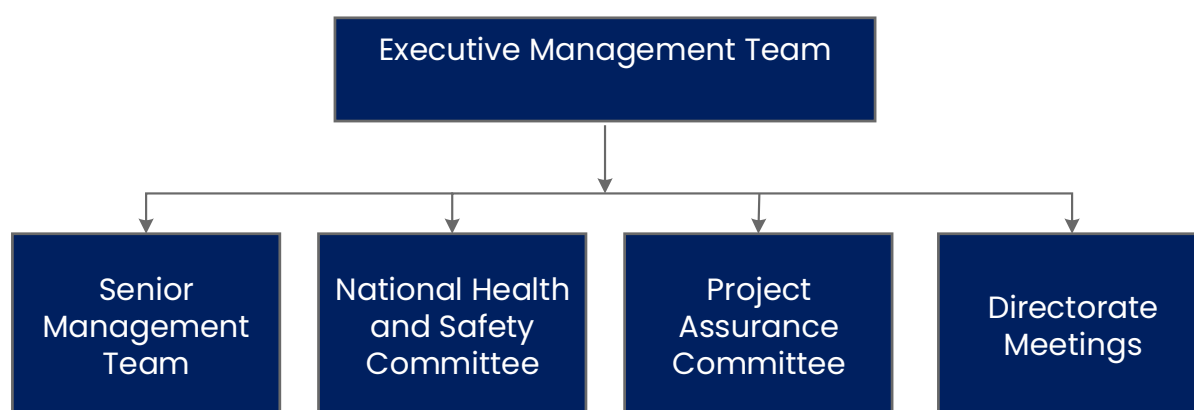
The Transformation Programme will optimise productivity through innovation, cultural change, and cost management, to enhance quality of service and customer care, organisational resilience, efficiency, and effectiveness. The Transformation Programme, aligned with Scottish Canals Corporate Plan and Annual Business Plan, will seek to

maximise Best Value and Scottish Canals' contribution to the National Performance Framework, Sustainable Development Goals and Public Service Reform agenda.

The EMT is responsible for the delivery of the Transformation Programme and shall enable well informed, evidence-led decisions to implement the Transformation Programme. It shall support Scottish Canals' core statutory duties and financial sustainability. It shall seek to reflect Scottish Canals skills, capacity, and capability requirements and service delivery standards with due regard to delegated authority limits, risk management and legislative and regulatory compliance.

5. OPERATIONAL COMMITTEE STRUCTURE

Scottish Canals' internal committee structure provides clear and transparent processes and documentation to support assurance and audit requirements of a Non-Departmental Public Body operating in accordance with the Scottish Public Finance Manual.



5.1 National Health and Safety Committee

The National Health and Safety Committee monitors performance and control arrangements in relation to health and safety, and reports to the EMT. The committee scrutinises delivery of the National Health & Safety Strategy and Action Plan and Local Health, Safety and Wellbeing Action Plans (LHSWAPs) within local H&S group areas via performance reports from the Caledonian, Crinan, Glasgow, Lowlands & The Falkirk Wheel to include progress of core and local H&S areas / initiatives; safety visits; minimum safety learning standards, near miss and incident reporting, and safe behaviour activity.

5.2 Project Assurance Committee

The Project Assurance Committee monitors governance and control arrangements to ensure that investment decisions, as approved by the Board and/or EMT (subject to delegated authority limits) are delivered efficiently and effectively, provide best value and are compliant with Scottish Canals' project processes and procedures.

5.3 Senior Management Team

The Senior Management Team (SMT) is a collective forum to discuss issues, identify solutions and action operational and strategic activities to support Scottish Canals' vision and corporate priorities. The forum provides a space for collaboration, learning and reflection to support leadership development, enhance internal communication and promote continuous improvement across Scottish Canals. A health and safety performance report and a finance update based on monthly budget outturns are standing items at each SMT meeting.

5.4 Directorate meetings

Reflecting the directorate model, each directorate holds a formal monthly team meeting with their relevant Director. This ensures risks and issues are managed timeously and any performance exceptions are identified early. Each Director is accountable, in their role as a member of the EMT, to provide regular updates as to the management of risk and performance in their business areas. This allows for dynamic risk/performance assessment in between the regular quarterly corporate reporting cycles.

Other groups and forums

Several sub-groups and forums are established to support the business planning activities required in year in pursuit of the strategic objectives and Corporate Plan outcomes.

These are agreed by the EMT and are routinely reviewed to ensure they remain fit for purpose. Each forum should agree terms of reference and regular reporting requirements. This demonstrates good governance with the appropriate flow of business intelligence between forums and executive level committees.

6. SCHEME OF DELEGATED AUTHORITY

6.1 Reserved Matters for Scottish Government

Scottish Government has reserved responsibility for several financial and non-financial matters:

- Approvals in excess of Framework Document delegation limits.
- Virement of budget between Scottish Government budget classifications.
- Approval of novel or contentious proposals.
- Major Investment Programmes/Projects above £3m.
- Provision of guarantees, indemnities, letters of comfort.
- Financial investment in new Joint Ventures.

6.2 Reserved Matters for the Board

A formal schedule of matters reserved for its decision assists the Board's planning and provides clarity to all over where responsibility for decision-making lies. The schedule of matters reserved for Board consideration is attached as Appendix 4. It is aligned with the schedule of delegated financial authority limits as set out in Annex 1 of Scottish Canals Framework Document and also attached as Appendix 5.

6.3 Delegation to the Chief Executive Officer

Authority not reserved to the Board is delegated to the Chief Executive Officer subject to Board approvals and to their personal responsibilities as Accountable Officer.

The Chief Executive Officer as Accountable Officer has the responsibility for corporate performance, overall management within Scottish Canals and exercise of Scottish Canal's statutory functions. Non-financial and financial reserved responsibilities include:

- Approval of Directorate plans and budget allocations.
- Corporate performance reporting.
- Ensuring Scottish Canals has in place systems, processes and internal controls to deliver its plans, meet legal and other obligations and manage risk.
- Approval of operational policies.
- Approval of the written delegated financial authority limits of Scottish Canals' EMT and staff.
- Maintain and manage Scottish Canals' corporate risk register, together with its risk management strategy.
- Organisational structure and staffing below Executive Director level.
- Partnerships, Memorandum of Understanding agreements and significant funding applications.
- Authority to nominate authorised signatories of contracts on behalf of Scottish Canals.
- Evidence to Parliamentary Committees.
- Matters of reputational significance to Scottish Canals.
- Promoting the efficient, economic and effective use of staff and other resources consistent with the principles of Best Value and in adherence with the Scottish Public Finance Manual.
- Adhere to the financial delegated authorities as detailed in Scottish Canals Framework Document.

6.4 Delegation by the Chief Executive Officer

The Chief Executive Officer may delegate day to day responsibility for the delivery of the Corporate Plan and financial and non-financial authorities to members of staff, subject to delegated authority approvals and their personal responsibility as Accountable Officer.

The Chief Executive Officer will nominate a deputy during periods of absence. The role of Accountable Officer cannot be delegated.

Where the Chief Executive Officer delegates authority, for example to the Executive Management Team (EMT), the Chief Executive Officer will determine how they intend this to operate. Executive Directors may agree to further delegate responsibility to appropriate members of staff.

Notwithstanding the terms of any delegation or responsibility granted, all material decisions shall be taken in consultation with the EMT. It is the responsibility of each budget holder/Head of Service, with sub-delegated functions or responsibility, to consider whether a decision or action is a material decision.

Budget holders, and ultimately the Executive Directors, will remain accountable for any decisions taken by their sub-delegates such as their Heads of Service.

Each Executive Director shall have responsibility for managing the financial implications of the following activities, in line with delegated budgets, in respect of the business area for which he/she is responsible:

- Managing all people, financial, ICT, corporate and other resources within his/her business areas.
- Taking all decisions or actions, including the creation of procedures, necessary to implement a policy approved or a decision previously taken by the Board, the Audit & Risk Committee, or the EMT.

Heads of Service may, from time to time, designate an individual as budget-holder with the authorisation of their Executive Director to maintain adequate oversight.

Whether a member of staff has delegated authority is linked to grade but is also determined by the activity and role undertaken by the individual. This is considered on a case-by-case basis by the line manager, Head of Service and/or EMT member.

Given the line-management relationship, and to preserve appropriate segregation, the normal process would be that approval should be sought from a higher authority level even where authority could fall to a lower grade.

APPENDIX 1

PROCEDURES FOR BOARD MEETINGS

The following are the procedures which apply to meetings of the Board.

Membership and Participation

The Board consists of a Chair, a Vice Chair and at least four but no more than nine other members. The Chair and other members of the Board shall be appointed from among persons who appear to the Scottish Ministers to have had wide experience of, and to have shown capacity in, the operation, management or administration of inland navigations or related matters or who appear to have special knowledge relating to some important aspect of the Board's work or to have had wide experience of, and to have shown capacity in, transport, industrial, commercial or financial matters, administration, applied science or the organisation of workers (s.1 subsection (6) of the Transport Act 1962 Act as amended by the Transport (Scotland) Act 2019.)

The quorum of the Board shall be three. This will apply regardless of vacancies in membership. No business will be transacted at a Board meeting unless a quorum is present. If the Chair of the meeting finds during a Board meeting that the number of members present has reduced below the quorum, the meeting shall end at that point. All attendance and absences shall be recorded in the minutes of the meeting.

Participation may be in person, by video conference or by telephone provided the member's contribution is fully accessible to all members and others attending the meeting. In these cases, such members will be deemed to be present and constitute part of the Board for the purpose of the meeting.

People who are not members of the Board may be invited by the Chair to attend and speak for all or part of the meeting, but they will not be entitled to vote.

The Chief Executive is responsible for overall organisation, management and staffing of Scottish Canals. It is the responsibility of the Chief Executive to advise the Board on matters of financial propriety and regularity. The Chief Executive shall have the right to attend and speak at all Board meetings, except for parts of meetings when agreed by the majority of other Board members present that the matters under discussion should not involve the Chief Executive (for example where performance, remuneration or conduct of the Chief Executive is under discussion). Other employees of Scottish Canals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary to assist the Board in the fulfilment of its responsibilities.

Schedule of Meetings

The Board shall approve in advance of each calendar year a provisional set of dates and venues for its Board meetings. Core agendas for each meeting will also be approved.

The Chair may convene a special meeting of the Board when it appears that an item of business requires urgent attention. In the absence of the Chair, such a meeting may be convened by the Vice Chair.

Board Agendas, Papers and Minutes

Board agendas will be determined by the Chair in consultation with the Chief Executive. Members wishing to propose items or raise any additional matter in formal session should notify the Chair in advance.

Board papers will normally be prepared by staff and considered and approved by the Chief Executive prior to submission to the Board. The aim will be to circulate papers to members by email as close as possible to seven clear days in advance of a meeting. Papers will also be sent by email to the sponsor division of the Scottish Government.

Chairing Meetings

At a meeting of the Board, the Chair will preside. In the absence of the Chair, the Vice Chair will preside. In the absence of the Chair and Vice Chair, members present will choose by majority vote of those present which one of their number will preside.

The Chair of a Board meeting will preserve order, determine all matters of order, competency and relevancy, and will ensure members have sufficient opportunity to express their views on any matter under consideration.

Board Decisions

Decisions of the Board will generally be by consensus of attending members. A member departing early will be treated as a non-attending member for the purpose of any decision taken after the time of departure. A Board member may have their dissent recorded to a decision of the Board provided the Board member has attended for the whole of the discussion and decision and asks to record their dissent immediately after the decision is concluded.

Written comments on agenda items submitted in advance by Board members who are not attending will be circulated to members for information.

Exceptionally, if a Board decision is required urgently and it is not possible to convene a meeting, the matter will be dealt with through correspondence. The decision to do this will be made by the Chair. In such circumstances, views will be sent to the Board by email and the Chair will make the decision based on collated comments. The decision will be ratified at the next Board meeting.

At Board meetings, where a decision is necessary it will be reached by simple majority following a vote (with the Chair having the casting vote in cases of a tied vote) on the following occasions:

- when the Chair detects that there is a body of opinion among members who either disagree with a proposal or have expressed reservations about it and no clear consensus has emerged;
- when a member requests a vote to be taken, and this is supported by another member in attendance;
- any other circumstances where at the Chair's discretion it is felt that a decision should be preceded by a vote.

Only attending members will be able to vote, and generally this will be done by a show of hands. At the Chair's discretion, this may be conducted through a secret ballot.

A decision made by the Board will not generally be reconsidered by the Board within 6 months of that decision being carried, other than in exceptional circumstances and with the agreement of the Board.

Declaration of Interests

Scottish Canals holds a register of members' interests, available for public inspection. The rules on registration and declaration of interests are set out in the members' Code of Conduct.

Corporate Responsibility and Confidentiality

Board members share corporate responsibility for decisions taken by the Board as a whole. Members must therefore accept and support the collective decision of the Board. Members must respect the confidentiality of sensitive information held by the organisation, as well as the discussions and papers taken in private session.

Board Minutes

Minutes of all Board meetings will be taken by a member of staff designated by the Chief Executive. Taken in conjunction with the papers presented to the meeting, the minutes should provide a correct record of the meeting, and the decisions reached, with sufficient detail to indicate the issues discussed in reaching those decisions.

Minutes should include the action points agreed at the meeting, and those carried forward to following meetings until discharged.

Draft minutes will be circulated to members who may propose amendments at the next Board meeting.

Minutes, once approved at the following meeting, will be signed by the Chair as a correct record (subject to any amendments agreed).

APPENDIX 2

AUDIT & RISK COMMITTEE: TERMS OF REFERENCE

(Approved by the Board of Scottish Canals on 13th March 2025)

The Board has established an Audit & Risk Committee as a Committee of the Board to support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

Membership

The number and composition of the membership of the Committee is approved by the Board of Scottish Canals. It comprises at least four members, at least two non-executive Board members, one of whom shall be Chair of the Committee, up to two independent members appointed for up to three years (to be reviewed and reassessed upon completion of this term). In addition, a co-opted member may be appointed for a period not exceeding twelve months, unless the Board decides otherwise, to provide specialist skills, knowledge and experience.

The current members and terms of appointment are set out in the appendix.

The Committee will be provided with a secretariat function by the secretary to the Board of Scottish Canals.

Reporting

The Committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting may form the basis of the report.

The Committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

Responsibilities

The Committee will advise the Board and Accountable Officer on:

- the strategic processes for risk, control and governance and the governance statement.
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors.
- the planned activity and results of both internal and external audit.
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report.
- the effectiveness of the internal control environment.
- assurances relating to the corporate governance requirements for the organisation.

- proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services.
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.
- specific issues as directed by the Board and/or the Accountable Officer on which the Board and/or the Accountable Officer wants the Committee's advice.

The Audit & Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

Rights

The Committee may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

Access

The representatives of Internal Audit and External Audit will have free and confidential access to the Chair of the Committee.

Meetings

The procedures for meetings are:

- the Committee will meet at least four times a year. The Chair of the Committee may convene additional meetings, as he/she deems necessary.
- A minimum of three members (with a Board member as Chair) will be present for the meeting to be deemed quorate. The Scottish Canals Board members appointed as ARC members may nominate a deputy from the Scottish Canals Board with delegated authority to represent them at ARC meetings in the event that either are unable to attend an ARC meeting.
- Committee meetings will normally be attended by the Accountable Officer, relevant Directors and a representative of Internal Audit and External Audit.
- the Committee may ask any other officials of the organisation to attend to assist it with its discussions on any matter.
- the Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of matters.
- the Board or Accountable Officer may ask the Committee to convene further meetings to discuss issues on which they want the Committee's advice.

Information requirements

For each meeting the Committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register
- a progress report from the External Audit representative summarising work done and emerging findings.

- a progress report from the Internal Auditors summarising:
- work performed (and a comparison with work planned).
- key issues emerging from Internal Audit work.
- management response to audit recommendations.
- significant changes to the audit plan.
- any resourcing issues affecting the delivery of Internal Audit objectives.

As and when appropriate, the Committee will also be provided with:

- an update on the Business Continuity Action plan.
- business update reports from the Accountable Officer.
- the Terms of Reference of the Internal Auditors.
- the Internal Audit Strategy.
- the annual Internal Audit Plan.
- the Internal Auditors Annual Opinion and Report.
- quality assurance reports on the Internal Audit function.
- the draft accounts of the organisation.
- the draft governance statement.
- a report on any changes to accounting policies.
- External Audit's management letter/report.
- a report on any proposals to tender for audit functions.
- a report on co-operation between Internal and External Audit.
- a report on the Counter Fraud and Bribery arrangements and performance.
- reports from other sources within the "three lines of assurance" integrated assurance framework.
- Reports on matters identified as high risk to the organisation.

Appendix

The Members of the Audit & Risk Committee are:

Michelle Wailes – Chair

(Re-appointed with effect from 30th June 2025 to 30th June 2027) *

Rob McGregor

(Re-appointed with effect from 30th June 2025 to 30th June 2027) *

Katharina Kasper

(Re-appointed with effect from 1st March 2024 to 28th February 2027) *

Nick Martin

(Re-appointed with effect from 2nd August 2024 to 1st August 2027) *

*Or such earlier date in accordance with the terms and conditions of appointment

APPENDIX 3

EXECUTIVE MANAGEMENT TEAM TERMS OF REFERENCE

Overview

The Executive Management Team (EMT) supports the Board's strategic leadership and is responsible to the Board for all aspects of operational management and delivery of Scottish Canals Corporate Plan and annual Business Plan.

Purpose

The EMT is responsible for giving collective consideration and leadership to the business of Scottish Canals, taking decisions, and advising the Chief Executive as required. It focuses on strategic and operational collective oversight rather than matters that are delegated to individual Directors. The EMT directs prioritisation, shaping and implementation of activities by taking well informed, evidence-led decisions about Scottish Canals' strategic direction and organisational performance seeking to maximise Best Value and Scottish Canals contribution to the National Performance Framework and Sustainable Development Goals. The EMT will initiate timely in-year adjustments and reprofiling to reflect changing strategic and operational circumstances.

Membership

The EMT shall consist of the Executive Directors of Scottish Canals. The Chair shall be the Chief Executive Officer. In the event of the Chair's absence, the Chair will nominate a deputy to chair the meeting. The deputising Chair shall have, the same financial and contractual limits of delegated authority as the Chief Executive and advise the Chief Executive of delegated authorisations given in the Chief Executive's absence.

Nominated deputies with delegated authority will represent an Executive Director acting as an EMT member.

The EMT will be provided with a secretariat function by the Executive Assistant to the Chief Executive.

Other employees of Scottish Canals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary to assist the EMT in the fulfilment of its responsibilities.

Ways of working

- The EMT will aim to meet every two weeks and no less than monthly. EMT Members should prioritise attendance over any other business unless otherwise agreed by the Chair.
- Core agenda items will include operational; financial; health & safety; risk; legislative and regulatory compliance and People review in addition to forward planning for Board/Committee meetings and stakeholder engagement in accordance with the Corporate Plan and Statements of Risk Appetite.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda and EMT reports of items to be discussed, shall be

available for each member of the EMT and any other person required to attend no fewer than two working days prior to the date of the meeting. Agenda items and EMT papers submitted later than two working days prior to the date of the meeting will be accepted at the discretion of the Chair. The meeting will commence promptly at the time stated on the agenda.

- Meetings may be held by telephone or video conferencing provided the persons participating in such meetings are always in simultaneous two-way audio contact with all other participants in that meeting.
- Written comments on agenda items submitted in advance by members who are not attending will be circulated to members for information.
- Decisions of the EMT will be by consensus of attending members. A member departing early will be treated as a non-attending member for the purpose of any decision taken after the time of departure. The time of departure of the member will be recorded in the minutes for clarity of participation in a decision taken.
- A member may have his/her dissent recorded to a decision of the EMT provided he/she has attended for the whole of the discussion and decision and asks to record his/her dissent immediately after the decision is concluded. If the EMT proposes action which the Accountable Officer could not endorse, and would therefore advise against, the Accountable Officer should vote against such action or ensure that the Accountable Officer opposition is clearly recorded if no formal vote is taken.
- Exceptionally, if an EMT decision is required urgently and it is not possible to convene a meeting, the matter will be dealt with through correspondence. The decision to do this will be made by the Chair. In such circumstances, views will be sent to the Chair by email who will make the decision based on collated comments. The decision will be ratified at the next meeting.
- A record of decisions will be noted and actions recorded in the EMT action and decision tracker.

Quorum

The quorum necessary for the transaction of business shall be three with no more than two EMT deputies.

Responsibilities

The remit of the EMT is to support the Chief Executive by:

- Assisting in the development of the organisation's strategic aims, objectives and targets, and any steps required to deal with changes which are likely to impact on the strategic aims and objectives of Scottish Canals.

- Developing and reviewing the Corporate Plan, annual Business Plan, annual budget annual Capital Investment Programme and annual Commercial Investment Programme.
- Managing the efficient, economic and effective use and development of staff, assets and other resources consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements.
- Ensuring the effectiveness of the arrangements that provide assurance on risk management, internal control and compliance assurance.
- Ensuring delivery of Scottish Canals performance and financial aims and objectives by monitoring activity through effective reporting mechanisms including regular reporting from the internal committees and working groups as set out in Scottish Canals Governance handbook.
- Reviewing, and constructively challenging where necessary, the actions and judgements of Scottish Canals management in relation to the development of proposals, initiatives, or plans.
- Ensuring effective provision of information to the Board and internal committees, including timely reporting of any issues that are likely to impede delivery.
- Ensuring the development and application of strategic corporate policies (including but not limited to HR, Health and Safety and Equalities).
- Overseeing adherence to strict standards of financial propriety and compliance with the Framework Document and the Scottish Public Finance Manual.
- Ensuring the application of high standards of corporate governance within Scottish Canals.
- Early identification of emerging issues which may impact on the reputation or operation of Scottish Canals or on the reputation of Scottish Ministers.

Investment Programme

- Overseeing the Investment Programme to optimise Scottish Canals' portfolio of investment to promote future financial sustainability whilst seeking to maximise Best Value and Scottish Canals contribution to the National Performance Framework, Sustainable Development Goals and Public Service Reform Agenda, subject to delegated authority limits with the remit to:

- Formulate a five-year Investment Plan based on the Investment Strategy for approval in line with delegated authority limits.
- Monitor and evaluate investment performance, service and cost and any steps required to deal with changes which are likely to impact the Investment Plan.
- Manage the efficient, economic, and effective use and development of assets and other resources consistent with the principles of Best Value.
- Ensure delivery of Scottish Canals performance and financial aims and objectives by monitoring activity through effective reporting mechanisms including a SMART annual action plan aligned to the five-year Investment Plan and Investment Strategy.
- Consider concept ideas at an early stage of development informed by technical expertise and appropriate due diligence.
- Evaluate, constructively challenge, and prioritise investment business cases, based on strategic alignment with Scottish Canals' Corporate Plan including benefits realisation and anticipated levels of investment and returns for internal, third party and Scottish Government use.
- Make or commission inquiries, reports, or investigations as it considers necessary in respect of any investment or development proposals in relation to Scottish Canals business.
- Oversee adherence to strict standards of financial propriety and compliance with the Framework Document and the Scottish Public Finance Manual.
- Ensure the application of high standards of corporate governance and the early identification of emerging risks.

Transformation Programme

- Overseeing the Transformation Programme to enhance quality of service and customer care, organisational resilience, efficiency, and effectiveness through service re-design, innovation, cultural change, and cost control with the remit to:
 - Evaluate, constructively challenge, and prioritise transformational change business cases, informed by technical expertise and appropriate due diligence, based on productivity gains, service delivery, cost, and strategic alignment with Scottish Canals' Corporate Plan.
 - Manage the efficient, economic, and effective use and development of Scottish Canals assets and other resources consistent with the principles of Best Value.

- Ensure delivery of Scottish Canals performance and financial aims and objectives by monitoring benefits and impact through effective reporting mechanisms including a SMART action plan.
- Make or commission inquiries, reports, or investigations as it considers necessary in respect of transformational change workstreams in relation to Scottish Canals business.
- Ensure the application of high standards of corporate governance and the early identification of emerging risks.

Reporting

The EMT shall keep the Board informed of progress and risks, where unforeseen novel and contentious issues arise.

The Chief Executive, as the organisation's Accountable Officer, has responsibilities which may not be delegated or shared. The Accountable Officer is personally responsible, and accountable direct to Parliament, for the propriety and regularity of the finances under the Accountable Officer's stewardship and for the economic, efficient and effective use of all related resources. Where these Accountable Officer functions are being discharged, there must be an adequate record maintained as to any significant decision that is made. Where the Accountable Officer considers that any action they are required to take is not consistent with their Accountable Officer responsibilities, they must obtain written authority from the Board and send a copy of the written authority to the Auditor General for Scotland as soon as possible and the Clerk of the Public Audit Committee. The Accountable Officer should consult the Portfolio Accountable Officer before seeking written authority from the Board in these circumstances and should always notify the Portfolio Accountable Officer when such a written authority has been issued.

Board members may request sight of all papers and minutes of EMT meetings for information.

Review

These Terms of Reference will be reviewed annually.

Revised and agreed June 2025

APPENDIX 4

SCHEDULE OF MATTERS RESERVED TO THE BOARD

The role of the Board is to provide leadership, direction, support, and guidance to ensure that Scottish Canals delivers and is committed to delivering its functions effectively and

efficiently in accordance with its statutory obligations and the aims, policies and priorities of the Scottish Ministers.

This Schedule sets out those matters reserved to the Board and was approved by the Board on **[28 August 2025]**.

1.	Strategy
1.1	Responsibility for the overall leadership of Scottish Canals and setting our values and standards in accordance with the Code of Conduct for Members of Devolved Public Bodies.
1.2	<p>Taking forward the strategic aims and objectives for Scottish Canals as set out in the:</p> <ul style="list-style-type: none"> • Corporate Plan (as agreed by Scottish Ministers); and • Annual Business Plan <p>In addition to specific strategies, as determined by the Chief Executive or as requested by the Board.</p>
1.3	Scrutiny of performance of Scottish Canals operations in the light of its strategic aims, annual business plan objectives and budget and ensuring that any necessary corrective action is taken.
1.4	Any decision to extend Scottish Canals' activities into new business or geographic areas or cease to operate all or any material part of Scottish Canals business, considering relevant statutory obligations, guidance and direction issued by the Scottish Ministers.
2.	Financial reporting and controls
2.1	<p>Approval of the Annual Report and Accounts prepared in accordance with the Government Financial Reporting Manual to be laid before the Scottish Parliament to include:</p> <ul style="list-style-type: none"> • The Performance Report. • The Accountability Report. <ul style="list-style-type: none"> • Corporate Governance Report • Remuneration and Staff Report • The Financial Statements. <ul style="list-style-type: none"> • Accounting policies
2.2	Approval of the Annual Operating, Capital and Commercial Expenditure Budgets and any material changes to them including appropriate allocation of Grant in Aid.
2.3	Reviewing regular financial information concerning the management and performance of Scottish Canals.
3.	Internal Controls and Risk Management
3.1	Ensuring maintenance of a sound system of internal controls and receiving information in a timely manner about any concerns regarding the activities of Scottish Canals including approving policies for Health & Safety; the Prevention of Fraud; Bribery; and Whistleblowing.

3.2	Ensuring that effective arrangements are in place to provide assurance on risk management, including: <ul style="list-style-type: none"> • A risk management system which both identifies and, where feasible, seeks to mitigate risks to Scottish Canals' objectives; and • Undertaking an annual assessment of Scottish Canals risk appetite statements and the effectiveness of the risk management system in respect of personnel, physical and cyber risks/threats/hazards, governance and internal control.
3.3	Approval of the appointment of internal audit.
4.	Contracts/Joint Ventures
4.1	Approval of major projects (up to £500k in value) involving operational assets, subject to Scottish Government prior written approval.
4.2	Approval of non-Joint Venture non-operational major projects up to £3m in value, excluding novel and contentious matters, subject to Scottish Government prior written approval.
4.3	Approval of non-operational projects within an existing Joint Venture over £250k in value, subject to Scottish Government prior written approval.
4.4	Contracts which in accordance with the Scottish Public Finance Manual are considered to be novel and contentious, subject to Scottish Government prior written approval.
5.	Communication
5.1	Ensuring a satisfactory dialogue is being undertaken by the organisation with stakeholders based on the mutual understanding of objectives.
6.	Board, Board Committees and other Appointments
6.1	Subject to the statutory requirements for the composition of the Board, make representations to Scottish Government on the size and composition of the Board to ensure adequate succession planning to maintain an appropriate balance of skills and experience.
6.2	Establishing Board Committees to include: <ul style="list-style-type: none"> • Approval of their terms of reference and any material changes thereto; and • Receiving reports on their activities.
6.3	Appointment of the members and the Chair of the following Board Committees: <ul style="list-style-type: none"> • Audit & Risk Committee; and • Any other ad hoc Committees established by the Board as required.
6.4	Appointments to Boards of Joint Ventures and associated companies to represent Scottish Canals' interests. The Board will also be advised of the appointment of a member of the Executive Management Team of Scottish Canals to Boards of external bodies.
6.5	Continuation in office of any director at any time, including the suspension or termination of service of an Executive Director as an employee, subject to the law and their service contract.
7.	People Management and Remuneration

7.1	Appointing, with the approval of the Scottish Ministers, the Chief Executive following appropriate approval of the Chief Executive's remuneration package in line with SG Pay Policy for Senior Appointments.
7.2	Review and approve the ongoing appropriateness and relevance of the remuneration policies and practices of Scottish Canals in line with the Scottish Government pay policy remit.
7.3	Ensure that contractual terms on termination of Executive Directors are subject to the law and their service contract, and any severance payments made, are fair to the individual Executive Directors and to Scottish Canals, subject to Scottish Government prior approval.
7.4	Consider issues of succession planning in relation to the Chief Executive and the Executive Directors of Scottish Canals.
7.5	Oversee any major changes in Scottish Canal's employee benefits structure.
8.	Delegation of authority
8.1	Approval of the written financial authority limits of Scottish Canals' Executive Management team and staff.
9.	Corporate Governance
9.1	Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Board members and the division of responsibilities.
9.2	Considering the balance of interests between stakeholders, employees, customers and the community.
9.3	Ensuring high standards of corporate governance at all times, including openness and transparency in its decision-making. This will be supported through ensuring key documents are openly available on the website and open to public scrutiny.
10.	Other
10.1	Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism, or claims waived or abandoned, or write-off of bad debt or losses over £300k in value or being otherwise material to the interests of Scottish Canals.
10.2	Any decision likely to have a material impact on Scottish Canals from any perspective, including, but not limited to, financial, operational, strategic or reputational.
10.3	This schedule of matters reserved for Board decisions.

APPENDIX 5

DELEGATED FINANCIAL AUTHORITY LIMITS

The Board has Financial Authority limits as detailed in Annex A of the Framework Document with Scottish Ministers as detailed below for reference. Due to current Scottish Government enforcements, the delegated limit on operational assets is reduced to £100k and single tender contracts to £10k.

		Delegated Limit
Operational assets		£500k
Non- Operational assets	New JV	Nil
	Existing JV, new project	Nil
	Existing JV, existing project	£250k
	Non-JV projects (excl. novel/contentious)	£3M
Other		
	Grants to third sector	£250k
	New leases – annual cost	£500k
	Write-off of bad debt or losses	£300k
	Claims waived or abandoned	£250k
	Special payments	£250k
	External management consultancies	£100k
	Single tender contracts	£50k
	Gifts	£500
Note: Operational = business use asset, canal assets Non-operation = regeneration, trading and customer service-related assets		

VERSION CONTROL

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Description:	This corporate governance structure underpins the day-to-day operations of Scottish Canals. It articulates how Scottish Canals is run and how it takes decisions to achieve its Corporate Plan objectives.
Source:	This document has been written with reference to Scottish Government and Corporate Governance best practice.
Status:	Operational
Coverage:	Organisation Wide/Public
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Position:	Head of Governance & Legal Services
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Authorised By:	Scottish Canals Board
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