

Meeting Minutes (redacted version)**Minutes of the Meeting of the Board of Scottish Canals held on 5th February 2015 at Scottish Government offices, Victoria Quay, Edinburgh**

Present:	Andrew Thin	- Chair
	Geoff Aitkenhead	- Vice Chair
	Tanya Castell	- Non-Executive Director
	Martin Latimer	- Non-Executive Director
	Steve Dunlop	- Chief Executive
In Attendance:	Nicola Christie	- Head of Legal Services (Secretary)
	Lesley Corr	- PA to Chief Executive
	Katie Hughes	- Director of Estates and Commerce
	David Lamont	- Director of Operations
	Claire Lithgow	- Director of Finance
	Richard Millar	- Director of Heritage, Environment and Sustainability
	Josie Saunders	- Head of Corporate Affairs

1. Apologies for Absence

There were no apologies for absence.

2. Stakeholder Engagement

The Chair updated the Board on recent meetings with Community Councils at Lambhill, Ratho and Ardrishaig, in particular acknowledging the positive attitude of Scottish Canals' employees.

Action:

The Chair would share the positive employee message received at recent meetings with Community Councils at Lambhill, Ratho and Ardrishaig at the Staff Conference on 19th March at The Falkirk Wheel.

3. Declaration of Interests

There were no declarations of interest.

4. Approval of the Minutes from Previous meeting

The minutes of the Board meeting held on 15th December 2014 were approved.

5. Matters Arising and Review of Previous Actions

Progress on the actions from the previous meeting was noted. Several actions were closed following confirmation of completion and several actions were further updated for clarity. The Board noted that the itemised breakdown justifying Audit Scotland's audit fee would not be provided due to commercial sensitivity

The Board was updated on the selection process to appoint a replacement non-executive member and informed that Scottish Government was seeking Ministerial approval for the proposed Charging policy for waterborne activity.

Action:

The actions to be numbered for ease of reference.

DECISION PAPERS**6. Corporate Plan**

In line with the Board's core function to provide effective strategic direction, it was agreed that it was timely to review and refresh the Corporate Plan (approved in early 2014) to reflect changing

Scottish Government priorities, wider fiscal circumstances and the evolving strategic thinking of Scottish Canals.

The Board considered the first draft of a revised Corporate Plan for 2015-18 and comments of significance were noted as follows:

- Risks, opportunities and rewards to be included with specific reference to the Scheduled Ancient Monument Status of the canals and the opportunity to act commercially referred to in the Transport Act 1968;
- ONS classification to be referred to in the context of risk as a strategic factor rather than a strategic aim;
- A wider range of diversity issues to be referred to with a focus on Scottish Canals enabling equality and diversity. A specific reference to 50:50 by 2020 for the Board of Scottish Canals to be included.
- In increasing financial sustainability the focus was on evolving canal related income to generate investment. The organisation was not fully diversified and there were acknowledged constraints, timing issues and risks regarding the concentration of property investment along the canal corridor;
- Planning and capital maintenance to be referred to in place of budgeting;
- In monitoring outcomes reference to service interruptions and unplanned closures to replace reference to asset failure events;
- Empowering and motivating employees to be linked to communication and accountability with measures for assessing motivation. Employee absent rates to be replaced as too narrow a measure.

The Board agreed that this first draft provided the Executive team with a sufficiently clear strategic direction to produce the Business Plan 2015/16 and delegated authority to the Chair to revise and discuss the revised Corporate Plan 2015-18 with the Scottish Government.

The Board discussed communication of the Corporate Plan. An easy read web-based document to aid accessibility for stakeholders and employees was recommended. This document would also form the basis for an Annual Report summarising Scottish Canals activities and outputs in addition to the Annual Report and Accounts.

Actions:

The Board to submit their further points of detail to the Chair for inclusion in the next draft.

The Chair to revise the Corporate Plan 2015-18 to reflect the amendments agreed by the Board and seek the agreement of the Scottish Ministers to the Plan.

The revised Corporate Plan 2015-18 would be considered and approved at the next Board meeting.

The Chief Executive and the Head of Corporate Affairs to scope the content of an easy read web-based document for further consideration by the Board at the next meeting.

7. Business Plan

The Board considered the draft Business Plan 2015-16 and agreed that it was a good document that reflected the strategic direction as articulated in the revised Corporate Plan. The Board noted that robust Key Performance Indicators in line with the Scottish Government outputs were a work in progress to be added.

The Board requested that the Executive team further reflect on whether the Business Plan was too central belt focussed, whether some of the outcome monitoring could be smarter with a focus on nurturing an out-performance driven culture.

The Board provided further amendments, specifically to refer to net contribution rather than sales with regard to income. The Business Plan would also be amended to reflect the Board comments on the Corporate Plan as applicable.

The Board delegated authority to the Chief Executive and the Director of Finance to revise the Business Plan 2015-16 to reflect the amendments highlighted by the Board before sharing the revised Business Plan with Scottish Canals sponsor team and seeking Board approval of the finalised Business Plan 2015-16 at the next meeting.

The Board agreed that contingency cover, liquidity and an acceptable level of reserves should be the focus of a separate discussion to be arranged.

Action:

The Chief Executive and the Director of Finance to revise the Business Plan 2015-16 to reflect the amendments highlighted by the Board; share the revised Business Plan with Scottish Canals sponsor team and seek Board approval of the finalised Business Plan 2015-16 at the next meeting.

A Board discussion on contingency cover, liquidity and an acceptable level of reserves to be arranged.

8. Corporate and Operational Governance Arrangements

The draft document - Scottish Canals Corporate and Operational Governance Arrangements had been developed to demonstrate effective and transparent governance throughout Scottish Canals. The Board noted that the document focused on shareholder duties rather than fiduciary and legal duties which were the focus of the Scottish Government On Board Guidance. Further points of detail amendment were noted and the refreshed Key Performance Indicators would be added as an appendix following approval of the Business Plan 2015-16. The Board delegated authority to the Chair to revise the document to incorporate the Board's comments. It was agreed that the document would be publicly available and reviewed annually by the Board following scrutiny and assurance provided by the Audit & Risk Committee.

A reserved right to reform the Property Committee was discussed as a concern was raised that the Board was at risk of not considering property matters in sufficient detail at its meetings. It was agreed that it was appropriate for the full Board to consider property matters of significance and that further consideration would be given to ensure that property matters were adequately included on the Board agenda.

Action:

The Chair to revise the draft document - Scottish Canals Corporate and Operational Governance Arrangements to incorporate the Board's comments.

The Audit & Risk Committee to consider the process to provide adequate scrutiny and assurance.

The Chief Executive to agree the format for the adequate consideration of property matters at Board meetings with the non-executive members and Chair.

9. Board Appraisal Proposal

The Board Performance Appraisal proposal was approved. Annual collective feedback would be considered at the September Board meeting. Confidentiality regarding this sensitive information was paramount.

Action:

The Chair would circulate guidance on constructive methods to provide feedback.

BRIEFING PAPER

10. Corporate Risks – Process for Review

The Corporate Risk Review process, consisting of a half-day workshop facilitated by BDO with the participation of the Board members, the Audit & Risk Committee members and the Executive team, was agreed to be undertaken following the completion of the Corporate Plan refresh and the Business Plan 2015/16.

Action:

A diary date for late April/early May would be circulated to undertake this Corporate Risk Review workshop as soon as possible.

The next meeting would be a performance session to be held on Thursday 26th March 2015 at The Whisky Bond, Glasgow.

Signed Andrew Thin

Date