

## Meeting Minutes (redacted version)

Minutes of the Meeting of the Board of Scottish Canals held on 25<sup>th</sup> June 2015 at 2pm at Pinsent Masons offices, Fountainbridge, Edinburgh

<b>Present:</b>	Andrew Thin	- Chair
	Geoff Aitkenhead	- Vice Chair
	Tanya Castell	- Non-Executive Director
	Martin Latimer	- Non-Executive Director
	Steve Dunlop	- Chief Executive
<b>In Attendance:</b>	Cathie Bankier	- Observer (prior to appointment as Non-Executive)
	Deborah Benson	- Observer (prior to appointment as Non-Executive)
	Nicola Christie	- Head of Legal Services (Secretary)
	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
	Lesley Corr	- PA to Chief Executive
<b>Apologies:</b>	Elsa Jack	- Observer
	Josie Saunders	- Head of Communications

### 1. Welcome

The Chair welcomed Cathie Bankier, Head of Business Change at Scottish Water, and Deborah Benson, owner and managing director of a number of small property and consultancy businesses, as observers. An announcement of their appointment to the Board as non-executive directors with effect from 1<sup>st</sup> July 2015 was awaited.

### 2. Apologies for Absence

Apologies from Josie Saunders, Head of Communications, and Elsa Jack, Observer, were noted.

### 3. Declaration of Interests

A declaration of interest in Blue Sea Consulting LLP, Marina, Waterfront and Leisure Consultants, by Martin Latimer was noted. Blue Sea Consulting LLP had undertaken a review of the pricing strategy of the leisure moorings.

It was noted that Deborah Benson was a non-executive of EDI and that this interest would be recorded in the Register of Interests and declared, as required, at future Board meetings.

### 4. Approval of the Minutes from Previous meeting

The minutes of the Board meeting held on 14<sup>th</sup> May 2015 were approved.

### 5. Matters Arising and Review of Previous Actions

The update of progress on the actions from the previous meetings was noted. The Environment strategy would be reported to the next meeting.

### Minister Meetings

The Chair reported that the annual meeting with the Minister had been positive and constructive. The Minister had confirmed support for a refresh of the Corporate Plan. In addition, the Minister had gained a broader understanding of Scottish Canals business following his visit to the Helix. The Chair congratulated the Chief Executive for an engaging presentation to the Minister.

## **Insurance**

It was reported that SG had clarified that the insurance terms of the Scottish Public Finance Manual (SPFM) applied to Scottish Canals. It was noted that the SPFM presumed that the costs of uninsured claims would be met from within previously agreed budgets, however, it was open to the Scottish Ministers to agree changes to such budgets. It was agreed that the Chief Executive and Finance Director would undertake a comprehensive review of the implications of applying the insurance terms of the SPFM to Scottish Canals' insurance arrangements, specifically in terms of value for money and risk. The Audit & Risk Committee would consider the findings of this review and the Chair of the Audit & Risk Committee would report further to the Board.

### **Actions:**

**The Chief Executive and Finance Director to consider and report to the next Audit & Risk Committee on Scottish Canals insurance arrangements.**

**The Chair of the Audit & Risk Committee to report to the Board on Scottish Canals insurance arrangements.**

## **Annual Review**

It was noted that the Annual Review would be produced at the half year end.

## **Gender Balance Initiatives**

It was agreed that the Chief Executive would circulate a briefing note to the Board following the request for further detail on the promotion of gender balance.

## **Charging Policy**

The Chair and Martin Latimer had attended a constructive meeting with the Scottish Canals Boaters Group to address concerns raised regarding the charging policy. The comparable market data which had informed the new charges had been forwarded to the group as requested. Follow up actions were on the agenda for consideration regarding the delivery of diverse residential communities on Scotland's canals and a further meeting with the Scottish Canals Boaters Group was planned for September. It was noted that Scottish Canals' customer engagement strategy ensured that meetings would be structured to address the specific interests of the varied customer user groups. The Chair thanked Martin Latimer for his constructive input into this matter.

## **6. Health and Safety Report**

It was reported that the Health and Safety strategy and policy had been revised to reflect the Board recommendations and duly approved by the Chair and Chief Executive. It was noted that the British Safety Council had been engaged to carry out an audit of Scottish Canals public risk management processes. It was agreed that the British Safety Council should also be engaged to carry out a review of the Health and Safety Management System at the calendar year end.

The Board discussed the Health & Safety report incorporating the quarterly reporting of Health & Safety KPIs of accident frequency, site safety visits, lost time injury statistics, root cause analysis actions and near miss reporting. Further improvements on the oversight and health & safety reporting of sub-contractors was discussed. The Board congratulated the Executive team for their engagement to ensure that there were limited areas of concern with regard to health & safety. The Board noted that there had been slippage in the action plan and was assured that this was being addressed and that it was not a resource issue. The Board was advised that holiday hire boaters received health & safety guidance but were expected to be adequately trained. The incident involving a third sector charity was discussed. The Executive team was proactively managing this matter and the Board would continue to closely monitor progress.

The Board also discussed the health & safety issues raised directly with MSPs. At the Scottish Canals Boaters Group meeting the Chair had requested that evidence of any health & safety concerns should be raised with Scottish Canals immediately in order that Scottish Canals could address them. The Board was assured that there were no unmitigated health & safety issues. Discussions were ongoing with user groups to raise awareness of their health & safety obligations.

**Action:**

**The outcomes of the audits by the British Safety Council to be reported to the Board.**

## **AUDIT AND RISK COMMITTEE UPDATE**

### **7. Report from the Audit & Risk Committee**

The Annual Report from the Audit & Risk Committee to the Board for 2014/15 and the minutes of the Audit & Risk Committee meeting on 9<sup>th</sup> June 2015 were noted. The Chair of the Audit & Risk Committee summarised the key points from the review of the year as follows:

#### **Audit of Financial Statements**

There were no qualifications in the auditor's report on the 2014/15 financial statements and Audit Scotland had concluded that Scottish Canals had effective and transparent governance arrangements and an effective and robust risk management framework. It was noted that Audit Scotland had recommended that a medium term financial plan with working capital projections be prepared and this would be addressed following the discussions with the Scottish Government on the refreshed Corporate Plan.

#### **Internal Audit**

The summary of the Internal Audit Annual Report 2014/15 which summarised the 19 recommendations made in the five completed internal audits undertaken during the year was noted. In addition the five planned audits included in the Internal Audit Annual Plan 2015/16 in addition to follow up checks on the implementation of previous audit recommendations were noted. The Committee had challenged the quality of internal audit reviews undertaken and had highlighted the need for specialist audit resources to be identified at the scoping stage. It had been agreed that the terms of reference of each internal audit would be reviewed by the Executive team and the Committee and, if required, additional external expertise would be appointed. It was reported that the internal audit partner was leaving and that a new partner would take over this responsibility.

Following the recommendation of the Audit & Risk Committee, the Board approved the Internal Audit Annual Plan 2015/16.

The Board thanked the Audit & Risk Committee for its thorough and active management which had led to an issue free process to produce the Annual Report and Accounts. The Board requested that its thanks be passed onto the independent member of the Committee. The Board noted that Geoff Aitkenhead would be stepping down from the Committee and personally thanked him for his contribution to the effectiveness of the Committee. The Chair, the Chair of the Audit & Risk Committee and the Chief Executive would discuss his replacement on the Committee.

**Action:**

**The Chair, the Chair of the Audit & Risk Committee and the Chief Executive to discuss the appointment of a further member for the Audit & Risk Committee.**

#### **Procurement Strategy**

The briefing paper underpinning the strategic focus for procurement as reflected in the Corporate Plan and the Business Plan was discussed. It was confirmed that procurement policies and procedures were in place and communicated to all relevant staff. The policies and procedures included a conflict of interest process.

**Action:**

**The outcomes of the annual anti-bribery review would be reported to the Board.**

### **7. Approval of Annual Report and Accounts 2014/15**

Following the report from the Audit & Risk Committee Chair, the Board:

- approved the Annual Report and Accounts 2014/15 and authorised the Chair, Chief Executive, as the Accountable Officer, and the Secretary of the Board to sign the Corporate Governance Statement the Board Members Report the Directors' Remuneration Report and the Balance Sheet, as required, on behalf of the Board;
- authorised the Chief Executive, as the Accountable Officer, to sign the letter of representation to Audit Scotland to accompany the Annual Report and Accounts 2014/15; and
- authorised the Secretary to do all things necessary to finalise, print and liaise with the sponsor team to lay the Annual Report and Accounts 2014/15 before Parliament prior to publication.

## **8. Review of Corporate Risk Register**

The Corporate Risk Register together with a report on adjustments, as refined by the Audit & Risk Committee following the risk register workshop facilitated by the internal auditors, were noted. The current risk heat map was discussed, in particular the risks identified in the high likelihood/severity category. The Executive team would continue to monitor the risks to ensure that appropriate and effective mitigation was ongoing.

The status of risk management, detailed in the Risk Maturity Assessment as at June 2015 attached as an appendix to the Audit & Risk Committee annual report, was noted.

## **PERFORMANCE REPORTING**

### **9. Finance Report**

The Board considered the finance report for the two month period to 31<sup>st</sup> May 2015. A briefing paper to cover Q1 performance as at 30<sup>th</sup> June 2015 would be issued to the Board in mid July 2015. The Board noted that there were no significant movements in the management accounts for the reporting period and that aged debt continued to be pro-actively managed.

The final dowry payment from Canal & River Trust (CRT) following the separation of Scotland's Canals from CRT in July 2012 would be drawn down in July 2015 and it was agreed that the Chair would formally acknowledge the conclusion of the dowry payments in writing to the Chair of CRT.

The Board discussed the level and nature (cash or assets) of financial contingency cover required and agreed that Scottish Canals continue to provide for a £1million cash contingency. The Board discussed liquidity and the Grant in Aid drawdown process. It was agreed that there was no short-term requirement to revise the current drawdown process. The Board noted that discussions were ongoing with Scottish Government and other key stakeholders regarding future investment plans to underpin the aim of increasing financial sustainability for Scottish Canals.

The draft Treasury Management policy was noted and would be updated to reflect the cash contingency cover.

#### **Action:**

**A briefing paper for Q1 financial performance as at 30<sup>th</sup> June 2015 to be circulated to the Board in mid July 2015.**

**A Chair to Chair letter to be sent to mark the conclusion of the dowry payments to Scottish Canals from Canal & River Trust.**

### **10. Quarterly Performance Report**

The Board reviewed performance for the period to 31<sup>st</sup> May 2015 against the targets set out in Scottish Canals 2015/16 Business Plan and noted the significant highlights from Q1 as detailed in the Quarterly Performance Report. The necessity to close Dunardry Bridge on the Crinan Canal to

all pedestrian and vehicular traffic pending a structural assessment to be undertaken by the end of July was noted. The sponsor team had been advised due to local sensitivities.

## **DISCUSSION AND DECISION PAPERS**

### **11. Corporate Plan revision**

Following confirmed support from the Minister for a refresh of the Corporate Plan, the Board was invited to submit any further comments for incorporation into the final draft of the revised Corporate Plan prior to its submission to the SG sponsor team for consideration and wider discussion with SG finance colleagues.

#### **Action:**

**The Chair to submit the revised draft Scottish Canals Corporate Plan 2015 – 18 to the SG sponsor team.**

### **12. Collective Board Self-Assessment**

The Board reviewed the collated feedback from the Collective Self-Assessment Questionnaire completed by each member of the Board and agreed action on the key points identified.

The Board agreed that, together with the 360 Board appraisal, this was a thorough and effective annual process to progress continuous improvement of the Board's performance. It was agreed that scaled ranking should replace yes/no answers for future Annual Collective Self-Assessment Questionnaires.

### **13. Charging Update - Delivering Equality and Diversity on Scotland's Canals**

The Board agreed that Scottish Canals was committed to promoting equality and diversity. The proposed principles for an affordability policy were discussed. It was agreed that the principles be further explored to promote living on water as an affordable form of housing. In addition, Scottish Canals wished to ensure that proper economic charging for living on the water fairly accommodated those suffering financial hardship and that further consideration be given to Scottish Canals enabling relief linked to council tax relief.

The Board also discussed the proposed appeals process for charging rates and agreed that the appeals process should be implemented subject to revision to reflect an internal first stage and an external second stage.

#### **Action:**

**The principles of the affordability policy for living on the water to be reviewed and further reported to the Board.**

**The appeals process for charging rates to be revised to reflect an internal first stage and an external second stage.**

### **14. Helix event update**

The plans for the royal visit by HRH Princess Anne to officially open the new canal extension to the Forth & Clyde Canal and Kelpies, including a flotilla of boats, were being finalised. Keith Brown MSP, Minister for Transport and Infrastructure had confirmed his attendance together with all partners involved in the Helix project.

## **Any Other Business**

### **Submission to Office of National Statistics (ONS)**

Progress was reported regarding the submission for Scottish Canals categorisation as a public corporation to ONS.

## **Board Changes**

On behalf of the Board the Chair warmly thanked Geoff Aitkenhead, who was stepping down as Vice Chair, for his contribution to the strategic focus of the Board and congratulated Tanya Castell following SG confirmation of her appointment as Vice Chair with effect from 2<sup>nd</sup> July 2015.

**Date of Next Meeting**

The next meeting would be held on Thursday 13<sup>th</sup> August 2015 at The Whisky Bond, Glasgow.

Signed ..... Andrew Thin

Date .....