

## Meeting Minutes (redacted version)

Minutes of the Meeting of the Board of Scottish Canals held on 13<sup>th</sup> August 2015 at 9.30am at The Falkirk Wheel

<b>Present:</b>	Andrew Thin	- Chair
	Tanya Castell	- Vice Chair
	Martin Latimer	- Non-Executive Director
	Cathy Bankier	- Non-Executive Director
	Deborah Benson	- Non-Executive Director
	Steve Dunlop	- Chief Executive
<b>In Attendance:</b>	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
	Lesley Corr	- PA to Chief Executive
<b>Apologies:</b>	Nicola Christie	- Head of Legal Services (Secretary)

### 1. Welcome and apologies

The Chair welcomed everyone and explained that the Cabinet Secretary for Fair Work, Roseanna Cunningham, was paying a lunchtime visit to talk about the Scottish Government's 50/50 by 2020 ambition followed by a photocall involving the Board and management team in front of the Wheel.

Apologies from Nicola Christie, Head of Legal Services, were noted.

### 2. Declaration of Interests

None were reported.

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

The minutes of the Board meeting held on 26th June 2015 were approved.

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

Progress on the actions from the previous meetings was noted and it was agreed that all actions which had been completed would be removed from the list.

#### Action:

**It was agreed that the annual review, insurance update and health and safety workshop would be reported at the Board meeting on November 5<sup>th</sup> 2015.**

#### Performance reporting

### 5. Quarterly finance report

It was reported that a reforecast would be carried out at the end of Q2. The Board noted that the management of aged debt was under control and the recovery of outstanding monies was not a risk. The specific debts discussed were being treated as deferred income.

### 6. Quarterly performance report

The Board was given an overview of the commercial portfolio.

**Action:**

The Board considered all the red and amber graded items and noted that SC was under considerable pressure given the availability of funds and other resources. It was agreed that a detailed look at the impact of limited resources would take place in six months' time.

## **7. Corporate risk**

It was reported that many of the risks from the previous meeting remained current and the Board noted that the Executive Team was scheduled to discuss corporate risk on Monday August 17<sup>th</sup> 2015.

The Board noted the content of the report on the ongoing procurement for the major works framework contract.

**Action:**

The Board noted the risk and asked for an update at the next Board meeting.

### Strategic asset management

The Board noted a considerable degree of concern around the increasing risks associated with asset management and condition and the prolonged timescale for addressing the matter, given SC's current financial position.

The Board held a thorough discussion of the matter and noted that the current risks were unlikely to diminish for a number of years and only if investment was forthcoming.

## **8. Health and Safety report and review**

The Board noted that the external validation of SC's health and safety policy by RoSPA was scheduled to go ahead in October and that the increase in reported incidents was a result of more people using the canal corridors and their increased popularity, rather than an increase in the prevalence of incidents. It was agreed that influencing customer behaviour remained important, with a continuing need to promote Stay Away From the Edge (SAFE) to select audiences at key times of the year.

**Action:**

The Board agreed that Scottish Canals' communications activity should continue to be aligned with the risk strategy.

## **9. Communications Strategy update**

The Board noted the positive development in SC's communications function. It also recorded that the Corporate Affairs department, which oversees all communications activity, performs exceptionally well and needs to continue delivering strategically responsive communications, particularly around investment in the canal network.

## **10. World Canals Conference**

An update on the progress for the 2016 World Canals was provided. Details of the WCC website, progress in confirming the target audience, speakers and sponsors and promotional plans for attending WCC 2015 in Ghent were outlined.

**Action:**

The Board requested an update on the WCC to be provided at each subsequent Board meeting.

## **11. Charging appeals**

Following a detailed discussion, it was agreed that the Charging Appeals paper was a good start in developing an appropriate appeals process for customers who are not happy with their contract

terms and conditions. However, it was noted that while no such process could override the Accountable Officer, Scottish Canals would benefit from having a formalized appeals process.

**Action:**

**It was agreed that Scottish Canals would seek further advice to determine how an appeals process would dovetail with the existing complaints procedure.**

**DISCUSSION AND DECISION PAPERS**

**11. Environment Strategy**

It was reported that the aim of the Environment Strategy was to significantly reduce costs, as well as to comply with legal requirements and deliver wider public value. The Board recognised that a significant amount of work had been carried out to deliver the Environment Strategy and that it was an excellent piece of work.

**Action:**

**The Board requested to be kept updated on the implementation of the strategy.**

**12. Financial sustainability**

The Board discussed Scottish Canals' current position and factors which have influenced this, including the financial impact of investing in the Kelpies, the ongoing decline of the assets and the reduction of Grant In Aid from £11.5m in recent years to its current level of £10m. The Board noted that although Scottish Canals was doing all it could to generate a return on investment across all its assets, opportunities were limited and the business was not financially sustainable in the medium to long term. It recorded that further thought must be given to service redesign, cost minimisation and revenue maximisation.

Following a discussion about whether recapitalising and restructuring the business was an option for Scottish Canals, the Board recorded that this decision would need to be taken by the Scottish Government.

**Action:**

The Board agreed that it should give consideration to the way Scottish Canals reports the overall financial health of the business, including the asset liability.

The Chair and Chief Executive agreed to draft a summary note following the discussion and circulate to the Board.

**AOB**

The Board agreed that newly appointed Non-Executive Director, Deborah Benson, would join the Audit and Risk Committee.

**Date of Next Meeting**

The next meeting would be held on September 24th 2015 at The Falkirk Wheel.

Signed ..... Andrew Thin

Date .....