

Meeting Minutes

Minutes of the Meeting of the Board of Scottish Canals held on 14th May 2015 at 11am at Glenmoriston Town House Hotel, Inverness

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)
	Katie Hughes	- Director of Estates and Commerce
	David Lamont	- Director of Operations
	Claire Lithgow	- Director of Finance
	Josie Saunders	- Head of Communications
	Lesley Corr	- PA to Chief Executive
	Elsa Jack	- Observer
Apologies:	Richard Millar	- Director of Heritage, Environment and Sustainability

1. Welcome and Apologies for Absence

The Chair welcomed Elsa Jack as an observer. Apologies had been received from Richard Millar, Director of Heritage, Environment and Sustainability.

2. Declaration of Interests

There were no declarations of interest.

3. Approval of the Minutes from Previous meeting

The minutes of the Board meeting held on 26th March 2015 and the exceptional Board meeting held on 21st April 2015 were approved.

4. Matters Arising and Review of Previous Actions

Progress on the actions from the previous meetings was noted. The Board would be advised of the additional wording on diversity to be included in the Business Plan 2015/16. Confirmation was awaited from the sponsor team regarding Scottish Canal's status as a self-insuring SG sponsored body in line with the terms of the Scottish Public Finance Manual. The insurance policies for 2015/16 had been renewed pending this confirmation.

DISCUSSION PAPERS

5. Charging Update

Scottish Canals had increased charges with effect from 1st April 2015 for canal based activity with the exception of businesses with individual commercial agreements. The Board had anticipated that these increases would receive a mixed reaction. The Board acknowledged the weakness that communications of impending increases to affected customers had not commenced earlier, as planned. This was due to a regrettable delay in receiving Scottish Government approval for the proposed charging increases.

The Board confirmed its support of the strategy to act commercially (in line with its statutory duty) by implementing economic charging to ensure the long-term future of the canals. Scottish Canals as a public body, was required to demonstrate best value. Further, there may be state aid implications in relation to undercharging customers.

The Board noted that market data from comparable locations in England and Wales, private sector marinas and basins across the UK and market demand across Scotland's canals had informed the new charges. Scottish Canals would continue to monitor the supply and demand across its canal based activity to ensure that the market was tested robustly and that pricing reflected market demand. It was agreed that it would be helpful for a summary of this comparable market data to be publicised.

Scottish Canals reviewed its charges annually and would implement lessons learned to improve engagement with its customers in future. It was usual practice for Scottish Canals to share annual pricing information with customers as early as possible. The late release of this information this year had been an exception due to the regrettable delay referred to earlier.

The Board was reassured that the majority of Scottish Canal's customers were on board with the strategy to implement economic charging to ensure the long-term future of the canals. The Board requested that the Executive team continue to respond to the needs and concerns raised by a small number of customers on an individual basis. In addition, the Executive team would engage with relevant stakeholders to explore the possibility of Living on Water becoming an affordable and comparable residential housing option.

The Board was concerned that the Scottish Government sponsor team had elected not to involve Scottish Canals in a joint meeting with stakeholders. The Chair would write to the Director of Aviation, Maritime, Freight and Canals highlighting concerns that this may be viewed as unnecessarily divisive.

Actions:

A summary of the comparable market data which informed the new charges to be published. The Chair would write to the Director of Aviation, Maritime, Freight and Canals regarding joint representation at stakeholder meetings.

6. Third Sector Engagement

The Board recognised that Scottish Canals had a good record of engagement with the third sector. The rewards of Canal & River Trusts (CRT) organisational shift to embrace volunteering as core business was noted, particularly the significant positive impact on its return on investment and productivity. The increasing recognition and investment by the Scottish Government in the third sector as part of its economic strategy was also acknowledged, in particular the policy agenda promoting community empowerment, equality and participation to create a sense of community ownership.

Following a discussion the Board agreed that, whilst the Corporate Plan priorities embraced volunteering, there was a compelling vision that Scottish Canals could do more to develop, encourage and collaborate with the third sector given the need to address the long term economic sustainability of the canals as heritage assets and to promote the canals for community benefit. It was agreed that Scottish Canals should continue to engage with CRT to understand the potential in developing a third sector engagement model.

The Board noted that the resource and risk implications required careful management in developing further third sector engagement and that pilot projects with measurable deliverables within a structured framework should be the first stage in this long-term approach.

The Scottish Waterways Trust (TSWT)

The Board was reminded that tSWT had undergone its own transition and established itself as Scotland's national waterway charity with bold ambitions. To promote self-sufficiency, tSWT's Business Plan reflected a reducing reliance on funding from Scottish Canals over a five year period with a drive to diversify and access different funding streams to raise income. The Board noted the tSWT strategic priorities for 2015 which were aligned with Scottish Canals' strategic priorities of financial sustainability, public value growth and active ownership. The Board expected tight

governance, focused on best value and performance management, to underpin the delivery of these strategic priorities.

The appointment of a new Chair and three new Trustees to the Board had led to a reinvigoration of the ambitions of tSWT to grow its activities with a number of exciting new initiatives. A particular platform for such growth could be for Scottish Canals and tSWT to work in partnership to promote Business Improvement Districts (BIDs) along the canal corridors. The Board supported further investigation of BIDs and encouraged further discussion to develop a BID in the Highlands.

The Board was supportive of the diversification of Scottish Canal's third sector offer and recommended that the Executive team explore different delivery routes.

Action:

Scottish Canals to continue to engage with CRT to understand the potential in developing a third sector engagement model.

Further investigation of BIDs to be progressed in partnership with tSWT.

7. World Canals Conference 2016

The Board acknowledged that the winning of the World Canals Conference, a four day event to take place from 19th to 22nd September 2016 at the Eden Court in Inverness, was an excellent achievement. The Board noted the considerable progress made in planning the content of the conference, positioning it as a national economic development platform. The positioning was intended to appeal to a broad audience of canal enthusiasts with opportunities to build business to business exporting and overseas trade links. It was agreed that further development of the conference brand and marketing positioning was required to convey this broad appeal and attract sponsorship. Further engagement with relevant public and private bodies and Scottish Government was also recommended to utilise it as an important platform to promote the wider Scottish Government priorities and attract Ministerial support.

Action:

Development of the World Canals Conference 2016 brand and marketing positioning to be progressed with public and private bodies engagement.

8. Strategic Lessons from Cullochay

The breach at Cullochay Weir in February 2015 was a major event of both operational and strategic significance for Scottish Canals. It had demonstrated that Scottish Canals' was able to respond to and manage such an extreme event effectively and efficiently. It also raised major strategic implications for the Board to consider regarding climate change, asset resilience, and long term sustainability.

The Board agreed that this extreme event was an important reminder that continuing climate change was a corporate and operational risk affecting the asset base that Scottish Canals must respond to rationally and carefully. It was noted that many of Scottish Canals' civil engineering assets were very old and operating beyond the lifespan originally intended while levels of investment for maintenance had been declining with the consequential impact on asset resilience across the system. Scheduled Ancient Monument classification, with the presumption of like for like replacement as opposed to replacing old assets with new ones posed an additional challenge.

The Board agreed that the new approach to asset management and condition monitoring, incorporating appropriate, academia led climate change modelling, was a high priority to address these sustainability issues. The implications for contingency arrangements in dealing with these issues either by way of prevention and or recovery required further discussion with Scottish Government.

The Board endorsed a preventative and preparedness approach adopting collaborative maintenance arrangements. This approach required Scottish Canals to be positioned as integral to relevant flood risk management plans and water management systems over larger water catchment areas in partnership with other relevant public sector bodies, the Transport agency sponsor team and the Scottish Government more widely.

9. Engaging Customers

The Board discussed the proposed approach to further enhance Scottish Canals' engagement with its emerging customer groups. Collaborative, locally based community engagement was key to highlight Scottish Canals broad agenda and commercial benefits.

The Board agreed to adopt a segmented customer engagement strategy that enables Scottish Canals to effectively deal with issues and meet business needs. The resource implications for wider engagement with a broader customer base was noted and proportionality was key. It was further agreed that the Board's skills and insights should be harnessed to inform this strategy.

Action:

Customers to be informed of Scottish Canals' segmented customer engagement strategy.

DECISION PAPER

10. Health and Safety Policy, Strategy and Action Plan 2015/16

As a matter of good governance and to underpin continuous improvement the Board reviewed Scottish Canals' Health & Safety Strategy, Policy and Action Plan annually. The Board welcomed the journey of continuous improvement and integration of Health & Safety matters adopted throughout Scottish Canals, in particular the development of local Safety Plans for 2015/16 which would be managed at each local waterway level. The Board also welcomed the planned, systematic review of current risk assessments/method statements across the business, to identify improvements, reduce unnecessary duplication and achieve a better understanding of the risk assessment response to workplace hazards.

Following this review the following specific comments were noted:

- The appendix item relating to management striving to find and eradicate poor performance to be balanced by reference to management recognising and reinforcing good behaviours. Positive endorsement for demonstrable health & safety good practice with recognition through participation in a rewards programme such as the Royal Societies Prevention of Accidents (RoSPA) rewards programme was recommended as further validation of positive health & safety behaviours.
- A stronger emphasis of the steps to be taken in pursuit of continuous improvement driving quality throughout the business to be set out in the Health & Safety Strategy in support of the ongoing cultural change within Scottish Canals.
- Effective rationalisation to replace reference to the aim to promote efficiencies.

The Board delegated authority to the Chair and Chief Executive to approve the Scottish Canals' Health & Safety Strategy, Policy and Action Plan 2015/16 subject to these recommended revisions.

The Board had previously reviewed the Institute of Directors / HSE guidelines and checklist for embracing a culture of safety leadership. The Board would participate in a workshop to review performance against the checklist criteria to inform an action plan to further improve the organisational approach to Health & Safety leadership.

