

Private & Confidential (redacted version)

Minutes of the Meeting of the Board of Scottish Canals held on 24th September 2015 at 10.30am at VisitScotland offices, 11 George Square, Glasgow.

Present:	Andrew Thin	- Chair
	Tanya Castell	- Vice Chair
	Martin Latimer	- Non-Executive Director
	Cathie Bankier	- Non-Executive Director
	Deborah Benson	- Non-Executive Director
	Steve Dunlop	- Chief Executive
In Attendance:	Katie Hughes	- Director of Estates and Commerce (Items 1- 3)
	Claire Lithgow	- Director of Finance
	Nicola Christie	- Head of Legal Services (Secretary)

1. Welcome and apologies

The Chair welcomed everyone. There were no apologies.

2. Declaration of Interests

A declaration of interest in item 4 by the Chief Executive, as a member of the Waterways Pension Fund, was noted. The Chair would lead on item 4 and indicated that those with an interest would only be permitted to answer questions of fact relating to the item and would not participate in the vote. No statements of opinion material to the decision would be permitted by any person with an interest in the item. Although not members of the Board, the interests of the Director of Finance and the Head of Legal Services in item 4 were also noted.

DECISION PAPERS

The Chair confirmed that there were no time constraints on the Board's discussion of the decision papers.

3. Purchase of Retail Unit, Fort Augustus

The Board discussed the investment proposal to purchase a key retail unit on the corner of the A82 and canal side in Fort Augustus to allow Scottish Canals to create a high quality canal focused tourism hub. The Board noted that offers over £350k had been invited and that six bids had been submitted at the closing date. The Board was satisfied that the price offered was a fair market value for Scottish Canals' usage. It was agreed that the investment proposal would be brought back to the Board for further consideration if the building survey reflected a valuation significantly less.

The Board considered the contribution to the Scottish Government and Scottish Canals strategic priorities and confirmed that this opportunity to expand and improve the tourism destination offer in Fort Augustus on the Caledonian Canal met these strategic priorities. It was understood that the local community was also likely to be supportive. The purchase would be wholly funded from Scottish Canal's capital investment reserves, utilising funds for a sustainable purpose in line with Scottish Canals' strategic focus.

The financial forecast to provide a café, shop, retail concession space to help grow small local businesses and additional letting space on the upper floor was noted and considered to be conservative (and included maintenance and overheads). The risks and sensitivities were also considered. There was potential for economies of scale by rationalising the existing assets in Fort Augustus and additional third party funding was anticipated but not reflected in the initial forecast.

The Scottish Government had been advised of the proposed purchase which was within the delegated authority limits of the Framework document.

Board Decision

Following this in depth discussion the Board unanimously approved the purchase of the retail unit on the corner of the A82 and canal side in Fort Augustus, subject to a satisfactory building survey and legal due diligence.

4. Pensions

The Board discussed the potential changes to the Waterways Pension Fund (WPF), a multi-employer defined benefit scheme with Canal & River Trust (CRT) as the principal employer. CRT had advised that it was their intention to recommend to the WPF Trustees at the Trustees meeting on 16th October 2015 that the fund be closed to future accrual with effect from September 2016 on the basis of financial risk mitigation. CRT intended to provide an enhanced defined contribution scheme for all its employees going forward.

The Board discussed in depth the pros and cons and costs of the potential future pension provision options should the Trustees agree to the WPF closing to future accrual.

Board Decision

In the light of overall pay constraints in the public sector, the agreed preferred option, by majority decision, was to maintain the status quo and explore whether there was an existing public sector defined benefit scheme, offering a similar level of benefits, which could be made available to the Scottish Canals employees who were currently members of the WPF defined benefit scheme.

The Scottish Government sponsor team would be advised of the Board’s decision in order to investigate, with the assistance of the Scottish Public Pensions Agency, the provision of an alternative defined benefit scheme for Scottish Canals employees who were currently members of the WPF defined benefit scheme.

Date of Next Meeting

The next meeting would be held on 5th November 2015 at The Falkirk Wheel.

Signed Andrew Thin

Date