

MINUTES OF SCOTTISH RAIL HOLDINGS LIMITED BOARD (SRH) MEETING

Date 19 October 2023
Time 12.00-15.00 UK time
Location Queen Street Management Suite / Microsoft Teams*

Present: Richard Cairns (RC) – Chair
 Brian Baverstock (BB) – Non-Executive Director
 Carolyn Griffiths (CG) – Non-Executive Director
 David Lowrie (DL) – Chief Executive
 John MacQuarrie (JM) – Rail Business Director

In attendance: Bill Reeve (BR) – Transport Scotland
 Campbell Davidson (CD), SRH Financial Controller
 Michelle Hampsey (Minute taker)

Apologies: Emma Dixon (ED) – General Counsel and Company Secretary
 Roz Foyer (RF) – Non-Executive Director

Agenda No:	Subject	Action For
1.	<u>Welcome – Notice, Apologies & Quorum</u> Noted and Quorate.	
2.	<u>Declarations of interests and conflicts</u> No new interests or conflicts noted.	
SRH Matters		
3.	<u>SRH Q2 Forecast and Resource Update</u> The Financial Director presented this paper which sets out the latest forecast group 2023/24 RDEL funding position and proposal to approve and commence the recruitment of additional resources for Scottish Rail Holdings Limited (“SRH”). The Transport Scotland (“TS”) Sponsor Representative indicated their support for four of the eleven requested posts on 22 nd September, seeking additional information to support the business case for the remaining posts. TS also highlighted that the 2023/24 funding to cover the recruitment and additional salary costs would need to be met from SRH’s existing 2023/24 group RDEL budget allocation. TS confirmed that any RDEL pressure relating to SRT’s Peak Fares trial and [REDACTED] will be managed separately by Transport Scotland. This commitment therefore frees up residual SRH group RDEL underspends to fund the additional resources and recruitment costs.	

	<p>The board discussed this in detail, asking the team to consider based on experience of the past 18 months the overall organizational design of SRH, in the context of other parts of the group so that the expansion of SRH is fit for purpose.</p> <p>Actions:</p> <ul style="list-style-type: none"> • CEO to bring forward a report to the Board defining the structure of SRH going forward. • Delegating to CEO to take the action and to make up to 5 immediate appointments which can be interim or permanent based on the immediate needs of the business. Authority to CEO. <p>The board approved the paper.</p>	
<p>4.</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Action:</p> <p>[REDACTED]</p>	
<p>5.</p>	<p><u>SRH Office Update</u></p> <p>The Rail Business Director presented this paper that considers the most suitable location for Scottish Rail Holdings following the mobilisation of Caledonian Sleeper Limited.</p>	

	<p>The board discussed this and expressed a clear preference that [REDACTED]</p> <p>[REDACTED]</p> <p>The Rail Director explained the background to this and the immediate need for an interim solution, noting other proposed options were not acceptable to Scottish Government Property Services.</p> <p>Given the urgency and importance of the matter the Board agreed that the option presented should be taken forward.</p> <p>Actions:</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	
6.	<p><u>Gateway Review Recommendations Progress</u></p> <p>The Rail Business Director gave the board a verbal update on this issue.</p> <p>The Board noted some concerns with the timescale for completion of this work given its importance for all aspects of the group's operations.</p> <p>The board agreed that a project plan for progression should be at the next board meeting.</p> <p>Action:</p> <ul style="list-style-type: none"> • Project plan for progressing Gateway Review to be presented at next board. 	
7.	<p><u>CEO Recruitment Board Update</u></p> <p>Note: the CEO noted conflicts of interest and left the meeting for this item, which was minuted separately.</p>	
Standing Agenda Items		
8.	<p><u>Chief Executive's Executive Summary</u></p> <p>The CEO presented this paper, highlighting the key matters for the SRH group, thanking the board for noting our progress.</p> <p>[REDACTED]</p>	

[REDACTED]

The board noted that setting a comprehensive and adequate budget in advance of the start of the financial year would allow for more delegated authority, more flexibility and improved speed of implementation of decisions throughout the group. It would also reduce the recurring approval burden on TS.

[REDACTED]

As with other issues the development of a single agreed annual plan is the best way to avoid recurrence of these sorts of issues.

The Board discussed:

- Sponsor's instruction in respect of the fleet proposal.
- Ongoing levels of customer and staff accidents in SRT.
- The generally positive operational and financial results.
- Continuing constraints on SRH resources and the criticality of addressing this, otherwise accountability for the company and subsidiaries will be impossible and the governance framework will have to change.
- The importance of several impending decisions for the medium-long term provision of the group's services.

- [REDACTED]
- The increasing fiscal maturity of SRT, e.g. in respect of the Levenmouth opening.
 - The progress toward completion of the group's first operational statutory accounts.

Action:

- Elaborate/highlight items that must have board approval.
- Transport Scotland representative will confirm approval of items believed to have been confirmed.
- Take on board comments / reference to process and progress being made.
- Recognise the importance of coordinating inputs to a single capital decision making process through the IDM.

Actions - Fleet:

- produce a paper that sets out the full issues regarding the fleet to include fleet replacement, processes, timescales and implications of a delay in processes. Risks associated with processes.
- Investment Decision Meeting - paper with a summary from Jon Newton on decisions to be sent to the board.
- [REDACTED]
- A special meeting on this item may be required before the TS -

	Investment Decision Meeting (IDM) – fleet action plan to this meeting as a 3 way paper. The board needs to have an opportunity to review before it goes to IDM on 15 th Nov.	
9.	<p><u>ScotRail Holdings Limited, ScotRail Trains Limited and Caledonian Sleeper Limited Operational & Performance Update</u></p> <p>The Rail Business Director presented this paper which was noted as read.</p> <p>Action:</p> <p>Future reports should not only include historical information but describe actions being taken to improve performance and expected timescales on impacts.</p> <p>The Board noted this paper.</p>	
10.	<p><u>ScotRail Holdings Limited, ScotRail Trains Limited and Caledonian Sleeper Limited Finance Update</u></p> <p>The Board noted this paper, which summarised the SRH group period 6 and YTD results, and update regarding the Sponsor’s commitment to separately manage RDEL pressures relating to the Peak Fares trial [REDACTED]. The SRH Financial Controller also provided a verbal update in respect to the status of the Summer Budget Challenge, noting that Transport Scotland had not yet provided any formal feedback or commission in response to SRH’s submission in August and that SRH had not yet received 2024/25 budget allocations for the group.</p>	
11.	<p><u>SRT Quarterly Communications Report</u></p> <p>Paper needs to evolve into a group report that reports on SRT/CSL/SRH.</p> <p>Action:</p> <ul style="list-style-type: none"> The Chair will discuss formalisation of group communications report with SRT Communications Director. <p>The Board noted this paper.</p>	
12.	<p><u>Minutes from previous meeting (21 & 28 September 2023)</u></p> <p>The minutes from the previous meeting approved subject to any further comments received from the Board.</p>	
13.	<p><u>Actions and matters arising from previous meeting (21 September 2023)</u></p> <p>Nothing new to add.</p>	
14.	<p><u>Any other business</u></p> <p>[REDACTED]</p>	

	<p>[REDACTED]</p> <ul style="list-style-type: none"> • Over speeding – Precaution of a blanket speed restriction. TOCs are not happy about the way they are implemented. Ongoing discussion about speed restrictions. 	
15.	<p><u>Board lookahead</u></p> <p>The chair noted a few items to be added to the lookahead.</p>	
	<p>Date of next meeting: Thursday 16th November 2023 at Glasgow Queen Street Station Management Suite.</p>	