

MINUTES OF SCOTTISH RAIL HOLDINGS BOARD MEETING

Date 10th November 2022
Time 10.00 – 12.00 UK time
Location Buchanan House Glasgow
Present: Gareth Llewellyn (Chair) (GL)
David Lowrie (DL),
Chris Gibb (CLG)
Nick Brown (NB) (Via Teams)
Roz Foyer (RF)
John MacQuarrie (JMacQ)
Lee Shedden (LS)

Apologies:

In attendance Bill Reeve (BR)
Michelle Hampsey (Minute taker)

Action Table

Agenda No.	Action	Who	When	Status
26/05	SRH Board Meeting			
16	Session to be arranged on the National Performance Frameworks (NPF), National Transport Strategy 2 (NTS2) and National Strategy for Economic Transformation (NSET)	BR/ JMcQ	23/06/22	Organised at a board meeting in January 2023
18	Meeting to be scheduled to agree a suitable process on the appointment of future Board members with the Chair and Sponsor Representative.	BR	23/06/22	TS to bring a fuller update to next Board.
No.	Action	Who	When	Status
15/09	SRH Board Meeting			
30	Approvals process for SRH David and John to discuss clear delegated authority.	DL/ JMacQ	13/10/22	Updated clear plan via email on 05/12/22
31	Safety Update – Sanders TS to give swift response on this matter.	BR/LS	ASAP	Completed
32	Budget update & financial performance CLG to consider reply from TS accountable officer and whether to request a letter of comfort.	CLG	13/10/22	Completed
No.	Action	Who	When	Status
15/09	SRH Board Meeting			
33	Register of Interest RF asked to note additional interests to register	MH	13/10.22	Completed

34	SRH Monthly Update Issue on class 334's passed to SHE Committee for consideration	JMacQ/N B	10/11/22	Updated at December meeting
No.	Action	Who	When	Status
10/11	SRH Board Meeting			
35	CEO Update Autumn readiness review – add to forward plan for June 2023	CLG	June'23	Added to forward plan
36	CEO Update Passenger complaints – present fuller view at April 2023 Board.	CLG/MH	April '23	Added to forward plan
37	New Fleet Procurement The Chair asked for this project name to be changed to Future Fleet rather than New Fleet. Also ensure a clear internal governance process for this project to ensure correct co-ordination and approvals.	JMacQ	Dec'22	In progress
38	New Fleet Procurement Add feedback from sub-committee to Future Board Planner.	MH	Dec'22	In progress
39	New Fleet Procurement The Chair asked that KPI's need to be set out within this planning process.	JMacQ	Dec'22	In progress
40	SRH Monthly Update The board asked that changes be made to the performance reporting with a higher level of detail.	JMacQ	Dec '22	In progress

MINUTES OF SCOTTISH RAIL HOLDINGS BOARD MEETING

Agenda No:	Subject	
1.	Welcome – Notice & Quorum Noted and Quorate. No apologies.	
2.	Declarations of Interest Nothing to note.	
3.	Register of Interest Nothing new to note.	MH
4.	Minutes & Actions arising from previous meetings The minutes from the previous meeting were agreed. Update on the following actions: Action No. 30 – Clear Delegated Authority levels for SRH staff will be presented at SRH December board – JMacQ. SHEC meeting held later today – update on class 334s will be noted for December Board meeting.	MH
5.	CEO Report The Board discussed the issues highlighted in this paper.	

	<p>It was noted that the £8.01mn package of HST Wheel Slip Protection and Double Variable Rate Sander was approved by Scottish Ministers on 14th October and is now progressing to procurement, design and installation. Implementation timescale is long, with full fleet fitment not expected until the end of 2024. This is being kept under review by SRT Board and the SRT executive have been challenged to find ways to accelerate the programme.</p> <p>Action – Autumn readiness update – add to forward plan for June 2023</p> <p>The Board considered data presented by the CEO regarding passenger complaints to SRT. The subject with the highest number of complaints was regarding staff and, while the number was falling from the previous month, management reiterated the urgency of SRT’s leadership adopting greater visibility and engagement with front line staff. The other categories with the most complaints were train service performance and policy & product. The management assured the Board that the subjects were discussed in detail at every SRT Board meeting, and plans developed and presented there to address the issues.</p> <p>Action – An annual review of Passenger complaints to be presented at April 2023 Board</p>	<p>MH</p> <p>CLG</p>
<p>6.</p>	<p>New Fleet Procurement – New Fleet Sub-Committee</p> <p>6.1 - New Fleet Procurement & Strategy: Governance arrangements 6.2 - New Fleet Project – Project status report – Nov 2022</p> <p>This paper outlines a revised arrangement that is now proposed with a sub-committee of the SRH board established to oversee the fleet procurement activities and make recommendations to the SRH board.</p> <p>The paper was presented to SRT board, and approved, on 3rd November 2022 with some comments. The SRT nominations to the sub-committee were confirmed. The paper has been updated to reflect these comments and is presented to the SRH board for Approval.</p> <p>The Board asked to ensure staff engagement as crucial in the process.</p> <p>The Board noted that the review of the 2021 “Team Scotland Enterprise” project governance structure to reflect the current accountabilities of SRH, promised by the Sponsor Representative at the September meeting, had yet to commence.</p> <p>Action – The Chair asked for this project name to be changed to Future Fleet rather than New Fleet. Also ensure a clear internal governance process for this project to ensure correct co-ordination and approvals, and to make clear the sub-committee had no authority to procure any fleet.</p> <p>Actions – Add feedback from sub-committee to Future Board Planner.</p>	<p>JMacQ</p> <p>MH</p>

	This paper was approved.	
7.	<p>Draft Business Planning Process ScotRail Trains Limited are required under the terms of the Grant Agreement to deliver Business Plan Commitments in accordance with its Business Plan. Scottish Rail Holdings having concluded its Strategic Business Plan, it is appropriate to consider the Business Plan process from 2023/24 onwards.</p> <p>The Board discussed the paper in full, the Board endorsed the planning process and noted the commitments arising from this process will be included in the Grant Agreement.</p> <p>Action: The Chair asked that KPIs be set out within this planning process.</p>	JMacQ
8.	ScotRail Trains Ltd Finance & Performance	
8.1	<p>General update including communication The Board considered the current position with respect to industrial relations and acknowledged the hard work of management in both SRHL and SRT during the negotiations. Strikes occurred on 10th and 29th October. The overtime ban by RMT members since mid-October was impacting depot operations causing a regular shortfall of diesel trains for passenger service, resulting in short formations.</p> <p>It encouraged management to continue discussions with RMT to seek to resolve the matter.</p> <p>The Board considered SRT's performance in October. The PPM measure for the month was 88.9% and the moving annual average 89.4% compared with the target of 92.5%. Autumn, industrial action and a track fault were the primary causes of delays and cancellations in the period, and it was noted that current performance was similar to last autumn. Industrial action by Network Rail employees was also having an impact, with strikes on 8th October and 5th November.</p>	
8.2	<p>Safety Update NB confirmed the SHEC meeting was scheduled for that afternoon, an update would be prepared for the December board meeting.</p>	NB
8.3	<p>Budget update & financial performance DL gave a detailed update on the financial position for SRT and SRH. The paper summarises the Scottish Rail Holdings Ltd Group Period 7 results, the ScotRail Trains Limited full year FY23 latest estimate and other governance matters that the board should be aware of.</p> <p>The additional £25m in grant in aid funding for SRH for 2022/23 has now been announced, which alleviates the SRH "going concern" issues reported to the last meeting. The executive directors now believe the Company has enough funds to complete the financial year with the current assumptions and forecasts.</p>	

	<p>A full and frank discussion took place no decisions will be taken until the Scottish budget has been set.</p> <p>The Board was briefed on the year-to-date financial position and likely year-end financial outturn. It was acknowledged that factors such as industrial action in SRT, expected compensation from Network Rail for industrial action by their employees and inflation forecasts were likely to change the year-end outturn.</p> <p>The Board noted that management continues to challenge SRT to deliver marketing-led initiatives to stimulate demand and deliver more revenue. It encouraged management and Transport Scotland to reach agreement, as a matter of urgency, on the implementation of those options identified for improving the financial position both in 2022/23 and 2023/24.</p>	
9.	Scottish Rail Holdings Ltd Finance & Performance	
9.1	General update including communications Nothing to report beyond those items discussed under agenda item 5.	
9.2	Safety Update See item 8.2	
9.3	Budget update & financial performance See Agenda no: 8.3	
10.	<p>SRH Monthly Update JMacQ presented this paper and highlighted he is working with the team on how better to present the relevant information. A discussion with the sponsorship team was also taking place on how we (SRH) report back ensuring we address more of the current issues.</p> <p>Action: The board asked that changes be made to the performance reporting with a higher level of detail.</p> <p>The paper was noted.</p>	JMacQ
11.	<p>Governance The Chairman asked the Sponsor Representative to update the Board again on progress in recruiting a stable Board for SRHL, noting that the contracts for all bar one of the current members are due to end on 31st March 2023. The Sponsor Representative informed the Board that proposals had been submitted to ministers and hoped recruitment would commence in the near future. The Board encouraged the Sponsor Representative to progress the recruitment as a matter of urgency.</p> <p>The CFO reported the Auditor General for Scotland had advised that Mazars had declined to act as auditors and Audit Scotland / SRH were considering alternative options. SRHL and SRT will commence year-end planning once these arrangements had been confirmed.</p>	

12.	AOB The Sponsor Representative updated the Board on scenarios being considered by Ministers for the future of the Caledonian Sleeper service. Management assured the Board that they were ready to respond appropriately to any of the scenarios, enabling Ministers to meet their obligations in respect of service continuity.	
13.	Date of next meeting – 8th December 2022	