



MINUTES OF SCOTTISH RAIL HOLDINGS LIMITED BOARD (SRH) MEETING

Date 11 January 2024
Time 12.00-15.00 UK time
Location St. Vincent Plaza / Microsoft Teams*

Present: Richard Cairns (RC) – Chair
Brian Baverstock (BB) – Non-Executive Director
Carolyn Griffiths (CG) – Non-Executive Director
Emma Dixon (ED) – General Counsel and Company Secretary
David Lowrie (DL) – Chief Executive
John MacQuarrie (JM) – Rail Business Director *

In attendance: Bill Reeve (BR) – Transport Scotland
Campbell Davidson (CD) – SRH Financial Controller *
[Redacted] (Minute taker)

Apologies: Roz Foyer (RF) – Non-Executive Director

Agenda No:	Subject
1.	<u>Welcome – Notice, Apologies & Quorum</u> Noted and quorate. Noted apologies from Roz Foyer.
2.	<u>Declarations of interests and conflicts</u> No new interests or conflicts noted.
3	[Redacted]
4.	<u>SRH Group Internal Audit provision</u> Brian Baverstock presented this paper highlighting the need to establish adequate and effective internal audit services across the SRH Group. SRT and SRH have been given the status of a Non-Departmental Public Body (NDPB), and it is likely that CSL will follow suit. NDPBs are expected to comply with the terms of the Scottish Public Finance Manual (SPFM), including making appropriate arrangements for the provision of internal audit services (this requirement is mirrored in the respective Framework Agreement between SRH and the Scottish Ministers). Recommendation <ul style="list-style-type: none">• SRH proceeds to appoint internal auditors on behalf of the SRH Group.• [Redacted]

	<ul style="list-style-type: none"> • the management of this contract is led by the prospective SRH Audit and Risk Manager with appropriate input from colleagues in Scotrail Trains Limited (SRT) and Caledonian Sleeper (CSL). • the SRH ARC chair works with SRT, CSL and SRH to establish the form and level of assurances that can be provided for the year 2023/24. <p>Brian Baverstock updated the board on the issues and explained his recommendation in detail.</p> <p>Carolyn Griffiths informed the board that a safety Audit programme is produced at SHEC and reported appropriate rigor was applied to this.</p> <p>Brian Baverstock confirmed the following actions:</p> <ul style="list-style-type: none"> • confirmation that he would work with the team (SRH/SRT) to appoint internal audit services across group, and provide assurance for the year 23/24 to confirm this was covered. • Internal audit at group level needs assessment to be carried out by [Redacted], which Brian Baverstock/Emma Dixon will supervise and be involved in. • Brian Baverstock and Emma Dixon would progress with finding a suitably qualified Audit and Risk manager and proceed to procure internal audit services to cover the group level requirements. <p>The board approved this paper.</p>
<p>5.</p>	<p><u>Audit Scotland’s Report</u></p> <p>The Chair discussed the recommendations from the Audit Scotland Report.</p> <p>Internal audit provision This action was discussed in detail at item 4.</p> <p>Gateway Review The board asked again for a copy of the Gateway Review from Transport Scotland. Bill Reeve confirmed a copy would be sent to Emma Dixon to distribute. The Board asked that any recommendations from the review should be on the agenda for the next board meeting.</p> <p>Strategic Plan John MacQuarrie updated the board on the progress of work for the Strategic plan – which is due at the end of September. The board asked that he work with TS on a planning process. It was agreed that the Executive would also have an initial meeting to map out a timeline and put a workplan in place for this project. The Chair asked that a working programme is produced for the next board meeting.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Gateway Review - recommendations on agenda at next Board meeting (ED).

	<ul style="list-style-type: none"> • John MacQuarrie to work on a project plan with TS • Meeting with team to discuss various sections and timeline needed to have a workplan in place. <p>Staff capacity Management should engage with Transport Scotland to agree the additional resource SRH requires to expand its capacity to enable it to provide effective financial and performance oversight of the delivery of rail services provided by SRT and CSL.</p> <p>[Redacted]</p> <p>Governance arrangements The Board considered that greater governance would be required around prospective fleet programmes and recognised the current team and group practices [Redacted], so will support work to improve this. Emma Dixon will take this forward and discuss the issues with Jon Newton, SRH Head of Fleet Procurement and Delivery, but noted it is likely to be another person to take responsibility for all governance. The board agreed there is a need to review how capital projects are managed.</p> <p>Actions:</p> <ul style="list-style-type: none"> • [Redacted] • Carolyn Griffiths will create a concept document on this for the Board, based on prior experience. <p>A review of the governance arrangements in place with subsidiary companies relating to roles, delegations is required, to take account of best practice, to allow the preparation of a gap analysis to resolve any issues identified.</p> <p>Action:</p> <ul style="list-style-type: none"> • The Board agreed to commission a piece of work on governance arrangements including comparisons with other public bodies (ED). <p>Best Value framework SRH has still to develop a Best Value framework.</p> <p>Action:</p> <ul style="list-style-type: none"> • CD to engage with Audit Scotland to begin creating a best value framework.
6.	<p><u>SRT/CSL Board Remuneration Subcommittee delegated approval</u></p> <p>The CEO appraised the board about a discussion that took place after the last board meeting regarding this issue. It was recognised that there was the need to create a revised group, RemCo structure so that as issues arise they can be addressed at ToC level.</p> <p>It was agreed that the Executive should be involved in the Remco's and an independent NED should chair them. The CEO has asked if one of the Non-Executive Directors could Chair the next meetings for SRT and CSL noting that the Terms of Reference for the committee meetings need review and approval at appropriate RemCo's.</p>

	<p>It was confirmed that SRT and CSL Boards have followed the public sector pay award.</p> <p>Brian Baverstock agreed to chair the next SRT and CSL RemCo meetings.</p>
7.	<p><u>CSL Grant Agreement review</u></p> <p>Emma Dixon gave the Board an update on the review, explaining the mapped-out changes and risks, CSL is currently working on a draft to go to the next CSL Board meeting. If the CSL Board approves it will then come to the SRH Board meeting.</p>
<p>Standing Agenda Items</p>	
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 progress.</p> <p>The board discussed SRH resources and asked that as part of the recruitment process it should be able to demonstrate progress against Audit Scotland’s recommendations – the CEO to ask [Redacted] to produce onboarding guidance for new staff. [Redacted] was currently progressing the audit/finance and safety positions.</p> <p>The board discussed the issues of the [Redacted] its impact and actions to address this.</p> <p>Actions:</p> <ul style="list-style-type: none"> • standing item for every board - Jon Newton to be invited to provide an update on Fleet procurement. • CEO to seek confirmation from CSL that appropriate action is being taken regarding [Redacted] • Meeting regarding Audit and Safety positions to be organized (ED with BB & CG respectively)
9.	<p><u>Scottish Rail Holdings Limited, ScotRail Trains Limited and Caledonian Sleeper Limited Operational & Performance Update</u></p> <p>The Chair noted that he had had a meeting with the Rail Business Director to discuss the structure of this report and noted that changes are being discussed with the Rail Business Director’s team and a new report will be presented at the next meeting.</p> <p>The board noted this paper.</p>
10.	<p><u>Scottish Rail Holdings Limited, ScotRail Trains Limited and Caledonian Sleeper Limited Finance Update</u></p> <p>The Financial Controller presented this paper which summarised the Period 8, Period 9, and YTD group results; together with an update regarding the full year latest estimate and funding availability for the group; and other governance matters that the Board should be aware of.</p>

	<p>SRH group’s consolidated net expenditure from operating activities (before IFRS16 and Annually Managed Expenditure (“AME”) technical adjustments) was [Redacted] for Period 8 and [Redacted] for Period 9, which were [Redacted] respectively to the group’s own approved budgets. P9 YTD net expenditure [Redacted], which is [Redacted] to budget.</p> <p>Full year latest estimates indicate a group RDEL [Redacted] (after SRH overlays), and core committed CDEL (excluding FTAC) [Redacted]</p> <p>The Board noted this paper.</p>
11.	<p><u>SRT Monthly Communications Report</u></p> <p>The Board noted this paper.</p>
12.	<p><u>Minutes from previous meeting (16 November 2023 and 14 December 2023)</u></p>
13.	<p><u>Actions and matters arising from previous meeting 16 November 2023 and 14 December 2023</u></p>
14.	<p><u>Any other business</u></p> <p>[Redacted]</p> <p>[Redacted]</p> <p>Board Induction Plan – this will be reissued (ED).</p>
15.	<p><u>Board lookahead</u></p> <p>The Chair noted some additional items to be added to the lookahead.</p>
	<p>Date of next meeting: Thursday 8th February 2023 at St Vincent Plaza, St Vincent Street, Glasgow.</p>