

Minutes of Meeting

Scottish Rail Holdings Limited – Board Meeting

Thursday 22nd August 2024, 12.00 to 16.30

Location: St Vincent Plaza / Via Teams*

Present: Richard Cairns – Chair
Graeme Cook – Chief Executive
Carolyn Griffiths – Non-Executive Director*
Brian Baverstock – Non-Executive Director
Roz Foyer – Non-Executive Director
Campbell Davidson – Finance Director
John MacQuarrie – Rail Business Director

In attendance: Joanne Maguire – ScotRail Managing Director (for item 2)
Scott Prentice – ScotRail Strategy and Planning Director (for item 2)
Bill Reeve – Transport Scotland Director of Rail
Jackie Bergen – Board Secretary

Agenda Item 1: Notice, apologies, and quorum

1. The Chair welcomed everyone to the meeting.
2. There were no apologies. The meeting was quorate.

Agenda item 2: [Redacted]

3. The Chair welcomed the ScotRail Managing Director and the Strategy and Planning Director to the meeting to present to the Board on [Redacted]. The ScotRail Managing Director highlighted the various forums where [Redacted] data is reviewed and said that [Redacted] is a continuing work in progress, the data showed that overall trends were moving in the right direction. The Board discussed [Redacted]
4. After discussion the Board agreed:
 - [Redacted]
 - The Chief Executive, in his role as Chair of the ScotRail Board, will take forward the plan for themed deep dive reviews with the ScotRail Board, including a deep dive review on [Redacted]
 - The Chief Executive will discuss and agree with the members of the ScotRail Board, the categories of data required for on-going reporting purposes and to inform the above mentioned deep dive reviews
 - [Redacted]
 - [Redacted]
5. The Chair thanked the ScotRail Managing Director and her team for preparing the data and presentation for the Board.

[Redacted]

6. Roz Foyer declared a potential conflict of interest in relation to this topic and absented herself from the meeting for this discussion.

7. [Redacted]

8. [Redacted]

9. The Board and the Transport Scotland Director of Rail noted appreciation of the amount of work undertaken by the ScotRail Managing Director and her team and SRH in the current round of pay negotiations.

Agenda Item 3: Declarations of interests and conflicts of interest

10. Other than the conflict of interest noted earlier in the meeting, there were no declarations of interest.

Agenda Item 4: Minutes from previous meetings

11. The Board approved the minutes of the meeting held on 27 June 2024 subject to a minor amendment at paragraph 19.

12. The Board approved the minutes of the special meeting held on 29 July 2024.

Agenda Item 5: Actions and matters arising

Interim Gate Review Framework for Capital Projects

13. The Board noted that [Redacted] but noted that the upcoming deep dive session in relation to new fleet strategy includes stage gate forums for decision making to ensure that the decision making process is properly supported, controlled and robust. A Non-Executive Director asked the Board to note that [Redacted]

[Redacted]

14. [Redacted]

Whistleblowing Policy

15. The Board noted that the draft Whistleblowing Policy would be considered by the SRH Audit and Risk Committee at its next meeting on 18 September 2024.

Publication of Group Tax Strategy

16. The Finance Director confirmed that the tax strategy will be published on SRH, ScotRail and Caledonian Sleeper websites in the near future.

Framework Agreement and RACI Matrix review

17. The Board noted that due to other business commitments the review of the framework agreement would be undertaken and submitted to the Board at its October or November meeting.

18. The Board noted additional matters arising raised by a Non-Executive Director and asked that these be added to the list of outstanding actions for the next meeting of the Board.

Agenda Item 6: SRH Proposed Organisation Design

19. Further to the Board's previous decision to seek Transport Scotland approval for the recruitment of additional staff for SRH, the paper on SRH proposed organisation design had been submitted for the Board's

consideration to provide a full overview of all the required staff positions at this time. [Redacted]. After discussion the Board agreed, by majority, to endorse the recommendations in the paper and asked that the Chief Executive submit the proposals to Transport Scotland for approval to recruit the additional members of staff.

Agenda Item 7: Finance Update

20. The Finance Director presented the paper setting out:

- SRH Group 2024/25 Rail Period 4 finance results
- An update regarding the 2024/25 full year latest estimate and funding availability
- Detail of several Scottish Government and Transport Scotland commissions completed since the last meeting of the Board
- [Redacted]
- [Redacted]

21. [Redacted]

22. [Redacted]

23. [Redacted]

Agenda Item 8: SRH Group 2024/25 Capital Programme and Approvals

24. The Finance Director presented this paper to provide the Board with an overview of the SRH group 2024/25 CDEL budget, by project, including the status of sponsor approvals, the latest 2024/25 forecast expenditure, and key capital investment panel activity to continually improve the SRH Group's management of the capital programme. The Finance Director said the Board is asked to approve the SRH Group's capital programme, as set out in the appendix to the paper, and give the SRH Executive Team the authority to give ScotRail and Caledonian Sleeper approval to spend within the approved authority to spend limits, subject to compliance with public sector procurement rules and the Scottish Public Finance Manual requirements.

25. The Chair welcomed the paper. The Board noted the various levels of scrutiny that the business cases for these projects had gone through before final approval to spend was being asked for. The Board discussed the control and management of capital spend and the need to ensure approved allocated funds were used for the agreed project. The Board noted the good progress made with the introduction of the SRH Group capital investment panel which meets every four weeks and the use of the Transport Scotland capital control framework, TSEPs. The Finance Director was asked to prepare a paper for a future meeting of the SRH Audit and Risk Committee on control mechanisms for capital spend to enable the Committee to give the Board assurance on the capital spend process. It was agreed that the Audit and Risk Committee should also consider the frequency of reporting on capital projects progress to the Board.

26. The Board agreed the recommendations in the paper and gave the SRH Executive Team the authority to give ScotRail and Caledonian Sleeper approval to spend within the approved authority to spend limits.

Agenda Item 9: Governance

27. The Board considered the paper on the proposed approach for undertaking a robust review of the SRH governance arrangements to establish whether they compare favourably against best practice, and if not, to make recommendations for change. The Board noted that this proposal was to replace the previous agreement to recruit external services to undertake a review of the governance arrangements.

28. After discussion the Board agreed to the establishment of short-term task and finish group to consider and report on the matters as set out in the paper. The Board agreed that [Redacted] should also be looked at by the task group. The Board noted that the group members will be:

SRH Non-Executive Director A (Chair)

SRH Non-Executive Director B

SRH Chief Executive

ScotRail Managing Director

Caledonian Sleeper Managing Director

Transport Scotland Director of Rail

SRH General Counsel (once appointed)

SRH Business and Process Analyst (once appointed)

29. The Board noted that the first meeting of the group will take place in the near future and a high level project plan will be agreed at that meeting. The Board will receive monthly updates on the work of the group and the plan will be to submit a draft report to the Board for its meeting on 14 November.

Agenda Item 10: 35 Hour Working Week

30. The Board noted the approval of Transport Scotland for the introduction of a shorter working week from 37 to 35 hours for SRH staff from 1 October 2024. It was agreed that SRH would now implement the same policy.

Agenda Item 11: Strategic Plan Update

31. The Board considered the paper providing an update on the strategic plan, the schedule for development and delivery of the 2025 plan, and the proposed structure for the two day strategy sessions.

32. The Rail Business Director said that the 2024-2029 approved plan will be published by the end of September and the annual business plan for 2024-25 will be submitted to the Board at its September meeting for approval. He said that the annual review and update of the five year plan will be submitted to Transport Scotland for approval by 10 January 2025 and that the annual business plan for 2025-26 will be developed from the updated strategic plan. He said that the strategy days planned for 24 and 25 September and stakeholder consultation will inform the development of the review and update of the plan, prior to submission to Transport Scotland in January 2025.

33. The Board discussed the proposed format for the two day strategy sessions and asked that the format for the sessions be reconsidered to include more time for innovative thinking and to have space to explore creative opportunity ideas and to engage board members in using good practice strategy development tools and processes. It was noted that a strategy for managing stakeholder consultation more widely was needed and this takes a lot of time and effort. It was also noted that executive team alignment work should be explored further once the SRH governance review project team had reported to the Board.

34. The Rail Business Director said that he would discuss the Board's comments with the strategy session facilitator and revise the structure for the strategy sessions. The Chief Executive said that a pack of information to inform the strategy sessions will be issued in advance to all participants.

Agenda Item 12: Caledonian Sleeper Winter Formation

35. The Board noted and approved the proposals for the Caledonian Sleeper Winter modification and remedial works, as approved by the Caledonian Sleeper Board at its meeting on 7 August 2024.

Agenda Item 13: Transport Scotland Policy Compendium review and update

36. The Board considered the paper setting out the recommendations from Transport Scotland following their assessment of how SRH has been delivering against policy outcomes detailed within the policy compendium of the Framework Agreement. The Rail Business Director said that the recommendations were positive and there were large parts of the policy compendium where no recommendations had been made which shows that SRH is doing what it should be doing. The Board noted that Transport Scotland will publish its recommendations, and it was agreed that the SRH response to the recommendations should be included as a separate column in the recommendations document prior to publication. It was also agreed that delivery against this should be considered during the development of the strategy.

Agenda Item 14: Brand Licence Agreement

37. The Board noted the previous agreement in place between [Redacted] and Transport Scotland for use of the Scotrail brand name in its video games. The Board noted that the licence agreement was clear that there should be no misuse of the brand. The Board agreed to give delegated authority to the Rail Business Director to sign the licence agreement on behalf of SRH.

Agenda Item 15: Fleet Strategy update

38. The Board noted that a briefing session on new fleet strategy has been arranged for 20 September 2024.

Agenda Item 16: SRH Risk Register

39. The Board considered the SRH strategic risk register. The Finance Director said that the risk register had been updated in line with discussion at the meeting of the Strategic Rail Board on 20 June 2024. The Chief Executive said that the probability scoring on risk number two, in relation to [Redacted] He said that the risk owner for risk number 14 should be himself until the new General Counsel starts his employment with SRH. The Board agreed that risk register should include any strategic safety risks, and this should be discussed further by the Finance Director and the Chair of the SHEC committees. The Board also agreed that risk appetite should be considered as part of the strategy sessions in September.

Agenda Item 17: Chief Executive's update

40. The Board noted the Chief Executive's update paper.

Agenda Item 18: SRH Group Operational and Performance Update

41. The Board noted the SRH Group Operational and Performance update paper.

Agenda Item 19: SRH Group Finance Update

42. This item had been taken earlier in the agenda at item 7.

Agenda Item 20: Group Monthly Communications Report

43. The Board noted the Group Monthly Communications report.

Agenda Item 21: Board Lookahead

44. The Board noted the lookahead paper.

Agenda Item 22: Any other business

45. The Board noted the dates for Board and Committee meetings for 2025.

46. The Board noted an error, that should be corrected, in the approved strategic plan which stated that the Chair of the SHEC committees would report to the Strategic Rail Board.

47. The Board noted that the Non-Executive Director and Chair of the SHEC committees was arranging a presentation for ScotRail and Caledonian Sleeper staff by a safety and security adviser from Irish Rail on reducing anti-social behaviour on trains. The Board Secretary will circulate the information on this when arrangements are finalised and SRH Board members and staff are welcome to attend.

Agenda Item 23 – Date of Next Meeting

48. The next meeting of the Board will be on 19 September 2024.