



Minutes of Meeting

Scottish Rail Holdings Limited – Board Meeting

Thursday 17 October 2024, 12.00 to 15.45

Location: St Vincent Plaza / Via Teams*

Present: Richard Cairns – Chair
Hannah Ross – Chief Executive
Carolyn Griffiths – Non-Executive Director
Brian Baverstock – Non-Executive Director*
Campbell Davidson – Finance Director

In attendance: Bill Reeve – Transport Scotland Director of Rail
Peter Lloyd – Rail Management Lead for ScotRail (for item 9)
Jackie Robertson – Rail Management Lead for CSL (for item 9)
Jackie Bergen – Board Secretary

Apologies: Roz Foyer – Non-Executive Director
Graeme Cook – Chief Operating Officer
John MacQuarrie – Rail Business Director

Agenda Item 1: Notice, apologies, and quorum

1. The Chair welcomed everyone to the meeting.
2. Apologies were noted. The meeting was quorate.

Agenda item 2: Declarations of interests and conflicts of interest

3. There were no declarations of interest.

Agenda Item 3: Minutes from previous meetings

4. The Board approved the minutes of the meeting held on 19 September 2024 subject to an amendment from a Non-Executive Director at paragraph 34 and an amendment from the Transport Scotland Director of Rail at paragraph 47.

Agenda Item 4: Actions and matters arising

5. The Board considered the list of actions from previous meetings and agreed the suggested actions detailed in the list with the exception of actions 5, 10 and 24, detailed below.
6. In reference to paragraph 12 of the previous minutes, a Non-Executive Director said she had received the Audit Scotland plan for 2023/24. She said that the company audit plan should obtain Board approval, Audit and Risk Committee and SHEC to provide recommendations for approval.

7. In reference to paragraph 13 of the previous minutes, a Non-Executive Director said that the framework agreement and RACI matrix review needs to be approved by all three SRH Group Boards.

8. In reference to paragraph 22 of the previous minutes, a Non-Executive Director asked if the forward look on Ministerial priorities needs to be listed as an action from the Board. The Chair said that Ministerial priorities would be discussed at the Strategic Rail Board meetings. The Chief Executive said that she was developing a strategic work plan detailing commitments from the business plan and ScotRail and CSL commitments, and she would get Transport Scotland input to this to ensure that key Scottish Government milestones and Ministerial priorities would be actioned timeously. The Chief Executive said that she would submit the strategic work plan to the next meeting of the Board.

9. In reference to paragraph 28 of the previous minutes (and action 5 on the actions list) the Board agreed that whilst noting the Scottish government position of favouring more cross border rail connections, a specific date should be set for the Board to receive information on the potential financial and competitor impact on ScotRail from [Redacted] request for services to and from [Redacted]. The Board also agreed that ORR should be informed that the Board may wish to submit its views for ORR's consideration of [Redacted] request, to ensure that the Board does not miss the timescale for its views to be considered by ORR.

10. In reference to agenda item 12 of the previous meeting, a Non-Executive Director noted certain safety risks that were included on the strategic risk register had not been raised when reviewing that subsidiary company risk register at SHEC and she asked how this was escalated as a strategic SRH risk since these matters had not been raised as subsidiary risks at SHEC. She asked if this could be reviewed asap. The Chair of the Audit and Risk Committee said that he is aware that there are a number of matters to be addressed in relation to risk management and the alignment of committees and progress will be made now that the SRH Audit and Risk Manager is in post.

11. In relation to action 10 from the actions list, the Board agreed that the paper with options to reduce reliance on rest day working should be submitted to the December meeting of the Board. The Board asked the Chief Executive to inform the ScotRail Managing Director of the Board's timescale.

12. In relation to action 24 from the actions list, the Board agreed that this action should remain open. The Chief Executive said that the SRH Business and Process Analyst was undertaking work to look at the current reporting work undertaken by the many different forums across the SRH Group with a view to having a better system of reporting with consistent data needed and producing up to date data at all times. The review should include consideration of the reporting requirements of all boards and also that of Transport Scotland.

13. In relation to action 26 from the actions list, a Non-Executive Director said that she would send a list of policies that SRH still needs to have in place. The Chief Executive said that the internal audit function, once in place, would provide the assurance needed in relation to required policies. The Board agreed that once the list of required policies was in place, oversight of preparation and implementation of the policies, and the system of review for all policies will lie with the Audit and Risk Committee and SHEC, if relating to safety, health and environmental matters.

Agenda Item 5: SRH Governance review task group update

14. The Chair of the task group said that the next meeting of the group had been rescheduled to 28 October 2024. He said that the group's initial focus was on clarifying roles, responsibilities, and delegated authorities for decision making and then looking at the group structure, composition of the three Boards etc. He said that the SRH Chief Operating Officer had done excellent work in putting together an analysis for the task group's consideration and this would be distributed to the task group before the next meeting.

15. The SRH Chair said that now that the Alliance Agreement has been signed, this should be considered as part of the task group's outcome proposals. A Non-Executive Director said that she would provide proposals to the task group on the work of the non-executive director for safety.

16. The Chair of the task group said that a substantive but not concluding report would be submitted to the next meeting of the Board providing feedback on the collective views of the task group on group structure, clarifying roles etc.

Agenda Item 6: ScotRail fares

17. The Chief Executive said that she had received the draft 2025/26 fares [Redacted] proposal from ScotRail and wanted to share her views on the draft proposals. [Redacted] The Board and the Transport Scotland Director of Rail agreed that the Chief Executive's early notification to the Board on this matter was the correct approach.

18. The Chief Executive said that between now and the end of the year she would be considering and deciding on what is needed to develop a fares strategy for future years [Redacted] After discussion, the Board noted the following:

[Redacted]

19. The Board agreed that the Chief Executive should discuss these matters with ScotRail, [Redacted]

Agenda Item 7: CSL Fares [Redacted]

20. The Board considered the paper setting out the proposals [Redacted]. The Board asked the Chief Executive to take this forward with CSL.

Agenda Item 7A: [Redacted]

[Redacted]

Agenda Item 8: Chief Executive's Update

23. The Board considered the Chief Executive's update paper. The Chief Executive said that one of the most significant points she wanted to highlight for the Board was the outcome of the staff engagement survey undertaken by the SRH Business and Process Analyst. She said that as a result of that survey she had emailed all staff to let them know that she would be taking action to address their concerns and as an immediate measure she would be listing as a standing item for staff team meetings to provide better feedback to staff from Board, Committee and the SRH

Executive meetings. She said that she was hopeful that the SRH strategic plan would give staff more context to their roles, and she would be developing this by objective setting and role clarification and role development needs through staff performance management systems. The Board agreed that addressing the outcomes from the staff survey should be a standing item in the Chief Executive's update to the Board.

24. The Board noted that the Trade Union Recognition Agreement had now been signed and that, prior to signing, the agreement had been approved by the SRH Remuneration and Appointments Committee. A Non-Executive Director said that the current terms of reference for committees may be ambiguous in relation to delegated authority. The Board agreed that clarity in delegations to committees was needed and would be considered in the review of the terms of reference for committees the timing of which would be included in the schedule for the strategic work plan for the Board being developed by the Chief Executive for the Board's consideration at the next meeting of the Board.

25. The Board noted that the outcome of the SRH Business and Process Analyst's work may have an impact on the SRH staff resources plans. The Chief Executive said that the expectation from this work was that it would provide some validation for the current resource plan, but some adaptation may be required to align with business and strategic plan outputs.

26. The Board noted the appendix to the Chief Executive's report setting out the work priorities for the Chief Executive and the Chief Operating Officer.

27. The Board thanked the Chief Executive for the excellent and succinct update report.

Agenda Item 9: SRH Group Operational and Performance Update

28. The Board considered the SRH Group Operational and Performance update paper. The Board noted that the current format of the report should be developed to provide the Board with a strategic overview of train operating company performance [Redacted]

29. The Transport Scotland Director of Rail said that Transport Scotland had not been given any evidence to suggest that targets for train operating companies as set out in the grant agreements and targets set for Network Rail and ORR were not aligned. The Chief Executive said that the SRH Business and Process Analyst was undertaking work to harmonise performance reporting across the various forums with a view to creating a single report that covers reporting on all key elements from the grant agreements, framework agreement, and business plans. The Board agreed that the Chief Executive will take forward work with the Rail Business Director and the Rail Management Leads to produce a first draft of a new reporting format for the next meeting of the Board.

30. The Finance Director referred to the Task Force on Climate Related Financial Disclosures (TCFD) and the statutory requirement for organisations to report on climate related financial information. He said that SRH will not meet this requirement in the 2023/24 annual report and accounts, and this will be raised in [Redacted]. He said that he will prepare a paper for the Board with recommendations on the work to be taken forward for SRH to become compliant.

31. [Redacted]

Agenda Item 10: SRH Group Finance Update

32. The Board noted the SRH Group finance update paper. The Finance Director said that the ScotRail Q2 forecast had been received and continues to forecast [Redacted] in current year. [Redacted]

33. The Finance Director informed the Board that the Audit and Risk Manager had commenced employment with SRH on 15 October and is currently working on the annual governance statements for the Board.

34. The Finance Director said that Audit Scotland had started the audit of the 2023/24 SRH Group accounts. He said that the accounts will be submitted to the Board at its meeting on 12 December for signing. He said that the draft accounts for ScotRail and CSL will be submitted to the meetings of their respective Audit Committees on 4 and 5 December and special Board meetings will have to be convened for ScotRail and CSL for signing their accounts prior to 12 December.

35. The Finance Director said that the Capital Investment Panel had considered the first business cases for approval progression through the TSEP process. He said that he would be discussing with the Chief Executive and the Chair the best process for bringing these to the Board for approval.

36. The Chair said that he would be meeting the Transport Scotland Chief Executive on 21 October and asked the Finance Director to prepare a note on the components of the [Redacted], and a note on the current position with efficiency initiatives including any proposals for possible additional efficiencies.

Agenda Item 11: Fleet procurement update

37. The Chief Executive said that agreement would be needed on the governance process for the new fleet procurement. She said that consideration was being given to having a sub-Board of the SRH and ScotRail Boards so that there is a single point for decision making. The Chair said that the proposals that he had been briefed on included external independent review as part of the governance process. The objective must be to prepare a robust auditable process designed to deliver best value over the life of the assets that met the highest standards for public procurement. The Chair said that the Chief Executive should view the recent presentation on the new fleet procurement and then bring proposals to the Board for the governance process. A Non-Executive Director said that a stage gate review process should be used for the procurement programme.

Agenda Item 12: SRH Risk Register

38. The Board considered the SRH strategic risk register. The Finance Director explained the changes to the register since the last meeting of the Board. He said that the SRH risk management policy would now be developed by the Audit and Risk Manager, and this would include a review of the current scoring system. He said he would be discussing at the Audit and Risk Committee meetings where key risks sit over the three SRH Group Boards.

39. A Non-Executive Director raised the following:

- Regarding the risk to services of lower than required train performance, this should be separated into two parts dealing with operational performance and technical performance
- In relation to the risk of having no Best Value framework in place, this risk scoring should be increased

- Consideration should be given to adding industrial action/relations to the risk register in advance of the next pay round

40. The Chair said that the risk register should list risks in order of severity

Agenda Item 13: Group Monthly Communications Report

41. The Board noted the Group Monthly Communications report.

Agenda Item 14: Board Lookahead

42. The Board noted the lookahead paper.

Agenda Item 15: Any other business

43. The Chief Executive said that she would be speaking at the RIA Nations and Regions Conference in London on 6 November and would be travelling to London on the Caledonian Sleeper service. She said that she would also be visiting the ScotRail Polmadie depot.

44. The Chief Executive referred to the gender pay gap report and said that SRH Group is not required to undertake this work but will do so voluntarily this year.

45. The Chief Executive said that she was working with Transport Scotland in relation to the tax liability for the last two years in relation to tax on non-executive directors' travel expenses. The Chair suggested that Scottish Government Public Bodies Unit should be made aware of the general issues in relation to taxation of non-executive directors' travel expenses.

Agenda Item 16 – Date of Next Meeting

46. The next meeting of the Board will be on 14 November 2024.