

## **Minutes of Meeting**

Scottish Rail Holdings Limited – Board Meeting

Thursday 6 March 2025, 12.00 to 17.30

Location: St Vincent Plaza / Via Teams\*

**Present:**               Iain Docherty – Chair  
                              Hannah Ross – Chief Executive  
                              Carolyn Griffiths – Non-Executive Director  
                              Brian Baverstock – Non-Executive Director\*  
                              Neil Amner – General Counsel  
                              Graeme Cook – Chief Operating Officer  
                              Campbell Davidson – Finance Director (until 16:45)  
                              John MacQuarrie – Rail Business Director (from 12:30)\*

**In attendance:**       Bill Reeve – Transport Scotland Director of Rail  
                              Kathryn Darbandi – CSL Managing Director (16:00 to 17:05)\*  
                              Graham Eastwood – CSL Operations Director (16:00 to 17:05)\*  
                              [Redacted] – Board Secretary

**Apologies:**            Roz Foyer – Non-Executive 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. Carolyn Griffiths referred to the discussion at the meeting on 6 February 2025 regarding the Carmont FAI. [Redacted] The Chair and General Counsel said that that action was not agreed at the meeting and the minute was accurate, and a request for any action can be discussed during the Board's discussion of Carmont FAI if it is discussed at this meeting. The Chief Executive said that the FAI was at preliminary stage, and it had been noted at the ScotRail Board meeting on 20 February 2025 that an update on the FAI would be considered at the next meeting of the ScotRail Board on 20 March.
5. The Board approved the minutes of the meeting held on 6 February 2025.
6. The Board considered the draft minutes of the special meeting of the Board held on 25 February 2025.
7. The Chief Executive said that the recommendation at paragraph 27 of the draft minutes should be more specific to note that SRH Exec would work with Transport Scotland to secure a mandate, [Redacted] She said that she had asked ScotRail and CSL to prepare papers with executive recommendations on [Redacted] while she was seeking the TS pay

mandate. She said that once she had the mandate from TS, she would bring this to SRH Board [Redacted] for the SRH Board to then take a decision on this and approve the terms of the mandate for ScotRail and CSL. General Counsel said that paragraph 26 of the draft minutes could include an additional sentence to make it clear that a more [Redacted]

8. Carolyn Griffiths said that the Board should agree [Redacted] and if these cannot be agreed then the matter should come back to the Board for further discussion. Brian Baverstock said that he had some concern about the role that this would involve ScotRail and SRH Boards in [Redacted] He said that the Board should take the lead on this from ScotRail Executives with a mechanism to probe the position but not discuss in detail.

9. It was noted that some of the Board Members and attendees had not accessed the full version of the draft minutes from the admincontrol system. The Chief Operating Officer said that the opportunity to read the full draft minute could be taken if there was a break in the meeting.

10. Post meeting note: The opportunity for all at the meeting to consider the full draft minute of the meeting 25 February 2025 did not arise. The draft minutes can be agreed by correspondence and noted at the next meeting of the Board.

#### **Agenda Item 4: Actions and matters arising**

The Rail Business Director joined the meeting via Teams.

11. The Board considered the list of actions from previous meetings. The Chair noted that there were a few actions being moved from the action tracker to the board planner and asked for assurance that these would remain as active actions. The Chief Executive explained the process of the board planner which informs the board meeting agendas and said that this is submitted quarterly to the Board and will be tabled on the agenda for the next meeting on 3 April 2025.

12. The Board agreed to close actions 25, 39, 01/2025 to 05/2025 and 07/2025 to 10/2025 as these had been completed or were tabled on the agenda for this meeting. The Board agreed to move actions 27, 36, 40, 41 and 06/2025 to the board planner. In relation to action 40, Safety Health and Environment Committee (SHEC) and Audit and Risk Committee (ARC) to agree internal audit plans, Carolyn Griffiths said that a safety audit plan for ScotRail had been considered by SHEC and agreed by ScotRail Board. She said that she would send this to ARC. In relation to action 06/2025, job evaluations, the Chief Executive said she would discuss this with Roz foyer to clarify what was required.

13. The Board noted that action 51, regarding new fleet procurement, remains open.

#### **Agenda Item 5: Chief Executive's Report**

14. The Chief Executive presented the new format report to the Board and said that she welcomed comments for any improvements to the new format. She said that she had considered how to make performance reporting to the Board more effective to inform discussion of performance improvement. She said that she had provided the Rail Business Director's monthly operational and performance report, graphs showing trends in Moving Annual Average (MAA) for ScotRail and the report used for the periodic meeting with Transport Scotland on actions SRH is taking to improve performance.

15. The Chair said that he had discussed with the Cabinet Secretary and the Transport Scotland Director of Rail the need for SRH to ensure that it is not only looking at performance but continually looking at what is being done to improve performance.

16. Carolyn Griffiths said that she welcomed the new report format and would send comments to the Chief Executive by email. She said that where problem areas are highlighted, relevant data would be required for the Board's consideration. She said there was a level of detail in the performance reports provided by the Chief

Executive that have not been seen at the ScotRail Board, and the reports that the ScotRail Board receives do not highlight the shortfalls in performance as is highlighted in the reports being considered by the SRH Board.

17. Brian Baverstock said that his preference would be for performance reporting to the Board to be on a dashboard format with the Chief Executive's report setting out high level, key risks in key areas such as performance, finance etc. He said that he would provide feedback on the report after the meeting. [Redacted] He said that the Chief Executive's report highlights the key risks to the business as performance and coach cracking, but SRH Group governance arrangements and capital planning are also significant risk areas and should also be monitored through the Chief Executive's report. He asked questions regarding the interim modification solution for the coach cracking and on the CSL staff grievance matter, these questions were addressed later in the meeting.

18. The Rail Business Director said that performance is discussed in depth and actions to address performance issues expedited at the Performance Improvement Executive meetings attended by SRH, ScotRail, Network Rail and Transport Scotland. He said that the SRH Rail Business Directorate will get more firm to encourage ScotRail to take action on what it can do to reach performance targets. The Finance Director said that the Board should consider what it can do to empower the Rail Business Director in taking this forward.

19. The Chief Executive said that there were differences in the way that performance is considered between the ScotRail and SRH Boards and one of the key things that can be done to help change this is for the period performance report to ScotRail Board to be moved to the start of the agenda for Board meetings rather than towards the end. She said that she had also discussed with the ScotRail Managing Director the attendance at Board meetings of all directors rather than just statutory directors.

20. The Transport Scotland Director of Rail said that he welcomed SRH Board giving priority to performance. He said that in comparison with other train operators in the UK, ScotRail's performance is better but still needs to improve to recognise the expectations of Scottish Ministers. He said that a key focus for SRH for the next period should be for the overdue performance improvement plan to be delivered.

21. The Board agreed that ScotRail should be informed of the Board's concern on performance levels and the performance trends, and the Rail Business Director should impress on ScotRail the need to re-focus effort on delivery of the performance plan by the next meeting of the SRH Board.

22. The Chair asked the Chief Operating Officer and General Counsel to take an action to look at the structure of the appendices to the Chief Executive's report to bring the reporting into a more dashboard/RAG status with consideration to further information being included as reference papers rather than as appendices.

#### *CSL Staff Grievance Matter*

23. Brian Baverstock had referred to the update in the Chief Executive's report regarding the CSL staff grievance matter and said that due governance arrangements, including delegated authority limits, require to be followed [Redacted] on this matter.

24. [Redacted]

25. [Redacted]

26. [Redacted]

### *CSL Coach Cracking*

27. The Board considered the update in the Chief Executive's report on cracking on some of CSL trains. Brian Baverstock had asked about the [Redacted]

28. Carolyn Griffiths said CSL SHEC had been closely monitoring the coach cracking issue, and she had been actively involved. She said that, in addition to the quarterly SHEC meetings, special SHEC meetings had been held on 16 January 2025 and 24 February 2025 along with various telephone conversations. [Redacted]

- [Redacted]

29. [Redacted]

30. [Redacted]

31. [Redacted]

32. [Redacted]

*The Board took a break from 15:00 to 15:15*

33. The Chair noted that the CSL Managing Director and Operations Director would join the meeting via Teams at 16:00 and said that the Board would take other items on the agenda up to 16:00.

### **Agenda Item 15: Organisational Design**

34. The Board noted the organisational design paper. The Chief Executive said that while organisational design was a matter for the Chief Executive, she was seeking the Board's guidance on the proposals. She said that she wants to engage with staff on this on Monday 10 March. Carolyn Griffiths said that for phase 1 of the proposals she was content for this to progress but there is a lot to be done for phase 2 and assumed a further package of information would come to the Board in relation to phase 2.

35. The Board agreed that it was content for the Chief Executive to engage with staff on the proposed organisation design on 10 March on the basis that this will come back to the Board at a later date for the Board's views.

### **Agenda Items 8 and 9: SRH Strategic Plan 2025 to 2030 and 2025/26 Business Plan**

36. The Chief Executive said that both plans have to be submitted and approved by Transport Scotland by 31 March. She said that the draft plans will be discussed at the meeting of the Strategic Rail Board on 13 March and asked the Board to submit any comments to her prior to 13 March. The Transport Scotland Director of Rail said that the plans were very good and he did not anticipate much comment from Transport Scotland.

### **Agenda Item 11: Risk Management Strategy and Risk Appetite Statement**

37. The Board agreed to defer this to the next meeting of the Board.

### **Agenda Item 13: SRH Group Budget 2025/26**

38. The Board noted that this item was to be a verbal update to the Board. The Board agreed to defer this to the next meeting of the Board for consideration of the budget papers.

### **Agenda Item 6: ScotRail Managing Director Pay**

39. The Board considered the paper on the pay increase for the ScotRail interim Managing Director. The Board noted that the additional information that had been requested at the last meeting of the Board had been provided, and applicable policy detailed in the paper. The Board agreed the recommendation to increase the interim Managing Director's pay by 10% effective from the date she took on the role. The Board agreed that the nature of this being a temporary appointment must be made clear and General Counsel should review the content of the letter informing the interim Managing Director of this.

#### **Agenda Item 14: Capital Approvals CSL**

40. The Board considered the paper seeking the Board's approval and authority to spend an additional £250,000 capital funding for CSL's IT Transition project in 2025/26.

41. The Chief Operating Officer said that in his role as Chair of the CSL IT Transition Project Board he was satisfied that the expenditure was necessary for the project, and in his role as a non-executive director of CSL he was satisfied on the value for money aspect and that procurement rules had been followed. He said that this was a complicated project, and he was impressed and had confidence in the way the project had been progressed.

42. The Finance Director said that discussion was on-going with CSL and their auditors on the classification of the funds between CDEL and RDEL but for now the authority to spend was being requested as CDEL.

43. The Board agreed the authority to spend for the additional funds.

#### **Agenda Item 18: Register of Directors' Interests Quarterly Review**

44. The Register of Directors' Interests had been tabled on the agenda for Board Members to check their entries and advise of any changes. No changes had been submitted prior to the meeting. General Counsel asked for any changes to be submitted to him as soon as possible.

#### **Finance Report**

45. The Transport Scotland Director of Rail referred to the finance report that was appended to the Chief Executive's report at agenda item 5 and the risk of the capital spend in the last two periods of 2024/25 not being spent. He said that track record on capital spend will have an impact on confidence on deliverability of capital spend for 2025/26.

46. The Finance Director said that the original ask from ScotRail for 2025/26 capital funding was [Redacted] which was scrutinised at SRH Capital Investment Panel (CIP) and [Redacted] to take account of realistic deliverability. He said that ScotRail produced a lessons learned document on 2024/25 capital spend which was also considered by CIP which provided clarification that ScotRail has realised the areas that they need to build on in relation to capital planning. [Redacted] The Chief Operating Officer said that the Finance Director has progressed excellent work through CIP on capital spend planning with the subsidiary companies.

47. Carolyn Griffiths said that she wanted the Board to have better oversight of planned capital spend.

48. The Chief Executive referred to a recent email received from Transport Scotland regarding 2024/25 capital underspend and said that this was not helpful given that there is now an established process in place for capital spend which was put in place by the Finance Director.

#### **CSL Coach Cracking Continued**

The CSL Managing Director and Operations Director joined the meeting at 16:00 via Teams in relation to the coach cracking issue.

49. The Chair thanked the CSL Managing Director and Operations Director for joining the meeting at short notice.

50. The Chief Executive gave a summary of the earlier discussions of the Board and asked if there was any update on [Redacted]

51. The Operations Director informed the Board that:

- coach cracking first came to light with another train operating company in 2021
- since that time, CSL has been visually inspecting its fleet to manage the risk
- cracking first appeared on CSL coaches in December 2023 when seven coaches were withdrawn from service, [Redacted]
- all coaches are now visually inspected every two weeks and non-destructive testing has been undertaken on the whole fleet, [Redacted]
- non-destructive testing would be undertaken again [Redacted]
- [Redacted]
- [Redacted]
- secondary retention design is being pursued [Redacted]
- a common safety method approach has been undertaken [Redacted]
- [Redacted]
- risk mitigation, by way of visual inspection and non-destructive testing, continues to maintain the safety of the fleet
- assumptions made for the unknown factors include comparisons with other train operating fleets where there are differences but enough similarity that can be relied upon
- the interim modification has been through rigorous scrutiny by various engineers [Redacted]
- there was confidence in CSL that ALARP standard had been met

52. [Redacted]

53. [Redacted]

- [Redacted]
- The Chief Executive will arrange a discussion with the Chair, Carolyn Griffiths and CSL once the information has been received from [Redacted] on 7 March

The Finance Director had left the meeting at 16:45 during the above mentioned discussion.

The CSL Managing Director and Operations Director left the meeting at 17:05.

54. The Chair and Chief Executive will update the Board after the discussion on 7 March.

55. The Board deferred agenda item 7, Governance review outcome, and agenda item 12, Framework for Control of Major Capital Projects, to the next meeting of the Board.

56. All other items on the agenda, not mentioned above, were for the Board to note.

#### **Agenda Item 20: Any other business**

57. The Board noted that there are on-going changes to the way in which SRH uses IT infrastructure to ensure cyber security best practice. General Counsel said that he will discuss specific requirements on the use of SRH IT equipment with any Board Member who needs assistance.

58. The Chair said that he wanted to discuss rail reform and the impact on SRH governance decisions. This matter was discussed in closed session. General Counsel, the Chief Operating Officer, the Rail Business Director and the Board Secretary left the meeting for this discussion.

**Agenda Item 21: Date of next meeting**

59. The next meeting of the Board will be held on 3 April 2025.