

## **Minutes of Meeting**

Scottish Rail Holdings Limited – Board Meeting

Thursday 29 May 2025, 12.00 to 17.30

Location: St Vincent Plaza / Via Teams\*

- Present:**
- Iain Docherty – Chair
  - Hannah Ross – Chief Executive (until 17.10)
  - Carolyn Griffiths – Non-Executive Director\* (until 17.15)
  - Roz Foyer – Non-Executive Director (until 17.10)
  - Neil Amner – General Counsel
  - Graeme Cook – Chief Operating Officer
  - Campbell Davidson – Finance Director
  - John MacQuarrie – Rail Business Director
- In attendance:**
- Bill Reeve –Transport Scotland Director of Rail
  - Graham Kelly – CSL Managing Director (for items five and six 12.20 to 13.45)\*
  - Joanne Maguire – ScotRail Managing Director (for items five to nine 12:20 to 16.30)
  - Derek Marchant – ScotRail Finance Director (for item seven 13.45 to 14.55)
  - [Redacted] – Head of New Fleet Procurement and Delivery\* (for item eleven 15.05 to 15.27)
  - [Redacted] – Board Secretary
- Apologies:**
- Brian Baverstock – 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. Roz Foyer declared a potential conflict of interest on agenda item nine, ScotRail Operations Model, and said that she would recuse herself from the meeting for that discussion.

### **Agenda Item 3: Minutes from previous meetings**

4. The Board approved the minutes of the meeting held on 1 May 2025.

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

#### *Matters arising*

5. The Board considered the list of actions from previous meetings.
6. The Board agreed to close actions 11/2025, 13/2025, 19/2025, 23/2025, 25/2025, 29/2025, 30/2025, 31/2025 and 33/2025 as these had been completed or were tabled on the agenda for this meeting.
7. In relation to action 21/2025, the Board noted that constructive discussions with the Chief Executive of Transport Scotland negated the need for separate correspondence to be issued. The Chief Executive said that she would keep Transport Scotland up to date with 2025/26 budget matters. The Board agreed to close this action.

8. In relation to action 27/2025 the Board noted that proposed amendment to the minutes of the SRH Board meeting held on 3 April 2025 had been received and these would be submitted to the next meeting of the Board for approval. The Board noted that General Counsel and Carolyn Griffiths would discuss the approved minutes of 6 March 2025 prior to publication. The Board agreed to close this action.

9. In relation to action 28/2025 the Board noted that the CSL grievance matter was still a live issue. General Counsel said that he would action a lessons learned review after conclusion of the ongoing external legal review.

10. In relation to action 29/2025 the Chief Executive said that a summary note of staff roles and responsibilities had been sent to Carolyn Griffiths as requested, and a follow up discussion had taken place. She said that matters raised by Carolyn Griffiths in relation to clarifying team deliverables, and matters raised previously by Roz Foyer in relation to job evaluations would be taken forward with the People and Culture Director and a paper submitted to the next meeting of the Board. She said that this will inform phase two of the organisational review. The Chair asked for the staff roles and responsibilities document to be put on the admincontrol system for reference.

11. In relation to action 32/2025 the Board noted that consideration of whether the framework for control of major capital projects would have identified the issues highlighted in [Redacted], would be undertaken when the [Redacted].

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

The ScotRail and CSL Managing Directors joined the meeting.

12. The Board considered the Chief Executive's report.

13. The Chair said that he welcomed the revised dashboard format of the report. The Chief Executive said that she would give further consideration to the level of detail on performance and actions being taken, that should be included in her report. General Counsel said that the report should include detail of any cyber data incidents or confirmation of none.

14. The Chief Executive highlighted the following key points for the Board:

- Approval from Transport Scotland to commence the suburban new fleet procurement is awaited and should be received imminently. Board approval of matters to commence the initial market engagement phase of the project are tabled separately on the agenda.
- Formal notification from Transport Scotland has been received regarding the abolition of peak fares and work is ongoing with SRH, ScotRail and Transport Scotland on implementation of this from September 2025
- [Redacted]
- [Redacted]
- Progress with the SRH business plan commitments is on track with the exception of implementation of the recommendations from [Redacted] which will be discussed later in the agenda, and resourcing to be resolved for timetabling.

### *CSL Update*

15. The CSL Managing Director said that CSL has a full fleet back in operation with only one coach remaining to have the interim modification fitted to address coach cracking/sub-surface defect issues. He said that this one coach is currently located at the Wembley depot and plans are being made to undertake the fitment there or bring the coach to Glasgow for fitment, but this has no effect on delivering a full service.

16. The CSL Managing Director said that there was a slight revenue shortfall in period one as a direct result of the coach cracking issues, and he was confident that this will be recovered as the year progresses. He said that there had also been a drop in guest satisfaction in period one, where coaches could not be taken out of service for minor repairs

as there were no spare coaches and some maintenance issues affected the guest satisfaction levels. He said guest satisfaction had recovered in period two and was two percent over target.

17. In relation to coach cracking, the CSL Managing Director said that a meeting of SHEC had taken place on 27 May where close out of coach cracking matters [Redacted] had been discussed. He said that the next steps would be [Redacted] The CSL Managing Director said that he had a meeting scheduled for later in the day on this matter and would provide feedback from that meeting. He said that work was ongoing on [Redacted]

18. In relation to operational performance, the CSL Managing Director said that while performance remained strong, period two had seen a slight drop due to locomotive issues. He said that a deep dive review was being undertaken on this, and he would report this information to the SRH Board at its next meeting.

19. In relation to the locomotive procurement project the CSL Managing Director said good market engagement sessions had been held and a summary report of this would be submitted to the CSL Board with updates to the SRH Board as required. Carolyn Griffiths asked if [Redacted] included the CSL locomotive project. The Chief Executive said that [Redacted] did not specifically review the locomotive project, but this would be covered in the development of the work [Redacted]

20. The CSL Managing Director said that the IT transition programme was on track and by 25 June 2025 CSL will be fully transitioned from Serco.

21. Carolyn Griffiths said that the meeting of CSL SHEC on 27 May had also discussed rectification of the issues with [redacted] She said that SHEC had also looked at and approved safety KPIs for 2025/26 which she would feedback to the Chief Executive. She also referred to a Transport Scotland service quality inspection regime (SQUIRE) audit which had highlighted issues with CCTV and had driven the SQUIRE score down. The CSL Managing Director said that the CCTV system is working and recording but the issue was a fault in some trains that was linked to wifi [Redacted] He said that the problem was being worked on and a solution from the supplier should be available within the next six to eight weeks. The Transport Scotland Director of Rail said that this matter highlighted the value gained from the SQUIRE system.

#### *ScotRail Update*

22. The ScotRail Managing Director said that the key focus for ScotRail continues to be to drive revenue increase, to improve operational performance, [Redacted]. [Redacted] and noted that the ScotRail budget was tabled as a separate item on the agenda. She said that while the performance fell short of target in period one there has been continuous improvement in the performance trajectory since period ten of 2024/25, and fleet reliability had good performance in period one.

23. The Transport Scotland Director of Rail asked for the Board's discussion of Transport Scotland's concerns on [Redacted]

24. [Redacted]

25. After discussion the Board noted the following:

- Communications regarding the specification for the [Redacted] projects have been complex.
- The dynamics of passenger demand is changing and the objectives for ScotRail to [Redacted]
- Going forward, changes to ScotRail service requirements should be a cojoined project with ScotRail, Network Rail and SRH, and resource planning should ensure alignment with Transport Scotland service requirements. The Chief Executive will take forward implementation of this approach.
- The ScotRail Managing Director will develop proposals, for SRH Board and Transport Scotland consideration, on [Redacted]
- [Redacted]

The Chief Executive will continue to discuss this with the ScotRail Managing Director and will report to the Board and Transport Scotland on the timeframe for the proposals to be developed.

#### **Agenda Item 6: CSL Patronage KPI Derogation**

26. The Board considered the paper setting out the following derogation request from CSL:

- That CSL shall not be treated as being in contravention of the patronage benchmark for rail year 2024/25 due to the impact of coach cracking; and
- In assessing CSL's performance against the grant agreement schedule 8.2 KPIs for 2024/25, CSL should provide and SRH should take into consideration evidence as to the extent of the impact of coach cracking on its performance against revenue and patronage.

27. The Board considered and approved the request.

28. The Transport Scotland Director of Rail said that while the patronage target was not fulfilled, CSL did meet its revenue targets and noted his appreciation of this.

The CSL Managing Director left the meeting at 13.45

#### **Agenda Item 7: ScotRail Budget [Redacted]**

The ScotRail Finance Director joined the meeting at 13.45

29. The Board considered the paper setting out the revised 2025/26 ScotRail budget and [Redacted] The Board also considered the paper from the Rail Business Director setting out SRH's assessment of the [Redacted] submitted to the ScotRail Board at its meeting on 15 May 2025.

30. The Chief Executive said that the Board had previously agreed the first quarter 2025/26 budget and ScotRail had undertaken a lot of work to [Redacted] She asked the Board to note that due to timing and the need for an approved budget for the year to be in place, the revised 2025/26 budget had not yet been considered by the ScotRail Board, although all members of the ScotRail Board were present at this meeting. The Board noted that the revised budget did not take account of the financial implications from the abolition of peak fares from September 2025.

31. The Board had in-depth discussion of the revised budget [Redacted] a separate note of these discussions will be prepared, and approved the revised budget for ScotRail for 2025/26.

The ScotRail Finance Director left the meeting at 14.55

#### **Agenda Item 11: New Fleet Procurement – Suburban**

The Head of New Fleet Procurement and Delivery joined the meeting at 15.05

32. The Chair agreed to take this item out of line with the agenda due the Head of New Fleet Procurement and Delivery's other commitments.

33. The Board considered the paper requesting approval of the initial steps to commence the market engagement phase for the Suburban new fleet procurement project, specifically:

- Board approval of the Grant Agreement variation for phase one (market engagement and tender document development) of the procurement
- Board approval that the market engagement will be run under the fleet governance regime with oversight from the Procurement Assurance Group (PAG) and the Fleet Replacement Oversight Group (FROG)
- Board to note that the procurement itself will commence in phase two in September 2025 and will be subject to a further Grant Agreement variation and Board approval

34. The Chief Operating Officer said that Transport Scotland has been involved in the development and review of the documentation as part of FROG. The Transport Scotland Director of Rail said that good progress has been made on the project and there has been good teamwork between SRH, ScotRail and Transport Scotland. He said that he was content for the market engagement phase to commence and the final approval for the procurement was being considered [Redacted]

35. Carolyn Griffiths said that the wording of the Grant Agreement variation does not align directly with the governance structure previously agreed by the Board. The Chief Operating Officer said that the variation is required to give ScotRail relevant authority which will then be delegated upwards to the SRH Board under the current approved governance structure for the new fleet projects. He confirmed that this was the same variation wording as agreed by the Board for the Intercity new fleet project.

36. General Counsel provided comments on minor changes that were required to the Grant Agreement variation. The Head of New Fleet Procurement and Delivery said that he had incorporated the changes. The Transport Scotland Director of Rail asked for accessibility to be made more visible in the specification list.

37. After discussion, the Board approved the Grant Agreement variation noting that there may be further minor amendment to the wording. The Chief Operating Officer confirmed that if there were any further substantive changes proposed, these would be brought back to the Board for approval. The Board also approved that the market engagement will be run under the current fleet governance regime and the Periodic Indicative Notice (PIN) should issue once approval for the commencement of the project is obtained from Transport Scotland.

The Head of New Fleet Procurement and Delivery left the meeting at 15.27

#### **Agenda Item 8: Joint Performance Improvement Plan**

38. The Board considered the paper informing the Board of the joined performance improvement plan prepared by Network Rail and ScotRail to manage and improve train operational performance in 2025/26.

39. The Rail Business Director said that the paper sets out a summary of information from the joined performance improvement plan and he would put the actual plan on the admincontrol system for Board members to view. He said that any comments from the Board on the plan will be incorporated into the response from SRH to the Managing Directors of ScotRail and Network Rail, Scotland. He said that the plan aims to improve Scottish Train Performance Measure (STPM) to the recovery target of 90.7 percent by the end of March 2026. He said he had highlighted some issues for improvement in the management of the plan which have been raised at the Performance Improvement Executive forum.

40. The Rail Business Director said that Transport Scotland had also asked for a root and branch review of the causes of delay across the network. He said that the current plan is specific to improvement in 2025/26 and the root and branch review will be undertaken by Network Rail and ScotRail to inform the development of a multi-year performance improvement plan for the remainder of the control period to achieve the STPM target of 92.5 percent.

41. The Transport Scotland Director of Rail said that he welcomed the joint performance improvement plan, and this shows good collaboration between Network Rail and ScotRail but he remained concerned over ScotRail's performance as this had decreased last year. He said that the root and branch analysis of the causes of delay needs to be included in an improvement plan as the causes of underperformance need to be known so that they can be addressed.

42. The ScotRail Managing Director said that work is being undertaken to improve the culture of joint working between Network Rail and ScotRail with a view to understanding any problem areas to working better together to increase performance. She said that jointly both organisations are working to change the way that unattributable delays are looked at to free staff time with a focus on improving performance rather than spending time deciding who is to blame for delay. She said that measures are being put in place to give both organisations better visibility and transparency

over each other's systems, and this work will be developed as part of the root and branch review which will inform development of a longer term plan to bring the two organisations together to improve performance.

43. The Chief Executive said that there are many forums with an interest in the joint performance improvement plan and it was important to ensure that tracking and discussions are managed through the one forum for clear decision making. She said that this will be discussed at the Rail Portfolio Board meeting next week and she will update the SRH Board thereafter on the exact requirements for the root and branch review and the timescale for this. She said that she would include in her Chief Executive report for the Board a dashboard summary of progress on deliverability of the joint improvement plan. The Transport Scotland Director of Rail said that Transport Scotland is looking for assurance from SRH that train operational performance is on the right trajectory to be able to achieve performance targets.

#### **Agenda Item 9: ScotRail Operations Model**

44. Roz Foyer had declared a potential conflict of interest in relation to this agenda item and recused herself from the meeting for this discussion.

45. The Board considered the paper setting out proposals to [Redacted]. The Board noted that option two of the proposals was approved by the ScotRail Board at its meeting on 20 March 2025 and it was noted that option three would be progressed through the Alliance in parallel with implementation of option two, subject to SRH Board approval.

46. The Board noted that option two involves [Redacted]

47. After discussion, the Board approved option two in the paper and noted that Transport Scotland should be advised of this decision and implementation should proceed.

The ScotRail Managing Director left the meeting at 16.30

#### **Agenda Item 10: Response [Redacted]**

48. The Board considered the paper setting out the Chief Executive's action plan to address the recommendations from the [Redacted]

49. [Redacted]

50. [Redacted]

51. Carolyn Griffiths referred to recommendation number five and asked if more resource for [Redacted] was required. The Chief Executive said that she would consider this and report back to the Board as this recommendation was not time critical at this stage.

52. In relation to recommendation six it was noted that a mitigating plan B could also include [Redacted] The Chief Executive agreed to include this in the action plan.

53. The Chief Executive said that she is discussing with the ScotRail Managing Director, [Redacted] She said that this will come to the Board for consideration in due course.

54. The Board approved the Chief Executive's approach to dealing with the recommendations from the [Redacted] as noted in the action plan.

#### **Agenda Item 12: Capital Approvals**

55. The Board considered business cases for six capital projects.

56. After discussion the Board approved the following business cases:

- ScotRail Alterations platforms 11 to 15 Glasgow Central
- ScotRail Eastfield accommodation

- ScotRail Inverness accommodation
- ScotRail Interior refurb
- ScotRail Underframe wash Corkerhill depot
- ScotRail Exhaust ventilation Haymarket and Inverness – approved subject to the Chief Operating Officer being satisfied that the requested ventilation at Haymarket is on the same basis as Inverness ie that the current work arounds are in place to ensure regulatory compliance

57. Carolyn Griffiths said that it would be helpful if a position paper could be prepared setting out the pros and cons of using brick structures against modular structures for staff accommodation projects. She said that assurance should be in place that all projects are future proofed eg in relation to location for new buildings with the forthcoming changes regarding new rolling stock. She asked about fleet refurbishment costs and whether fleet owners should fund this. The Chief Operating Officer said that this is subject to the terms of the lease and assurance on these matters can be gained from the discussions and challenge raised at the Capital Investment Panel meetings.

58. The Chief Operating Officer said that the Capital Lead is back in post with responsibility for running the capital programme and Chairing the Capital Investment Panel meetings. He said that the ScotRail capital programme is bringing business cases forward efficiently with only another four business cases for the year to be presented for approval. He said that ScotRail will soon start developing its business cases for 2026/27. He said that the lessons learned review from 2024/25 is progressing and being monitored through the Capital Investment Panel. He said that [Redacted] will be submitted to the June meeting of the Board along with a [Redacted]

Roz Foyer and the Chief Executive left the meeting at 17.10

### **Agenda Item 13: Best Value Framework**

59. The Board noted the paper setting out plans to prepare and implement a framework for delivering SRH's duty to deliver Best Value. Carolyn Griffiths asked if non-executive directors would have the opportunity to comment on the wording of the proposed questionnaire for the Best Value self-assessment. *(Post meeting note – the self-assessment questionnaire is from guidance issued by Audit Scotland and General Counsel's view is that the wording should not be altered).*

Carolyn Griffiths left the meeting at 17.15

### **Agenda Item 14: Board Induction Programme**

60. The Board noted the proposed induction programme for Board Members. General Counsel said that the off-site visits should be undertaken two or three times a year. The Chair said that the induction programme should be organised and implemented. The Finance Director said that allocated days for Non-Executive Directors do not include days for induction and Transport Scotland approval should be sought for additional days for this purpose.

61. The Chair said that he was considering a quarterly programme of non-decision meetings of the Non-Executive Directors and asked General Counsel if there was any guidance that recommends against or supports this approach.

### **Agenda Item 15: SRH Group Finance Update 2025/26**

62. The Board noted the SRH Group Finance Update for 2025/26.

### **Agenda Item 16: New Fleet Procurement Period One Progress Reports**

63. The Board noted the period one progress reports.

### **Agenda Item 17: Committee Updates**

64. The Board noted the minutes of the Audit Risk Committee meeting held on 12 February 2025.

**Agenda Item 18: Any Other Business**

65. General Counsel said that he may miss the Board meeting in September as he may be on deployment with the RAF.

66. General Counsel informed the Board of a Companies House requirement on Director's identity verification. He said that the timetable for compliance was not yet available, but he would be issuing instructions for this to be undertaken so that requirements are completed over the Summer.

**Agenda Item 19: Date of next meeting**

67. The next meeting of the Board scheduled for 26 June 2025 will be rescheduled. Alternative dates will be sent to the Board.