Scottish Rail Holdings Limited (SRH)

Terms of Reference:

SRH Board

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1.0	22/12/2021	Transport Scotland	Final	Included in SRH Code of Governance at SRH mobilisation
-	08/01/2026	SRH General Counsel	Draft	Separated from Code of Governance and amended by SRH Board
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1. Introduction

The roles and responsibilities of the Board, the Chair, the Chief Executive and individual Board Members are set out in the Companies Act 2006, the governance framework and relevant Scottish Government publications including the Scottish Public Finance Manual ("**SPFM**") and On Board. The overall role of the Board is to provide leadership, direction, support and guidance to ensure the organisation delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers. The **SRH Board Terms of Reference** sets out in broad terms the decision-making processes.

2. Composition of the Board

The Board will operate based on collective responsibility and will ensure that the organisation operates in accordance with the guidance issued relevant to non-departmental public bodies. Decisions will be taken, based on consensus where possible, and will be recorded within the minutes of each Board meeting. The membership of the Board will include no fewer than 3 (but no more than 9) non-executive members (including the Chair) and no fewer than 2 executive members (including the Chief Executive Officer). The Scottish Ministers appoint the non-executive director Board Members, normally for up to 2 terms of a period of either 3 or 4 years each. The length of non-executive director appointments may vary to ensure continuity of the membership of the Board. The Chief Executive Officer and other executive director Board Members shall be appointed in the manner provided for in the Scheme of Delegation.

Recognising the nature of SRH as a holding company on behalf of Scottish Ministers for ScotRail Trains Limited ("**SRT**") and Caledonian Sleeper Limited ("**CSL**") and any other subsidiaries, a representative (either a member of the Transport Scotland ("**TS**") Senior Management Team, or a member of the TS Sponsor team) may attend from TS in its role as Sponsor body. This representative would be an observer, with no voting rights and may be invited to address or advise the Board at the discretion of the Chair. In addition, there may be attendance as required by the Chief Executive Officer for specific agenda items, from SRT and CSL, recognising group reporting lines, with an individual in attendance on behalf of SRT or CSL, but with no voting rights.

3. Responsibilities of the Board

The role of the Board is to provide strategic leadership, direction, support and guidance; to ensure the organisation delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers; to ensure financial stewardship; and to hold the Chief Executive Officer and the senior management team to account. The Board has corporate responsibility, under the leadership of the Chair, to:

- set the strategic aims and objectives for SRH;
- approve the Corporate Plan;
- approve the Governance Framework;
- receive assurance that SRH has discharged its statutory functions;
- ensure that the Board receives and reviews regular reports monitoring the

delivery of the SRH's activity;

- determine the steps needed to deal with changes, which are likely to impact on the strategic aims and objectives of SRH or on the attainability of its operational targets;
- promote the efficient, economic and effective use of staff and other resources by the organisation consistent with the principles of Best Value, including, where appropriate, through participation in shared services arrangements;
- ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control;
- take account of relevant guidance issued by the Scottish Ministers;
- approve the annual accounts and ensure that Scottish Ministers are provided with the annual report and accounts to be laid before the Scottish Parliament. The Chief Executive Officer, as the Accountable Officer, is responsible for signing the accounts and is ultimately responsible to the Scottish Parliament through the Scottish Ministers;
- approve the Annual Report;
- ensure that the Board receives, and reviews regular financial information concerning the management and performance of the organisation and is informed in a timely manner about any concerns regarding the activities of the organisation;
- establish such Committees as it sees fit. The terms of reference and reporting arrangements of such Committees will be agreed by the Board and reviewed annually;
- receive regular reports from each Committee and approve recommendations of any Committee (where the powers are not delegated);
- appoint, with the approval of the Scottish Ministers, the Chief Executive Officer, following appropriate approval of the chief executive's remuneration package in line with Scottish Government Pay Policy for Senior Appointments;
- in consultation with the Scottish Ministers, the Board will set appropriate performance objectives for the organisation which give due weight to the proper management and use of resources within the stewardship of the organisation and the delivery of outcomes;
- demonstrate high standards of corporate governance at all times, including openness and transparency in its decision making; and
- consider matters to be put to and / or arising from the ScotRail Alliance Board, TS Strategic Rail Board and any other additional TS, Network Rail or other industry liaison forums as the Board believe appropriate for the discharge their or SRH's responsibilities.

4. Meetings

The Board shall hold formal meetings at least 6 times each year, with meetings held throughout the year, at such frequency as the Board may determine. Subject to the provisions on notice below, the Chair may convene a meeting of the Board. The Board may invite any person to attend all or part of a Board meeting. These meetings may be in person or via Teams (remote technology) and this will be determined by the Chair and the Chief Executive.

Where there is urgent business of the Board and it is not practical to convene a special meeting, the Chair may under **exceptional circumstances** deal with the matter(s) by correspondence. In these exceptional circumstances, relevant papers and resolutions will be circulated to Board Members. In dealing with any matter by correspondence, a decision of the Board shall only be made by unanimous written (including email, text or electronic message) decision of all Board Members. Any such decision shall be noted in the Minutes of the next Board meeting, when actions/decisions arising from such exceptional circumstances will be reported to the Board.

4.1 Notice of Meetings

Members should be sent written notice of a meeting, including the scheduled time and place, normally at least 10 working days in advance of the meeting. The Chair, or in their absence the Deputy Chair or the Board Member appointed to chair the meeting in accordance with paragraph 4.3 below, shall have discretion in exceptional circumstances to relax or dispense with the requirements as to the timing of notices and circulation of agendas and papers for meetings. Failure of a Board Member to receive notice of a meeting does not invalidate that meeting or any business transacted at it.

4.2 Agenda and Papers

The agenda and papers for any meeting of the Board will normally be circulated or made available electronically to Board Members 8 clear working days in advance of a Board meeting. Monthly financial reporting and the Chief Executive's report may follow 5 working days in advance of the Board meeting. If required, an updated agenda and / or papers or supplementary papers should normally be circulated or made available to Board Members 3 clear working days in advance of a Board meeting. The Board will be provided with appropriate information to allow it to fulfil the requirements of these terms of reference. Non-receipt of or access to the agenda or papers by any Board Member will not invalidate the meeting or any business transacted at that meeting.

Draft minutes of meetings will be circulated or made available electronically to Board Members for approval or amendment at the next scheduled Board meeting.

4.3 Quorum

Subject to the terms of this paragraph 4.3, the quorum for a meeting of the Board shall be the participation in the meeting of 4 Board Members. At least half of the Board Members forming the quorum must be executive directors, save when that condition cannot be met due to executive directors recusing themselves due to a conflict of interest. Board Members may participate in meetings of the Board by telephone or video conferencing facility or other medium and when doing so shall be held to be present at that meeting. For the purposes of this paragraph 4.3, the terms

"participate" and "participation" shall fall to be read in accordance with the definition of "Participate" in Article 10 of the Articles of Association.

If the Chair is not present at a meeting of the Board, the Deputy Chair shall chair the meeting of the Board. If there is no Deputy Chair, the non-executive Board Members present shall appoint one of their number to chair the meeting.

In the event of a matter requiring a vote, only Board Members present will be able to vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.

4.4 Attendance

All Board Members are expected to attend all Board meetings. The Chief Executive Officer will ensure that the Board receives appropriate support.

5. Other Committees

The Board may establish such other Committees (either standing or ad-hoc) as it may consider appropriate and may determine the membership, terms of reference and procedures of those Committees.

The Board shall specify the extent, if any, to which any Committee has delegated authority to exercise any function of SRH (whether a reserved matter or otherwise).

6. Reserved Matters

Decisions reserved to the Board are set out in **SRH's Scheme of Delegation**.

7. Review of Effectiveness

The Chair should ensure that the Board and all its Committees are subject to regular self-assessment to ensure that they are working effectively.