

MINUTES OF SCOTTISH RAIL HOLDINGS LIMITED (SRH) BOARD MEETING

Date 25th May 2023
Time 09.45 – 13.15 UK time
Location Queen Street Management Suite / Microsoft Teams*

Present: Richard Cairns (RC) – Chair
David Lowrie (DL) – Chief Executive
John MacQuarrie (JM) – Business Rail Director
Emma Dixon (ED) – General Counsel and Company Secretary
Lee Shedden (LS) – Non-Executive Director
Carolyn Griffiths (CG) – Non-Executive Director

In attendance Campbell Davidson (CD), SRH Financial Controller
Amanda MacLellan – SRH Culture and People Lead (Items 9 & 13)
Jon Newton* – SRH Head of New Fleet Procurement & Delivery (Item 12)
John Provan – Transport Scotland


Apologies: Roz Foyer (RF) – Non-Executive Director
Bill Reeve (BR) – Transport Scotland

Agenda No:	Subject	Action For
1.	<u>Welcome – Notice & Quorum</u> The Chair welcomed all and noted the meeting was quorate.	
2.	<u>Declarations of Interest</u> No changes noted.	
3.	<u>Conflicts of Interest Register</u> No conflicts noted.	
4.	<u>Minutes from Previous Meeting (27th April 2023)</u> Minutes from previous meeting to be distributed to the Board and any comments to be send to the Company Secretary.	All
5.	<u>Actions arising from previous meeting (27th April 2023)</u> Any additional actions to be noted for the next meeting.	
6.	<u>Chief Executive’s Executive Summary: paper 2303-03</u> David Lowrie presented this paper, highlighting in particular that on 18 th May the ScotRail Trains Limited (SRT) Board agreed that the 2023/24 budget to be submitted to SRH must comply with the funding envelope. Confidence in its feasibility has been improved by recent revenue and energy price trends but its delivery now, and for all future years, must be underwritten by hard stakeholder decisions to support SRT’s long term sustainability.	

	<p>SRT's performance has stabilised after a period of decline and continues to be better than its UK benchmark peers. There was a request that, in future reports, performance disaggregated by fleet.</p> <p>The SRH team has undertaken the initial consultations with the Serco sleeper staff who are entitled to transfer to Caledonian Sleeper Limited (CSL) at mobilisation. These have been going well and the Chair thanked those involved.</p> <p>[REDACTED]</p> <p>The Chair noted his intention to include several of the issues discussed at today's meeting in a letter to the Minister, particularly those where a timely decision from the Scottish Government is imperative to ScotRail, including a future SRT fares increase.</p> <p>[REDACTED]</p> <p>The CEO will attend the Scottish Government's Net Zero Energy and Transport parliamentary committee on 30th May, together with SRT colleagues, and a significant amount of preparation and management time has been devoted to this.</p> <p>It was noted that advisers have been appointed to conduct a governance review of the group and a report will follow in due course.</p> <p>Transport Scotland's Gateway Review will commence shortly and a report circulated thereafter.</p> <p>John Provan confirmed that the appointment of a new non-executive director (NED) with oversight for the audit and risk committee (ARC) is ongoing, and TS will endeavour to turn this around quickly.</p> <p>It was agreed an additional information folder will be created on Admin Control for relevant papers/information for the Board that are out with board meeting papers.</p> <p>The Board noted the paper.</p>	<p>ED</p> <p>ED</p>
<p>7.</p>	<p><u>ScotRail Trains Limited and ScotRail Holdings Limited Operational & Performance Update</u></p> <p>John MacQuarrie presented the paper, highlighting the current key issues and updating on performance planning, delivery, and forward planning. He also updated the Board on the discussions with SRT on KPIs, which Carolyn Griffiths and John MacQuarrie will discuss further</p>	

	<p>at a later date. The Board also discussed accessibility aspects at stations and the improving SRT absence trend.</p> <p>The Board noted the paper.</p>	JM
8.	<p><u>ScotRail Trains Limited and Scottish Rail Holdings Limited Finance Update</u></p> <p>Campbell Davidson presented this paper which summarises the SRH and ScotRail Trains Limited (SRT) Period 1 results; an update on FY24 budgets; and other governance matters that the board should be aware of.</p> <p>In particular SRT's improved performance ahead of its forecast, which is under discussion with SRT, was noted. The Board asked for the latest estimate and outturn variance to be provided. The recent letter from the Office of National Statistics confirmation SRH and SRT's classification to the central government subsector was noted, and a paper will be brought to a future board meeting on non-departmental government bodies and implications of such classification for the Group.</p> <p>The Board also requested colour-coded bars be included in the relevant finance chart, to represent who has control of that aspect of the budget, such as TS,SRT etc.</p> <p>The Board noted the paper.</p>	<p>CD</p> <p>CD</p>
9.	<p><u>SRH Staff Pay Alignment</u></p> <p>Amanda MacLellan joined the meeting to present this paper, explaining the background to this matter. Amanda, Emma Dixon, John MacQuarrie and Michele Hampsey then left the meeting for this item, due to their conflict of interest. <i>[This item was minuted separately due to personal information considerations.]</i></p>	
10.	<p><u>ScotRail Trains Limited 2023/24 Budget Update</u></p> <p>David Lowrie updated the Board on the current position regarding final approval of SRT's 2023/24 budget, noting that a revised draft budget was received from SRT the previous day. Campbell Davidson presented this to the Board, explaining that the presentation will be made available after the meeting.</p> <p>The Board noted the ongoing discussions between SRH and SRT to achieve a balanced budget for the remainder of 2023/34 and requested that any future paper brought to the Board sets out all assumptions associated with the Budget, including up/downsides, risks associated with such assumptions.</p> <p>The Chair thanked David and Campbell.</p>	<p>CD</p> <p>DL/CD</p>

11.	<p><u>Gateway Review presentation</u></p> <p>John Provan gave a presentation to the Board explaining that the Framework Agreement between Scottish Ministers (acting through Transport Scotland) and SRH requires it to be reviewed every twelve months for the first three years. Ministers had agreed that this should be conducted as a Scottish Government Gateway Review, so that it is independent, short, sharp and focused project to ensure that the current Framework Agreement is fit for purpose moving forward.</p> <p>The CEO noted that the SRH team has substantial ongoing time pressures due to the mobilisation of CSL, and that it would be helpful to have a sense of what areas the Review would want to explore, to ensure a richer experience.</p> <p>The Board asked if the schedule for the Review could be changed to allow a little more time for SRH to prepare. This request will be taken back to the Gateway Review Team.</p> <p>The Board thanked John Provan for the presentation.</p>	
12.	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	JN/JM/DL

		
13.	<p><u>SRH Staff Resourcing</u></p> <p>Amanda MacLellan joined the meeting to present this paper. With the imminent mobilisation of Caledonian Sleeper Limited (CSL) under Scottish Rail Holdings Limited and SRH being one year into operation, a review has been undertaken of the resources required by SRH.</p> <p>The mobilisation of CSL will mean that SRH is responsible for two train operating companies, therefore its staff workload will increase and additional resources are required.</p>	
	<p>The Board discussed the paper in detail, noting that the request for additional resource is reasonable. The Board requested clarity where oversight for safety and quality would sit within this structure.</p> <p>The Board approved the recommendations in this paper that a submission to TS be prepared, highlighting the changes in the role undertaken by SRH since its inception.</p> <p>The Board approved this paper.</p>	
14.	<p><u>Board lookahead</u></p> <p>New standing item to discuss future agenda, items to discuss relevant to board.</p> <p>The Chair noted that Roz Foyer had written to him to ask him regarding the appointment of trade union representative to the ScotRail Trains and Caledonian Sleeper boards. The General Counsel will look at this.</p>	ED
15.	<p><u>Any other business:</u></p> <p>Nothing to note.</p>	
	Date of next meeting: Thursday 22 nd June 2023 at Glasgow Queen Street Station Management Suite.	