



MINUTES OF SCOTTISH RAIL HOLDINGS LIMITED BOARD (SRH) MEETING



Date 21 September 2023
Time 12.00-15.00 UK time
Location Queen Street Management Suite / Microsoft Teams*

Present: Richard Cairns (RC) – Chair
Brian Baverstock (BB) – Non-Executive Director
Emma Dixon (ED) – General Counsel and Company Secretary
Roz Foyer (RF) – Non-Executive Director
Carolyn Griffiths (CG) – Non-Executive Director *
David Lowrie (DL) – Chief Executive
John MacQuarrie (JM) – Rail Business Director

In attendance: Bill Reeve (BR) – Transport Scotland
Campbell Davidson (CD), SRH Financial Controller
Michelle Hampsey (Minute taker)

Apologies: None

Agenda No:	Subject	Action For
1.	<u>Welcome – Notice, Apologies & Quorum</u> Noted and Quorate.	
2.	<u>Declarations of interests and conflicts</u> No new interests or conflicts noted.	
SRH Matters		
4.	[REDACTED]	

		
5.	<p><u>Group Shared Services</u></p> <p>The Rail Business Director presented this paper, explaining that certain back-office support functions for SRT and CSL are currently outsourced to subsidiaries of the previous franchise owning groups under Transitional Services Agreements (TSAs) the terms of which are not financially favourable.</p> <p>The Board discussed:</p> <ul style="list-style-type: none"> - The intention to terminate the TSAs at the end of the relevant contract terms, noting that the services provided under the arrangements are perceived by SRT and CSL to be of a lower quality and without the flexibility expected from a third-party service. - This is a two-stage process and that the longer-term project also needs to take account of the Group's short-term requirements. - The significant implications of bringing such services in-house. - The importance of not taking decisions that would preclude future actions. - That the future options appraisal must be undertaken in plenty of time before a decision is required. - That all options must be fully costed and benchmarked. - CSL's requirement is more urgent, as its TSA terminates sooner and provided significant support to the business. The AO for resource to progress this work must be approved timeously. - Significant considerations around TUPE and keeping jobs in Scotland. - Any decision should be consistent the Scottish Government's Fair Work policy. <p>The Board noted the approach to the first stage of the project and agreed that work should continue to recruit resource into CSL to continue progression.</p> <p>Actions:</p> <ul style="list-style-type: none"> - A fully costed and detailed proposals to be prepared. 	
Standing Agenda Items		
6.	<p><u>Chief Executive's Executive Summary</u></p> <p>The CEO presented this paper, highlighting the key matters for the SRH group, including the Scottish Government's intention to publish its revised rail services decarbonisation action plan later this year and the ongoing issue of resources for SRH.</p> <p>The Board discussed:</p>	

	<ul style="list-style-type: none"> - Patronage and revenue for SRT and CSL are good but there are improvements to be made. - Request to amend the form of wording in the report noting passenger and staff accidents to state that this is 'currently at a level of concern'. - Under-resourcing in SRH, noting that whilst safety sits with TOCs, it is important that an SRH role with safety oversight be created. - SRH awaiting approval from the Sponsor to progress additional headcount resource, with a request that Sponsor progress as high-priority the approval for additional SRH resources, noting reflection that SRH has been under resourced since its creation. Confirmation that the Sponsor expects a positive answer soon, however subsequent recruitment process could be lengthy. - The fatal accident inquiry into the Carmont tragedy will take place next year, and there is a duty of care to SRH group staff who will be impacted. - The Scottish Government Covid-19 inquiry hearings start soon and could possibly include rail services. - The SRH Vision Day taking place shortly and an update to be brought back to the Board. - SRT peak fares trial, noting that will be monitored closely by the Rail Business Director. - SRT fleet performance and engineering, noting this continues to be a critical focus for the business. There is a need to see progress from SRT, including credible proposals and a platform for approval of capital spend for current fleet. SRT will be asked to attend the November Board meeting and in advance will be fully briefed on the Board's focus areas. The SRH Executive was requested to set out next steps required to be taken and the timeframes for doing so. The role of rolling stock companies was noted, with a request that they are part of discussions. - The timing of the Scottish Government's budget requests was noted, including challenges with obtaining capital budget approval. <p>Actions:</p> <ul style="list-style-type: none"> • Consideration of SRH safety oversight role for interim period. • Vision Day update to be provided. • SRT fleet performance improvement – actions and timescales to be provided. 	SRH Exec
6.	<p><u>ScotRail Holdings Limited, ScotRail Trains Limited and Caledonian Sleeper Limited Operational & Performance Update</u></p> <p>The Board noted this paper, including positive customer satisfaction.</p>	
7.	<p><u>ScotRail Holdings Limited, ScotRail Trains Limited and Caledonian Sleeper Limited Finance Update</u></p> <p>The Financial Controller presented this paper which summarised the Scottish Rail Holdings Ltd ("SRH"), ScotRail Trains Ltd ("SRT") and Caledonian Sleeper Ltd ("CSL") Period 5 and YTD results; full year latest</p>	

	<p>estimate colour of money outturn and potential risks and sensitivities; and other governance matters that the board should be aware of.</p> <p>The Board noted:</p> <ul style="list-style-type: none"> - SRH Group’s consolidated net expenditure from operating activities (before IFRS16 and Annually Managed Expenditure (“AME”) technical adjustments) was [REDACTED] for Period 5 and [REDACTED] YTD, which was [REDACTED] and [REDACTED] to the Groups’ own full year approved budgets. - Full year latest estimates indicate RDEL and core CDEL (excluding FTAC) [REDACTED] and [REDACTED] respectively. [REDACTED] CDEL funding continues to be extremely challenging for the Group and is being sought on an individual item basis via the AO request process. SRH is working with the Sponsor to endeavor to secure a realistic CDEL budget for 2024/25 and beyond. - SRH is compiling a response to 31st August letter from the Director-General Net Zero (Roy Brannen) due for submission by 29th September. The SRH Group Accountable Officer has been requested to advise what steps are being taken, and identify wider options available, to address anticipated funding and delivery pressures in future years. <p>Actions:</p> <p>[REDACTED]</p> <ul style="list-style-type: none"> • Finance session to be organised for non-executive Board members. 	<p>BR</p> <p>CD</p>
<p>8.</p>	<p><u>SRT Quarterly Communications Report</u></p> <p>The Board agreed that this new addition to the agenda from the SRT Communications Director was helpful and would like to receive this as a monthly update.</p> <p>The Board noted that they would like early notification of matters likely to be of significant public attention and requested to be added to media alert process and access to on-call media relations support.</p> <p>Action:</p> <ul style="list-style-type: none"> • SRT Communications Director to be thanked for report, requested to provide this on a monthly basis and for SRH Board to have an on-call contact for media enquiries. 	<p>ED</p>
<p>9.</p>	<p><u>CEO Recruitment Board Subcommittee: verbal update</u></p> <p>Note: the CEO, Rail Business Director and Financial Controller noted conflicts of interest and left the meeting for this item, which was minuted separately.</p>	

10.	<p><u>Minutes from previous meeting (24 August 2023)</u></p> <p>The minutes from the previous meeting approved subject to any further comments received from the Board.</p>	
11.	<p><u>Actions and matters arising from previous meeting (24 August 2023)</u></p> <p>The General Counsel noted that the tracker will be updated and circulated to the Board for comment.</p> <p>The Board reiterated concerns at not receiving the full Gateway Review report.</p>	
12.	<p><u>Any other business</u></p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Action:</p> <p>[REDACTED]</p>	JM
13.	<p><u>Board lookahead</u></p> <p>The Board welcomed this paper, noting it is a work in progress and will continue be developed over time.</p>	
	Date of next meeting: Thursday 19 th October 2023 at Glasgow Queen Street Station Management Suite.	