

**CALEDONIAN SLEEPER LIMITED (CSL)****MINUTES OF BOARD MEETING**

Wednesday 11 June 2025, 13:00 – 17:00
Pacific House, Glasgow / Microsoft Teams *

Present: Hannah Ross - Chair
Graeme Cook - Non-Executive Director and SRH Chief Operating Officer
Graham Kelly - Managing Director
Graham Eastwood - Operations Director
Hugh Anderson – Finance Director
Sam Price, General Counsel
Carolyn Griffiths – Non-Executive Director and Chair of SHEC*
Neil Amner – Non-Executive Director, Company Secretary and SRH General Counsel

In Attendance: Jackie Robertson, SRH Rail Management Lead
[REDACTED] – Board Secretary

Apologies:**Agenda Item 1: Welcome**

1. The Chair welcomed everyone to the meeting.

Agenda Item 2: Apologies and Quorum

2. The meeting was quorate.

Agenda Item 3: Declaration of Interest

3. There were no declarations of interest.

Agenda Item 4: Minutes of previous meeting

4. The Board approved the minutes of the meeting held on 14 May 2025, subject to amendment at paragraph eight to note that the Automatic Selective Door Operations (ASDO) database has to be updated, not has been updated.

Agenda Item 5: Actions and Matters Arising

5. Carolyn Griffiths referred to the action that was closed at the previous meeting of the Board, relating to the SRH risk appetite statement being taken into consideration in CSL's updating of the strategic risk register and noted CSL General Counsel's confirmation that this was being done and the risk register is considered at the quarterly Audit and Risk Committee meetings. She said that the Board should also regularly review the risk register on the recommendation from the Audit and Risk Committee. The Board agreed that the risk register should be submitted to the next meeting of the Board.

6. The Chair said that the SRH risk management strategy is in place and the next step is to embed a common methodology for risk management and risk scoring across the three SRH Group companies and this work will be taken forward by the SRH Audit and Risk Manager. The Managing Director asked if this work would result in a common risk

assessment tool for use throughout the SRH Group and noted that this can be discussed further with the SRH Audit and Risk Manager.

7. The Board considered the list of actions arising from previous meetings.

Action 18: Risk assessment operational framework and assurance requirements for SHEC

In addition to the above discussion on risk management, the Board noted that this was discussed at the Safety, Health and Environment Committee (SHEC) meeting on 27 May 2025 and it was noted that a common risk scoring and risk management methodology would be available for the next SHEC meeting on 25 August 2025. CSL General Counsel noted that a meeting has been arranged with the SRH Audit and Risk Manager to discuss these matters. The Board agreed that this action should remain open until after the SHEC meeting on 25 August 2025.

Action 13/2025: Determine frequency of reports to the Board on complaints and protected disclosures

The Board noted that the discussion of the proposed categories to be included in the dashboard covering complaints, grievances and protected disclosures had been deferred to the August meeting of the Board.

Action 17/2025: Develop a policy for SRH Group on service provision and charging

The Board noted a proposal will be developed by the end of June 2025.

Action 28: Policy approval routes

CSL General Counsel said that he would recirculate the guidance on policy approval routes and develop this by correspondence. Carolyn Griffiths said that the Board needs to be satisfied with delegated authority for policy approval and policies that are reserved for Board approval. The Board agreed to develop this by correspondence and for this to be brought back to the Board for consideration.

8. The Board agreed to close actions 14/2025, 20/2025, 27/2025, and 29/2025 to 33/2025 as these had been completed or were covered under the agenda.

Agenda Item 6: Grant Agreement Report

9. The Board considered the Grant Agreement Report.

10. The Managing Director said that the slight drop in guest satisfaction had recovered to above target levels due to work undertaken by staff to manage the impact of availability of coaches due to coach cracking, and also due to the introduction of the new summer menu. He said that for the first time since introducing the metric for resolving guest contact on the first occasion, the MAA target of 85 percent had been achieved.

12. The Board noted the cyber security update. The Managing Director said that actions were in place to ensure continuing progress in reducing the risk of cyber attack and to deal with matters in the event of a cyber attack.

13. Carolyn Griffiths referred to the fact that the most common complaint from customers relates to the upkeep and

repair of the train and asked that the specific details of these complaints and actions being taken to address this should be brought to the Board for discussion. She said that she would like to see the data from the audit work to ascertain if there are issues that are not being picked up before trains depart. The Managing Director said that this is an area that guests focus on and CSL is continually working to address pertinent matters raised. He said that he would share with the Board the information from the deep dive sessions on these matters.

14. Carolyn Griffiths said that the differences between the reporting categories of near misses and close calls should be rectified for the next meeting of the Board. The Operations Director said that this was being addressed as previously requested by SHEC.

15. The Board noted that the initial launch of staff use of body worn cameras will commence from 4 August 2025 with the full launch from 10 September 2025. CSL General Counsel said this would be tracked as an action through the Board reporting pack.

16. Carolyn Griffiths said that sustainability KPIs had been discussed at the SHEC meeting on 27 May 2025 and it was agreed that the RSSB sustainability model assessment would be undertaken to inform measures for improvement for the development of a KPI. She said that the CSL intention was to undertake this assessment internally, but her position was that it would be of value for this to be undertaken externally. The Operations Director said that the use of this assessment tool was not in the financial forecast and a case had been put forward for finance approval. The Managing Director said that, as agreed at the SHEC meeting, he was considering whether this assessment should be undertaken internally or externally with the ESSG Manager.

17. The Board noted the positive Service Quality Inspection Regime (SQUIRE) top score of five for the period.

[REDACTED]

[REDACTED]

[REDACTED]

21. The Board noted that delivery of business plan commitments was progressing well. The Managing Director said that the Head of People is still absent from the business, but work is continuing on delivery of the new human resources model. He said that the people strategy will come back to the Board in due course.

22. Carolyn Griffiths referred to the health and safety and environmental management work plans that were agreed at SHEC with a recommendation for approval by the Board. She asked if progress on deliverability of these plans should be included in the monthly reporting pack for the Board. The Chair said that she was content to take assurance from SHEC on the detailed work plans and said that a high level short summary paper on the plans should be submitted to the next meeting of the Board for the Board to formally approve the work plans. The Managing Director said that he would discuss progress reporting on the delivery of the plans internally and through SHEC and would include a progress report on the overall plan in the Board reporting pack.

23. The Board noted that delivery of the business transition project was almost complete and asked how the benefits of the new system would be tracked and how any required changes to the system would be managed. The Managing Director said lessons learned reviews will be undertaken which will assist in capturing the benefits of the new system and the financial benefits will start to come through as the new system is embedded in all work areas. He said that there are some teething problems which are being worked through and any areas that could be enhanced are being discussed through the transition approval board to ascertain if any expenditure through the project contingency fund is required.

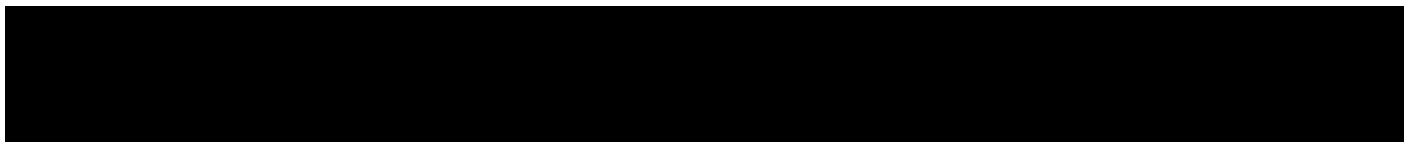
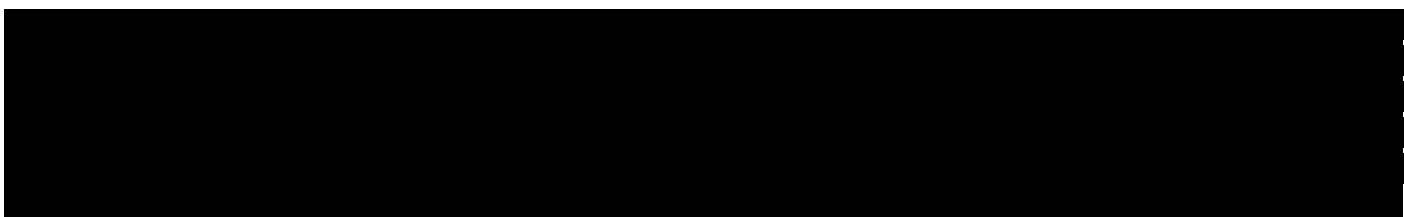
24. In relation to the 61 way communication jumper the Operations Director said that the trial of the new part was successful and fitment through affected services was almost 50 percent complete. He said that there was a small

teething problem that had a minor effect on boarding time, but this was being worked through. He said that the parts would be available by 24 June 2025 for fitment for the full fleet.

Agenda Item 7: Coach cracking interim modification fitment to full fleet

25. The Board asked the Operations Director to provide the update on coach cracking prior to consideration of the paper on whether the interim modification should be fitted to the full fleet.

26. The Operations Director said that mitigating actions were continuing, namely the weekly inspections by CAF, the 32 day inspections by Alstom, and the non-destructive testing, another round of which commenced this week. He said that a sub-surface defect was found on another coach yesterday and the coach was removed from service. He said that this coach had previously been found to have a crack at the other end of the coach. He said that the defect had been identified at an early stage and the interim modification would be fitted. He said that risk management is on-going and Aegis has been engaged as the independent Assessment Body. He suggested that a special meeting of SHEC should be held within the next three to four weeks for SHEC to receive a detailed update on the mitigations in place for continued service operation.



Agenda Item 8: Winter Fleet Arrangements

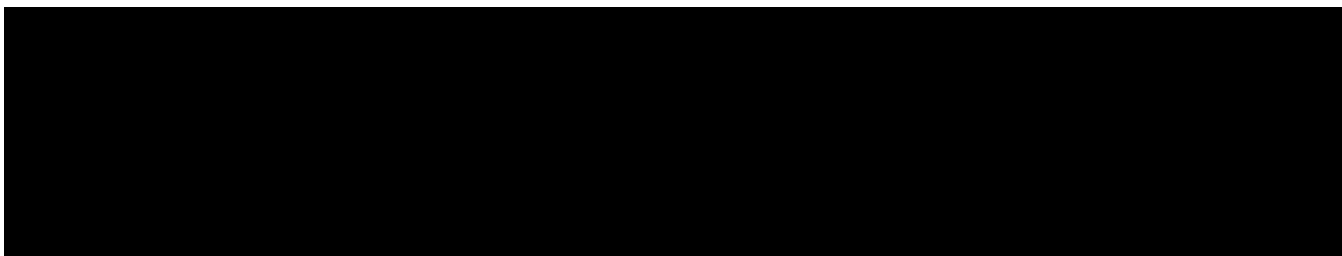
29. The Board considered the paper recommending that the amended service pattern put in place for the winter period January to March 2025, should be replicated for the winter period January to March 2026 to allow implementation of major final acceptance modifications.

30. The Board noted that this matter was time sensitive to allow adjustments to service to be implemented early to reduce any negative impact on guest bookings. The Board noted the net impact on the budget would be [REDACTED] over the year. The Finance Director said that this had not been taken into account in the budget figures but he was confident that the costs could be met within the approved budget.

31. The Board approved the proposals in the paper and noted that this should be submitted to SRH for consideration at the SRH Board meeting on 23 June. The Board also noted that Transport Scotland approval would be needed and asked the SRH Rail Management Lead to commence discussions with Transport Scotland on the basis that the matter is subject to SRH Board approval.

Agenda Item 9: Glasgow Lounge Business Case Budget Uplift

32. The Board considered the business case requesting an additional £[REDACTED] for the Glasgow guest lounge project. The Board noted the following:



33. SRH General Counsel questioned whether alternative open market quotes could be obtained. He noted that national and independent retailers have occupancy at major stations and asked if they are committed to using Network Rail for fit-out / refurbishment work or whether they can obtain independent contractor quotes. The Managing Director said that this was a Network Rail project and not a procurement exercise for CSL, and CSL would pay through the lease arrangements. He pointed out that CSL lacked the necessary property expertise to manage a fit-out design and build project themselves and so would need to incur additional cost to buy-in external expertise if pursuing such an option.

34. The Board discussed the benefits of having a dedicated Glasgow lounge facility against the increased lease costs and noted that the dedicated lounge facility could result in improved guest experience and increased sales through Glasgow Central station. After discussion, the Board approved the budgetary uplift for the project and requested that a longer lease term be discussed with Network Rail and Network Rail should be asked for further assurance that they are satisfied that the project represents value for money. The Board noted that if the CSL Executive is content with the outcome of the further discussions with Network Rail, the Board's approval of the budgetary uplift will stand, and the matter does not need to come back to the Board.

Agenda Item 10: Financial Approvals

35. The Board considered one contract with ScotRail for commercial services, which required Board approval. [REDACTED]

36. General Counsel said that while the policy of charging is being developed for the SRH Group, he said that he had considered the fees and charges section of the Scottish Public Finance Manual and the exceptions in relation to discretionary services. He said that he was satisfied that services under the contract with ScotRail were discretionary services and the charging was in line with the principles of the Scottish Public Finance Manual.

37. The Board approved the contract.

Agenda Item 11: Coach cracking update

38. This agenda item was discussed under agenda item seven.

Agenda Item 12: Market Growth Strategy Development Update

39. The Board considered the discussion paper for Board input to the development of a market growth strategy. The following points were noted:

- Short term initiatives for a 12 to 18 month period will be developed using data analysis and will include fares, ticketing products etc
- Longer term initiatives will be developed relating to modal shift, operating model and will join up with the wider SRH Group strategy
- Partnership possibilities should continue to be explored
- Opportunities for travel extensions should be explored eg overseas customers through the Euro tunnel services, links with ferries, package holidays, links with cruises
- Links with Scottish Government on tourism and enterprise should be explored
- [REDACTED]
- Parcel freight opportunities should be explored

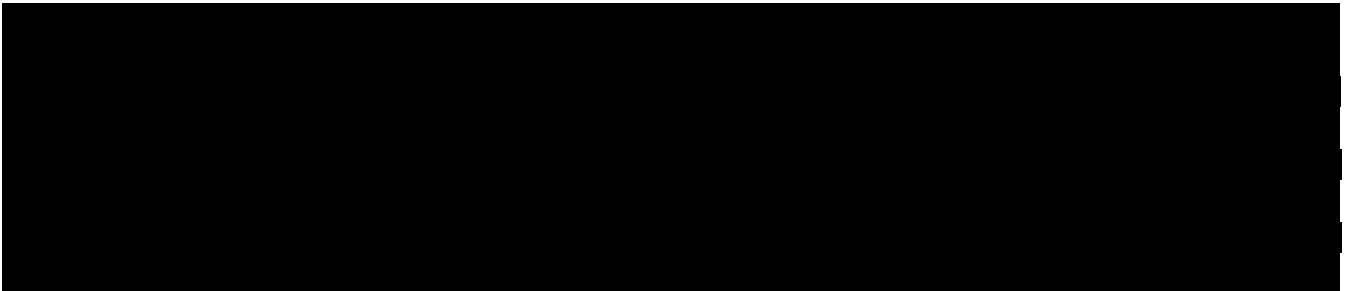
40. The Chair said that the discussion paper was good and asked for a paper to be prepared by September to provide a structure for the Board to have a strategic discussion on market growth and the long term strategic plan for CSL.

Agenda Item 13: Locomotive Workstream Update

41. The Board considered the paper setting out the feedback from the market engagement for the locomotive

procurement project. The Board noted the following:

- All evaluations and options considered as part of the approval process will be detailed in the strategic business case



42. CSL General Counsel stressed the importance of the timeline and getting out to market quickly for this project. The Chair said that the dates for approval gates, through which forum etc need to be documented for the Board and added to Board planners. She asked for a slide with this information to be prepared so that she could also share this with the SRH Chair and Transport Scotland. Carolyn Griffiths said that approvals stages may be different subject to buying or leasing locomotives and dates and stage gates should be provided for both models.

43. The Chair said that briefing sessions for CSL and SRH Boards prior to key Board decision dates should be arranged.

Agenda Item 14: Supplier Contract Management Governance

44. The Board considered the paper setting out the systems for supplier management governance. The Board noted that the system was thorough, and consideration should be given to the suppliers that CSL suppliers use given the current economic climate. The Managing Director said that the quality management aspect needs to be developed to take a view on the quality that suppliers deliver. CSL General Counsel said that this is being addressed through the work on the assurance strategy and a quality plan is being developed. He said that additional staffing resource for the assurance work would be in place by September and he would inform the Board of the timescale for the assurance strategy work.

Agenda Item 15: Outcome of GBRF Review of Locomotive Failures

45. The Board considered the report on the outcome of the GBRF review of locomotive failures. The Board noted the ongoing challenge with an ageing fleet and while strong management is in place, future resilience is a risk that needs to be managed.

Agenda Item 16: Approvals Tracker

46. The Board noted that Transport Scotland feedback on the proposals for delay repay reforms had been received and further consideration was required to the proposals.

47. The Board noted that the SRH Board, at its meeting on 29 May 2025, had approved the derogation for the grant agreement patronage KPI.

Agenda Item 17: Finance Report

48. The Board considered and noted the finance report for the period.

49. The Chair said that deliverability of the efficiencies agreed as part of the pay deal should be tracked and reported in the Board pack.

50. The Finance Director confirmed that the cost relating to the winter fleet programme would be contained within the current budget allocation.

[REDACTED]

[REDACTED]

[REDACTED]

Agenda Item 19: Committee Updates

53. The Board noted the approved minutes of the SHEC meeting held on 6 November 2024 and the approved minutes of the Audit and Risk Committee held on 17 March 2025.

Agenda Item 20: Board and Committee meeting dates

54. The Board noted the schedule of Board and Committee dates for 2026.

Agenda Item 21: Quarterly Review of Register of Directors' Interests

55. The Board reviewed the register of directors' interests. Graeme Cook said that he had been appointed as a trustee of the Rock Trust, and this should be recorded in the register.

Agenda Item 22: Any Other Business

56. Carolyn Griffiths informed the Board that she had been re-appointed by Scottish Ministers for another term as a non-executive member of the SRH Board.

Date of next meeting

57. The next meeting of the Board will be held on 6 August 2025. (post meeting note: the date for the next meeting was changed to 1 August 2025).