

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

Wednesday 14 May 2025, 13:00 – 16:00
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. The Board congratulated Carolyn Griffiths on receiving the OBE on 13 May for services to the rail industry, transport safety and the engineering profession.

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 meetings held on 9 and 15 April 2025. The Board approved the minutes of the meeting held on 16 April 2025, subject to amendment at paragraph 15 to make clear that it was the CAF validation letter being referred to.

Agenda Item 5: Actions and Matters Arising

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

Action 9: ARC to consider risk appetite then discuss at Board

The Board noted that the SRH risk appetite statement would be taken into consideration in CSL's updating of its strategic risk register, for consideration by the Audit and Risk Committee who will then feedback to the Board. The Board agreed to close this action.

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

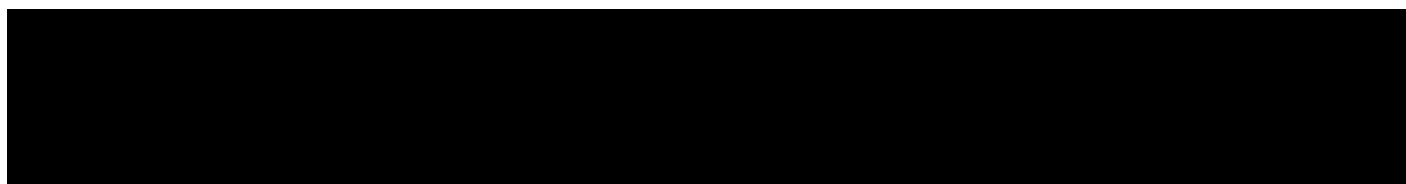
SRH General Counsel and the SRH Audit and Risk Manager are preparing a paper on this for the Board's consideration. The target date, as noted on the action tracker, is June 2025.

Action 12/2025: Quarterly schedule for meetings of the Remuneration Committee

The Board noted the preparation for Remuneration Committee meetings was being taken forward by General Counsel and the Board Secretary and agreed to close this action.

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 and protected disclosures had been deferred to the June meeting of the Board.



Action 15/2025: Confirm timescale for receipt of response from Risktec to four questions raised by Chair of SHEC

The Board noted that this matter was included in the coach cracking action tracker and agreed to close this action.

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

The Board noted that a timescale for this would be set and notified to the Board at the next meeting in June.

Action 18/2025: Customer complaints re in-room facilities

The Board noted that the voice of the guest survey had been re-sent to the Board and noted that the information on customer complaints was contained within the survey. The Board agreed to close this action and open a new action for the monthly reports to the Board to include more information in the commentary on the causes, trends and mitigating actions taken in relation to customer complaints about in-room facilities.

Action 19/2025: SQUIRE compliance scores, derogations lounge closures and totems

The Board noted that derogations had been completed and agreed to close this action. The Board noted that a paper would be submitted to the SRH Board at its meeting on 29 May regarding the derogation for the patronage KPI as noted in the approvals tracker.

Action 22/2025: Rewards and recognition policy

The Board noted that General Counsel had had further discussions regarding this policy with Transport Scotland and SRH. The Board noted that this policy was not part of the TUPE arrangements. The Board agreed that the policy should go back to the Audit and Risk Committee with a note of the analysis on compliance with the Scottish Public Finance Manual. The Board agreed to close this action.

The Board noted the need for clarity on the approval route for policies between Board, Committee and/or Executive Teams, and the need to use Board Committees effectively. General Counsel said that he would look at this for CSL and make proposals on the approval routes. SRH General Counsel said that there needs to be a consistent approach to this throughout the SRH Group.

Action 23: New locomotive project, date for IDM consideration

The Board noted that the business case consideration by IDM (Investment Decision Meeting in Transport Scotland) had been set for 3 September 2025.

6. The Board agreed to close actions 02/2025, 16/2025, 21/2025, 24/2025 and 25/2025 as these had been completed or were covered under the agenda.

Agenda Item 6: Grant Agreement Report

7. The Board considered the Grant Agreement Report.

8. After discussion, the Board noted the following:

- The KPI for guest accidents was trending red as a snapshot position. Rolling 13 month graphs would be provided in future board packs.
- In relation to staff verbal and physical assaults, data relating to incidents covering numbers, locations, cause etc by ticketed or non-ticketed persons should be provided for the Board.
- In relation to locomotive failures, a more in-depth review of the data and trends was required for a better understanding of the position. GBRF has been asked to take a deeper look at this, and the results will be brought back to the Board.
- Good measures have been put in place to combat on-board water issues, but these still provide challenges. Technical solutions are being looked at and the Board will be kept up to date in this regard.
- The detail of the instances of staff absence due to work related stress.
- The Automative Selective Door Operations (ASDO) database is to be updated to remove the risk of incorrect signals indicating a door was open.
- The communication jumper between coaches and locomotives is moving to trial stages and should be fitted on all coaches by March 2026.
- The roll-out project of body worn cameras was paused mainly due to IT transition work and some difficulties in relation to locations to dock the cameras, but the roll-out has now recommenced.

Agenda Item 7: Stage gate review framework for the control of major projects

9. The Board considered the proposed framework for the control of major projects.

10. The Managing Director said that the framework was based on the ScotRail framework, as approved by SRH, and informed the Board of the key differences from the ScotRail framework due to the difference in size and scale of the two organisations. He said that the project and procurement governance would be combined into one forum for the time being and this would be reviewed once a decision had been made on the product/service that CSL was going to purchase. He said that Board approval will be needed for the outline business case, and this will be submitted to the August meeting of the Board.

11. The SRH Chief Operating Officer said that further review of the ScotRail framework has led to a possible change to the approvals process and the membership of governance forums. He said that consideration was needed for rail expert independent scrutiny at different stages and in which forum this should be undertaken. He said that CSL would need to consider these matters in relation to its framework.

12. The SRH Chief Operating Officer said that in relation to capital approvals process the role of the SRH Capital Investment Panel (CIP) would be redesigned to become a capital programme meeting rather than capital finance tracking forum and that the CIP meetings would likely be held prior to the CSL and ScotRail Boards.

13. Carolyn Griffiths said that any project approvals process needs to be clear that any issues outwith tolerance levels, such levels being clearly defined and documented, need to be escalated to the Board.

15. The Managing Director said that in relation to the locomotive procurement project, once CSL knows which product/service it is going to purchase, the governance and approvals process will be reviewed in light of the comments made and submitted to the Board for approval.

16. The Board approved the framework for control of major projects subject to the review mentioned by the SRH Chief Operating Officer and the potential for the need for an external independent resource.

Agenda Item 8: Financial Approvals

17. The Board considered one contract which required Board approval.

18. The Board noted that the contract with EY as the managed service provider for payroll required to be extended for a six month period until the permanent function was in place. The Board noted that the costs of the extension were proportionate to the cost of the original contract and approved the extension of the contract.

Agenda Items 9 and 10: Coach cracking update and consideration of interim modification for full fleet

Update

19. The Operations Director gave the Board an update on coach cracking and highlighted the following:

- Work is on-going to progress the development of the design-life solution
- Instrumented running is the next critical path activity and data on this should be available by the end of July
- Work is continuing on mitigating the risks associated with continued service operation and close out of issues
- A comprehensive live action tracker has been put in place
- A third round of non-destructive testing will commence in the next four to six weeks
- Visual inspections continue to be undertaken weekly
- Secondary retention trials are ongoing which highlighted some problems for the Anti-Roll Bar, arrangements are being taken forward on the need for analysis of body sway in the event of detachment
- The risk assessment undertaken previously on safe continued service operations will be updated and shared with the Board later today
- An independent assessment body (AsBo) will be instructed to review the approach taken for continued service operations

20. The Chair said that she had suggested a meeting prior to the CSL SHEC meeting on 27 May to discuss the live action tracker and timelines for outstanding actions to be completed. She said the evidence can be reviewed at this meeting to ensure ALARP standard is being met, and the information on the timeline for instructing the AsBo can be provided at this meeting.

[Redacted]

[Redacted]

[Redacted]

Agenda Item 11: Approvals Tracker

23. The Board noted the status of outstanding approvals from SRH and Transport Scotland.

Agenda Item 12: Locomotive Workstream Update

24. The Board considered the update on the locomotive procurement. The Board noted that market engagement sessions have commenced and will continue throughout May, and that the strategic and outline business cases are being developed for Board consideration at its August meeting. The business cases will thereafter be considered by the SRH Board. Consideration by IDM has been scheduled for 3 September.

SRH General Counsel left the meeting at 15.45

Agenda Item 13: Finance Report

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

26. The Finance Director said that there was still some alignment of the reporting format to be undertaken but overall he was content with the new format for the report from the new finance system. He said that revenue was down slightly against budget for the period, but this was mainly due to coaches out of service due to cracking over the busy Easter period. He said he was not concerned about this as this could be off-set by cost savings.

27. The SRH Chief Operating Officer asked if the new finance system would have a positive impact on staff time in preparing the reports and asked for this information to be brought to the Board at a future date.

Agenda Item 14: Cyber Security

28. The Chair said that cyber security will be a standing item on the Board agenda going forward. General Counsel said that he would discuss with SRH General Counsel the reporting requirements for the Board. The SRH Chief Operating Officer said that training is being arranged for SRH Group Executive and Non-Executive Directors and he would confirm dates when he has these.

Agenda Item 15: Market growth strategy development

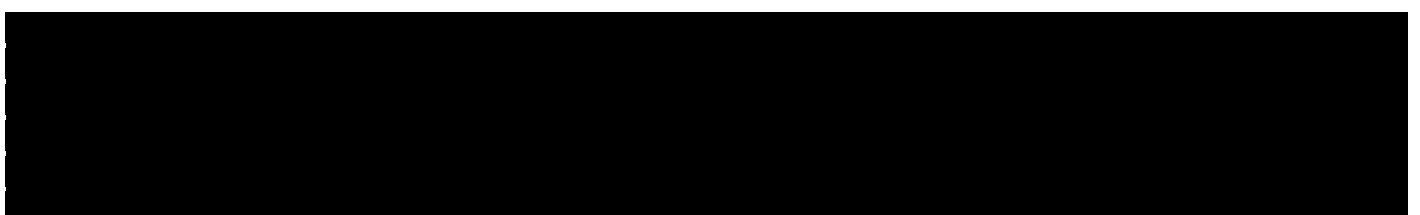
29. The Board agreed to defer consideration of this item to the next meeting of the Board due to time constraints.

The Chair left the meeting at 15.55. The SRH Chief Operating Officer deputised for the Chair for the remainder of the meeting.

Agenda Item 16: Committee Updates

30. There were no updates for the Board to note.

Agenda Item 17: Any Other Business



32. The SRH Chief Operating Officer said that there is a Scottish Government consultation on changes to climate change duties guidance for public bodies, which closes on 23 May. He said that SRH is preparing a response for the SRH Group, which has been prepared in consultation with relevant CSL and ScotRail staff. He said that he would send the draft response to the consultation to the Board by email for approval.

Date of Next meeting

33. The next meeting of the Board will be held on 11 June 2025.