



CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Wednesday 21 February 2024, 13.00 – 16.00

Pacific House, Glasgow

Present: David Lowrie (Non-Executive Director – Chair), Kathryn Darbandi (Managing Director), Graeme Eastwood (Operations Director), Chris Gemmell (Finance Director), Carolyn Griffiths (Non-Executive Director), John MacQuarrie (Non-Executive Director) and Graham Kelly (Commercial & Procurement Director)

In attendance: Richard Cairns (SRH Chair), Sam Price (CSL General Counsel), [REDACTED] (minute taker)

Apologies: Emma Dixon (Non-Executive Director)

Item No.	Item
1.	<p>Welcome</p> <p>The Chair welcomed all to the meeting.</p>
2.	<p>Apologies for absence and quorum</p> <p>Apologies were noted from ED. The meeting was quorate.</p>
3.	<p>Declaration of interest and conflicts</p> <p>If the Chair determines a Director has a conflict in relation to any matter, they may decide that the Director absents themselves from any discussion or decision on that matter, relating to the matter; remains present during any discussion or decision but may not participate in the discussion or decision; or remain present and participate in the discussion, but contribute only statements of fact. In no case may a Director whom the Chair has determined to have a conflict of interest in relation to a matter either vote on a decision concerning that matter or contribute more than statements of fact to any discussion of the matter.</p> <p>No new declarations were made.</p>
4.	<p>Audit & Risk Committee Terms of Reference</p> <p>Audit and Risk Committee (the Committee) Terms of Reference were circulated for Board approval. The Board noted that the ToRs had been approved by the Committee in December 2023.</p> <p>The Board agreed to send comments on the ToR to the Committee Chair. Once incorporated, the ToRs would be tabled for approval.</p>



	<p>ACTION:</p> <ul style="list-style-type: none"> • Board members to review ToRs to ARC Committee Chair.
<p>5.</p>	<p>Serco TSA update</p> <p>The Commercial & Procurement Director provided an update on the Serco Transitional Services Agreement (TSA). The Board agreed that CSL must ask to extend the TSA in full, and Serco has been requested to provide the impact of extension prior to its agreement.</p> <p>[REDACTED]</p> <p>Board noted the update and requested further information on the impact once known.</p>
<p>6.</p>	<p>Draft Business Plan/Budget submission</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>The Board noted that an ESG Manager has been recruited and will start on 2 March. The Board requested that sustainability and community metrics be added to the balanced score card. Report should include CSL’s contribution to the Net Zero ambition and carbon emissions saved.</p>



	<p>The Board also requested that a berth availability and utilisation rate KPI is added to business plan.</p> <p>The Board discussed rolling stock resources and fleet plans and noted that as part of CSL’s future strategic long-term planning the business should consider the impact that increasing the fleet size could have on CSL’s public benefit, including taking more people to the same places and taking existing guests and new guests to new places. The analysis of benefit to the Scottish economy of the Sleeper could be undertaken as a Business Plan Commitment next year.</p> <p>The Chair thanked the Executive for their work in producing the paper and proposed that, subject to the issues discussed being addressed, the Board approve the business plan at the next Board meeting, including being satisfied by assumptions in the budget, and subject to the company ultimately receiving a budget allocation funding letter from the Sponsor that was consistent with the indicative funding envelope upon which the work to date had been based.</p>
<p>7.</p>	<p>IT Transition Programme update</p> <p>The Managing Director provided an update on the Business Transition project. It was noted that at the moment there are no major issues to report and CSL is on track to deliver by June 2025.</p> <p>The Board noted the paper, thanked for the team for the update, and looked forward to regular updates going forward, as it is a key project for the business. The Board welcomed news that CSL had identified a prospective project partner and looked forward to a report of formal appointment. The Board congratulated the Executive for obtaining a green rating on the project control matrix from Scottish Government Digital.</p>
<p>8.</p>	<p>Mk5. T-slot cracking update</p> <p>The Operations Director reported that CAF has acknowledged that there is a design defect in the fleet which had led to nine carriages being taken out of service (two of which have subsequently been reintroduced to service following further testing confirming that they were not subject to cracking). [REDACTED]</p> <p>[REDACTED] The board requested that SP provide an update on progress at next Board meeting. A design meeting with CAF has been planned and the Operations Director will report back with feasibility and confidence in project. Design Authority approval is required.</p> <p>The Commercial & Procurement Director provided an update on the practical implications of fleet availability. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>



	<p>There was a general discussion on communications to guests, ministers and the press. Board noted and thanked the Executive that reactive lines have already been sent to the communications teams at SRT/SRH and TS asking them to share appropriately. The Executive was requested to ensure clear messages have been sent.</p>
<p>9.</p>	<p>Grant Agreement Packs to include Finance update</p> <p>The Managing Director circulated the grant agreement pack in advance of the meeting. The following reports were most specifically considered:</p> <p>A verbal update was provided on discussions regarding the TSSSA. The Board requested that this be brought back to Board if the situation escalates or needed to. ESG considerations. The Board requested that the environmental slide be updated as part of the review of the Grant Agreement pack to be undertaken by KD and SP.</p> <div style="background-color: black; width: 100%; height: 40px; margin: 10px 0;"></div> <p>The Board agreed to receive the grant agreement pack one week earlier. The Board thanked the Managing Director for proposing the solution which will contribute to the efficiency of the board.</p> <p>There was a discussion regarding conflicts of interests for the non-executives that sit on parent company board. ED to consider governance issues.</p> <p>ACTIONS: Job description for ESG Manager role to be shared with CG. KD and SP to incorporate sustainability reporting into the updated Grant Agreement pack to be developed in April following finalisation of the Business Plan Submission.</p>
<p>10.</p>	<p>Previous meeting minutes — 24 January 2024</p> <p>The Board agreed to submit comments to the Chair and ED. Minutes to be circulated via email for approval.</p>
<p>11.</p>	<p>Actions arising from previous meeting</p> <p>The action tracker was amended to reflect discussion.</p>
<p>12.</p>	<p>AOB</p> <p>Staff Engagements: CG requested a calendar of (in person) staff engagements.</p> <p>Safety, Health and Environment Committee: The Board noted that an update would be provided at the next meeting.</p> <p>Tax return for year ending 2023: The Finance Director reported that tax due for the year end was £0. The Board approved and authorised the Finance Director signing the tax return on behalf of the company and to file it with HMRC.</p>



	<p>Director Resignation: The Board thanked the Finance Director for his contribution to CSL, and Serco Caledonian Sleeper before the transition, and wished him good luck for his future career.</p>
<p>13.</p>	<p>Date of next meeting</p> <p>Wednesday 20 March 2024, Pacific House, Glasgow</p>