

**CALEDONIAN SLEEPER LIMITED (CSL)****MINUTES OF BOARD MEETING****Friday 1 August 2025, 09:00 – 15:45****Microsoft Teams**

Present: Graeme Cook – deputising for Chair, Non-Executive Director and SRH Chief Operating Officer
Graham Kelly - Managing Director
Graham Eastwood - Operations Director
Sam Price - General Counsel
Carolyn Griffiths – Non-Executive Director and Chair of SHEC

In Attendance: Amanda MacLellan – SRH People and Culture Director (for items 7 and 8)
Jackie Robertson - SRH Rail Management Lead
[REDACTED] – Head of Finance (for item 12)
[REDACTED] – Board Secretary

Apologies: Hannah Ross – Chair
Neil Amner – Non-Executive Director, Company Secretary and SRH General Counsel
Hugh Anderson – Finance Director

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 11 June 2025.

Agenda Item 5: Actions and Matters Arising

5. The Managing Director said that the information from the deep dive reviews of matters relating to the upkeep and repair of the train, referred to at paragraph 13 of the minutes of the previous meeting, would be submitted to the Board at its September or October meetings. General Counsel said that he would send a list of items for future Board meetings to the Board Secretary for Board planning purposes.

6. The Operations Director said that the matter referred to at paragraph 11 of the minutes of the previous meeting regarding shunting activities had been resolved through discussion and correspondence with the trade unions.

7. Carolyn Griffiths referred to paragraph 14 of the minutes of the previous meeting and said that the difference in

categorisation between near misses and close calls would be addressed through SHEC.

8. The Managing Director said that the matter raised at paragraph 16 of the minutes of the previous meeting regarding RSSB sustainability model assessment would be addressed at the next meeting of SHEC.

9. General Counsel said that the matter raised at paragraph 51 of the minutes of the previous meeting regarding correspondence with CAF on the cost of brake disc work had not progressed further by CAF and no action was needed by CSL at this time.

10. The Board considered the list of actions arising from previous meetings later in the meeting.

The agenda items were taken out of line with the agenda to accommodate other commitments.

Agenda Item 8: People Strategy

11. The Board considered the People and Culture Strategy.

12. The Managing Director said that he had assumed that the strategy had been approved by the Board prior to him taking on the role of Managing Director but it had not. He said that it had been discussed with SRH through the SRH People and Culture Director but had not been considered at any other forum. He said that when the strategy was prepared the CSL Remuneration Committee was not yet formally established, and no regular pattern of meetings has yet been set for the Remuneration Committee.

13. The Managing Director said that the strategy sets out the priorities to embed the new IT model and establish the HR function as a standalone function in the business and lists the tasks to be undertaken to support the strategy and the relevant business plan commitments.

14. The SRH People and Culture Director said that the strategy was comprehensive and suggested that the 2025 priority areas listed at section 3.2 had a lot of information and could be broken down with the three main priority areas highlighted. She said that employee engagement needs more focus with detail of how this will be done. The Chair suggested that the work needing to be taken forward in relation to employee engagement could be part of a work plan that underpins the strategy. Carolyn Griffiths said that she agreed that a plan was needed to detail how the priorities listed at section 3.2 will be actioned. She said that once the plan is in place this should also record the impact of each of the initiatives.

15. After discussion the Board approved the strategy subject to a detailed plan with measurable milestones and measures of impact, in so far as possible, being put in place. It was also agreed that as this is a five year strategy there should be an annual addendum setting out priorities for the coming fiscal year.

Agenda Item 7: HR Dashboard

16. The Board considered the dashboard setting out key statistics relating to staff numbers, recruitment, absences etc. The Managing Director said that the information in this first dashboard had been prepared manually and there were some inaccuracies, but production would be automated going forward. He informed the Board that a health and well-being plan would be considered at the next SHEC meeting on 29 August 2025.

17. The Board welcomed the dashboard and agreed that it provided helpful information. After discussion the Board agreed that the dashboard should include the following:

- Causes and trends in relation to absences
- The cost of absence to the business
- The cost of recruitment to the business
- Attrition data broken down by department, including prior year data
- Reason for guest experience staff turnover rate

18. Carolyn Griffiths said that SRH and ScotRail should also be asked to prepare a similar dashboard for their respective

Boards and asked that this be brought to the attention of the SRH Chief Executive.

19. [REDACTED]

He said that a workshop had been held for all staff teams involved and this was in part facilitated by an external provider and included training and discussion relating to acceptable work culture, diversity, the duty to prevent sexual harassment etc. He said that some of these training areas have also been added to the recurring training programme and there will be more frequent presence from the management team on services. The Managing Director confirmed that the SRH People and Culture Director will attend a workshop review session with the Guest Experience Managers to ensure that a robust plan is in place going forward.

20. The SRH People and Culture Director noted the work that has been done with Team Leaders and asked what approach has been extended to onboard Train Managers to further support the Team Leaders on shift. The Managing Director said that further work will be done with Team Managers and Team Leaders to better align their positions, from their operations and guest experience perspectives, in a consolidated service delivery approach.

[REDACTED]

22. Carolyn Griffiths said that HR issues are not a matter for SHEC to deal with but a safe working environment for staff is, and she asked for thought to be given to how SHEC will be informed of any matters in this regard in the future.

The SRH People and Culture Director left the meeting at 10.30.

Agenda Item 9: Locomotive Procurement Outline Business Case

23. A briefing session had been held on 24 July 2025 for CSL and SRH Board Members to give early sight of the draft outline business case for the new locomotive procurement project, prior to consideration of the business case by the CSL Board.

24. The Board considered the draft outline business case and noted the initial timeline for the governance and stage gate reviews. Additional information was provided to the Board for the purpose of:

- Consideration of whether a 10 year contract term will achieve best value
- Allowing the Board to consider the potential benefits and disbenefits of incorporating a longer contract duration into the procurement process
- Allowing the Board to provide direction to the project team on the preferred approach for finalising the draft business case for onward approval by the SRH Board and Transport Scotland

25. The Board had a full discussion of the outline business case, the points noted/discussed are summarised as follows:

[REDACTED]

[REDACTED]

26. After discussion it was agreed that:

- The information contained in the slides with additional information presented to the Board should be incorporated into the outline business case
- Options and costs for [REDACTED] service contract terms should be considered to be included in the ITN process but reduced to one option for the Best and Final Offer (BAFO) stage
- Once the options cost information is obtained through the ITN process this will go through the stage gate process, before best and final offer stage, to enable SRH Board to make an informed decision

Agenda Item 5 continued: Actions

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

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

General Counsel said that work was ongoing with the SRH Audit and Risk Manager to bring the CSL risk register format into line with the SRH format and adopt the same scoring methodology. He said the updated risk register format and scoring would then be submitted to SHEC and the Audit and Risk Committee. He said that the risk scoring of safety risks can be discussed at SHEC. In relation to the risk appetite, he said that he is aware of the SRH risk appetite statement and if the CSL risk appetite should be the view of CSL with alignment to SRH then he can bring a proposition on that for approval. If the Audit and Risk Committee opine that CSL should adopt the SRH risk appetite, then a formal resolution of the CSL Board would be needed.

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

The Board had considered the People dashboard earlier in the meeting. The Board agreed that the dashboard should be provided for the next meeting of the Board taking account of the additional information to be included as discussed earlier in the meeting, and thereafter the dashboard should be submitted to the Board on a quarterly basis. The Board agreed to close this action.

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

The Board noted the update from SRH General Counsel that a proposal had not yet been developed due to other work commitments. The Board agreed that this was an action for SRH to take forward and agreed that the SRH Chair should be asked for permission to move this action to the SRH Board action tracker.

Action 28: Policy approval routes

General Counsel said that he had recirculated the previous information on policy approval routes to the Chair and Carolyn Griffiths on 16 June 2025. He said that the Chair had responded that she was content with the proposal. Carolyn Griffiths said that she would respond to General Counsel on this before the next meeting of the Board.

Action 37: Arrange special meeting of SHEC

The Board noted that the special meeting of SHEC requested at the Board meeting on 11 June had not taken place and matters for discussion will be covered at the next meeting of SHEC on 29 August 2025. The Board agreed to close this action.

28. The Board agreed to close actions 26/2025, 35/2025, 36/2025, 39/2025, 40/2025 and 41/2025 as these had been completed or were covered under the agenda.

Agenda Item 6: Grant Agreement Report

29. The Board considered the Grant Agreement Report.

30. The Managing Director said that targets in relation to operational performance and guest satisfaction were achieved in the period. He said that the staff absence rate had increased, and work was on-going to review the causal factors. He gave the Board an update on four key fleet areas and said that the challenge in the auxiliary power supply issue was being addressed on repairs and sealing arrangements.

31. In relation to berth tables the Chair asked if there was a long-term solution. The Operations Director said that CAF has manufactured a new part which will be trialed over the next month in one coach. He said that if the trial is successful this would be rolled out to the full fleet in 2026.

32. In relation to the crack found at the yaw damper, the Operations Director said that the approved temporary solution was developed by CAF when cracks were found at the yaw damper on other fleets and this required to go through the re-approval process as it was developed three years ago and that there has been the understanding of the issue has significantly increased since then. Also, the work done on the interim solution for anti-roll bar cracking will also inform the yaw damper solution.

33. The Chair asked for an update on progress with body worn cameras. The Managing Director said that the initial roll out will begin in September [REDACTED]

[REDACTED] He said that the cameras are a tool to be used as a deterrent for anti-social behaviour. Carolyn Griffiths said that prosecutions for anti-social behaviour are also a deterrent, and the use of body worn cameras can assist in prosecutions. She asked for the number of incidents against the number of incidents recorded to be monitored.

34. The Board noted that the booking engine issue mentioned in the report had been resolved and the Managing Director confirmed that there was no systemic issue.

35. The Chair referred to the signal passed at danger (SPAD) incident in July and asked if GBRF is doing all that can be done to avoid any further instances. The Operations Director said that a lot of follow-up work in relation to SPADS

had been taken forward with GBRF last year and an initial report had been received. He said that the final report will be discussed at the SHEC meeting on 29 August. He said that the incident in July was an empty coach stock move caused by a degree of distraction and mis-reading signals.

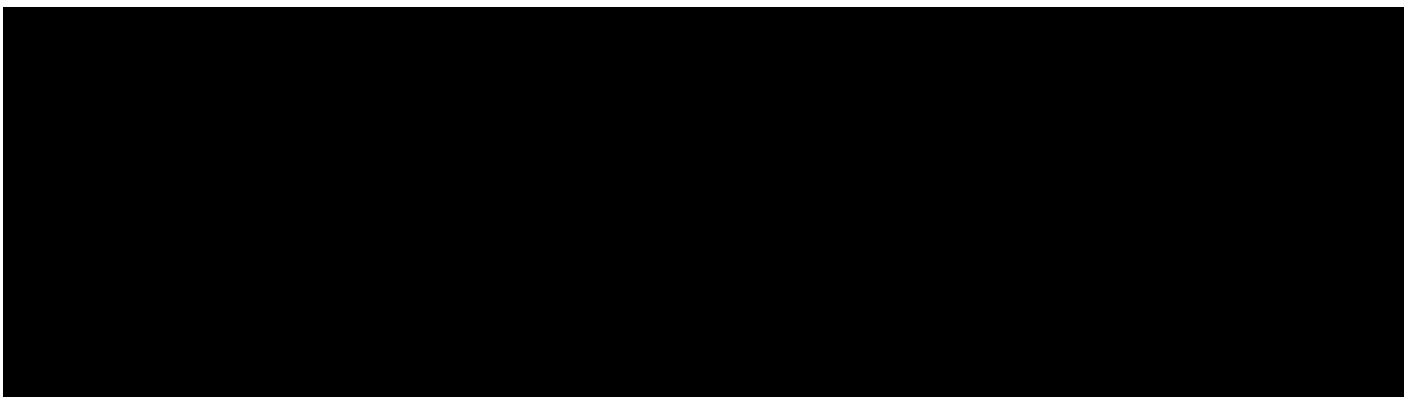
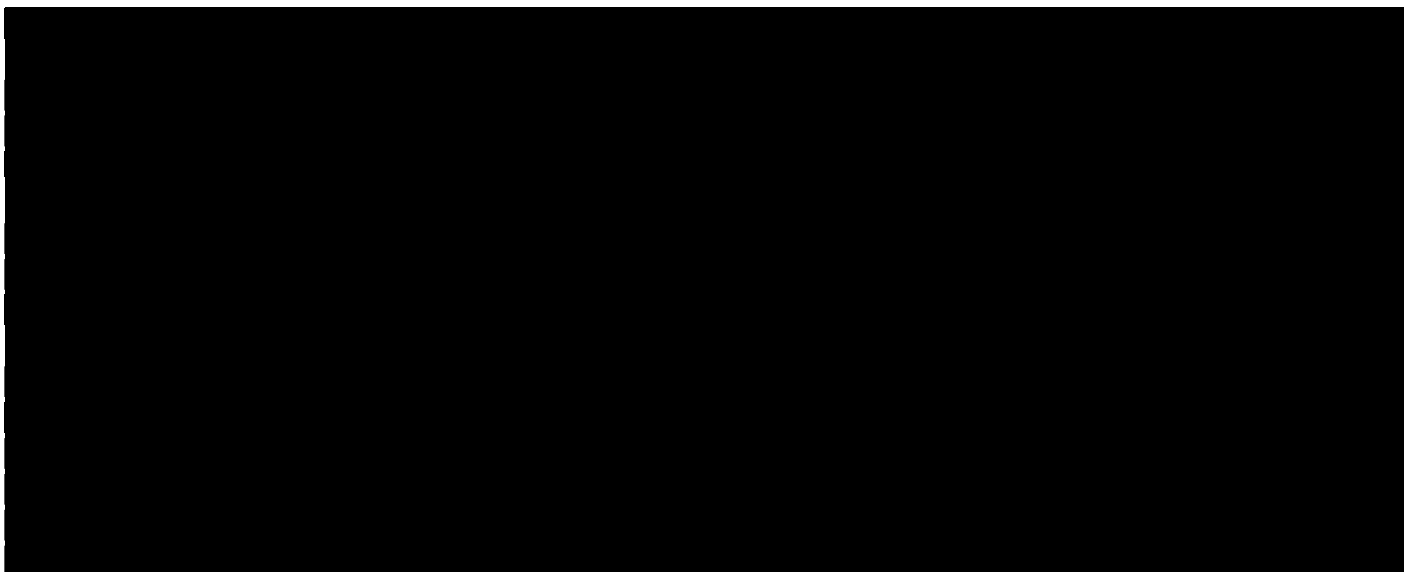
36. Carolyn Griffiths said that the SPAD incident relates to the assurance work being discussed at SHEC on supplier safety management. She said that information on what suppliers are doing was available but the evidence to provide assurance on how good the actions are, is not. She said that further scrutiny of this is needed, and this will be taken forward at SHEC. General Counsel said that this aligns with other workstreams being taken forward on supply chain assurance. He informed the Board that the new Head of Assurance and Audit would be commencing employment in September.

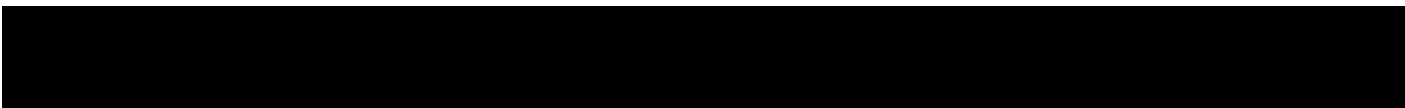
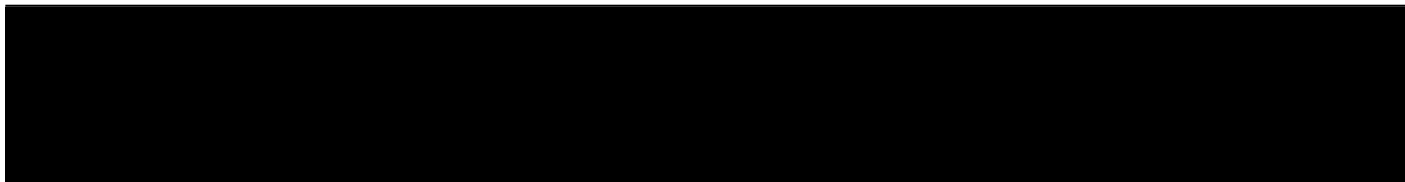
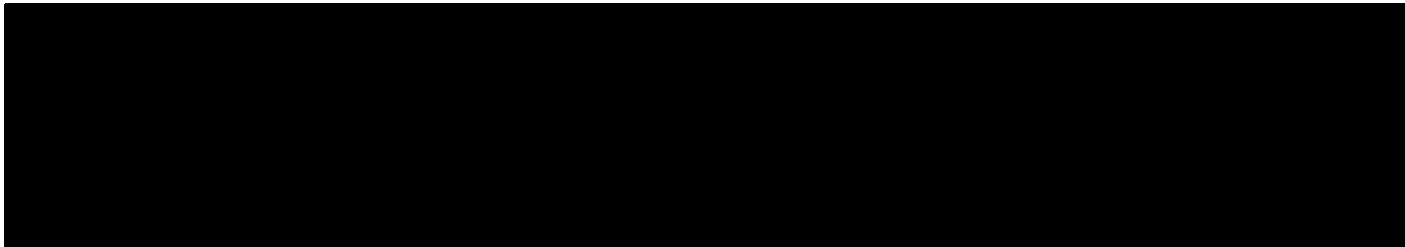
37. The Chair referred to the sustainability section of the report and said that initiatives should also take into account the 'Community Benefits'.

38. In relation to the slight decrease in patronage, the Managing Director said that proactive action was being taken to cap the higher price brackets over the next few months to try and drive passenger volume. He said that while there has been a drop in revenue there is no impact in relation to RDEL funding and additional options are being looked at to generate more revenue.

39. Carolyn Griffiths referred to the safety and security KPI report and said that the issues with water problems, HVAC availability and train upkeep should be discussed at the September Board meeting as part of the deep dive review. She said that where safety KPIs are trending negatively, second level details should be included in the Board report. The Managing Director said that these matters will be discussed at the Safety Leadership Group, and the Board will be informed of the outcome of those discussions.

40. In relation to the evaluation using the RSSB self-assessment sustainability model tool, the Managing Director said that an update on this would be presented at the SHEC meeting on 29 August.





Agenda Item 11: 2025/26 Health and Safety Work Plan and Environmental Work Plan

51. The Board discussed the health and safety plan.

52. Carolyn Griffiths said that the plan was entitled health, safety and security but it was just the safety plan that the Board was being asked to approve. She said that the health and well-being plan would be discussed at SHEC and submitted to the Board at its September meeting for approval, and she confirmed that SHEC does not deal with security matters. The Operations Director said that the security elements of the plan related to matters that fall within the safety definition bracket eg body worn cameras, and the plan does not include detail of any specialist security areas. General Counsel said that specialist security matters such as cyber security are dealt with through the Audit and Risk Committee.

53. The Chair said that as there was some confusion around the security element of the plan, this matter should be picked up with the Board Chair on her return from annual leave for clarification on whether security should be covered at Board or Committee level. He said that the Board, at this meeting, should consider only the safety elements of the plan.

54. The Board considered and approved the safety elements of the plan. The Operations Director said that progress reporting on the plan would be discussed at the next meeting of SHEC.

55. In relation to the environmental work plan, the Board noted that the non-executive directors present had discussed and recommended the plan for Board approval at the meeting of SHEC on 27 May. The Board approved the environmental work plan.

56. The Board noted that the work of SHEC only related to the environmental aspect of the ESG strategy and the social and governance aspects should be discussed with the Board Chair for her views on whether the social and governance aspects should be covered at Board level.

57. The Board noted that the health and well-being plan and the safety audit plan would be considered at the next meeting of SHEC and thereafter considered by the Board at its meeting on 3 September.

Agenda Item 12: Q1 Financial Reforecast

The Head of Finance joined the meeting for this agenda item.

58. The Board considered the 2025/26 quarter one re-forecast.

59. The Managing Director said that adverse passenger revenue of £[REDACTED] was identified during the first quarter review. He said that despite this, CSL was maintaining its current RDEL budget allocation. He said that further work is ongoing to determine cost efficiencies, and an update will be provided to the Board in the half year report.

60. The Chair welcomed the assurance that the adverse revenue is not a cause for concern but asked that this be monitored closely and if emerging trends continue to be adverse, proposals should be developed to address this for the Board's consideration.

Agenda Item 13: Financial Approvals

61. The Board considered three contracts. The Board noted that all three contracts were procured through open competition. After discussion, the Board approved the three contracts.

62. The Chair said that the approvals table should also include information where savings have been identified.

Agenda Item 14: Coach cracking update

63. This agenda item was discussed under agenda item 10.

Agenda Item 15: Strategic Risk Register

64. General Counsel said that the risk register was the version that had been submitted to the Audit and Risk Committee in June, and work was in progress to update the register and bring it into line with the SRH format and scoring methodology. He said that the updated format will be in place for the safety risks that will be considered at the next meeting of SHEC. He said that his intention had been not to submit the current version to the Board at this meeting, but he had been asked to do so.

65. Carolyn Griffiths said that the position in relation to risk management across the SRH Group is not clear and a timeline should be put in place for a common risk management framework across the group to be implemented. The Chair said that the SRH Audit and Risk Manager is working on this and has discussed this with the SRH Executive team and is working with CSL and ScotRail on this.

66. The Board agreed that the new format risk register should be submitted to the Board after the Audit and Risk Committee considers it at its next meeting on 24 September.

Agenda Item 16: Approvals Tracker

67. The Board considered the approvals tracker.

68. In relation to the delay repay options for reform, the SRH Rail Management Lead said that the SRH Rail Business Director was having a meeting with Transport Scotland today and it was hoped that approval for the options would be progressed within the next week.

69. The Operations Director said that the Winter fleet maintenance plan proposals had been approved by Transport Scotland and would be implemented in line with the timings in the proposal.

Agenda Item 17: Finance Report

70. The Board considered and noted the summary finance report for the period.

Agenda Item 18: Committee Updates

71. There were no Committee updates.

Agenda Item 19: Any Other Business

72. The Board noted that this was Graeme Cook's last meeting of the Board before he takes up his new position as Transport Scotland Director of Rail. Carolyn Griffiths said that, on behalf of CSL, ScotRail and SRH Boards, she wished to note the extensive gratitude to Graeme for the work that he has undertaken for all three companies and the high level of expertise, clarity and insights that he has shared, and wished him well in his new appointment.

Date of next meeting

73. The next meeting of the Board will be held on 3 September 2025.