

**CALEDONIAN SLEEPER LIMITED (CSL)****MINUTES OF BOARD MEETING****Wednesday 3 September 2025, 09:00 – 13:45****Pacific House / Microsoft Teams**

Present: Hannah Ross – Chair
Graham Kelly - Managing Director
Graham Eastwood - Operations Director
Sam Price - General Counsel
Hugh Anderson – Finance Director
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] – Guest Experience Director (for item 14)
[REDACTED] – Head of Sales and Marketing (for item 14)
[REDACTED] – Board Secretary

Apologies: None

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 1 August 2025 subject to amendment at paragraph 15 to note that measures of impact should be included in the people strategy plan. The Board approved the minutes of the meeting held on 15 August 2025.

Agenda Item 5: Actions and Matters Arising

5. In relation to paragraph 35 of the minutes of the meeting on 1 August 2025, the Operations Director confirmed that the final report/action plan on the work with GBRf on signals passed at danger (SPAD) would be submitted to SHEC. This action will be moved to the SHEC action tracker.

6. In relation to paragraph 48 of the minutes of the meeting on 1 August 2025, the Board noted that the letter of assurance from CAF in relation to the yaw damper crack had not been received as CAF had been shut down for the month of August. The Operations Director said that he would submit the letter to the Board by correspondence once it was received.

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

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

The Board noted that the risk management framework had been discussed at the meeting of SHEC on 29 August 2025 where it had been agreed that additional information was needed on the safety risk register in relation to ALARP status for each risk. This is listed as an action on the SHEC action tracker (action number 25/2025) and the Board agreed to close this from the Board actions.

The Chair of SHEC said that she was heartened by the discussions at SHEC on the risk management framework. She said that the Board had not yet discussed risk appetite and should do so soon. General Counsel said that he would discuss risk appetite with the SRH Audit and Risk Manager and table this for discussion at the next meeting of the Audit and Risk Committee on 24 September and thereafter bring this to the Board.

Action 28: Policy approval routes

The Board noted that Carolyn Griffiths had responded on the proposed policy approval routes. The Board agreed that there should be a consistent approach on policy approval routes throughout the SRH Group. The Board agreed to move this action to SRH for SRH General Counsel to take this forward with CSL and ScotRail and develop a proposal for the group.

Action 42/2025: Track deliverability of the efficiencies agreed as part of the pay deal and report to the Board

The Board noted that some commentary had been provided in the Grant Agreement period five report on cost efficiencies, but this did not provide tracking information on deliverability of the cost efficiencies agreed as part of the 2025 pay deal. The Board asked for this to be submitted to the next meeting of the Board on 1 October 2025.

Action 48/2025: Informing SHEC of staff safety matters that arise in areas outwith SHEC's remit

The Board noted that this matter was discussed at the meeting of SHEC on 29 August 2025. The Board agreed that any such matters will be raised through the monthly Board meetings, and the Board can ask SHEC to review particular instances as and when required. If any matters arise in between Board meetings the Managing Director should inform the Chair of the Board, and she can then decide if the matter needs to be escalated to Board members and SHEC, prior to the next Board meeting. The Board agreed to close this action.

Action 49/2025: Body worn cameras and monitoring incidents

The Board agreed to move this action to SHEC actions.

Action 50/2025: Negative trending safety KPIs

The Board noted that this was an on-going requirement for all negative trending KPIs to be reported to the Board under the monthly Grant Agreement report. The Board agreed to close this action.

Action 51/2025: Coach cracking - Secondary retention system fitment timescales

The Board noted that coach cracking is a standing item on the Board agenda and the secondary retention fitment timescales can be discussed under that item. The Board agreed to close this action.

Action 54/2025: Health Safety and Security Plan

The Board noted that any physical security elements in the plan would fall to the responsibility of the Audit and Risk Committee. The Board agreed to close this action.

Action 56/2025: Financial approvals table to include identified savings amounts

The Managing Director said that the financial approvals table would be amended to include a column for identified savings to be documented. The Board agreed to close this action.

8. The Board agreed to close actions 34/2025, 43/2025, 44/2025, 45/2025, 47/2025, 52/2025, 53/2025, and 55/2025 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 period five delivered right time performance above target which is an encouraging result and shows strong improvement driven by greater locomotive reliability. He said that right time boarding was below target in the period, with MAA remaining above target, and data was being analysed to identify required actions on common themes.

11. The Managing Director said that guest satisfaction was below target in the period mainly due to air conditioning problems when weather temperatures were uncommonly high. He said that an interim solution to the air condition problems was identified, and better air conditioning performance has been achieved. He said that he expected the target achievement to recover in period six.

12. The Managing Director said that the staff absence rate increased in the period to above threshold while year to date remains below target. He said that work is being undertaken with the HR team to manage this and support staff. He said that short time absence due to minor illness has increased, and the data is being looked at to identify causes and trends and actions needed. He said that the health and wellbeing plan will help to support staff further and hopefully prevent more absences.

13. The Chair referred to right time boarding and the data for period five where Network Rail infrastructure and weather related issues caused delays in boarding. She said that Network Rail, as a CSL supplier, should be made aware of the importance of getting trains into the stations on time and the negative effect on boarding and departure targets if trains arrive late. General Counsel said that trains arriving late for boarding would also have a financial effect under the current proposed amendments to the delay repay system which could be enacted for delays over a certain amount of time.

14. The Managing Director said that he was confident that Network Rail was being made aware that on time arrival for boarding is a critical factor for CSL. He said that the reporting of the proportionality of late arrivals is being looked at as the current reporting does not differentiate between one minute or one hour late boarding. The Chair noted the priority action that would be undertaken during September to improve causal analysis for right time boarding to identify the areas of focus for performance improvement.

15. The Chair referred to the below target outcome on guest experience for period five and the top positive and top negative guest sentiments documented in the report and asked how these are used to improve performance. The Managing Director said that the negative sentiments are a priority for staff, and he gave the Board an overview of the work being done to address all of the negative sentiment areas and said that further information on this would be presented in the guest experience deep dive review tabled later on the agenda.

16. SRH General Counsel referred to the leaks found behind walls and the implications of this for corrosion. The Managing Director said that when such leaks are identified the source is isolated timeously and not left to fester, but fleet availability can sometimes impact the timescale to finalise such repairs.

17. The Chair referred to the Service Quality Regime (SQUIRE) report and the increasing number of end period failures in relation to train CCTV systems and asked for an update on the cause of this and remedial action being taken. The Managing Director said that there is an issue regarding the WIFI network and the CCTV system that needs to be resolved as it is causing some of the CCTV images not to show on the train manager's display screen, and this is required for a SQUIRE pass. He said that the CCTV system is working and is capturing images for post event review, and the train manager is not reliant on the CCTV system to ensure safety on the train.

18. The Board noted that a clear timescale is needed to resolve the issue with the CCTV system and that discussions are ongoing with Transport Scotland for a derogation from SQUIRE requirements to allow time to resolve the issue.
19. The Chair referred to the cost efficiencies slide in the reporting pack and asked how TSSSA, rolling stock leases, maintenance, locomotive procurement etc will be married together from a commercial perspective to identify efficiency savings. General Counsel said that the maintenance contracts, TSA and TSSSA, item on the agenda is part of the commercial strategy. He said that an appraisal of financial risk and opportunities is needed, and he will take this forward with the Finance Director as part of long-term planning.
20. The SRH Rail Management Lead said that the cost efficiencies slide needs to be developed to include the specific details of the efficiencies so that deliverability can be tracked. The Board asked for this to be submitted to the next meeting of the Board.
21. Carolyn Griffiths referred to the near miss information and said that she had some concern that some defects were being missed prior to departure. She said that a comparison may be needed with CSL preboarding checks and Alstom checks and an action on this had been raised through SHEC.
22. Carolyn Griffiths asked how CSL measure equality. General Counsel said that the sustainability KPI is related to the Equality Forum, and an action plan is being put in place by the Equality Forum which will include training and equality impact assessments, and he has asked the ESSG Manager for detailed reporting to be developed. He said that more detailed information on the Equality Forum will be provided as this is developed. The Chair said that there needs to be an understanding of what is being tracked for KPIs and said that the measures for equality could be covered in the next deep dive on this.
23. SRH General Counsel noted that CSL had cyber incident response plans in place ready for publication and said that this was good progress. He referred to the 12-month email retention policy and asked how this would be managed to ensure the corporate record is maintained. General Counsel said that CSL has document retention schedules in place and policies for storing documentation in appropriate places.
24. SRH General Counsel noted that the lease for the lounge at Glasgow Central Station had not yet been signed and asked for the reasons for this. The Managing Director said that there was no problem with this, and the lease would be signed once the Network Rail governance process for funding was completed.
25. Carolyn Griffiths referred to the absence reporting slide and said that this was measured in number of days off rather than number of people and asked how many staff had absence recorded related to work related stress. The Managing Director said that this involved a small number of people, and he was content that the staff were receiving appropriate support through the employee assistance programme and the occupational health referral programme. Carolyn Griffiths asked for the reporting pack to include details of the number of any new cases of absence recorded due to work related stress.
26. The Board noted that new people dashboard report was a welcome addition to highlight matters for the Board. The Chair said that this will provide a basis for CSL to benchmark on its own data over time. The Managing Director said that he would give thought to whether any comparison can be undertaken on current year data against previous years.
- [REDACTED]
28. The Board noted the position and agreed that the SRH Board should be made aware of this at the special meeting of the SRH and CSL Board arranged for 9 September 2025.

Agenda Item 7: Maintenance Contracts – TSA and TSSSA)

29. The Board considered the paper setting out the proposed initial approach to renewing the Train Services Agreement (TSA) and the Technical Support & Spares Supply Agreement (TSSSA) contracts.

30. The Managing Director said that in order to understand the options available for the TSA and TSSSA contracts, CSL wish to launch a market engagement through a Prior Information Notice (PIN). He said that market engagement needs to be undertaken for the strategic business case to be developed.

31. The Chair referred to the fleet strategy paper that was considered by the SRH Board at its meeting on 21 August that mentioned the CSL rolling stock will require a refurbishment by the early 2030s and said that if the market engagement covers maintenance and refurbishment this provides a better commercial basis. The Operations Director said that refurbishment can be included in the market engagement.

32. The Board agreed that the draft PIN should be submitted to the Board for approval. The Board agreed that the paper should be submitted to the SRH Director, Strategy and Investment for submission to the SRH Board.

Agenda Item 8: CAF Strategy

33. The Board considered the strategy outlining CSL’s approach to achieving final acceptance for the CAF MK5 sleeper coaches, resolving outstanding technical and legal issues, and preparing for the transition to post TSSSA maintenance arrangements in 2030.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

38. After discussion, the Board agreed that the implementation plan should be prepared and submitted to the Board for discussion and approval.

Agenda Item 9: Health and Wellbeing Plan

39. The Board considered the Health and Wellbeing Plan that had been endorsed by SHEC and recommended to the Board for approval.

40. SRH General Counsel said that the mental health section of the plan was good. He said that the uptake of the Healthshield services was low at 30 percent and asked if there were any issues in accessing the services. He asked if an equality impact assessment (EQIA) had been done.

41. The Managing Director said that an EQIA had not yet been done on the plan, but he can arrange for this to be completed. He said that the plan is new and takes a proactive approach and plans are in place to launch this with staff. He said that he would give consideration to developing an elearning module for more engagement with staff on the plan.

42. The Board approved the Health and Wellbeing Plan.

Agenda Item 10: Safety Audit Plan

43. The Board considered and approved the Safety Audit Plan that had been endorsed by SHEC and recommended to the Board for approval.

Agenda Item 11: Financial Approvals

44. The Board considered one contract for approval. The Managing Director said that this contract was for IT managed service provision, and a procurement exercise had been undertaken. The Board approved the contract and noted that this was a key contract and should be progressed through SRH for Transport Scotland approval.

Agenda Item 12: Review of Terms of Reference for SHEC

45. SRH General Counsel said section 2.4 of the terms of reference should be amended to make it clear that the role of SHEC includes providing assurance to the CSL Board. The Board approved the terms of reference subject to this amendment and some minor additional amendments.

Agenda Item 15: Approvals Tracker

The Board agreed to take this item out of line with the agenda as SRH General Counsel had other commitments.

46. SRH General Counsel asked for an update on the removal of the Totems. The Operations Director confirmed that these had all been removed.

47. In relation to Birmingham International airport being added as a service stop, General Counsel said that he was waiting on a response from Transport Scotland. SRH General Counsel asked the SRH Rail Management Lead to discuss this with him.

[REDACTED]

[REDACTED]

50. The Chair asked for all matters that have been approved to be removed from the approvals tracker one period after the approval is received.

Agenda Item 13: Coach Cracking Update

51. The Operations Director said that mitigations for continued service operation are continuing. He said that Intertek has produced an outline proposal for developing a different methodology for non-destructive testing which allows for defects deeper into the metal to be detected. He said that this was going through the CSL internal sign-off process. He said that the materials for the secondary retention system remain on-track to be delivered by the end of September. He said that the gauging analysis work has narrowed down to there being one material location where there would be a risk of catastrophic failure due to an anti-roll bar detachment at that location, but he said that this location had not been used in the past four years as it is a diversion route. He said that once the secondary retention system is fitted then the risk at that location will be negligible.

52. The Operations Director said that the risk assessment document will be updated with close out of risks over the next two weeks, in time for the SRH Board as a confirmation statement was required for SRH Board that ALARP status can be evidenced.

53. The Operations Director said that in relation to the crack at the yaw damper, learnings can be taken from the anti-roll bar cracking in the development of a design life solution. He said that the instrumented running had been concluded and the data from that will also be used to inform the design life solution.

SRH General Counsel left the meeting at 12.20.

54. The Operations Director referred to the problem with the auxiliary power unit and said that the output from the fire safety expert should be received by the end of the week, and the roll out of the replacement part will commence shortly. He said that he would provide a written update for the Board next week.

Agenda 14: Deep Dive on Guest Experience and Sales and Marketing

The Head of Sales and Marketing and the Guest Experience Director joined the meeting.

55. The Head of Sales and Marketing gave a presentation to the Board covering work undertaken in the last quarter and the forward look for the next quarter. The Board noted that the key priorities going forward are the successful launch of Birmingham International airport as a new service stop, driving Winter season sales, delivery of marketing CRM and in-lounge souvenir sales. ^{reported} 24.

56. Carolyn Griffiths asked about previous discussions on the merit of promoting Scotland via CSL with suggested Scottish tours and package offers. The Head of Sales and Marketing said that CSL promotes its services with ScotRail, and consideration will be given to package tours etc next year.

57. The Board noted the presentation given by the Guest Experience Director.

Agenda Item 16: Finance Report

58. The Board considered the finance report. The Finance Director said that year-to-date revenue was adverse to budget by just under ██████████ but this is almost entirely offset by Network Rail compensation payments of ██████████

Agenda Item 17: Committee Updates

59. There were no Committee updates.

Agenda Item 18: Any Other Business

60. The Managing Director said that position of Chair of the IT Transition Board was vacant due to Graeme Cook leaving and asked the Chair how she wanted this to be staffed. He said that there would likely be two further meetings of the IT Transition Board before it disbands and thereafter the CSL Board would be used to provide any updates. The Chair said that she would speak to the SRH directors to ascertain who could take over as Chair of the IT Transition Board.

Date of Next Meeting

61. The next meeting of the Board will be held on 1 October 2025.