CALEDONIAN SLEEPER

CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Wednesday 9 August 2023, 13:00 – 15:00

Tara House, 46 Bath Street, Glasgow

Present: John MacQuarrie (Non-Executive Director – deputising as Chair), Emma Dixon (Non-Executive Director & Company Secretary), Carolyn Griffiths (Non-Executive Director), Kathryn Darbandi (Managing Director)

In attendance: Magnus Conn (Operations Director), Graham Kelly (Commercial & Procurement Director), [redacted] (minute taker)

Apologies: David Lowrie (Non-Executive Director – Chair), Chris Gemmell (Finance Director)

Item No.	Item
1.	**Welcome** JM welcomed all to the meeting.
2.	**Apologies for absence and quorum** Apologies were received from DL and CG. The meeting was quorate.
3.	**Declaration of interest and conflicts** 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. ED noted that a Directors' Handbook is being drafted to cover (1) Directors' general statutory duties (including declaring conflict of interests); (2) duties to CSL; and (3) duties to the public. **ACTION**: - Directors' Handbook to be provided. Handbook to include detailed section on conflict of interests.

- All Directors update declaration of interest.

4. **Proposed variation to the delegated authority matrix**

The Board considered the delegated authority matrix (**DAM**) paper which was circulated in advance of the meeting.

The DAM was agreed through mobilisation. A small number of changes have been proposed to give more autonomy to the Managing Director (**MD**) and Finance Director (**FD**) to enable faster decision making and to ensure the operation of the business is not hindered by onerous approval requirements.

The following points were noted:

[redacted]
- The Board agreed proposals were necessary to facilitate quicker action after decisions were made in the interest of filing and retaining CSL staff.
- Scottish Rail Holdings Limited (**SRH**) approval required. DAM recommendations to be raised at next SRH board meeting (24 August 2023).

IT WAS RESOLVED to approve the amended DAM at CSL level and take the SRH board for approval.

5. **Transitional Services Agreement Exit Mobilisation**

The Board considered the CSL technology transition programme paper which was circulated in advance of the meeting.

The Board noted the following:

- The majority of CSL IT system and supporting processes remain within Serco environment.
- [redacted] CSL is now looking to transition its IT so it can be operated and supported in house. The purpose of the IT migration is to streamline CSL system and improve consistency for users.
- Serco is set up for an international business and includes systems which CSL does not need. The migration would make IT systems proportionate to the size of CSL.
- Systems should be created in such a way that it can be adopted by SRH, ScotRail Train Limited (**SRT**) and CSL. IT designers should worth collaboratively with the Group companies.
- The transition programme is set out in Serco's handover timeline. Serco require details to start the handover process. Currently two people in CSL working on systems but need mobilisation team in place quickly.
- A budget of [redacted] has been prepared which includes ten roles, including solution architects who are not currently in the business.
- Public procurement rules will apply.

- Project will require Transport Scotland (**TS**) approval.

IT WAS RESOLVED to approve the technology transition programme at CSL level subject to SRH and TS approval.

ACTION:
- CSL Technology Transition Programme paper to be considered by SRH and Transport Scotland.
- Job specifications to be drafted for project.

6. **Totems**

The Board considered the paper on totem upgrades/ removals which was circulated in advance of the meeting.

The following was discussed:

- [redacted] There are currently 40 Caledonian Sleeper branded totems installed across stations utilised by Caledonian Sleeper. They were installed at the start of the franchise and have not been updated since from a hardware and software perspective [redacted]
- [redacted] Recommendation is to proceed with the retention of all totems, [redacted] and transition to the CMS based solution for content. CMS can be operated internally which reduced third party running costs.
- [redacted] Capital investment pays off in approximately three years and nine months with improved advertising and reduced running costs.
- Total savings over five years (against current costs) is approximately £[redacted].
- This project has been approved by TS under Serco.

IT WAS RESOLVED to approve at CSL level.

ACTION:
- Paper on future proofing of totems once transferred to Windows and CMS platforms to be presented to board.

7. **Euston lounge and Pacific House leases**

1. Euston lounge lease

It was noted that CSL has procured premises at Euston Station for a new lounge for customers. The terms of the lease have been agreed between CSL and the landlord, Network Rail, and practical completion is anticipated to be agreed imminently.

A summary of the lease terms were provided to the Board in advance of the meeting. It was noted that Transport Scotland has previously provided its consent to the lease as required pursuant to the Grant Agreement between the company, Scottish Rail Holdings Limited (SRH) and the Scottish Ministers.

IT WAS RESOLVED to approve, subject to obtaining SRH's consent enter into the Euston lounge lease as required pursuant to the Grant Agreement, to authorise KD to act as authorised signatory on behalf of CSL to enter into the lease on the terms as circulated to the Board.

2. Pacific House lease

It was noted that the heads of terms for the lease of 4th Floor (Rear) of Pacific House, Wellington Street, Glasgow had been agreed between the landlord and the company, with completion anticipated within the next couple of weeks.

The heads of terms for the lease were provided to the Board in advance of the meeting. It was noted that Transport Scotland has previously provided its consent to the lease as required pursuant to the Grant Agreement between the company, Scottish Rail Holdings Limited (SRH) and the Scottish Ministers.

IT WAS RESOLVED to approve, subject to obtaining SRH's consent enter into the lease as required pursuant to the Grant Agreement, to authorise KD to act as authorised signatory on behalf of CSL to enter into the Pacific House lease on the terms as circulated to the Board.

ACTION:

- Written confirmation from CSL Directors granting KD authority to enter CSL into the Euston lounge and Pacific House leases.

8. **Loco Strategy**

The Board had a full discussion on Transport Scotland's rail services decarbonisation action plan and its implications for CSL.

The following was discussed:

- The current traction being provided by GBRf will not meet with the government's decarbonisation strategy post 2030.
- The current contractual arrangement with GBRf ends in 2030, which in practical terms means that the work to design, develop, construct, test, and have ready an alternative traction strategy for 2030 should start now.
- Under public body schemes, CSL will be required to run a procurement competition to ensure that value for the taxpayer is achieved, and the right technical solution adopted.
- With just over six years until the end of the existing grants agreement, CSL want to commence with the first line of activity "2023 Q3 to Q2 2024 feasibility study".

IT WAS RESOLVED to approve the next steps and to keep the Board updated on progress.

ACTION:

- Create group structure for capital project governance arrangements.

9. **Operating Model**

A paper on the proposed May 2024 timetable was circulated in advance of the meeting.

The Board had a full discussion on the current timetable and operations which present several issues that directly impact negatively on the guest experience, particularly on the Fort William line.

The following solutions were discussed:

- Changes to lowlander train lengths.
- Change to departure time from London and Edinburgh.
- Changes to shunting operations.

The proposed approach includes a seven-step timeline running August 2023 – August 2024, starting with a timetable feasibility study, stakeholder discussion and business case.

IT WAS RESOLVED to approve the start of the May 2024 timetable project.

ACTION:
- Create feasibility study for May 2024 Timetable in collaboration with SRH.
- Start stakeholder discussion.

10. **External Audit**

The Board noted that CSL has lost its external audit capability, which was previously provided by Serco. The Board noted that an external audit would be required.

IT WAS RESOLVED to bring this matter to a future Board meeting.

ACTION:
- KD and DL to discuss and a paper be brought to a future Board meeting.

11. **Performance Matrix**

A template KPI table was circulated in advance of the meeting. The Board discussed the opportunity to streamline and review the KPIs that CSL are measured on.

The following points were discussed:

- The current KPI template is a simple dashboard approach which provides a balanced scoresheet, however, not all KPIs are clearly measurable (evidence based).
- The proposed KPI template would agree one simple set of KPIs more likely to be aligned to the TMA KPIs. Subset of KPIs would be measured through the Health, Safety and Environment Committee and the Audit and Risk Committee.
- Priorities are different between CSL (market based) and SRT (commuter based) and KPIs should be reflective of this.

A strategy to introduce a new suite of operational performance metrics for CSL operations which be a better fit to the unique nature of the business was proposed.

IT WAS RESOLVED that CSL will continue to work off current benchmarks and new KPI proposals will be considered by SRH in consultation with TS.

ACTION:
- KPIs to be considered by CSL in consultation with TS.

12. **Additional Roles**

Approximately 10 additional roles were required as a result of mobilisation. The Board noted that this has been approved with SRH out with the meeting.

13. **Winter short form**

The winter season has been shortened for one year for the purposes of train maintenance. The Board noted that this has been approved with SRH out with the meeting.

14. **Matters arising**

The Board noted that the following had been discussed between the CSL leadership team and SRH out with the meeting:

- **Fare increase**. Discussions are ongoing.

[redacted]

- **Grant Agreement amendments**. Discussions are ongoing.

15. **Monthly report**

A full paper on Grant Agreement reporting requirements had been circulated to the Board in advance of the meeting and taken as read. No matters arising.

As apologies were received from DL and CG, finances will be discussed in greater detail at the next Board meeting.

The Board noted the side letter to the Grant Agreement entered into between CSL, SRH and TS at completion of mobilisation, which commits those organisations to review the Grant Agreement through a formalised process intended to conclude within the next six months.

ACTION:
- Commence Grant Agreement review.

16. **Previous meeting minutes**

IT WAS RESOLVED to approve the minutes of the meeting held on 26 June 2023.

ACTION:
- Publish board minutes on CSL website.

17. **AOB**

The Board discussed safety governance post transition and safety oversight under the SRH Framework Agreement, and the anticipated upcoming audit from the Office of Road and Rail (ORR).

The Board agreed that the draft SRH Group safety management system procedures document (SMS) should be reviewed with a view to finalising and signing off and a meeting held with the relevant SRH and CSL stakeholders before the next board meeting to discuss.

ACTION:

- Draft SMS to be reviewed and meeting arranged between SRH and CSL stakeholders.

18. **Date of next meeting**

Wednesday 6 September 2023 at Tara House.