



**CALEDONIAN SLEEPER LIMITED (CSL)**

**MINUTES OF BOARD MEETING**

**Wednesday 19 March 2025, 13:00 – 17:30  
Pacific House, Glasgow / Microsoft Teams \***

**Present:** Hannah Ross – Chair  
Kathryn Darbandi – Managing Director  
Graham Kelly – Commercial and Procurement Director  
Graham Eastwood – Operations Director  
Hugh Anderson – Finance Director  
Sam Price, General Counsel  
Graeme Cook - Non-Executive Director and SRH Chief Operating Officer  
Campbell Davidson – Non-Executive Director and SRH Finance Director\*  
Carolyn Griffiths – Non-Executive Director and Chair of SHEC\*  
John MacQuarrie – Non-Executive Director and SRH Rail Business Director\*  
Neil Amner – Non-Executive Director, Company Secretary and SRH  
General Counsel

**In Attendance:** Jackie Robertson – SRH Rail Management Lead

**Apologies:** [REDACTED] – Board Secretary

**Agenda Item 1: Welcome**

1. The Chair welcomed everyone to the meeting.

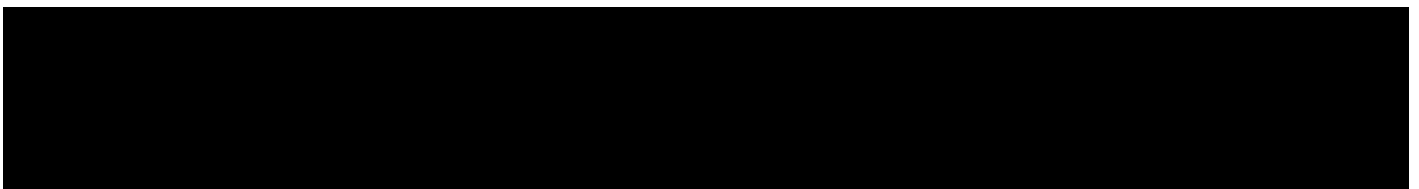
**Agenda Item 2: Apologies and Quorum**

2. Apologies were noted. The meeting was quorate. The Chair noted that all attendees had consented to this meeting being recorded to allow the Board Secretary to prepare the Minutes upon her return from leave, on the basis that the recording on Teams and the backup device would be deleted immediately upon the Minutes being drafted.

**Agenda Item 3: Declaration of Interest**

3. There were no declarations of interest.

**Board Directors**



5. The Chair confirmed that she had received resignation letters from both the SRH Finance Director and the SRH Rail Business Director and that she would continue to take advice from them, and they may be invited to future CSL Board meetings, in their capacity as SRH Executives. She thanked both for their work and contribution as CSL non-executive directors.

6. The Chair proposed that the SRH General Counsel be appointed as a statutory director of the CSL Board and appointed as Company Secretary. The Board agreed the proposals with immediate effect. The Board noted that Brodies Solicitors would be instructed to resign their position as Company Secretary.

7. The Chair said that discussion of additional non-executive directors for the Board will be taken forward in the continuing governance review discussions.

8. The Chair advised that she had also had a discussion with the Managing Director about roles within the CSL Exec team and had agreed that Sam Price, CSL General Counsel, should be appointed as a statutory director of the company. The Board approved that appointment with immediate effect.

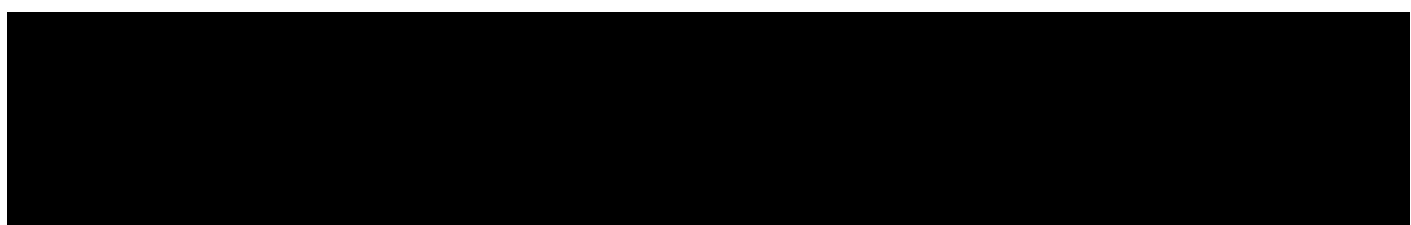
The SRH Rail Business Director left the meeting.

#### **Agenda Item 4: Minutes of previous meeting**


9. The Board approved the minutes of the meeting on 19 February 2025 subject to amendment of a typographical error at paragraph 27.

#### **Agenda Item 5: Matters Arising**

10. Carolyn Griffiths referred to paragraphs eight and nine of the minutes of the previous meeting in relation to the ratification of decisions taken outwith Board meetings and asked whether the wording needed to be amended to follow the terminology used in the Companies Act. After discussion, it was agreed that the impact of the minutes and the point raised resulted in the same, in that the Board had agreed to proceed with the decision taken by correspondence.



12. The Operations Director confirmed that he would respond to Carolyn Griffiths by email on the point raised at paragraph 24 of the minutes of the previous meeting in relation to shunting at Waverly Station.



14. The Board considered the list of actions arising from previous meetings. The Board agreed to close actions 03/2025, 04/2025, 09/2025, 10/2025 and 11/2025 as these were covered under the agenda or had been completed.

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

The SHEC Chair noted that SRH Board discussion on risk appetite had been deferred whilst risk assessment had not been reviewed for a year. She stated that a standard approach to risk management across the SRH Group was required for safety and company strategic risks with escalation criteria from SHEC to Audit and Risk Committee. The Chair said that a paper was needed on this. SRH General Counsel said that he would

take this forward with the SRH Audit and Risk Manager.

*Action 2/2025: Prepare stage gate review model for locomotive project*

The Commercial and Procurement Director said that he had received a copy of ScotRail paper on the framework for stage gate reviews for major capital projects. He said that this was being considered for CSL as amendment was needed at the development stage of projects for CSL and this would be mapped out to achieve the same governance approach as that for ScotRail. The Chair said that the framework for the SRH Group would be considered at the SRH Board meeting on 3 April and it would be helpful to have input from CSL prior to then.

**Agenda Item 6: Grant Agreement Report**

15. The Board considered the Grant Agreement Report. The Chair noted that the report contained good information, and it was good to note that all the Business Plan Commitments were on target which was testament to the high level of work undertaken.

16. The Board discussed the increase in water quality failures in the period and the impact of this on berth availability. The Operations Director said that water quality issues had previously been discussed at SHEC and action was being taken to look at treatment processes. He said that some of the issues were seasonal, and various actions were being taken to address this. He said that overall berth availability had increased despite the slight decrease in the reporting period.

17. The Board noted that the definitions of “near miss” and “close call” for reporting purposes need to be made more clear and this was being discussed at SHEC.

18. The Board noted that the most common complaint from guests in the period related to the “upkeep and repair” of the train, although only seven complaints were received under this category. Carolyn Griffiths asked if the statistics could be looked at to give assurance that other activities were being undertaken to identify any issues under this category, and it was not just guests highlighting issues. The Operations Director said that the Voice of the Guest surveys are regularly looked at to identify any issues. CSL General Counsel said that this could be included in the assurance strategy.

19. Carolyn Griffiths said that a pre-SHEC meeting had been held on 18 March and the draft environmental/sustainability strategy had been reviewed. She said that the ESSG Manager had undertaken a review, using the RSSB ESG maturity model, of CSL’s position on environmental matters and the strategy would build on progressing and improving on this. She said that it would be good to have an independent evaluation of CSL’s current position and funding may be required for this work to be undertaken. She said that the ESSG Manager had highlighted that CSL may fall slightly short of environmental statutory reporting requirements in the current year but provided assurance that this would be met fully in the next year.

**Agenda Item 7: 2025/26 Business Plan**

20. The Board considered the draft 2025/26 Business Plan.

21. CSL General Counsel highlighted the changes to the draft plan from the version previously considered by the Board in December. He said that he had received comments from SRH, and he would provide feedback to SRH on the comments received. He said that Transport Scotland had received the draft Business Plan and had not provided any comments, which was positive.

22. The Chair referred to the Business Plan Commitments for 2025/26 and asked for assurance that these could be resourced given the amount of work ongoing in relation to the transition programme, the coach cracking work and business as usual work. CSL General Counsel said that while the plan sets out an ambitious set of work, he confirmed that the CSL Executive was comfortable with resource requirements to deliver on the annual business plan and said that the biggest risk in relation to resources was the long term strategy.

Carolyn Griffiths said that due to resources, a full regular meeting of SHEC had not taken place for a while and asked if resources could be developed to provide back-up to cover for staff absence. The Operations Director said that he would consider this.

23. The Board noted that the health and safety and sustainability KPIs still had to be finalised with the Chair of SHEC, and Transport Scotland would be informed of this when the Business Plan is submitted for final approval by 31 March.

24. Carolyn Griffiths said that a health and well-being strategy should be included as a business plan commitment. CSL General Counsel said that this would be covered under the People Strategy and he would ensure that this is captured in the Business Plan. Carolyn Griffiths said that she would email additional comments on the draft plan. CSL General Counsel said that these would need to be received in time to be incorporated before 31 March.

25. The Board approved the draft 2025/26 Business Plan subject to the Chair of SHEC approving the KPIs for health and safety and sustainability.

### **Agenda Item 8: 2025/26 Budget**

26. The Board considered the draft budget for 2025/26.

27. The CSL Finance Director highlighted the changes to the budget from the version previously considered by the Board in January. [REDACTED]

29. After discussion, the Board approved the budget for 2025/26.

The SRH Finance Director left the meeting.

### **Agenda Item 9: Capital Approvals**

#### *Locomotive replacement project costs*

30. The Board considered the business case for funding to progress the next stage of the procurement process, (i.e. post market engagement), for the replacement of the locomotive fleet.

31. The Board noted that the request for funding approval was in relation to costs to procure legal, procurement, technical and financial advice, and to cover additional project resource costs. The Board discussed the route to market for the procurement of specialist advisors. The Commercial and Procurement Director said that the costs to procure the services would not breach procurement thresholds for tendering, but all procurement would be done from existing framework agreements or through receiving comparative quotes.

32. The Board noted that the cost assumptions and time required by specialist advisers had been derived from previous relevant experience of members of the CSL Executive team, knowledge gained from the feasibility study, and input from the SRH Head of New Fleet Procurement and Delivery.

33. After discussion, the Board approved business case option one to allow the procurement strategy, specification and outline business case to be developed. The outline business case will be considered by the Board and other forums in the governance structure.

#### *Fleet investment*

34. The Board considered the business case for funding for fleet investment in relation to areas not covered under existing service level agreements or contracts, namely in relation to safety issues, obsolescence issues, and reliability modifications.

35. The Commercial and Procurement Director confirmed CSL is bound by the design authority requirements that work under the above mentioned areas has to be undertaken by CAF under TSSSA standard pricing. He said that CAF will provide costing for the work, which will be scrutinised by CSL against benchmark pricing and hours required.

36. After discussion, the Board approved the business case and noted that this would now progress to the SRH Capital Investment Panel for consideration and thereafter for approval by SRH Board.

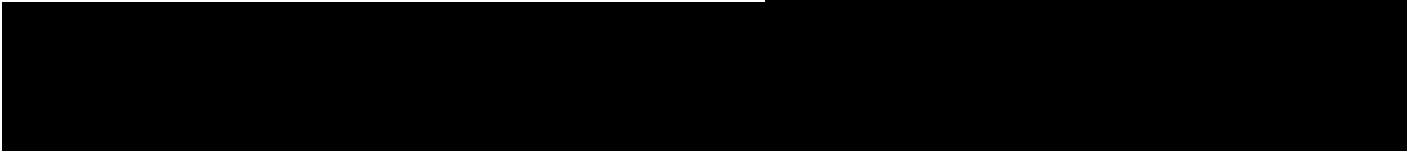
#### **Agenda Item 10: Gender Pay Gap Report**

37. The Board noted that the gender pay gap report would be deferred to the next meeting of the Board, but this may need to be submitted to Transport Scotland prior to then to meet the statutory timescales. The Chair said that she would confirm timescales with the SRH Culture and People Lead and if necessary, approval would be sought by correspondence ahead of the next Board meeting.

#### **Agenda Item 11: Financial Approvals**

38. The Board considered four contracts which required Board approval.

39. After discussion, the Board approved the contracts for 



#### **Agenda Item 12: RDG Annual Letter of Assurance**

40. The Board considered the draft annual letter of assurance to the Rail Delivery Group (RDG) required under the terms of the Ticketing and Settlement Agreement. The Board noted that all train operating companies are required to provide such a letter of assurance to RDG.


41. CSL General Counsel said that the draft letter of assurance was based on the RDG template letter of assurance which CSL had amended to provide an accurate position and this required Board approval. He confirmed that risks relevant to the ticketing agreement are actively considered under the CSL risk management programme.

42. The Board noted the RDG checklist and CSL's compliance with this. The Board approved the annual letter of assurance.

#### **Agenda Item 13: Coach Cracking Update**

43. The Operations Director gave the Board an update on coach cracking, including the following:

- As at today 15 coaches are out of service, 11 of which have surface cracks, four of which have sub-surface defects

- One coach in service has a sub-surface defect with a plan to remove that from service within the coming week, noting that CAF position is that only coaches with cracks should be withdrawn from service, and noting that this coach is subject to inspection every four days
- The second round of full fleet NDT testing is almost 80% complete
- Weekly inspections of full fleet has commenced
- No cracking has been found on the coaches removed from service with sub-surface defects
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- Questions raised through SRH Board/special SHEC are being addressed
- A successful trial on the secondary retention system was successful

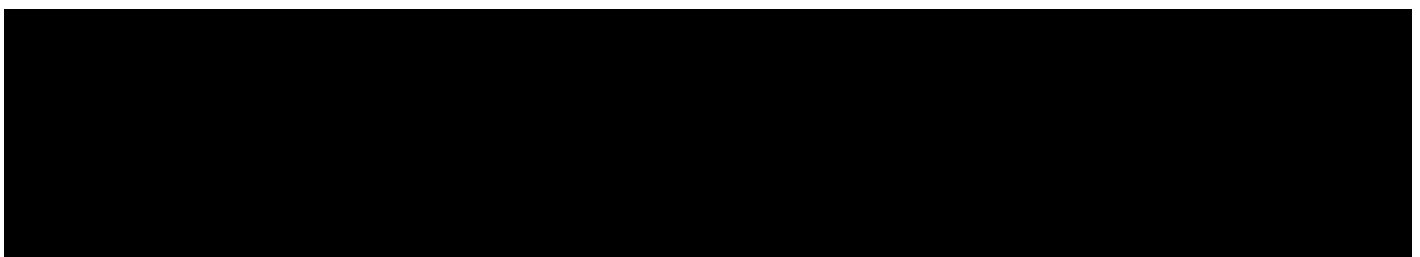
44. The Chair noted that the SRH Board had considered the coach cracking matter in depth at its meeting on 6 March where assurance was requested from CSL on the risk categorisation of continued operation of service given the coach cracking issues. A detailed response was received from the Fleet Engineering Manager and the Operations Director on 10 March (for which the Chair asked for her thanks to be recorded for the amount of work undertaken by the Fleet Engineering Manager and the Operations Director) providing additional information and assurance regarding continued service operation. This was circulated to SRH and CSL Board members and after further discussion of these matters, additional information had been requested by the Chair of SHEC in the form of four questions, and this was considered by the SRH Board to be an outstanding matter. The Chair noted that CSL was working with Risktec on a response to the outstanding matters and asked for a timescale to be set for receipt of the response. The Chair also noted that CSL had received some information in response to the outstanding matters and asked for confirmation that there was nothing in the information received to date that would require a change to current actions. The Operations Director confirmed that nothing in the information received to date would require a change in current actions being taken.

45. After in-depth discussion the Board agreed that the response to the outstanding issues should be obtained from Risktec as a matter of urgency and the timescale for this should be confirmed.

46. In relation to the third party attestation statement from Aegis this had been delayed due to the problems with the installation of the interim modification on the first coach. The Operations Director confirmed that the modification kit was fit for purpose, but the installation on the first coach had been flawed which resulted in changes to the installation procedures that had to be revised and re-submitted to Aegis. He confirmed that the installation on the next three coaches had been without flaw and the programme to fit all interim modifications would continue.

47. In relation to the secondary retention system, the Operations Director confirmed that a successful fitment trial had been undertaken and this would now be fitted to all relevant coaches. The system will prevent detachment but the yaw effect would remain. The Operations Director stated fitment would likely take around six months to complete. CAF will be paying for this work.

48. The retention in service of one of the coaches which had been shown to have sub-surface cracking by NDT was questioned. The Operations Director said that in this coach, NDT had shown the position to be static. Visual inspection confirmed there had been no surface break on that coach and so it had not been withdrawn.



[REDACTED]

[REDACTED]

### **Agenda Item 15: Approvals Tracker**

51. The Board considered the status of outstanding approvals from SRH and Transport Scotland.

[REDACTED]

[REDACTED]

#### *Derogation relating to patronage KPI*

The Board noted that action was awaited from the SRH Rail Business Director. CSL General Counsel said that he would follow up with SRH on this after the meeting.

### **Agenda Item 16: Locomotive Workstream Update**

52. The Board noted that [REDACTED] expressions of interest had been received following the publication of the PIN, [REDACTED]. The Commercial and Procurement Director said that the deadline for expressions of interest to be received was 20 March, and the deadline for responses to the market engagement guide and questionnaire was 18 April. He said that once the completed questionnaires were received an analysis would be undertaken to determine which companies CSL would want to take forward discussions with.

### **Agenda Item 17: Finance report**

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

### **Agenda Item 18: Review Transition Programme Update**

54. The Head of Digital Transformation and the Transition Project Programme Manager joined the meeting for this agenda item and gave a presentation to the Board on the current position with the project. The Board noted the key dates and risk mitigations, and that the finance and human resource systems would go live on a soft launch on 1 April with full operation by 7 April. EY had been engaged to support payroll transfer. The project had taken a minimum viable product approach, with a view to upscaling once live. The Finance Director noted that there may be some mapping points to fix but confirmed no fundamental issues are anticipated. [REDACTED]

[REDACTED]

55. The Board noted the excellent progress on the project and thanked all staff involved.

### **Agenda Item 19: Committee Updates**

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

57. The Audit and Risk Committee (ARC) had held a meeting on 17 March which was two days prior to this Board meeting. Normal practice would be for the approved minutes of prior meeting from ARC to be submitted to the Board but due to the closeness of the ARC meeting to the Board meeting the approved minutes from the previous meeting of the ARC (ie the minutes of 4 December meeting) would be submitted to the next meeting of the Board. The SRH Chief Operating Officer said that the minutes of the ARC meeting on 17 March should be submitted to the next meeting of the Board. *(post meeting note, the minutes of the ARC*

*meeting on 17 March will not be approved until the next meeting of the ARC on 4 June, after which these will be submitted to the Board).*

58. The Board noted that a meeting of the Remuneration Committee had been held on 18 March. The Chair said that she would be discussing the matters discussed by the Remuneration Committee under any other business.

**Agenda Item 20: Review Register of Director’s Interests**

59. The Board considered the register of director’s interests. SRH General Counsel asked for any updates to the register to be sent to the Board Secretary.

**Agenda Item 21: Any Other Business**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

**Date of Next meeting**

64. The next meeting of the Board will be held on 16 April 2025.