CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Wednesday 20 March 2024, 13.00 – 16.00

Pacific House, Glasgow

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

In attendance: Sam Price (CSL General Counsel), [redacted] (minute taker)

Apologies:

Item No.	Item
1.	**Welcome** The Chair welcomed all to the meeting.
2.	**Apologies for absence and quorum** No apologies. 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. No new declarations were made. GE and GK declared no interests and requested the interest register be updated.
4.	**Mk5. T-Slot cracking update*** *Item noted on agenda under item 13. The item was taken first to inform the Business Plan discussion.

The Operations Director circulated a paper in advance of the meeting and reported on three areas of CAF Technical Solution:

1. Design.
2. Testing.
3. Approvals.

[redacted]

The Board **noted** that no new cracks have been found in the fleet and questioned whether it was a quantified risk. The Operations Director reported that due to the large variance in mileage between effected coaches, it is not simple to know how many coaches will develop cracks.

The Board acknowledged the risk over summer and potential cancellations [redacted]

The Board made the following recommendations:

- Assessment of the feasibility of all technical methods to better understand cracking propagation rates should be considered (e.g.) Ultrasonic testing, with appropriate input sought from specialists in the field. .
- Escalation to CAF Board.

[redacted]

The Board **requested** the following:

- Decision tree analysis of reducing services.
- Programme of activities and risks (with timeframes).

[redacted]

5. Business Plan/Budget Submissions 24/25

The Managing Director introduced the draft Business Plan Submission 2024 – 2025 which was circulated in advance of the meeting and taken as read.

The Board **noted** that the Business Plan had been updated to reflect updated KPIs and targets as confirmed with the Board and the budget which was reviewed by the Chair. The Business Plan was written without cracking implication considerations. Without reduction in capacity due to cracking in coaches, the Business Plan has a balanced budget.

[redacted] As the cracking impact is currently unknown, the Board **agreed** to proceed with the Business Plan as it is currently presented.

The Chair **requested** that three proposals are presented to the Board:

- Business Plan as it is drafted without cracking consideration.
- Business Plan with cracking impact included.
- Steps to bridge the gap between the two plans.

There was a general discussion on Safety KPIs following the Safety, Health and Environment Committee (**SHEC**) meeting. The Board **requested** the following:

- Safety KPIs to be refined offline. The next SHEC meeting should consider KPIs and close action.
- Information for the record of assumptions to be prepared alongside the Business Plan.
- Reactive maintenance assumptions to be put in pack.
- Overhauls to be considered in more detail and included in Business Plan if necessary.

The Board **approved** the core business budget provided that sometime soon there is a budget allocation letter from Transport Scotland (**TS**)/ the Scottish Government. The Board **requested** as part of budget updates that a regular update is given on the cracking.

ACTIONS:
- CG to send comments on business plan, including points of refinement.
- CG to provide SHEC KPIs for inclusion in the Business Plan.
- JM to write from Scottish Rail Holdings (**SRH**) to CSL for performance recording of KPIs.

6. Fares May 2024

Board **noted** [redacted] should approve and support this fare increase and **requested** that JM take this action forward with SRH.

7. Online Retail Capabilities

A paper was presented to the Board as a response [redacted] to continuous public and guest queries via CSL is proposing to establish an online retail solution to sell CSL branded goods to Guests and the general public. There was a general discussion on IP and branding ownership and initial outlay costs. The online retail initiative had been accounted for in the CDEL budget.

The Board **approved** the paper subject to a commitment that it is a profitable initiative and does not cost the business.

ACTIONS:

- JM to discuss brand rights with SP.

8. [redacted]

[redacted]

[redacted]

9. Totems update

The Managing Director presented a paper on the totem upgrades and removals project which required CDEL investment to complete.

The Board **approved** the paper.

10. External Auditor Appointment

The Board **approved** the appointment of PwC UK as CSL auditors with immediate effect.

11. Pay Strategy

The Board **noted** an update on the pay strategy. [redacted]

The Board discussed CSL's Nominations and Renumerations Committee's (**RemCo**) involvement in the pay strategy. It was noted that the Terms of Reference for the Committee will be circulated to the Board shortly.

The Board **approved** the approach to Transport Scotland for a pay envelope.

12. IT Transition Programme update

The Board received a paper for noting and thanked the Executive for the update.

13. Grant Agreement Pack to include Finance update

The Managing Director presented the Grant Agreement Pack which was taken as read. There was a general discussion on the pack which included a focus on verbal abuse. The Board thanked the Managing Director for the update and **commended** the Executive for the good performance.

ACTIONS:

- Grant Agreement Pack to include SHEC update once minutes are shared with Board.

14. Previous meeting minutes — 21 February 2024

The minutes of 21 February were APPROVED.

15. Actions arising from previous meeting

The action tracker was amended to reflect discussion.

16. AOB

Grant Agreement/derogation tracker next steps: [redacted]

The Chair remitted the CSL General Counsel to provide recommendations to him on how to proceed with approving the work at SRH level.

RemCo Terms of Reference status: Discussed at agenda item 11.

Signing/ approval of contracts under delegated authority matrix: The Board **approved** the Commercial & Procurement Director to approve contracts up to £150,000 so long as they are not novel and contentious. The Board **noted** that this is the case in ScotRail Trains Limited and was content with Group continuity. The Board **noted** that they can review and object retrospectively.

17. Date of next meeting

Wednesday 17 April 2024, Pacific House, Glasgow