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CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Friday 22 May 2026, 09.00 – 13.00
St Vincent Plaza, Glasgow / Microsoft Teams*

Present:	Hannah Ross – Chair Graham Kelly - Managing Director Graham Eastwood - Operations Director Sam Price - General Counsel Carolyn Griffiths – Non-Executive Director and Chair of SHEC
In Attendance:	Jackie Robertson - SRH Rail Management Lead Gordon Goodsir – People Experience Director (for item 12) [redacted] – Board Secretary
Apologies:	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. Apologies were noted.

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 22 April 2026.

Agenda Item 5: Actions and Matters Arising

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

Action 75/2025: Confirm with CAF any change to coach cracking interim modification design life and Action 01/2026: Plan for completion of secondary retention

These two actions were discussed under agenda items 11, 13 and 14 of the agenda.

Action 13/2026: Review risk appetite statement with Carolyn Griffiths to ensure her previous comments have been incorporated

The Board noted that an amendment to the SRH risk appetite statement, on which the CSL risk appetite statement is based, will be considered by the Audit and Risk Committee at its meeting on 10 June 2026 and will thereafter be considered by the SRH Board. If approved by SRH Board, the CSL risk appetite statement can be amended for CSL Board consideration. General Counsel said that he would also be seeking SHEC consideration of this. Carolyn Griffiths said that there is also the issue of SRH Board not getting enough visibility on health and safety from the subsidiary companies for assurance purposes and the SRH risk register noting that this was a risk above the risk appetite. The Chair clarified that the SRH risk which is above appetite relates to the fact that there is no SRH executive resource for oversight of health and safety and therefore inadequate capacity for SRH executive to provide assurance to SRH Board on oversight of the train operating companies in relation to health and safety. The Board noted that the SRH Audit and Risk Manager is undertaking work on assurance mapping across the group.

Action 14/2026: Inform Board of timescale for development of the CSL assurance work plan

General Counsel said that the Assurance and Audit Lead had prepared the assurance work plan. Carolyn Griffiths asked about safety assurance in relation to suppliers and General Counsel said that he would check if this was on the agenda for the next SHEC meeting.

[redacted]

[redacted]

Action 16/2026: Confirm completion rate of e-learning module on sexual harassment awareness

The Managing Director confirmed that this was 96 percent complete. The Board noted that CSL training modules, including sexual harassment awareness, are utilised by SRH and form part of the mandatory training for SRH staff and non-executive directors. The Board agreed to close this action.

Action 18/2026: Discuss at next SHEC fatigue management as normal factor in all accident investigations

Carolyn Griffiths asked for the accident investigation procedure to be sent to her along with investigation examples that demonstrate that procedure where fatigue may have been a factor.

Action 19/2026: Obtain feedback from SRH on coach buy-out options

The Board noted that SRH feedback had been received and the medium term assumption was not for coach buy-out.

Agenda Item 6: Grant Agreement Report

6. The Board considered the Grant Agreement report and noted the following:

- Some KPI changes have been implemented for 2026/27 including a new KPI for catering resilience, and staff attrition is now reported using a moving annual average;
- Operational underperformance in the period was primarily driven by external factors including Network Rail related disruption, CSL is discussing this with Network Rail and creating an action plan. Detail of the action plan and the work being done with Network Rail will be submitted to the next meeting of the Board;
- Absence levels increased in the period but remain within target on a year to date basis;
- Guest experience measures remain stable and above target on a moving annual average basis;
- Safety performance in the period was below expectation due to staff lost time incidents; and
- There was one failure in the random drugs and alcohol testing relating to a member of staff, this is being dealt with through the disciplinary process.

7. The Board noted that room availability was slightly below target. The Operations Director said that the room availability report is the availability of rooms of all vehicles put into service of an evening. The rooms in coaches that are out of service eg for planned maintenance are not included. The Managing Director said that he would clarify for the Board whether the current reporting would identify and count towards the percentage availability where a coach was taken out of service where this was unplanned.

8. In relation to the incident at Carstairs, the Board noted that the Rail Accident Investigation Branch and the Office of Rail and Road are investigating the incident. The Operations Director said that CSL and GBRf had undertaken their investigation, the outputs and recommendations from which will be available next week. He confirmed that there were no immediate actions arising from the 72 hour investigation and a communication message has been issued throughout the business to reinforce the need to be vigilant. He said that CSL has also engaged with the trade unions on this matter. The Chair asked for this matter to be remitted to SHEC who will provide updates to the Board.

9. The Board noted that revenue in the period was adverse to budget and this would be offset by service delivery refunds, as there was no assumption for refunds in the budget.

10. The Board noted the split of responsibility for boarding failures in the period and the high number relating to GBRf and CSL. The Operations Director said that the one incident that caused a delay of over 60 minutes is recorded as two failures as it affected the lowlander Edinburgh/Glasgow boarding. He said that East Coast works create scheduling issues which can cause boarding challenges. He said that the ageing locomotives will continue to cause challenges until they are replaced. Carolyn Griffiths said that if the delays are caused by random issues perhaps the pre-departure checks before the locomotives leave the depot could be more comprehensive to catch any defects.

Agenda Item 7: Medium Term Financial Forecasts

11. The Board considered the paper setting out key assumptions and scenarios for the medium term financial forecast.

12. The Chair said that the scenario planning needs more work as scenario planning provides the opportunity to look ahead at impacts, including external impacts, and how these might be mitigated and are useful to provide information on the service that can be provided with outer years flat cash funding. General Counsel said that there are long term workstreams that could be included in the scenario planning [redacted]

13. The Managing Director said that further work would be undertaken on the assumptions and scenarios and presented to the Board at its meeting on 9 September 2026.

Agenda Item 8: Financial Approvals

14. The Board considered the contract with GBRf for the 61 way jumper modification project. The Board noted that the term was for 52 rail periods, not 48 as stated in the paper. The Board approved the contract.

Agenda Item 9: Capital Business Case – Guest Improvement Stations

15. The Board considered the business case for capital spend for lounge and accessibility improvements at stations and noted that this had been approved by the SRH Capital Investment Panel for submission to the CSL Board.

16. The Chair noted that part of the accessibility improvements relates to tactile maps and said that ScotRail had previously undertaken similar work and CSL should follow-up with ScotRail in this regard.

17. After discussion the Board approved the business case for submission to SRH Board in line with the capital approvals process.

[redacted]

[redacted]

Agenda Item 12: Deep Dive People/Human Resources

The People Experience Director joined the meeting at 10.30

19. The People Experience Director gave the Board a presentation on the people/human resources deep dive including:

- Actions undertaken during the People Experience Director's first three months in post;
- Listening sessions with staff and the strengths and opportunities from those;
- Staff survey 2026 outcomes – 67 percent response rate, strengths and opportunities; and
- Developing leaders, engaging staff, effective process and efficient operations.

20. Carolyn Griffiths said that ScotRail was piloting a management development programme and this may be something that CSL should consider. She said that the Chartered Institution of Railway Operators (CIRO) provides good training programmes that may be useful to CSL staff.

21. The Chair said that public sector ownership of CSL and the wider public value from the service provided should be an important message for staff given the significant public subsidy that is provided for CSL's business to operate.

The People Experience Director left the meeting at 11.10

Agenda Items 11, 12 and 13: Coach Cracking - Independent Review of CSL's Risk Management, Bi-monthly progress update on design life delivery programme, and secondary retention lessons learned review

22. The Board agreed to take these three items together for discussion.

23. In relation to the design life of the interim modification for the anti-roll bar (ARB) cracking, the Operations Director said that the manufacturer, CAF, is now of the view that the interim modification could possibly be the design life solution as the initial modelling for the interim design life was conservative and the actual design life is now significantly longer than the original modelling. The Board discussed this and noted that the initial modelling has been through three different sets of independent professionals, Atkins Realis, Risktec and Aegis, who have all missed that the modelling was wrong and instead of the interim modification design having a life span of a maximum of two years it is potentially an option for the life time solution. The Board noted its serious concern over this and the validations that have taken place.

24. After discussion the Board agreed that a full review should be undertaken and documented on:

- The initial modelling error, what was the error;
- How did this occur;
- How three independent professional companies missed this error and the impact of them doing so; and
- The money and time spent on validating a two year interim design life solution only to be told by the manufacturer that such interim solution is potentially now the design life solution as the initial modelling was inaccurate.

25. The Operations Director informed the Board that the secondary retention system was not fitted to all locations, it had been fitted to locations that did not have the interim modification fitted. Coaches that had had the interim modification fitted had not had the secondary retention system fitted, as intended and noted in the risk mitigation documentation.

26. The Operations Director said that the interim solution for the yaw damper cracking was going through due diligence, but additional in-depth checks were needed on the basis of CAF's new position on the design life of the interim ARB solution and the errors in the initial modelling.

27. The Operations Director said that there were two independent reports commissioned by CSL, the Independent Safety Assessment (ISA) using an Assessment Body (AsBo) to review CSL's formal risk management approach to coach cracking. The second report by Aegis is the lessons learned review as requested by the SRH Board on 18 September 2025 and based on the scope agreed in January 2026 and presented to the CSL Board at its meeting on 22 April 2026 and which will include a review of CSL's application of the principles of ALARP. The Board considered the executive summary report from Aegis on CSL's lessons learned to coach cracking and noted that this report needs to be finalised as soon as possible with a formal set of recommendations and actions and that the CSL Board will wish to see a time bound program from CSL Executive for the implementation of those recommendations as appropriate.

[redacted]

[redacted]

[redacted]

[redacted]

Agenda Item 16: Draft Report on CSL's Economic Impact

30. The Board considered the draft report by Steer, a consultancy firm specialised in transport and place based economic development, on CSL's economic impact to Scotland. The Board welcomed the production of the report, noted the positive impact that CSL has on Scotland and the UK economy and agreed the report should be finalised and a plan developed for socialising it with key stakeholders.

Agenda Item 17: Finance Report

31. The Board considered the finance report. The Board noted that the period was [redacted] adverse to budget primarily due to delay repay impacts, which should be offset by schedule 8 compensation, increased diesel costs and increased catering costs due to invoice timing issues and a forecasting error due to the additional days in the rail period, which will reverse in the next period.

Agenda Item 18: Capital Investment Report

32. The Board considered the capital investment report. The Board noted that the new capital process, monitoring and reporting will mitigate the risk of any end year underspend for 2026/27.

Agenda Item 19: Approvals Tracker

33. There were no outstanding approvals for the Board to note.

Agenda Item 20: Committee Updates

34. There were no Committee updates.

Agenda Item 21: Any Other Business

35. The Chair said that, as previously notified by SRH staff, the SRH Admincontrol system for issuing Board and Committee papers would be moving to a two factor authentication system from 1 June 2026.

36. Carolyn Griffiths asked about the absence of table facilities in rooms on the Caledonian Sleeper service and when this issue would be resolved. The Operations Director said that work with CAF is ongoing to reinstate modified tables. The earlier installation had been identified as a safety matter.

The CSL General Counsel, the CSL Operations Director and the SRH CSL Rail Management Lead left the meeting at 12.50.

37. [Redacted]

Agenda Item 22: Date of next meeting

38. The next meeting of the Board will be held on Friday 19 June 2026 (09.00 to 13.00).