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CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Wednesday 21 January 2026, 13.00 – 17.25
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] – Head of Sales and Marketing (for item 10)
[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 26 November 2025 subject to minor amendment at paragraph 10 to clarify that on-time boarding was generally a more significant factor for guests than on-time departure. The Chair noted that Carolyn Griffiths had raised a matter regarding paragraph 47 of the minutes which would be discussed under Any Other Business.

Agenda Item 5: Actions and Matters Arising

5. Carolyn Griffiths referred to paragraph six of the minutes of the meeting on 26 November under action 71/2025 and said that the action had been closed but there was an outstanding action for CSL General Counsel to take forward with the SRH Audit and Risk Manager. The Board noted that action 71/2025 had been closed and a new action at action 82/2025 had been opened to address the outstanding action referred to.

6. Carolyn Griffiths referred to paragraph six of the minutes of the meeting on 26 November under action 72/2025 where SRH General Counsel referred to training being arranged by SRH on directors (ie non safety dutyholders) duties and responsibilities in relation to safety and said that SRH needs to reach agreement on this before any training should

commence. SRH General Counsel said that this is an SRH action and he will follow up with Carolynn Griffiths on this matter through SRH.

7. Carolyn Griffiths referred to paragraph 23 of the minutes of the meeting on 26 November and asked for clarification on the Performance Improvement Executive and the Rail Portfolio Board papers that may be relevant for SHEC's consideration of assurances required from Network Rail. The Chair said that she had suggested looking at papers from these forums as a starting point for discussion and she asked the SRH Rail Management Lead to share relevant papers from these forums with the CSL Executive team to ascertain if there was information that would be useful to SHEC.

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

[redacted]

[redacted]

Action 67/2025: Room Availability/Defects

The Board noted that this was covered under item 10 of the agenda. Close action.

Action 74/2025: Address with Network Rail concerns re poor quality conditions at Euston

The Managing Director said that he had met Network Rail and the cleaning contractor regarding platform one at Euston and the work required to bring conditions to a better standard. He said that issues raised would be addressed and he was waiting for confirmation of when this would be done. Close action.

Action 75/2025: Confirm with CAF any change to coach cracking interim modification design life

The Operations Director said that analysis of the output from the instrumented running was awaited and information should be received in the coming week to inform the design life of the interim solution. He said that in relation to the secondary retention fitment work good progress had been made over the Christmas period but due to unforeseen problems only partial fitment had been possible, which provides a level of protection, but the full modification has not yet been fitted.

[redacted]

The Board also discussed the delivery of the design of the lifetime solution. The Managing Director will confirm to the Board when he has received the delivery programme from CAF and will provide the Board with regular reports to ensure that there is no slippage with the programme.

Action 80/2025: Body worn cameras implementation update

The Managing Director said that as soon as the fire retardant storage facilities for charging the cameras are received the body worn camera initiative will be launched. Close action.

Action 82/2025: Internal Audit Plans

CSL General Counsel said that he had discussed the internal audit plans for 2026/27 with the SRH Audit and Risk

Manager and these would be progressed through the SHEC and Audit and Risk Committees and submitted to the Board for approval by the end of March. Close action and add to Board planner.

Action 83/2025: Staff turnover rates

The Managing Director provided the Board with the disaggregated data on staff turnover.

Agenda Item 6: Grant Agreement Report

9. The Board considered the Grant Agreement report.

10. The Board noted the following:

- The launch of the new service at Birmingham International had been a success with great engagement through a number of forums;
- Water issues had caused a decrease in berth availability over the period due to increased sampling being undertaken which resulted in increased chlorination activity. Water quality management activities are ongoing to address the problems;
- The number of passenger complaints was low with some complaints relating to catering and CSL is focusing on the feedback received and will take account of this in the next variation of the menu;
- The target for berth unavailability due to resilience will reduce from 22 to 16 for 2026/27;
- A plan is in place to meet target on random drugs and alcohol testing; and
- Dispatch related incidents in the period were due to interference and not due to technical issues.

Agenda Item 7: Draft 2026/27 Business Plan

11. The Board considered the draft 2026/27 Business Plan.

12. The Managing Director said that the focus of the business plan is the multi-year service excellence programme which will redefine how CSL delivers hospitality, comfort and reliability across the entire guest journey. He said that 2026/27 will be the enabling year of the multi-year programme. CSL General Counsel said that a Best Value self-assessment would be undertaken to feed into the business plan before it is finalised.

13. The SRH Rail Management Lead said that the draft business plan aligns with CSL's strategic objectives and confirms financial sustainability and while the SRH Rail Business Directorate will undertake a more in-depth review, it was content for the draft plan to be submitted to SRH and Transport Scotland for approval.

14. The Chair said that she agreed that CSL should retain the right time boarding and right time arrival key performance indicators (KPIs) as these are the measures that are important to guests. She said that the time to 3 measure will be valuable in measuring performance impact between CSL and other train operating companies. The Managing Director said that the time to 3 data will relate to the intermediary stops.

15. Carolyn Griffiths said that this was a good draft business plan. She said, however, that the KPIs should be informing CSL of matters that should be picked up by CSL/Alstom but which are impacting or are being picked up by customers. She said that she would like to see a quality KPI relating to the impact caused by defects that should have been picked up at the depot. She said that measures of environmental impact need to be developed and this will be discussed in further detail at the meeting of SHEC on 9 February 2026.

16. Carolyn Griffiths said that CSL should look at engagement with other sleeper operators in Europe for benchmarking. She said that clarity is needed on CSL representation in rail industry groups. The Managing Director said that he will take forward engagement with European operators. He said that the SRH Rail Business Director attends various forums on behalf of CSL and he will discuss this with him and with other Managing Directors and prepare a map of all forums, including Rail Delivery Group forums, where CSL representation is required.

17. Carolyn Griffiths said that she would like to see an indicator to measure whether staff are content in their jobs. The Managing Director said that feedback from the staff engagement survey will be reported to the Board and a KPI

can be set for this for Board visibility and internal management purposes rather than for inclusion in the business plan.

18. Carolyn Griffiths asked if the business plan should include key campaigns to address maintenance issues such as water management etc. The Managing Director said that such initiatives are covered under the overall business plan commitment on service excellence which will cover the entire delivery of the product and involve all CSL directorates and will be reported to the Board through the periodic grant agreement report.

19. The Chair referred to economic efficiency and said that as there is low opportunity for growth through additional seats etc growth has to be done through yield and suggested a separate session for the Board to better understand how this can be developed.

20. The Chair said that most of the business plan commitments have a delivery date of March 2027 and asked if a delivery plan is being developed for each commitment. The Managing Director said that there is a project initiation document for each commitment which includes workstreams for the route to delivery and these will feed into staff objectives and progress will be reported to the Board.

21. The Board agreed that the draft business plan should be submitted to SRH and Transport Scotland for approval.

Agenda Item 8: Draft 2026/27 Budget

22. The Board considered the draft budget for 2026/27.

23. The Finance Director gave the Board an overview of the budget calculations and highlighted that revenue growth is forecast to increase by [redacted] and provision has been made for a staff pay award of 3.8% as per the two year pay deal agreement of 3% for 2026/27 plus the RPI protector clause. He said that the January 2026 RPI figure is not yet known but is estimated to be 3.8%.

24. The Chair said that there should be an understanding of the risks outside fixed costs, for example, the impact of inflation increases on fuel and electricity costs.

25. After discussion the Board agreed that the draft budget for 2026/27 should be submitted to SRH.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Agenda Item 10: Short Term Revenue and Market Growth Initiatives

The Head of Sales and Marketing joined the meeting at 15.50.

32. The Head of Sales and Marketing gave the Board a presentation on Market Growth short term initiatives.

33. The Chair said that the Board should receive regular progress reports on each of the initiatives.

34. The Chair referred to the potential additional revenue of [redacted] per annum to be gained from releasing one of the resilience rooms per service and asked if this was included in the budget for 2026/27. The Finance Director said that this potential revenue was an opportunity and not included in the 2026/27 budget figures. The Managing Director said that the number of resilience rooms will be decreased from 22 to 16 during 2026/27. Carolyn Griffiths said that she would like the data on how many rooms are below standard when they leave the depot. The Managing Director said that this information is not currently tracked but he would put this in place and report to the Board.

35. The Chair referred to the dynamic pricing management slide and said, as mentioned previously in the meeting, that a briefing session on yield should be set up for the Board.

36. The Board thanked the Head of Sales and Marketing for the presentation.

The Head of Sales and Marketing left the meeting at 16.40.

Agenda Item 11: Finance Report

37. The Board noted the finance report.

Agenda Item 12: Proposals to Enhance SRH Group Capital Investment Planning and Implementation

38. The Board noted the proposals to enhance SRH Group capital investment planning that had been approved by the SRH Board at its meeting on 11 December 2025.

39. The Chair said that the current process of having capital approvals and delivery in the same financial year is not working efficiently and the new proposals will enhance the process.

40. The Managing Director said that a proportionality approach should be taken for CSL under the new process. The Finance Director said that he had discussed the new process with the SRH Director Strategy and Investment and agreed with the principals of the process with outline business cases being agreed at the start of the financial year. He said trying to have all outline business cases prepared for the start of the new financial year may be challenging due to resource issues. The Chair said that fewer business cases will be required as capital projects can be aggregated to align better with the business strategy. The Finance Director said that he will discuss this further with the SRH Director Strategy and Investment and CSL General Counsel.

Agenda Item 13: Approvals Tracker

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

42. CSL General Counsel said that the rewards and recognition policy had now been agreed with Transport Scotland

and this would be reported to the Audit and Risk Committee at its next meeting. He said that the guest charter had been updated to reflect the new delay repay system and this was under consultation with Transport Focus.

Agenda Item 14: Committee Updates

43. The Board noted the draft minutes of the meeting of SHEC held on 12 December 2025.

44. Carolyn Griffiths highlighted for the Board paragraph 86 of the draft minutes regarding the Rail Accidents Investigation Branch report on Carmont relating to corrosion and the national steering group responses which did not include GBRf locomotives or CSL coaches. The Operations Director is taking this forward with GBRf and will report to SHEC.

Agenda Item 15: Any Other Business

45. The Board noted that the draft ITN for the locomotive procurement project would be considered by LROG on 23 January and the intention was to submit this to a joint meeting of SRH and CSL Boards for approval at the meeting on 5 February 2026. The Board Secretary said that she would try to arrange a briefing session for SRH Board Members prior to the SHE Board meeting.

46. The Chair asked the Operations Director to consider the detail of the derailment near Shap, Cumbria with a view to any potential near miss situation for the CSL service. [redacted]

47. Carolyn Griffiths said that the meeting with SHEC and Network Rail on vegetation management has still not taken place. The Chair agreed to take this forward with the Network Rail Scotland Managing Director.

48. Carolyn Griffiths referred to paragraph 47 of the minutes of the CSL Board meeting held on 26 November 2025 regarding the Best Value update and said that the role of SHEC is not to provide evidence that policy is developed and implemented on strong scientific evidence, as recorded in the minutes. The Chair confirmed that the best value self-assessment referred to had no status and had not been submitted to any Board for approval. She said that it had been undertaken by SRH as a first draft to provide a helpful starting point to give visibility of what the actual self-assessment to be undertaken by CSL and ScotRail may look like. The Chair asked the Board Secretary to send an email to the CSL Board to confirm this position. The Board noted that CSL will be undertaking its own best value self-assessment.

Agenda Item 16: Date of Next Meeting

49. The next meeting of the Board will be held on Wednesday 18 February 2026.