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CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Wednesday 26 November 2025, 13.00 – 16.30
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] – 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 29 October 2025 subject to amendment at paragraphs 13, 20 and 44.

5. The Board approved the minutes of the meeting held on 10 November 2025.

Agenda Item 5: Actions and Matters Arising

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

[redacted]

[redacted]

Action 69/2025: Confirm process for alignment of strategic risk to risk appetite statement

The Board noted the response provided by the SRH Audit and Risk Manager. CSL General Counsel confirmed that the risk register will be submitted to the Board after the next meeting of the Audit and Risk Committee in January or February and quarterly thereafter in line with the Audit and Risk Committee meeting schedule. The Board agreed to close this action.

Action 71/2025: Safety audit plans

The Board noted that there should be one internal audit plan which includes safety, and the Board agreed to close this action. SRH General Counsel said that discussion is needed with the SRH Audit and Risk Manager and the Chairs of the Audit and Risk Committee and SHEC to ensure alignment with internal audit plans. CSL General Counsel said that he would liaise with the SRH Audit and Risk Manager to progress this.

Action 72/2025: Scope for lessons learned review re timescales secondary retention

The Board noted that this had been added to the Board planner to come back to the Board early in 2026. SRH General Counsel said that the SRH Executive had discussed the need for training across the three SRH Group Boards on directors (ie non safety dutyholders) duties and responsibilities in relation to safety. He said that the SRH People and Culture Director is working with the Rail Safety Standards Board to get a training proposal in place by the new year.

Action 73/2025: Provide data on CO2 emissions by train kilometer

The Board noted that the requested information had been provided in the Grant Agreement reporting pack and discussion of the material gain from this data would be considered further by SHEC. The Board agreed to close this action.

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

The Managing Director said that he has arranged a walk through session with Network Rail for mid January to go over these matters. Carolyn Griffiths said that her recent experience of waiting on the platform at Euston for around 30 minutes before being able to board the CSL train was not good as no seating was available, and it was not a good experience. The Managing Director said that he would raise this with Network Rail but said that there is clear messaging that passengers should wait in the waiting areas and should not go to the platform until called for boarding.

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

The Operations Director said that he would update the Board on this at its January meeting.

Action 78: Confirm number of staff leavers

The Managing Director said that in the year to date, 29 staff have left the business who were not part of the IT transition project and six members of staff had left who were part of the IT transition project. The Board agreed to close this action.

Action 80/2025: Body worn cameras implementation update

The Managing Director said that appropriate storage facilities for charging the cameras to mitigate the fire risk from lithium batteries were being procured, and feedback from the trade unions was awaited in relation to the body worn cameras policy. He said that launch of the body worn camera initiative was expected by February 2026.

7. The Board agreed to close actions 61/2025, 64/2025, 65/2025, 70/2025, 72/2025, 76/2025, 77/2025, 79/2025 and 81/2025 as these had been completed, had been moved to the Board planner or were covered under the agenda.

Agenda Item 6: Grant Agreement Report

8. The Board considered the Grant Agreement report.

9. The Managing Director highlighted the following for the Board:

- Right Time performance has shown significant improvement at 84.2percent, with MAA at 83.6percent against a target of 80percent. The performance of Network Rail and GBRf has shown material improvement in their impact on performance;
- Boarding performance was 95.83percent with MAA of 91.5percent against a target of 90percent;
- Guest satisfaction was 91percent which was an excellent result and the highest rating for a single period in over three years;
- Berth availability was 93.2percent against a target of 94percent. Water quality continues to be the driving factor impacting this and work is continuing to introduce additional water treatment activities which are expected to make a material impact to berth availability;
- There continues to be a reduction in the absence rate; and
- There were no cyber incidents in the period.

10. The Managing Director confirmed that there is no relationship between the Right Time boarding metric and on time departure. He said that the advertised times for boarding is the measurement for Right Time boarding and the most important factors for guests are boarding the train on time and arriving at destination on time.

11. In relation to the boarding actions that are ongoing to increase performance the Managing Director said that the implementation times of May 2026 cannot be brought forward as changes are needed for shunting teams and rostering which will not be ready for the December timetable change but will be ready for the May 2026 timetable change.

12. The Managing Director said that the staff turnover rate is 14percent year to date against a target of 5percent and the UK average is 15percent. He said that the target was likely set on the way in which CSL was reporting periodic turnover rates rather than looking at the annual turnover rates which is the better measure, and he will be reviewing this for 2026/27 target levels. He said that the exit interview process is being reintroduced, which will provide informative data.

13. Carolyn Griffiths said that she wanted to see disaggregation of the staff turnover rates to show the types of staff who were leaving. She referred to the finance report where it references unrecruited vacancies and asked what these vacancies relate to. The Managing Director said that he would share this information and confirmed that all vacancies are actively taken forward for recruitment.

[redacted]

15. The Chair referred to the favourable RDEL position due to the EC4T refund for 2024/25 being more than anticipated and asked if this surplus position had been reported to SRH and Transport Scotland in line with the requirement that all surplus must be declared. The Finance Director confirmed that this had been reported to SRH and Transport Scotland.

16. Carolyn Griffiths said that guest injuries due to trapping fingers in doors should be added to the items for discussion at the next SHEC meeting as she wants further information on this. She said that SHEC would also be reviewing environmental matters to ensure that proper metrics and targets are in place.

17. SRH General Counsel referred to the increased number of broken door mirrors that were affecting berth availability and asked if the cause was related to a design issue. The Managing Director said that modifications have been undertaken to better secure the glass, and this will continue to be monitored.

18. SRH General Counsel said that he was pleased to see the list of actions that had been undertaken and that were planned relating to cyber security. CSL General Counsel said that senior management are emphasising the need for staff to focus on essential training completion.

19. The Chair referred to the business plan commitments progress update and noted that one commitment, in relation to [redacted] was showing red status and action was being taken on this as discussed earlier in the meeting. In relation to delivery of the coach cracking permanent modification and the 61 way jumper programme she noted there have been delays and mitigating actions were being undertaken and there was a heavy reliance on the suppliers, and she asked if there was anything else that can be done to reduce the impact on overall programme risk. She said that as there is a lot of reliance on suppliers on critical matters, thought should be given as to whether conjoined risk registers with suppliers should be put in place.

20. The Operations Director said that the 61 way jumper project is moving forward, and supplementary materials have been received which will close out some risks. He said that the coach cracking permanent modification is more difficult as there are risks to timescale. The Managing Director said that consideration to conjoined risk registers will be given when senior contract reviews are being undertaken.

21. Carolyn Griffiths referred to the business plan commitment to develop and implement an assurance strategy and asked if there is an assurance procedure for external suppliers. She said that SHEC took an action from the Board to look at assurance from Network Rail and asked what the current position was with this. CSL General Counsel said supplier audit work is ongoing and an assurance strategy, based on a three line defence model, is being drafted.

22. Carolyn Griffiths said that a meeting has been arranged with Network Rail and ScotRail SHEC attendees for 8 December to discuss assurance from Network Rail mainly in relation to vegetation management and air quality. She said that she has asked ScotRail, through SHEC, to put together leading indicators and preemptive actions to prevent manifestation of shortfalls in performance. She said that she wants an outline assurance framework and CSL should speak to ScotRail about this.

23. The Chair said that the Performance Improvement Executive and the Rail Portfolio Board are the forums where Transport Scotland hold Network Rail to account and there are papers for those groups that may be relevant. She said SHEC may require something different, but this would be a good starting point. Carolyn Griffiths said that under the safety management system it has to be ensured that risk is not imported from other suppliers and safety specific assurance is required from Network Rail as a supplier.

24. The Operations Director said that the fitment of the secondary retention system is not progressing as well as expected and while eight coaches have been completed there have been engineering challenges and CAF had underestimated the volume of the work involved. He said that other modification work has been paused to allow for more progress on the secondary retention fitment work and he assured the Board that all that could be done was being done to expedite this. The Chair asked how this affects the risks relating to coach cracking being as low as reasonably practicable. The Operations Director said that this continues to be reviewed, and he will provide a plan by the end of the week for completion of the work. He confirmed that he would update the regulator on this at the quarterly meeting next week.

25. The Operations Director gave the Board an update on coach cracking matters and informed the Board that:

- the independent assurance report is now expected by mid-December;
- the non-destructive testing methodology to go deeper into the metal will be developed early in the New Year;
- the yaw damper solution is being progressed and the first coach should have the modification fitted by the end of the year; and
- a peer review of the instrumented running has been undertaken to inform the design life solution.

26. Carolyn Griffiths asked for a near final draft of the independent assurance report to be submitted in time for the SHEC meeting on 12 December. The Operations Director said that he would check if this was possible.

Agenda Item 7: TSA/TSSSA Prior Information Notification (PIN)

27. The Board considered the draft Prior Information Notice (PIN) which will be published for a market engagement exercise relating to the renewal of the Train Services Agreement (TSA) and the Technical Support and Supply Agreement (TSSSA) for the Mk5 coach fleet. The Board noted that the publication of the PIN was discussed at the CSL Board meeting on 3 September 2025 and the SRH Board approved that the PIN should be published at its meeting on 22 October 2025. The SRH Board noted that Transport Scotland Rail Delivery Directorate and Comms should be informed prior to the PIN being published.

[redacted]

[redacted]

[redacted] The Managing Director confirmed that the market engagement questionnaire pack will include details of the operational set up, locations for maintenance to be undertaken etc and the process allows interested parties to ask questions and the responses are shared with all interested parties.

31. The Board approved the PIN and noted that this would likely issue at the end of January/beginning February and noted that the Transport Scotland Rail Delivery Directorate and Communications branch should be informed prior to issue. The Operations Director will circulate the revised PIN to the Board for information, not for further approval.

Agenda Item 8: Financial Approvals

32. There were no financial approvals for the Board to consider.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Agenda Item 10: Draft 2026/27 Business Plan Commitments

37. The Board considered the paper seeking the Board's view on the high level business plan commitments for 2026/27. The Board noted that the draft business plan will be submitted to the Board at its meeting on 21 January 2026 and thereafter will be submitted to SRH and Transport Scotland. The final business plan will be submitted to the Board at its March 2026 meeting for approval.

38. The following comments were made by the Board:

[redacted]

[redacted]

39. The Chair noted that the proposed business plan commitments were all high level with the exception of the specific commitment to establish Perth as a meeting venue/training venue. The Managing Director said that this specific project is included as a business plan commitment as the potential requires to be assessed forreal revenue growth opportunity in developing and marketing Perth as an established meeting/function venue.

[redacted]

41. Carolyn Griffiths asked if the assurance programme, and the need to have a mapped out assurance framework with all suppliers, will be in the business plan. CSL General Counsel said that the assurance mapping work will continue through the Committee structure but doesn't need a separate business plan commitment.

42. The Chair said that a timescale map and plan for the business planning process for the 2027/28 business plan will be set out by SRH similar to that put in place for the preparation of the 2024/25 annual report and accounts which was very successful.

Agenda Item 11: Wheelset Overhaul Update

43. The Operations Director said that he had prepared the wheelset overhaul paper to keep the Board up to date on the emerging risk with the overhaul programme. He informed the Board of the mitigating actions taken by CSL in collaboration with CAF and he was of the view, at this stage, that there would be no material impact on the sleeper service over the Christmas period. He said that CSL has engaged Risktec to support undertaking a risk assessment to support a short term mileage concession to give protection to service over the Christmas period and the concession will not be given until the additional assurance is received.

[redacted]

Agenda Item 12: Best Value Update

The SRH Audit and Risk Manager joined the meeting.

45. The Board considered the paper setting out the work undertaken to date by SRH in implementing a framework for delivering against its duty to deliver Best Value across the SRH Group. The Board also noted the positive results of the SRH self-assessment undertaken using the Audit Scotland best value toolkits.

46. The SRH Audit and Risk Manager said that a key message from the self-assessment exercise undertaken by SRH was that CSL is, in the main, already following the duty of best value and this should be captured and embedded into its business planning process. He said that the Group self-assessment already done is informative but related to past data and CSL should undertake its own self-assessment during 2026/27.

47. Carolyn Griffiths said that, in her view, CSL was not covered adequately in the self-assessment work already undertaken. She referred to one of the proposed actions in relation to sustainability which stated that SHEC minutes will evidence that policy is developed and implemented on strong scientific evidence, and she said that SHEC will not be doing this. SRH General Counsel asked why SHEC would not want the minutes to demonstrate this. Carolyn Griffiths said that SHEC is an assurance committee and will not take on the task to assure that best value dimensions are being delivered.

48. The SRH Audit and Risk Manager said that in undertaking its own self-assessment, CSL will be able to ensure that adequate coverage is given to how CSL is working under all of the best value categories. He said that the SRH assessment was undertaken retrospectively and CSL can now take this forward and embed the duty of best value in its business planning process as it would be doing in any event in the interests of continuous improvement.

49. Carolyn Griffiths said that there were actions contained within the SRH self-assessment that provided good prompts for CSL to build into its work plans.

50. The Chair said that the duty of Best Value is a statutory duty that lies with her as the Accountable Officer for the SRH Group. She said that the SRH Audit and Risk Manager will provide assistance to CSL in taking this work forward.

Agenda Item 13: Finance Report

51. The Board noted the finance report.

Agenda Item 14: Committee Updates

52. The Board noted the draft minutes of the Audit and Risk Committee meeting held on 3 November 2025.

53. Carolyn Griffiths asked why the work had been commissioned to review CSL's compliance with the Government Financial Reporting Manual (FReM) and why she hadn't been informed of this. The Chair said that the CSL Accounts Direction requires the annual report and accounts to be audited under FReM and the Companies Act. She said that CSL's external auditors, PwC do not audit under FReM and separate arrangements for this had to be put in place. She said that when CSL comes under the remit of the Auditor General for Scotland, Audit Scotland will cover FReM audit requirements.

Agenda Item 15: Any Other Business

54. The Board had no other business to discuss.

Agenda Item 16: Date of next meeting

55. The next meeting of the Board will be held on 21 January 2026.