



CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Wednesday 24 January 2024, 13.00 – 16.00

Microsoft Teams

Present: David Lowrie (Non-Executive Director – Chair), Kathryn Darbandi (Managing Director), Emma Dixon (Non-Executive Director), Graeme Eastwood (Operations Director), Chris Gemmell (Finance 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: none

Item No.	Item
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1. Welcome

The Chair welcomed all to the meeting.

2. Apologies for absence and quorum

No apologies were noted. 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.

4. Revised Grant Agreement

The revised Grant Agreement along with the Derogation Letter was circulated in advance of the meeting.

SP noted that the workstream has been undertaken under the supervision and direction of the Scottish Rail Holdings (SRH) General Counsel and SRH Rail Business Director through their involvement in the Steering Group and other ongoing



input and support on specific issues. SP reported that there was general consensus within the CSL Executive that the proposed changes to the Grant Agreement enabled a workable document.

The Board discussed the revised Grant Agreement generally, noting that the SRH and CSL Grant Agreement Working Group members were to undertake further work on developing the processes for contract management and reporting under the Grant Agreement following the completion of the Grant Agreement Review.

CG noted that the Board did not receive sufficient time to review the revised Grant Agreement. The Chair requested that a briefing session on the revisions to the Grant Agreement and derogations be set up for non-executives in addition to the provision of the risk matrix.

The Board **approved** the revised Grant Agreement to be submitted to SRH. CG objected and sought reassurance that the Framework Agreement would be reviewed.

The Board **approved** delegated authority to ED and JM on behalf of CSL to oversee the finalisation of the Grant Agreement and Derogation Letter based on the drafts provided to Board including authorising any amendments of a minor/nonmaterial nature and for the Managing Director to execute the Grant Agreement and Derogation Letter on behalf of CSL. CG objected.

ACTIONS

- **SP** to arrange for briefing session with non-executive directors in advance of February SRH Board meeting.

5. MK5 Brake Cock Design

The Operations Director presented a paper on the Mk5 Coach Brake Cock Design Change which was **noted** by the Board.

The Chair requested a risk assessment be carried out alongside a probability assessment and the result reported back to the Board.

The Board **approved** the Operations Director to proceed with an AO submission for approval of full funding of the design change to the coaches.

ACTIONS

- **GE** to draft AO for full funding of the design change to the coaches.

6. External Audit

The Commercial & Procurement Director presented a paper on CSL's external audit which was **noted** by the Board.

█ requested that CSL Board delegates authority to a subset of the Board to approve CSL appointing the supplier who provides the most economically advantageous tender, once the procurement process is concluded.



The [REDACTED] **approved** a subset consisting of the Chair, the Commercial & Procurement Director and the Finance Director to consider external auditor appointment. The subset should report to the Audit and Risk Committee.

The Board **requested** a report from the Audit and Risk Committee.

7. **CAF Strategy Update**

The Operations Director presented an update on the contractual position with CAF as was requested by the Board following initial discussion with CAF in November 2023.

The Board **noted** the update, considered issues and thanked GE. The Board requested further updates as discussions with CAF progress.

8. **T-Slot Cracking Update**

The Operations Directors presented a paper on a design defect involving cracking on vehicle bodyshells which has required nine of CSL's coaches, including 3 accessible coaches to be withdrawn from service [REDACTED]

The Board **requested** that a policy be drafted on how CSL will communicate the potential lack of capacity after March to internal and external stakeholders.

The Board **noted** the paper and **commended** actions up to March. The Board requested that this be added as a standing agenda item and updates be brought monthly.

ACTIONS

- **ED** to incorporate this issue as a standing agenda item
- **GE** to provide monthly board update papers
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9. **GBRf Class 73 Update**

The Operations Director presented a paper on the [REDACTED] for noting.

The Board **noted** that GE is expecting a detailed update around the feasibility of utilising other locomotive types by the end of February and **agreed** to receive an update in March for consideration.

10. **Delay Repay**

A paper was presented to the Board which outlined the potential options of change to CSL's delay repay scheme. The Board **noted** the paper and **recommended** that significant consultation was required before approving.



11. **Staff Travel**

A paper on which outlined the various staff travel schemes applicable for travel on Caledonian Sleeper and an estimate of the cost was presented to the Board.

- The Board **noted** the paper.

12. **Grant Agreement Pack to include Finance update**

The Managing Director provided an executive summary of the Grant Agreement Report for periods 9 and 10. The Board was invited to discuss.

The Board **noted** that the procedure for fatigue management has been rewritten following an action from a previous meeting. KD reported that as well as the policy rewrite, she is discussing best practice with ScotRail.

The Board thanked the Managing Director and **noted** the paper.

13. **Previous meeting minutes — 29 November 2023**

The Board **noted** that minutes had been circulated however there was not sufficient time to review them. The Chair requested that comments on the minutes be sent to him within 1 week.

ACTIONS:

- CG requested that item 6 in the minutes dated 29 November 2023 be expanded to include full discussion on protected disclosure and whistleblowing.
- **ED/SP** to send proposal for minute approval.

14. **Actions arising from previous meeting**

The action tracker was amended to reflect discussion.

15. **AOB**

Audit and Risk Sub-committee: ED provided a verbal update from the Audit and Risk Sub-committee held on 6 December 2023. The following was reported by ED and **noted** by the Board:

- Terms of Reference were agreed by Sub-committee and recommended to the board for approval.
- Brian Baverstock (SRH non-executive director) has been appointed as Chair of the Audit and Risk Sub-committee.
- The Audit and Risk Sub-committee are currently considering the risk management and appetite inherited by Serco.

The Board **approved** the Terms of Reference.

The Board thanked ED for the verbal update and requested that a written update be provided, and the minutes of the meeting be circulated in the next Board pack.



16. Date of next meeting

Wednesday 21 February 2023, Pacific House, Glasgow