



# West Somerset Railway P.L.C

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## **Update on the Bailey consultation process – August 2020.**

We know many people are keen to see regular updates on the Bailey consultation process. For those not familiar with the project, here is a link to the original PLC announcement:

<https://www.west-somerset-railway.co.uk/news/detail/wsr-plc-response-to-sections-4-5-of-the-bailey-report>

The PLC has already stated a list of reasons behind launching this initiative in the above announcement. But, for the avoidance of doubt, the overarching priorities and objectives of the PLC is to see the railway have a more efficient charitable structure, where articles clearly support the operation of the railway, and not just the funding of individual projects.

We should first point out that this is a 'slow burn' project involving many legal and accounting processes that must be taken into consideration. The whole project could take up to two years, for reasons outlined below, so it is unlikely to produce daily or weekly updates as there would not be much to report. But for now, here is a summary of recent activities

There are many ways that this might be achieved, such as the creation of a new charity, the merging of existing charities or even a complete re-structuring of how the railway operates today. It also presents an opportunity to try and bring parties together under one umbrella - the so called 'One Railway' culture which many people have sought for a long time.

All this will be made part of the consultation process and the challenge will be to find common ground between each of the groups on the best way to move forward.

Initial work has focused on liaising with professional legal and accounting teams (on pro-bono basis) to work out the potential scale of such an exercise. We have provided guidance regarding the existing structure and how it works today and are exploring the cost implications of a full-scale re-organisation.

We have also been working with John Bailey to examine how the North Yorkshire Moors Railway achieved their structure and the benefits or subsequent challenges therein.

It is quickly emerging that cost is a huge hurdle that must be overcome before anything can happen. Initial research over the last few weeks indicates that we could be looking at a six-figure sum to complete the transfer of all PLC assets into any new organisation and potential costs to TUPE employees into a new structure.

The PLC board are currently focusing their efforts on financial stabilization and recovery from the Covid-19 impact, revisiting and revising their Safety Management System and undergoing an exercise to close out long-standing recommendations from the Office of Rail and Road. Therefore, the PLC will wait until there is a strong revenue stream generated from an operationally compliant railway before considering expenditure on this project.

Some may ask why would we continue if the cost is so high? Well, a charitable body can claim back from 25p for every £1 donated, so it only takes £500,000 of donations to recoup the investment. And when considering that some railways have reached agreement with HMRC to include fares income in that category, we could recoup the investment in a matter of months.

In the meantime, it is agreed that the process needs to be inclusive and the PLC will consult with both shareholders and all other key stakeholders via the Partnership Delivery Group (PDG) forum. There will be a special PDG towards the end of September, when the first discussions around a potential new structure will be held.

The strength of the PDG is that it becomes a self-limiting forum to balance discussion and generate a consensus of diverse views. Hence, the PDG can help to identify the most popular meritorious, popular and potentially significant ideas for the board to consider recommending to shareholders. This will also allow support organisations to consult with their membership.

We would encourage all groups on the railway to consider how they can positively contribute to the debate. Our commitment means the main parties will have plenty of opportunities to engage. The railway will use this year's AGM to invite shareholders to express their views, either in person or by a written submission.

How that final vote on any re-structuring is presented will be one of greatest challenges for the consultation process. It needs to consider how to shape the question to shareholders, perhaps as a simple Yes/No voting proposition or maybe choosing from a list of alternative options.

Either way is fraught with challenges and it will need all groups to work together in a spirit of cooperation and compromise, before the final proposal is put forward to PLC shareholders

The WSR PLC Board