



**Fit  
for the  
future**

# Introduction from the Chair of the Trust, Chair of the Board, and CEO



*Frank Roberts, Abbie King and Gavin Johns*

As Chair of the Swanage Railway Trust, Chair of the Swanage Railway Company, and Chief Executive Officer, we want to take this opportunity to update you on the Governance Review — and why this work is so important to the future of our Railway.

The heritage railway sector faces increasing challenges: rising operating costs, stricter regulatory requirements, the need for strong financial management and effective leadership. To ensure that Swanage Railway remains a successful and sustainable organisation it is vital that we adopt a governance structure that is modern,

accountable, and transparent as required by the bodies that currently regulate us — the Charity Commission and the Office for Rail and Road.

The Governance Review is helping us do exactly that. It is simplifying our structures, with clear lines of responsibility within a unified organisation and aligning our business planning. It will also strengthen the skills and oversight of our directors and provide a strong foundation for future financial security. Most importantly, it is helping us build a clear and unified vision for the Railway's future by positioning the whole railway with

registered charitable status. This will unlock new funding opportunities and wider support for the Railway.

This is not just about legal documents or organisational charts. At its heart, this review is about strengthening the Railway you care about so deeply. It is about honouring the work that so many members and volunteers have given over the years — and ensuring that Swanage Railway grows to be increasingly resilient and relevant for generations to come.

Your support as members is essential to this process. You have the right to vote on these key governance changes — and we would urge you: please use your vote. Your voice matters. Your participation will help us move forward with a structure that reflects the wishes and ambitions of our membership.

We are grateful for your continued commitment and look forward to working with you as we move forward — continuing to do what is best for Swanage Railway.

## **This booklet explains:**

- How the railway was restored from the 1970s onward
- What the original goals were and how we achieved them
- Why our original goals and structure need revisiting
- What we might do to restructure our goals and operation into the future

## **To do this we look at:**

- The current structure of the railway and how that is working at present
- Other ways we can structure the railway and how that might help us
- The best way forward for the railway into the future
- How we might implement that





# The Way Ahead

Preparing the Swanage Railway  
for the next 50 years

After the closure of the Swanage branch by BR in 1972 it was only four years before work began in 1976 to refurbish the station buildings at Swanage. The new company ran its first services in 1979, initially just a few hundred yards down the relaid line from Swanage.

Almost fifty years since those original volunteers set to work in the station at Swanage, the line has become a vital part of the Purbeck economy. We have a turnover of about £3,320,000 per annum. We employ 40 people directly on the railway. We carry about 180,000 passengers a year (2024) on heritage services between Swanage and Norden. We are reconnected to the main line at Worgret Junction. We have run trial services to Wareham in recent years. Our connection with

Network Rail allows excursions to run into Swanage and visiting locomotives to join us for special events.

These are huge achievements of which we should all be very proud.

We can also be proud of the 2024 season which ended on 31st Jan 2025 in which the railway managed to turn around a series of difficult years that posted six figure losses into one in which, including injections from Save Your Railway fundraising, we generated a solid surplus of £313,485. This is a really encouraging result given the difficulties of the Covid pandemic, inflationary pressures as Covid faded and then the disruption to energy supplies, not least coal, as a result of war in Europe.









## A sustainable future

Recognising the real achievements of re-establishing the line and our success in recovering from more recent challenges, the reality is that changes in society and our sector have made it much harder to run the Railway in a sustainable fashion. If we are to be sure we can continue to run trains into the future we need to look at what we do and how and why we do it. We must operate in a way

that attracts the support of volunteers and passengers. But we must also generate enough income to cover not only our daily costs but also the investment needed to develop the line and the experiences we offer to visitors.

As we consider how we can best attract visitors and volunteers we must also recognise that those of us who can remember mainline steam on British Railways are now a dwindling minority,

particularly in terms of visitors and passengers. Fewer of our visitors are seeking a memory of times past and more are looking to understand and experience part of our national heritage.

If we are to address these challenges we must remember that the Swanage Railway exists because of its volunteers, supporters and staff. As we look to reorganise the railway into a better place for the longer term future

it is essential all those involved have a voice in how the railway fulfils its purpose.

In reviewing our operation and understanding how we can make it more sustainable into the future we are not alone. A number of other heritage railways are doing very similar things at present. Our friends at the Severn Valley have just voted in favour of a very similar restructuring.

First of all we should look at how the railway is structured at present:

## **Current Structure of the Swanage Railway**

The Swanage Railway is currently two distinct organisations, the Swanage Railway Trust and the Swanage Railway Company.

### **The Swanage Railway Trust (SRT)**

The SRT is a charitable trust that allows SRT members to support the work of the SRC.

- SRT is a registered charity regulated by the Charity Commission
- Is managed by a board of trustees
- Is answerable to its members and the Charity Commission
- Provides trustees as members of the Council of Management
- Is able to receive donations to support the railway
- Often has covered the seasonal cashflow needs of the SRC with winter loans

### **The Swanage Railway Company (SRC)**

The SRC is a limited company that operates the railway.

- It holds the Light Railway Operating orders (LROs) and operating licences
- It holds the leases for the track and buildings
- It lets out franchises for some activities like catering
- It works closely with Southern Locomotives Limited (SLL) and others in ensuring we have the motive power needed to run the line
- The SRC employs our staff
- Is run by a board of directors



When the railway was set up in the late 1970s, these arrangements were very typical of the way what were then usually called 'preservation societies' worked. They fitted well in the world in which these societies operated. In our case, they enabled the line to develop and extend out to Norden and eventually Worgret Junction. In short, the trust and company were set up with the railway's best interests at heart and sat well within the regulatory framework of the time. They have done a good job.

Whilst running costs were less significant and volunteers were plentiful this structure was fine. In the twenty-first century it is

not so good a fit. There are now alternative solutions available to manage the operation and management of the railway which seem stronger in the present context.

We operate now in a much more stringent legal and regulatory framework that requires clear accountability and governance structures. The likes of the Charity Commission, the Department of Transport, the Office of Rail and Road and the Rail Accident Investigation Branch are very clear about these requirements. They are equally clear about the possible consequences for organisations that do not comply.





## Our current structure has some implications

- The arrangement of Trust and Company is complicated and makes it difficult to demonstrate clear governance.
- It is not well understood outside the railway or by volunteers or the membership.
- It prevents us from taking advantage of tax regulations that benefit charities, such as Gift Aid, business rates relief and grant applications available only to charities.
- It requires the maintenance of two separate organisations with distinct governance and accounting requirements.
- Members of the trust are not directly involved with the SRC, the company that runs the railway.
- These structures make it difficult to approach non-commercially orientated sources of funding.
- Many internal issues to do with running the railway are unnecessarily complex and can be difficult to resolve when solutions implemented by one organisation affect the work of the other.
- Our current governance structures do not facilitate full adherence to required structures and practices required by our regulators. Currently we comply with only 14 of the 79 Charity Commission recommended principles and practices. Unitary governance arrangements will help us to move towards greater compliance.

## Moving forward

Work to review the current structure of the Railway and identify possible changes began in 2019. A small group of trustees, directors and volunteers with special expertise to offer has been reviewing the realities we face and identifying how we might strengthen the trading position of the Railway into the future. This group was tasked with:

- Looking at the current situation for strengths and weaknesses
- Reviewing other possible frameworks
- Considering how other similar organisations in our sector are addressing these issues.

A significant moment came in 2023 when the SRT AGM passed a resolution requiring the amalgamation of the SRT and the SRC into a single charitable company. This can make a big difference to the way the Railway can trade.

### **Gift Aid and Rates Relief**

Charities are able to claim Gift Aid for charges they make in order to achieve their charitable goals. Gift Aid is a way of recovering the tax paid by a visitor on the money they spend on the railway. The system was created in 1990 to encourage charitable giving. Gift Aid works by allowing the charity to whom the money is paid to recover the income tax the visitor has paid on that money if the visitor

agrees. Every pound spent is assumed to be £1.25 when the 20% income tax paid is added. If the visitor agrees to Gift Aid the transaction the railway can claim that extra 25p from the government. For example, 1,000 tickets at an average price of £13 per ticket is £13,000 of income. With gift aid that becomes £16,250.

Gift Aid does not include things like shop sales and catering but even disregarding those, for the Swanage Railway this extra income on selected ticket sales is likely to amount to at least £250,000 of additional revenue each year. Other benefits that charities can claim include business rates relief which would add another £44,000. These numbers are the

difference between running a long term sustainable operation or not.

### **Grant Applications**

In addition to these benefits, when the Company becomes a charity it will be able to take advantage of many more grants that are available only to charities. The present Trust is much more limited in the applications it can make as it doesn't run the railway. These grant opportunities will be very important for the long term future of the line. Estimates at today's prices suggest we shall need in the order of £15 million to keep the line in good order in the coming years. There is no way we can generate those kind of numbers from annual revenue; grant applications





will, therefore, be very important and we stand a much better chance of succeeding with them once the company is a charity.

### **Reviewing the operation**

It was hoped that this work on a charitable framework for the railway would be completed during 2024 with the new charitable company ready

to start up early in 2025. Unfortunately, the state of the Railway's finances was so poor at the start of 2024 that every effort had to be focussed into the success of the 2024 season to avert the failure of the Railway entirely. Work on the new framework was paused.

Towards the end of 2024 it became clear that the

immediate difficulties had been overcome by the hard work of all those who contributed to a stunning set of events throughout the year. There was, at last, a little breathing space.

The group that had begun to review the Railway's operation reconvened towards the end of 2024 and was named the

Governance Review Group (GRG). In the last quarter of 2024 they began to examine in detail what needed to be done to put the Railway onto a sustainable basis for the future.



## Alternative Structures

Five alternatives were considered:

- Registered Company (the current status of SRC)
- Community Interest Company
- Charitable Incorporated Organisation
- Charitable Community Benefit Society
- Incorporated Charity (sometimes called a Charitable Company)

### Registered Company

Our current company (SRC) cannot claim gift aid. It could, perhaps, attempt to claim VAT exemption for the operation which would generate similar outcomes in terms of income. The problem with this is that VAT exemption is granted by the HMRC on a case by case basis and is by no means guaranteed. It has no general basis in law. It also became clear that the pressures being placed on the HMRC to recover as much tax as possible might well lead to such exemptions being removed in the future.

### Community Interest Company (CIC)

A CIC is a limited company for use by those who want to conduct business to the benefit of a particular community, local or abstract, and not for private gain. This looks attractive until we realise that a CIC is not a charity and cannot recover Gift Aid.

### Charitable Incorporated Organisation (CIO)

This is a corporate body but not incorporated under the Companies Act. It is a simpler alternative to a full company but members have no controlling stake in a CIO. As such this did not seem a good solution for the railway.

## **Charitable Community Benefit Society (CCBS)**

A CCBS is created to allow its members pursue a common task or purpose. It brings the benefit of lighter regulation and also allows members to have shares. It would, however, require moving the operation of the railway to a new entity. This would be complex and costly.

## **Incorporated Charity (IC)**

An IC is still a company and registered at Companies House. It can own property and sign contracts. Members of the company do not own the company or its assets, unlike PLCs. Charities that employ people or provide services are usually incorporated.

There are, as you can see, many pros and cons but there are one or two critical considerations that must be taken into account:

## **Light Railway Orders**

Heritage Railways like the Swanage Railway operate their lines under the authority granted to them by one or more Light Railway Orders (LROs). These are conferred by Act of Parliament when the line is set up. In the case of the Swanage Railway these LROs are held by the operating company, the Swanage Railway Company (SRC). They are linked to the company's identity under its registration number at Companies House. It is very difficult and extremely costly to have these LROs transferred to another entity.

And then, there are the people...

## **Supporting Members**

The Swanage Railway exists because there is a large group of people who give generously of their time, money and expertise to maintain the line and keep the trains running. Some are staff, many are working volunteers, others are supporting members. These people

are the bedrock of the operation and it is important that they feel they have a real and valued stake in the line and its operation and that they are confident their voice can be heard.

Structures that make no provision for members/shareholders simply do not work for us if we are to maintain a sense of shared ownership of the railway for our members.

## **The best way forward**

We are left with only one real option: an Incorporated Charity. The LROs are held by the SRC. In order to claim Gift Aid the operating company must be a charity. To enable this the SRC must become a charitable company. This too comes with difficulties. Incorporated Charities do not, generally, issue shares. Shares are a means to reward shareholders for their investment. Charities, however, can exist only for the benefit of their charitable objectives. The Charity



Commission needs to be convinced that any shares in the company cannot be used to the advantage of the shareholders before they will grant charitable status to the company.

## Charitable Company Structure

The new company must:

- hold the LROs,
- operate the railway according to the regulations administered by the ORR,
- satisfy the Charity Commission it is fulfilling its charitable objectives,

- give its supporters the opportunity to influence its operations and longer term planning.

To do this the GRG have recommended the following structure.

### Charitable Company Board

The Charitable Company will have nine trustee/directors. These will be chosen on the basis of their competence in particular areas of the operation to meet ORR and Charity Commission requirements. It is anticipated the rôles required will be:

1. Infrastructure
2. Operations, Health and Safety
3. Commercial Development
4. Finance & Fundraising
5. Human Resources and Safeguarding
6. Diesel Engineering and Carriages & Wagons
7. Heritage Education and Learning
8. Steam Engineering
9. Legal and Governance

It is expected that the rôles of Chairman and Deputy Chairman will be held by directors who also hold one of these areas of responsibility. The Company Secretary is not a Director.





## **Nominations Committee**

Nominations for directors will be overseen by a nominations committee tasked with ensuring that candidates have the requisite skills for the post for which they are applying. Whilst the railway is transitioning from its current structure into the new structure this committee will comprise three independent individuals with strong competencies in heritage charity governance. A fourth member will be drawn from the Swanage Railway.

Anyone can be nominated for Board vacancies. The nominations panel will interview them and, if they are recommended for election, give their reasons for that recommendation.

## Members & Supporters

One of the reasons for choosing a charitable company model for the railway is to provide a one member, one vote governance structure. This will ensure that our supporters remain closely associated with the operation and management of the railway. Members will, as now, vote on the appointment of directors and other significant plans proposed by the board at General Meetings. In addition to AGMs other GMs may be held if fifty members support the need for a meeting.

## Shareholders

Each member will have a single share in the new company. A member's share is removed on the event of their death or if they fail to keep up their membership payments.

## Timescale

For this new structure to be in place by the end of the railway's financial year on 31st January 2026 the application to convert the Swanage Railway Company into a Charitable Company and subsume the Swanage Railway Trust within the new company must be with the Charity Commission before the end of October 2025. This is a challenging timescale. If we do not meet it we shall lose almost £300,000 of additional income in 2026. The GRG is working hard to meet this deadline.



On 21st June 2025 the Council of Management (the Trustees) approved the work done by the GRG and agreed to move ahead with the proposal.





## Summary

These changes represent a radical restructuring of the Swanage Railway to meet the challenges of the coming years and will allow us to take advantage of the benefits available to charities. These should amount to almost £300,000 per annum in additional income and, by virtue of a stronger emphasis on Heritage, give better access to heritage focussed charitable funding in the future.

The choice of a Charitable Company model allows us to put in place a one member, one vote, governance structure that ensures our supporters can continue to influence the development of the railway. The creation of a

rôle-based board of trustee/ directors ensures the company will be effectively managed and able to meet its responsibilities both to the Charity Commission and to the Office of Rail and Road as a working heritage railway.

As one of the nation's leading heritage railways, the Swanage Railway will be well placed to move forward into a sustainable future ensuring that generations who never experienced railways as they were in the 1950s and 1960s can enjoy and learn from visiting a working heritage railway in the 21st century.

If you have any questions after reading this please contact the GRG via [governance.response@swanagerailway.co.uk](mailto:governance.response@swanagerailway.co.uk).

STATION SHOP

PLATFORM  
1

NOT IN SERVICE



HERSTON, WAHMANS CROSS  
COWE CASTLE, HOBSON

SWAN  
HILL  
MODEL



**Station House, Railway Station Approach, Swanage, Dorset, BH19 1HB**

Tel: 01929 425800 Email: [info@swanagerailway.co.uk](mailto:info@swanagerailway.co.uk)

*All the images in this booklet are copyright Andrew P M Wright*