



# West Somerset Railway P.L.C

**The Railway Station, Minehead, Somerset, TA24 5BG**

Telephone: Minehead (01643) 704996

Fax: (01643) 706349

E-mail: [info@wsrail.net](mailto:info@wsrail.net)

Website: [www.west-somerset-railway.co.uk](http://www.west-somerset-railway.co.uk)

Thursday 11<sup>th</sup> June 2015

Peter Chidzey  
Chairman  
West Somerset Railway Association

by e-mail

Dear Peter

I have been asked to write formally on behalf of the Board on a number of issues related to interactions between the PLC and the WSRA. These were reviewed at our Board meeting of 25 May after you had been given the opportunity to offer any comments, together with the interim email reply sent by acting chairman David Baker to you on 14 May 2015. Board members have also considered your update after your Trustee meeting of 4 June.

As a Board, we remain committed to try to find positive ways forward with all the railway family groups, including the WSRA. Following our invitation, you have participated in the PDG and the subsidiary Site Development Groups for Williton and Bishops Lydeard, and we hope that your constructive involvement will continue.

The PLC has not so far taken any public stance or made comments on issues internal to any of these support groups, including the WSRA. This includes in particular the current dispute between the WSRA Trustees and dissatisfied members, which has resulted in very controversially conducted AGM and EGMs. Maintaining a position of silence does not of course indicate support for either side, whether Trustees or Reformers.

The PLC has taken steps to ensure free speech whilst restricting inappropriate publications and communications on PLC premises, and misuse of the PLC's internal OCS mail system. These steps have included requesting curtailment of inappropriate poster materials, linkage to PLC premises, and over-enthusiastic canvassing on trains. We have dealt promptly with valid complaints raised by the WSRA about such activities, as we have with complaints raised against WSRA by PLC staff over inappropriate and inaccurate statements made by Trustees about individuals. We have resisted calls from a large number of individuals to take action against WSRA Trustees for improper conduct where these relate to internal actions of the WSRA and are not a matter for PLC disciplinary processes and do not affect PLC operations. We have similarly refused to action your complaints against individual PLC staff - whether volunteers or employees - acting in their own time on WSRA matters. We intend to continue applying this policy. We will not be drawn into requests from either side in the debate to discipline or 'ban' either WSRA Trustees or PLC staff from the railway, as this continues to be primarily an internal issue between members and trustees, and is not a PLC disciplinary matter.

At our meeting on 23 May, you requested that we nominate a PLC director to be co-opted onto the Board of the WSRA prior to your AGM. Although a PLC director in this position would represent the PLC, his fiduciary duty would be to the WSRA, and he would be expected to support the existing Trustees and accept collective responsibility. This would also have the effect of reducing the number of vacancies for new trustees at your July AGM. In this context, we note there was, and continues to be, significant controversy over the co-option, election and subsequent resignation of Chris Walters, as well as over the reported offer by the WSRA to co-opt two individuals who were standing against existing Trustees at the last AGM but who were not elected. They declined co-option and have stated their reasons for this publicly.

We believe it is up to the WSRA to resolve to members' satisfaction the many difficulties raised over Trustee nomination and co-option, election procedures and alleged voting irregularities, and the PLC would not wish to be seen as being involved in or endorsing your current approach.

Your offer to co-opt a PLC board member to your Board is therefore declined at this time, for the above reasons and taking account of the following governance issues:

1. A vote of no confidence was passed at the EGM in the management of the Trustees of the WSRA. We have seen no action to identify how this is to be addressed by the Trustees to the satisfaction of those WSRA members who passed the motion, many of whom are also the core PLC volunteers who support the WSR operationally. In this context we would note that having been professionally involved with many Charities, Companies and Local Government bodies which operate to the Nolan Principles and codes of conduct, a vote of 'No Confidence' usually means that that particular body would take action to respond to and implement measures to address the resolution at its earliest opportunity. We would expect any actions as a result of this to be made clear by your AGM in July at the latest.
2. A resolution was passed at the EGM requiring the Trustees to conduct a review of all WSRA activities which is prescriptive in its requirements and in the bodies to be involved in the review team. No plan has yet been set out as to how this will be progressed, including the identification of an independent chairman and invitation to the PLC and other bodies to participate. Given that the review has to be presented to the members within six months of the EGM, we would again expect the conduct of the review to have been made clear by your AGM in July at the latest.
3. At the EGM, David Williams clearly indicated to the meeting that he was standing down both as chairman and Trustee, and would not be continuing on the WSRA Board. It subsequently appears that he has remained in office as a Trustee, and the only change is a swap in roles for yourself and David. No explanation has been given for the withdrawal of David's resignation, and again as a matter of good governance we seek confirmation of whether David will be standing down before or at the AGM as he indicated.
4. From the evidence in the public domain, the suspension of Ian Coleby appears to be inappropriate and has not followed due process. At our Board meeting on 23 May, you indicated that you believed that this would be addressed quickly. We would expect early clarification as to how this is to be resolved.
5. The action to terminate the WSRA membership of four of the Reform Group who are also PLC volunteers again appears not to have followed due process as required by your own Articles. We expect that they be reinstated and proper process followed.
6. We still have unresolved issues over WSRA statements and involvement in the freehold/leasehold situation. We also have unresolved commercial issues, including continued non-payment of in-

voices. We feel that the potential conflicts of interest would put any person who was a director of both companies in very difficult position and potentially in breach of the Companies Act.

These outstanding issues, which relate to the effective governance of the Association, mean that the PLC Board would inevitably be seen as supporting the position taken by the Trustees if we agreed to your request.

Until these issues are resolved, therefore, the Board has concluded that it would be inappropriate for the PLC to engage at Board level with WSRA Trustees. Before we could do that, we would expect the WSRA Trustees to show publicly how they have demonstrated to the satisfaction of their members the way in which these issues are to be addressed and a new way forward defined and agreed. Further engagement between us should either be through the independent review or through PDG and its working groups.

In addition to these governance issues, the PLC Board has considered the current position on outstanding commercial issues between the PLC and the Association and its trading subsidiary, WSRA (Promotions) Ltd. These issues have been discussed to date through the Intermediaries Group, although we understand that the Intermediaries now see their role as being close to an end.

The PLC negotiating team (Humphrey Davies, Chris Bolt and Paul Conibeare) has considered the latest proposals from the Intermediaries Group, and met with them on 3 June. The team has also sought the views of the whole Board, which endorses the response set out below.

As a short-term measure, we have no particular issues with the proposal in respect of Bishops Lydeard. However, we attach considerable importance to developing and implementing as soon as possible a unified approach to the management of the site, as the main gateway to the railway for our visitors. We therefore very much support the proposal that our agreement not to change current commercial arrangements should be conditional on the Association's active participation in discussions about the management of the whole site, and a plan to address the possible loss of Brunel House from April 2017, which will include appropriate changes to commercial payment terms. We support the proposal to take this forward through a new 'users group', with defined terms of reference which do not cut across the strategic role of the Site Development Group, but believe that this should be chaired by the PLC. We will be coming forward with proposals about the composition and terms of reference of this new group shortly.

On stone trains, as we understand it, your main objection to a higher charge payable to the PLC is the need to make provision for site restoration costs. We are of course concerned that we should not be penalised because of the failure of the WSRA to accrue properly for these costs in the past. Our position is very simple: particularly given lower expected volumes under the existing MoU with Network Rail, the current operation is not viable for the PLC at current income levels. While we will seek to agree an access charge for Network Rail trains operating onto the West Somerset Railway, they have rejected this in the past. If they maintain that position, and the Association is not prepared to agree to our proposed charge of 70p/tonne, we will have no option but to terminate the Memorandum of Understanding. We will let you know the outcome of our discussions with Network Rail as soon as possible.

In respect of Williton, the Board has concluded that the current licence will not be extended beyond 2016. We have tasked Steve Williams, as the chairman of the Williton Site Development Group, to look at all the options for the use of the site beyond then, including some potential use by the WSRA, and bring back recommendations to the Board as soon as practicable. We will welcome your active engagement in the work of that Group.

In addition to these issues, the Board has been concerned to note that there are outstanding invoices in respect of recharges for the free rover ticket which is part of your membership benefits. We have already notified you that the recharge will increase from 50% of the ticket price to 75% from 1 January 2106, in line with other concessionary fares. The Board has also reluctantly concluded that it must seek a payment on account - as is already made in respect of the Quantock Belle and as is required from other commercial operators accessing the West Somerset Railway - if the current arrangements for free travel are to continue in 2016. We will be writing shortly to set out the proposed arrangements.

We continue to feel that it is important for the Railway, its staff and volunteers to see that positive action is being taken in a constructive manner for the benefit of the Railway as a whole. We do need to bear in mind that we are only custodians of the Railway during our period of involvement and decisions taken should not be detrimental to those who came before us and for those that will follow us. To this end we believe that the time has come for a fundamental change in approach by the WSRA Trustees in order to resolve the current situation. If there were risks to the safety and operation of the railway, we would need to take further action as appropriate.

Given that our AGM is on 27 June, the PLC Board considers that it needs to make its position on these matters public. If there are any further points you would wish the Board to take into account before it does so, could you please let me have these by 0900 on Monday 15 June at the latest.

I am copying this letter to Susan Kaufman, as your Company Secretary.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'G. Pateman', written in a cursive style.

G. Pateman  
Director and Company Secretary  
On behalf of the PLC Board