

WEARDALE RAILWAY TRUST

Minutes of the Open Meeting at Witton Park Village Hall

The meeting commenced at 11:10 am

Members present:

Ian Gardiner	C Glenn	M T?	D Shand	Bob Budd
Richard Nicholson	David Skule	Mike Wood	Mark Horseman	F Amos
G N Barlow	K Hutchinson	D J Bullows	S Raine	B Cox
S Foxton	A Temple	T Horner	J Lynn	Ken Rusby
Frank Holmes	Mary Hall	Kevin Hillary	John Ashwith	D Brunskill

Kevin Hillary welcomed the members and explained that this meeting was to try set the record straight over the failure of Weardale Railways Limited (WRL) and what actions Weardale Railway Trust (WRT) had taken.

Steve Raine explained that WRL had run out of cash due to the main funders running out of confidence in the project. The Directors of WRL had 3 options:

1. Carry on (until it had exhausted all its cash)
2. Administration
3. Liquidation

As the Transport Works Order (TWO) is an Act of Parliament which allowed WRL to run a railway liquidation was not an option as the TWO cannot be transferred to another company who may have taken over the Weardale Railway assets. It would take 3 – 4 years to obtain another works order for a different named railway operating company from Parliament.

The Directors placed WRL into administration (2) using the Creditors Voluntary Arrangement (CVA) which would offer the creditors the prospect of some money (WRL owed £900,000). PriceWaterhouse Coopers (PWC) were appointed as Administrators and County Durham and some funders released money to pay the work force and contract consultants to review the commercial future of the railway. The funders made it clear that any future funding would only be available if WRL could prove that it would be a going concern (WRLs original business plan for the operation of the railway in its first year was too optimistic). Steve Raine wrote a new business based on 40,000 passengers/year with realistic income and project expenditure figures based on a limited number of employees. Professional help was given by the Heritage Railway Association (WRT are members) and Keighley and Worth Valley Railway (KWVR) suggested that 2 paid employees was probably the correct figure. This new business plan was presented to the funders consultants for their review.

Based on this new business plan the consultants recommended that the funders cover the costs of the CVA and the staff costs in order to keep the railway project ticking over. The funders also demanded that WRL find a partner who had more commercial acumen and have expertise in heritage railways. Ealing Community Transport (ECT) who operate the Dartmoor Railway contacted the PWC Administrator and meetings were held between ECT, WRT and the funders to agree a new structure for WRC. As part of the settlement ECT agreed to fund WRL losses for the next 5 years (approx £270,000 in the first year) including paying the wages of the core staff. ECT asked for 75% membership of WRL with the Trust taking 25% (for a cash injection of £30,000 by the Trust). However County Durham and Wear Valley District Council (both funders of WRL and the CVA process) asked for a membership. After negotiations the membership of the WRL will be as follows:

Organisation	Membership/Shareholding	Directors
ECT	75%	3
Weardale Railway Trust	12.5%	3
Wear Valley District Council	6.25%	1
Durham County Council	6.25%	1

It was agreed that ECT would provide the Chief Executive, a Financial Director/Company Secretary and an Operations Director. The Trust would provide 3 Directors from its current board, Wear Valley District Council and Durham County Council have yet to nominate their Directors.

The Administrator is currently completing the CVA process and a formal creditors meeting to approve the new arrangements has yet to held (the creditors also have 1 months cooling off). October 2005 looks the most likely completion date of the CVA process however the CVA process may be delayed as WRL and Weardale Steel Castings are still in dispute over the leasing arrangements for access to the depot.

Steve Raine reminded the members that the funders had still not approved these arrangements and may not continue to fund WRC in the future. The current WRL directors still have legal responsibilities for the Weardale Railway including Health and Safety until the CVA has been completed.

The Chairman opened the meeting up for questions from the members.

Trevor Horner – Who covers the losses of the railway in the first year of operation?

Steve Raine confirmed that ECT would cover losses of the new company. Steve also confirmed that 1 funder had already released money to WRL and legal work had restarted between Wolsingham Steel Castings and the Administrator over access leases. Steve remarked that the land owner had been very helpful.

Trevor Horner – Asked about the status of the line purchase?

The line purchase had not re-started as funding for the legal costs of line purchase was not in place. Some money had been paid to Network Rail to cover their costs.

David Shand - David thanked Steve Raine for his analysis and description of the events leading to WRL going into Administration and asked why the Trust had not taken over WRL for a nominal fee?

Steve Raine pointed out that we would have needed £900,000 as WRL had been put in Administration not liquidation. The Trust was also working to deadlines set by the funders so a share issue could not have been completed in time (9 months to 1 year to raise £1 million) and no bank would offer the Trust a loan facility.

Steve Raine commented that one funder could not handle WRL building work as this involved 100s of invoices which the funder considered expenditure not capital. This funder could have handled this project if one main contractor (not an in house work force) had been employed. To over come this problem WRC employee were Tuped to Pinkneys however this increased the project insurance costs which was not covered by the funders. The staff were Tuped back to WRC in December when money started to run out.

Steve again reminded the members that if WRL had been liquidated the Transport and Works Order would cease and a new Transport and Works Order would take 3 to 4 years. Administration also prevented any creditors pursuing legal claims which may delay further the reopening of the railway.

Steve confirmed that the Trust are members of Heritage Railway Association.

Derek Brunskill – Asked whether WRL was a heritage railway or a community railway.

Steve Raine confirmed that WRL was not a community railway and funders cannot fund a community railway as it would be seen as an illegal subsidiary to a transport operator. Steve reiterated that the Weardale Railway is a heritage railway.

David Shand – Is the Trust happy about being a minority shareholder in WRC.

Kevin Hillary and Steve Raine confirmed that in the Directors opinion ECT was the only game in town with the financial strength to cover the debts and future operating losses of WRC.

Derek Brunskill – If someone came up with £1 million and gave it to the Trust would this solve the financial difficulties of WRC?

Steve Raine commented that it would need £2 million to pay off the creditors, have enough money to cover operating losses of the railway and not need funds from external funders. This would mean the railway would only operate as a volunteer railway. However the Trust has issues with HMRI which may complicate operations.

Arthur Temple – Commented on the need for the Trust to raise approx £300,000 per year.

Derek Brunskill – If WRC is to be a volunteer railway there was a lack of volunteers to carry out heavy work – everybody wanted to be on view.

A debate ensued about how to recruit volunteers and use their skills.

David Shand complained about the secrecy over working arrangements with volunteers.

The Trust Directors agreed to be more transparent and provide more information on volunteer activities and arrangements.

Dr Mike Wood then led a series of break out sessions with the members asked to answer 6 questions about the future. The members were split into 3 groups and gave the following feedback :

Group 1 (Question sheets 1 & 4)

Where do we go from here?

How should the role of the restructured 'new' Company be different from that undertaken by the previous 'old' Company?

What should be the relationship between the Trust and the 'new' Company?

How should this relationship be developed and maintained?

Group 1 responses were as follows:

There is a need for better co-ordination between active volunteers and the 'new' company.

A need for more active volunteers and these active volunteers should recruit new active volunteers.

The group was concerned about who will be running the new company – will ECT run the company at arms length. Is a full time General Manager to be recruited (paid or unpaid). The consensus was that the Trust should be involved in this decision It was suggested the focus of the Trust/'new' company should be on the North East and running a railway for the people of Weardale.

What type of motive power will operate on the railway – new to convince ECT on the correct motive power mixture (a combination of diesel and steam – DMUs in the morning steam late on in the day and all steam days with specials were suggestions).

Group 2 (Question sheets 2 & 5)

Where do we go from here?

What do you feel is the future role of the Weardale Railway Trust?

How can 'ordinary' Trust members be encouraged to participate in the future and running of the Railway?

Group 2 responses were as follows:

The Trust should build up enough cash reserves to buy the railway back from ECT or finance a larger share holding.

The group expressed a need for more active volunteers and the need the volunteers to have a greater input on decisions.

The group suggested that an Event Co-ordinator was needed (with more events such as bar-b-ques).

The group identified the need to develop Wolsingham station (use a DMU body as a shelter, provide entertainment at Stanhope/Wolsingham Stations).

The group asked if regular open meetings with the members are being considered. Kevin Hillary replied that the Directors would like to run an open meeting every 3 months.

The group were concerned about the lack of information between the Trust Directors and the members citing the lack of information about ECTs involvement. Steve Raine remarked that the Trust members were informed about ECT involvement as soon as possible through 'Between the Lines'.

Group 3 (question sheets 3&6)

Where do we go from here?

How can communication be improved between Weardale Railway Trust Board and its member?

Fund raising is never easy?

What suggestions do the Trust members have to increase our income?

How do we achieve this?

Group 3 responses were as follows:

A volunteer work timetable should be drawn up with goals set for each department (examples PWay and Depot0.

Volunteer co-ordinator needs to be appointed.

Better use of the volunteer skills.

Get trains running asap!!

Give long term members first chance on training.

Public driver training open days (fund raiser).

Charter trains, dinning trains and private hire of trains for parties.

Drive to increase membership of the Trust.

The Chairman opened up the meeting for final comments

Trevor Horner commented that a volunteer rota was needed and that the volunteer co-ordinator should encourage the volunteers to multi-skill not have compartmentalised departments with their own volunteers.

David Shand commented on the need for a volunteer skill data base. Frank Holmes reported that the members skills are on the Trusts membership database. Frank could not comment on its accuracy.

Arthur Temple suggested that volunteers are taken on and set to work. He suggested that the most experienced working with the less experienced in order to build up the skill base of volunteers.

Derek Brunskill commented that you can't force volunteers to work with different people.

Steve Raine reminded the members that the 'old' company will not be in a position to provide any new information and that the funders may not tell the Trust directly of their decisions. Members were recommended to listen to Radio Newcastle for the latest information.

Kevin Hillary again reminded the members that these meetings will be staged at quarterly intervals – a list of dates/locations will be published in 'Between the Lines'.

The next open meeting date and location will be published in the August 2005 'Between the Lines'.

John Askwith asked David Shand about the chat room on his website. David remarked that 70 members are contributing and he is moderating the site.

Kevin Hillary thanked Mary for making the teas and coffees.

The Chairman Kevin Hillary closed the meeting at 13:35 PM