



11 October 2023.

A MESSAGE TO ALL EMPLOYEES, VOLUNTEERS, MEMBERS AND SUPPORTERS OF THE SWANAGE RAILWAY.

Since the pandemic the Swanage Railway has found it challenging to recover customers and to address the strong inflationary and economic pressures that face all of us.

Customer numbers are recovering, indeed over the summer there has been good year on year growth, but that growth is not back to 2019 levels or has been fully reflected in our income. Inflationary pressures on our costs continue and although coal prices, as an example, now seem to have plateaued there is no sign of their falling back to pre March 2022 levels.

We reported a loss in 2022-23 and anticipate a further loss this year. These losses have depleted the Company's cash reserves and the need to plan to address this situation quickly and with a commitment to deliver must now be the focus of our immediate attention.

This will also afford us the opportunity to start the process of moving over the short term, perhaps two to three years, to a more sustainable basis, where surpluses are generated to reinvest in maintenance and repair of assets.

Being a seasonal business, the Company has for many years relied on a winter cash loan from the Trust to get it through winter and the early spring period when fewer train run. The Trust can support the Company but this will require some difficult choices such as re-designating cash specifically reserved for projects. We will we need to act now, by launching a fundraising campaign, to backfill the financial resources deployed to support the Company. Any re-financing plan will have to be fully compliant with the conditions imposed by the Charity Commission.

To develop and commit to a re-financing plan that provides a sustainable basis for the future we are:

- gaining expert independent opinion on the state of our finances and tactical choices for us to achieve a sustainable position and compliance with the full requirements set by the Charity Commission;
- looking at several short and more medium and longer-term solutions. As a priority, we will need to identify enhanced income and expenditure savings of approximately £350,000. This will involve a number of difficult decisions but our plan must make the Company

more efficient and effective and capable of attracting increasing numbers of customers beyond the levels prior to the pandemic. This will involve repositioning the railway into a broader and more commercial visitor experience as well as maintaining its turn-up-and-go business. The 2024 service offer by the Railway will give the first chance to start putting this thinking into effect;

- identifying the expected financial benefit flowing from the conversion of the Company to a charity as proposed in the Governance Review. This could realise up to £200,000 pa in gift aid; and
- launching an emergency appeal to raise £250,000 targeted to go directly to the Company.

We will shortly be asking for your help and support not only on the short-term actions, but of equal importance practical help in delivering initiatives and plans into the future. We have gaps in our management structure that need filling by willing volunteers holding relevant skills and experience. We will set out these needs and invite participation. The longer term survival of our railway will in no small part depend on a positive response now to our “call to arms”.

The railway's future now lies in all our hands but we need to act quickly and decisively.

The Trust has agreed to the creation of a small task group consisting of Gavin Johns, Robert Patterson and Frank Roberts. This Group will report to both the Board and the Trust. They will need your help and support in this project if it is to succeed and will be calling on advice from relevant people as the work progresses.

This is a challenge for all of us but it is an opportunity to shape the railway for the future.



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