



FAQs regarding Community Rail Network's adoption of charitable status

Community Rail Network has started working towards becoming a registered charity, and at our online [AGM](#) on Tuesday 28 January, 14.00-15.30, there will be an important vote on our proposal to adopt charitable status.

We're asking as many of our members as possible to attend our AGM, to cast your vote on this important matter.

Please read our [briefing paper](#) and the below FAQs for more information on charitable status and what this means for Community Rail Network and you, our members.

If you would like any further information or have any queries in advance of the AGM please attend our [Q&A drop-in session](#) on **Wednesday 22 January (10.00-11.00)** or please contact [Sarah Fatica](#).

1. What is a charity?

A charity is a specific status for an organisation.

As per the [Charities Act 2011](#), to have charity status, an organisation must have an identifiable and evidenced purpose that is exclusively charitable and for [public benefit](#).

A charity's 'purpose' is what it's set up to achieve. Sometimes this is called the organisation's charitable objectives.

The main, although not sole, charitable purpose that aligns with Community Rail Network's work is 'the advancement of citizenship or community development'. There are numerous other purposes that align, including the advancement of education; health; arts, culture and heritage; and the protection of the environment.

2. What type of charitable structure are we pursuing?

Due to our existing nature and set-up, of the four main types of charity structures, Community Rail Network is most suited to 'charitable company (limited by guarantee)'.

This means the organisation will be incorporated as a company, via Companies House (which Community Rail Network already is), and will then additionally apply to register as a charitable company with the Charity Commission.

3. Why does Community Rail Network want to become a registered charity?

Being a registered charity brings a multitude of benefits. It gives added security and confidence to those supporting our work and can help bring new partnership and funding opportunities. Our [briefing paper](#) outlines the key advantages of becoming a charity and we reiterate these below:

(i) Reputation and standing, for us and our members

Community Rail Network is often already viewed, and referred to, as a 'charity' by external organisations and industry/government partners, and they are often surprised to hear we are not a charity, given our remit. Official charitable status could provide extra authority and influence, particularly when developing new relationships and fundraising / communicating our purpose as an organisation.

Charity Commission [data](#) from 2024 showed that charities were the second most trusted institution by the public, higher than any other type of organisation¹. Transparency is key to this trust which is enhanced by having key information published via the Charity Commission, such as the organisation's financial reports.

In addition, if we can assert our identity officially as a charity, it may help our members to more confidently position their own work and demonstrate community rail's social value, within the community and voluntary sector. This may in turn help members to build partnerships and bring in wider funds and enable us to provide guidance if they are considering charity registration for their own organisation.

(ii) Eligibility / ability to access funding

Not being a registered charity immediately restricts access to funding. This includes ineligibility to access a number of grant giving funds, trusts and foundations as well as access to charitable fundraising campaigns such as the [Big Give](#). There is limited national data available detailing the total number of grant giving funds, trusts or foundations supporting not for profit organisations in Great Britain², and no national data stating what percentage of those only fund registered charities. However, this is an issue we experience regularly when researching funding sources, recent examples include ineligibility to pursue grants from The Wolfson Foundation; GBGF Foundation and Morrisons Foundation.

Our lack of charity status can also put off corporate funders who don't have background knowledge of community rail and the charitable benefits of its work. Being able to say that we are a registered charity immediately positions us as a worthy 'cause'.

Charitable status could also help us in future to maintain and develop grant funding from central and devolved government and other public sector bodies, and to ensure we have suitable funding agreements and arrangements in place that respect our independence and the nature of community rail as a grassroots movement.

(iii) Tax reliefs

There are several tax breaks available to charities, and charities don't pay tax on most of their income and gains if used for charitable purposes (this is likely to be a more subsidiary benefit for Community Rail Network, given the nature of our work and fundraising).

4. Will becoming a charity change the work Community Rail Network does?

No. We have engaged a specialist charity lawyer to support our application to become a charitable company (if the vote is passed). They have already examined our organisational activity in detail, including a full review of our website, annual impact report and accounts. They had no pressing concerns about our existing activities passing charitable status review. They have provided some useful guidance on where we can better highlight and emphasise some of

¹ Only doctors ranked higher on organisational trust, in first place.

² Estimated to be around 8,000 [<https://larkowl.uk/trust-fundraising/what-are-grant-making-trusts/#:~:text=How%20many%20grant%20making%20trusts,registered%20with%20the%20Charity%20Commission>].

the charitable benefits of our activities, but this relates only to tweaks to our website text and *not* changes to the work we do support the community rail movement.

5. Will achieving charitable status negatively affect our relationship and/or funding from the Department of Transport (DfT)?

DfT already has well-established funding relationships with a range of charities working in transport, including those that perform a similar role to us, such as the Community Transport Association and Sustrans.

We have received written reassurance from the DfT to say, providing charitable status does not affect our ability to deliver our DfT funding requirements (it does not, see Q4) they have no objections and have reiterated that becoming a charity will not affect their ability to fund us.

The DfT have been supportive about Community Rail Network pursuing charitable status and how this will help further our strategic objectives around funding diversification.

6. How will this change affect our members?

If Community Rail Network becomes a charity, this will not cause any changes to the support we provide or affect members' set-up and governance arrangements as independent organisation and groups.

There are many similar third sector membership organisations with charitable status, some of which our members will hold memberships for already – these include [NCVO](#), [Women in Rail](#), [ACEVO](#) and [TCV](#).

It should be noted, that if the vote to seek charitable status is passed (and subsequently achieved), members are advised that the members of a charitable company have a fiduciary duty to exercise their votes in the way which would best further the charitable purposes and is in the best interests of the charity (i.e. without self-interest, even if there would be incidental benefit to the member).

7. Will becoming a charity create a lot of extra work for Community Rail Network?

There is of course extra work entailed to set up and register as a charity, but we have built this into our annual planning cycles and have been discussing this for a couple of years at board level. We have also engaged a charity lawyer to support this work and reduce impact on staff / board members leading on this.

Community Rail Network's existing structure, set-up and objectives will enable a smooth transition to charitable status. Our organisational purpose and objectives already meet the requirements for charity status, so there is no need for a change in operations and focus. As a not-for-profit organisation a lot of our structure and governance documentation will hold true and be easily transferred across with straightforward updates. We are due to review and update many of our existing governing documents over the next 12-months anyway, so this work is needed whether we pursue charitable status or not.

As a charitable company, there will be ongoing management and maintenance of the two separate registrations (Companies House and Charity Commission) and while this will create some additional administration, it should not be overly burdensome.

8. What happens to our Board of Directors?

As a Charitable Company, in addition to acting as Directors registered at Companies House (as is the case currently), Board members must also be registered as Trustees with the Charity Commission.

If Community Rail Network became a charity, it means the board of trustees will control our organisation, our assets being held in trust by them, and we will need to follow charity law as well as regulatory restrictions and requirements. As a charitable company, we are able to retain our wider membership structure, enabling member voting rights.

9. Why do we need Charitable Articles of Association to replace our existing Memorandum and Articles?

If the vote to pursue charitable status is successful, we will have to replace our existing company Memorandum and Articles (M&As) with 'Articles of Association for a Charitable Company' (as part of charitable registration). Any change to our governing document requires a special resolution vote by our members. It therefore makes sense to ask members to vote on this at the AGM, after voting on pursuing charity status, rather than call an EGM a few months' later and ask members to vote again.

We also felt it would be beneficial providing members with [drafted Articles of Association](#) to help further inform their resolution vote on seeking charity status, and to demonstrate to members that the drafted Articles remain very similar to the existing M&As (e.g. member voting rights and Board powers are unchanged).

10. How will the vote work?

Votes will be carried out by resolution at the [AGM](#) on Tuesday 28 January (14.00-15.30). See the circulated [Resolutions paper](#), also available on our [AGM webpage](#), outlining the two resolution votes. Please note eligibility is one vote per member organisation, so you will need to be clear within your group who is voting on your behalf in advance of attending. Multiple votes from the same organisation will be voided.

The first vote is by *ordinary resolution* and asks members to vote on Community Rail Network seeking charitable status. This can be passed by a simple majority (51%) of votes cast by members at the AGM.

The second vote is by *special resolution* and asks members to vote on adopting the circulated Articles of Association in place of the existing company Articles. This requires a majority of not less than 75% votes cast at the meeting.

All documentation relating to the AGM, and the voting resolutions, including draft Articles of Association for Community Rail Network as a charitable company, will feature on our [AGM webpage](#) by the end of Friday 10 January.