

Bill Emery
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Office of Rail Regulation
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*Peter Henderson
Chief Executive (Acting)*

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18 November 2010

Dear Bill

Notice of proposed penalty for the breach of Network Rail's network licence in relation to the introduction of the Integrated Train Planning System (ITPS)

I write in response to your letter of 27 October 2010 in which you state that ORR proposes to fine Network Rail £3m for failing, particularly during the early stages of the project, to properly consider, mitigate and communicate with our customers about the risks associated with the introduction of the ITPS.

Network Rail regrets that the introduction of ITPS did not go as smoothly as we had expected. We have apologised to our customers for the disruption that we caused to their businesses and are continuing to deal with claims for compensation.

We will make no further representations or objections with respect to the penalty that ORR has proposed. We have previously accepted your conclusion that the failures associated with the roll-out and implementation of ITPS resulted in two breaches of our network licence.

Network Rail has since worked tirelessly to resolve the problems with ITPS and to minimise the level of disruption to passengers and freight users. Consequently, I am pleased to be able to report that we have been able to restore the T-12 position for our customers, albeit with some residual issues to be resolved, particularly with regard to data quality post T-12 upload (as referred to in your letter). We welcome your confirmation that you no longer consider us to be in breach of our licence obligations.

While the position for customers is restored there is further work that we need to do to enhance the performance of the system from the perspective of our own internal processes, particularly in relation to accuracy and validation, so that we can make further improvements in efficiency. A couple of further software releases are planned in the next couple of months to address these issues.



As Robin Gisby has previously stated in his letter to Rob Plaskitt of 30 September 2010, moving forward we need to make sure that we fully engage with our customers at the beginning of every project that we take on. We must make sure that we properly understand and mitigate the risks that our activities may have on our customers and work even more closely with the train operators and the wider industry to deliver for passengers and freight users in all that we do as a business. We are committed to taking forward the lessons that have been learnt from the ITPS project and we will take such steps as are necessary so that these lessons are properly embedded within our business.

Yours sincerely

A handwritten signature in cursive script that reads "Jacquie Hemphill".

PP Peter Henderson
Chief Executive (Acting)