



OFFICE OF RAIL REGULATION

Bill Emery

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21 May 2009

Iain Coucher
Chief Executive
Network Rail Infrastructure Ltd
Kings Place
90 York Way
London N1 9AG

Dear Iain

Final order for continuing breach of licence condition 7, dated 22 April 2008

I wrote to you on 22 April 2008, issuing a final order under section 55 of the Railways Act. This required Network Rail to implement a plan to address the systemic weaknesses we had found in the planning and management of engineering projects requiring possessions. I am now writing to conclude this matter.

You were required to implement changes to address the problems by December 31 2008, and in December you sent us a report describing what you had done. Since then, as you know, the reporter David Simmons (Halcrow) has carried out a series of audits for us to establish whether the changes have been introduced effectively. He wrote to us on 14 April advising that, although there are further improvements to be made and the changes still need to be embedded fully in the organisation, in his view Network Rail had met the requirements of the order.

At our meeting this week the ORR board considered the matter thoroughly, with David, and concluded that Network Rail has complied with the requirements of the final order.

The weaknesses which led to unacceptable disruption to passengers and freight companies in January 2008 were a serious failing by your company. However we recognise that in responding to those events and to our enforcement action Network Rail has committed itself fully to making real improvements, which has involved a significant change management effort over the last year. This is a notable achievement.

We wish to emphasise that to embed the changes fully across the company, the high level commitment we observed during this process needs to continue, particularly since the





success or otherwise of these improvements depends strongly on your staff adopting the right behaviours and attitude to risk.

We expect the forthcoming year to show sustained improvement that significantly reduces the impact of over-runs on your customers and we will be closely monitoring the relevant KPIs. We also expect to engage the reporter to make further checks next year to confirm that the plan has been embedded company-wide. The timing and extent of this audit will depend on the KPI performance in the forthcoming year.

I am placing a copy of this letter and a copy of Halcrow's final report on our website.

Yours sincerely

A handwritten signature in black ink that reads 'Bill Emery'. The signature is written in a cursive style with a long, sweeping tail that extends downwards and to the right, ending in a period.

Bill Emery