

**John Larkinson**  
**Chief Executive**

[Redacted]



Andrew Haines  
Chief Executive  
Network Rail Infrastructure Limited  
Waterloo Station General Offices  
Walker Suite  
London SE1 8SW

10 July 2024

Dear Andrew

**Contravention of condition 1 of Network Rail's network licence – facilitation of**

We consulted you and the industry on 29 May 2024 on our proposal to make a final order to remedy the current breach of condition 1 of the network licence. As specified under s56 of the Railways Act 1993 (the Act), a consultation period of at least 21 days was required and a deadline of 20 June 2024 was therefore included in our notice.

Thank you for your response received on 20 June. ORR also received representations from three other organisations during this period. Two of these welcomed ORR's findings and our proposed use of a final order to address the breach of the network licence but advocated for further conditions to be included within the order. The third disagreed with ORR's enforcement approach, including the imposition of a reasonable sum. The organisation recommended instead that we should order Network Rail to use £3million of its funds to improve the network in the region.

We have carefully considered all of the representations and have decided to proceed with the making of the final order without any modifications. We remain of the view that the exception in section 55(5B) of the Act does not apply because although Network Rail is taking steps to produce improvements plans, those plans are insufficiently mature and developed to address the shortcomings identified in our investigation. For example:

- On leadership structures and governance, Network Rail's written correspondence sets out proposed changes but does not fully commit to them, and we only have verbal assurances in some areas that these are being made.
- On planning for cumulative change, Network Rail is continuing to develop and iterate its Project Brunel plans but the plans need to be developed further, including with management reporting of timebound actions. Evidence-led plans should coherently draw together plans covering all parts of the region.

- On understanding operational factors driving delay, Network Rail needs to enhance its understanding of why the impacts of incidents are increasing so that it can better target factors within its control.
- On learning lessons from incidents, Wales & Western needs to go further to ensure that recommendations from incident reviews are effectively embedded. This means further developing the governance around lessons learnt exercises to support effective sharing of information and ensuring that recommendations from complex incidents involving multiple parties are identified, implemented and fully embedded.

The final order requires Network Rail to produce by 31 August 2024 a robust and evidenced improvement plan identifying those further activities it will undertake to secure compliance with condition 1 of the network licence. If, by 31 October 2024, ORR is satisfied that Network Rail has failed to produce the plan in accordance with the final order, Network Rail will be required to pay a reasonable sum of £3 million. We will continue to engage constructively with the region as we monitor its performance and the steps it is taking to meet the requirements of the final order.

We note the criticisms made by Network Rail in their representations relating to the fairness of our investigation processes and the legitimacy of the finding of licence breach. We are however satisfied that the investigation was carried out appropriately and in accordance with the relevant policies and procedures. We consider that Network Rail has been treated fairly and reasonably throughout. A copy of the final order is enclosed and as required by the Act will also be served on the company secretary of Network Rail. We will also be publishing the final order on our website.

The final order takes immediate effect.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Larkinson', is written over a light blue horizontal line.

**John Larkinson**  
Chief Executive