

For publication on ORR website

Office of Rail Regulation

Approved Minutes of an additional ORR Board meeting held on 25 February 2008 (12:30 – 13:55) at ORR's Head Office, 1 Kemble Street, London, WC2B 4AN

Board Present:

Chris Bolt	Chairman
Michael Beswick	Director Rail Policy
Peter Bucks	Non-Executive Director
Chris Elliott	Non-Executive Director
Bill Emery	Chief Executive
Michael Lee	Director Access, Planning & Performance
Jane May	Non-Executive Director
Jim O'Sullivan	Non-Executive Director
John Thomas	Director Competition & Regulatory Economics
Linda Williams	Chief Inspector of Railways

In attendance:

Shamus Kenny	Board Secretary
Sam M Hodgson	Assistant Board Secretary
Andy Burgess	Head of Network Regulation
Jessica Walters	Deputy Director Legal Services
Jen Dinmore	Senior Legal Advisor

Item 1: Welcome and apologies for absence

1. The Chairman welcomed everyone to the meeting. There were apologies for absence from Richard Goldson (Non-Executive Director) who was out of the country. Jane May and Jim O'Sullivan attended the meeting via telephone conference.

Item 2: Declarations of interest

2. There were no interests for Board members to declare relevant to the agenda.

Item 9: ORR investigation into Network Rail's management of engineering projects, focusing on 2007-08 Christmas / New Year possessions and the robustness of Network Rail's plans to complete the west coast route modernisation programme

3. On 19 February 2008 (minutes for item 9), the Board had agreed that there was a continuing breach of condition 7 in relation to systemic weaknesses in Network Rail's planning and execution of engineering projects in that: Network Rail was failing to plan and execute projects for the renewal, replacement, improvement enhancement and / or development of the network

which required possessions in an efficient and economical manner and in accordance with best practice so as to meet the reasonable requirements of its customers and funders. The events at Rugby, Liverpool Street and Shields Junction were manifestations of these weaknesses.

4. The Board had agreed to the publication of a draft Final Order in respect of this continuing breach in accordance with Section 56 of the Railways Act 1993 and that it would be appropriate to consider at this meeting whether it should levy a financial penalty for the continuing breach in accordance with ORR's Penalties Statement.

5. After careful and detailed deliberation, the Board concluded that a penalty was appropriate. It decided that the penalty should be in the range £10-25 million and that a penalty around the middle of this range would be proportionate for a serious breach of this nature. Having considered the factors listed in its penalties statement (including aggravating and mitigating factors) it agreed that an appropriate level of penalty would be £14 million.

6. ORR would issue a notice under Section 57C of the Railways Act 1993.

Chris Bolt
Chairman

Minutes approved by the Board on 18 March 2008