

The Telegraph

Network Rail boss Sir David Higgins waives bonus

Sir David Higgins, the chief executive of Network Rail, has waived his right to a bonus after a planned six-figure award was condemned by the Transport Secretary, Justine Greening.



Sir David Higgins poses after being made a Knight Bachelor at Buckingham Palace last month Photo: REX

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Sir David announced that he and his directors had decided to “forgo any entitlement” to bonuses and would shelve proposals to introduce a new framework of incentives for senior executives.

The move follows a political row over whether or not Miss Greening had the power to stop plans for a £20 million bonus pool and an award of up to £340,000 for Sir David.

Network Rail was due to hold a meeting of its 78 members to vote on proposals for bonuses to be awarded of up to 60 per cent of Sir David's salary which is currently £560,000.

Miss Greening announced yesterday that she would attend Friday's meeting and vote against the plan, but claimed the government had no power to block the awards.

[Calls to block Network Rail chief's bonus \(http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9057398/Massive-bonus-for-Network-Rail-chief-unacceptable-says-Transport-Secretary.html\)](http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9057398/Massive-bonus-for-Network-Rail-chief-unacceptable-says-Transport-Secretary.html)

[Network Rail chief could earn £336,000 bonus \(http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9056550/Network-Rail-chief-could-earn-336000-bonus.html\)](http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9056550/Network-Rail-chief-could-earn-336000-bonus.html)

[Justine Greening to oppose Network Rail bonuses \(http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9062284/Justine-Greening-to-oppose-Network-Rail-bonuses.html\)](http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9062284/Justine-Greening-to-oppose-Network-Rail-bonuses.html)

[Train services disrupted by derailment \(http://www.telegraph.co.uk/news/9060278/Train-services-disrupted-by-derailment.html\)](http://www.telegraph.co.uk/news/9060278/Train-services-disrupted-by-derailment.html)

[Winter travel latest \(http://www.telegraph.co.uk/travel/travelnews/9059940/European-big-freeze-transport-networks-on-alert.html\)](http://www.telegraph.co.uk/travel/travelnews/9059940/European-big-freeze-transport-networks-on-alert.html)

[Coalition urged to block train chief's bonus \(http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9056889/Labour-calls-on-Government-to-block-Network-Rail-chiefs-336000-bonus.html\)](http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9056889/Labour-calls-on-Government-to-block-Network-Rail-chiefs-336000-bonus.html)

In a statement, Network Rail said the meeting of members would be "adjourned" while the board held further talks with Miss Greening over reforming the bonus scheme.

Sir David said: "Even if this situation does arise this year, I and my directors decided last week that we would forego any entitlement and instead allocate the money to the safety improvement fund for level crossings. I can confirm that remains our intention."

Network Rail Chairman Rick Haythornthwaite said: "Friday's meeting was not to approve a specific annual bonus payment for Executive Directors, but rather to amend a previously approved long term incentive scheme to ensure additional external scrutiny of performance.

"The issue of annual performance payments would only arise if Network Rail surpassed stretching performance thresholds and would only be decided in May after the end of the financial year."

Ms Greening said: "NR's decision to postpone the meeting planned for this Friday and look again at their proposed executive bonus structure is sensible and welcome.

"I have made it clear to NR at every stage that this proposed package did not go far enough in reflecting the need for restraint. It was also the wrong time to look at this issue, given I will be shortly unveiling a rail review that will strengthen the corporate governance of Network Rail and see a special director appointed to the board to represent the views of taxpayers.

"The fact that its executive directors have also chosen to forfeit their annual bonuses to charity is a sign that they have recognised the strength of public opinion."

The proposal to give Sir David a bonus was criticised as unjustified, partly because of poor punctuality on British railways. The controversy marks a new stage in the row over rewards for executives at organisations funded by the taxpayer.

Last week, Stephen Hester, the chief executive of RBS, which is more than 80 per cent owned by the taxpayer, agreed to waive his £1 million bonus under pressure from ministers and the Labour Party.

Miss Greening had intended to attend the special meeting of Network Rail's 80 members and pledged to vote against moves to allow the chief executive to receive a bonus worth 60 per cent of his salary.

Miss Greening told the Sunday Politics programme on BBC One: "I'm going to go to the meeting next Friday, I'm going to vote against them."

However, she added: "I won't be able to stop it from going through... At the end of the day, their vote is only advisory."

This will be the first time the Secretary of State for Transport has attended the meeting. The Department for Transport said it would send a "very clear signal" about the Government's opposition to such bonuses.

Maria Eagle, the shadow transport secretary, said Miss Greening had more influence over the result than she claimed.

Miss Eagle said: "Justine Greening is wrong to say that she cannot block these bonuses.

"Not only does the Secretary of State have a place on Network Rail's remuneration committee but she must give prior written agreement to any change to the incentive scheme for senior managers."

The Department for Transport said Miss Greening was planning to set out reforms to gain more influence over pay at Network Rail in the next few weeks.

Network Rail's proposed bonus scheme would cut the annual limit for the award for the chief executive from the 100 per cent, but longer term incentive payments would be increased.

The decision on whether to pay the bonus and its size rests with the remuneration committee.

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