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Rail reform: Network Rail to overhaul governance

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Network Rail is to halve the number of its public members as part of a package of governance reforms.

Industry representatives will no longer sit as members but will use other available channels to liaise with the company's senior management. Network Rail says the reduction in the number of members will allow for more effective and detailed discussions.

The company will beef up scrutiny of the Network Rail board by putting in place quarterly scrutiny panels in which non-executive directors will be called to answer questions on a range of issues in front of the membership. A new scrutiny sub-committee of members will hold the Network Rail remuneration committee to account regarding the quality, appropriateness and interpretation of data used by the committee to determine remuneration of executive directors and the committee's exercise of discretion.

A non-executive public interest director will be appointed in a move designed to ensure that the interests of taxpayers are articulated during board discussions. An appointment will be made in consultation with the members' co-ordinator and selected to demonstrate specific skills and interests in public policy, finance and corporate and



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Described by the company as the most radical evolution in Network Rail's governance structure since it was formed nearly a decade ago, these proposed changes have been developed through discussions with members since January 2011. The reduction in the number of members will be voted on at the company's AGM in July.

Network Rail has also announced the appointment of Professor Richard Parry-Jones as non-executive director in a decision by current chairman Rick Haythornthwaite to step down.

Parry-Jones has previously worked at Ford where he was vice president in charge of global product development. He is a non-executive director of GKN and Cosworth Group Holdings as well as being council member of Bangor University. He also co-chairs, with business secretary Vince Cable, the UK Automotive Council.

Network Rail chief executive David Higgins said: "I am very pleased that Richard has agreed to become a non-executive director in July. His very strong engineering background will be invaluable to us and I look forward to working with him."

Responding to Network Rail's planned reforms, transport secretary Justine Greening said: "Network Rail's decision to voluntarily appoint a remuneration panel, other governance-strengthening measures, and the steps it has announced to improve its governance are a positive response to the challenges facing the rail industry. I welcome warmly Network Rail's decision to voluntarily appoint a remuneration panel, other governance-strengthening measures, and the steps it has announced to improve its governance."

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