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FRIDAY 20 JULY 2012

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## Anger at Network Rail plan to reward directors



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**FRESH** anger has erupted over public sector executive pay after golden handcuff payments totalling nearly £1 million were awarded to three Network Rail directors at its annual general meeting in Glasgow.



protest: 'Fat controllers' outside Network Rail's annual general meeting at the Grand Central Hotel in Glasgow. Picture: Colin Templeton

Members yesterday defied politicians and unions to overwhelmingly vote through one-off payments of £300,000 to finance director Patrick Butcher, network operations managing director Robin Gisby and infrastructure projects managing director Simon Kirby.

The payments are in addition to basic salaries of more than £360,000 – more than double the Prime Minister's £142,000 wage.

It also follows calls for the rail infrastructure operator, which receives £4bn in public subsidies, to curb the salaries it pays.

Network Rail has recently been handed multimillion-pound fines for safety failings over the deaths of two schoolgirls at a level crossing and the Grayrigg train crash in Cumbria that killed a Glasgow grandmother.

Five members of the Transport Salaried Staffs' Association mounted a "fat cat" protest, dressed up as Fat Controllers, outside the meeting at the Grand Central Hotel.

Leader Manuel Cortes said: "The Great Train Robbers got away with £3m and ended up getting 30 years.

"These bosses want to get away with £18m and expect knighthoods and a place in the House of Lords.

"This is daylight robbery and ministers should stop this gravy train in its tracks."

Maria Eagle, Labour's Shadow Transport Secretary, said: "It is completely out of touch for Network Rail and ministers not to understand why taxpayers will object to funding £300,000 bonuses to rail bosses who are already paid more than twice as much as the Prime Minister."

Mr Butcher, Mr Gisby and Mr Kirby must remain in post until April 2014, although they will be free to waive the bonus if they leave earlier. The vote was carried by 92% of members.

Network Rail also set the stage for a bigger showdown over a £1.7m bonus package for directors expected to be decided later this year.

Keith Ludeman, its senior non-executive director, warned its board were underpaid compared to other industries and that senior staff were put off joining by the public criticism over bonuses.

The company insisted the one-off payments were necessary to prevent the trio being poached by other major companies and that headhunters had made approaches to all three about potential job offers. The move also came after a recent shareholder revolt against executive pay which has seen the bonuses of a number of executives of major companies overturned.

In a concession to the Office of Rail Regulation (ORR), the payment has been linked to each individual's performance and can be revoked if targets are not achieved. Network Rail's directors waived their bonuses last year after years of public and political rebuke, with the decision linked to a failure to hit targets for improving the punctuality of long-distance trains.

However, Mr Ludeman said the company was finding it "hard to find talent". Addressing Network Rail members – the equivalent of a company board – he said: "It is very difficult to encourage people to join an organisation when there is a lot of resentment about what people will get paid."

People working in "comparative industries" doing the same or a similar job were being paid more, he added. The ORR and Department for Transport are due to discuss Network Rail's proposals to pay directors £1.7m in annual and long-term bonuses, with an extraordinary general meeting likely to be held to approve a finalised payment scheme.

In March, the operator was fined £1m after Olivia Bazlinton, 14, and Charlotte Thompson, 13, died when they were hit by a train at a level crossing for pedestrians at Elsenham in Essex.

The following month a judge fined it £4m for health and safety failings leading to the 2007 Grayrigg train crash involving a London to Glasgow Virgin Pendolino train that killed Margaret Masson, 84, of Cardonald, Glasgow, and injured 86.

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