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Rail boss bonuses less than a third of maximum

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David Higgins: Network Rail chief executive gets £99K bonus for 2012-13 financial year

Network Rail's five executive directors will receive a bonus equivalent to 17% of their salaries in recognition of the company's achievements during the 2012/13 financial year.

The executive team was eligible for bonuses of up to 60% of their individual salaries subject to targets being met. Although top scores for passenger and customer satisfaction were given by the remuneration committee, it found punctuality figures failed to meet targets laid down by the Office of Rail Regulation, resulting in no bonus allocation for these areas. Poor scores were also recorded for asset stewardship (1.3 out of 20) and cost efficiency (2.5 out of 20) although the progress on investment projects scored more highly (8 out of 10).

There were also concerns voiced about safety. A statement from the company said that while Network Rail has one of the best safety records in the world, the remuneration committee felt more could have been done to improve workforce safety, although it noted the development of a safety culture within the business. The committee used its discretionary powers to reduce the overall bonus award by 10% to reflect these failings.

Network Rail chairman Richard Parry-Jones said: "2012 was a year of positive progress for the company with some great highs - delivering seamless transport for the Olympics - to lows of frustration with a slowdown in our rate of delivering better train punctuality. While this was particularly impacted by a year of extreme weather, the wettest on record, we are working to improve the resilience of our network to cope with such demands.

"Our executive bonus payments for this year correctly reflect successes as well as shortcomings and as a result have been significantly reduced from a potential award of 60% of salary to 17% for the financial year just completed."

Parry-Jones added: "Bonuses are only awarded for achievements significantly beyond what is expected of an executive in the delivery of their challenging day jobs. The remuneration committee felt that while performance was good in most areas, truly exceptional performance had not been achieved in financial efficiency and asset stewardship, and our train performance targets were not met. But we also needed to recognise the significant successes that had been delivered in the business during the year."

Although the top team will receive less than a third of their possible bonus this equates to five figure sums for each of the directors with chief executive David Higgins set to receive just shy of £100,000 for the year. Executive directors will get a salary increase of 2.5% for 2013/14 in line with the management pay award for the rest of the company.



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2012/13 bonus awards

Executive director - 2012/13 salary (bonus payable)

David Higgins - £577,000 (£99,082)
Patrick Butcher - £394,000 (£67,658)
Robin Gisby - £371,000 (£63,708)
Simon Kirby - £371,000 (£63,708)
Paul Plummer - £348,000 (£59,759)

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