

Network Rail chiefs in line for second bonus

Network Rail executives will be paid twice as much for saving money as making trains run on time under a new incentive scheme, The Daily Telegraph can disclose.

By David Millward, Transport Editor

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Under the plans, covering 2012-15, the five top directors stand to share more than £2 million between.

They will pocket more than £1 million if they cut the cost of running the industry by £450 million over three years, compared with just over £500,000 for a significant improvement in punctuality and the same again for completing a raft of modernisation schemes.

Earlier this week Network Rail announced its senior executives would be taking an annual performance bonus for the first time in three years despite punctuality falling and passengers facing above inflation fare rises.

Maria Eagle MP, Labour's transport spokesman condemned the proposals.

“With the taxpayer putting £4 billion a year into the rail network, it should not require the promise of massive bonuses for senior managers to deliver better value for money and bringing down the cost of running the industry which is passed onto passengers.

“Passengers will find it staggering that bonuses can be paid out even when targets to get the trains to run on time are missed.”

All 35,000 Network Rail staff are eligible an annual bonus, but the long term pot is only open to the company's five executive directors.

The biggest winner is Sir David Higgins, the chief executive, who could double his £577,000 salary if all targets are met.

Others in line for a possible 100 per cent bonus are: Patrick Butcher, the group finance director (£394,000 a year), Robin Gisby and Simon Kirkby, respectively the managing directors for network operations and infrastructure projects (£371,000) and Paul Plummer group strategy director (£348,000).

While punctuality is still regarded as a vital component in the annual bonus scheme, Network Rail

believes the longer term plan should take a broader view of the industry including value for money.

The long term scheme still has to be approved by the infrastructure company's 40 members – drawn from the general public in July.

They have been told it is necessary to “attract the calibre of individual that we need, whilst ensuring value for money.”

Louise Ellman, chairman of the all-party Transport Committee at Westminster, questioned the proposals.

“It is important for Network Rail to work efficiently, but higher priority should be given to improving services for the passenger,” she said.

Colin Foxall, chair of the independent watchdog Passenger Focus, added: "We look to Network Rail to put every effort into improving the service to passengers. Passenger needs should be at the heart of all industry incentive schemes, as well as the franchising process."

However a Network Rail spokesman defended the plans.

“Network Rail senior executives are rewarded only when performance exceeds tough targets which have been agreed with our members through an open and transparent process.

“If targets are not met, no bonuses are paid.”