

Network Rail chiefs may get extra bonuses worth £10m



Network Rail receives over £3 billion a year from the Treasury Jeff J Mitchell/Getty Images

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Network Rail bosses are in line for bonuses funded by the taxpayer worth £10 million over the next three years. The bonus scheme, which could double the salaries of the top five executives, will be put to a vote at the company's annual meeting next month.

The payouts would come on top of annual bonuses, which top up the salaries of executive directors to a maximum of 60 per cent of their basic pay every year.

Papers being circulated before the company's AGM on July 18 show that Sir David Higgins, the chief executive, stands to receive a potential long-term bonus to 2015 of £577,000 on top of his £577,000 salary and his maximum annual bonus of £346,200 a year.

Labour and the rail unions are urging an overhaul of Network Rail's bonus culture. The state-funded maintenance company missed all its punctuality targets for England and Wales in the past year, while the rail regulator published figures this month showing that the company is 23 per cent less efficient than European counterparts.

Executive bonuses at the company, which has no shareholders and is free from direct interference from ministers even though it receives more than £3 billion a year from the Treasury, have long been a cause of concern. Philip Hammond and Justine Greening, the two previous transport secretaries, both questioned potential payouts when they were in post.

Ms Greening was so concerned that she threatened to torpedo last year's bonuses. There is no sign yet of Patrick McLoughlin, who became Transport Secretary last year, weighing into the annual row over executive pay.

He said last week: "Rewards are a problem. I don't mind paying when everything is running smoothly."

Maria Eagle, the Shadow Transport Secretary, said: "Ministers should now urgently work with the rail regulator to require a change to Network Rail's remuneration scheme so that only actual improvements in performance that benefit passengers are rewarded."

Manuel Cortes, general secretary of the TSSA union, has urged 40 public members in the company to vote against the bonuses. "Have they not heard of the age of austerity that their passengers have been living through over the past five years?" he said.

Network Rail said that the long-term bonuses would be paid only if the company met targets for train performance, efficiency savings and the delivery of railway improvements.

A spokesman said: "Discussions with our stakeholders and feedback from customers highlight their concerns about the cost of

operating Britain's railways and the cost of fares. These rank as highly in their minds as the punctuality of the train service. The proposed new long-term incentive scheme addresses these concerns."

Last month, the company announced annual bonuses for Sir David and four executive directors equal to 17 per cent of their salaries, even though the company missed its targets.

This month the Office of Rail Regulation warned that Network Rail risked a fine of up to £75 million unless it achieved a dramatic turnaround in performance next year.

It ordered Network Rail to **cut its costs by 20 per cent during the next five years and slashed £2 billion from the company's spending plans**. It also demanded new punctuality targets, with nine out of ten trains required to arrive on time on every route by 2019.

If you are reading this on the train, feeling anxious and tired, you are not alone. Researchers say that 40 per cent of those who commute for more than three hours per day spend most of their day worried. The survey, for the Gallup-Healthways Well-Being Index, which assesses the health and happiness of the US population, also found that people with long commutes tended to feel less rested, and experienced less enjoyment during their working days.

9 comments




 **Michael Daventry**


1 person listening

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 **Christopher D S Brown** 3 days ago
"This month the Office of Rail Regulation warned that Network Rail risked a fine of up to £75 million". Why does the company risk this fine? Why not the CEO and his top colleagues?

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 **Mr Brian Smith** 3 days ago
People are being killed at Level Crossings both manned and unmanned and still Network Rail bosses receive their bonuses. It is about time that until all these problems are sorted out that their bonuses are stopped and the money that they would have received used to pay for updates and improvements to the system.

2   Recommend Reply

 **E Asquith** 3 days ago
Why? Because its hardly an easy job, but important all the same so you need to attract the best.

  Recommend Reply

Mr Colin King 4 days ago
Why?

  Recommend Reply

Yn Wridog dros dy Anrydedd 3 days ago
@Mr Colin King

Exactly, the trains are still expensive, over-crowded, dirty and to be avoided at all costs. But then Network Rail bosses don't know that do they coz they don't travel on them. Or not in 'Suckers Class' anyway, only free, 1st Class everytime.

I hate travelling by train, it's always the last resort.

  Recommend Reply

Keith Nicholls 4 days ago
This is insanity!!!! risking a £75m fine for non-performance AND dramatically increasing their own bonuses, all at the expense of the taxpayer. Which planet do these urine extractors come from and why is nobody stopping them???? David - you are looking the wrong way again!!!!

7   Recommend Reply

Ashley 4 days ago



Network Rail couldn't run a bath but draw up a bonus scheme, they're masters of their own destiny. Kerching!

3 Recommend Reply



K Burdekin

3 days ago

Do you think the railways should be returned to full state ownership?

Recommend Reply



Ashley

3 days ago

Not at all! However, the nose in the trough attitude and incompetence of the current leadership of Network Rail coupled with the lack of infrastructure investment leaves a very bad taste.

I want rail services that run on time and investment in infrastructure commensurate with the billions of taxpayers' money handed to Network Rail.

The same lack of investment is evident in telecoms, water etc. the additional cost of all these services is front loaded with the public sector pension terms that transferred over and there is now a demographic in all of these about to retire.

Thanks for the recommend BTW.

1 Recommend Reply

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