
Directors' remuneration report

- 111 Annual statement from the committee chair
- 114 Annual remuneration report
- 114 Single total figure of remuneration for 2018/19 (audited)
- 115 Executive director changes
- 115 Incentive plan 2018/19 – annual performance related pay (audited)
- 116 Pension (audited)
- 117 Non-executive directors' fees (audited)
- 117 Payments to former directors (audited)
- 117 Payments for loss of office (audited)
- 117 Outside appointments
- 118 Additional disclosures
- 118 Percentage change in remuneration
- 118 Performance graph and table
- 119 Relative importance of spend on pay
- 120 Consideration of directors' remuneration – remuneration committee and advisers
- 120 Key remuneration committee agenda items during the year
- 120 Committee members
- 121 Role of the remuneration committee
- 121 Executive directors' remuneration policy
- 123 Pay for performance structure for executive directors – aligned to what is important for customers



Annual statement from the remuneration committee chair

During the year, the committee reviewed the terms of reference as the remuneration and nomination committees were combined, and this has ensured that our commitments are fully up to date.

This is my first year chairing the remuneration committee and during the year 2018/19 we have widened our remit to cover a wider group than the executive directors and have taken on board all the reporting requirements for UK listed companies and the UK corporate governance code.

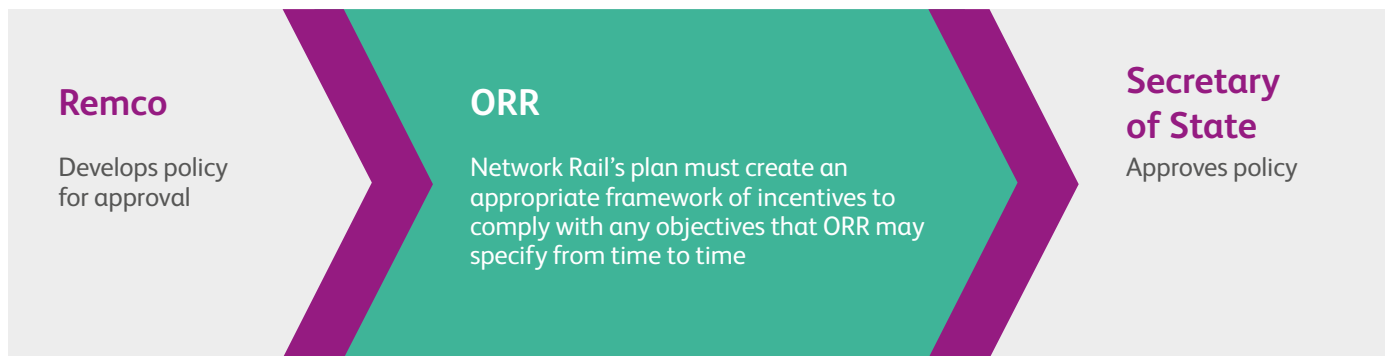
Our annual remuneration report outlines the outcomes for 2018/19 in respect of executive remuneration and will be subject to approval of our member, the Secretary of State

for Transport. The 2018 report and the three year remuneration policy for executive directors (Policy) were approved respectively at the 2018 and 2017 AGMs by our member, the Secretary of State. The Policy sets out the framework and limits for how executive directors are paid. The Policy was included in the 2017 directors' remuneration report and can also be viewed on our website www.networkrail.co.uk.

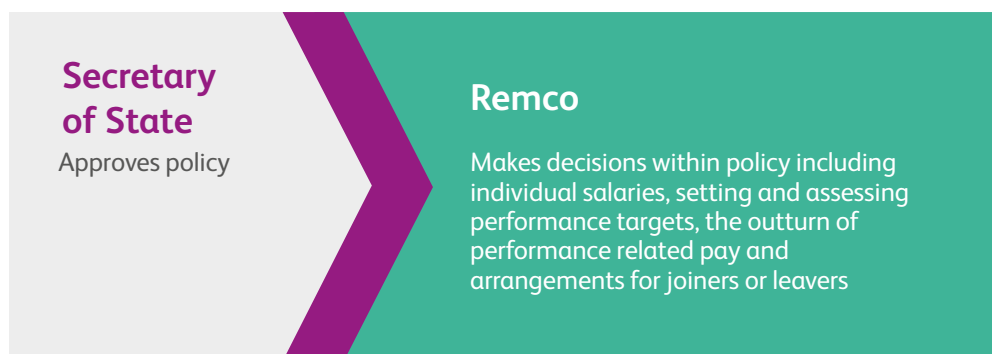
The policy will be reviewed during this year for approval at the 2020 AGM.

► Determining executive pay at Network Rail – best practice corporate governance

Developing policy:



Implementing policy:



The key points to note and main agenda items from 2018/19 are:

- The new chief executive, Andrew Haines OBE, was welcomed during the year.
- Performance related pay (PRP) outturn was set at 45 per cent of maximum after adjustments. This is paid to all employees.
- Senior executive performance related pay is individually adjusted. The chief executive declined to accept a payment this year. The chief financial officer received a payment equivalent to 13.5 per cent of salary.
- The chief executive pay ratio this year has been disclosed ahead of the new regulations.
- The remuneration for new senior roles as a result of the new operating model agreed by the Board in January 2019 has been extensively benchmarked and discussed.

The rest of this statement explains how executive remuneration is determined at Network Rail, gives more information on the outcomes in respect of 2019, and summarises the Policy agreed in 2017.

Implementation of Policy in 2019

Decisions made by the committee during the year were all within the framework agreed as part of the Policy in 2017.

The policy is underpinned by four key principles which are:

- 1. Simple:** the framework should be simple and transparent for all stakeholders to understand
- 2. Competitive and fair:** attracting and retaining leaders of the necessary calibre requires remuneration arrangements that are reasonable in the markets in which we compete for talent and which fairly reflect the appropriate market rates for the skills and experience of the individual. At the same time, we always remain cognisant of the need to ensure value for money for the taxpayer and to reflect our status as a publicly funded body.

3. Performance and safety: there should be a performance related element of the package which rewards performance in areas that are most important for our stakeholders. There should be no reward for failure. The safety of our workforce, passengers and the general public is at the heart of everything we do and must be reflected in the remuneration framework.

4. Aligned with employees: where possible, remuneration structures will be aligned across the organisation. All Network Rail employees continue to be eligible for performance related pay determined using a consistent performance framework across the organisation.

The remuneration framework for executive directors agreed in 2017 is based on these principles and includes the following elements:

Salary	Salaries are set at a level which reflects the skills and experience of the individual as well as the scope of the responsibilities of the role.
Benefits and pension	Participation on the same basis as other managerial positions at Network Rail.
Performance related pay	Our plan based on the achievement of stretching annual performance targets aligned to the business scorecard.

All of the decisions and payments made to executive directors during the year were within the agreed policy framework.

The terms of the package for the new chief executive, Andrew Haines OBE, were within the scope of the policy. His package includes the core elements of base pay and PRP, and there are no additional benefits. The level of PRP, at a maximum of nine per cent of salary, is lower than the maximum permitted in the framework.

Remuneration report continued

2018/19 outcomes for executive directors

Business performance is measured through the business scorecards. These measure performance against key measures and targets agreed with customers and stakeholders. Performance related pay for senior employees is determined by the scorecard outturn and modified according to personal performance ratings, so the lower the performance, the lower the performance related pay.

Overall performance against the scorecard was 58.5 per cent. Targets were met or exceeded for our safety, asset management and local customer measures. However, further improvement is still required around financial and train performance which still fell below the targets set. Following the Board Remuneration Committee review of our performance, the final national scorecard out-turn was reduced to 45 per cent.

The maximum performance related pay for the executive directors is 20 per cent of salary for the chief financial officer and nine per cent of salary for the chief executive. In reaching the decision on their payments the committee took account of the input from the SHE committee and the recommendation from the chief executive for a downward adjustment.

Based on the 45 per cent out-turn, the percentage of salary payment for the chief financial officer is 13.5 per cent of salary. The chief executive declined to accept a PRP scheme payment in his first year.

Full details of the decision making and out-turn of the PRP scheme can be found on page 115.

Scorecards

The business scorecards evolved for 2019 and will continue to evolve to support the operating model and priorities. The national scorecard for 2018/19 reflected measures that are most important to passengers, the customers of our routes, our stakeholders and the ORR. All route scorecards are developed jointly with customers to reflect their differing needs, as well as those of passengers, within an overall framework of safety, financial performance, train performance, asset management, investment and local customer measures.

To reflect the devolved nature of the business, 60 per cent of the PRP for those in routes is determined by performance against the route scorecard and 40 per cent is determined by the national scorecard.

In 2020 we will review our PRP arrangements so they support the key objectives and priorities for CP6.

Bridget Rosewell CBE,
Chair, nomination and remuneration committee



15 July 2019

Annual remuneration report

This report has been prepared in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013. Where indicated, some of the disclosures in these sections have been audited.

Single total figure of remuneration for 2018/19 (audited)

The table below summarises all remuneration for the executive directors in respect of 2018/19 (and the prior year comparative). Further discussion of each of the components is set out on the pages which follow.

£'000	Salary		Benefits ¹		Pension ²		Performance Related Pay (PRP) ³		Total	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Mark Carne CBE	252 ⁴	682	9	23	24	64	0 ⁵	0	285	769
Jeremy Westlake	357 ⁷	353	32 ⁶	15	31	31	48	0	468	399
Andrew Haines OBE	371 ⁸	-	0	-	0	-	0 ⁹	-	371	-

- Benefits include car allowance, private medical cover, any annual travel subsidy, life assurance and relocation.
- Pension includes the value of all pension benefits receivable in respect of the relevant year. This includes any supplementary cash allowance and a value from participation in the defined benefit or defined contribution pension arrangements or allowances for those who have opted out of their respective pension arrangements in the relevant year (calculated in accordance with the methodology prescribed by the Regulations). Further details of these pension benefits are set out in the pension section on 116.
- There were no performance related payments in 2017/18 as the executive directors voluntarily decided to decline receiving any payments due to the May 2018 timetabling issues that emerged after the end of the year.
- Mark Carne CBE's 2018/19 salary is lower than the previous year as he left Network Rail and stepped down from the Board on 13 August 2018. He declined his annual pay award in 2018.
- Mark Carne CBE was not eligible for any performance related pay in 2019 as he had left Network Rail during the scheme year.
- Jeremy Westlake's benefits payments were higher than for 2017/18 as he received relocation assistance.
- Jeremy Westlake's 2018/19 salary payment is slightly higher than the previous year as he received a pay award in July 2017. This resulted in slightly lower salary payments in 2017/18 compared to 2018/19 which was paid at the higher rate for the full year.
- Andrew Haines OBE joined Network Rail as chief executive on 14 August 2018, and the salary shown is pro-rated to reflect this.
- Andrew Haines OBE declined the PRP he earned for 2018/19.

Pay Ratios (audited)

The government last year announced new legislation for employers to publish their pay ratios from 2020. The pay ratio highlights the gap between the chief executive and the 25th, 50th and 75th percentile of employees - using the single figure disclosed in remuneration reporting. A historical record will be published incrementally to a 10-year period moving forward.

For transparency and good governance, the nominations and remuneration committee decided to publish the ratio information a year early and to also publish the information from 2017/18, the previous year.

There are three calculation methodologies to choose from:

- Calculate total remuneration for all employees and take the percentiles to calculate the pay ratio against the chief executive single figure total remuneration

Remuneration report continued

- B. Using existing pay data i.e. gender pay gap reporting, take the 25th, 50th and 75th percentiles and then calculate the total remuneration for these and compare against the chief executive single figure total remuneration
- C. Same as option B but using other recent pay data

The nomination and remuneration committee decided that option B, using existing gender pay gap reporting, would be used. This data already exists and is in the public domain, therefore more familiar and easier to obtain.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2017/18	Option B	24.4:1	19.5:1	14.2:1
2018/19 ¹	Option B	20.5:1	14.9:1	12.3:1

1. Change of chief executive during the year. Pay ratio based on Mark Carne CBE and Andrew Haines OBE's combined single figure total for 2018/19.

When taking the employee data for the 25th, 50th and 75th percentile, the total remuneration figure has been calculated based on an office worker at these percentiles rather than other employee groups. Using a front-line or operations worker would have reduced the ratio as these types of roles are eligible for overtime, allowances and shift payments, all of which would have increased the comparator pay and decreased the ratio. The additional payments are not guaranteed and therefore are likely to vary year on year. The total remuneration figure for an office worker at these percentiles is likely to be lower and also less variable year on year. It is therefore considered to be a better comparator.

At the time of publication PRP payments for 2018/19 were yet to be confirmed, therefore estimates have been used for indicative purposes. These payments may also cause the pay ratio to fluctuate annually as the calculation for payment takes into account individual performance.

The ratios for 2018/19 have decreased from 2017/18. This is because the figure for 2018/19 is based on the pro-rated remuneration for the current and previous chief executive. The figure for 2017/18 is based solely on the remuneration for the previous chief executive, which is higher than the total remuneration for the current chief executive.

Executive director changes

Mark Carne CBE retired from Network Rail on 4 September 2018 (having stepped down from the Board on 13 August 2018) and was replaced by Andrew Haines OBE.

Incentive plan 2018/19 – annual performance related pay (audited)

During the year, three directors were eligible to participate in this scheme, Mark Carne CBE, Jeremy Westlake and Andrew Haines OBE. The maximum potential annual performance related pay award for Mark Carne CBE and Jeremy Westlake in 2018/2019 was 20 per cent of salary. Andrew Haines OBE's maximum potential annual performance related pay award is 9 per cent. Stretching performance targets were set at the start of the year in the context of the national scorecard, which can be found on pages 18 to 20. The approach for performance related pay is aligned across the businesses, including executive directors. The scorecard outturn determines the percentage payout against the maximum award. This is then modified in accordance with the performance rating. For a 'good' performance rating, the amount is reduced by applying a modifier of 0.9.

Performance against the national scorecard is summarised on pages 19 and 20. Overall scorecard performance was above target. Specifically, targets were met or exceeded in relation to safety, asset management and local customer measures. Route performance was generally above target with just one route falling below this. Despite improvement in performance against last year, further improvement is still required around financial and train performance which still fell below the targets set. Although train performance did end the year strongly, with six out of eight routes improving their overall performance.

Each year the safety, health and environment (SHE) committee considers the overall scorecard outturn from a safety perspective and decides whether to recommend any further adjustments to reflect safety performance.

Having reviewed the safety measures outturn and the overall safety performance, the committee concluded that the scorecard outturn on safety measures is a reflection of overall safety performance and no adjustments should be made.

The chief executive reviewed the scorecard outturn of 58.5 per cent. He did not believe that the adverse effects of the timetable issues, felt both in train performance and the financials adequately reflected the full impact on passengers or the reputational damage caused. In addition, there has been a sustained deterioration in industry performance over the last seven years, where Network Rail has failed to deliver on performance plans in each of those years. This has now culminated in a number of external reviews which have exposed structural shortcomings and led to the provisional order from the ORR in November 2018.

Based on both the sustained deterioration in performance and also the May 2018 timetabling issue, he recommended a 13.5 percentage point reduction in PRP from 58.5 to 45 per cent of maximum, which was approved by the nomination and remuneration committee.

Taking into account this adjusted outturn and individual performance, the PRP for the chief financial officer is 13.5 per cent of salary. The payment disclosed in the single figure table for the chief financial officer is deferred in full for three years. The current chief executive, Andrew Haines OBE, has declined payment in respect of the 2018/19 year. The previous chief executive, Mark Carne CBE, was not eligible for a payment as he left part way through the year.

➤ Pension (audited)

- Executive directors are eligible to participate in one of the Network Rail defined benefit pension schemes or the defined contribution pension scheme on the same basis as other employees.
- Under the existing executive pension policy, Jeremy Westlake is entitled to an allowance in lieu of pension on the same basis as other employees of Network Rail, subject to the discretion of the group HR director. This allowance is equivalent to the employer's pension contributions otherwise payable, less an adjustment for the cost of providing continued life assurance and the employer National Insurance Contributions payable. This allowance was paid during 2018/19. Andrew Haines OBE was not eligible to an allowance in lieu of pension as part of his appointment.
- Previously, executive directors received an additional pension allowance in the form of a cash supplement based on a percentage of their earnings above the notional earnings cap (£160,800 for 2018/2019 tax year and previously £154,200 for 2017/2018). This policy will no longer apply to new appointments, including Andrew Haines OBE.

The table below sets out details for executive directors for 2019 in respect of all Network Rail pension benefits, split between the defined benefit and defined contribution/additional allowance. The value shown in the final column of this table is included as the pension column in the single total figure of remuneration on page 114.

	Defined benefit schemes				Other pension arrangements ⁴		
	Normal retirement age ²	Accrued pension at 31 March 2018 £000	Increase in accrued pension (net of inflation) during 2017/18)	Transfer value of accrued pension at 31 March 2018 £000 ³	Value included in single figure table (A) £000	Cash salary supplement or contribution to defined contribution scheme (B) £000	Total pension value reported in single figure table (A+B) £000
Andrew Haines OBE¹	–	–	–	–	–	–	–
Mark Carne CBE	–	–	–	–	–	24	24
Jeremy Westlake	–	–	–	–	–	31	31

1. Andrew Haines OBE does not receive any pension contribution nor cash in lieu.

2. The normal retirement age shows the age at which the director can retire without actuarial reduction.

3. Transfer values as at 31 March 2018 have been calculated in accordance with 'The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008'.

4. For the defined benefit schemes, the value shown in the Single Figure table (A) has been calculated in accordance with the regulations by applying a multiplier of 20 to the increase in accrued pension (net of inflation) during the year. For the additional pension allowance (B), the value shown is the gross cash allowance/contribution in the year. The value shown in the single figure table is the sum of A and B.

Remuneration report continued

Non-executive directors' fees (audited)

Under the framework agreement the Secretary of State for Transport (SoS) sets the pay for the chair and non-executive directors of Network Rail. The fees for the non-executive directors were reviewed in 2016 and have not increased.

The table below summarises the remuneration for the non-executive directors in respect of 2018/19.

	2018/19		2017/18	
	Fees £000	Benefits £000	Fees £000	Benefits £000
Rob Brighthouse	50	-	50	-
Richard Brown CBE	50	-	50	-
Sharon Flood	70	-	70	-
Chris Gibb	70	-	70	-
Sir Peter Hendy CBE¹	375	1	411	1
Silla Maizey	40	-	40	-
David Noyes²	27	-	-	-
Michael O'Higgins³	25	-	60	-
Mike Putnam⁴	40	-	9	-
Bridget Rosewell CBE	69	-	69	-

1. In addition to fees, Sir Peter Hendy CBE also receives private medical cover which was agreed with the DfT in 2015 at the time of his appointment. Sir Peter Hendy CBE also reduced his working hours from July 2017; he was on a higher remuneration for the first three periods of 2017/18 which resulted in a higher remuneration compared to 2018/19.

2. David Noyes joined the Board on 6 July 2018.

3. Michael O'Higgins left the Board on 31 August 2018.

4. Mike Putnam's fees are higher than 2017/18 as he was appointed to the Board on 8 January 2018.

Payments to former directors (audited)

There were no payments made to former directors in 2018/19.

Payments for loss of office (audited)

There were no payments for loss of office to executive directors in 2018/19.

Outside appointments

Executive directors are normally required to seek approval from the committee to retain any fees they receive in respect of external non-executive directorships. Network Rail set out a clear expectation that the new chief executive, Andrew Haines OBE, would not take up external NED roles for the foreseeable future.

Mark Carne CBE was a director of the Rail Delivery Group Limited and also an independent governor of Falmouth University. He received no fees in respect of these appointments during the period in which we was a director of Network Rail. Andrew Haines OBE is a director of the Rail Delivery Group and does not receive fees for this appointment, although he does receive a travel pass that allows him free rail travel for personal and business purposes. Jeremy Westlake did not have any outside appointments.

Additional disclosures

The following disclosures are required by the regulations to provide additional context for considering executive remuneration.

Percentage change in remuneration

The table below shows the percentage change in the salary, benefits and annual performance related pay (APRP) of the chief executive and all Network Rail employees from 2017/18 to 2018/19.

For the purposes of the table below, the annual change in the value of each of the components for the chief executive has been calculated using the data disclosed in the relevant columns of the single total figure of remuneration table on page 114.

	Chief executive ³	All employees
Salary ¹	-8.7 %	2.8 %
Benefits	-2.0 %	0 %
Performance related pay ²	-11 %	0 %

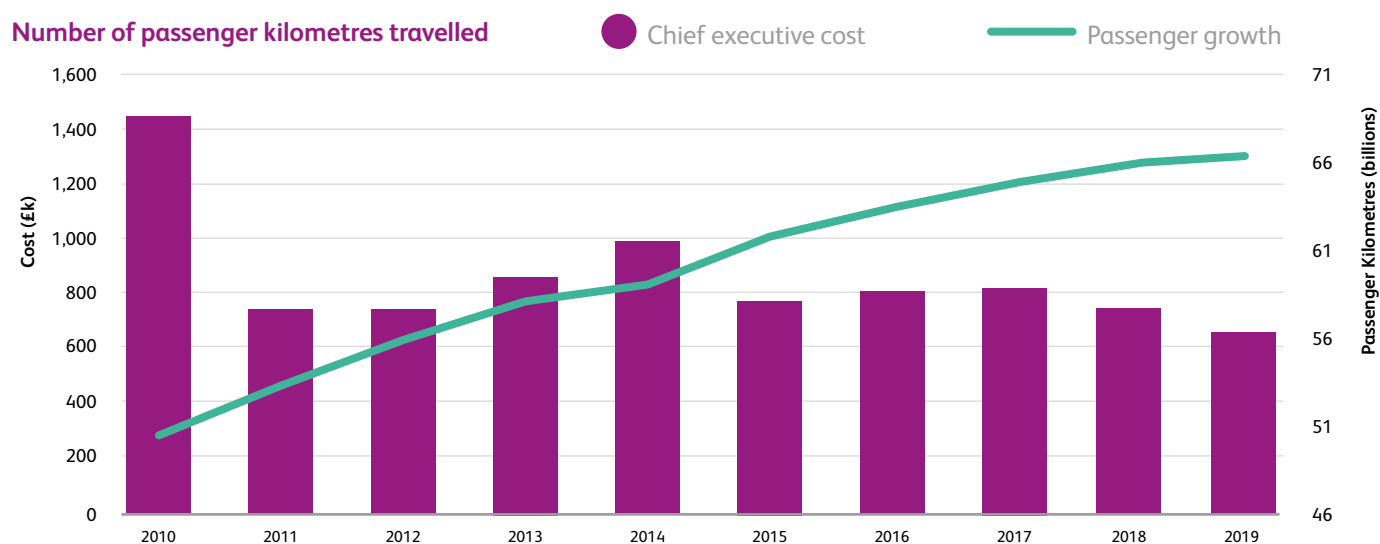
1. Based on salary reviews effective on either 1 January or 1 July 2019.

2. Performance related pay is based on any changes to maximum opportunity.

3. 2017/18 remuneration was based solely on Mark Carne CBE's remuneration, whereas 2018/19 was based on a combination of his and Andrew Haines OBE's remuneration.

Performance graph and table

Under the regulations, companies are required to include a chart showing historic total shareholder return (i.e. share price and re-invested dividends) over an eight-year period alongside a table that shows the remuneration paid to the chief executive over the same period. As Network Rail does not have shares, or a share price, an alternative metric of passenger kilometres travelled has been used.



Remuneration report continued

	Chief executive	Single total figure of remuneration	PRP (% of vesting)	LTIP (% of vesting)
2018/2019	Andrew Haines OBE	£371k	0 %	N/A
	Mark Carne CBE	£284k	N/A	N/A
2017/2018	Mark Carne CBE	£769k	54.6 %	N/A
2016/2017	Mark Carne CBE	£820k	37 %	N/A
2015/2016	Mark Carne CBE	£811	34.7 %	N/A
2014/2015	Mark Carne CBE	£771k	0 %	N/A
2013/2014	Mark Carne CBE	£200k	20.9 %	N/A
	Sir David Higgins	£790k	N/A	N/A
2012/2013	Sir David Higgins	£836k	28.6 %	N/A
2011/2012	Sir David Higgins	£736k	0 %	N/A
2010/2011	Sir David Higgins	£161k	N/A	N/A
	Iain Coucher	£528k	N/A	N/A
2009/2010	Iain Coucher	£1,447k	56.8 %	N/A

Iain Coucher was appointed chief executive on 1 August 2007. He resigned on 31 October 2010.
 Sir David Higgins was appointed chief executive on 1 February 2011. He resigned on 28 February 2014.
 Mark Carne CBE was appointed chief executive on 24 February 2014. He retired on 4 September 2018.
 Mark Carne CBE also voluntarily declined any performance related pay in 2018.
 Andrew Haines OBE was appointed chief executive on 14 August 2018. He declined any performance related pay in 2019.
 N/A indicates that there was no eligibility for an award vesting in respect of the relevant year.
 The combined single total figure of remuneration for Andrew Haines OBE and Mark Carne CBE is £655k.

Relative importance of spend on pay

Under the regulations, companies are required to illustrate the relative importance of spend on pay by disclosing the total employee remuneration and returns to shareholders (i.e. dividends and share buybacks) in the reporting year and the prior year. Network Rail is a not-for-dividend company and therefore cannot provide data on returns to shareholders. Therefore, in line with the principle of this disclosure, the table below includes other key Network Rail metrics to illustrate employee remuneration in the context of overall business activities.

	2018/19	2017/18	Change (%)
Total employee remuneration	£2,561m	£2,419m	5.9 %
Total expenditure	£10,824m	£9,985m	8.4 %

Consideration of directors' remuneration – remuneration committee and advisers

The membership of the committee during the year comprised the following independent non-executive directors: Michael O'Higgins, Sir Peter Hendy CBE and Richard Brown CBE. David Noyes joined the committee in July 2018. Bridget Rosewell CBE replaced Michael O'Higgins as chair during the year.

The group general counsel and company secretary is secretary to the committee. The committee is also supported by the group HR director, and head of reward and benefits. The chief executive attends meetings at the invitation of the committee. No individual is present when their own remuneration is being discussed.

In carrying out its responsibilities in line with best practice, the committee seeks independent external advice as necessary. During the year, the committee retained Deloitte LLP to provide independent advice on executive remuneration. Deloitte was appointed by the committee in 2012 following a selection process undertaken by the committee. The committee is satisfied that the Deloitte engagement partner and team provide objective and independent remuneration advice to the committee and do not have any connections with Network Rail that may impair their objectivity and independence. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at www.remunerationconsultantsgroup.com.

Deloitte did not provide any advice to the committee during 2018/19, and as such no fees were payable in this respect.

Key remuneration committee agenda items during the year

May 2018	<ul style="list-style-type: none"> Executive director remuneration report Approval of executive annual pay review 2018 Scorecard 2017/18 outturn for performance related pay decisions
June 2018	<ul style="list-style-type: none"> Performance related pay 2017/18
November 2018	<ul style="list-style-type: none"> Half year review of performance against scorecard
February 2019 (2 meetings)	<ul style="list-style-type: none"> Total remuneration approach and package for new roles pursuant to the Putting Passengers First programme
March 2019 (2 meetings)	<ul style="list-style-type: none"> Total remuneration approach and package for new roles pursuant to the Putting Passengers First programme Scorecard 2018/19 outturn for performance related pay decisions Evolution of performance related pay for 2019/20 and beyond

Committee members

Member	Formal appointment to committee	Number of meetings attended during the year
Richard Brown CBE	July 2015	4/8
Sir Peter Hendy CBE	July 2015	7/8
Michael O'Higgins ²	November 2012	2/2
Bridget Rosewell CBE ¹	September 2018	6/6
David Noyes ³	October 2018	5/5

1. Appointed to the committee in October 2018.

2. Chair since July 2013; stepped down from the committee on 31 August 2018 when he retired from the Board.

3. Chair of the combined nomination and remuneration committee since September 2018.

Remuneration report continued

➤ Role of the remuneration committee

In 2018, the nomination and remuneration committees were combined to form one committee. The committee continues to cover policy, governance and decision making in relation to all senior employees with salaries above the pay threshold.

The full terms of reference of the committee can be found on the website: www.networkrail.co.uk.

➤ Executive directors' remuneration policy

The remuneration policy was reviewed in 2017 and was approved by the member at the AGM.

The policy is outlined in the summary table below, with the full policy available in the 2017 annual report (<https://cdn.networkrail.co.uk/wp-content/uploads/2017/07/Network-Rail-Annual-report-and-accounts-2017.pdf>).

The policy is based on four core principles:

Simple

The policy should be clear and transparent for all customers and stakeholders to understand.

Competitive and fair

Remuneration should appropriately reflect the skills and experience of the individual, and the scope and complexity of the role. At the same time, it should provide value for money for customers, taxpayers and passengers.

Focused on safety and performance

The framework covering performance related pay should reward exceptional performance in the areas which are most important for Network Rail, our customers and stakeholders – such as safety, train performance and financial management. A key component of financial management is the focus on driving efficiency and managing costs effectively. There should be no reward for failure.

Aligned with employees

All Network Rail employees continue to be eligible for performance related pay using a consistent performance framework across the company.

The policy is summarised below:

Fixed	Salary	<p>Salaries are set at a level that reflects the capability, skills and experience of the individual as well as the scope and responsibilities of the role allowing the company to recruit the calibre of individual needed to lead the business.</p> <p>In line with other employee groups, salaries are reviewed annually and increases will normally be in line with the typical salary increase for the overall population over the same period.</p>
	Benefits	<p>Includes discounted rail travel and life insurance in line with all Network Rail employees as well as car and healthcare benefits in line with other management positions.</p>
	Pensions	<p>Eligible to participate in Network Rail pension schemes on the same basis as all employees.</p> <p>To provide a market competitive pension benefit, executive directors and senior managers may also receive a supplementary cash allowance of up to 10 per cent of salary above the Network Rail pension cap.</p>
Variable	Performance related pay	<p>One performance related pay plan based on stretching annual performance targets which our stakeholders care about most.</p> <p>Cascading the performance framework across the organisation creates aligned objectives and shared successes.</p> <p>For executive directors, a maximum opportunity of 20 per cent of salary, subject to performance, and any amount is deferred for three years.</p>

Remuneration report continued

➤ Pay for performance structure for executive directors – aligned to what is important for customers

The PRP arrangements for executive directors and other employees are aligned to business performance. The targets directly relate to the business scorecards.

The approach for PRP in 2019/20 is being reviewed so it is aligned to the operating model. The new scheme will be fully disclosed in the 2020 report.