

**General
Performance
Related
Pay Scheme**

2022 / 2023

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General Performance-Related Pay Introduction

Colleagues are able to share in Network Rail's success through the General Performance-Related Pay scheme.

It is our role to deliver a safe, reliable, efficient and growing railway that delivers for Network Rail's customers and meets the needs of the passengers and freight businesses.

For 22/23, General Performance-Related Pay continues to be based on a suite of output focused measures, which form our business scorecards and used to reward delivery.

Our business scorecards are designed to bring together the priorities of our passengers & customers, our financial performance and our safety performance and our other key priorities, as demonstrated in the table below.

FY23 National Scorecard Measures	Weighting	Passenger / Customer	Safety	Financial	Other
ON THE SIDE OF PASSENGERS & FREIGHT USERS					
On Time	12.5%	12.5%			
Passenger Satisfaction (Wavelength)	15.0%	15.0%			
Passenger Safety – Train Accident Risk Reduction (TARR)	10.0%	10.0%			
Freight Cancellations	7.5%	7.5%			
EASY TO ENGAGE WITH. AN EFFICIENT AND DEPENDABLE PARTNER					
Complaints Handling	5.0%	5.0%			
Financial Performance Measure (FPM)	15.0%			15.0%	
Enhancement Milestones and Acceleration	10.0%				10.0%
PROUD TO WORK FOR NR					
Employee Engagement	5.0%				5.0%
Workforce Fatalities and Weighted Injuries	5.0%		5.0%		
Personal Accountability for Safety	5.0%		5.0%		
INSINCTIVE INDUSTRY LEADER					
Effective Volumes	5.0%				5.0%
Environmental Sustainability Index	5.0%				5.0%
	100.0%	50.0%	10.0%	15.0%	25.0%

Performance against these measures will be reported each period to enable us to continuously improve performance as we work to achieve our targets; performance updates can be found on MyConnect.

At the end of the financial year, our performance against the targets (which we call the scorecard out-turn) is reviewed and approved by key internal and external stakeholders before being communicated to colleagues.

For colleagues working in the regions, NRHS and group property functions, the payment amount available will depend on the out-turn of the specific region or function scorecard.

The General Performance-Related Pay scheme is designed to:

- Reward colleagues for achieving national, individual and, where appropriate, regional targets
- Link the interests of colleagues to those of Network Rail and its stakeholders and customers
- Reinforce the company strategy and key goals of putting passengers first
- Provide an incentive to improve results and reinforce the company's performance.

Who can participate and potential awards

General Performance-Related Pay applies to colleagues on a Network Rail contract paid through payroll in the following grade/band:

Who is eligible	Target Performance Award (scorecard targets achieved)	Maximum Performance Award
Role Clarity Band 5-8		
All operations and maintenance employees including <ul style="list-style-type: none"> • Signallers • Supervisors • Electrical Control Room Operators • Controllers • Managed stations employees • Maintenance employees unless covered by other performance-related pay arrangement 	£750	£1,500
Employees who join under TUPE, unless covered by other performance-related pay arrangement		

Scorecards

For FY23 General Performance-Related Pay, our business scorecard outturns will be used to measure how well we have delivered for our customers and passengers in putting them at the heart of how we operate.

Scorecard outturns will then be used in the PRP out-turn calculations alongside a further '50 % halving' due to the rebasing of our targets. For FY23, on target performance is worth 100 % (previously 50 %) and full outperformance is worth 200 % (previously 100 %) weighted scorecard achievement. Therefore, so as not to be seen to be out-rewarding ourselves, we apply the 50 % halving.

Our region and function scorecards include measures which match their respective responsibilities along with universal measures such as safety and financial performance. To view the scorecards or to find more information, visit MyConnect.

- The measures on the scorecard stand alone and are calculated independently.
- No payment will be made in respect of any performance measure which fails to exceed the minimum level of performance (worse than target threshold, also known as lower taper).
- Achievement between the minimum performance level and the target performance level will be calculated on a pro rata basis; as will achievement between the target performance level and the maximum.
- Evidence of under reporting against safety would result in the outcome of the safety measures being reviewed and reducing performance accordingly, including potentially to zero.

How the scheme works

In line with Putting Passengers First, all non-region-based colleagues will be incentivised on national performance only (**100 per cent national**), with 2 exceptions:

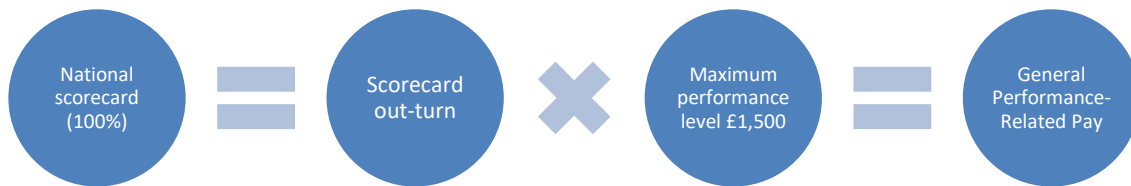
- Group Property have their own scorecard and the weightings are **60 per cent Group Property and 40 per cent national**.
- Network Rail High Speed (NRHS) have their own scorecard and the weightings are **48 per cent NRHS, 12 per cent Southern and 40 per cent national**.

For regions, the local weighting is **70 per cent regional and 30 per cent national**.

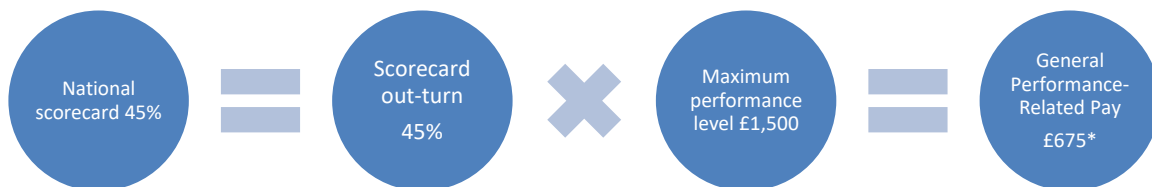
Local scorecards are used to manage business performance at a local level, but they are not, linked to General Performance-Related Pay, unless they are weighted on a Region or Function scorecard.

Example of how the scheme works

For colleagues aligned to the national scorecard the figure below demonstrates how General Performance-Related Pay is calculated:

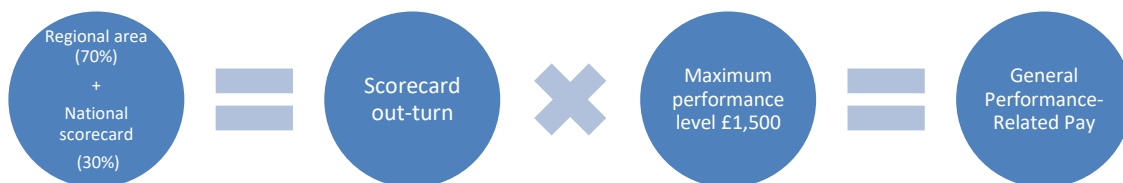


Example based on a national scorecard out-turn of 45%:

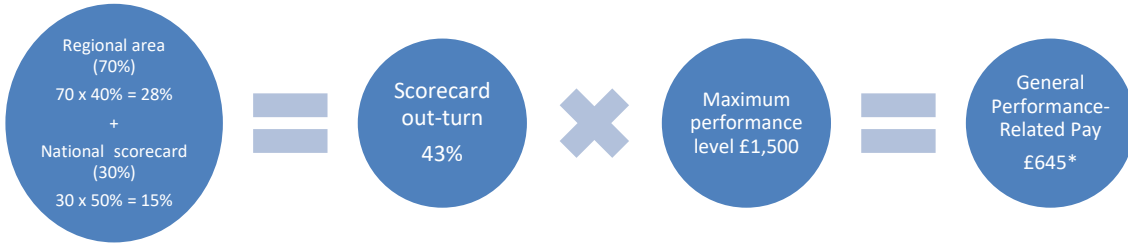


*£675 General Performance-Related Pay (before any deductions due to scheme rules)

For colleagues aligned to the regional scorecard the figure below demonstrates how General Performance-Related Pay is calculated:

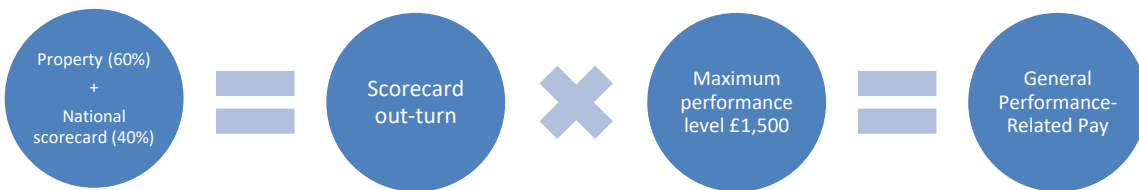


Example based on a regional scorecard of 40%, a national scorecard out-turn of 50% (target performance);

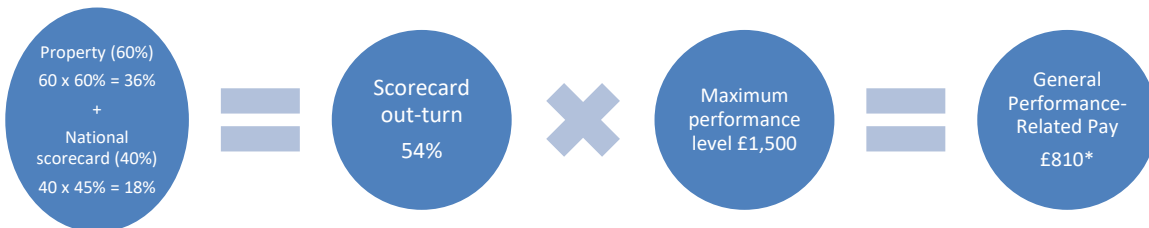


* £645 General Performance-Related Pay (before any deductions due to scheme rules)

For colleagues aligned to the Group property scorecard the figure below demonstrates how General Performance-Related Pay is calculated:



Example based on a property scorecard of 60% and a national scorecard out-turn of 45% (target performance);



*£810 General Performance-Related Pay (before any deductions due to scheme rules)

Note: For FY23, on target performance is worth 100% (previously 50%) therefore to align to the PRP scheme the scorecard outturn is halved to match the PRP target outturn.

General Performance-Related Pay calendar

1 April 2022 to 31 March 2023 Scheme Year	
Pre April 2022	Performance targets for the year are agreed for national, regions and property by Finance and the business
Ongoing	Performance is measured against targets throughout the scheme year
	Performance against scorecards are published on MyConnect. Performance results will be published at the end of the performance period
June/July 2023	Performance results finalised
	General Performance-Related Pay approved (see review of overall performance)
	Results are communicated to colleagues and published on MyConnect
July/August 2023	General Performance-Related Pay paid to eligible colleagues, if applicable

Review of overall performance

Network Rail faces a challenging CP6 settlement and therefore needs to be far more disciplined in how it spends tax payers' money. For this reason, poor financial performance will result in reduced performance related pay and potentially no payment i.e. if financial performance is below 'worse than target performance', the outturn will be reduced on a sliding scale down to zero if financial performance is 'twice worse than target'. Network Rail also retain the right to reduce or withhold payment in the event of a significant safety incident.

The nomination and remuneration committee will review the results of the scorecard at the end of the scheme year and will consider all factors, including overall business performance and safety. The nomination and remuneration committee may then reduce/increase the overall payment to take account such factors. Further approvals from internal and external stakeholders are required before the final scorecard results can be announced.

General Performance-Related Pay rules

The General Performance-Related Pay scheme does not form part of your contractual terms and conditions. Colleagues will be eligible to receive payment in accordance with the following rules:

Category	Type	Description
General	Scheme year	The scheme year is 1 April 2022 to 31 March 2023.
Payment	Payment date	Payment date will be announced after 31 March 2023 once the outcome against performance measures has been finalised. Payment to qualifying leavers will be made at the same time as they are made to existing employees.
	Tax, National Insurance and Pensions	Payments under the scheme are subject to statutory deductions and are not pensionable.
	Eligibility	Poor financial performance will result in reduced performance related pay and potentially no payment i.e. if financial performance is below 'worse than target performance', the outturn will be reduced on a sliding scale down to zero if financial performance is 'twice worse than target'. Network Rail also retain the right to reduce or withhold payment in the event of a significant safety incident.
New joiners, changes to business area & part time working	New joiners	If you join on or before 31 December 2022 you will qualify for a pro rata payment based on the number of calendar days employed in the scheme year. If you join after 31 December 2022 you will not receive any General Performance-Related Pay payment for the 2022/23 scheme year.
	Changes to business area	Due to the Putting Passengers First programme and the significant number of changes to data during the scheme year, for 2022/23 any total payment will be based on the business area you are in on 31 March 2023.
	Part time working	Payments will be calculated on a pro rata basis based on the weekly full time equivalent contractual hours for the role and your number of contractual hours. In the event your hours change during the scheme year, payments will be calculated on a pro rata basis based on the number of calendar days for each set of contractual hours.
Absence	Absence from work	If you are absent for 28 or more calendar days your participation in the scheme will be maintained, however your payment will be subject to a deduction based on the total number of calendar days you have been absent for. If you are absent due to maternity, adoption, paternity, parental leave or shared parental leave, the first 28 calendar days will not form part of the reduction. If you are absent due to jury service, volunteer leave, or Territorial Army leave, this will not trigger an absence reduction. If you consider that you have a disability that may cause absence from work that should not be considered as part of the General Performance-Related Pay deduction, please refer to the reasonable adjustment policy. If you take a career break, your payment will be subject to a deduction based on the total number of calendar days that you have been on a career break for.
Individual performance	Performance & disciplinary	Participants who receive a formal disciplinary warning in the scheme year will not receive a payment.
	Industrial action	The underlying principle of the scheme is to reward employees for the achievement of the company's performance targets. Therefore, if you take part in any industrial action during the performance period you will no longer be eligible to participate in the scheme and you will not receive any General Performance-Related Pay.
Leavers	Terminations of employment (e.g. resignations, any retirement and dismissal)	You are only entitled to a payment if you are in Network Rail's employment on 30 June 2023.
	Ill health severance & death in service	If you have left employment due to ill health or severance, you or your nominees will be eligible to receive a payment. Any payment made will be pro-rated based on the number of calendar days employed in the scheme year. This also applies in the case of employees who have died in service.

	Redundancy (including voluntary severance)	If you leave under redundancy, voluntary severance or TUPE transfer you are eligible to receive a payment. Any payment made will be pro-rated based on the number of calendar days you were employed in the scheme year.
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