



Date: 22 November 2012

Item 7: **Crossrail Chief Executive's Performance Award 2011/12  
and Base Pay Increase for 2012/13**

---

**This paper will be considered in public**

## **1 Summary**

- 1.1 The purpose of this paper is to inform Transport for London (TfL) of the decision made by the Crossrail Limited (CRL) Remuneration Committee to award the CRL Chief Executive a base pay increase for 2012/13 and to consult TfL on its proposal to award a performance related payment in recognition of his achievements in the financial year 2011/12.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of a person or authority. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

## **2 Recommendations**

- 2.1 **The Committee is asked to:**
- (a) note the achievements of the Crossrail Limited (CRL) Chief Executive in the 2011/12 performance year;**
  - (b) note the decision of the CRL Remuneration Committee to award the CRL Chief Executive a base pay increase with effect from 1 July 2012, as set out in the paper on Part 2 of the agenda; and**
  - (c) to consider the proposal of the CRL Remuneration Committee to award the CRL Chief Executive a performance related payment in recognition of his achievements in the 2011/12 performance year and to provide a consultation response.**

## **3 Background**

- 3.1 At its meeting of 24 May 2012, the CRL Remuneration Committee considered the past year's performance of the Chief Executive, Andrew Wolstenholme.
- 3.2 The CRL Chairman had undertaken a review of the Chief Executive's performance and provided the CRL Remuneration Committee with his assessment of the CEO's performance. Details are provided in the paper on Part 2 of the agenda.

- 3.3 The Committee also noted that a salary benchmarking exercise had been undertaken by an independent specialist consultancy, Mercer, which is attached at Appendix 1. The report indicated that the CEO's base salary was below the market median in all sectors and that his total reward was significantly below the private sector and construction industry. The benchmarking report was noted but did not result in any specific actions.

#### **4 Performance Related Pay and Base Pay Increase**

- 4.1 Details of the proposed changes to the CEO's salary for 2012/13 and the proposed performance award for 2011/12 are set out in the paper on Part 2 of the agenda.

#### **5 Long Term Incentive Plan (LTIP)**

- 5.1 In 2010, TfL approved the CRL Executive Remuneration Framework ("the Framework") and LTIP Rules. There have been no changes to the approved Framework and Rules. All decisions made regarding changes to the CEO remuneration package are consistent with the Framework and Rules.
- 5.2 Andrew Wolstenholme was awarded an LTIP of 60 per cent of base salary on joining the company. No LTIP payment is due until 2014. The CRL Remuneration Committee approved the Chief Executive's admission to the LTIP Scheme for 2012/13.

#### **List of appendices to this report:**

Appendix 1: Mercer Market Pay Benchmarking for the CEO role – 25 May 2012

#### **List of Background Papers:**

Crossrail Remuneration Committee paper, May 2012

Contact Officer      Valerie Todd, Talent and Resources Director, Crossrail  
Number:                020 3229 9439  
Email:                  valerietodd@crossrail.co.uk



## Market Pay Benchmarking for the CEO role – 25 May 2012

In this paper we provide market pay guidelines for the role of Chief Executive of Crossrail Ltd (CRL). We provide three separate benchmarks:

- A Private Sector (General) benchmark using Mercer's 2011 Executive Remuneration Survey of large private sector organisations (excluding Financial Services);
- Private sector Construction and Support Services companies;
- Commercial Public Sector organisations.

The comparator groups for the latter two benchmarks are as close as possible to those identified in the CRL Executive Remuneration Framework (as approved by TfL on 4 August 2010) and in the table below we show the companies considered for each of the two comparator groups:

| Private sector Construction and Support Services companies | Commercial Public Sector          |
|--|-----------------------------------|
| Amec   | BBC                               |
| Atkins (WS)  | British Waterways Authority       |
| Babcock International                                      | NATS                              |
| Balfour Beatty   | Network Rail Infrastructure       |
| Carillion  | Nuclear Decommissioning Authority |
| Costain Group  | Ofcom                             |
| Galford Try  | Royal Mail Group                  |
| Interserve   | Tote                              |
| Keller Group   | Transport for London              |
| Kier Group   | UK Atomic Energy Authority        |
| Low and Bonar  |                                   |
| Marshalls  |                                   |
| Mouchel Group  |                                   |
| Pilkington Group   |                                   |
| Stewart Milne Group  |                                   |

The benchmarking has been based on our understanding of CRL and of its functions. We understand that the current remuneration package of the CEO is as set out below:

|                 | Base Salary | Maximum Bonus | LTIP | Pension            | Total Cash | Total Reward |
|-----------------|-------------|---------------|------|--------------------|------------|--------------|
|                 | £'000       |               |      |                    | £'000      | £'000        |
| Chief Executive | 380         | 60%           | 50%  | 1/60 <sup>th</sup> | 494        | 703          |

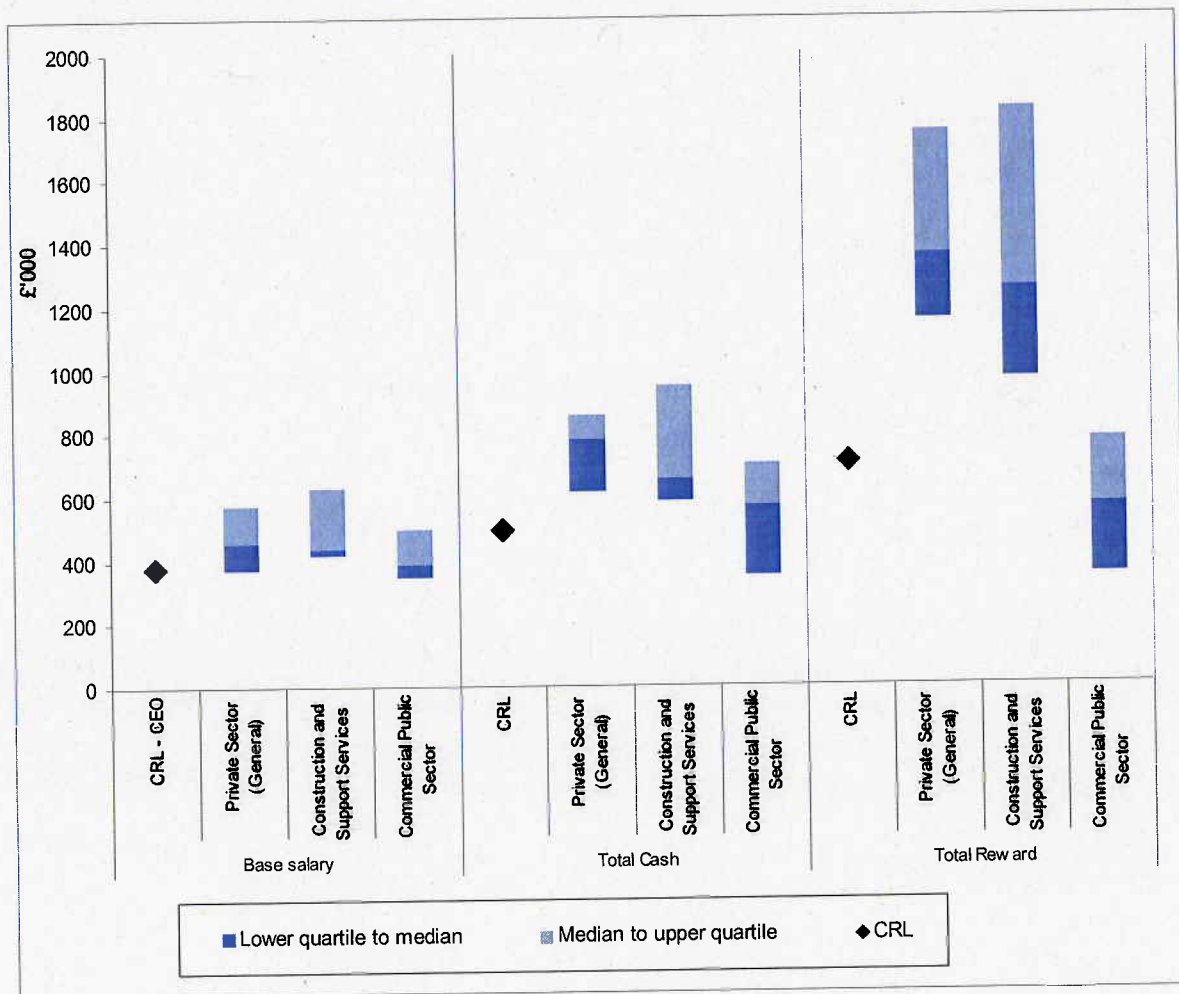


**Benchmarking findings**

Below we show tables for the market pay benchmarks for each of the three samples considered:

|                                   | Base Salary          |              |                      | Total Cash           |              |                      | Total Reward         |              |                      |
|-----------------------------------|----------------------|--------------|----------------------|----------------------|--------------|----------------------|----------------------|--------------|----------------------|
|                                   | Lower Quartile £'000 | Median £'000 | Upper Quartile £'000 | Lower Quartile £'000 | Median £'000 | Upper Quartile £'000 | Lower Quartile £'000 | Median £'000 | Upper Quartile £'000 |
| Private Sector (General)          | 375                  | 457          | 573                  | 614                  | 781          | 855                  | 1,154                | 1,363        | 1,747                |
| Construction and Support Services | 420                  | 436          | 632                  | 583                  | 654          | 948                  | 966                  | 1,252        | 1,821                |
| Commercial Public Sector          | 347                  | 390          | 498                  | 347                  | 569          | 700                  | 347                  | 569          | 778                  |

The following chart shows how the current CRL package compares with each of the three market samples under consideration:



**Notes:**

1. It should be noted that the CRL roles are unique and we have matched to those within the comparator groups which are closest to the CRL roles in terms of the types of skills required and the overall size of the job.

2. Total Cash is the value of Base Salary plus annual bonus. Total Reward includes the value of long-term incentives, pension and other benefits.
3. The current CRL on target bonus and LTIP awards are valued at 50% of maximum, and the CRL pension has been valued at 30% of base salary, as in previous reports.
4. The data in Mercer's 2011 Executive Remuneration Survey covers around 700 positions from 90 FTSE 350 organisations or large unquoted businesses of comparable scale.