

Board



Date: 19 September 2017

Item: Report of the meeting of the Remuneration Committee held on 19 July 2017

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Remuneration Committee held on 19 July 2017.

2 Recommendation

- 2.1 **That the Board notes the report.**

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 19 July were published on 11 July 2017 and are available on the TfL website:
<https://tfl.gov.uk/corporate/publications-and-reports/remuneration-committee>
- 3.2 The main matters considered by the Committee were:
- (a) Crossrail Limited Chief Executive's Performance and Pay Review;
 - (b) TfL Scorecard; and
 - (c) TfL Commissioner and Managing Director Performance Awards 2016-17
- 3.3 A short summary of the items on the agenda is provided below. The Chair will provide a summary to the Board. The more detailed minutes of the meeting will be published ahead of the October meeting of the Committee.

Crossrail Limited Chief Executive's Performance and Pay Review

- 3.4 As a sponsor of the Crossrail project, TfL was consulted on the proposed decision of the Crossrail Limited (CRL) Remuneration Committee to award the CRL Chief Executive a base pay award for 2017/18 and performance-related payments in recognition of his achievements in the financial year 2016/17. It was also proposed that the CRL Chief Executive would not receive a Long Term Incentive Plan (LTIP) Award for 2016/17, nor be eligible for an LTIP Award for 2017/18 but would be considered for a performance-related incentive payment instead.

- 3.5 The Committee did not anticipate further salary increases as the project drew to a close.
- 3.6 Having benchmarked the role, a base pay award increase was proposed but a performance award would only be achieved if CRL remained within its funding envelope; furthermore the overall remuneration package would be significantly reduced compared to previous years, as the role was no longer part of the LTIP scheme.
- 3.7 Sir Terry Morgan CBE would feed back the views of the Committee to the CRL Remuneration Committee.

Scorecard

- 3.8 The Committee approved the overall results against the TfL and individual business or specialist services scorecards for the year ended 31 March 2017 and noted the wider performance of TfL in 2016/17, in the context of the adjusted priorities of the organisation.

TfL Commissioner and Managing Director Performance Awards 2016-17

- 3.9 The Committee considered and approved the Commissioner and Managing Director performance awards in relation to the overall performance delivery for the year ended 31 March 2017, as measured against the TfL and individual business area or professional services scorecards. The 2016-17 performance year was based upon the objectives and scorecards as agreed by the previous Mayoral administration.
- 3.10 The Committee noted the decision of the Commissioner and the Managing Director, Surface Transport not to accept a performance award following the terrible tragedy involving an overturning tram at Sandilands in November 2016. While the Committee recognised the importance of leadership and accepting collective responsibility, it was concerned about the fairness of the Commissioner not receiving any award given his and TfL's overall performance over the previous year. The Committee reluctantly accepted the Commissioner's decision not to accept his performance award.
- 3.11 Going forward, the new performance award regime tied to the TfL Scorecard should ensure that safety metrics were fully taken into account in performance awards.
- 3.12 The Committee discussed the trade-offs between the need to show pay restraint and to attract and retain key staff in a highly competitive market. TfL's Transformation programme would see the scope and responsibilities of many roles expanded and there was a risk that TfL could lose talent as benchmarking demonstrated that some people were able to command far higher remuneration packages elsewhere.

3.13 The Committee asked that its terms of reference be reviewed, so that it considered wider strategic issues around TfL's remuneration structure. This would include benchmarking, skill sets and gaps, talent management, equality and inclusion at senior levels and the ability to attract and retain key staff.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Remuneration Committee on 19 July 2017

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