

Board



Date: 9 November 2017

Item: Report of the meeting of the Remuneration Committee held on 2 October 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 2 October 2017.

2 Recommendation

- 2.1 **The Board is asked to note the report.**

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 2 October were published on 22 September 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) Annual Performance Award Schemes for Senior Management; and
 - (b) Crossrail Limited – Appointment of Non-executive Chairman.
- 3.3 A summary of the discussions and decisions from the items on the agenda is provided below. The more detailed minutes of the meeting held on 2 October will be published ahead of the January 2018 meeting of the Committee.

Annual Performance Award Schemes for Senior Management

- 3.4 The Committee discussed proposals for a redesign of the annual performance award schemes for TfL Senior Managers at Payband 4 and Payband 5 ('Senior Managers') and for TfL Directors, Managing Directors and the Commissioner (collectively, 'Senior Management'). It was designed to operate within existing budgets for on-target performance. The changes were intended to ensure that the performance pay arrangements for TfL senior management were aligned and fully integrated with the Mayor's Transport Strategy, TfL Business Plan and TfL Budget via the recently redeveloped TfL scorecard implemented for 2017-18.

- 3.5 The Committee supported the need for a clear formula to ensure transparency for staff and the public and noted that the Commissioner's Executive Committee would have calibration discussions to ensure that the one element of discretion, the individual performance award ratings, were applied consistently across the whole organisation.
- 3.6 Members discussed the challenges that TfL faced going forward, particularly the financial constraints over the next couple of years, in delivering against the Mayor's Transport Strategy and the Business Plan. With the organisation going through significant change, an arbitrary limit on the budget, rather than allowing for self-funding opportunities, would limit the incentives to drive out-performance against targets and would impact on TfL's ability to attract and retain key staff.
- 3.7 The Committee agreed that any new scheme should come into effect from April 2018. While the overall approach was supported in principle, the Committee asked for consideration to be given to providing greater incentivisation for out-performance. A further meeting would be scheduled for January 2018 to review a further draft before the revised schemes were approved in March 2018.

Crossrail Limited – Appointment of Non-executive Chairman

- 3.8 On 19 September 2017, the Board agreed to delegate the authority for this decision to the Committee. The Committee approved the reappointment of Sir Terry Morgan CBE as the Chairman of Crossrail Limited (CRL) for a further year from 1 June 2018 to 31 May 2019. As Sponsors, both TfL and the Department for Transport (DfT) had to approve appointments to the CRL Board, including the appointment of the CRL Chairman. The approval of the DfT was sought and agreed in parallel to this request.
- 3.9 In approving the reappointment, the Committee noted the contribution of Sir Terry Morgan CBE to CRL since he had joined its Board as Chairman on 1 June 2009. It recognised the importance of ensuring continuity through the commissioning phase of the project up to and beyond the commencement of Elizabeth line services through the central tunnel section in December 2018. The letter of appointment would include clear financial expectations and delivery milestones for the project. The Committee supported the reappointment.
- 3.10 The Committee discussed the regular reports received by the Board and its Programmes and Investment Committee on the progress of the project and its transition to TfL. It requested that further consideration be given to providing visibility and assurance to the Board on the key issues and risks with the project and how governance would be transferred from CRL into TfL.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Remuneration Committee on 2 October 2017.

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