

Date: 8 February 2018

Item: 2017-18 Performance Award Calculation for Managing Directors and Directors in Professional Services

This paper will be considered in public

1 Purpose

- 1.1 As part of the overall review of TfL performance and reward that has led to the redesign of the performance award scheme for 2018-19, the TfL Executive Committee also agreed changes to how TfL's performance scorecards would operate for the current (2017-18) performance year.
- 1.2 The main focus of these changes was to ensure that the TfL scorecard aligned closely with the TfL Business Plan and the Mayor's Transport Strategy through a consideration of the balance and weighting of individual measures and metrics. It was also decided that in order to more effectively drive performance around these priorities in 2017-18, performance awards for Senior Management in Professional Services should be solely based upon the TfL scorecard, whilst in the delivery businesses (London Underground, Surface Transport, Major Projects and Commercial Development) performance awards would continue to be based upon a combination of the TfL and delivery business scorecard.
- 1.3 This therefore impacts how the performance award will be calculated for roles covered by the Remuneration Committee's Terms of Reference in Professional Services because formal performance scorecards are not being operated in these business areas for the purposes of remuneration for 2017-18.
- 1.4 This paper therefore sets out a proposal for how the 2017-18 performance award calculation for these roles should be adjusted if TfL's performance delivery for 2017-18 warrants the payment of awards.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and approve the proposal outlined in the table in 3.3 below.**

3 Proposal

- 3.1 The Professional services roles under the Committee's Terms of Reference directly impacted by the changes for 2017-18 are:
 - the Chief Finance Officer
 - the General Counsel

- the Managing Director, Customers, Communication & Technology
- the Managing Director, Crossrail 2
- the Director of City Planning
- the Human Resources Director
- the Transformation Director

3.2 It is proposed that any performance award for these roles is calculated based on the TfL scorecard result and individual performance only.

3.3 The following table sets out how the existing performance award 'build-up' (based on TfL, business area and individual performance) needs to be adjusted so that the build-up is now based on TfL and individual performance elements only as per the 'Proposed build-up' column:

Level	Max reward as a % of salary	Existing build-up	Proposed build-up
Managing Director	30%	5% TfL Scorecard	15% TfL Scorecard
		10% Business Area scorecard	15% personal performance
		15% personal performance	
Director	20%	2.5% TfL Scorecard	10% TfL Scorecard
		7.5% Business Area scorecard	10% personal performance
		10% personal performance	

3.4 For roles that are based in one of the four delivery businesses the performance award calculation will be unaffected and therefore remain as per the 'existing build-up' column.

List of appendices to this report:

None

List of Background Papers:

None

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