

Transport for London

Minutes of the Remuneration Committee

Committee Room 1, City Hall, The Queen's Walk. London SE1 2AA
10.10am, Monday 2 October 2017

Members

Baroness Grey-Thompson DBE (Chair)
Kay Carberry CBE (Vice-Chair)
Ron Kalifa

Executive Committee

Mike Brown MVO	Commissioner
Howard Carter	General Counsel
Tricia Wright	Human Resources Director

Staff

Stephen Field	Director Pensions and Reward
Shamus Kenny	Head of Secretariat

11/10/17 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Val Shawcross CBE and Ben Story.

12/10/17 Declarations of Interests

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no interests that related specifically to items on the agenda.

13/10/17 Minutes of the Meeting of the Remuneration Committee held on 19 July 2017

The minutes of the meeting held on 19 July 2017 were approved as a correct record and signed by the Chair.

14/10/17 Matters Arising and Actions List

The Chair had met with the Deputy Chair of TfL to discuss issues with the trade-offs between the need to show pay restraint and to attract and retain key staff in a highly competitive market and those discussions would continue.

The Board would be asked to approve the appointment of a Chief Finance Officer in due course as it was a matter for the Board.

The Committee noted the Actions List.

15/10/17 Annual Performance Award Schemes for Senior Management

Mike Brown MVO, Tricia Wright and Stephen Field introduced the paper. It summarised 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 proposed 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 (MTS), TfL Business Plan and TfL Budget via the recently redeveloped TfL scorecard implemented for 2017-18.

The Committee supported the need for a clear formula to ensure transparency for staff and the public. Mike Brown MVO confirmed that he was moving to a position where his 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.

Members discussed the challenges that TfL faced going forward, particularly the financial constraints over the next couple of years, in delivering against the MTS 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. The Committee wished to be given more responsibility and to take accountability for the pay and reward structure within TfL.

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.

The Committee:

- 1 approved the proposed annual performance award scheme design for senior management;**
- 2 agreed to the proposed performance award budgets that would outturn in accordance with the performance scorecard result; and agreed the proposed range of individual performance awards (expressed as a percentage) delivered from those budgets;**
- 3 agreed to a minimum level of scorecard outturn of 70 per cent for any performance awards to be paid; and an on-target level of scorecard outturn to be set at 85 per cent;**
- 4 agreed to implement the new scheme at the start of the 2018-19 performance year with the first payments under the new scheme made as part of the annual review process in April 2019.**

16/10/17 Crossrail Limited – Appointment of Non-executive Chairman

Mike Brown MVO introduced the paper, which sought approval for the reappointment of the Chairman of Crossrail Limited (CRL) for a further year at the end of his current term of office, which expired on 31 May 2018. 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 being sought in parallel to this request.

Appointments to the CRL Board were a matter reserved to the Board. On 19 September 2017, the Board agreed to delegate the authority for this decision to the Committee.

The Committee noted the contribution of Sir Terry Morgan CBE to CRL since he had joined its Board as Chairman on 1 June 2009. Both the Commissioner and the DfT Permanent Secretary supported the reappointment in principle as it would ensure 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.

The Board and its Programmes and Investment Committee received regular updates on the progress of the project and its transition to TfL, with the Committee also getting updates from the CRL Sponsor Board meetings. Members 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.
[Action: Mike Brown MVO and Howard Carter]

In accordance with authority delegated from the Board, the Committee approved the re-appointment of the non-executive Chairman of Crossrail Limited, Sir Terry Morgan CBE, for a further year from 1 June 2018 to 31 May 2019.

17/10/17 Any Other Business the Chair Considers Urgent

There was no urgent business to discuss.

18/10/17 Date of Next Meeting

The next meeting was scheduled for 16 March 2018 at 10.00am.

The Committee agreed that a further meeting should be scheduled for January 2018.

[Action: Secretariat]

The meeting closed at 11.10am.

Chair: _____

Date: _____