

**Date:** 2 October 2017

**Item:** Annual Performance Award Schemes for Senior Management

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## **This paper will be considered in public**

### **1 Summary**

- 1.1 This paper summarises 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 is designed to operate within existing budgets for on-target performance.
- 1.2 The proposed changes will help ensure that the performance pay arrangements for TfL senior management are 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.
- 1.3 These proposals have been developed over a period of months and their development has benefitted from the input of TfL Remuneration Committee and TfL Executive Committee through a number of informal meetings and discussions during that period.
- 1.4 The redesign of senior management performance awards is intended to replace current arrangements that are no longer considered as optimal for incentivising delivery of TfL's transformation and the Mayor's Transport Strategy. In summary, the new scheme will deliver the following improvements (expanded upon in 4.1 below):
  - (a) Alignment in scheme design across all senior management;
  - (b) Provide a stronger link between business and individual performance and reward outcome;
  - (c) Improve the 'line of sight' for participants in the scheme through transparency and enabling individuals to see expected performance award percentages;
  - (d) Deliver a stronger incentive whilst operating in the same 'financial envelope' as the current scheme by distributing the available budget in a way that is more closely aligned to an individual's performance rating and increasing the differentiation in awards between those who perform to expectations compared with those who contribute at the very highest levels;

- (e) Remove discretionary decision making around individual monetary awards to increase consistency, fairness and certainty around reward outcome;
- (f) Drive business performance by raising the threshold for what is considered as on-target performance whilst implementing the potential for increasing reward for above target performance; and
- (g) Deliver a scheme that is simpler and therefore easier to communicate and for people to understand.

## **2 Recommendations**

### **2.1 The Committee is asked to note the paper and:**

- (a) approve the proposed annual performance award scheme design for senior management;**
- (b) agree to the proposed performance award budgets that will outturn in accordance with the performance scorecard result; and agree the proposed range of individual performance awards (expressed as a percentage) delivered from these budgets;**
- (c) agree 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;**
- (d) decide on whether to implement the new scheme within the current (2017-18) performance year so that the first payments under the new scheme will be made as part of the annual review process in April 2018; or, whether to implement 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.**

## **3 Background**

### **Why does TfL need a performance award scheme as part of its remuneration for senior management?**

- 3.1 TfL needs a highly capable, motivated and high performing senior management team to deliver the transport services and infrastructure necessary to achieve the ambitious and expansive vision for London's transport that the Mayor of London has defined in his Mayor's Transport Strategy (MTS). Furthermore, TfL is a business of significant scale, complexity and national significance undergoing rapid change as it transforms its operating model, restructures and makes the necessary adjustments to face a new financial reality of being operationally self-funding by 2021. A focused, collaborative and resilient senior management team with a common sense of purpose is critical for TfL to be able to deliver such transformation.

- 3.2 We compete for our senior management talent with both national and global companies (many of whom are London headquartered). Our public sector ethos means that our total cash reward proposition will not usually directly match that of the commercial organisations we compete with. We must therefore offer an effective and market competitive ‘total reward’ proposition in order to successfully attract, retain and motivate our people.
- 3.3 TfL cannot offer equity based reward schemes and currently has no agreed facility for Long Term Incentives as the majority of other commercial organisations do. Therefore, providing an effective ‘short term’ (i.e. annual), variable performance award proposition is a critical feature of our overall remuneration for senior management that enables TfL to compete for talent.
- 3.4 As well as attracting and retaining talent, TfL’s annual performance award schemes for senior management have a critical role to play in motivating senior management to deliver the performance required for TfL to be successful in achieving the aims and priorities identified in the Mayor’s Transport Strategy and incorporated into TfL’s Business Plan.
- 3.5 When structured appropriately through good scheme design and with an appropriate proportion of an individual’s ‘total cash’ reward made directly contingent on clearly defined performance elements, performance based pay can incentivise performance and help deliver higher (i.e. ‘stretch’) levels of achievement. Performance based schemes do this by creating a clear sense of priority i.e. they are effective for communicating what targets and levels of performance are required; and by placing a significant proportion of individual reward ‘at risk’ on achieving those targets they can help direct the desired behaviours and align people under a common purpose. This approach is demonstrated in various industries and sectors for driving better business outcomes and enabling employees to share in that success. Research has shown that typically employees who receive performance related incentives have higher levels of job satisfaction and commitment.
- 3.6 Rebalancing the reward package so that a higher proportion of ‘total cash’ is made up of performance based variable pay is ultimately a more cost effective approach than increasing fixed reward such as base pay because it avoids the oncosts of employer pension contributions.

**Why should TfL change the current performance base pay arrangements for its senior management?**

- 3.7 The current performance award scheme designs for TfL senior management are set out in **Appendix 1**.
- 3.8 The senior manager (Payband 4 and 5) performance award scheme has a fundamentally different design to that for the Commissioner, Managing Directors and Directors. This lack of alignment presents an issue whereby the same business performance outturn can have a significantly different impact on the performance pay of one group compared to the other.

- 3.9 With neither scheme formally reviewed or updated for in excess of 10 years we are at a point whereby the designs for both schemes are no longer effective in providing tools to attract, retain or motivate senior management in TfL's current business environment. This is because of their complexity, discretionary nature and poor linkage between individual performance and reward, as explained below.
- 3.10 We also have an increased imperative to redevelop and align TfL's senior management performance award schemes. The pace with which we need to drive transformation across TfL coupled with the significant challenge of delivering the Mayor's Transport Strategy through TfL's new business plan, along with our stretching financial targets, means we need quickly to better leverage our reward schemes in order to maximise their motivational impact to drive the step level change in performance that TfL must deliver to meet its targets while not imposing additional costs on the business.

### **The Current Senior Manager Scheme (Payband 4 and 5)**

- 3.11 The senior manager scheme allows for a maximum award of 15 per cent but due to the budgeting and calculation methodology incorporated into the design this level of award is almost impossible to deliver. Instead average levels of performance award are c. 6 per cent at Payband 4 and 8 per cent at Payband 5, significantly below typical target levels in the external market of 15 per cent and 20 per cent respectively.
- 3.12 Our review of the Payband 4 and 5 scheme design highlighted a number of issues that impact its effectiveness:
- (a) Complexity – the range of multiplication factors used to determine budgets and awards drives uncertainty about the level of award 'on offer' for the performance to be delivered, reducing the potential incentive impact;
  - (b) Discretionary override – increases the uncertainty about how the reward for a given level of performance will be achieved and creates the potential for different award outcomes across individuals who have the same performance rating;
  - (c) Value of awards – The incentive impact of the scheme is constrained by the proportionately low value of awards (in relation to base pay) and, equally importantly, by the lack of differentiation in awards between those performing to expectations and those performing at the highest levels; and
  - (d) Overall, the scheme lacks the clear 'line of sight' that is necessary for the full potential of any incentive arrangement to be realised. This entails ensuring that performance targets are achievable and something that the individual feels they can meaningfully impact; and that the reward on offer for doing so is both certain (i.e. communicated 'upfront') and also valued by the individual compared to the level of effort required.

## **Current Schemes for the Commissioner, Managing Directors and Directors**

- 3.13 In comparison the schemes for Directors, Managing Directors and Commissioner have a simpler construct. Awards for Directors and Managing Directors are determined from three separate performance elements (TfL Scorecard, Business Area Scorecard and a discretionary award for individual performance) added together to form the total award. The Commissioner's scheme is based on two performance elements (TfL scorecard and individual performance).
- 3.14 The main issue with this design lies in the weighting currently assigned to each of the elements. For example, Directors have only 2.5 per cent of a maximum 20 per cent opportunity contingent on the TfL scorecard. This presents a risk that attention will be diverted more toward personal performance goals and those of the business area the Director is aligned to. Given TfL's new operating model we need Directors to work more as one team and under a common set of performance targets as set out in the new TfL Scorecard.
- 3.15 Similar to Senior Managers, the schemes for Directors, Managing Directors and Commissioner are also challenged by the relatively low value of awards compared with the external market. The average TfL Director award for 2015-16 was 16.3 per cent (compared to a median value of 30 per cent in the market) and for Managing Directors was 26.5 per cent (compared to a median value of 50 – 65 per cent in the market). Redistributing the awards budget so that awards for higher performers are more highly differentiated will increase the incentive impact whilst also potentially delivering awards for higher performers that are closer to market.

## **4 Proposed Scheme Design – Overview and Design Principles**

### **What do we want the new scheme to achieve?**

- 4.1 Based on what we wanted the new arrangements to achieve we set out core design principles for new scheme as follows:
- (a) Alignment – the calculation of performance awards for Senior Managers, Directors, Managing Directors and the Commissioner to be under a single methodology so that each group is impacted in a similar way by TfL's performance, thereby supporting a sense of common purpose and direction;
  - (b) Deliver a clear and direct link between business performance, individual performance and reward outcome;
  - (c) Improve the 'line of sight' for the individual by communicating at the start of the scheme year the likely reward outcome for achieving specific levels of performance for both TfL (via the TfL or business area scorecard) and personal (via a personal performance rating);

- (d) Drive business performance by setting a clear threshold for the minimum level of performance for a performance award budget to be made available (scorecard at 70 per cent); raising the bar higher for 'on target' performance (scorecard at 85 per cent); defining and rewarding 'stretch performance' more effectively (with an increasing level of budget made available between on target performance at 85 per cent and maximum scorecard achievement at 100 per cent);
- (e) Deliver a stronger incentive whilst operating in the same 'financial envelope' as the current scheme. The cost of TfL's performance awards for senior management in 2016 was £8.51m. Accordingly, the proposed arrangements have been modelled so as to fit within that budgetary amount at an on-target (85%) scorecard outturn. In addition the maximum level of individual performance award has been kept at existing scheme levels i.e. 15 per cent for Payband 4 and 5, 20 per cent for Directors, 30 per cent for Managing Directors and 50 per cent for the Commissioner;
- (f) Ensure there is greater differentiation in performance awards at an individual level between those delivering expected levels of performance and those delivering high performance in order to better incentivise high personal performance;
- (g) Restrict the impact of discretionary decision making to increase clarity, transparency and trust around the scheme. Performance awards are to be calculated against a fixed formula to deliver a consistent percentage award for all individuals at the same Payband / level with the same personal performance rating (although it should be noted that discretion remains concerning the award of an individual's performance rating);  
and
- (h) Simplicity – to ensure that the scheme can be readily communicated and understood and any associated administration minimised.

### **Proposed Scheme Design – Overview**

- 4.2 The proposed scheme has a simple design whereby the scorecard result sets the level of budget from which individual performance awards are calculated. Each level of personal performance rating will have a multiplier associated with it that is used against the budget determined by the scorecard to calculate the performance award for an individual expressed as a percentage. This percentage is then applied to an individual's base salary to determine the monetary value of the award.



**Figure 1: Proposed performance award scheme design**

- 4.3 The proposed design will apply to all senior management with the one main difference being the percentage performance award opportunity which increases by payband / level.
- 4.4 There would be no discretionary override so that all individuals with the same performance rating will receive the same percentage award for the given scorecard result.<sup>1</sup>
- 4.5 The proposed design therefore works using two factors. Business performance in the form of the scorecard result determines the budget from which all awards are made. An individual's performance rating determines the actual level of award from that budget by using the multiplier assigned to it.
- 4.6 The proposed design works for both a single and a dual scorecard approach (as required for our operational business areas) by assigning an appropriate weighting to the calculation for each scorecard element.

### **Performance Award Budget Determined by Performance Scorecard Outturn**

- 4.7 The TfL scorecard for 2017/18 has been redeveloped and is one of the key tools to ensure that the MTS priorities, and the TfL Business Plan in which they are incorporated, is achieved. The scorecard focuses on the critical success factors for the year ahead; keeping the organisation on track to deliver the plans and providing an objective method of measuring the success.
- 4.8 The new scorecard will be used prominently inside TfL to drive business performance. It will be discussed throughout the year by senior staff and there

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<sup>1</sup> In the first year of operation the Remuneration Committee will maintain a discretionary override for the whole scheme for Senior Managers, Directors, Managing Directors and the Commissioner to ensure it operates in a consistent and appropriate way and that any potential unintended consequences are avoided.

will be a clear cascade to other business area scorecards and individuals' objectives. It will have clear visibility at the TfL Board level, predominantly via the Finance Committee.

4.9 The work on the redesign of our performance award schemes has been managed in such a way so as to work hand-in-hand with this refocusing of the TfL scorecard. With the TfL scorecard now becoming fully aligned with the Mayor's Transport Strategy, TfL Business Plan and Budget it is clear that it should be used as the primary measure in the determination of performance awards for senior management in order to deliver a clear line of sight from business priorities and performance delivery through to individual performance and individual reward. Accordingly the proposal for new performance award scheme utilises the TfL scorecard at its core.

### Proposed Scheme Calculation Methodology

4.10 The matrix in Figure 2 below outlines the core elements in the performance award calculation methodology.

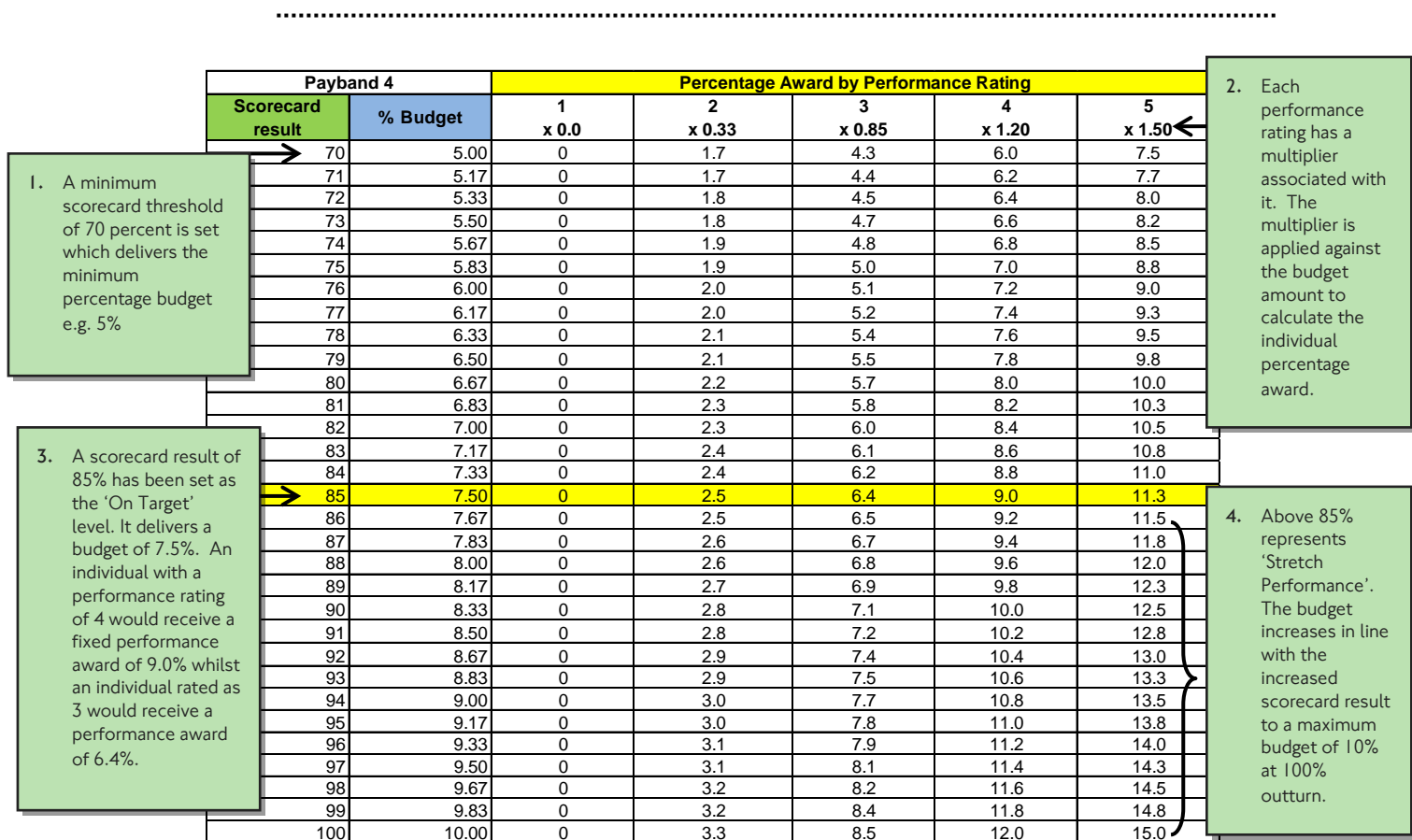


Figure 2: Proposed performance award scheme calculation method. Example here is for Payband 4 with a minimum scorecard threshold of 70 per cent and an on-target of 85 per cent.



- 4.11 A minimum scorecard threshold of **70 per cent** is proposed as the minimum outturn that must be achieved before any budget for performance awards becomes available.
- 4.12 A scorecard result of **85 per cent** is proposed as the level for 'on target' performance. Scorecard outturn at 85 per cent will make the on-target performance award budget that is applicable to each senior management level available (7.5 per cent for Payband 4 in Figure 2 above) whilst performance outturn in the range above 85 per cent to the 100 per cent maximum represents an increasing level of 'stretch performance' with a linear growth in the available budget up to the maximum for the relevant Payband / level for 100 per cent outturn (10 per cent for Payband 4 in Figure 2 above).
- 4.13 Example calculation for an individual's performance award at Payband 4 using the matrix in Figure 2 above:
- Assume - Scorecard outturn at 85 per cent; Performance rating 3; Base salary £75,000
  - Calculation – 7.5% budget (for 85% scorecard outturn) x 0.85 (multiplier for rating 3) = 6.4%
- Award = £75,000 x 6.4% = £4,800

#### **Performance Award Budgets and the link with Performance Ratings and Multipliers**

- 4.14 We are proposing a fixed performance budget for a given level of scorecard outcome, with an increasing overall performance budget for better scorecard performance. A fixed maximum budget is crucial for effective planning with regard to the TfL Business Plan and Budget. Fixing the budget to scorecard performance also forms a clear link between business performance and individual reward and ensures the system remains relative year on year.
- 4.15 The example matrix in Figure 2 above shows how the calculation method delivers this for Payband 4. The percentage budget amount increases in fixed increments with the increasing level of scorecard outturn up to the 100 per cent maximum scorecard result. For example, in the matrix for Payband 4 an on-target scorecard outturn of 85 per cent would result in an overall performance award budget of 7.5 per cent and the total cost of performance awards would fit within this. At 100 per cent outturn the maximum budget is fixed at 10 per cent.
- 4.16 Each year a 'multiplier' set for each level of performance rating is used to determine the level of individual performance award. Higher ratings have a higher multiplier and therefore deliver higher individual awards, increasing the award differential between those performing to expectations and those performing at the highest levels. The actual distribution of performance ratings (i.e. the numbers of people rated across 1, 2, 3, 4, or 5) determines the multiplier associated with each rating. Being able to vary these annual

multipliers if necessary will ensure a fixed performance award budget (determined by the scorecard outturn) is adhered to.

- 4.17 While the multipliers will be a variable element modelled each year, we anticipate that in practice they will not vary significantly. This is because performance rating distributions tend to be fairly consistent year on year at each payband. **Appendix 3** sets out the performance rating distributions for senior management between 2015 and 2017 to demonstrate this point.
- 4.18 The performance rating multipliers will be set differently for each payband because of differing performance rating distributions. An alternative approach to ensuring performance awards fit within the budget available would be to 'force' a specific rating distribution across senior management. However, we believe it would be more effective to have different multipliers by payband and to strengthen our current system of calibrating performance ratings pre and post end of year review meetings through ongoing line manager education to ensure that distributions are kept within acceptable boundaries.
- 4.19 The Remuneration Committee previously expressed the view that it would be logical to set the multiplier for performance rating 3 (i.e. the equivalent of 'on target' individual performance) at 1x so that the percentage budget that is delivered by the scorecard outturn is the same as the percentage performance award for all individuals with a 3 rating. However, this is not possible because the current distribution of performance ratings is too heavily weighted across 3, 4 and 5 ratings and the budget would be significantly exceeded if appropriate levels of differentiation between performance ratings are to be maintained. For the majority of individuals average awards would be lower than under the existing scheme, and Directors and Managing Directors would receive a 1x multiplier irrespective of performance rating due to their performance rating distribution.

#### **Individual Performance Award Cap**

- 4.20 A 'performance award cap' will be applied within the matrix so that there is a maximum performance award achievable. Only the combination of the highest levels of business performance combined with a high personal performance rating will deliver the maximum performance award for a given Payband / level. The cap operates so that the maximum awards under the current schemes are not exceeded in the proposed scheme and hence remain at:
- (a) Payband 4 and 5 – 15 per cent maximum award;
  - (b) Director – 20 per cent maximum award;
  - (c) Managing Director – 30 per cent maximum award; and
  - (d) Commissioner – 50 per cent maximum award.

## **5 Proposed Scheme – Detailed Design**

### **Performance Award Matrices**

- 5.1 The matrices set out in **Appendix 2** provide an indication of the anticipated budgets, multipliers and performance award percentages by Payband / Level based on 2017 performance rating distributions for the proposed scheme.
- 5.2 The matrix for each Payband / Level has been modelled so that the total value of performance awards will fit within the performance award budget indicated in the matrix at each level of scorecard outturn. For example, the performance award budget by Payband / Level for on-target performance at an 85 per cent scorecard outturn are as follows:
- (a) Payband 4 and 5 – 7.5 per cent on-target budget;
  - (b) Director – 15 per cent on-target budget;
  - (c) Managing Director – 22.5 per cent on-target budget; and
  - (d) Commissioner – 37.5 per cent on-target budget

### **Performance Award Costs – Proposed Scheme Forecast v. 2015/16 Actual**

- 5.3 Estimated costs for achieving on-target performance of £8.56m under the proposed scheme are in line with the senior management performance award actual costs in 2016 (£8.51m). This represents less than 1 per cent of TfL's current total pay bill.
- 5.4 Costs could increase by up to a maximum of £2.7m for increased levels of scorecard outturn between 85 per cent and 100 per cent. Whilst this would then represent an increase in costs over actual 2015/16 outturns, performance above the 85 per cent target threshold has not typically been achieved in recent years. Should higher levels of performance be achieved, the higher potential budget for performance pay should be more than self-funding for TfL overall, with stringent savings targets being achieved and additional revenue income being secured.

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

Appendix 1: Current performance award scheme design for TfL Senior Management.  
Appendix 2: Proposed Scheme Performance Award Matrices by Payband / Level  
Appendix 3: Performance Rating Distributions for TfL Senior Management 2015-17

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

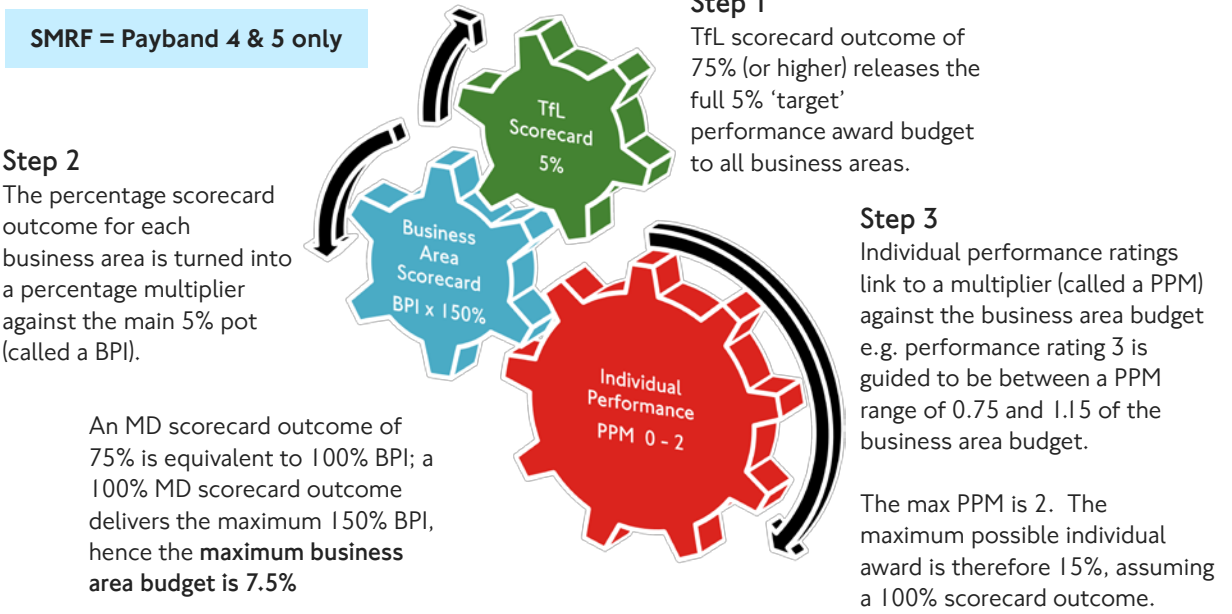
None

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**Current Performance Award Scheme Designs for Senior Managers and Directors**

**How the current Senior Manager Reward Framework (SMRF) works: ‘multiplicative model’**



In practice individual performance awards are awarded on a discretionary basis with monetary awards allocated from the fixed business area budget determined by scorecard outcome. Individuals with the same performance rating will often receive different levels of performance award.

**How current Director performance awards work: ‘additive model’**

**Director Performance Award**



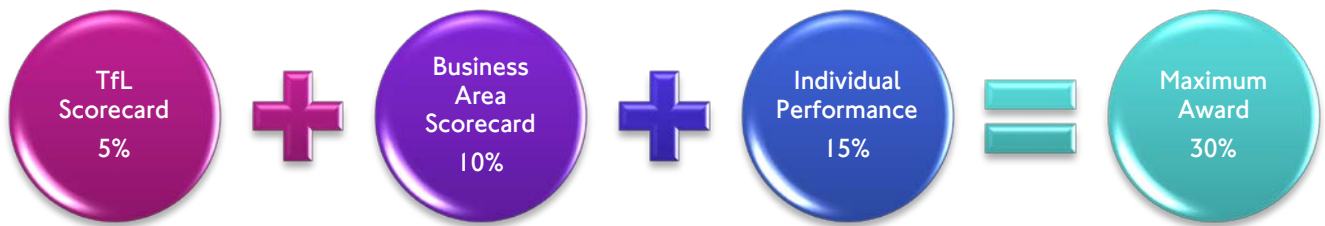
**Step 1**  
A maximum of 2.5% is based on the TfL scorecard result. Calculated on a straight line – 100% scorecard = 2.5% award.

**Step 2**  
A maximum of 7.5% is based on the business area scorecard result. Calculated on a linear basis where 100% scorecard = 7.5% award.

**Step 3**  
A maximum of 10% is based on individual performance at the discretion of the MD.

**Step 4**  
The 3 separate elements are added together to form a maximum award of up to 20%.

## How current MD performance awards work: 'additive model'



The Managing Director Performance Award Scheme works in the same way the Director scheme but with higher maximum multiples per performance element.

## How the Commissioner's performance award works 'additive model'



## Option 1 - Proposed Scheme Performance Award Matrices by Payband / Level

Payband 4 - minimum scorecard threshold set at 70 per cent and on-target at 85 per cent.

Payband 4		Percentage Award by Performance Rating				
Scorecard result	% Budget	1 x 0.0	2 x 0.33	3 x 0.85	4 x 1.20	5 x 1.50
70	5.00	0	1.7	4.3	6.0	7.5
71	5.17	0	1.7	4.4	6.2	7.7
72	5.33	0	1.8	4.5	6.4	8.0
73	5.50	0	1.8	4.7	6.6	8.2
74	5.67	0	1.9	4.8	6.8	8.5
75	5.83	0	1.9	5.0	7.0	8.8
76	6.00	0	2.0	5.1	7.2	9.0
77	6.17	0	2.0	5.2	7.4	9.3
78	6.33	0	2.1	5.4	7.6	9.5
79	6.50	0	2.1	5.5	7.8	9.8
80	6.67	0	2.2	5.7	8.0	10.0
81	6.83	0	2.3	5.8	8.2	10.3
82	7.00	0	2.3	6.0	8.4	10.5
83	7.17	0	2.4	6.1	8.6	10.8
84	7.33	0	2.4	6.2	8.8	11.0
85	7.50	0	2.5	6.4	9.0	11.3
86	7.67	0	2.5	6.5	9.2	11.5
87	7.83	0	2.6	6.7	9.4	11.8
88	8.00	0	2.6	6.8	9.6	12.0
89	8.17	0	2.7	6.9	9.8	12.3
90	8.33	0	2.8	7.1	10.0	12.5
91	8.50	0	2.8	7.2	10.2	12.8
92	8.67	0	2.9	7.4	10.4	13.0
93	8.83	0	2.9	7.5	10.6	13.3
94	9.00	0	3.0	7.7	10.8	13.5
95	9.17	0	3.0	7.8	11.0	13.8
96	9.33	0	3.1	7.9	11.2	14.0
97	9.50	0	3.1	8.1	11.4	14.3
98	9.67	0	3.2	8.2	11.6	14.5
99	9.83	0	3.2	8.4	11.8	14.8
100	10.00	0	3.3	8.5	12.0	15.0

Payband 5 - minimum scorecard threshold set at 70 per cent and on-target at 85 per cent.

Payband 5		Percentage Award by Performance Rating				
Scorecard result	% Budget	1 x 0.0	2 x 0.33	3 x 0.85	4 x 1.20	5 x 1.50
70	5.00	0	1.7	4.3	6.0	7.5
71	5.17	0	1.7	4.4	6.2	7.7
72	5.33	0	1.8	4.5	6.4	8.0
73	5.50	0	1.8	4.7	6.6	8.2
74	5.67	0	1.9	4.8	6.8	8.5
75	5.83	0	1.9	5.0	7.0	8.8
76	6.00	0	2.0	5.1	7.2	9.0
77	6.17	0	2.0	5.2	7.4	9.3
78	6.33	0	2.1	5.4	7.6	9.5
79	6.50	0	2.1	5.5	7.8	9.8
80	6.67	0	2.2	5.7	8.0	10.0
81	6.83	0	2.3	5.8	8.2	10.3
82	7.00	0	2.3	6.0	8.4	10.5
83	7.17	0	2.4	6.1	8.6	10.8
84	7.33	0	2.4	6.2	8.8	11.0
85	7.50	0	2.5	6.4	9.0	11.3
86	7.67	0	2.5	6.5	9.2	11.5
87	7.83	0	2.6	6.7	9.4	11.8
88	8.00	0	2.6	6.8	9.6	12.0
89	8.17	0	2.7	6.9	9.8	12.3
90	8.33	0	2.8	7.1	10.0	12.5
91	8.50	0	2.8	7.2	10.2	12.8
92	8.67	0	2.9	7.4	10.4	13.0
93	8.83	0	2.9	7.5	10.6	13.3
94	9.00	0	3.0	7.7	10.8	13.5
95	9.17	0	3.0	7.8	11.0	13.8
96	9.33	0	3.1	7.9	11.2	14.0
97	9.50	0	3.1	8.1	11.4	14.3
98	9.67	0	3.2	8.2	11.6	14.5
99	9.83	0	3.2	8.4	11.8	14.8
100	10.00	0	3.3	8.5	12.0	15.0

**Director - minimum scorecard threshold set at 70 per cent and on-target at 85 per cent.**

Director		Percentage Award by Performance Rating				
Scorecard result	% Budget	1 x 0.0	2 x 0.33	3 x 0.85	4 x 1.15	5 x 1.25
70	10.00	0	3.3	8.5	11.5	12.5
71	10.33	0	3.4	8.8	11.9	12.9
72	10.67	0	3.5	9.1	12.3	13.3
73	11.00	0	3.6	9.3	12.7	13.8
74	11.33	0	3.7	9.6	13.0	14.2
75	11.67	0	3.9	9.9	13.4	14.6
76	12.00	0	4.0	10.2	13.8	15.0
77	12.33	0	4.1	10.5	14.2	15.4
78	12.67	0	4.2	10.8	14.6	15.8
79	13.00	0	4.3	11.1	15.0	16.3
80	13.33	0	4.4	11.3	15.3	16.7
81	13.67	0	4.5	11.6	15.7	17.1
82	14.00	0	4.6	11.9	16.1	17.5
83	14.33	0	4.7	12.2	16.5	17.9
84	14.67	0	4.8	12.5	16.9	18.3
85	15.00	0	5.0	12.8	17.3	18.8
86	15.33	0	5.1	13.0	17.6	19.2
87	15.67	0	5.2	13.3	18.0	19.6
88	16.00	0	5.3	13.6	18.4	20.0
89	16.33	0	5.4	13.9	18.8	20.0
90	16.67	0	5.5	14.2	19.2	20.0
91	17.00	0	5.6	14.5	19.6	20.0
92	17.33	0	5.7	14.7	19.9	20.0
93	17.67	0	5.8	15.0	20.0	20.0
94	18.00	0	5.9	15.3	20.0	20.0
95	18.33	0	6.1	15.6	20.0	20.0
96	18.67	0	6.2	15.9	20.0	20.0
97	19.00	0	6.3	16.2	20.0	20.0
98	19.33	0	6.4	16.4	20.0	20.0
99	19.67	0	6.5	16.7	20.0	20.0
100	20.00	0	6.6	17.0	20.0	20.0

**Managing Director - minimum scorecard threshold set at 70 per cent and on-target at 85 per cent.**

Managing Directors		Percentage Award by Performance Rating				
Scorecard result	% Budget	1 x 0.0	2 x 0.33	3 x 0.85	4 x 1.15	5 x 1.25
70	15.00	0	5.0	12.8	17.3	18.8
71	15.50	0	5.1	13.2	17.8	19.4
72	16.00	0	5.3	13.6	18.4	20.0
73	16.50	0	5.4	14.0	19.0	20.6
74	17.00	0	5.6	14.5	19.6	21.3
75	17.50	0	5.8	14.9	20.1	21.9
76	18.00	0	5.9	15.3	20.7	22.5
77	18.50	0	6.1	15.7	21.3	23.1
78	19.00	0	6.3	16.2	21.9	23.8
79	19.50	0	6.4	16.6	22.4	24.4
80	20.00	0	6.6	17.0	23.0	25.0
81	20.50	0	6.8	17.4	23.6	25.6
82	21.00	0	6.9	17.9	24.2	26.3
83	21.50	0	7.1	18.3	24.7	26.9
84	22.00	0	7.3	18.7	25.3	27.5
85	22.50	0	7.4	19.1	25.9	28.1
86	23.00	0	7.6	19.6	26.5	28.8
87	23.50	0	7.8	20.0	27.0	29.4
88	24.00	0	7.9	20.4	27.6	30.0
89	24.50	0	8.1	20.8	28.2	30.0
90	25.00	0	8.3	21.3	28.8	30.0
91	25.50	0	8.4	21.7	29.3	30.0
92	26.00	0	8.6	22.1	29.9	30.0
93	26.50	0	8.7	22.5	30.0	30.0
94	27.00	0	8.9	23.0	30.0	30.0
95	27.50	0	9.1	23.4	30.0	30.0
96	28.00	0	9.2	23.8	30.0	30.0
97	28.50	0	9.4	24.2	30.0	30.0
98	29.00	0	9.6	24.7	30.0	30.0
99	29.50	0	9.7	25.1	30.0	30.0
100	30.00	0	9.9	25.5	30.0	30.0



**Commissioner - minimum scorecard threshold set at 70 per cent and on-target at 85 per cent.**

Commissioner		Percentage Award by Performance Rating				
Scorecard result	% Budget	1 x 0.0	2 x 0.33	3 x 0.85	4 x 1.15	5 x 1.25
70	25.00	0	8.3	21.3	28.8	31.3
71	25.83	0	8.5	22.0	29.7	32.3
72	26.67	0	8.8	22.7	30.7	33.3
73	27.50	0	9.1	23.4	31.6	34.4
74	28.33	0	9.4	24.1	32.6	35.4
75	29.17	0	9.6	24.8	33.5	36.5
76	30.00	0	9.9	25.5	34.5	37.5
77	30.83	0	10.2	26.2	35.5	38.5
78	31.67	0	10.5	26.9	36.4	39.6
79	32.50	0	10.7	27.6	37.4	40.6
80	33.33	0	11.0	28.3	38.3	41.7
81	34.17	0	11.3	29.0	39.3	42.7
82	35.00	0	11.6	29.8	40.3	43.8
83	35.83	0	11.8	30.5	41.2	44.8
84	36.67	0	12.1	31.2	42.2	45.8
85	37.50	0	12.4	31.9	43.1	46.9
86	38.33	0	12.7	32.6	44.1	47.9
87	39.17	0	12.9	33.3	45.0	49.0
88	40.00	0	13.2	34.0	46.0	50.0
89	40.83	0	13.5	34.7	47.0	50.0
90	41.67	0	13.8	35.4	47.9	50.0
91	42.50	0	14.0	36.1	48.9	50.0
92	43.33	0	14.3	36.8	49.8	50.0
93	44.17	0	14.6	37.5	50.0	50.0
94	45.00	0	14.9	38.3	50.0	50.0
95	45.83	0	15.1	39.0	50.0	50.0
96	46.67	0	15.4	39.7	50.0	50.0
97	47.50	0	15.7	40.4	50.0	50.0
98	48.33	0	16.0	41.1	50.0	50.0
99	49.17	0	16.2	41.8	50.0	50.0
100	50.00	0	16.5	42.5	50.0	50.0

## Performance Rating Distributions for TfL Senior Management 2015-17

## Payband 4:

Payband 4						
Rating	1	2	3	4	5	Total
2015	0.1%	1.9%	62.7%	30.4%	4.9%	100%
2016	0.2%	2.9%	60.9%	32.5%	3.5%	100%
2017	0.3%	3.0%	63.3%	29.9%	3.5%	100%

## Payband 5:

Payband 5						
Rating	1	2	3	4	5	Total
2015	0.0%	2.4%	41.8%	46.6%	9.1%	100%
2016	0.0%	2.2%	42.3%	44.9%	10.6%	100%
2017	0.0%	1.1%	43.6%	45.7%	9.6%	100%

## Director:

Director						
Rating	1	2	3	4	5	Total
2015	0.0%	2.3%	34.9%	51.2%	11.6%	100%
2016	0.0%	0.0%	32.5%	52.5%	15.0%	100%
2017	0.0%	0.0%	31.3%	59.4%	9.4%	100%