

Supplementary Agenda

Meeting: Remuneration Committee

Date: Wednesday 24 June 2020

Time: 8.45am

Place: Teams Virtual Meeting

In accordance with section 100(B)(4) of the Local Government Act 1972, the Chair has agreed to accept the following as an item of urgent business on the grounds that TfL's remuneration arrangements should be reviewed in light of the Covid-19 pandemic.

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://www.tfl.gov.uk/how-we-are-governed).

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Shamus Kenny, Head of Secretariat; telephone: 020 7983 4913 email: ShamusKenny@tfl.gov.uk

For media enquiries please contact the TfL Press Office; telephone: 0845 604 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel
Monday 22 June 2020

**Supplementary Agenda
Remuneration Committee
Wednesday 24 June 2020**

6 Performance Awards 2019/20 (Pages 1 - 4)

Commissioner

The Committee is asked to determine the next steps in respect of the performance year 2019/20 and for the 2020/21 performance year.

Remuneration Committee

Date: 24 June 2020

Item: Performance Awards 2019-20 and 2020-21

This paper will be considered in public

1 Summary

1.1 This paper invites the Committee to consider the approach it wishes to take to Performance Awards for 2019-20 and 2020-21 and sets out considerations for the Committee to consider in relation to the previously calculated, but at this point, unpaid, performance awards for the 2019/20 performance year for the Commissioner, Managing Directors and Directors specified under the Committee's Terms of Reference.

2 Recommendation

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

- (a) **agree how to treat the previously calculated 2019/20 performance awards for the Commissioner; Managing Directors and Directors specified under the Committee's Terms of Reference; and**
- (b) **determine whether the performance award scheme for the Commissioner, Managing Directors and Directors specified under the Committee's Terms of Reference should operate for the performance year 2020/21.**

3 Background

- 3.1 At its 11 March 2020 meeting, the Committee agreed the individual performance ratings and initial calculation of personal performance awards for the Commissioner, Managing Directors and Directors under its Terms of Reference for the performance year 2019/20.
- 3.2 These decisions were taken in principle, based on the individual performance ratings for Executive Committee members and full-year forecast results as at P11, with the intention that once final performance scorecard results were agreed the performance award calculations would be finalised using the actual scorecard results.
- 3.3 With the onset of the Covid-19 crisis the final assessment of 2019/20 results has taken longer than planned, as TfL's efforts were solely directed into managing the consequences of the pandemic and the immediate and severe impact this had on TfL's operations and finances.

- 3.4 The final 2019/20 scorecard results were confirmed in late May 2020, having completed the Audit and Assurance Committee's review of the scorecard assessment process. They received final approval for remuneration purposes following a discussion between the Chairs of both the Audit and Assurance and Remuneration Committees prior to this meeting. The Committee have earlier on the agenda for this meeting been provided with the mitigated approved final scorecard results for 2019-20 which show that generally across the business a high level of performance was achieved.
- 3.5 Consequently, the final performance award values have been calculated in line with the existing methodology, as intended at the start of the Committee's assessment process in March 2020.
- 3.6 However, the impact of the Covid-19 crisis upon TfL now means that there are a number of wider considerations that the Committee must also take into account with regards to reaching a final decision on whether to pay the performance awards in line with the normal business rules and operation of the scheme or whether to take some other course of action.

4 Key Considerations

- 4.1 The crisis has had a serious and negative impact on TfL's finances for the year 2020/21 and most likely for the medium and long-term future ahead. TfL must seek to save money and reduce costs as much as it can and reducing or withdrawing performance award payments is one potential way of contributing to this.
- 4.2 The performance award scheme is set and managed solely at the discretion of the Remuneration Committee and its operation can be withdrawn or amended at any point the Committee chooses, including after the scheme year has ended.
- 4.3 However, the Committee must weigh up the impact of any decision to either amend or withdraw the scheme for 2019/20 at such a late point, especially at a time when it is needed to maintain the highest levels of commitment, morale and leadership across the business in relation to the Covid-19 crisis.
- 4.4 With performance awards for 2019/20 having previously been calculated and with relevant provision made in previous budgets for payment, the Committee has to assess what represents the best possible treatment that balances fairness and maintaining motivation and morale whilst considering TfL's financial needs.
- 4.5 The Committee must also consider whether it is appropriate to operate a performance award scheme for the current year 2020/21 and how the outcome of that decision may also influence its decision on treatment of performance awards for 2019/20.

List of appendices to this report:

None

List of background papers:

Performance Award papers to the meeting of the Committee on 11 March 2020.

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