



Date: 22 November 2012

Item 5: Deferred Incentive Plan

This paper will be considered in public

1 Summary

- 1.1 In accordance with the decision made by the Committee in July 2012, outlined in 3.5 (b) below, the Committee is required to determine the overall score for the London 2012 Games metric relating to the Scorecard for the Deferred Incentive Plan for the Commissioner, Chief Officers and Directors ("the Plan") as set out in Appendix 3. The current score for this metric has been reviewed by the Finance Leadership Team and endorsed by the Commissioner.
- 1.2 Following its determination of the London 2012 Games metric, the Committee is asked to approve an overall scorecard result for the Plan in respect of the Commissioner and Chief Officers.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of a person or authority. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Committee is asked to:**
 - (a) **determine the overall score for the London 2012 Games metric relating to the Scorecard for the Deferred Incentive Plan for the Commissioner, Chief Officers and Directors;**
 - (b) **approve an overall scorecard result for the Plan based on the determined Games metric and measurement of general targets set out in the Scorecard.**

3 Background

- 3.1 The purpose of the Deferred Incentive Plan was to ensure a clear focus on delivering the Mayor's priorities and the Business Plan over the medium term, covering the performance period 2010-2012 as well as the London 2012 Games.

- 3.2 The Plan was agreed by the Committee on 29 July 2010 for the Commissioner, Chief Officers and Directors and was introduced for Directors in September 2010.
- 3.3 On 29 July 2010, the Committee approved the proposed targets for the Plan subject to the inclusion of an appropriate Olympic performance target determined in the context of the operational demands of the Olympic and Paralympic Games and a review of targets in light of the revised Business Plan in early 2011.
- 3.4 Two minor amendments were made to the original targets for the Plan as agreed by the Committee on 29 September 2011. The amendments at Appendix 1, paragraph 5(b), concerning cycle journey stages and at paragraph 5(f) concerning car charging points. The latter of these minor amendments was made with regard to the TfL Business Plan changes agreed in early 2011. Otherwise, the targets remained as originally proposed and are set out in Appendix 3.
- 3.5 Specific targets that related to preparation and delivery of the London 2012 Games, along with the method by which the Committee would make an overall assessment of this target were agreed by the Committee on 19 July 2012.
- (a) During the 2012 Games, TfL measured a range of indicators aimed at identifying performance in delivering the overall London 2012 Games Transport Objectives including those set out in Appendix 2.
- (b) It was agreed that to determine the final outcome of the Games measure, the Committee would form a view of the general success of the Games taking into account the performance of the transport network during the Games based on available measures including the indicators set out in Appendix 2. TfL surpassed all expectations in the delivery of transport related activities and which contributed to such a successful Games.

4 Deferred Incentive Plan

Details of the Plan

- 4.1 The Plan is substantially the same as the one approved for Directors except that 100 per cent of any performance award granted to the Commissioner and Chief Officers for each of the relevant financial years 2010/11 and 2011/12 (“the Deferred Period”) has been set aside and payment of these sums (“the Deferred Award”) will be made at the end of the Deferred Period in line with the rules of the Plan.
- 4.2 Additionally, for the Commissioner and Chief Officer plan, the measure for the London 2012 Games acts as an overlay to all other measures within the Plan so that the percentage achieved against this measure will be used as a multiplier against the percentage achieved from the general measures within the Plan in order to determine a final scorecard outcome.

Scorecard Results

- 4.3 The overall Scorecard for the Plan is set out in Appendix 3. This shows that the general measures under the Plan have achieved a score of 95 per cent.

4.4 The London 2012 Games indicators were all achieved in full or exceeded. Therefore, prior to the final determination of the Committee the overall score for the Games measure is 100 per cent.

List of appendices to this report:

Appendix 1: Targets - Measuring Performance through a Long Term Incentive Scheme

Appendix 2: London 2012 Games Performance Indicators

Appendix 3: Deferred Incentive Plan Scorecard

List of Background Papers:

Remuneration Committee papers on Deferred Incentive Plan, July 2010 and July 2012

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Targets - Measuring Performance through a Long Term Incentive Scheme

1. Delivery of key Mayoral priorities over the current Mayoral term can be classified into seven primary categories:
 - (a) Economic Development and Growth;
 - (b) Quality of Life;
 - (c) Safety and Security;
 - (d) Transport Opportunities for All;
 - (e) Climate change;
 - (f) Efficient and Effective Delivery; and
 - (g) Olympics – subject to separate proposals to be shared in early 2012
2. Successful performance against these priorities will be determined through the achievement of key outcomes and milestone deliverables by 31 March 2012 (unless otherwise stated). The Remuneration Committee will then consider levels of achievement at the first available Remuneration Committee meeting following the conclusion of the Olympic and Paralympic Games and any payments will be made as soon as possible thereafter but in any event by 31 December 2012 at the latest.
3. Targets will remain fixed for the duration of the scheme and the status of the projects and programmes by the end of March 2012 (unless otherwise stated) will determine whether a performance award is received, rather than the specific project milestones and deadlines. This widens the number of projects and programmes that can be included, and existing monitoring arrangements will ensure that projects stick to the planned timetable.

Choice of Projects and Programmes

4. The choice of projects and programmes has been determined from the Business Plan. The 'key priorities' section of the Plan outlines around 50 separate projects. Around 30 of these are suitably well defined, and the most significant of these are listed below for inclusion in the scheme, and fuller details of each proposed measure are contained in the Business Plan and Investment Programme. Successful completion of all projects and programmes in the Plan will therefore mean that TfL has delivered on the key priorities of the early stages of the Business Plan.
5. Recommended key outcomes for measurement:

(b) Economic Development and Growth

London Underground

- Jubilee Line – line upgrade to deliver a 33 per cent increase in scheduled train miles, and a 22 per cent reduction in journey times, compared to current conditions.
- Northern Line – part one, upgraded signalling of the planned Northern Line upgrade to deliver a 20 per cent increase in scheduled train miles and reduce journey times by 18 per cent, compared to current conditions.
- Victoria Line – introduction of the full fleet of 47 new trains.

Docklands Light Railway

- 50 per cent increase in capacity for the DLR, with 3-car trains replacing the existing 2-car units and associated infrastructure improvements.
- Extend the DLR to Stratford International.

London Overground

- The delivery of East London Line Phase 1, connecting West Croydon and Crystal Palace with the North London Line at Dalston and services running to Highbury and Islington.
- Contract award to build Phase 2 of the New South London Line.
- Complete the North London Railway Infrastructure Project.

London Streets

By March 2012, London Streets will:

- Review the timings of 2,000 traffic signal sites within London. In April 2009, Surface undertook to review 1,000 traffic signal timings a year. It reviewed 1,003 in FY 09/10 and will be undertaking a further 2,000 reviews between now and March 2012.
- Install and enable a further 200 intelligent traffic signal sites, to take the proportion of traffic signal sites operating SCOOT across London to 40%.
- Achieve a 10 per cent reduction in the duration of serious and severe disruption on the TLRN compared with 2009/10 baseline figure of 622 hours.
- Achieve a 20 per cent reduction in the peak volume of road works being carried out simultaneously on the TLRN compared with 2009/10 baseline of 5,212.

(c) Quality of Life

Rail travel

- North London Line and East London Line – entry into service of the entire fleet of new air conditioned trains.
- Sub-Surface Lines – entry into service of the first 40 of the 191 new air conditioned trains on the Metropolitan, Circle, and Hammersmith & City Lines by March 2012.

Cycling

- Delivery of four cycle superhighways in the capital to support cycling on key commuter routes from inner to central London.
- Installation of 66,000 cycle parking spaces by March 2012.
- The delivery and operation of a Cycle Hire scheme in central London, and implementation of a Phase 2 extension to the east of London.
- An 18% increase in average cycle flows on the TLRN, over 2009/10 baseline.

Buses

- Five iconic New Buses for London in passenger service, with open platforms.
- All articulated buses removed from the London Bus network.

(d) Safety and Security

- Reduction in crime on the public transport network to the following levels: 12.7 crimes per million passenger journeys on London Underground, and 10.2 crimes per million passenger journeys on London.

(e) Transport Opportunities for All

- 53 per cent of bus stops to be fully accessible, in line with TfL's Accessible Bus Stop Design Guidance.

(f) Efficient and Effective Delivery

- Delivery of planned efficiencies savings for TfL (£1,516m gross or £1,220m net).
- Introduction of a new ticketing system utilising bank credit and debit cards on the TfL Bus network.
- Introduction of automated payment for Congestion Charging accounts.

(g) Climate Change

- 240 additional hybrid buses introduced by March 2012.
- At least 200 on- and off-street electric car charging points operational across London (excluding workplaces).

(h) Olympics Infrastructure

- Complete all infrastructure necessary for the delivery of the 2012 Olympic and Paralympic Games as agreed with the Olympic Delivery Authority.

London 2012 Games Performance Indicators (not exhaustive)

	Completion of the Olympic Road Network and to be fully operable
Olympic and Paralympic Road Networks	Journey Time Reliability on the Olympic and Paralympic Road Networks during the 2012 Games
Transport for London Road Network	TLRN Journey Time Reliability (AM Peak) during the 2012 Games
Bus Network	Mileage lost (within bus operators/TfL control) during the 2012 Games
London Underground	LU Olympics Customer Satisfaction: average of 'train service', 'staff helpfulness & availability' and 'information' scores
	LU Olympics Lost Customer Hours threshold
Travel Demand Management at hotspot Underground Stations	Achieve a reduction in background demand at specified 'hot spot' locations from a comparator of an average summer period
London Rail (Overground, DLR and Trams)	% timetabled km run

Deferred Incentive Plan Scorecard

Deferred Incentive Plan Scorecard - 2010/11 & 2011/12						
Indicator	Units of Measure	DIP Target	Actual	Weighting %	Result %	Comments
1. Economic Development & Growth						
Jubilee Line Upgrade	%	33% increase in scheduled train miles, 22% reduction in journey times	Met	3.70%	3.70%	Delivered March 2012
Northern Line Upgrade (Part one - Upgraded Signalling)	%	20% increase in scheduled train miles, 18% reduction in journey times	N/A	0.00%	0%	TfL Board agreed to remove indicator as a result of the Tube Lines acquisition
Victoria Line - Introduction of full fleet of 47 new trains	No.	Full new fleet (47 trains)	47	3.70%	3.70%	Delivered mid 2011
DLR capacity - 3-car trains replacing 2-car units	%	50% increase in capacity	Met	3.70%	3.70%	Delivered May 2011
DLR - Stratford International	Completion	Extend the DLR to Stratford International	Complete	3.70%	3.70%	Delivered August 2011
East London Line Phase 1	Completion	West Croydon and Crystal Palace connected with the North London line at Dalston and services running to Highbury & Islington	Complete	3.70%	3.70%	Delivered May 2012 for services to WC/CP to D & Feb 2011 for extension to H&I
New South London Line	Completion	Contract award to build Phase 2	Complete	3.70%	3.70%	Delivered early 2011. Route to open Dec 2012
North London Railway Infrastructure Project	Completion	Project to be completed	Complete	3.70%	3.70%	Delivered May 2011
Traffic Signal Timings	No.	Review the timings of 2,000 traffic signal sites in London	2,014	3.70%	3.70%	1008 in 2010/11 and 1006 in 2011/12
Installation of 200 intelligent traffic signal sites	No.	200 intelligent traffic signal sites operating SCOOT, to take proportion to 40%	490	3.70%	3.70%	225 in 2010/11 and 265 in 2011/12
Disruption on the TLRN	No.	10% reduction in duration of serious/severe disruption compared with 2009/10 baseline figure of 622 hours	404	3.70%	3.70%	Reduced to 404 hours
Roadworks on the TLRN	%	20% reduction in peak volume of road works compared with 2009/10 baseline of 5,212	Met	3.70%	3.70%	Delivered in 2011/12
2. Quality of Life						
Air conditioned trains on north London and East London Lines	Completion	Entry into service of the entire fleet of new air conditioned trains	Complete	3.70%	3.70%	Delivered 2011
Sub-Surface Lines	No.	Entry into service of first 40 air-con trains on the Met, Circle & H&C lines by March 2012	40	3.70%	3.70%	Delivered July 2010
Cycle Superhighways	No.	Delivery of 4 superhighways in the capital to support cycling on key commuter routes	4	3.70%	3.70%	Delivered July 2011
Cycle Parking spaces	No.	Installation of 66,000 spaces by March 2012	Met	3.70%	3.70%	Delivered March 2011
Cycle Hire scheme	Completion	Delivery & operation of cycle hire scheme in central London & implementation of Phase 2 extension to the east of London	Complete	3.70%	3.70%	Delivered March 2012
Cycle flows on the TLRN	%	18% increase in average over 2009/10 baseline	25%	3.70%	3.70%	25% increase in 2011/12
New buses for London	No.	5 iconic new buses for London in passenger service with open platforms	3	3.70%	2.50%	Three by March 2012. 3/5 of 3.57%.
Articulated buses	Completion	All to be removed from the London bus network	Complete	3.70%	3.70%	Delivered Dec 2011
3. Safety and Security						
Crime on the public transport network	X per million passenger journeys	12.7 crimes per million journeys on LU, 10.2 crimes per million journeys on London Buses	10.0 LU/DLR, 9.3 Buses	3.70%	3.70%	10.0 on LU/DLR, 9.3 on Buses
4. Transport Opportunities for All						
Accessible Bus Stops	%	53% of bus stops to be fully accessible in line with TfL guidance	Met	3.70%	3.70%	Delivered 2011/12
5. Efficient & Effective Delivery						
Planned Efficiencies	£m	Delivery of savings for TfL (£1,516m gross or £1,220m net)	Met	3.70%	3.70%	Q1 dashboard confirms
New ticketing system	Completion	Introduction of new system utilising bank credit & debit cards on the TfL bus network	Not complete	3.70%	0%	Not achieved as decision taken to delay to post Games to ensure intergrity of existing system
Congestion Charging	Completion	Introduction of automated payments	Complete	3.70%	3.70%	Delivered Jan 2011
6. Climate Change						
Hybrid buses	No.	240 additional buses introduced by March 2012	Met	3.70%	3.70%	Delivered March 2012
Electric car charging points	No.	At least 200 on & off street points operational across London	Met	3.70%	3.70%	Delivered September 2011
7. Olympics Infrastructure						
All infrastructure to be completed for delivery of the 2012 Games as agreed with the Olympic Delivery Authority	Olympic Road Network	%	100%	100%	12.50%	100% = 3.70% measure All targets met/exceeded. * This target was subsequently amended to reflect the objective of changing travellers plans and behaviours which would vary according to station used. In some case a significant variation was achieved
	Olympic road network journey time reliability	%	90%	96.10%	12.50%	
	TLRN journey time reliability	%	75%	90.40%	12.50%	
	Mileage lost on bus network	%	0.70%	0.40%	12.50%	
	Customer satisfaction - average train service, staff helpfulness & availability and information scores	Score	78	84	12.50%	
	Olympics Lost Customer hours	LCH (m)	1.4m per period in periods 5 & 6	1.3m average	12.50%	
	Reduction in background demand at 'hotspot' locations from a comparator of an average summer period	%	30% *	33%	12.50%	
	% timetabled km run	%	98%	99.17 average (P5 & 6)	12.50%	
Olympics Total				100%	3.70%	
Overall Total				100%	95.00%	