

This paper will be considered in public

1 Summary

- 1.1 This paper seeks the Committee's approval for performance awards in respect of the Commissioner, Managing Director and specific Director roles in relation to the overall performance delivery for the year ended 31 March 2018 as measured against the TfL and delivery business scorecards. The Committee is asked to note the eligible performance awards for all other TfL staff (including Directors and Senior Managers).
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. 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 note the paper and the supplemental information on Part 2 of the agenda:**
 - (a) agree the individual performance rating proposed for the Commissioner;**
 - (b) agree the level of performance awards for the Commissioner, Managing Directors and Directors specified under the Committee's Terms of Reference against the 2017-18 performance delivery outturn; and**
 - (c) note the overall level of performance awards for other staff.**

3 Background and Summary of Achievement

- 3.1 Item 7 on the agenda for this meeting sets out in detail the scorecard outturn for TfL and the delivery businesses.
- 3.2 **The total score against the TfL scorecard is 73.4 per cent.**

Summary of Scorecard Achievement Rates

Table 1: A summary of the 2017-18 scorecard outcomes

Scorecard	Outcome %
London Underground	66.5
Surface Transport	79.9
Commercial Development	69.0
Major Projects	88.7
TfL	73.4

- 3.3 The performance of the Commissioner, Managing Directors and Directors is measured via a combination of TfL-wide, delivery business and individual performance measures. This paper is concerned primarily with the specific payments for the Commissioner, Managing Directors and Directors specified under the Committee's Terms of Reference, but also sets out the broad performance related payments for other staff across TfL outlined in section 6.

4 Managing Director Performance Awards 2017-18

- 4.1 The maximum potential performance award that Managing Directors can achieve is **30 per cent** of base salary. Regarding business performance, Managing Directors of TfL's delivery businesses have an element of the total award based on their delivery business scorecard result whilst the business performance element for Managing Director awards in Professional Services is based on the TfL scorecard only (as agreed by Chair's Action, in consultation with the Committee, on 4 April 2018, reported under Item 4 on the agenda for this meeting).

Table 2: Structure of Managing Director performance awards 2017-18

Business Area	TfL Scorecard %	Delivery Business Scorecard %	Individual Performance %	Total %
Delivery Business	5	10	15	30
Professional Services	15	-	15	30

- 4.2 Commentary, by the Commissioner, for each Managing Director with regard to their individual performance and the proposed performance award payments are set out in the supplementary paper on Part 2 of the agenda.

5 Performance Awards for Directors under the Remuneration Committee's Terms of Reference 2017-18

- 5.1 The maximum potential performance award that Directors can achieve is **20 per cent** of base salary. Regarding business performance, Directors of TfL's delivery businesses have an element of their total award based on their delivery business scorecard result as well as the overall TfL scorecard result whilst the business

performance element for Directors awards in Professional Services is based on the TfL scorecard only.

Table 3: Structure of Director performance awards 2017-18

Business Area	TfL Scorecard %	Delivery Business Scorecard %	Individual Performance %	Total %
Delivery Business	2.5	7.5	10	20
Professional Services	10	-	10	20

- 5.2 Commentary, by the Commissioner, for Directors under the Remuneration Committee's Terms of Reference with regard to their individual performance and the proposed performance award payments are set out in the supplementary paper on Part 2 of the agenda.

6 Commissioner's Performance Award 2017-18

- 6.1 The Commissioner is entitled, at the discretion of the Remuneration Committee, to a maximum potential performance award equivalent to 50 per cent of base salary.
- 6.2 75 per cent of the award (i.e. a maximum award opportunity of 37.5 per cent of base salary) is measured against the TfL scorecard. Overall, TfL met **73.4 per cent** of its scorecard.
- 6.3 25 per cent of the award (i.e. a maximum award opportunity of 12.5 per cent of base salary) is measured against individual performance.
- 6.4 The paper at item 7 of the agenda for this meeting contains the Commissioner's commentary on the performance year 2017-18. The proposed performance award for the Commissioner is set out in the supplementary paper on Part 2 of the agenda.

7 Performance Awards for Directors, Senior Managers and Others

- 7.1 Arrangements for employees below Managing Director level are set out below and are agreed by the Commissioner.
- 7.2 **Directors:** Arrangements for Directors not covered by the Committee's Terms of Reference are the same as for those that are covered, as set out in 5.1 and Table 3 above.
- 7.3 **Senior managers:** target award equivalent to **5 per cent of base salary** (with a 15 per cent maximum), based on a Business Performance Index score related to the combination of TfL, business area and individual performance measures. For 2017-18 this will be based upon a scorecard outturn and linear scale back. As with Directors and Managing Directors, the business performance element for Senior Managers in the delivery businesses uses the scorecard result from the delivery

business in the calculation method whilst the business performance element for Senior Managers in Professional Services is based on the TfL scorecard only.

- 7.4 **Non-operational employees in other grades:** performance is reflected by a combination of rises to base salary and/or lump sum performance awards (Performance Related Pay and Pay for Performance).

List of appendices to this report:

None.

Supplementary information is provided in a paper on Part 2 of the agenda.

List of Background Papers:

None

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