Remuneration Committee

Date: **27 March 2014**

Item 5:   TfL Scorecard for 2014/15

1   Summary

1.1   The purpose of this paper is to seek the Committee's agreement to the proposed TfL scorecard for 2014/15.

2   Recommendation

2.1   The Committee is asked to approve the proposed TfL scorecard for 2014/15 that is in Appendix 1.

3   Proposed TfL Scorecard for 2014/15

3.1   The TfL Group scorecard is used to measure the performance of TfL, the Commissioner and Chief Officers, alongside the business area and individual scorecard measures. The TfL scorecard will form the basis for TfL's Senior Management's remuneration for the financial year 2014/15.

3.2   The 2014/15 scorecard comprises of four sections to align to the TfL Pillars; Customer (weighted at 22.5 per cent), Delivery (52.5 per cent), People (five per cent) and Value for Money (20 per cent). The proposed scorecard was discussed by TfL's Leadership Team on 27 February 2014.

4   Scorecard Development

4.1   The TfL scorecard seeks to address both the priorities of the Mayor and TfL's customers. Given the breadth of services offered by TfL and the ambition of TfL's priorities, there are a large number of measures included in this year's scorecard. This will ensure TfL's key services are scrutinised and rewarded accordingly.

4.2   The scorecard has been reviewed and rigorously challenged by the Commissioner to ensure the measures used are sufficiently stretching. All targets exceed or match current performance levels, except in one exceptional case: Transport for London Road Network journey time reliability, which is targeted at 88.8 per cent for 2014/15, 0.2 points lower than the latest 2013/14 forecast. A full explanation for this is included in Appendix 2.

5 Accessibility Measure

5.1 There is an aspiration to develop an accessibility measure for the 2015/16 TfL scorecard. It is intended that this will build on the current accessibility measures that are included in the 2014/15 project milestones, MD scorecards and personal objectives (where appropriate).

6 Performance Awards

6.1 As stated in section 3.1, the TfL scorecard will form the basis for TfL's Senior Management's remuneration for the financial year 2014/15. The performance award of the Commissioner, up to a maximum of 50 per cent of base salary, will be based 100 per cent on the TfL scorecard. Performance awards of the Chief Officers, up to a maximum of 30 per cent of base salary, are based 15 per cent on personal objectives, 10 per cent on the relevant MD Scorecard, and five per cent on the TfL scorecard.

6.2 As requested at the previous meeting, a note on why TfL pays staff performance awards is included as Appendix 4 to this paper.

List of appendices to this report:

Appendix 1: Proposed TfL scorecard for 2014/15
Appendix 2: Changes from the 2013/14 scorecard
Appendix 3: Five year trend analysis
Appendix 4: Why pay TfL staff Performance Awards?

List of Background Papers:

None

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Proposed TfL Scorecard - 2014/15

Indicator	Unit of Measure	2013/14 Forecast	2014/15 Target	Weighting %	Source for target
▪ **Customer**				*22.5%*	
London Buses - customer satisfaction	score	83	83	7.5%	Surface scorecard
London Underground - customer satisfaction	score	82	83	7.5%	R&U scorecard
TLRN - customer satisfaction	score	75	75	5.0%	Surface scorecard
DLR - customer satisfaction	score	85	86	1.0%	R&U scorecard
London Overground - customer satisfaction	score	80	81	1.5%	R&U scorecard
▪ **Delivery**				*52.5%*	
Killed & seriously injured (Londonwide)	% reduction (2005-09 baseline)	31.7	32.8	5.0%	Surface scorecard
Recorded crime: London Buses	crimes/million p. journeys	7.9	7.8	5.0%	Surface scorecard
Recorded crime: London Underground/DLR	crimes/million p. journeys	8.5	8.3	5.0%	Enforcement and on-street operations (Surface)
Significant Injuries per million hours on R&U	Injuries/m hours	NEW	0.55	2.5%	R&U scorecard
Hybrid Bus introduction	Total number	NEW	1,250	2.5%	Surface scorecard
Euro 3 Upgrade/Early Retirement	Total number	NEW	1,250	2.5%	Surface scorecard
London Buses: Excess Wait Time	mins	1.0	1.0	5.0%	Surface scorecard
London Underground: Total Lost Customer Hours	Millions of hours	22.0	19.8	5.0%	R&U scorecard
TLRN: Journey Time Reliability	%	89.0	88.8	5.0%	Surface scorecard
DLR: Departures	%	98.8	98.8	1.0%	R&U scorecard
London Overground: On-time performance	%	95.2	96.0	1.5%	R&U scorecard
% of Investment Programme and Budget milestones achieved	%	91.6 (2012/13 figure)	100 Sliding scale	12.5%	Standard methodology
▪ **People**				*5.0%*	

Staff Survey	score	SURVEY NOT COMPLETED	81%	5.0%	2012/13 score +2
▪ **Value**				*20.0%*	
Forecast accuracy – Opex not in the IP	%	98	100 Sliding scale	3.0%	Proposed methodology
Forecast accuracy – Investment Programme (Opex and Capex)	%	98	100 Sliding scale	2.0%	Proposed methodology
Net commercial development income	£m	221	218	5.0%	Q3 dashboard
Achievement of efficiency savings 2014/15	£m	£1.3bn	£1.3bn	5.0%	Q3 dashboard
Proportion of Business Plan efficiencies that are secured	%	NEW	TBC	5.0%	Work required
Total				**100%**	

Appendix 2: Changes from the 2013/14 scorecard

TfL Scorecard Changes 2013/14 - 2014/15

Indicator	Unit of Measure	2013/14 Target	2014/15 Target	Weighting %	Changes
■ Customer				22.5%	
London Buses – customer satisfaction	score	82	83	7.5%	
London Underground – customer satisfaction	score	82	83	7.5%	
TLRN – customer satisfaction	score	76	75	5.0%	Weighting increased by 2.5% to better match the relative demand for services
DLR – customer satisfaction	score	84	86	1.0%	Weighting decreased by 1.5% to better match the relative demand for services
London Overground – customer satisfaction	score	81	81	1.5%	Weighting decreased by 1% to better match the relative demand for services
■ Delivery				52.5%	
Killed & seriously injured (Londonwide)	% reduction (2005-09 baseline)	24.7	32.8	5.0%	
Recorded crime: London Buses	crimes/million p. journeys	8.6	7.8	5.0%	
Recorded crime: London Underground/DLR	crimes/million p. journeys	8.6	8.3	5.0%	
Significant Injuries per million hours on R&U	Injuries/m hours	n/a	0.55	2.5%	Replaced "Major Injuries per million hours on LU/LR network" to match industry standard
Hybrid Bus introduction	Total number	n/a	1,250	2.5%	New – replaced "CO2 emissions from principal PT modes" as CO2 data not available until after year end
Euro 3 Upgrade/Early Retirement	Total number	n/a	1,250	2.5%	New – replaced "CO2 emissions from principal PT modes" as CO2 data not available until after year end
London Buses: Excess Wait Time	mins	1.0	1.0	5.0%	
London Underground: Total Lost Customer Hours	Millions of hours	22.8	19.8	5.0%	
TLRN: Journey Time Reliability	%	89.6	88.8	5.0%	
DLR: Departures	%	98.2	98.8	1.0%	Weighting decreased by 1.5%. Name changed from "DLR:On-time performance"
London Overground: On-time performance	%	95.8	96.0	1.5%	Weighting decreased by 1%. Name changed from "London Overground: Passenger Performance Measure"
% of Budget milestones achieved	%	100	100	12.5%	Weighting increased by 2% to reflect importance of this measure
■ People				5.0%	
Staff Survey	score	81%	81%	5.0%	
■ Value				20.0%	
Forecast accuracy – Opex not in the IP	%	n/a	100	3.0%	New methodology
Forecast accuracy – Investment Programme (Opex and Capex)	%	n/a	100	2.0%	New methodology
Net commercial development income	£m	n/a	218	5.0%	New measure
Achievement of efficiency savings 2014/15	£m	n/a	£1.3bn	5.0%	Replaced "Achievement of Efficiencies Programme savings"
Proportion of Business Plan efficiencies that are secured	%	n/a	TBC	5.0%	New measure
Total				**100%**	

Explanation by exception for targets in 2014/15

All targets included in the proposed 2014/15 scorecard represent an improvement or maintenance of the latest forecast for 2013/14, except for the Transport for London Road Network (TLRN) journey time reliability.

TLRN Journey Time Reliability (JTR)

Traffic flows are the most significant driver of unreliability on the road network. The table below shows historical trends in 24 hour pan-London flows and TLRN JTR.

Full year	24-hour pan-London traffic flows	TLRN journey time reliability (%)
2010/11	94.2	88.8
2011/12	92.0	88.9
2012/13	93.0	89.2
2013/14 forecast	94.5	89.0
2014/15 target	> 94.5	88.8

A target of 88.8% is proposed for 2014/15, compared to a forecast for 2013/14 of 89.0%. There are four reasons for this:

1. 88.8% is the same as the JTR achieved in 2010/11, and the table shows that pan-London flows are already higher than during that period. Since then there has been an erosion of capacity available for general traffic as TfL has implemented, and will continue to implement, a range of schemes from urban realm improvements to Cycle Superhighways. This will make achievement of the level reached in 2010/11 a very stretching target.

2. Traffic flows have increased in the second half of the year resulting in a pressure on JTR that will mean the target is not achieved. TfL is likely to achieve a figure of 89.0% against a target of 89.5%

3. The target is mid-way between TfL's present upper and lower bound estimates for 2014/15 JTR; the lower figure takes into account the potential for demand to rise further and the higher figure TfL's mitigation work.

4. Whilst the current economic recovery is extremely positive news for the UK, it is likely to continue and will result in further continued pressure on London's road network, resulting in increased traffic demand.

Appendix 3: Five year trend analysis

(Please note that 2013/14 results will be signed off by the Remuneration Committee on 3 June 2014. Cells highlighted in orange are based on an old methodology)

TfL Scorecards since 2008/09

Indicator	Unit of Measure	08/09 Target	08/09 Actual	Var	09/10 Target	09/10 Actual	Var	10/11 Target	10/11 Actual	Var	11/12 Target	11/12 Actual	Var	12/13 Target	12/13 Actual	Var	13/14 Target	14/15 Target
		Set Mar 08			Set Mar 09			Set Mar 10			Set Mar 11			Set Mar 12			Set Mar 13	
■ Customer																		
London Buses – customer satisfaction	score	78	80	2	80	79	-1	79	80	1	79	80	1	80	82	2	82	83
London Underground – customer satisfaction	score	78	79	1	79	79	0	79	79	0	80	80	0	80	83	3	82	83
TLRN – customer satisfaction	score	n/a	n/a		n/a	n/a		n/a	n/a		72	75	3	75	76	1	76	75
DLR – customer satisfaction	score	90	92	2	92	91.9	-0.1	80	81	1	81	83	2	82	87	5	84	86
London Overground – customer satisfaction	score	73	74	1	73	78.5	5.5	75	80.3	5.3	78	82	4	80	82	2	81	81
■ Delivery																		
Killed & seriously injured (London wide)	% reduction (2005-09 baseline)	45.5	47.3	1.8	48.6	52.4	3.8	53.4	53.8	0.4	22.4	27.6	5.2	32.8	17.7	-15.1	24.7	32.8
Recorded crime: London Buses	crimes/million passenger journeys	15.2	12.0	-3.2	12.0	11.1	-0.9	10.2	10.5	0.3	10.2	9.3	-0.9	9.3	8.6	-0.7	8.6	7.8
Recorded crime: London Underground/DLR	crimes/million passenger journeys	14.4	13.2	-1.2	13.3	12.8	-0.5	12.9	11.6	-1.3	11.5	10.0	-1.5	9.6	9.6	0.0	8.6	8.3
Major Injuries per million hours on LU/LR network	Major injuries/m hours	n/a	n/a		n/a	n/a		0.25	0.27	0.02	0.25	0.26	0.01	0.27	0.29	0.02	0.27	n/a
Significant Injuries per million hours on R&U	Significant injuries/m hours																new	0.55
CO2 emissions from principal PT modes	grams/passenger-km	n/a	n/a		n/a	n/a		n/a	n/a		75.0	70.0	-5.00	70.0	Achieved		67.0	n/a
Hybrid Bus introduction	Total Number																new	1250
Euro 3 Upgrade/Early Retirement	Total Number																new	1250
London Buses: Excess Wait Time	mins	1.1	1.1	0.0	1.1	1.1	0.0	1.1	1.0	-0.1	1.1	1.0	-0.1	1.1	1.0	-0.1	1.0	1.0
London Underground: Total Lost Customer Hours	Millions of hours	n/a	n/a		n/a	n/a		12.5	14.7	2.20	17.7	13.5	-4.20	27.7	22.9	-4.80	22.8	19.8
TLRN: Journey Time Reliability	%	n/a	n/a		n/a	n/a		n/a	n/a		89.0	88.9	-0.1	89.2	89.2	0.0	89.6	88.8
DLR Departures	%	96.0	94.6	-1.4	96.0	94.8	-1.2	96.0	97.0	1.0	97.0	97.5	0.5	97.2	98.6	1.4	98.2	98.8
London Overground: On-time performance	score	91.7	92.2	0.5	93.4	93.2	-0.2	95.8	94.9	-0.9	94.0	96.6	2.6	95.8	96.6	0.8	95.8	96
% of Budget milestones achieved	%	n/a	n/a		100	77	-23	100	79	-21	100	83	-17	100	91.6	-8	100	100
■ People																		
Staff Survey		65.0	65.1	0.1	66.0	65.1	-0.9	52.4	62.5	10.1	n/a	n/a		72.0	79.0	7.0	81.0	81.0
■ Value																		
Achievement of Efficiencies Programme savings	£'s million	n/a	n/a		137	212	75	526	630	104.00	838	1051	213.00	1127	1144	17.00	134	n/a
Forecast accuracy (combined opex and capital)	%	98	98	0	98	99	1	n/a	n/a		n/a	n/a		n/a	n/a		98.0	n/a
Forecast accuracy - Opex not in the IP																	new	100
Forecast accuracy - Investment Programme (Opex and Capex)																	new	100
Net commercial development income																	new	218
Achievement of efficiency savings 2014/15																	new	£1.3bn
Proportion of Business Plan efficiencies that are secured																	new	TBC

'Why pay TfL staff Performance Awards?'

Performance Awards are an integral part of the remuneration package for Senior Managers at TfL. The provision of performance awards contributes to key strategic and financial objectives:

- **Performance awards support our high performing culture** – Making an element of senior manager reward *dependent* on the achievement of organisational and personal performance targets helps TfL create a high performance culture. TfL is better placed to meet its strategic goals and deliver its business plan by our ability to incentivise and reward our key staff appropriately for attainment of high levels of achievement.

- **Performance Awards aid attraction and retention –** TfL is a large and complex organisation, managing a multi-billion pound budget to deliver the Mayor's Transport Strategy. It's vital that we remain competitive in the attraction, retention and motivation of the calibre of staff we need to continue to develop and deliver a world class transport system for London. The opportunity to earn a performance related pay is a common feature of reward packages in the market from which TfL recruits. The performance award element of our package, alongside other benefits, helps us attract and retain key skills, knowledge and experience to our organisation.

- **Ensuring Reward at TfL delivers value for money –** The use of performance awards to reward annual contribution is a far more cost effective way of recognising high performance than equivalent increases to basic salaries. In a challenging economic environment, TfL must focus on achieving value for money in all aspects of expenditure, including reward. Rewarding the contribution of our people using an annual award that is separate from any increase to base pay and attendant pension contributions, allows TfL to appropriately recognise our people, whilst not increasing fixed reward costs or creating salary inflation.

The use of performance awards as the primary method of recognising high performance, rather than base pay inflation, is a key principle of reward at TfL and one we wish to see extended. This principle is a core element of our new Performance Related Pay proposals for staff in TfL below Senior Manager that are currently being consulted on with our recognised Trade Unions.

Tricia Riley
Human Resources Director
19 March 2014