

Transport for London

Minutes of the Remuneration Committee

Committee Room 3, City Hall, The Queen's Walk, London, SE1 2AA
12.00am, Wednesday 3 June 2015

Members

Baroness Grey-Thompson DBE	Chair
Daniel Moylan	Vice Chairman
Sir John Armitt CBE	Member (items 11/06/15 and 13-17/16/15)

Also in Attendance

Isabel Dedring	Deputy Chair of TfL (items 13-17/06/15)
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Staff

Howard Carter	General Counsel
Sir Peter Hendy CBE	Commissioner
Stephen Field	Director, Reward and Pensions
Tricia Riley	Human Resources Director
Shamus Kenny	Head of Secretariat

07/06/15 Apologies for Absence and Chair's Announcements

Apologies for absence had been received from the Mayor.

08/06/15 Declarations of Interests

Baroness Grey-Thompson declared an interest as a member of the London Legacy Development Corporation. Daniel Moylan declared an interest as a Councillor for the Royal Borough of Kensington and Chelsea, as a Non Executive Director of Crossrail Limited (appointed by TfL) and as Chairman of Urban Design London; as a TfL appointed Non Executive Director. Sir John Armitt declared an interest as Chairman of the National Express Group plc, Deputy Chairman of the Berkeley Group plc and a Member of the Airports Commission.

09/06/15 Minutes of the Meeting held on 19 March 2015

The minutes of the meeting held on 19 March 2015 were approved as a correct record and signed by the Chair.

10/06/15 Matters Arising, Actions List and Forward Plan

The Committee noted the Actions List and Forward Plan.

11/06/15 TfL Scorecard 2015/16 – Update

Sir Peter Hendy introduced the paper which sought approval for changes to the TfL Scorecard 2015/16 targets in light of the actual full year results for 2014/15.

The Committee accepted that the planned increase in roadworks as part of the Roads Modernisation programme and Cycle Superhighways schemes would impact on the targets for London Buses customer satisfaction, Transport for London Road Network (TLRN) customer satisfaction and TLRN Journey Time Reliability. However, the original targets should be reinstated once the major roadworks programmes were completed.

The Committee agreed the revised TfL Scorecard targets for 2015/16 as set out in Appendix 1 to the paper.

12/06/15 Crossrail Limited Chief Executive's Performance and Pay Review

Daniel Moylan confirmed that although a Non Executive Director of Crossrail Limited (CRL), he had no involvement with the decision of the CRL Remuneration Committee.

Terry Morgan introduced the paper and the supplemental information on Part 2 of the agenda, which informed the Committee of the decision made by the Crossrail Limited (CRL) Remuneration Committee to increase the CRL Chief executive's base pay from £391,400 to £400,000 (c2.2 per cent) for 2015/16.

Members noted the decision but suggested that it did not anticipate further salary increases as the project drew to a close.

The paper also consulted TfL on that Committee's proposal to award its Chief Executive a performance related payment in recognition of the CRL's achievements in the financial year 2014/15, its plan to make a Long Term Incentive Plan (LTIP) payment in recognition of his achievements to the end of 2014/15 and to release a deferred LTIP payment and asked TfL to note that he will be made a LTIP Award for 2015/16 in line with the agreed Targets.

The 2013/14 performance awards for the CRL Chief Executive and executive team had been reduced as a result of a fatality on a Crossrail site. The CRL Remuneration Committee had exercised prudence by deferring a further element of the LTIP payment for the CRL Chief Executive pending the outcome of the Coroner's hearing. As the Coroner had recorded the fatality as an accidental death, the CRL Remuneration Committee proposed to release the payment.

The Committee:

- 1 noted the achievements of the Crossrail Limited (CRL) Chief Executive in the 2014/15 performance year;**
- 2 noted the decision of the CRL Remuneration Committee to award the CRL Chief Executive a base pay increase for the financial year 2015/16, as set out in the paper on Part 2 of the agenda;**

- 3 supported the proposal of the CRL Remuneration Committee to award the CRL Chief Executive a performance related payment in recognition of his achievements in the 2014/15 performance year;**
- 4 noted the plan of the CRL Remuneration Committee to release for payment a deferred LTIP Payment to the CRL Chief Executive – deferred in 2014/15; and**
- 5 supported the proposal of the CRL Remuneration Committee to make an LTIP Award in respect of 2015/16.**

13/06/15 TfL Performance Delivery 2014-15 and Performance Awards

Sir Peter Hendy introduced the paper and the supplemental information on Part 2 of the agenda, which sought approval to the overall delivery for the year ended 31 March 2015 against the TfL and individual business or specialist services scorecards for the Commissioner and Chief Officers. The Committee was also asked to note the eligible performance awards for all other TfL staff (including Directors and Senior Managers).

The Committee noted the paper and the related paper on Part 2 of the agenda and:

- 1 agreed the delivery against scorecards for 2014/15;**
- 2 agreed the 2014/15 performance awards for the Commissioner and for the Chief Officers, as proposed in the paper on Part 2 of the agenda; and**
- 3 noted the overall level of performance awards for other staff.**

14/06/15 Chief Officer Salary Reviews 2015

Sir Peter Hendy introduced the paper and the supplemental information on Part 2 of the agenda, which proposed salary reviews for three of the Chief Officer group in light of the 2015 bespoke market benchmarking review for the Commissioner and Chief Officer roles undertaken by the external remuneration advisors, New Bridge Street reported to the previous meeting.

Whilst it was accepted that the TfL Leadership Team should demonstrate restraint in pay, it was also recognised that TfL needed to balance the impact of doing so against the potential risk to the retention and potential future hiring of critical talent if salaries were allowed to drift too far below market norms. It was the view of the Commissioner that TfL had reached the point where the risk caused by the imbalance between the salary position for some of the Chief Officers compared to the external market benchmark was no longer sustainable and base pay adjustments were required for those Chief Officers where this risk was deemed most critical.

The Committee considered the appropriate base pay adjustments, noting that the agreed increases would still leave the salaries of two of the Chief Officers significantly below the normal parameters of TfL's acceptable market median range, whilst the other award would move the individual's salary to the lower end of the acceptable range.

The Committee requested that information be provided to a future meeting to enable it to consider the practicalities and appropriate structure for TfL's executive remuneration in light of the benchmarking data. **[Action: Stephen Field and Tricia Riley]**

The Committee noted the paper and the supplemental information on Part 2 of the agenda and approved the following base salary increases, with effect from 1 April 2015: Mike Brown, £7,500; Vernon Everitt, £7,500 and Steve Allen, £5,000.

15/06/15 Commissioner's Salary Review 2015

Baroness Grey-Thompson introduced the paper and the supplemental information on Part 2 of the agenda, which asked the Committee to consider a salary review for the Commissioner in light of the 2015 bespoke market benchmarking review for the Commissioner and Chief Officer roles undertaken by the external remuneration advisors, New Bridge Street reported to the previous meeting.

The Committee considered the benchmarking information and performance of the Commissioner in 2014/15. The Committee decided to defer a decision to a future meeting.

The Committee noted the paper and the supplemental information on Part 2 of the agenda and agreed to defer a decision on the Commissioner's salary review to a future meeting.

16/06/15 Pensions Update

Sir Peter Hendy introduced the paper, which reported on the number of unfunded pension benefits approved by the Commissioner in accordance with the criteria previously agreed by the Committee and provided an update on the general pension landscape following the Government announcements on flexibilities and tax changes.

The Commissioner would provide a further update report at the end of the 2015/16 financial year.

The Committee:

- 1 noted that the Commissioner had approved 12 individuals out of 21 impacted by the Lifetime Allowance for the provision of unfunded pension benefits using the agreed criteria; and**
- 2 noted the general update on the Pensions Flexibilities.**

17/06/15 Any Other Business the Chair Considers Urgent

There was no urgent business to discuss.

The Committee agreed that as there were no items outstanding, the meeting scheduled for 30 June 2015 would be cancelled.

There being no further business, the meeting closed at 12.45pm.

The next meeting would be held on Thursday 19 November 2015 at 2.00pm.

Chair: _____

Date: _____