

Date: 19 July 2017

Item: Commissioner and Managing Director Performance Awards  
2016-17

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## This paper will be considered in public

### 1 Summary

- 1.1 This paper seeks the Committee's approval for the Commissioner and Managing Director performance awards in relation to the overall performance delivery for the year ended 31 March 2017 as measured against the TfL and individual business area or professional services scorecards. The 2016-17 performance year was based upon the objectives and scorecards as agreed by the previous Mayoral administration. 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 level of performance awards for the Commissioner and Managing Directors against the 2016-17 performance delivery outturn; and**
  - (b) **note the overall level of performance awards for other staff.**

### 3 Background and Summary of Achievement

- 3.1 An earlier paper on the agenda, Item 5, sets out in detail the scorecard outturn for TfL and the individual business areas.
- 3.2 **The total score against the TfL scorecard is 64.4 per cent.**

## Summary of Scorecard Achievement Rates

**Table 1: A summary of the scorecard outcomes**

Scorecard	Outcome %
London Underground & Rail	67.5
Surface Transport	67.1
Finance	80.0
General Counsel	84.0
Customers, Communication & Technology	89.5
Crossrail 2	56.0
TfL	64.4

- 3.3 The performance of the Commissioner and Managing Directors is measured via a combination of TfL-wide, business area and individual performance measures. This paper is concerned primarily with the specific payments for the Commissioner and Managing Directors, but also sets out the broad performance related payments for other staff across TfL outlined in section 6.
- 3.4 A new balanced scorecard approach has been agreed for implementation in the 2017-18 performance year and will be used in the calculation of any future performance awards.

## 4 Managing Director Performance Awards 2016-17

- 4.1 The maximum potential performance award that Managing Directors can achieve is **30 per cent** of base salary:
- (a) 5 per cent - Group TfL objectives;
  - (b) 10 per cent - Business scorecard objectives; and
  - (c) 15 per cent - Individual objectives.
- 4.2 Overall, TfL met **64.4 per cent** of its scorecard after weighting.
- 4.3 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 Commissioner's Performance Award 2016-17

- 5.1 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.
- 5.2 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 group scorecard. Overall, TfL met **64.4 per cent** of its scorecard, after weighting.
- 5.3 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.

5.4 The paper for Item 5 contains the Commissioner's commentary on the financial year 2016-17. The proposed performance award for the Commissioner is set out in the supplementary paper on Part 2 of the agenda.

## **6 Performance Awards for Directors, Senior Managers and Others**

6.1 Arrangements for employees below Managing Director level are set out below and are agreed by the Commissioner.

6.2 **Directors:** maximum award equivalent to **20 per cent of base salary** based on the TfL scorecard (max 2.5 per cent), business area scorecard (max 7.5 per cent) and individual performance (max 10 per cent).

6.3 **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 2016-17 this will be based upon a scorecard outturn and linear scale back.

6.4 **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:**

A paper on Part 2 of the agenda contains exempt supplemental information.

### **List of Background Papers:**

None

Contact Officer: Tricia Wright, HR Director  
Number: 020 3054 7265  
Email: [triciawright@tfl.gov.uk](mailto:triciawright@tfl.gov.uk)

Contact Officer: Stephen Field, Director of Pensions and Reward  
Number: 020 7918 3786  
Email: [stephenfield@tfl.gov.uk](mailto:stephenfield@tfl.gov.uk)