

# Transport for London

## Minutes of the Remuneration Committee

Committee Room 5, City Hall, The Queen's Walk. London SE1 2AA  
12.30pm, Wednesday 19 July 2017

### Members

Baroness Grey-Thompson DBE (Chair)  
Kay Carberry CBE (Vice-Chair)  
Ron Kalifa  
Val Shawcross CBE  
Ben Story

### Executive Committee

Mike Brown MVO	Commissioner
Howard Carter	General Counsel
Tricia Wright	Human Resources Director

### Staff

Stephen Field	Director Pensions and Reward
Shamus Kenny	Head of Secretariat

### Also in attendance

Sir Terry Morgan CBE	Chairman, Crossrail Limited (for Minute 05/07/17)
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## 01/07/17 Apologies for Absence and Chair's Announcements

There were no apologies for absence. The Chair reordered the agenda, as reflected in the minutes, to enable Sir Terry Morgan CBE to leave the meeting after the consideration of the item on Crossrail Limited Chief Executive's Performance and Pay Review.

## 02/07/17 Declarations of Interests

Members confirmed that their declarations of interests, as published on [tfl.gov.uk](http://tfl.gov.uk), were up to date and there were no interests that related specifically to items on the agenda.

## 03/07/17 Minutes of the Meeting of the Remuneration Committee held on 16 October 2016

The minutes of the meeting held on 16 October 2016 were approved as a correct record and signed by the Chair.

## 04/07/17 Matters Arising and Actions List

The Committee noted the Actions List.

## **05/07/17 Crossrail Limited Chief Executive's Performance and Pay Review**

Sir Terry Morgan CBE introduced the paper. As a sponsor of the Crossrail project, TfL was consulted on the proposed decision of the Crossrail Limited (CRL) Remuneration Committee to award the CRL Chief Executive a base pay award for 2017/18 and performance-related payments in recognition of his achievements in the financial year 2016/17. It was also proposed that the CRL Chief Executive would not receive a Long Term Incentive Plan (LTIP) Award for 2016/17, nor be eligible for an LTIP Award for 2017/18 but would be considered for a performance-related incentive payment instead.

Since his appointment in 2013, the CRL Chief Executive's base pay had been reviewed once, in 2015. At that time, the TfL Remuneration Committee's consultation response was clear that it did not anticipate further salary increases as the project drew to a close.

Sir Terry Morgan CBE explained that at the time of the Chief Executive's appointment in 2013, it was anticipated that CRL would be integrated into TfL during the final stages of the project and so the post holder would leave in 2017. It was now envisaged that the post of CRL Chief Executive would continue into 2018. CRL considered it essential that Mr Wolstenholme be retained as the project entered its critical final phase, as appointing a new Chief Executive would be disruptive and potentially more expensive. Having benchmarked the role, a base pay award increase was proposed but a performance award would only be achieved if CRL remained within its funding envelope; furthermore the overall remuneration package would be significantly reduced compared to previous years, as the role was no longer part of the LTIP scheme.

The Committee noted the situation with regard to the need for continuity and recognised the performance of the Chief Executive. However, it was not supportive of a pay award when other public servants were required to show sensible pay restraint, including the senior management at both sponsor organisations and other parts of the GLA Group.

Sir Terry Morgan CBE would feed back the views of the Committee to the CRL Remuneration Committee, which would then decide to either confirm or change its recommendation.

### **The Committee:**

- 1 noted the achievements of the Crossrail Limited (CRL) Chief Executive in the 2016/17 performance year;**
- 2 while recognising the achievements of the CRL Chief Executive, did not support the decision of the CRL Remuneration Committee to award a base pay increase for the financial year 2017/18, as set out in the paper on Part 2 of the agenda;**
- 3 noted the proposal of the CRL Remuneration Committee to award the CRL Chief Executive performance related payments in recognition of his achievements in the 2016/17 performance year;**
- 4 noted the proposal of the CRL Remuneration Committee not to make a LTIP Award in respect of 2017/18; and**
- 5 noted that no LTIP Payment was due.**

## **06/07/17 Scorecard**

Mike Brown MVO introduced the paper, which sought approval of the overall results against the TfL and individual business or specialist services scorecards for the year ended 31 March 2017.

The Committee recognised that the design of the 2016/17 scorecard made it difficult for some post-holders in multi-dimensional operational roles to score highly, which impacted on their potential performance awards. The new scorecard for 2017/18 agreed by the Board was a substantial improvement.

### **The Committee:**

- 1 agreed the scorecard results for 2016/17; and**
- 2 noted the wider performance of TfL in 2016/17, in the context of the adjusted priorities of the organisation.**

## **07/07/17 TfL Commissioner and Managing Director Performance Awards 2016-17**

The Committee was asked to approve 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 discussed the trade-offs between the need to show pay restraint and to attract and retain key staff in a highly competitive market. TfL's Transformation programme would see the scope and responsibilities of many roles expanded and there was a risk that TfL could lose talent as benchmarking demonstrated that some people were able to command far higher remuneration packages elsewhere. The Chair of the Committee would discuss these issues with the Chair of TfL. **[Action: Chair]**

The Committee asked that its terms of reference be reviewed, so that it considered wider strategic issues around TfL's remuneration structure. This would include benchmarking, skill sets and gaps, talent management, equality and inclusion at senior levels and the ability to attract and retain key staff. **[Action: Howard Carter]**

In addition to the exclusion of the press and the public, all staff left the meeting during the Committee's consideration of the individual performance reviews and awards for the Commissioner, Managing Directors, the Chief Finance Officer and the General Counsel.

The Committee considered and supported the proposed performance awards for each individual based on the scorecard achievements for the areas that they were responsible for and their own personal performance.

Following the terrible tragedy involving an overturning tram at Sandilands in November 2016, the Committee supported Leon Daniels's proposal that as Managing Director of Surface Transport he would not receive the performance award that he was entitled to for the 2016/17 financial year. The Committee discussed the proposal by Mike Brown MVO, as Commissioner, to also forgo the performance award that he was entitled to. While the Committee recognised the importance of leadership and accepting collective responsibility, it was concerned about the fairness of the Commissioner not receiving any award given his and TfL's overall performance over the previous year. The Committee reluctantly accepted the Commissioner's decision not to accept his performance award.

Going forward, the new performance award regime tied to the TfL Scorecard should ensure that safety metrics were properly incentivised, with anyone falling below the required standard automatically being ineligible for that proportion of their Scorecard performance award. **[Action: Tricia Wright]**

The Committee requested that the commentary on the performance of the Commissioner and his direct reports in future papers be more tightly focused on their performance and achievements. **[Action: Mike Brown MVO]**

**The Committee noted the paper and the supplemental information on Part 2 of the agenda and:**

- 1 agreed the level of performance awards for the Commissioner and Managing Directors against the 2016-17 performance delivery outturn;**
- 2 noted that the Commissioner and Leon Daniels, as the Managing Director Surface Transport, had declined a performance award for 2016/17 due to the overturning tram at Sandilands in November 2016; and**
- 3 noted the overall level of performance awards for other staff.**

## **08/07/17 Any Other Business the Chair Considers Urgent**

There was no urgent business to discuss.

## **09/07/17 Date of Next Meeting**

The next meeting was scheduled for 16 March 2018 at 10.00am.

The Committee agreed that further meetings should be scheduled for the remainder of the year. **[Action: Secretariat]**

## **10/07/17 Exclusion of Press and Public**

**The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 1 and 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt appendices to the items on the**

**Crossrail Limited Chief Executive's Performance and Pay Review and the  
Commissioner and Managing Director Performance Awards 2016-17.**

The meeting closed at 2.00pm.

Chair: \_\_\_\_\_

Date: \_\_\_\_\_