Agenda

Meeting: Remuneration Committee

Date: Wednesday 10 November 2021

Time: 10:00am

Place: Conference Rooms 1 and 2, Ground Floor, Palestra, 197 Blackfriars Road, London, SE1 8NJ

Members
Ben Story (Chair)   Heidi Alexander
Kay Carberry CBE (Vice-Chair)

Copies of the papers and any attachments are available on tfl.gov.uk How We Are Governed.

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Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Shamus Kenny, Head of Secretariat; telephone: 020 7983 4913 email: ShamusKenny@tfl.gov.uk.

For media enquiries please contact the TfL Press Office; telephone: 0343 222 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel
Tuesday 2 November 2021

Agenda
Remuneration Committee
Wednesday 10 November 2021

1   Apologies for Absence and Chair's Announcements

2   Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

3   Minutes of the Meeting of the Committee held on 7 July 2021
(Pages 1 - 6)

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 7 July 2021 and authorise the Chair to sign them.

4   Matters Arising, Actions List and Use of Delegated Authority
(Pages 7 - 12)

General Counsel

The Committee is asked to note the updated actions list and the use of Chair's Action.

5   Approach to Strategic Workforce Planning (Pages 13 - 22)

Chief People Officer and Director of Diversity, Inclusion and Talent

The Committee is asked to note the paper.

6   **Pay Gap Analysis** (Pages 23 - 72)

Director Diversity, Inclusion and Talent

The Committee is asked to note the analysis of TfL's gender and race pay gap reports and the action being taken to narrow the gaps.

7   **Members' Suggestions for Future Discussion Items** (Pages 73 - 76)

General Counsel

The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items for the forward plan and for informal briefings.

8   **Any Other Business the Chair Considers Urgent**

The Chair will state the reason for urgency of any item taken.

9   **Date of Next Meeting**

Thursday 3 March 2022 at 10am.

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Transport for London

Minutes of the Remuneration Committee

Teams Virtual Meeting
2.00pm, Wednesday 7 July 2021

Members
Ben Story (Chair)
Kay Carberry CBE (Vice-Chair)
Heidi Alexander

Executive Committee
Andy Byford   Commissioner
Howard Carter   General Counsel
Tricia Wright   Chief People Officer

Staff
Stephen Field   Director of Compensation and Benefits
Shamus Kenny   Head of Secretariat

12/07/21   Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting. The meeting was being held using Teams and was also broadcast live on YouTube (except for the discussion of the information on Part 2 of the agenda, which was exempt from publication) to ensure the public and press could observe the proceedings and decision making.

The flexibility of meetings regulations, which applied to TfL from August 2020 and enabled decisions to be taken via videoconference, expired on 6 May 2021. As Members were not able to meet in person due to social distancing measures, any decisions required would be taken by the Chair, exercising Chair's Action, following the discussion of the item with Members.

The Chair welcomed the appointment of Marcia Williams as the new Director of Diversity, Inclusion and Talent. Marcia had over 25 years of experience in diversity and inclusion, most recently from her time at Thames Tideway as Head of Development and Inclusivity. Members looked forward to working with her at future meetings.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with TfL staff after the meeting. There were no specific issues raised at the meeting.

13/07/21   Declarations of Interests

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no other interests to declare that related specifically to items on the agenda.

14/07/21 Minutes of the Meeting of the Committee held on 11 March 2021

The Chair, following consultation with the Committee, approved the minutes of the meeting held on 11 March 2021 as a correct record.

15/07/21 Matters Arising, Actions List and Use of Delegated Authority

The Committee noted that there had been five uses of Chair's Action approving salaries of £100,000 or more since the last meeting. In addition to the four listed in the paper, a further approval had been agreed in relation to Procurement and Supply Chain roles since the publication of the meeting papers. The Chair thanked Members for the prompt responses to these requests, which enabled recruitment processes to be progressed as quickly as possible.

The one outstanding action would be addressed in a paper scheduled for the next meeting.

The Committee noted the updated Actions List and use of delegated authority.

16/07/21 Senior Management Performance Awards

Tricia Wright and Stephen Field introduced the item, which updated the Committee on the current position regarding TfL's performance award schemes for senior management (Commissioner, Managing Directors, Directors and Payband 4 and 5 Senior Managers) within the context of the recently announced short-term Government funding settlement.

The measures to reduce the spread of the coronavirus pandemic had a significant impact on TfL's finances from March 2020. On 24 June 2020, the Committee had agreed to suspend the performance awards element of the scheme for 2020/21, to defer payment of the 2019/20 awards for 12 months and to consider its position on the scheme for 2021/22 in 2021, due to the uncertainty of TfL's financial position at the time. The Committee had recognised, and reconfirmed at this meeting, that the decision was regretful and impacted staff but was the right thing to do in the circumstances.

Members recognised that the scheme was an integral part of the remuneration package for senior staff. It supported TfL's goals and, being linked to scorecards, ensured that rewards were linked to achievement. The staff covered by the scheme had also been subject to a pay freeze since 2016 and the conditions related to the latest funding settlement sought continued pay restraint. Most senior staff accepted that their remuneration was less than they could achieve in the private sector, as they saw other benefits to working in the public sector.

The pay freezes and withdrawal of performance awards in 2020/21 meant there was significant competitive pressure for senior staff, particularly those with scarce or transferable skills. There had been an increasing exodus of senior talent in recent months, which was causing concern in relation to the ability of TfL to retain and attract staff. There had been six resignations to date in 2021 of staff at Director level and above, compared to seven in 2016-20 along with a higher rate of Band 4 and 5 staff. Many staff were leaving for roles where the remuneration offered was significantly higher than was

possible at TfL. The Commissioner was also concerned that a lot of the talent leaving were from diverse backgrounds.

The Committee recognised the need for pay restraint given TfL's financial position, but that benchmarking showed that pay for many staff was significantly below its competitors. Attraction and retention would continue to be a significant issue if staff were going above and beyond to deliver but were again asked to forgo part of their remuneration package.

Staff were asked to develop options for the performance award scheme for 2021/22. All options would be linked to performance and out-performance against the scorecard and attaining financial sustainability, with payments deferred until TfL no longer required temporary support from government for operational costs. The future paper would include information on competitor organisations and the views of the Department for Transport in relation to meeting the spirit of the current funding conditions on pay.

[Action: Tricia Wright / Stephen Field]

A paper would be submitted to the Committee in November 2021 on how TfL would continue to attract and retain diverse talent. **[Action: Marcia Williams]**

The Committee noted the paper.

17/07/21   2020/21 Scorecards

Andy Byford and Tricia Wright introduced the paper, which provided the business performance results as measured by the TfL and delivery business scorecards for the year ended 31 March 2021.

The TfL scorecard, whilst being ambitious and stretching, captured the outcomes and milestones required over 2020/21 to deliver the Business Plan and Budget. Given the high level of uncertainty and the need to focus on the short term, TfL set out an immediate scorecard (H1) to cover the first half of the performance year. The H1 scorecard was focused on short-term priorities to ramp up services to support the restart of the economy and was aligned to the requirements of the funding agreement in place at the time. The H2 scorecard covered the second half of the performance year, which was recovery focused with a return to core safety and people priorities and an emphasis on active travel and reducing carbon emissions.

The scorecards of the four delivery businesses captured how the TfL scorecard translated into what each individual business needed to achieve, focusing more on leading measures.

On 27 May 2021, following consultation with its members, the Chair of the Audit and Assurance Committee considered and signed-off an Assurance Review on the scorecard results undertaken by TfL's Risk and Assurance Directorate.

The Committee noted the significant amount of work undertaken over the last year, which had been severely impacted by the coronavirus pandemic. TfL had continued to operate services and deliver projects, with enhanced cleaning regimes and other Covid-safe measures, while managing the impact on staff, many of whom had contracted Covid-19 or had to self-isolate. There had also been 90 staff and contractor fatalities due to Covid-19, which impacted their colleagues as well as their families and friends. TfL

also had to manage the impact of the coronavirus pandemic on its finances, including the use of resource to facilitate discussions with government on funding and meeting the conditions of the funding settlements.

The Commissioner was pleased with the scorecard outturn in an extraordinary year, which had seen customer confidence maintained. TfL continued to have a good safety record and delivered on capital project milestones despite a temporary Safe Stop at the early stages of the coronavirus pandemic to reconfigure working arrangements to reduce the risks to staff.

The Committee noted that the scorecards showed some reds against safety metrics, such as the rise in cycle and motorcycle fatalities and an increase in falls on buses, which had also occurred for other transport operators. The increase in assaults on staff were a concern and were being followed up. The safety metrics were considered at the recent meeting of the Safety, Sustainability and Human Resources Panel, which acknowledged the good performance in the circumstances but cautioned against any complacency. Safety was the top priority for TfL and the Executive Committee kept all safety metrics under close review.

The Committee noted the delivery against scorecards for 2020/21.

18/07/21   Performance Assessments 2020/21

Andy Byford introduced the item, including the information on Part 2 of the agenda, which summarised the performance assessments for those staff within the remit of the Committee. On 24 June 2020, the Committee had agreed that the senior management performance award schemes would be suspended for the 2020/21 financial year but that it was critical that TfL continued to manage performance effectively.

The Commissioner had set out two key priorities when he joined TfL, which had been accepted and adapted by the Executive Committee:

(a)   to lead TfL through and beyond the coronavirus pandemic, by rebuilding ridership, finances and the capability and morale of staff. This now included a commitment to a more diverse organisation with a clear vision; and

(b)   to complete the Crossrail project and deliver the Elizabeth line into full service as soon as possible. This had been expanded to include delivery of the following major projects the extension of the Northern line, the Bank station capacity project and Barking Riverside, along with commitments to a focus on a green organisation.

The organisation had made good progress in all areas, while taking on additional workload as a result of the coronavirus pandemic, initially to manage the crisis, including operational delivery and in securing additional funding for TfL and Crossrail. Across TfL and its contractors, people had gone above and beyond their day jobs, working outside of their comfort zones to look after their teams and deliver for London. The Committee expressed its thanks to the Commissioner and his leadership team for their professionalism and ability to deliver services and make key decisions in such a novel situation.

The Committee reviewed the performance assessments for those individuals under its direct accountability. The General Counsel and Head of Secretariat left the meeting for the discussion of the individual performance assessments and the Chief People Officer and Commissioner left the meeting for the discussion on their performance.

The Committee supported the assessments made against individual staff and again acknowledged the significant contribution each had made during an extraordinary and challenging year.

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

19/07/21   Members' Suggestions for Future Discussion Items

Howard Carter introduced the item.

The Committee agreed that the meeting on 10 November 2021 would consider the attraction and retention of a diverse workforce, as requested earlier in the meeting, and bring forward the wider update paper on workforce and talent, currently scheduled for March 2022.

The Committee noted the forward plan.

20/07/21   Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

21/07/21   Date of Next Meeting

The next scheduled meeting of the Committee was Wednesday 10 November 2021 at 10am.

Arrangements would be made for the Committee to consider options in relation to Senior Management Performance Awards for 2021/22 (Minute 16/07/21).

22/07/21   Exclusion of the Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 1, 3 and 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt information on Performance Assessments 2020/21 which contained information relating to individuals, the business affairs of TfL and where a claim to legal professional privilege could be made.

The meeting closed at 16.00

Chair: _____

Date: _____

Remuneration Committee

Date: **10 November 2021**

Item: **Matters Arising, Actions List and Use of Delegated Authority**

This paper will be considered in public

1   Summary

1.1   This paper provides information on any use of Chair's Action and the progress against actions agreed at previous meetings (Appendix 1).

1.2   There have been seven uses of Chair's Action, since the last meeting of the Committee on 7 July 2021; five in relation to the approval of salaries of £100,000 or more, one in relation to an exit payment and one in relation to the Senior Management Performance Award Scheme.

2   Recommendation

2.1   **The Committee is asked to note the updated Actions List and the use of Chair's Action.**

3   Use of Delegated Authority

Salaries of £100,000 or more

3.1   The Terms of Reference for the Committee required it to approve salaries of £100,000 or more. A business case justification is provided to the Committee for each role.

3.2   Under TfL's ongoing Transformation programme the overall number of senior roles are being reduced and cost savings achieved. Following consultation with members of the Committee, the Chair approved salaries of £100,000 or more for the following roles:

Request 27 July, approved 2 August 2021

1)   Head of Transformation Portfolio (Digital Workplace);

2)   Senior Product Owner;

3)   Data & Analytics Senior Developer;

4)   Pway Engineer;

5)   Pway Engineer;

6)   Improvement Programme Lead;

7) Senior Product Owner;

8) Senior Product Owner;

9) Senior Project Manager;

10) Senior Scrum Master;

11) Occupational Health Advisor;

12) Commercial Manager x10;

13) Commercial Manager;

14) D&A Development Stream Lead;

15) Development Stream Lead x2;

16) Senior Application Engineer (Maximo) x6;

17) Senior Solution Architect;

18) Senior Solution Architect x2;

19) Lead BI Architect;

20) Senior Software Developer (DevOps Team Lead);

21) Senior Software Developer (DevOps Engineer); and

22) Senior Software Developer Java x2.

Request 24 August, approved 26 August 2021

23) Head of Finance – London Underground;

24) Project Manager;

25) Senior Maximo Developer;

26) Senior Product Owner;

27) Senior Product Owner;

28) Senior Project Manager;

29) Senior Project Manager;

30) Senior Project Manager;

31) Senior Software Developer (Android);

32) Senior Software Developer (iOS);

33) Senior Software Engineer DevOps Lead;

34) Principal Engineer;

35) Pway Engineer;

36) Senior Signalling Systems Engineer;

37) Senior Signalling Systems Engineer;

38) Senior Systems Engineer;

39) Treasury Senior Systems Management Consultant;

40) Senior Finance Business Partner; and

41) Project Manager.

Request and approved 17 September 2021

42) Director of Transport Strategy;

43) Director of Legal Services;

44) Head of Finance – Commercial Development;

45) Interim Deputy to Chief Procurement Officer;

46) Head of Change Portfolio Office; and

47) Occupational Health Doctor.

Request and approved 28 September 2021

48) Improvement Programme Lead; and

49) Occupational Health Doctor x3.

Request 12 October, approved 15 October 2021

50) Finance Director – Surface:

51) Project Manager;

52) Senior Business Analyst;

53) Senior Business Analyst;

54) Senior Project Manager;

55) Senior Software Developer;

56) Senior Solution Architect;

57) Engineer Pway;

58) Senior Project Manager; and

59) Senior Technical Project Manager.

Exit Payment

3.3   The Terms of Reference for the Committee include oversight of any proposed exit payment outside of standard redundancy terms that exceeds £100,000 (excluding notice periods, which are contractual) irrespective of the grade and/or salary of the employee.

3.4   Following consultation with Members on 27 September, on 10 October 2021 the Chair of the Committee approved the proposed exit payment for the Head of Track Maintenance and Renewals, London Underground.

Senior Management Performance Award Scheme

3.5   On 7 July 2021, the Committee discussed the scheme and asked for developed proposals addressing specific criteria for its operation in 2021/22 and 2022/23.

3.6   The use of Chair's Action was considered appropriate as staff needed clarity on the operation of the scheme in the current year as soon as possible, as more than half of the performance year had passed.

3.7   On 1 November 2021, the Chair, in consultation with available Members, approved the implementation of performance award arrangements for 2021/22 and 2022/23 in accordance with the design outlined. The paper has been published on tfl.gov.uk.

3.8   Key features of the design included:

(a)   the performance award schemes would continue in their current format with performance award budgets assessed for a one-year performance period determined by annual business scorecard results and with individual awards calculated by linking performance ratings to a multiplier used against the calculated budget;

(b)   individual awards would be calculated in line with the normal annual performance cycle;

(c)   payment was dependent upon achievement of a 'Financial Overlay Trigger', which required TfL to deliver its business plan to become (operationally) financially sustainable, free of 'extraordinary Government funding' by 1 April 2023. Performance award payments would not be met from the Government's extraordinary funding;

(d)   the Committee would hold final discretion on the assessment and application of both the Financial Overlay Trigger and overall operation of

the performance award schemes to ensure that they only operate in the way that is intended;

(e)   performance award budgets for the annual schemes would continue to be calculated in accordance with the current scheme design; and

(f)   other performance award arrangements would recommence in line the senior schemes.

List of appendices to this report:

Appendix 1: Actions List

List of Background Papers:

Minutes of previous meetings of the Committee
Chair's Action papers issued on 27 July, 24 August, 17, 27 and 28 September and 12 October 2021 (all exempt from publication)
Chair's Action paper issued 29 October 2021 (published)

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

Remuneration Committee Actions List (reported to the meeting on 10 November 2021)

Actions arising from the meeting held on 7 July 2021.

Minute No.	Description	Action By	Target Date	Status note
16/07/21 (1)	**Senior Management Performance Awards – 2021/22 proposals** Staff were asked to develop options for the performance award scheme for 2021/22. All options would be linked to performance and out-performance against the scorecard and attaining financial sustainability, with payments deferred until TfL no longer required temporary support from Government for operational costs. The future paper would include information on competitor organisations and the views of the Department for Transport in relation to meeting the spirit of the current funding conditions on pay.	Tricia Wright / Stephen Field	October 2021	Addressed through the Chair's Action reported on the agenda.
16/07/21 (2)	**Senior Management Performance Awards – Diverse Talent** A paper would be submitted to the Committee in November 2021 on how TfL would continue to attract and retain diverse talent.	Marcia Williams	November 2021	Addressed in Strategic Workforce Planning and Pay Gap Analysis papers.

Actions arising from previous meetings.

Minute No.	Description	Action By	Target Date	Status note
14/06/19	**Pay Gap Analysis Update: Diversity of Train Drivers** TfL would continue to review how it could further increase the diversity of its drivers, including reviewing the recommendations from the ASLEF report. A comprehensive status update would be provided to a future meeting.	Tricia Wright	December 2021	Work was undertaken on the recruitment / application process and a note will be provided on the outcome of those changes.

Remuneration Committee

Date: **10 November 2021**

Item: **Approach to Strategic Workforce Planning**

This paper will be considered in public

1 Summary

1.1 This paper describes our proposed methodology for strategic workforce planning, short and medium-term risks to our ability to recruit and retain key skills and the mitigating actions we are putting in place to ensure we can effectively plan resourcing strategy.

2 Recommendation

2.1 The Committee is asked to note the paper.

3 Organisational Context

3.1 We are facing several challenges in our ability to attract and retain the skills and expertise we need to deliver our business priorities. This has been heightened in the last 18 months.

3.2 While the immediate challenges described in this paper have necessitated immediate solutions, we are also facing a significant risk to our ability to resource in the medium-term. This has required us to focus on putting in place infrastructure to provide us with the data we need for a longer-term strategic workforce plan, such as identifying our critical roles and implementing a new methodology for succession management across our business.

3.3 As a business we have been exploring what strategic workforce planning means to us in practice. Given our financial constraints we are having to evaluate how we operate as a business and explore how this needs to change in the future. This work is at an early stage but to achieve £730m savings in operating expenditure, wide ranging change activity will be required up to April 2023. This activity will support the building of a cost-efficient organisation, which may include changes to our operating model, and will define our medium and long-term internal skills requirements.

3.4 Key business priorities and Mayoral commitments, such as Vision Zero and achieving carbon neutrality, are likely to require diversification of the skills and expertise currently held within our workforce. We have a key role to play in delivering the green skills agenda which is a Governmental and Mayoral priority.

3.5   We are a multi-generational employer however we have a disproportionately mature workforce. Given our employee profile many of our employees will reach 60 years old during the next 15 years. One in five employees might potentially retire during the next decade. There is a need to ensure we plan effectively to replace or mitigate the potential loss of key skills and institutional knowledge over this period.

3.6   The Committee has previously highlighted the use of non-permanent labour (agency and consultancy resource) in critical skill areas such as Information Technology. This is becoming more acute against the backdrop of increased hybrid and home working as more organisations are seeking to utilise technology to support a post pandemic working environment in addition to the drive for greater digitalisation. We continue to be committed to better management of the use of non-permanent labour throughout the organisation. In the medium-term, increased focus on learning, skills, career development, workforce and succession planning will be the most effective interventions to reduce reliance on non-permanent labour for critical skill sets.

3.7   A further critical consideration for us in the context of attracting and retaining people is ensuring future talent pipelines are diverse at all levels across the business. This is key to making our organisation more representative of the city we serve and also our ability to close gender and ethnicity pay gaps over time.

3.8   The market for skills is becoming increasingly competitive in the rail and construction industries, particularly for critical skill sets such as engineering and capital programmes. It is anticipated that major infrastructure projects such as HS2 and the Great British Railway will increase activity as the economy recovers, which will intensify direct competition for these skills. We are already experiencing heightened competition across our Capital Delivery, Project Management Office, Engineering and Track Renewals functions, resulting in a number of vacancy and recruitment issues in those areas. The buoyant construction market and other big construction projects and their ability to pay higher salaries for similar work is presenting both attraction and retention risks. We are also experiencing significant difficulties in the area of Professional Services in attracting to core delivery areas where skillsets may not be as niche, but we are unable to keep pace on salaries with other public and private sector employers.

3.9   As a customer facing business, we are reliant on our people to deliver our services and keep London moving. However, we recognise that developments in technology, changing expectations of employees and customers mean how we utilise our people to deliver services will need to change over the next decade.

3.10   As we recover from the coronavirus pandemic, we can expect many of the changes to 'when', 'where' and 'how' work is delivered to embed into a new normal. Technological change, shifting social norms and attitudes towards working practices, and the impact of Carbon Net Zero policies are likely to mean we can expect the nature of work and the workforce to look very different by the end of the decade. For example, the transition to a green economy will necessitate new and diverse skills, particularly in project delivery, with clear understanding of resource efficiency and modelling and interpreting environmental change.

3.11 The next decade will see artificial intelligence and automation have a significant impact on how and where work is performed. Technology has the potential to eliminate routine jobs and tasks, but also to create new jobs and improve the quality of existing jobs. Digitalisation of the workplace will influence the size and skill base of our workforce in the future as technology will change how tasks and services are delivered and consequently, the skills profile of employees needed to perform these.

4 Our approach to Strategic Workforce Planning

4.1 The workforce risks described above will be mitigated by a combination of interventions that will enable us to identify, plan and resource the skills the organisation will need now and in the future.

4.2 In TfL, strategic workforce planning is defined as longer-term workforce planning, usually over a period of three to five years. It is a strategic tool for managing transition in what and how work is delivered. It is a distinct and different activity from operational workforce planning which works across a shorter horizon, typically three to 12 months. The focus of operational planning is on identifying numbers of people required to satisfy immediate needs and deliverables and is more applicable to managing business as usual.

4.3 Strategic workforce planning will help us to map out our requirements by aligning our resourcing strategy with our business strategy. We will analyse, through engagement with our senior leaders, what will be required from the workforce perspective to deliver objectives and identify the critical gaps we will need to fill to meet longer-term aspirations such as decarbonisation, extending our network or increased automation. It enables us to choose where to invest in our people and identify actions required to acquire, retain, develop, and deploy our workforce.

4.4 The steps below describe our methodology for applying strategic workforce planning in our business.

(a) **Understanding Organisational Context** – Analysis of the internal and external factors impacting our organisation and the key risks to delivery. Some of these are highlighted earlier in this paper, but a more detailed exercise, involving our senior leaders utilising PESTLE (Political, Economic, Sociological, Technological, Legal and Environmental) analysis will be undertaken to provide that insight.

(b) **What skills and capabilities are needed to deliver our business strategy?** – Strategic workforce planning will be developed concurrently with the emergence of a refreshed business strategy and an understanding of our future priorities (e.g. the de-carbonisation agenda, digitalisation, and automation). We will map how our business priorities translate to delivery and what skill and capabilities the organisation will need.

(c) **What internal capability do we have?** – Analysis of our current workforce capability, using workforce segmentation to identify the knowledge, skills, and abilities we currently hold for current and future priorities. We will also

look at the age and demographic profile of our current workforce. We will use outputs from performance and career conversations to map future capability.

(d) **What does the external labour market look like?** – What is the availability of the skills and capabilities we need in the external labour market? What are the characteristics of our likely pool of talent – demographics, skills profile, preference for permanent or agency employment. Analysis of who our main competitors for talent are and how our employment offer compares.

(e) **What is the gap and how do we fill or mitigate the gap?** – The above analysis allows us to map our workforce gap and will support informed decisions on 'build' or 'buy' strategies to meet future resourcing need. The data will help us determine what is required in terms of our people and organisation to deliver our business strategy. It will enable us to choose where to invest in our people and identify actions required to acquire, retain, develop, and deploy the workforce.

4.5 Given the current uncertainty surrounding our long-term funding position, we are limited to a degree in the extent of workforce planning activity that can be taken forward now. However, planning for our longer-term horizon will become clearer following the agreement of any new settlement with the Government after December 2021, therefore it is a priority for us put in the workforce planning infrastructure now that will enable us to support the development of the business strategy. We expect to be able to introduce an approach to longer-term workforce planning over the next 12 months.

5 Interventions we are taking now to mitigate workforce risk

Succession Planning and Identification of Critical Roles

5.1 Our immediate response to mitigation of key skills is underpinned by the identification of critical roles and succession management. Getting the right people in the right place at the right time requires robust succession plans that are future focused, diverse, inclusive and transparent.

5.2 We define critical as those roles that are essential to us being able to provide a service, are safety critical/legally required, or have a role in setting business strategy. Following identification of these roles we will build succession plans beyond the current role holders to mitigate loss of knowledge and skills.

5.3 Ahead of a wider roll out of this scheme across the business, we have partnered with the leadership team in the Technology & Data (T&D) Directorate to establish a pilot scheme. T&D was chosen for the pilot as this area has a high number of vacancies and has recently experienced challenges in recruiting permanent staff for specialised skill sets. The Committee has previously highlighted the high rates and usage of non-permanent labour in this area.

5.4 A full summary of the pilot is included in Appendix 1 of this paper. The pilot has demonstrated the efficacy of our methodology for identifying critical roles. Work has begun with the roles identified in T&D to identify successors for the next two-three years based on outputs from career aspirations, readiness and development conversations. We will extend the use of critical role identification and succession planning across the business over the next 12 months, prioritising areas experiencing skill shortages or challenges in being able to recruit from the external market.

Graduate and Apprentice Pipeline

5.5 Our graduate and apprentice schemes are an important part of how we meet future resourcing requirements. Our schemes are well-established programmes that provide a diverse pipeline of people across TfL and carry a strong brand in the industry, as well as being highly regarded internally.

5.6 In areas with immediate skills shortages and critical skills, graduates and apprentices enable diverse talent pipelines to help fill these gaps as well as delivering skills needed for the future, two to six years out.

5.7 We welcomed 46 Graduates and 64 Level 4-6 Apprentices in September 2021. We are actively recruiting our next cohort of apprentices to start in January 2022 across London Underground, Engineering, T&D, Major Projects Directorate, City Planning, Surface and Rail for London Infrastructure.

5.8 Our senior leaders recognise the value of these schemes to their future resource plans. We have recently completed a demand planning exercise and saw a rise in demand for graduate resource from the business, partly in response to the challenges described in this paper, skills shortages, workforce demographics and an increased focus on succession planning.

5.9 We are actively establishing new apprentice schemes to meet future skills needs. We have recently introduced a new scheme in T&D, and we will align outputs from critical role identification and longer-term workforce planning to inform this approach. We are also looking at ways we can use the apprenticeship levy to develop current employees and diversify our skill base.

Managing Talent

5.10 In support of our new approach to managing talent, we have introduced a new readiness model which will be central to how we assess and develop our people. The readiness model assesses whether an employee is ready to stretch and grow their responsibilities in their current role, if they have more to do to strengthen their capability, or if they are ready to move into a different role. These conversations enable us to understand and support an individual's own development and progression, while at the same time, ensuring we have the right skills and capability to deliver our priorities.

5.11   The readiness model is providing a direct link between the outcomes of performance and development conversations with future resource plans. These conversations are now underway, using better technology for recording and analysis and are fostering an improved development culture. Over time, we will be able to use the outputs of these conversations to inform succession planning for critical roles and meeting future skill and resource needs.

5.12   The readiness model is currently used in development conversations and we expect to review outcomes at the end of the performance year in March 2022.

Reward

5.13   Our emerging Reward strategy will support other initiatives to identify and retain key skills.

5.14   We have long standing structural issues in our existing Reward model that we must overcome. Our current one-size-fits-all broadband pay structure can no longer keep up with the external market movement for key skills including IT Development and Engineering. This represents a risk to our ability to continue to attract and retain talent in these areas.

5.15   Since 2015, TfL has operated with annual pay budgets that have been significantly below market. This has greatly impacted how competitive TfL is in the employment market. Pay for roles at Bands 3 to 5 is now significantly lower than the external market medians. At a time when we need to be at our most competitive, we have fallen behind the market and can no longer rely on our benefits to cover shortfall in cash compensation. Should current restrictions on pay continue it will greatly limit our ability to respond effectively.

5.16   We have already begun to develop market led responses to Reward in areas where we are experiencing acute attraction and retention challenges. These include:

(a)   the introduction of a market allowance scheme for critical roles within T&D; and

(b)   an enhanced performance award scheme for roles within Commercial Development and our Procurement functions.

5.17   As we continue to evolve our Reward strategy, we will consider how we can adopt a more segmented approach to Reward. Diversification in the skills we employ especially around digitisation and increasing competition and scarcity of talent in key functions is driving pay differentials in the market. We need to focus on rewarding talent with skills critical to our future success and structure our pay and Reward offer accordingly, moving away from our existing model. The work on this is underway and how we address both attraction and retention challenges.

List of appendices to this report:

Appendix 1: Critical Roles and Succession Planning - Pilot in our Technology & Data Directorate

List of Background Papers:

None

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Contact Officer   Marcia Williams, Director of Diversity, Inclusion & Talent
Email: MarciaWilliams1@tfl.gov.uk

Critical Roles and Succession Planning - Pilot in our Technology & Data Directorate

We identified an opportunity to conduct a pilot in our Technology & Data (T&D) Directorate to:

(a)   test out the preferred methodology to identify critical roles and start to populate this using a newly developed app; and

(b)   test out communication and support for senior managers ahead of sharing the methodology with the rest of the business.

Overview

T&D was selected as the optimal Directorate to run the pilot, given the current acute retention issues and use of non-permanent labour. The pilot was used to test out the preferred methodology to identify critical roles using a newly developed app ahead of sharing the methodology with the rest of the business.

The Director of Strategy and Chief Technology Officer identified three critical roles from his direct reports initially and we are now in a second T&D wide roll out phase to test the succession planning approach and embedded in the myJourney app, our technology solution for capturing performance and career development. The approach has worked in identifying successors for the next two to three years based on outputs from career aspirations, readiness, and development conversations, ensuring these are diverse and inclusive.

Other valuable learning from the pilot is to ensure discussion is had on five-year business strategy/ Financial Sustainability Plan/ Future Delivery Plans for the business area before identifying critical roles, to ensure managers are thinking about both roles that are critical now, and roles that will be critical in the future too. Alignment between critical role identification and Reward has been an important learning point.

We will use this learning to improve guidance and support and are ready to launch critical roles and succession planning business wide from January 2022.

Methodology for identifying critical roles

Roles will be identified as critical if TfL and/or our network would not be able to operate without it, or it would cause reputational damage to the business if the role was not filled.

We asked T&D to score each role via a critical role tool using the below identifiers, keeping current and future business needs in mind.

Critical Role Identifiers

	Critical Role Identifier	Indicator
1	Is it directly delivering our business strategy?	The role is explicitly delivering elements of the five TfL priorities.
2	Does it set or lead on strategy?	This position requires a high degree of specialised and / or corporate knowledge transfer to ensure business continuity .
3	Is it a unique and / or niche skillset to TfL?	This skillset is specific to TfL, cannot be bought in, and requires 1+ years to train up.
4	Does it take a long time and a high cost to develop skills?	Unique qualifications and / or subject matter expert experience is required. It takes 5 + years to train (e.g. a professional qualification is needed).
5	Does it have a legal and / or regulatory requirement?*	If this position was vacant, we would not meet legislative, statutory / mandatory or regulatory requirements .
6	Does it fill a safety critical requirement?*	If this position was vacant, it would be detrimental to the health, safety or security of staff and the public.
7	Is it essential to service delivery?	If this position was vacant, we would not be able to operate the transport network.
8	Is there increased external competition	There are competing external projects or staff are moving to competitors, i.e.. HS2, and there is likely to see increases in salaries for this position.
9	Is it hard to hire?	The position is difficult to fill as it is not readily available in the external market and it requires specialised expertise and experience.
10	Does it fill a future skill requirement?	There will be a significant increase of demand for this role in the future.

Once identified, critical roles will be communicated within the team and discussed as part of individual's development and career conversations.

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Remuneration Committee

Date: **10 November 2021**

Item: **Pay Gap Analysis**

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

This paper will be considered in public

1 Summary

1.1 This paper provides an update on the 2020 Gender and Ethnicity Pay Gap reports (Appendix 1 and 2, respectively) and the work taking place to reduce these, including the development of a four-year Pay Gap Action Plan. The paper covers other initiatives to reduce pay gaps including equality objectives, scorecard and dashboards, recruitment activity, mentoring, equality impact assessments and graduate and apprenticeship schemes.

2 Recommendation

2.1 **The Committee is asked to note the paper.**

3 Background

3.1 In September 2021, we published our Gender and Ethnicity Pay Gap Reports for 2020. The 2020 Gender Pay Gap report showed a reduction in the median pay gap, from 19.5 per cent to 18.8 per cent. The mean pay gap also reduced from 9.7 per cent to 9.4 per cent.

3.2 The 2020 Ethnicity Pay Gap Report showed a small increase in the median pay gap, from 9.2 per cent to 9.6 per cent. The mean pay gap also increased from 11.4 per cent to 12.1 per cent.

3.3 The table below provides trend data from four Pay Gap reporting years:

Year	Median Ethnicity Pay Gap	Mean Ethnicity Pay Gap	Median Gender Pay Gap	Mean Gender Pay Gap
2020	9.6 per cent	12.1 per cent	18.8 per cent	9.4 per cent
2019	9.2 per cent	11.4 per cent	19.5 per cent	9.7 per cent
2018	9.3 per cent	10.7 per cent	21.5 per cent	10.3 per cent
2017	9.8 per cent	10.2 per cent	19.7 per cent	10.7 per cent

3.4 The reports highlight reasons that underpin our gender and ethnicity pay gaps, including underrepresentation of female and Black, Asian and Minority Ethnic employees at more senior levels of the organisation, along with a higher

proportion of female and Black Asian and Minority Ethnic employees in operational roles at more junior grades.

3.5   There have been positive results in some areas, with female representation at more senior non-operational grades increasing. For example, in 2017 the proportion of females at Director level was 18.8 per cent, this now stands at 32.7 per cent.

3.6   The ethnicity pay gap increase in 2020 can be in part explained by two key trends. The first is the increase in declaration of ethnicity by senior white colleagues who previously we did not hold data on. This reduces the proportion of Black Asian and Minority Ethnic senior managers in the reporting. The second is an increase in Black Asian and Minority Ethnic colleagues in lower paid operational roles. Whilst this is integral to develop a diverse talent pipeline in the future, it does increase the pay gap in the short term.

4   Addressing our pay gaps

4.1   Our focus on addressing both the gender and ethnicity pay gaps are part of our wider programme of work to increase the diversity of our colleagues at all levels and in all parts of the business and to cultivate a more inclusive workplace culture for everyone.

4.2   Following from the publication of our 2020 pay gap reports, we will develop a new four-year Pay Gap Action Plan, which will set out plans to reduce our gender and ethnicity pay gaps, as well as actions specific to each protected characteristic and those that intersect on two or more characteristics.

4.3   The new four-year plan will cover three key areas:

   (a)   **Governance and data –** ensuring that we have more robust diversity and inclusion governance with clear accountabilities and indicators to identify where inequalities exist across the whole employee lifecycle and to measure progress in response to our actions and support;

   (b)   **Policies, systems and processes –** ensuring that our policies and guidance documents are inclusive to all colleagues across TfL and that we provide the tools to help line managers establish trust-based relationships with colleagues on an array of matters; and

   (c)   **Leadership, culture and behaviour –** a culture that promotes inclusive leadership and safe spaces for conversations and challenge and take clear actions to tackle processes and behaviours that undermine diversity and inclusion. Our new Vision and Values sets out a clear direction; that we will emerge from the coronavirus pandemic as a better, less bureaucratic, and hierarchical, more inclusive organisation, all for the good of London. This is underpinned by our three new values: Caring, Open and Adaptable.

4.4   The plan will be developed in discussion with our Staff Network Groups and trade unions. It will also be underpinned by local diversity and inclusion plans, which will focus on more localised issues raised by our employees.

5 Other recent activity to help reduce our pay gaps

Equality Objectives

5.1 In line with our Public Sector Equality Duty (PSED), we have recently agreed our new Equality Objectives, which will be published externally. The PSED the duty on a public authority when carrying out its functions to, in broad terms, have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, foster good relations and advance equality of opportunity. Our Equality Objectives set out the activities and initiatives that will help us:

(a) increase the diversity of our organisation at every level, so that it better reflects the diversity of London;

(b) enhance the recruitment, retention, and career development of our internal talent;

(c) create and embed a fairer and more inclusive culture, where colleagues at all levels feel engaged and supported to be their authentic self; and

(d) explore and invest in the future skills of our organisation to ensure we create a diverse talent pipeline.

Scorecard and dashboards

5.2 We continue to use our local scorecard to improve the overall representativeness within our organisation and at senior levels. The inclusivity of our workplace is also measured using the Inclusion Index within our annual staff engagement survey. We also use localised dashboards for each business area to monitor and track progress in their area.

Improving our recruitment activity

5.3 Our ongoing initiatives include the rollout of anonymous recruitment on all pay bands 1 – 4 roles, which removes information that might identify any personal characteristics identifiable, removing any potential bias from the recruitment process.

5.4 We have adapted and developed our marketing and attraction techniques to utilise opportunities at application stage to attract candidates from underrepresented groups:

(a) working in partnership with external organisations and grassroots groups to reach more candidates from these under-represented groups;

(b) sharing inclusive branded messaging across social platforms and groups with targeted activity to focus on underrepresented groups; and

(c) gender neutralised and jargon free copywrite in job adverts with clear distinction between essential and desirable skills.

5.5 We also work alongside our Staff Network Groups, women's charities and other organisations to target recruitment campaigns at hard to reach or underrepresented groups. With campaign materials demonstrating diverse role models as brand ambassadors. Such campaigns saw a six per cent increase in

females recruited in train maintenance roles and 10 per cent more females recruited in compliance officer roles during recent campaigns.

5.6 This year we began a recruitment project for Band 4 senior manager positions in our Finance Directorate which focused on increasing ethnicity representation at senior management level. This involved creating an attraction strategy specifically targeting Black Asian and Minority Ethnic candidates, resulting in 60 per cent Black Asian and Minority Ethnic hires.

Mentoring programmes – Our Time

5.7 We have been active participants in both previous programmes aimed at mid-level emerging women leaders. Evaluation and subsequent employment data show that the 16 women who have taken part have achieved a high rate of promotions, with almost all of them now in a senior management role.

5.8 We also provided the largest number of sponsors from amongst our own leaders, so they have impacted on the diversity in other Greater London Authority (GLA) bodies and are currently working with the GLA on the design of the next programme for both women and Black Asian and Minority Ethnic individuals; we want to further embed the sponsorship model into strengthening our coaching strategy.

Equality Impact Assessment

5.9 In the past year we have updated our Equality Impact Assessment form and supporting materials. The tool is there to consider and minimise any potential disproportionate impacts of change on minority or underrepresented groups. This is particularly important during times of change.

Graduate and Apprentice Schemes

5.10 Our Graduate and Apprentice programmes are key opportunities to improve the representativeness of our organisation as this represents a significant level of external recruitment into TfL, rather than internal recruitment. Our recruitment schemes targeted London schools and Universities to help attract applications from local candidates.

5.11 Apprentice and Graduate hires in 2020/21:

(a) female apprentice hires have risen from 20 per cent in 2018 to 39.5 per cent in 2020 and graduates rose from 18 per cent in 2018 to 32 per cent for graduate offers made due to start in September 2021;

(b) Black Asian and Minority Ethnic hires for apprentices had decreased slightly for 2020 hires sitting at 34 per cent but for graduate offers made due to start in September 2021 we have achieved 48 per cent; and

(c) we have achieved 50/50 male/female in London Underground (LU) Fleet Level 3 Engineering, 100 per cent female in LU Non Destructive Testing Level 3 Engineering, and 33 per cent female in LU Signals Engineering starts in April 2021, which came from a base of zero females in 2018.

List of appendices to this report:

Appendix 1: https://content.tfl.gov.uk/tfl-ethnicity-pay-gap-summary-report-2020.pdf

Appendix 2: https://content.tfl.gov.uk/tfl-gender-pay-gap-summary-report-2020.pdf
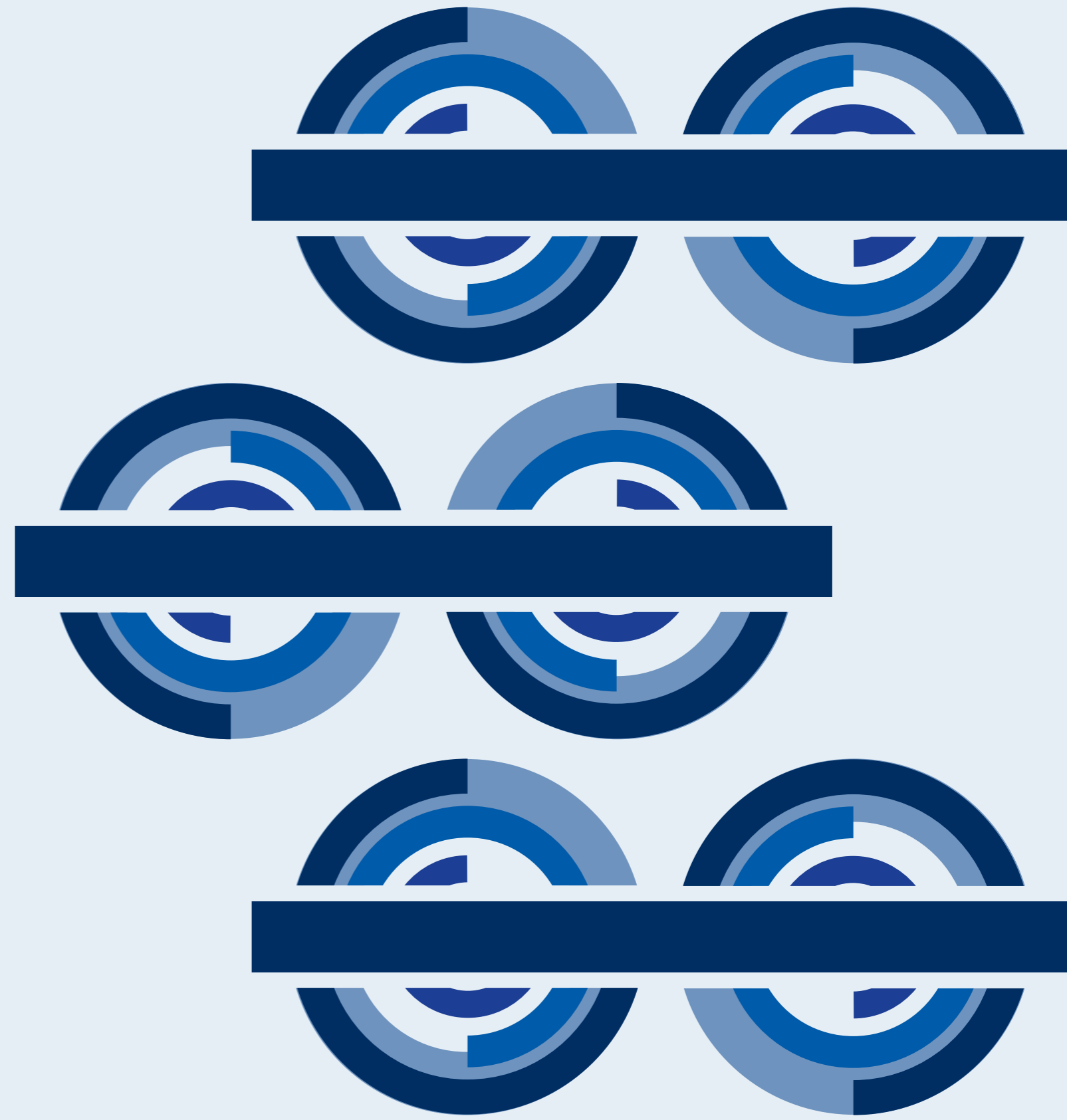

List of Background Papers:

None

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Contact Officer   Marcia Williams, Director of Diversity, Inclusion & Talent
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Transport for London gender pay gap report

2020

TRANSPORT
FOR LONDON
EVERY JOURNEY MATTERS

Contents

Less than a quarter of our people are women

26,515
employees

76%
men

24%
women

Figures at 31 March 2020

Commissioner's foreword

London's economic recovery from the coronavirus lockdown depends on getting people moving and working, safely and sustainably, as quickly as possible.

To meet the needs of our diverse city, we must understand what matters to the people who live and work here. This past year has shown how fundamentally important it is for our workforce to represent the city it serves, and to inspire and engage our people to deliver the accessible and inclusive recovery of our transport network.

Given the nature of the pandemic and the resurgence of the Black Lives Matter movement, working as one team has been pivotal during this time of significant change. This is only possible through diversity and inclusion. How our staff feel, and their everyday experiences directly impacts our customer's experiences. Ensuring our staff feel respected, safe and have a sense of belonging is a business priority. We aspire to be a values-led organisation that reflects our people and Londoners more broadly.

We are pleased to report that our gender pay gap has reduced since 2018/19. We have also increased the proportion of women working in Director roles. While we have made some progress, we recognise there is still a lot more work to do. Given the general under-representation of women in transport, addressing the gender imbalance and subsequent pay gap requires long-term, sustainable solutions across the full employee lifecycle. This past year has highlighted the need to acknowledge the existence of inequalities, which exist across all parts of society and in all organisations, and we need to play our part in identifying and tackling these issues.

As Commissioner, I am committed to diversity, inclusion and equality of opportunity. This includes attracting, recruiting, progressing and retaining women in our organisation to develop a more diverse talent pipeline.

We also acknowledge that women in transport have different experiences and recognise there are differences between women too. This is why our activity for the coming year will focus on intersectionality and internal progression, access to learning and development opportunities, and workplace culture. Our dedication to a fair, diverse and inclusive workplace will continue to underpin everything we do.

Andy Byford
Commissioner

We are committed to improving diversity, equality and inclusion

The gender pay gap

How we calculate the pay gap across our organisation

We calculate the overall difference in average pay of men and women in two ways, in line with Government regulations, to ensure we provide the clearest picture. Our data is based on figures from 1 April 2019 to 31 March 2020.

Mean
This is the difference in average hourly pay between men and women.

Median
This is the difference between the middle-paid woman and the middle-paid man. The mean can be skewed by a small number of high or low earners, but the median gives a good idea of how much a typical man or a typical woman is paid.

Equal pay
Everyone has the right to be paid the same for doing identical or directly comparable work. We complete detailed equal pay audits to understand any gaps, in line with parameters set by the Equality and Human Rights Commission. Any gaps are addressed as part of our audits.

Quartiles
We use quartiles to rank pay from lowest to highest, dividing our employees into four evenly sized groups.

Methodology update
This year, we have grouped 97 employees on some London Underground engineering apprenticeships to include them in the non-operational apprenticeship numbers, not in the London Underground operational employee numbers. We will continue this grouping in future reports. As this change only impacts non-operational and operational data, we have not republished previous years reports. Where applicable we have separately recalculated the impact on 2019 figures and explained it in the narrative.
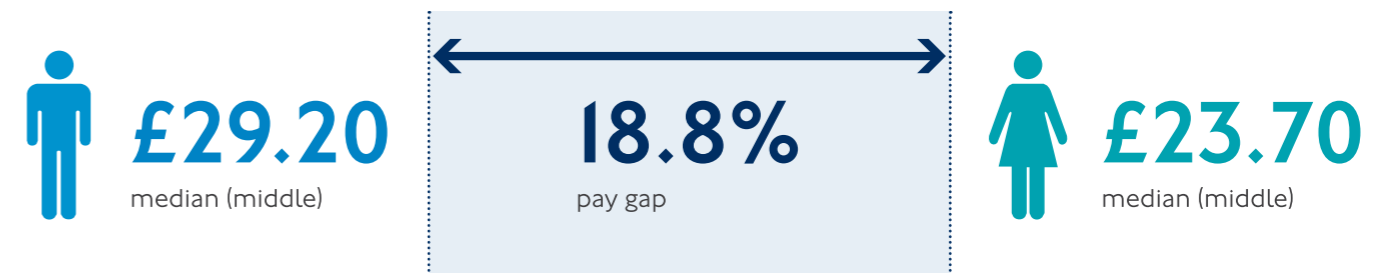
Median gender pay gap

Lowest paid

Median

Highest paid

We are continually working to close the pay gap across our organisation
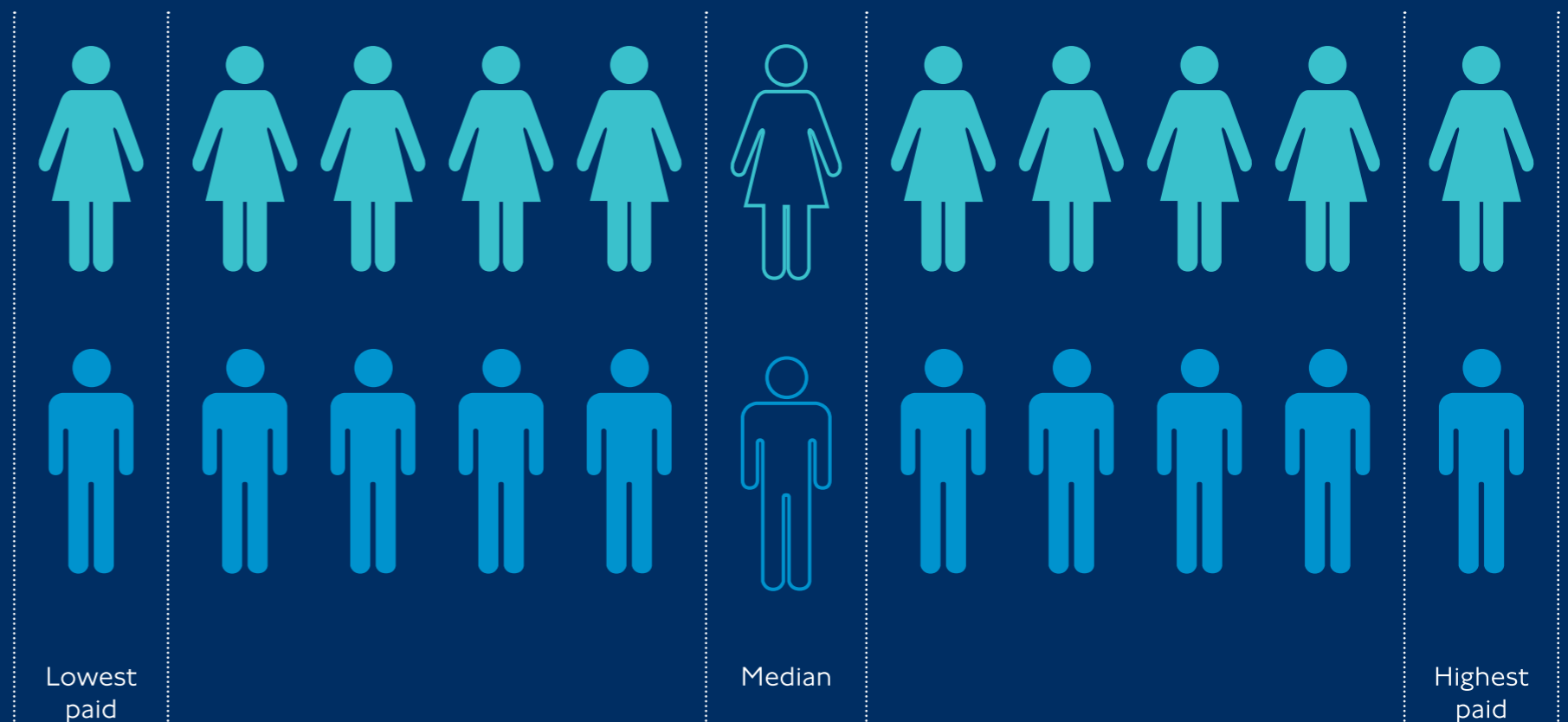
Overall results

The results for our operational and non-operational roles

Pay gap*
Our overall hourly pay rates

| 👨 **£29.20** median (middle) | ←── **18.8%** pay gap ──→ | 👩 **£23.70** median (middle) |

| 👨 **£28.18** mean (average) | ←── **9.4%** pay gap ──→ | 👩 **£25.52** mean (average) |

The mean pay gap is less than the median because, while a greater proportion of women fall into the lower paid roles, the higher earnings of those in leadership roles bring the average up.

* Consolidated TfL median and mean gender pay and bonus gap figures based on hourly rates of pay at 31 March 2020

Pay quartiles
Median gender pay gap

| Quartile | Men | | Women | | Pay gap (%) |
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	
Upper	36.06	83.6	36.14	16.4	-0.2
Upper middle	30.13	83.0	30.13	17.0	0.0
Lower middle	24.50	74.3	24.12	25.7	1.5
Lower	18.36	65.2	18.36	34.8	0.0

Mean gender pay gap

| Quartile | Men | | Women | | Pay gap (%) |
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	
Upper	37.97	83.6	39.76	16.4	-4.7
Upper middle	29.90	83.0	29.76	17.0	0.5
Lower middle	24.64	74.3	24.33	25.7	1.3
Lower	17.50	65.2	17.60	34.8	-0.6

Our under-representation of women in the higher paid roles is evident in the lower proportion of women in the upper and upper-middle quartiles. The upper quartile begins at around Band 3 level.

Bonuses*
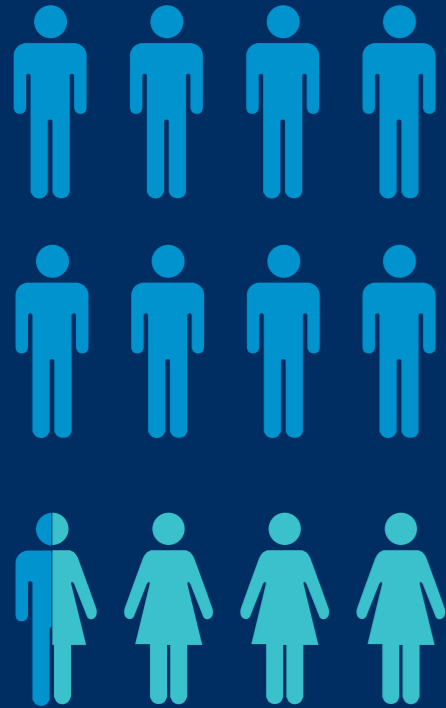### Proportion of employees who received a bonus

50.8%
women
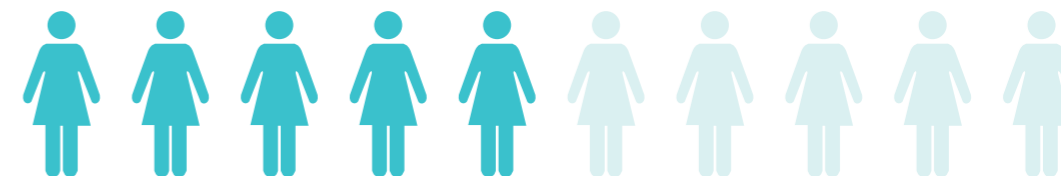
37.8%
men
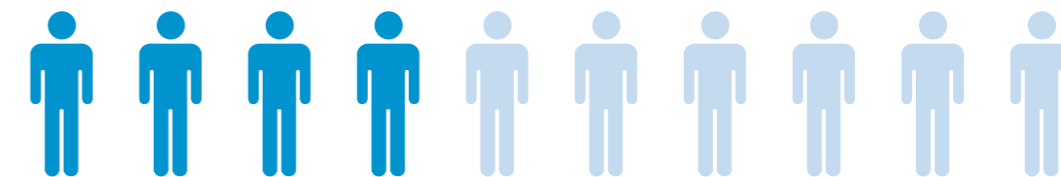
Bonus gap

	Men (£)	Women (£)	Pay gap (%)
Median	586.00	677.50	-15.6
Mean	1,274.53	1,211.14	5.0

Bonus includes individual performance-related payments, Make a Difference recognition scheme vouchers, long-service awards and other one-off payments.
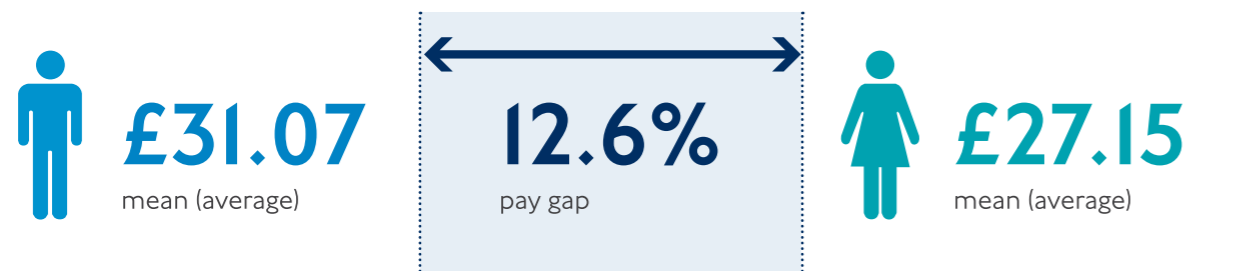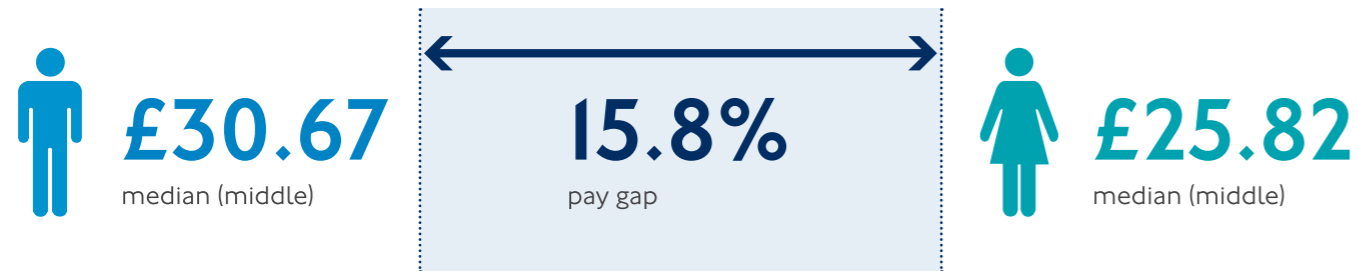
*   Bonuses paid in the 12 months up to 31 March 2020

Non-operational employees

12,792

non-operational
employees

69.6%

men

30.4%

women

Our non-operational areas include human resources and finance

Pay*
Hourly pay rates

£30.67 median (middle)

15.8% pay gap

£25.82 median (middle)

£31.07 mean (average)

12.6% pay gap

£27.15 mean (average)

Our non-operational positions, which include business areas such as human resources, finance, engineering, property development and customer contact centres, do not have a fixed rate of pay. Pay is more flexible, with room to reward individual contribution and skills. There is potentially more scope for inequity between different groups of employees.

Pay quartiles
Median gender pay gap

Quartile	Men		Women		
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	39.34	80.8	39.72	19.2	–1.0
Upper middle	32.31	80.3	32.21	19.7	0.3
Lower middle	26.86	65.0	26.55	35.0	1.2
Lower	18.66	54.2	18.94	45.8	–1.5

Mean gender pay gap

Quartile	Men		Women		
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	42.64	80.8	44.90	19.2	–5.3
Upper middle	32.08	80.3	31.97	19.7	0.3
Lower middle	26.60	65.0	26.14	35.0	1.7
Lower	17.69	54.2	18.40	45.8	–4.0

Our under-representation of women in the higher paid roles is evident in the lower proportion of women in the upper and upper-middle quartiles.

* TfL median and mean gender pay and bonus gap figures for operational employees based on hourly rates of pay at 31 March 2020
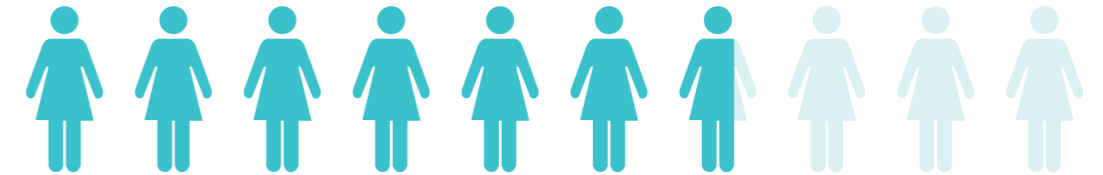
The proportion of men and women receiving bonuses has gone up
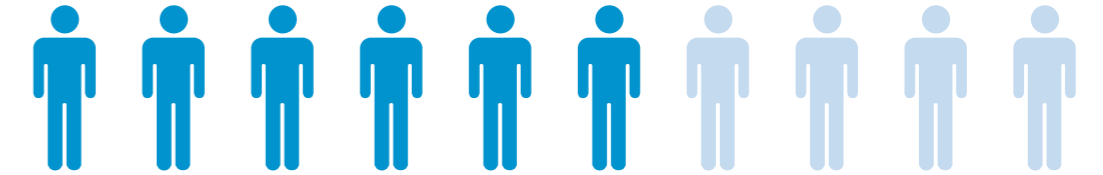
Bonuses*
Proportion of employees who received a bonus

67.1%
women

61.5%
men

Bonus gap

	Men (£)	Women (£)	Pay gap (%)
Median	886.00	833.50	5.9
Mean	1,747.32	1,483.45	15.1

Bonuses will vary annually due to the performance outcomes of the business and performance rating. The proportion of both men and women receiving bonuses has gone up since last year. However, the bonus gap is a result of our demographics and the proportion of men and women in different grades.

* Bonuses paid in the 12 months up to 31 March 2020

Operational employees

13,723
operational employees

82.1%
men

17.9%
women

Less than a fifth of our operational staff are women

Pay*
Our operational hourly pay rates

£27.32 median (middle)

19.9% pay gap

£21.88 median (middle)

£25.86 mean (average)

11.6% pay gap

£22.87 mean (average)
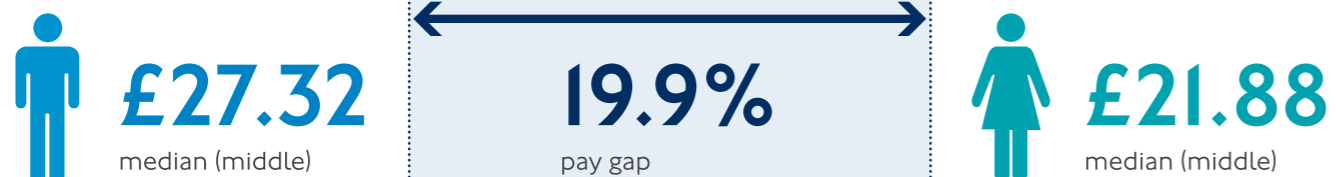
Operational roles include those on spot or fixed rates as part of the operational staff pay structure. This includes station supervisors, train operators, customer service assistants, Dial-a-Ride drivers, track operatives, bus station controllers and pier controllers. By definition, this is the same rate of pay for the role irrespective of gender, therefore no differences exist within each job.

Pay quartiles
Median gender pay gap

Quartile	Men		Women		Pay gap (%)
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	
Upper	30.53	89.3	30.13	10.7	1.3
Upper middle	29.98	87.3	30.13	12.7	-0.5
Lower middle	22.02	82.7	22.00	17.3	0.1
Lower	18.36	71.2	18.36	28.8	0.0

Mean gender pay gap

Quartile	Men		Women		Pay gap (%)
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	
Upper	32.12	89.3	30.76	10.7	4.2
Upper middle	29.12	87.3	29.22	12.7	-0.3
Lower middle	22.77	82.7	22.39	17.3	1.7
Lower	17.60	71.2	17.45	28.8	0.9

Our under-representation of women in higher paid roles is evident in the lower proportion of women in the upper and upper-middle quartiles.
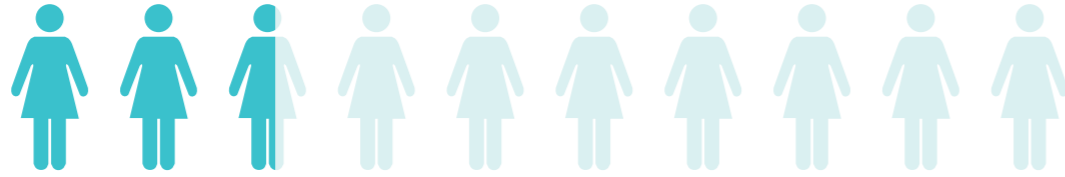
* TfL median and mean gender pay and bonus gap figures for operational employees based on hourly rates of pay at 31 March 2020

Bonuses*
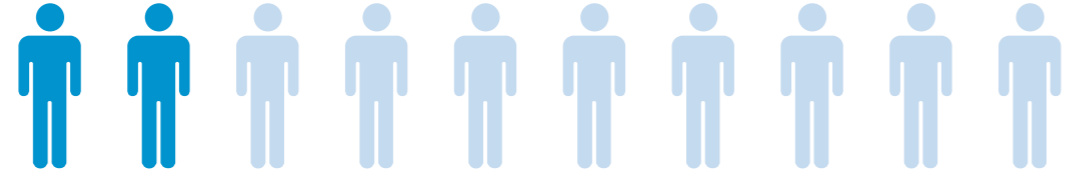Proportion of employees who received a bonus

25.0%
women

19.1%
men

Bonus gap

	Men (£)	Women (£)	Pay gap (%)
Median	30.00	30.00	0.0
Mean	72.35	56.45	22.0

The median bonus figure reflects the value of the recognition awards paid, which since October 2019 has been a flat rate of £30. The mean bonus values are impacted by a greater proportion of men receiving long-service awards, which are of a higher value.

* Bonuses paid in the 12 months up to 31 March 2020

A quarter of our operational women received a bonus this year

Summary

Improving our gender balance is a top priority, particularly at more senior levels where women are less represented

In recent years, we have made significant progress in this area, and we will continue focusing our efforts here in terms of external recruitment and internal movement of women.

We are pleased to report our gender pay gap has decreased since last year. Our median gender pay gap was 18.8 per cent, compared to 19.5 per cent in 2019. Our mean gender pay gap was 9.4 per cent, which has also decreased from 9.7 per cent compared to last year. Our operational and non-operational mean and median pay gap figures have decreased since 2019 too.

There has also been an overall increase in the number of women working at TfL. The table on page 15 illustrates that the proportion of women by different bands in non-operational business areas has either increased or remained the same since 2019. One of the more significant increases in representation has been at Director level.

Our success in lowering the pay gap has been due to improved representation of women at a senior level, whose higher earnings bring the average up. Over this past year, organisational restructuring resulted in some men leaving our organisation, which may have also contributed to the lower pay gap.

The gender pay gap has decreased since last year. The operational highlights are:

- The gap in operational salaries closed in the last year

- Men's median salary increased by £614 from last year

- Women's median salary increased by £1,237 from last year

Our operational population accounts for 51.8 per cent of our total workforce, down from 53.5 per cent last year. Our analysis shows that women working in operational roles are more likely to be employed in the lower paid grades. This occupational segregation has a significant impact on our overall median gender pay levels. The median operational salary is £49,614 for men and £39,237 for women. However, the median operational salary for women has increased more than the median operational salary for men, resulting in a slight closing of the gap. Last year, the median operational salary for men was £49,000 and £38,000 for women.

Occupational segregation can be seen through the analysis of our new hires and promotions between 2019 and 2020. Of the 182 women hired into operational roles, 82.1 per cent went into customer service assistant roles, whereas 0.5 per cent went into engineering. In comparison, of the 505 men hired into operational roles, 62.6 per cent went into customer service assistant roles, and 29.8 per cent went into engineering. In terms of internal movements, the proportion of women who moved from a customer service assistant role to a train operator role was 3.2 per cent, compared to 9.8 per cent of men. This is why internal career progression and promotion is a key area we want to focus on.

The gap in pay for operational staff has reduced

Despite 97 employees being re-grouped, of whom 94 per cent were men, the proportion of women across our apprentice programmes has still increased. This reflects our work to improve our talent pipeline, which has seen us using gender inclusive language on our new website and targeting girls schools for our schools engagement programme.

The proportion of women on our graduate schemes has fallen since 2019. One reason for this is that some of our general and project management programmes, which were generally shorter and comprised of more women, have been completed. Also, in 2018, we paused graduate recruitment but honoured the year-in-industry students who we had already made offers to. These were generally STEM programmes, which included more men who are still on the schemes.

Recruiting more women into junior roles and lower salaries may increase the pay gap. However, this early career work is crucial for ensuring we have diverse people with the critical skills and experiences, which our transport sector relies on.

Our Pay Gap Action Plan will continue to focus on increasing the proportion of women across all levels. Our activity will be sustainable and scalable and continue to be rooted in evidence-based decision making and collaborative working.

We recognise an integral part of delivering and embedding long-term change is through greater visibility and accountability of progress.

Proportion of women in non-operational bands (%)*

	2017	2018	2019	2020	Change 2019 to 2020
Board	52.2	56.0	63.0	63.0	0.0
Director	18.8	25.5	29.4	32.7	3.2
Band 5	24.1	27.8	27.8	27.4	-0.4
Band 4	26.7	27.7	31.1	31.6	0.4
Band 3	26.8	26.4	27.8	28.1	0.3
Band 2	27.1	26.9	27.5	26.3	-1.2
Band 1	56.6	57.6	57.9	57.9	0.0
Graduates	35.3	36.6	33.0	26.7	-6.3
Apprentices	13.2	24.5	19.3	22.8	3.6

* 2019 and 2020 updated to move 97 London Underground apprentices from operational to apprentices (non-operational).

The number of women on our apprenticeship programme has risen

Closing the gap

We have carried out many projects and activities to help us continue to close the gender pay gap

Action on Inclusion

We worked with our colleagues, Staff Network Groups, trade unions and other stakeholders to develop a new Action on Inclusion strategy. The document is designed to set out our vision for diversity and inclusion and four-year strategic objectives. It was due to be published in spring 2020, but in light of the coronavirus pandemic, it will now be reviewed and updated. It will also include a renewed focus on anti-racism and racial equality.

Impact assessments

We updated our People Impact Assessment form and supporting materials this year, which included staff training. This impact assessment tool is used to consider and minimise any potential impacts on staff during times of change, using diversity data during and post transformation. We are currently reviewing the process.

Our scorecard and dashboards

We use our scorecard to set targets to improve the overall representativeness of our organisation and senior management, and the inclusiveness of our workplace shown through the Inclusion Index in our staff engagement survey.

Our scorecard targets place diversity and inclusion on the same footing as other priorities, including safety,

customer satisfaction and finances. We are pleased to have exceeded our targets for 2019-20. This can be attributed to recruiting women into senior roles, our early careers work, and other recruitment campaigns. We have been using quarterly dashboards to coach senior managers to help drive local accountability and actions. We are working to an interim scorecard following the impact of coronavirus.

We use data dashboards

Diversity and inclusion action standard

We have developed our priorities and actions to meet the Greater London Authority's Diversity and inclusion action standard. Our commitment is to reach the 'exemplary' level by May 2022. Using the data dashboards,

alongside a new tool we developed based on the standard, we supported teams to develop local action plans. The tool has been piloted and will be rolled out across the business once testing is complete.

Improving our recruitment to help us improve diversity

We have worked with our senior Technology and Data colleagues to change the employer brand and ensure it is recognised, both internally and externally, as a leader in diversity. Our ongoing initiatives include an anonymous recruitment pilot, internal and external events, and partnering with women's charities and organisations. We have also used targeted advertising campaigns, search tactics and worked with brand ambassadors to continue to drive external interest in our Technology and Data vision and purpose.

In 2019/20, our focus was on bringing more women into our organisation, resulting in an eight per cent increase from 34 per cent to 42 per cent. Most of our high-volume campaigns are run internally to enable our workforce to movement and gain promotion. This means we do not always have access to the diverse populations we would do if we recruited externally. All our campaigns have a focus on increasing diversity, albeit through career progression. This year, our campaigns saw increases in hires compared to previous campaigns. We use internal advertising, our staff network groups and internal diversity channels, diverse and inclusive online advertising and in depots, and consistent and fair assessment processes. This approach led to a six per cent increase in women working in train maintenance roles, almost 10 per cent increase in women in compliance officer roles, and more than 18 per cent increase in women working in Dial-a-Ride driver attendance roles, from the previous year.

We have focused on bringing in more women

Behavioural insights

We worked with the Behavioural Insights Team and industry specialists to prepare a behavioural science-based recruitment intervention. This involved analysing our data, reviewing existing research and engaging key stakeholders. The work was due to start earlier this year, but was paused due to coronavirus. The work will continue once our recruitment activity resumes.
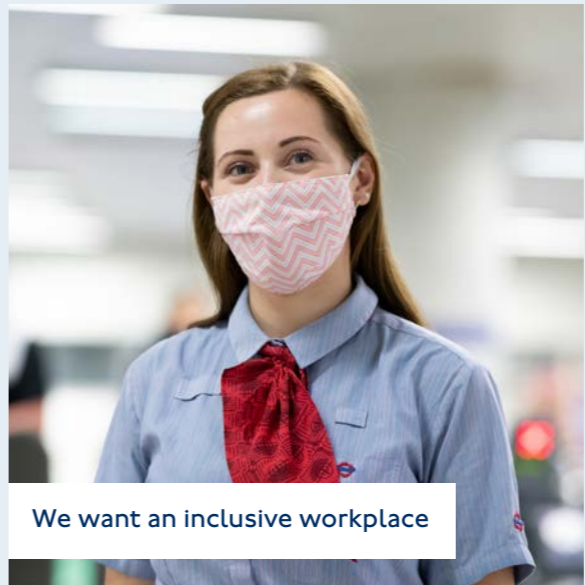
We want an inclusive workplace

Inclusive operational culture programme

Following an in-depth research study on the specific inclusion issues relating to our operational workplace, a new programme has been developed to make our workplace more inclusive. It will be rolled out once work resumes after coronavirus. We will dovetail this with our renewed anti-racism work in response to the killing of George Floyd.

Women's Staff Network Group

Our Women's Staff Network Group is a community of women and allies that inspires and empowers women to achieve their career and personal aspirations. The group works closely with our Diversity and Inclusion team to inform our strategic gender diversity and inclusion priorities. It helps raise awareness of key issues and ensure we promote gender equality, diversity and inclusion for all staff.

The group also provides a forum for employees to network, get support and share advice. This is done through regular events, and during International Women's Day, celebrated in March.

We celebrate our women
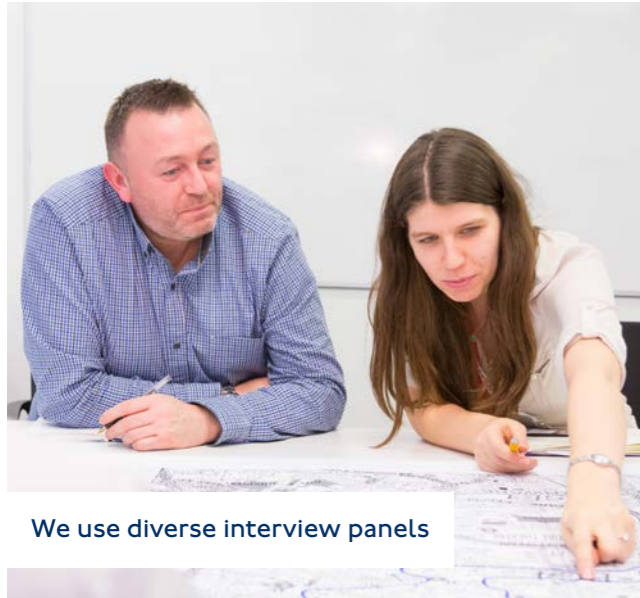
We use diverse interview panels

Diverse interview panels

We continue to use diverse and independent interview panels wherever possible, particularly during transformation. This ensures we are able to bring independence and diversity of thought to our recruitment process.

We have also run assessment centre days, where mixed groups of candidates can learn about TfL, the role, and meet managers and directors, before doing some speed-style questions. They also get to spend time with their potential director and complete a scenario-based assessment, before finishing with a final address from a relevant director. This has proved to be a much more engaging method for enabling candidates to perform at their best.

Anonymised CVs

We ran an anonymised shortlisting pilot last year, which resulted in a significant increase in the percentage of women hired. We will roll this out across all roles in 2020, once we have finished the testing, which was paused following our recruitment freeze during the coronavirus pandemic.

Leadership Foundation

As part of the Leadership Foundation, we have developed a 360 tool, which supports those in leadership roles or aspiring to become leaders to identify their strengths and development areas. The 360 tool is based on a strengths-based model, where feedback is provided to individuals on their performance against specific leadership attributes. These attributes reflect those needed from our leaders now and in the future and are intrinsically tied to being an inclusive and authentic leader.

We are piloting the tool on 36 existing or aspiring leaders across TfL, with the intention to roll it out further as part of the Leadership Foundation. While this work has been paused during the pandemic, its approach and content are still relevant but we are adjusting it to reflect the revised business priorities.

Our 360 tool helps future leaders
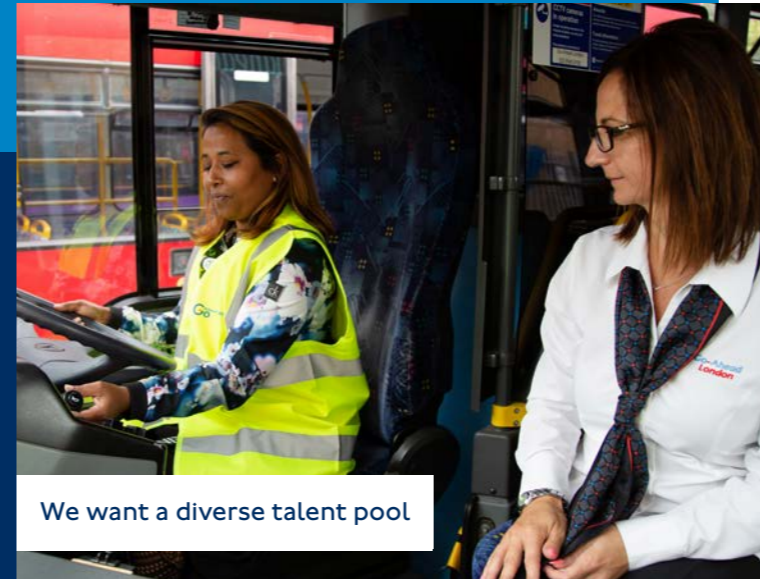
We want a diverse talent pool

Apprenticeships and graduate programmes

Despite a decline in the proportion of women graduates, 22 per cent of our graduate hires were women, increasing from 18 per cent last year. This reflects our work to target London universities and improving our assessment process to focus on potential and motivation. Of our apprentice hires, 34 per cent were women, up from 20 per cent the year before. Our new apprentice website includes gender inclusive language and our school's engagement strategy targeted girls' schools.

To increase graduate diversity, we will continue to target universities that can support our diversity and inclusion commitment. For our apprenticeships, we will focus on our attraction approach, including creating stronger relationships with staff networking groups for women. As well as targeting events to attract more women, we will focus on inclusive workplace practices to ensure women feel included and able to pursue their career in transport.

Talent acquisition

We have worked to create better internal outcomes for diversity. In 2019/20, 45 per cent of our leadership hiring was internal. We proactively headhunted top diverse talent for internal roles, with the data showing positive signs of improvement and leadership responsiveness to internal diverse hiring.

We analysed typical behaviour to job applications, which showed stark differences between men and women.

We found that women would benefit from stronger career coaching and mentoring to encourage more women to participate in the recruitment process and their career journeys. We ran six events with our Women's Staff Network Group, focusing on career building, career management and career accountability. We reached more than 1,000 women under our 'Project You' banner.

We also ran four leadership spotlight events, in areas that have an underrepresentation of women and skills shortages, for leaders to showcase their roles. One of these events led to our first woman being hired into a leadership role in our major projects area.

We are focused on building our internal diverse pipeline of women leaders who are ready, engaged and have the leadership potential for a bigger role. However, while we have an existing pool of diverse talent, our leadership pipeline is obviously much smaller compared to a fully open approach. We maximised our external recruitment opportunities by using a diverse pipeline of talent.

Our plans for 2020/21

We will continue to work to further close the gap in gender pay

The coronavirus lockdown has affected our staff and customers and, like every other organisation, we have been affected by the strength of feeling arising from the Black Lives Matter movement. Given the pandemic and the global focus on anti-racism and tackling inequalities, diversity and inclusion remain one of our top priorities.

As we look ahead to what we need to do to close our gender pay gap and our broader equality work, we are mindful of the disproportionate impacts of coronavirus on minority communities and our role in supporting our staff through this pandemic.

We also restate our commitment to tackling inequality and barriers to progression, taking action to produce tangible positive outcomes for women.

We will produce a new four-year Pay Gap Action Plan, which will set out plans to reduce gender and ethnicity pay gaps, as well as actions specific to each protected characteristic. It will cover three priority areas:

- Governance and data

- Policies, systems and processes

- Leadership, cultures and behaviours

The plans will be developed in consultation with our staff network groups and trade unions. The Pay Gap Action Plan will be supported by local diversity and inclusion plans, which will also include specific actions to respond to staff issues.

We will continue to support our people through the pandemic

About TfL

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners' and helping to create a safer, fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made by walking, cycling or using public transport by 2041. To make this a reality, we prioritise sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport and making more stations step

free, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, the Ultra Low Emission Zone scheme and more environmentally friendly bus fleets are helping to tackle London's toxic air.

During the coronavirus pandemic we have taken a huge range of measures to ensure the safety of the public. This includes enhanced cleaning using hospital-grade cleaning substances that kill viruses and bacteria on contact, alongside regular cleaning of touch points, such as poles and doors, and introducing more than 1,000 hand sanitiser points across the public transport network.

Working with London's boroughs we have also introduced Streetspace for London, a temporary infrastructure programme providing wider pavements and cycle lanes so people can walk and cycle safely and maintain social distancing.

At the same time, we are constructing many of London's most significant infrastructure projects, using transport to unlock much needed economic growth. We are working with partners on major projects like the extension of the Northern line to Battersea, Barking Riverside and the Bank station upgrade.

Working with Government, we are in the final phases of completing the Elizabeth line which, when open, will add 10 per cent to central London's rail capacity. Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means using data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day. None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services.

By working together, we can create a better city as London recovers from the pandemic and moves forward.
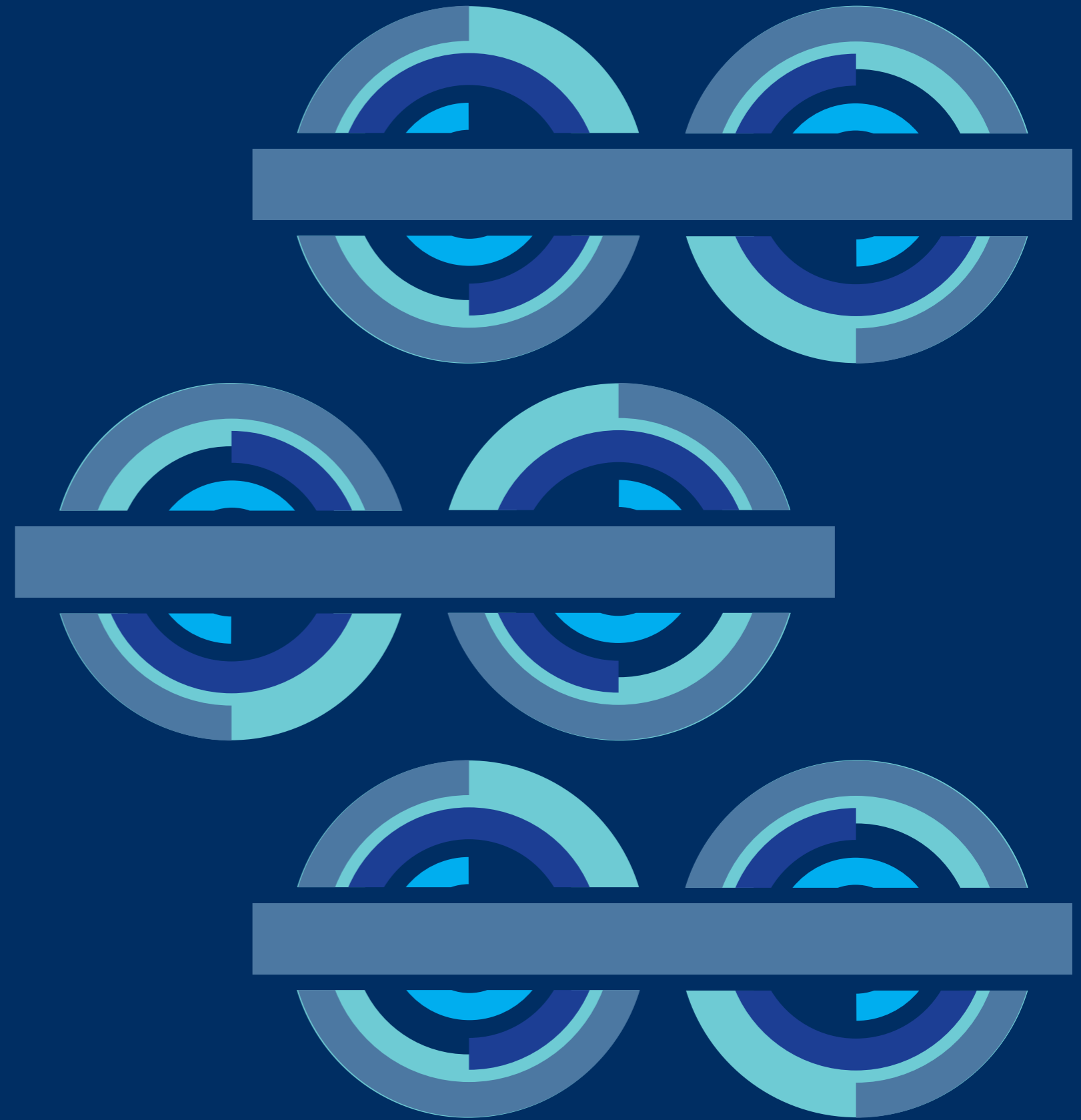
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Appendix 2

Transport for London ethnicity pay gap report

2020

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Contents

Almost a third of our people are black, Asian and minority ethnic
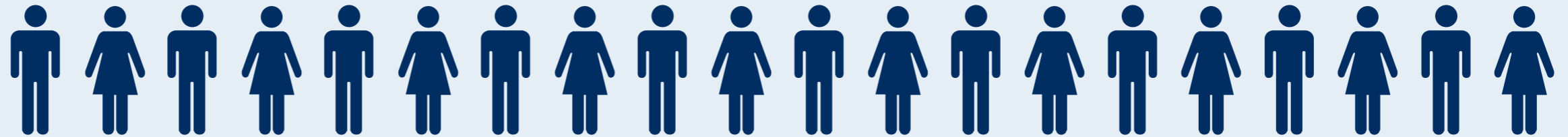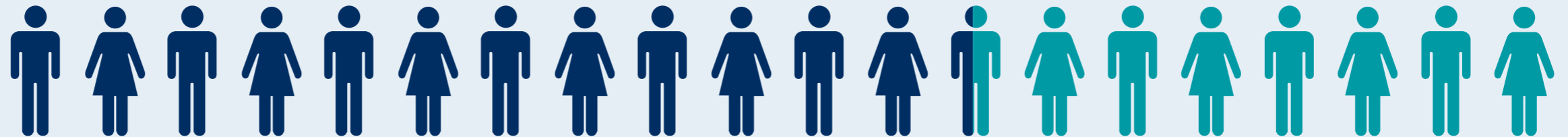
26,515
members of staff

52.3%
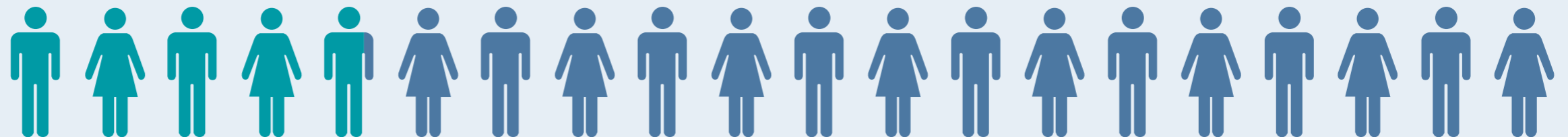white

32.5%
black, Asian and minority ethnic

Breakdown:
black – 15.9%, Asian – 11.9% and
4.8% – other ethnic group

15.2%
prefer not to say/unknown

Figures at 31 March 2020

Commissioner's foreword

London's economic recovery from the coronavirus lockdown depends on getting people moving and working, safely and sustainably, as quickly as possible.

To meet the needs of our diverse city, we must understand what matters to the people who live and work here. This past year has shown how fundamentally important it is for our workforce to represent the city it serves, and to inspire and engage our people to deliver the accessible and inclusive recovery of our transport network.

Given the nature of the pandemic and the resurgence of the Black Lives Matter movement, working as one team has been pivotal during this time of significant change. This is only possible through diversity and inclusion. How our staff feel, and their everyday experiences directly impacts our customer's experiences. Ensuring our staff feel respected, safe and have a sense of belonging is a business priority. We aspire to be a values-led organisation that reflects our people and Londoners more broadly.

We are pleased there has been an increase in the proportion of black, Asian and minority ethnic staff in our organisation since last year. Unfortunately, as more people have joined in lower paid roles, there has been an increase in our ethnicity pay gap. While we have increased the proportion of black, Asian and minority ethnic people working in Band 5 and Director roles, we have not made enough progress in closing the gap in representation at a senior level and we therefore have a lot more work to do.

Given the under-representation of black, Asian and minority ethnic people in the transport sector more broadly, especially in senior management roles, addressing the ethnicity imbalance and subsequent pay gap requires long-term, sustainable solutions across the full employee lifecycle. This year has highlighted the need to acknowledge the existence of racism across all parts of society and in all organisations and we need to play our part in identifying and tackling everyday racism, discrimination and harassment.

As Commissioner, I am committed to diversity, inclusion and equality of opportunity. This includes attracting, recruiting, progressing and retaining black, Asian and minority ethnic people in our organisation to develop a more diverse talent pipeline. As an organisation, it is important we acknowledge that black, Asian and minority ethnic people in transport can have different experiences of the workplace and we recognise there are differences between black, Asian and other ethnic minority communities too. This is why our activity for the coming year will seek to go beyond this as we focus on intersectionality and internal progression, access to learning and development opportunities, and workplace cultures and behaviours. Our dedication to a fair, diverse and inclusive workplace will continue to underpin everything we do.

Andy Byford
Commissioner

The ethnicity pay gap

How we measure the overall difference in the average pay

We measure the overall percentage difference in the average pay of white staff and black, Asian and minority ethnic staff in two ways, in line with Government regulations. This ensures we provide the clearest possible picture. The data we use is based on figures from 1 April 2019 to 31 March 2020.

Mean
The difference in average hourly pay between white employees and black, Asian and minority ethnic employees.

Median
The difference between the middle paid white employee and the middle paid black, Asian and minority ethnic employee.

While the mean measure can be skewed by a small number of high or low earners, the median gives a good idea of how much a typical white employee and black, Asian and minority ethnic employee is paid.

Quartiles
We use quartiles to rank pay from lowest to highest, dividing our employees into four evenly sized groups.

We use two methods to measure our staff's pay

Methodology update

For this year's report, we have grouped 97 employees on some London Underground engineering apprenticeships to include them in the non-operational apprenticeship numbers, not in the London Underground operational employee numbers as in previous reports. We will continue this grouping in future reports.

This change only impacts non-operational and operational data, therefore we have not republished previous years reports. Where applicable we have separately recalculated the impact this would have had on 2019 figures, which has been explained in the narrative.

Our workforce

At TfL, 32.5 per cent of our workforce is black, Asian and minority ethnic. This is in comparison to London, where this figure is 40 per cent, with 35 per cent of economically active Londoners coming from black, Asian and minority ethnic communities.*

When considering our senior management, 15.6 per cent of those who have answered questions about their ethnicity are from a black, Asian and minority ethnic community.** This compares with 15.7 per cent last year. When those who have not supplied ethnicity information are included, the proportion of black, Asian and minority ethnic senior management is 13.3 per cent, up from 12.9 per cent last year.
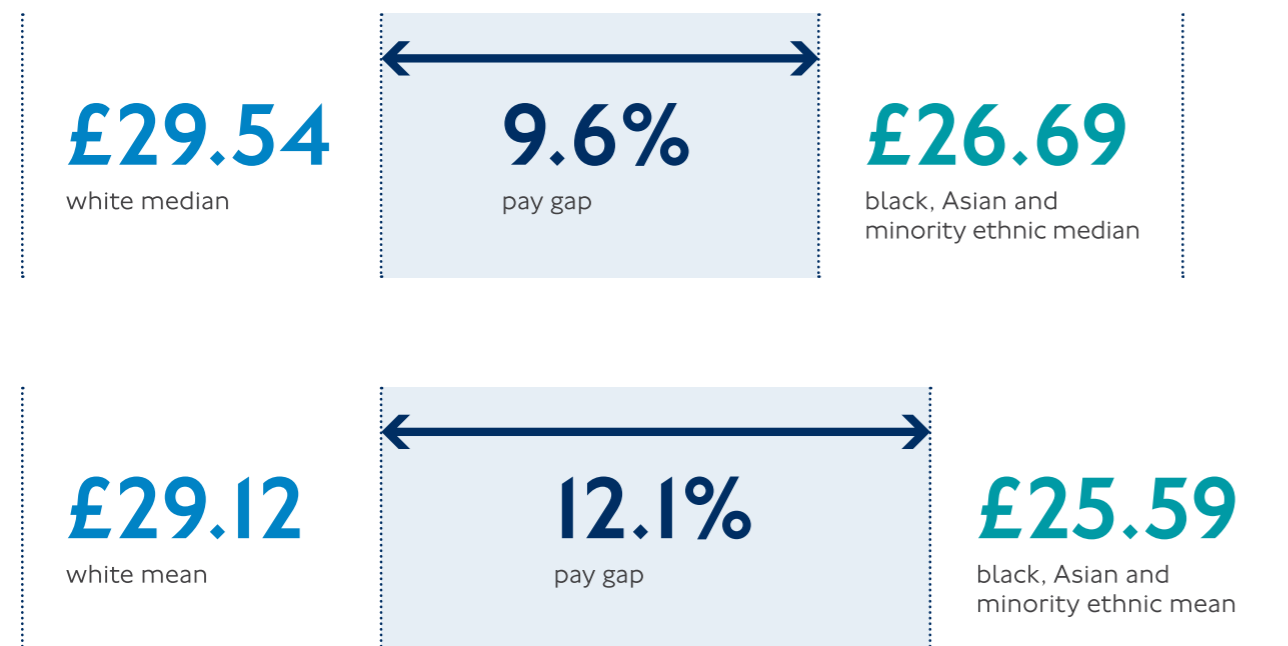
* ONS Annual Population Survey, July 2016-June 2017

** At Band 4 and above, including Board members

We want our workforce to be as diverse as the city we serve

Our results

Overall results for our operational and non-operational roles

Pay gap*
Our overall hourly pay rates

£29.54
white median

9.6%
pay gap

£26.69
black, Asian and
minority ethnic median

£29.12
white mean

12.1%
pay gap

£25.59
black, Asian and
minority ethnic mean

The under-representation of black, Asian and minority ethnic employees at a senior level, and therefore in higher paid roles, along with the larger proportion in operational areas, is reflected in the overall average hourly pay rates figures shown in the report.

The median pay gap has slightly increased, owing to a greater increase in black,

Asian and minority ethnic representation in the lower paybands and lower paid operational roles. The mean figure is also impacted by a higher proportion of new diversity data declarations made by white staff within senior management compared to a higher proportion of new black, Asian and minority ethnic declarations in operational roles.

* Consolidated median and mean ethnicity pay and bonus gap figures based on hourly rates of pay at 31 March 2020

Pay quartiles
Median ethnicity pay gap

Quartile	White		Black, Asian and minority ethnic		
	Median hourly pay (£)	Proportion of employees (%)	Median hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	36.78	74.1	34.91	25.9	5.1
Upper middle	30.13	62.5	30.13	37.5	0.0
Lower middle	25.73	62.9	24.50	37.1	4.8
Lower	18.36	48.0	18.36	52.0	0.0

Mean ethnicity pay gap

Quartile	White		Black, Asian and minority ethnic		
	Mean hourly pay (£)	Proportion of employees (%)	Mean hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	39.07	74.1	36.52	25.9	6.5
Upper middle	30.01	62.5	29.96	37.5	0.2
Lower middle	25.14	62.9	24.65	37.1	2.0
Lower	17.80	48.0	17.69	52.0	0.6

Our under-representation of black, Asian and minority ethnic staff in the higher paid roles is evident in the lower proportion in the upper quartiles. The upper quartile equivalent begins at around Band 2. As the ethnicity pay

gap is calculated based on those who have declared, it is likely that the band equivalent for the upper quartile is impacted by the proportion of employees who do not declare their ethnicity.

Bonuses*
Proportion of employees who received a bonus

43.8%
white

35.6%
black, Asian and minority ethnic

Bonus gap

	White (£)	Black, Asian and minority ethnic (£)	Pay gap (%)
Median	696.00	430.00	38.2
Mean	1,544.77	760.32	50.8

The bonus figures are impacted by the higher proportion of black, Asian and minority ethnic employees in operational roles who receive only Make a Difference and long service awards, which are lower in value than the percentage based bonus schemes for non-operational employees.
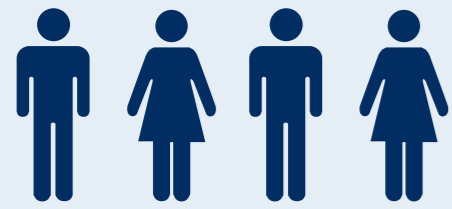
*   Bonuses paid in the 12 months up to 31 March 2020

Note: Bonus includes individual performance-related payments, Make a Difference recognition scheme vouchers, long-service awards and other one-off payments
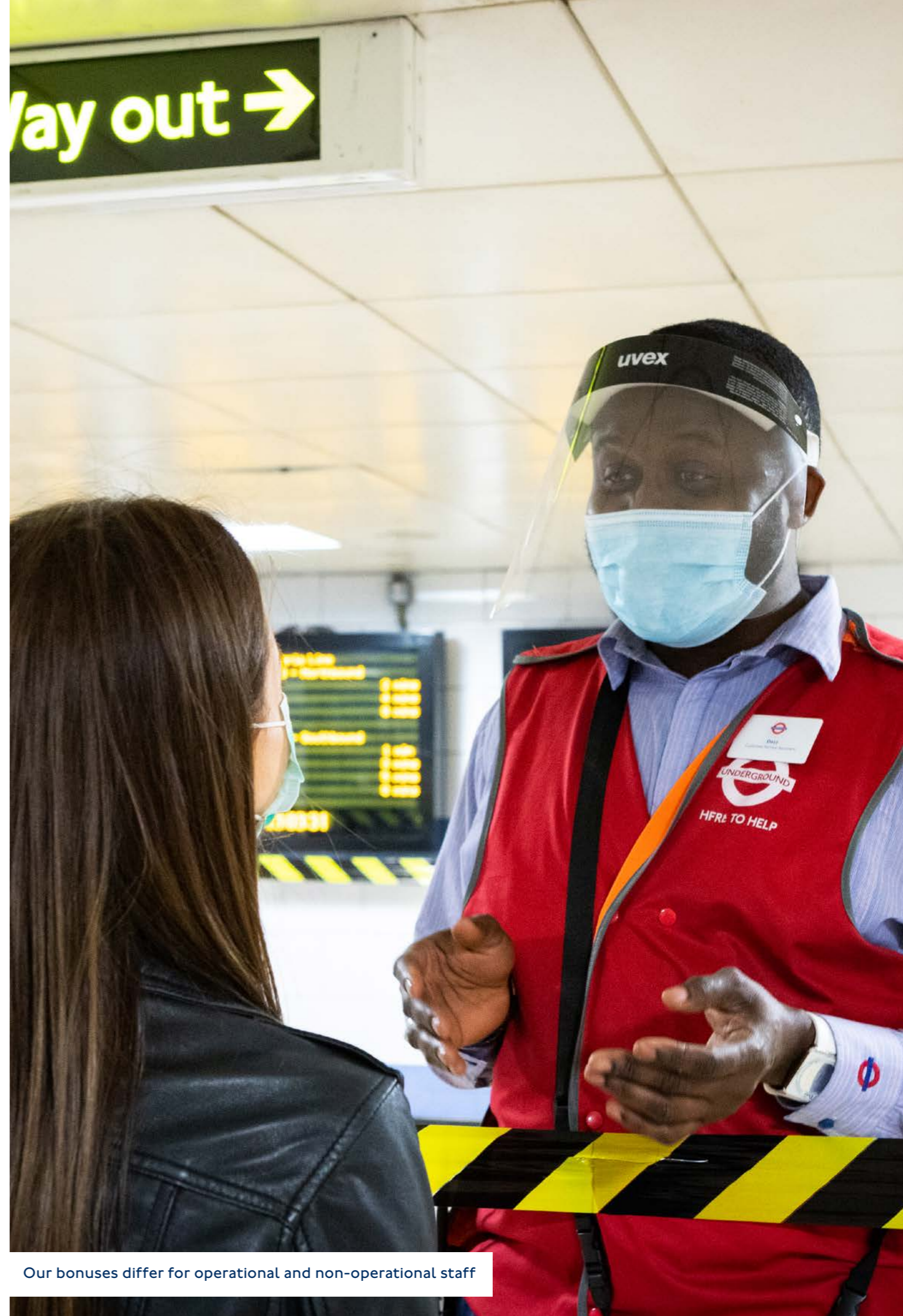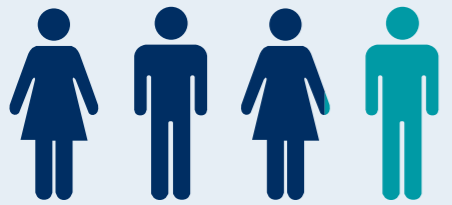
Our bonuses differ for operational and non-operational staff
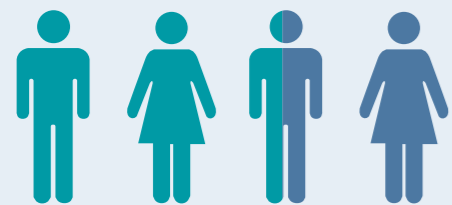
Non-operational employees

12,792

non-operational employees

57.8%

white

28.5%

black, Asian and minority ethnic

Breakdown:
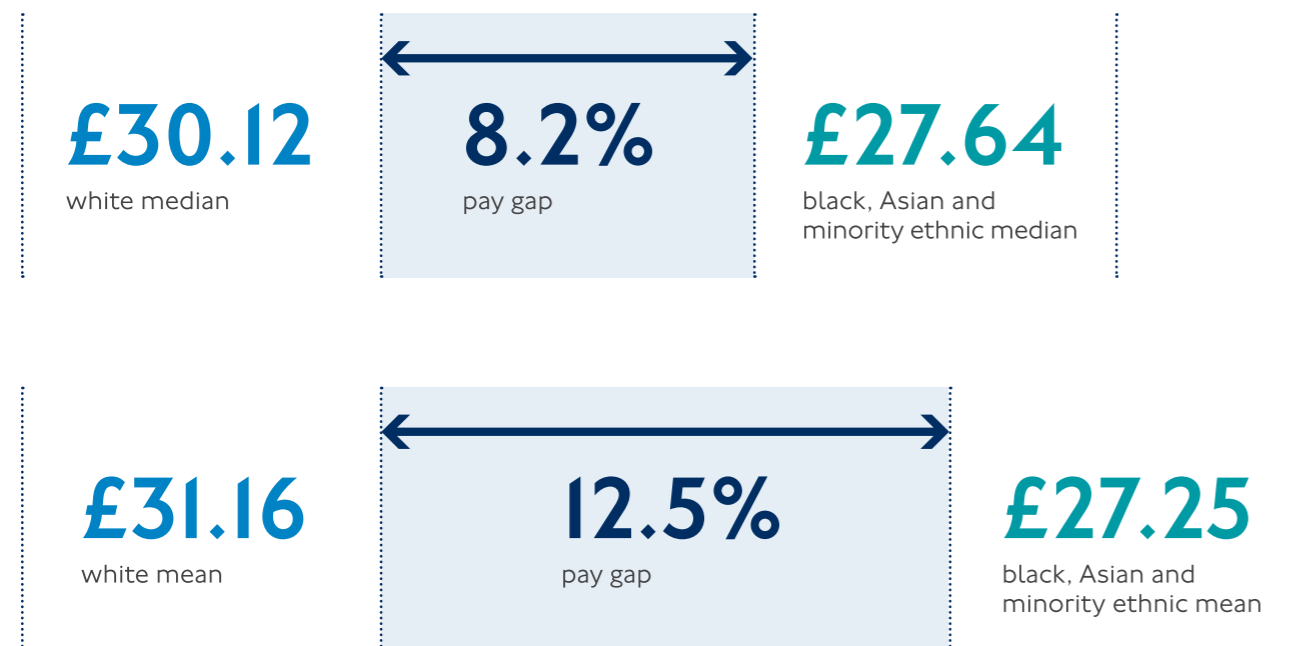black – 12.6%, Asian – 11.5% and 4.6% – other ethnic group

13.7%

unknown

Figures at 31 March 2020

Our non-operational roles include human resources and finance

Pay*
Our non-operational hourly pay rates

£30.12
white median

8.2%
pay gap

£27.64
black, Asian and minority ethnic median

£31.16
white mean

12.5%
pay gap

£27.25
black, Asian and minority ethnic mean

The mean pay gap is higher than the median due to a greater proportion of black, Asian and minority ethnic staff falling into the lower paid roles and the general under representation in leadership roles.

Non-operational positions, which include areas such as human resources, finance, engineering, property development and customer contact centres, do not have a fixed rate for the role. Within this group,

employees' pay is more flexible, with room for rewarding individual contribution and skills, and there is therefore potentially more scope for importing wider societal and market factors that affect pay.

This can then lead to inequity between different groups of employees given we know that occupational segregation exists.

Pay quartiles
Median gender pay gap

Quartile	White		Black, Asian and minority ethnic		
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	39.87	79.2	38.36	20.8	3.8
Upper middle	32.29	65.9	32.21	34.1	0.3
Lower middle	26.77	66.9	26.82	33.1	-0.2
Lower	18.87	55.9	18.62	44.1	1.4

Mean gender pay gap

Quartile	White		Black, Asian and minority ethnic		
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	43.65	79.2	40.90	20.8	6.3
Upper middle	32.12	65.9	31.89	34.1	0.7
Lower middle	26.42	66.9	26.42	33.1	0.0
Lower	18.00	55.9	17.84	44.1	0.9

* TfL median and mean ethnicity pay and bonus gap figures for non-operational employees based on hourly rates of pay at 31 March 2020
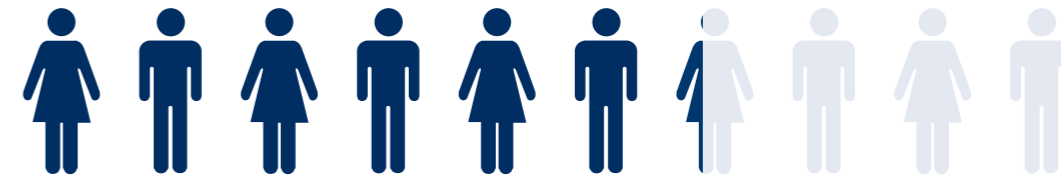
The bonus gap is influenced by the pay grades of our non-operational people

Bonuses*
Proportion of employees who received a bonus

64.7%
white

57.5%
black, Asian and minority ethnic

Bonus gap

	White (£)	Black, Asian and minority ethnic (£)	Pay gap (%)
Median	901.00	742.00	17.6
Mean	1,943.82	1,083.00	44.3

The mean bonus gap is influenced by the higher proportion of white employees in senior management roles, compared to the higher proportion of black, Asian and minority ethnic employees in lower grade roles.

* Paid in the 12 months up to 31 March 2020

Operational employees

13,723

non-operational employees
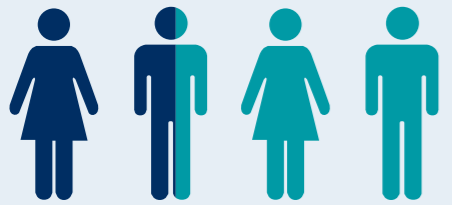
47.3%

white

36.2%

black, Asian and minority ethnic

Breakdown:
black – 18.9%, Asian – 12.3% and 5.0% – other ethnic group

16.5%

unknown

Figures at 31 March 2020

Our operational roles include customer service assistants

Pay*
Our operational hourly pay rates

£28.71
white median

← **15.6%** →
pay gap

£24.22
black, Asian and
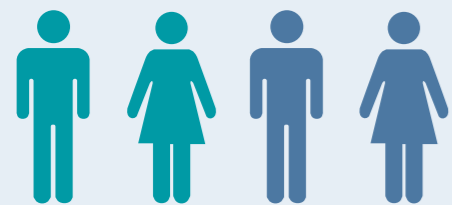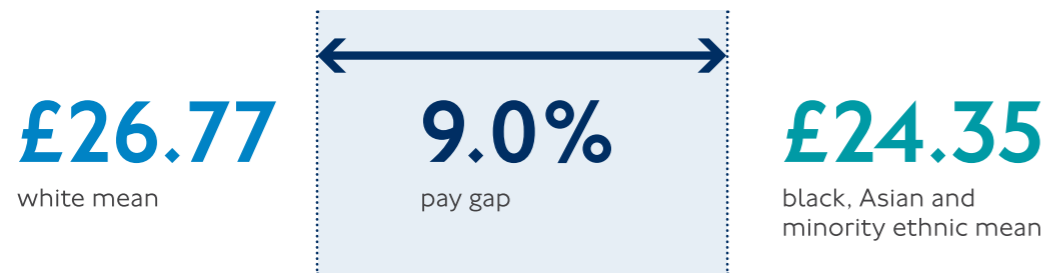minority ethnic median

£26.77
white mean

← **9.0%** →
pay gap

£24.35
black, Asian and
minority ethnic mean

There has been a big change in the number of employees now falling under full-pay relevant, which is any person employed on the snapshot date and paid their usual full basic pay during the relevant pay period. Full-pay relevant employees are included in all pay gap calculations.

There were 1,559 operational employees as relevant in 2019, compared to 478 in 2020. Of those now classed as full-pay relevant, the median hourly pay for white employees is £28.83 and for black, Asian and minority ethnic is £26.80, helping to explain the widening of the gap.

* TfL median and mean ethnicity pay and bonus gap figures for operational employees based on hourly rates of pay at 31 March 2020

The number of operational staff classed as full-pay relevant has decreased, compared to last year

Pay quartiles
Median gender pay gap

Quartile	White		Black, Asian and minority ethnic		
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	31.09	66.9	30.13	33.1	3.1
Upper middle	30.12	63.0	30.13	37.0	0.0
Lower middle	23.67	56.7	22.00	43.3	7.0
Lower	18.36	41.0	18.36	59.0	0.0

Mean gender pay gap

Quartile	White		Black, Asian and minority ethnic		
	Hourly pay (£)	Proportion of employees (%)	Hourly pay (£)	Proportion of employees (%)	Pay gap (%)
Upper	32.38	66.9	31.68	33.1	2.2
Upper middle	29.28	63.0	29.51	37.0	-0.8
Lower middle	23.85	56.7	23.49	43.3	1.5
Lower	17.80	41.0	17.63	59.0	1.0

The proportion of black, Asian and minority ethnic employees in the two lower quartiles increased by 9.0 percentage points, which is not offset by the increase of 1.9 percentage points in the upper quartile. This therefore brings the greater proportion of black, Asian and minority ethnic employees into the bottom half of the spread of pay, bringing the median pay down compared to last year.

Bonuses*
Proportion of employees who received a bonus

20.0%
white

19.6%
Black, Asian and minority ethnic

Bonus gap

	White (£)	Black, Asian and minority ethnic (£)	Pay gap (%)
Median	30.00	30.00	0.0
Mean	73.18	65.60	10.4

The median bonus figure for black, Asian and minority ethnic employees reflects the value of the recognition awards paid, which since October 2019 have been at a flat rate of £30. The mean bonus values are impacted by a greater proportion of white employees receiving long service awards, which are of a higher value.

* Paid in the 12 months up to 31 March 2020

What this means

The proportion of black, Asian and minority ethnic staff working at TfL has increased from last year

Unfortunately our ethnicity pay gap has increased since last year. At 31 March 2020, our consolidated median ethnicity pay gap was 9.6 per cent, compared to 9.2 per cent in 2019. Our mean pay gap was 12.1 per cent, compared to 11.4 per cent last year.

At 31 March 2020, our mean ethnicity pay gap for operational staff was 9.0 per cent, compared to 7.9 per cent in 2019. This is due to an increase in black, Asian and minority ethnic representation in the lower paybands. The mean figure has also been impacted by a higher proportion of new diversity data declarations within senior management who are white, compared to a higher proportion of black, Asian and minority ethnic declarations in lower-paid operational roles.

Our median ethnicity pay gap for operational staff has increased more significantly from 8.3 per cent in 2019 to 15.6 per cent in 2020. As the number of black, Asian and minority ethnic staff in lower paid roles has increased, this has impacted the proportion of staff in the two lower quartiles, which has not been offset by the increase of black, Asian and minority ethnic staff in the upper quartile. The upper quartile, increase has grown by 1.9 percentage points, whereas the lower two quartiles have increased by 9.0 percentage points. This therefore brings a greater proportion of black, Asian and minority ethnic employees into the bottom half of the spread of pay.

Our ethnicity pay gap has increased since last year.

- The proportion of black, Asian and minority ethnic staff working at TfL has increased since last year

- The increase in black, Asian and minority ethnic staff has been mainly in lower paid operational roles

- The number of black, Asian and minority ethnic staff at Band 5 and Director level has increased since last year

Operational staff provide a vital frontline service

Our analysis shows that black, Asian and minority ethnic staff working in operational roles are more likely to be employed in lower paid roles. At 31 March 2020, of all customer service assistant grades, 61.9 per cent were black, Asian and minority ethnic employees, which has increased from 59.1 per cent in 2019. This compares to 38.1 per cent who were white employees, which has decreased from 40.9 per cent in 2019. Of all train operator grades, 42.3 per cent employees were black, Asian and minority ethnic, compared to 57.7 per cent who were white employees. This occupational segregation significantly impacts our overall ethnicity pay gap.

Since last year, there has also been a big change in the number of employees who fall under full-pay relevant. There were 1,559 operational employees considered as relevant in 2019, compared to 478 in 2020. Of those classed as full pay relevant, the median hourly pay at 31 March 2020 for white employees was £28.83 compared to £26.80 for black, Asian and minority ethnic employees.

For non-operational staff, our median ethnicity pay gap has remained the same, although the mean ethnicity pay gap has decreased slightly from 13 per cent in 2019 to 12.5 per cent. The number of black, Asian and minority ethnic staff

at Band 5 and Director level has increased, which is a positive sign. The table opposite illustrates that the proportion of black, Asian and minority ethnic staff across most bands in non-operational business areas has increased, which we are very pleased about. Improving the ethnicity representation of our organisation is a top priority for us, particularly at more senior levels, and we want to continue making progress in this area.

Occupational segregation can be seen through the analysis of our new hires and promotions and movements between 2019 and 2020. Of all new white employees hired into operational roles, 35.5 per cent went into engineering roles. This is much lower for black, Asian and minority ethnic employees, with only 6.3 per cent going into engineering roles. In terms of the 969 internal movements, the proportion of white employees who moved into an engineering role was 83.3 per cent compared to 16.7 per cent of black, Asian and minority ethnic employees. Therefore, internal career progression and promotion is a key area we must focus on.

Over the last year, some great work has taken place to improve our talent pipeline. For our apprenticeship programmes, our targeted pre-employment course, Route into Work, which is delivered by London Transport Museum, included a focus on black, Asian and minority ethnic people who were not in employment education or training. Two thirds of our apprenticeship offers made through this route were to black, Asian and minority ethnic people.

The increase in black, Asian and minority ethnic people on our graduate scheme reflects moves to target primarily London universities and continued improvements in our assessment process, focusing on evaluating potential and motivation. This has resulted in an increase in the proportion of black, Asian and minority ethnic graduates by over 20 per cent, to 50 per cent from 29.7 per cent compared to last year.

Considering the economic impact of the coronavirus pandemic and in the context of our commitment to race equality, we are reviewing all of our work to identify how we can support those most impacted. We will continue to review our selection and assessment methodologies to ensure they are as bias-free as possible. Recruiting more black, Asian and minority ethnic people into junior roles and lower salaries may increase the pay gap. However, this early career work is crucial for ensuring we have diverse people with the critical skills and experiences that our transport sector relies on, and to feed our talent pipeline.

Our new Pay Gap Action Plan will continue to focus on increasing the proportion of black, Asian and minority ethnic staff across all levels. Our activity will be sustainable and scalable, and continue to be rooted in evidence-based decision making and collaborative working.

We recognise an integral part of delivering and embedding long-term change is through greater visibility and accountability of progress.

Proportion of black, Asian and minority ethnic employees in non-operational bands (%)*

Band	2017	2018	2019	2020	Change 2019-20
Board	18.8	16.7	19.0	17.4	-1.7
Director	7.0	8.5	6.4	6.8	0.4
Band 5	7.6	9.4	7.2	8.3	1.1
Band 4	14.4	15.1	18.1	17.5	-0.7
Band 3	26.3	26.9	27.9	28.5	0.6
Band 2	34.5	35.3	36.3	37.0	0.8
Band 1	43.1	44.6	46.9	47.8	0.8
Graduates	25.4	24.6	29.7	50.0	20.3
Apprentices	30.9	34.6	36.4	37.2	0.8

* 2019 and 2020 updated to move 97 London Underground apprentices from operational to apprentices (non-operational)

Closing the gap

We have carried out many projects and activities to help us continue to close the ethnicity pay gap

Action on Inclusion

We worked with our colleagues, Staff Network Groups, trade unions and other stakeholders to develop a new Action on Inclusion strategy. The document is designed to set out our vision for diversity and inclusion and four-year strategic objectives. It was due to be published in spring 2020, but in light of the coronavirus pandemic, it will now be reviewed and updated. It will also include a renewed focus on anti-racism and racial equality.

Impact assessments

We updated our People Impact Assessment form and supporting materials this year, which included staff training. This impact assessment tool is used to consider and minimise any potential impacts on staff during times of change, using diversity data during and post transformation. We are currently reviewing the process.

Our scorecard and dashboards

We use our scorecard to set targets to improve the overall representativeness of our organisation and our senior management, and the inclusiveness of our workplace shown through the Inclusion Index in our staff engagement survey.

Our scorecard targets place diversity and inclusion on the same footing as other priorities, including safety, reliability, customer satisfaction and finances. We are pleased to have exceeded our targets for 2019-20. These

achievements can be attributed to the recruitment of more diverse people into senior roles, our early careers work, and many other successful recruitment campaigns.

We have also been using local quarterly dashboards to coach our senior managers to help drive local accountability and actions.

We are currently working to an interim scorecard following the impact of the coronavirus pandemic on transport.

Diversity and inclusion is a key priority for us

Behavioural insights

We worked with the Behavioural Insights Team and industry specialists to prepare a behavioural science-based recruitment intervention. This involved analysing our data, reviewing existing research and engaging key stakeholders. The work was due to start earlier this year, but was paused due to coronavirus. The work will continue once our recruitment activity resumes.

Inclusive Operational Culture Programme

Following an in-depth research study on the specific inclusion issues relating to our operational workplace, a new programme has been developed to make our workplace more inclusive. It will be rolled out once work resumes after coronavirus. We will dovetail this with our renewed anti-racism work in response to the killing of George Floyd.

Promoting the work of our relaunched staff network group

We relaunched our R.A.C.E staff network group this year under a new dedicated leadership team, with representation from non-operational and operational staff. The group works closely with our diversity and inclusion team to inform our strategic race equality work. Their work is centred around raising the profile of the issues that impact black, Asian and minority ethnic staff, their work and professional development.

We value our staff networks

Diversity and inclusion action standard

We have developed our priorities and actions to meet the Greater London Authority's Diversity and inclusion action standard.

Our commitment is to reach the 'exemplary' level by May 2022. Using the data dashboards, alongside a new tool we developed based on the standard, we supported teams to develop local action plans. The tool has been piloted and will be rolled out across the business once testing is complete.

Senior level recruitment

This year, we began a recruitment project to hire senior Band 4 positions in our Finance Directorate, which was focused on increasing ethnicity representation at senior management level. We created an attraction strategy that specifically targeted black, Asian and minority ethnic people. This included making sure our adverts got placed in or were shared and supported by relevant financial groups and organisations. We also changed our assessment processes to ensure they were inclusive by providing candidates with an environment where people could really showcase their experience, character and qualities through a mix of formal and informal techniques. We filled all vacancies, of which 60 per cent were black, Asian and minority ethnic people.

We also worked in engineering, where black, Asian and minority ethnic employees are underrepresented. Our approach began with multi-channel online attraction strategies and a complete overhaul of all recruitment advertising to ensure diversity and inclusion was a core theme throughout. As black, Asian and minority ethnic people are not well represented across the industry, we focused on promoting our engineering vision, what makes us unique as an organisation and the role our engineers play in shaping our network and service delivery. This resulted in an 11 per cent increase in black, Asian and minority ethnic hires to 43 per cent from 32 per cent the previous year.

We use diverse interview panels

Diverse interview panels

We continue to use diverse and independent interview panels wherever possible, particularly during transformation. This ensures we bring independence and diversity of thought to our recruitment process.

We have also run assessment centre days, where mixed groups of candidates can learn about TfL, the role, and meet managers and directors, before doing some speed-style questions. They also get to spend time with their potential director and complete a scenario-based assessment, before finishing with a final address from a relevant director. This has proved to be a much more engaging method for enabling candidates to perform at their best.

Using anonymised CVs

We ran an anonymised shortlisting pilot last year, which resulted in a significant increase in the percentage of black, Asian and minority ethnic people hired. We will roll this out across all roles in 2020, once we have finished the testing, which was paused following our recruitment freeze during the coronavirus pandemic.

Apprenticeships and graduate programmes

We are pleased that 53 per cent of our graduate hires were black, Asian and minority ethnic people, up from 27 per cent last year. This increase reflects the introduction of additional schemes including General Management, targeting primarily London universities and continued improvements in our assessment process focusing on evaluating potential and motivation.

Of our apprentice hires, 36 per cent were black, Asian and minority ethnic people, up from 35 per cent the year before. Last year, our targeted pre-employment programme, Route in to Work, which is delivered by London Transport Museum, included a focus on black, Asian and minority ethnic young people who were not in employment, education or training.

Of the apprenticeship offers made through this route, 67 per cent were to black, Asian and minority ethnic young people.
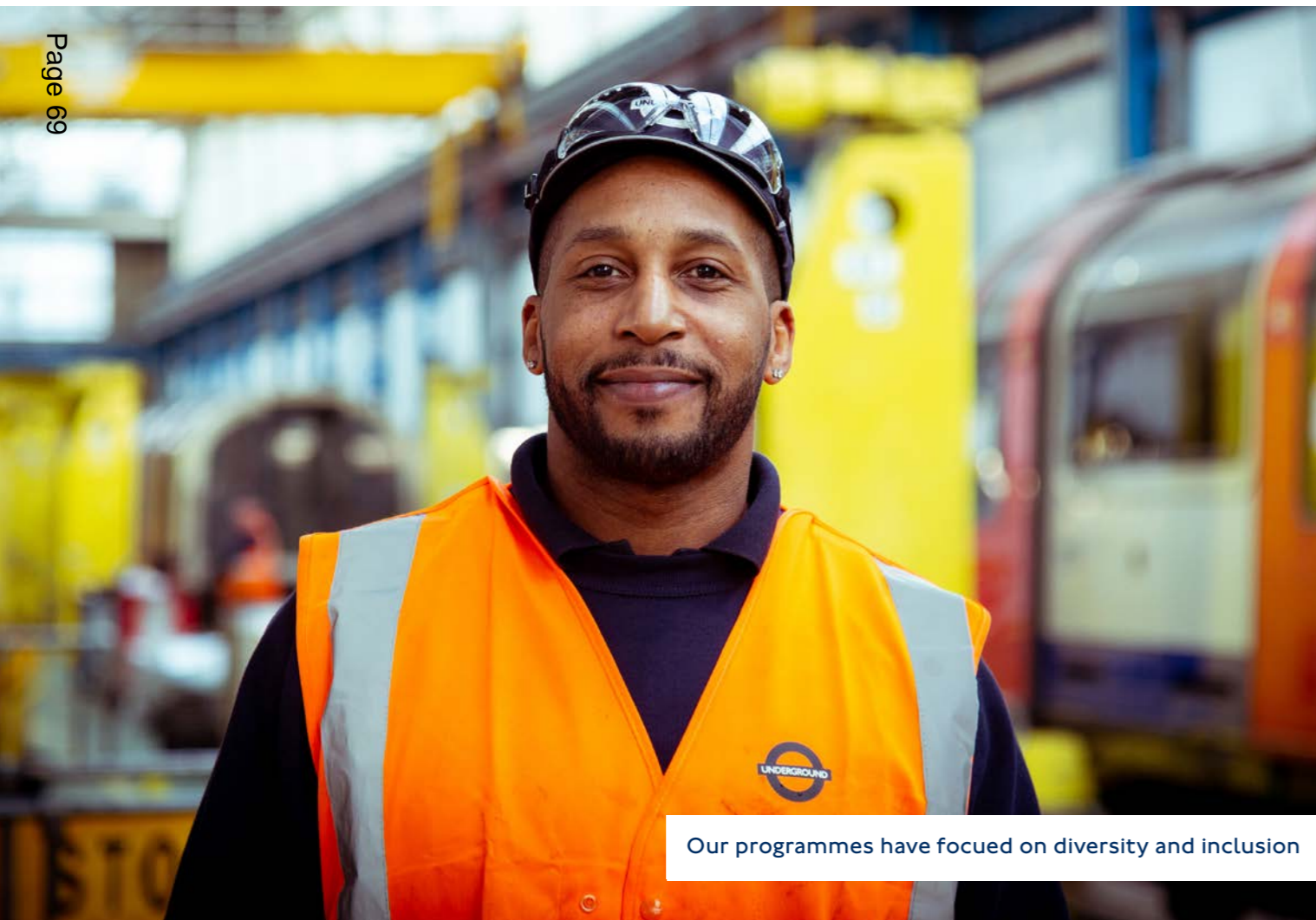
Our programmes have focued on diversity and inclusion

We are supporting our leaders

Leadership Foundation

As part of the Leadership Foundation, we have developed a 360 tool, which supports those in leadership roles or aspiring to become leaders to identify their strengths and development areas. The 360 tool is based on a strengths-based model, where feedback is provided to individuals on their performance against specific leadership attributes. These reflect those needed from our leaders now and in the future and are intrinsically tied to being an inclusive and authentic leader.

We are piloting the tool on 36 existing or aspiring leaders across TfL, with the intention to roll it out further as part of the Leadership Foundation. While this work has been paused during the pandemic, its approach and content are still relevant but we are adjusting it to reflect the revised business priorities.

Talent acquisition

External hiring presents us with opportunities to impact black, Asian and minority ethnic senior representation. We are pleased to report significant progress in leadership hires from black, Asian and minority ethnic backgrounds, compared to the previous year. We were able to particularly impact hiring at Board level at London Transport Museum.

We brought in senior black, Asian and minority ethnic leadership talent through our non-permanent route, as well as providing a future talent pipeline of Band 4 employees for the Finance Directorate campaign.

We launched Talent Push this year, analysing diverse internal candidates that may have paused their application partway through. A number of black, Asian and minority ethnic employees are currently being coached and sponsored so that we have an internal pipeline of leaders who are ready, engaged and have the leadership potential for a bigger role. This is an area of improvement, which we must continue to focus on.

We improved our senior level representation

Our plans for 2020/21

We will continue to work to close the gap between ethnicity pay

The coronavirus lockdown has affected our staff and customers and, like every other organisation, we have been affected by the strength of feeling arising from the Black Lives Matter movement. Given the pandemic and the global focus on anti-racism and tackling inequalities, diversity and inclusion remain one of our top priorities.

As we look ahead to the work we need to do to close our ethnicity pay gap and more broadly on race equality, we are mindful of the disproportionate impacts of coronavirus on minority communities and our role in supporting our black, Asian and minority ethnic staff through this pandemic, including through our staff risk assessment.

We also restate our commitment to tackling racism and race-related barriers to progression and to taking action that translates this commitment into tangible positive outcomes for our black, Asian and minority ethnic employees.

We will work with our Staff Network Groups to produce a new four-year Pay Gap Action Plan, which will set out plans to reduce gender and ethnicity pay gaps, as well as actions specific to each protected characteristic. It will cover three priority areas:

• Governance and data

• Policies, systems and processes

• Leadership, cultures and behaviours

The Pay Gap Action Plan will be supported by local diversity and inclusion plans that will include specific actions to respond to issues raised by our staff in light of the killing of George Floyd. Our senior leaders will also be committing to an anti-racism charter, which will see them working together with our R.A.C.E. Staff Network Group to deliver 'safe spaces' for black, Asian and minority ethnic staff to discuss their experiences of racism.

We will support our staff and continue to push for race equality

About TfL

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners' and helping to create a safer, fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made by walking, cycling or using public transport by 2041. To make this a reality, we prioritise sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport and making more stations step

free, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, the Ultra Low Emission Zone scheme and more environmentally friendly bus fleets are helping to tackle London's toxic air.

During the coronavirus pandemic we have taken a huge range of measures to ensure the safety of the public. This includes enhanced cleaning using hospital-grade cleaning substances that kill viruses and bacteria on contact, alongside regular cleaning of touch points, such as poles and doors, and introducing more than 1,000 hand sanitiser points across the public transport network.

Working with London's boroughs we have also introduced Streetspace for London, a temporary infrastructure programme providing wider pavements and cycle lanes so people can walk and cycle safely and maintain social distancing.

At the same time, we are constructing many of London's most significant infrastructure projects, using transport to unlock much needed economic growth. We are working with partners on major projects like the extension of the Northern line to Battersea, Barking Riverside and the Bank station upgrade.

Working with Government, we are in the final phases of completing the Elizabeth line which, when open, will add 10 per cent to central London's rail capacity. Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means using data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day. None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services.

By working together, we can create a better city as London recovers from the pandemic and moves forward.

Remuneration Committee

Date: **10 November 2021**

Item: **Members' Suggestions for Future Discussion Items**

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This paper will be considered in public

1   Summary

1.1   This paper presents the current forward plan for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items for the forward plan. Members are also invited to suggest items for future informal briefings.

2   Recommendation

2.1   **The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items for the forward plan and for informal briefings.**

3   Forward Plan Development

3.1   The Board and its Committees and Panels have forward plans. The content of the plans arise from a number of sources:

   (a)   Standing items for each meeting: Minutes; Matters Arising and Actions List.

   (b)   Regular items (annual, half-year or quarterly) which are for review and approval or noting as specified in the Terms of Reference: Examples include the annual consideration of pay and performance awards for the staff listed in the terms of reference and regular reports on remuneration on a pan-TfL basis, pay gaps and TfL's approach to talent management and succession planning.

   (c)   Items requested by Members: The Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.

4   Current Plan

4.1   The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

List of appendices to this report:

Appendix 1: Remuneration Committee Forward Plan.

List of Background Papers:

None

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Remuneration Committee Forward Plan

Membership: Ben Story (Chair), Kay Carberry CBE (Vice-Chair) and Heidi Alexander

Key: CPO (Chief People Officer), DCB (Director of Compensation and Benefits), DDIT (Director of Diversity, Inclusion and Talent)

3 March 2022		
Talent Management and Workforce Planning Update	DDIT	To note.

June 2022		
TfL Performance Delivery and Scorecard Outturn	CPO & DCB	Update on performance delivery of staff within the Committee's remit. No performance awards are being made for 2021/22.
Senior Management Performance Awards Scheme	CPO & DCB	Update on the proposed operation of the scheme for the current year.
TfL Remuneration	CPO & DCB	Annual update on the overall remuneration policy for TfL

July 2022		
Pay Outcomes of £100,000+ Approvals	CPO & DCB	Annual update and trend analysis on the number of approvals and the remuneration limit approved against that on actual appointment for permanent and non-permanent roles.

November 2022		
Strategic Workforce Planning	CPO & DDIT	Annual update. To note the approach to workforce planning and assessing our current capabilities and how we will map these to our emerging business priorities.
Pay Gap Analysis		Annual update. Current data and progress against actions and the performance indicators that the Committee should keep under review.

As at 2 November 2021

Regular items each year

- Salaries of £100,000 or more (approvals and analysis)
- TfL Performance Delivery and Performance Awards (annual approval)
- TfL Remuneration (annual, noting of overall remuneration policy)
- Pay Gap Analysis (annual, noting of gap and actions to address)
- Talent Management and Succession Planning (as required)

Items approved by Chair's Action if the decision needs to be taken urgently (reported to next meeting)

- Salary for any person proposed to be appointed as an Officer of TfL with an annual basic salary of £100,000 or more
- Exit payments for any officer listed in the Terms of Reference or if over £100,000k (excluding statutory notice period)

As at 2 November 2021