

Agenda

Meeting: Remuneration Committee

Date: Thursday 2 March 2023

Time: 10:00am

**Place: Conference Rooms 1 & 2 -
Palestra, 197 Blackfriars Road,
London, SE1 8NJ**

Members

Kay Carberry CBE (Chair)
Peter Strachan (Vice-Chair)

Seb Dance
Dr Nelson Ogunshakin OBE

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://www.tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public and webcast live on [TfL YouTube channel](https://www.youtube.com/channel/UCv12345678901234567890), except for where exempt information is being discussed as noted on the agenda.

There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

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
Wednesday 22 February 2023

**Agenda
Remuneration Committee
Thursday 2 March 2023**

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 9 November 2022
(Pages 1 - 4)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 9 November 2022 and authorise the Chair to sign them.

**4 Matters Arising, Actions List and Use of Delegated Authority
(Pages 5 - 10)**

General Counsel

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

5 TfL Remuneration (Pages 11 - 20)

Interim Chief People Officer

The Committee is asked to note the paper.

6 Executive Remuneration Benchmarking (Pages 21 - 22)

Interim Chief People Officer

The Committee is asked to note the paper, which provides an update on the new executive benchmarking provider.

7 Resourcing at TfL (Pages 23 - 28)

Interim Chief People Officer

The Committee is asked to note the paper.

8 Members' Suggestions for Future Discussion Items (Pages 29 - 32)

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.

9 Any Other Business the Chair Considers Urgent

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

10 Date of Next Meeting

Thursday 15 June 2023, at 10.00am

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Transport for London

Minutes of the Remuneration Committee

**Conference Room 1, Palestra, 197 Blackfriars Road, London SE1 8NJ
10.00am, Wednesday 9 November 2022**

Members

Kay Carberry CBE (Chair)
Peter Strachan (Vice-Chair – via Teams)
Seb Dance
Dr Nelson Ogunshakin OBE (via Teams)

Executive Committee

Andy Lord	Interim Commissioner
Fiona Brunskill	Interim Chief People Officer
Howard Carter	General Counsel (via Teams)

Staff

Stephen Field	Director of Compensation and Benefits
Shamus Kenny	Head of Secretariat
Erica Moses-Neacy	Strategic Workforce Planning Specialist (for Minute 16/11/22)
Jamie Wicks	Master Data and B1 Delivery Lead (for Minute 16/11/22)

12/11/22 Apologies for Absence and Chair's Announcements

There were no apologies for absence. Peter Strachan and Dr Nelson Ogunshakin OBE attended the meeting via Teams and were able to participate in the discussions but did not count towards the quorum. The meeting was quorate.

The Chair welcomed everyone to the meeting, particularly Andy Lord and Fiona Brunskill who were attending their first meetings following their recent appointments as interim Commissioner and interim Chief People Officer (respectively). The meeting was also being webcast live to TfL's YouTube channel to ensure the public and press could observe the proceedings and decision making.

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 the appropriate member of the Executive Committee after the meeting.

13/11/22 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.

Howard Carter would absent himself from the meeting for any discussion of the exempt information on the Chief Officers' Pay Review and Andy Lord would absent himself from any discussion on the permanent recruitment arrangements for the post of

Commissioner.

14/11/22 Minutes of the Meeting of the Committee held on 6 July 2022

The minutes of the meeting of the Committee held on 6 July 2022 were approved as a correct record and the Chair was authorised to sign them.

15/11/22 Matters Arising, Actions List and Use of Delegated Authority

The Committee noted that there had been five uses of Chair's Action since the last meeting of the Committee on 6 July 2022, all in relation to the approval of salaries of £100,000 or more. A paper of the pay outcomes from previous approvals of salaries of £100,000+ was included on the agenda (see Minute 17/11/22).

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

16/11/22 Resourcing at TfL

Andy Lord and Fiona Brunskill introduced the item, which provided an update on how TfL was resourced, recent upward trends in the use of non-permanent labour and mitigations in place to ensure TfL could attract, retain and develop its own talent to meet its requirements. It was vital that TfL was resourced appropriately to deliver its Business Plan and to ensure the continued safe operation of its services. An update was provided on strategic workforce planning activity, including a demonstration of data analysis tools to support decision making.

Members noted the current trends and variability in turnover across the organisation, with high areas currently in Professional Services and Engineering. Long-term funding uncertainty meant there was a limited pipeline of major projects and so many talented specialists involved in projects such as Crossrail, Northern Line Extension and Bank station upgrade were lost to TfL at the end of their projects, though effort was made to retain those with transferable skills. A leavers survey, to be launched later in the year, would provide richer information on why people moved on.

An update would be provided to a future meeting on strategic workforce planning, including TfL's Reward Strategy, which included benchmarking roles across the organisation and externally, the future operational model – Our TfL Programme and talent management. **[Action: Fiona Brunskill]**

The Committee noted the paper.

17/11/22 Pay Outcomes of £100,000+ Approvals

The current governance process for appointments with a full-time equivalent salary in excess of £100,000 per annum required Committee approval for both permanent and non-permanent labour (NPL) positions.

Fiona Brunskill and Stephen Field introduced the paper, and the supplementary information on Part 2 of the agenda, which showed the salary approved by the

Committee and that awarded on appointment for the period September 2020 to July 2022.

Members discussed the use of NPL roles, recognising that some skills had been brought in for specific projects and that such contracts did offer advantages to TfL. A review of the use of NPL roles was underway to see if it was more efficient to retain some specialists as full-time staff or to have services provided by a third-party. An update on this work would be provided to a future meeting and future outcome reports would include details of the duration of NPL contracts and how often they are reviewed.

The Committee supported the need for oversight on the approval of the highest salaries but recognised the need to streamline the process. Delays in the approval process impacted service and project delivery and sometimes saw strong candidates leaving the process. An end-to-end process review would be undertaken and discussed with the Mayor's team.

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda and agreed the format for future presentation of similar data.

18/11/22 Chief Officer and Director Pay Review 2022

Howard Carter left the meeting for the discussion of this item where it related to proposed pay awards for specific Chief Officers.

Andy Lord and Fiona Brunskill introduced the item. Annual pay review processes for the Chief Officer and Director populations had been frozen since 2016. As a result, base pay had remained static for individuals in this population unless a role re-evaluation, structural change or promotion had taken place.

In February 2022, the restructuring of the Executive Committee and a pay benchmarking exercise saw pay adjustments for the new roles. For individuals whose roles did not change, no pay adjustments were made. Pay awards for those individuals would assist in maintaining appropriate relativities between the Chief Officer roles and the rates of pay would still be below market levels.

It was proposed to apply to those Chief Officers the same percentage increase as the first year of the TfL pay award currently under negotiation with the relevant TfL Trades Unions for employees in pay bands 1 to 3. Although not subject to negotiation with the Trades Unions, TfL intended to apply the same increase to senior managers in pay bands 4 and 5 and to any Directors who had not received pay adjustments as part of the leadership restructure (as reported to the Committee on 27 July 2022).

The Committee would be engaged on the reward and retention strategy for Chief Officers before any proposals for change were considered at a future meeting.

[Action: Fiona Brunskill]

Andy Lord left the meeting while the Committee received an update on the process and timeline for the appointment of a permanent Commissioner.

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

- 1 agreed the proposal to apply a percentage equivalent to first year of the TfL 2022 pay deal to the pay of any Chief Officers who had not had a salary adjustment during 2022; and
- 2 noted the intention to apply the same percentage increase to Directors in the same way who had not had a salary adjustment during 2022.

19/11/22 Members' Suggestions for Future Discussion Items

In addition to the request for a paper on strategic workforce planning arising from the discussion on resourcing at TfL earlier in the meeting, Members noted a paper on pan-TfL pay would be submitted to the meeting in March 2023. **[Action: Stephen Field]**

The Committee noted the forward plan.

20/11/22 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

21/11/22 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Thursday 2 March 2023 at 10.00am.

22/11/22 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), when it considered the exempt information in relation to the items on Pay Outcomes of £100,000+ Approvals and Chief Officer and Director Pay Review 2022.

The meeting closed at 12.17pm.

Chair: _____

Date: _____

Remuneration Committee



Date: 2 March 2023

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 four uses of Chair's Action since the last meeting of the Committee on 9 November 2022; all in relation to the approval of salaries of £100,000 or more.

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 require it to approve salaries of £100,000 or more and forms part of TfL's overall governance of pay at Senior levels. TfL has experienced high turnover of senior staff over recent months and requests include replacements for those that have left or are leaving.
- 3.2 Requests have also been made following changes to role under TfL's change programme. These include circumstances where individuals have increased accountability and scope following merging of roles and activity.
- 3.3 Other requests include extensions to existing contracts of highly skilled or technical staff where not retaining this resource would have a significant detrimental impact on TfL's ability to achieve its financial or operational deliverables.
- 3.4 A business case justification is provided to the Committee for each role. Following consultation with members of the Committee, the Chair approved salaries of £100,000 or more for the roles set out in Appendix 2.

List of appendices to this report:

Appendix 1: Actions List

Appendix 2: Use of Chair's Action to approve salaries of £100,000 or more

List of Background Papers:

Minutes of previous meetings of the Committee

Chair's Action papers issued on 15 December 2022, 16 and 25 January 2023 and 9 February 2023

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

Remuneration Committee Actions List (reported to the meeting on 2 March 2023)

Actions arising from the meeting held on 9 November 2022

Minute No.	Description	Action By	Target Date	Status note
16/11/22	Resourcing at TfL: future paper on strategic workforce planning An update would be provided to a future meeting on strategic workforce planning, including TfL's Reward Strategy, which included benchmarking roles across the organisation and externally, the future operational model – Our TfL Programme and talent management.	Fiona Brunskill	March 2023	On agenda, as Resourcing at TfL.
18/11/22	Chief Officer and Director Pay Review 2022: Committee engagement for 2023 Review for Commissioner and Chief Officers The Committee would be engaged on the reward and retention strategy for Chief Officers before any proposals for change were considered at a future meeting.	Fiona Brunskill	June 2023	On forward plan.
19/11/22	Members' Suggestions for Future Discussion Items: TfL Pay A paper on pan-TfL pay would be submitted to the meeting in March 2023.	Stephen Field	March 2023	On agenda, as TfL Remuneration.

Actions arising from previous meetings

Minute No.	Description	Action By	Target Date	Status note
14/06/19	<p>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.</p>	Fiona Brunskill	May 2023	Work was undertaken on the recruitment / application process and information on the impact of those changes will be provided in the Pay Gap Analysis report to be considered by the Safety, Sustainability and Human Resources Panel.

Use of Chair's Action to approve salaries of £100,000 or more

This includes changes for recruitment to existing roles or where the responsibilities of the role have changed.

Request 15 December, approved 19 December 2022

- 1) Head of Business Services (Finance);
- 2) Director of City Planning & Investment Delivery;
- 3) Senior Application Engineer Maximo;
- 4) Senior Application Engineer Maximo;
- 5) Senior Application Engineer Maximo;
- 6) Senior Application Engineer Maximo;
- 7) Senior Application Engineer Maximo;
- 8) Senior Application Engineer Maximo;
- 9) Senior Application Engineer Maximo;
- 10) Senior Product Owner;
- 11) Project Manager;
- 12) Senior Solution Architect;
- 13) Senior Solution Architect; and
- 14) Senior Solution Architect (iBus 2).

Request 16 January, approved 18 January 2023

- 15) Head of Employee Relations;
- 16) LTM Director;
- 17) Improvement Programme Lead;
- 18) Ariba Business Lead;
- 19) Interim CPO Structure: Director of Business Partnering & Employee Relations (BPER); Head of Talent;
- 20) Head of Safety, Health & Environment Business Partnering x 3; Head of Corporate Environment x 1;
- 21) Head of Tech & Data LU;

- 22) Head of Procurement – IT;
- 23) Occupational Health Physician (Education);
- 24) Head of Asset Strategy; and
- 25) Head of Business Services – HR Services.

Request 25 January, approved 30 January 2023

- 26) Head of Reward.

Request 9 February, approved 15 February 2023

- 27) Head of Revenue Analysis;
- 28) Finance Systems Developer;
- 29) Elizabeth Line Transition Commercial Manager;
- 30) Senior Infrastructure Engineer (Cloud);
- 31) Senior Developer;
- 32) Senior Developer; and
- 33) Senior Product Owner.

Remuneration Committee

Date: 2 March 2023

Item: TfL Remuneration



This paper will be considered in public

1 Background and Purpose

- 1.1 This paper provides the Committee with an update on annual remuneration processes pan-TfL, including both base pay and performance awards.
- 1.2 This paper contains details of the base pay annual pay reviews effective 1 April or 1 July 2020 and the base pay annual pay reviews effective 1 April or 1 July 2021. This paper also contains details of performance awards paid in the 2020/21 and 2021/22 financial years that relate to the 2019/20 performance year. This information has previously been summarised in TfL's Annual Report and Accounts for the financial years ending 31 March 2021 and 31 March 2022.
- 1.3 Performance Award schemes across senior management and TfL Pay for Performance were suspended for the performance year 2020/21.
- 1.4 Base pay for 2021 was frozen as per our funding agreement with Government. The exceptions to this were the existing agreement within London Underground (year three of the four-year pay deal that was already in place) and some Surface Operations areas in multi-year pay deals. An additional exception was made for those earning below £24,000 where a consolidated pay increase of £250 was awarded in alignment with the Civil Service Pay Remit.
- 1.5 Following the conclusion of the 2022 TfL pay negotiation process in January 2023 without agreement, TfL is now in the process of implementing a two-year pay deal covering 1 April 2022 and 1 April 2023 for employees covered by its TfL Pay for Performance, Senior Manager Reward Framework and Surface Operations. The two-year pay deal is as follows: Year one (1 April 2022) four per cent with a minimum increase of £1,160 plus a non-consolidated lump sum of £500 for those on a FTE salary of £31,250 or below; Year two (1 April 2023) 4.4 per cent with a minimum increase to be determined at 31 March 2023. For both years anyone who's currently below band minimum will have their salary increased to the band minimum and the above pay rises applied on top.
- 1.6 The London Underground pay deal for 2022 represented the last year of the four year pay deal. The 2022 agreement for LU was RPI +0.2 per cent based on February 2022 RPI. The 2022 LU pay award was 8.4 per cent.
- 1.7 At its 9 November 2022 meeting, the Committee agreed to apply an annual pay review for 2022 that matches the same percentage increase applied in TfL for those Chief Officers that did not receive a pay increase as part of the TfL leadership restructure during 2022. Any such increase would be consolidated into base pay and backdated to 1 April 2022.

- 1.8 The Committee was also asked to note the intention that the same approach will be applied to Directors who similarly did not receive a pay adjustment as part of the TfL leadership restructure (as also set out in a previous paper presented on the Director restructure). Any such increase would be consolidated into base pay and backdated to 1 April 2022.
- 1.9 The Commissioner and the Executive Committee will consider individual increases for 2023 for Directors up to a maximum of 4.4 per cent. Any decision to increase pay for an individual Director would take into account internal relativity with other Director roles as well as external market benchmarking for the role being undertaken and would be consolidated into base pay effective from 1 April 2023.

2 Recommendation

- 2.1 The Committee is asked to note the paper.

3 Commissioner, Chief Officer and Director Performance Awards

- 3.1 The annual remuneration process for these levels is for the non-consolidated performance award element only, as changes to base salary were governed by the re-structure in early 2022.
- 3.2 The Performance Award schemes for senior management are determined by a matrix using a combination of business scorecard outturn and individual performance rating. The business scorecard achievement determines the level of budget available for performance awards and individual performance ratings determine the actual percentage award received from that budget.
- 3.3 The following tables detail the maximum opportunity as a percentage of base salary, the actual cost of awards and the average percentage performance award received.

Commissioner

Table 1

Performance Year	Max Performance Award %	Performance Award Spend £	Actual %
2019/20*	50%	£168,006	47.20%
2020/21	Performance award schemes suspended		

*payments were deferred and paid in June 2021

Managing Directors

Table 2

Performance Year	Max Performance Award %	Performance Award Spend £	Actual %
2019/20*	30%	£394,598	23.19%
2020/21	Performance award schemes suspended		

*payments were deferred and paid in June 2021

Directors

Table 3

Performance Year	Max Performance Award %	Performance Award Spend £	Actual %
2019/20*	20%	£825,011	15.33%
2020/21	Performance award schemes suspended		

*payments were deferred and paid in June 2021

4 Senior Managers (Payband 4 and 5) – Pan-TfL

Base Pay

- 4.1 The Executive Committee chose not to increase base pay for senior managers for 2019/20 and they were also subject to the pay freeze for 2020/21 as per the funding arrangements with Government.

Performance Awards

- 4.2 Performance Awards are determined in the same way as described above for the Directors, Chief Officers and the Commissioner by using a matrix utilising a combination of business scorecard outturn and individual performance. The following tables detail the maximum opportunity as a percentage of base salary, the actual cost of awards and the average percentage performance award received.

Table 4

Performance Year	Budget as a % of base pay	Budget £	Performance Award Spend £	Average %
2019/20*	8.20%	£7,457,575	£7,318,301	8.05%
2020/21	Performance award schemes suspended			

*payments were deferred and paid in June 2021

5 Commercial Development (Property Development and Commercial Asset Management only)

Base Pay

- 5.1 The annual base pay review process is the same as that operated for all other TfL Senior Managers described above.

Performance Awards

- 5.2 The performance award scheme for Property Development and Commercial Asset Management operates in the same way as the other TfL senior management

arrangements but with the potential for increased maximum awards dependent upon level. Maximum award opportunities are 30 per cent, 60 per cent and 100 per cent of base salary respectively for their Payband 4 and 5 Senior Managers and one Director.

- 5.3 These maximum award levels were first implemented in 2015 with the setup of our Property Development team. They are necessary to attract and retain the talent required to deliver our programmes from the commercial property sector where performance-based variable pay elements are typically paid at these levels or higher. Commercial Development is a critical revenue generating function for TfL targeted with delivering sustainable net income of £187m by 2030/31 (increasing from £69m in 2020/21) which includes delivering land capacity for 20,000 new homes by 2031.

Table 5

Performance Year	Maximum Potential Pay-out	Total Pay-out	Percentage Pay-out
2019/20*	£1,000,900	£559,770	55.9%
2020/21	Performance award schemes suspended		

*payments were deferred and paid in June 2021

6 London Underground

Base Pay

- 6.1 Below Senior Manager level, there are two separate pay frameworks within London Underground. Performance Related Pay (PRP) typically applies to administration staff up to middle management (including some operational managers). PRP provides for consolidated base pay increases that are driven by performance rating from the negotiated general increase budget. Those with a performance rating of 3 receive the negotiated budget percentage, whilst those with higher ratings of 4 or 5 receive slightly higher increases.
- 6.2 The remainder of staff (mainly operational) have pay increased by the negotiated 'general increase' percentage. The vast majority of these roles are 'spot rate' such that the rate for the role is simply increased.
- 6.3 2020 marked the second year of the four-year pay deal in London Underground. The pay deal determined that pay would be increased by the value of the February Retail Prices Index (RPI) + 0.2 per cent. February 2020 RPI was 2.5 per cent.

Table 6 – 2019/20

Pay Review Framework	Total Base Pay Pre Pay Review	Budget %	Budget £	Total Base Pay Post Pay Review	Cost of Base Pay Review £	Actual %
LU PRP	£245,565,609	2.70%	£6,630,271	£252,195,880	£6,630,271	2.70%
LU Operational	£567,333,001	2.70%	£15,317,991	£582,650,992	£15,317,991	2.70%

- 6.4 2021 marked the third year of the four-year pay deal in London Underground. The pay deal determined that pay would be increased by the value of the February Retail Prices Index (RPI) + 0.2 per cent (minimum increase of one per cent). February 2021 RPI was 1.4 per cent.

Table 7 – 2020/21

Pay Review Framework	Total Base Pay Pre Pay Review	Budget %	Budget £	Total Base Pay Post Pay Review	Cost of Base Pay Review £	Actual %
LU PRP	£259,512,716	1.60%	£4,152,203	£263,664,919	£4,152,203	1.60%
LU Operational	£588,408,174	1.60%	£9,414,531	£597,822,705	£9,414,531	1.60%

- 6.5 The four-year pay deal is as follows: Year one (1 April 2019) RPI + 0.2 per cent with minimum increase of £750, Year two (1 April 2020) RPI + 0.2 per cent, Year three (1 April 2021) RPI + 0.2 per cent (minimum increase of one per cent), Year four (1 April 2022) RPI + 0.2 per cent (minimum increase of two per cent).

Performance Awards

- 6.6 Below Senior Manager level, there were no non-consolidated performance award arrangements in operation in London Underground during 2019/20 or 2020/21.

7 Transport for London (Pay for Performance)

Base Pay

- 7.1 Below Senior Manager level TfL operates its Pay for Performance framework across Paybands 1 – 3. The annual base pay budget is negotiated with the TfL Company Council. For Paybands 2 and 3, this budget is then distributed using a matrix that factors performance rating and pay range position to determine percentage increases. The general principle is the higher the rating and the lower in the pay range an individual is, the higher the potential increase they would receive.
- 7.2 At Payband 1 base pay is increased by the negotiated percentage up to the pay range maximum, thereafter it is paid as a non-consolidated award.
- 7.3 Following the culmination of the 2020 TfL pay negotiation process in September 2020 with agreement from the trade unions, TfL implemented a two per cent budget for Pay for Performance. Given the distribution method described, the total actual percentage spend was below the budget amount at 1.84 percent.

Table 8

Base Pay Pre Pay Review	Budget %	Budget £	Base Pay Post Pay Review	Cost of Base Pay Review £	Actual %
£300,972,044	2%	£6,019,441	£306,515,503	£5,543,459	1.84%

- 7.4 For 2021, employees within Pay for Performance were subject to the pay freeze as per the funding arrangements with Government.

Performance Awards

- 7.5 Under Pay for Performance, Paybands 2 and 3 are eligible for a performance award directly driven by an individual's performance rating. The Executive Committee decided to distribute performance awards using a 2.25 per cent budget for 2019/20, these payments were not deferred and were paid in November 2020. For 2020/21 all performance award schemes were suspended across all levels.

Table 9

Performance Year	Budget as a % of total base pay	Budget £	Performance Award Spend £	Actual %
2019/20	2.25%	£6,370,506	£6,084,570	2.15%
2020/21	Performance award scheme suspended			

- 7.6 The underspend against the budget is caused by the pro-rating of awards for those who are eligible but do not work the full performance year.

8 Surface Transport Operational

Base Pay

- 8.1 Base pay in Surface Transport operational areas is negotiated at a local level between management and unions. Some of the pay deals currently in place are for multi-year arrangements. Table 10 below sets out the arrangements applied in 2020 and 2021 by business area. Those with a budget in 2021 were part of multi-year pay deals.

Table 10

Pay Review Framework	2020 Budget %	2021 Budget %
Bus Station Controllers (London Buses)	2%	Pay freeze
Network Traffic Controllers (London Buses)	2%	Pay freeze
Night Network Traffic Controllers (London Buses)	2%	Pay freeze
CentreComm Controller (London Buses)	2%	Pay freeze
Pier Controllers (London River Services)	2%	Pay freeze
VCS operational grades - various	2%	Pay freeze
Dial-a-Ride Drivers (and all other depot based staff)	1.5%	0.5%
Dial-a-Ride Engineers	1.5%	0.5%
Dial-a-Ride All MCC Staff	1.5%	0.5%
Revenue Protection Inspectors	£620 increase per grade	Pay freeze
Road and Transport Enforcement Officers	£620 increase per grade	Pay freeze
TPHC entry level Compliance Officers	£620 increase per grade	Pay freeze
Traffic Surveyors (London Buses)	No deal reached, previous deal expired 31 March 2020	Pay freeze

Performance Awards

- 8.2 There are no non-consolidated performance award arrangements in Surface Transport operational business areas.

9 Rail for London Infrastructure (RfLI) Limited (Elizabeth Line)

Base Pay

- 9.1 Below Senior Manager level, the annual base pay budget is negotiated by management at two bargaining groups which cover RfLI Operations and RfLI Maintenance.
- 9.2 2019/20 was the final year of a two-year pay deal within RFLI, with the 2020 increase based on RPI (Feb 2020) + 0.1 per cent, resulting in a budget of 2.6 per cent.
- 9.3 The pay framework at this time was similar to that of TfL Pay for Performance, with budget distributed using a matrix that factored performance rating and pay range position to determine percentage increases. The general principle was the higher the rating and the lower in the pay range an individual was, the higher the potential increase.
- 9.4 However, while Maintenance continued to use the PfP base pay and performance award matrices in line with the framework at this time, Operations had adopted a different approach, with employees receiving the budget amount for a flat rate base pay increase instead (i.e. 2.60 per cent for 2019/20).
- 9.5 In November 2020 the RFLI pay framework was reviewed and a decision taken in consultation with the relevant Trades Unions to move away from RfLI Pay for Performance to a simpler proposition more usual in an operational environment.
- 9.6 The separate performance award element and base pay matrix were removed entirely. Under the revised framework, the negotiated budget is applied to individuals' base pay irrespective of performance rating.
- 9.7 The first annual pay review under the new framework was in 2021, at which point employees within the RFLI pay framework were subject to the pay freeze under the funding conditions.
- 9.8 The 2019/20 base pay budget was 2.6 per cent with actual costs as follows:

Table 11

Base Pay Pre Pay Review	Budget %	Budget £	Base Pay Post Pay Review	Cost of Base Pay Review £	Actual %
£6,724,170	2.60%	£ 173,884	£6,870,717	£ 146,547	2.18%

Performance Awards

- 9.9 Under the 2019/20 RfLI Pay for Performance Framework employees were eligible for a performance award directly driven by an individual's performance rating.

- 9.10 However, at this time Operations had adopted a different approach with all employees receiving the performance award associated with a '3 rating'.
- 9.11 Performance awards were distributed using a 2.25 per cent budget with the actual costs as follows:

Table 12

Budget as a % of total base pay	Budget £	Performance Award Spend £	Actual %
2.25%	£151,294	£95,312	1.42%

- 9.12 The underspend against the budget is due to the pro-rating of awards for those who are eligible but do not work the full performance year.

10 London Transport Museum

- 10.1 LTM pay is determined locally by management in accordance with the Museum's pay and grading structure. In practice, the budget may be the same as that agreed for TfL PfP.

Base Pay

- 10.2 The annual base pay budget is the same as negotiated budget for TfL Pay for Performance. For Paybands 2 and 3 pay this budget is distributed using a matrix that factors performance rating and pay range position to determine percentage increases.
- 10.3 Within LTM there are two different arrangements at Payband 1. Those employees on the Customer Service Assistant grade are paid a spot rate for the role. Their salary increases in line with the spot rate changes year on year, as well as under the Band 1 arrangements for the year. For all other Band 1 employees, base pay is increased by the negotiated percentage up to the pay range maximum, thereafter it is paid as a non-consolidated award.
- 10.4 In line with TfL, a two per cent budget was awarded for LTM Pay for Performance. Given the distribution method described, the total actual percentage spend was below the budget amount at 1.30 per cent.
- 10.5 For 2021, employees within LTM Pay for Performance were subject to the pay freeze as per the funding arrangements from Government.

Table 13

Base Pay Pre Pay Review	Budget %	Budget £	Base Pay Post Pay Review	Cost of Base Pay Review £	Actual %
£3,607,706	2%	£72,154	£3,655,575	£47,869	1.33%

Performance Awards

- 10.6 Under PfP, Paybands 2 and 3 are eligible for a performance award directly driven by an individual's performance rating. The LTM Remuneration Committee decided

to distribute performance awards using a 2.25 per cent budget, these were not deferred. For 2020/21 performance award schemes were suspended across all levels.

Table 14

Performance Year	Budget as a % of total base pay	Budget £	Performance Award Spend £	Actual %
2019/20	2.25%	£60,499	£59,037	2.20%
2020/21	Performance award scheme suspended			

10.7 The underspend against the budget is caused by the pro-rating of awards for those who are eligible but do not work the full performance year.

List of appendices to this report:

None

List of Background Papers:

None

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Remuneration Committee

Date: 2 March 2023

Item: Executive Remuneration Benchmarking

This paper will be considered public

1 Summary

- 1.1 Following on from paper on Executive Remuneration Benchmarking discussed by the Committee at its meeting on 6 July 2022, this paper provides an update to the Committee on progress.
- 1.2 We now are now planning to have the benchmarking reports for 2023 ready for discussion at the Committee's meeting on 15 June 2023.

2 Recommendation

- 2.1 **The Committee are asked to note the paper.**

3 Background

- 3.1 In late 2021, our previous executive remuneration benchmarking provider advised TfL that it would be unable to fulfil the contract in future years due to a reorganisation of its survey and benchmarking activities.
- 3.2 As advised to the Committee at its meeting on 6 July 2022, to obtain similar consultant sourced executive benchmarking for 2023 and beyond TfL needed to undertake a competitive procurement process to contract with a new provider.
- 3.3 Work commenced on the retender in July 2022 with tender documents issued to the market in September 2022. Unfortunately, the tender process was unsuccessful due to a poor response from the market.
- 3.4 Following the unsuccessful tender process, we adopted an alternative 'route to market' and have commenced discussions with a provider that can meet the requirements in full. We are currently in the final stages of the internal governance process and agreeing contractual terms with the provider.
- 3.5 This delay in the procurement process means that executive benchmarking for 2023 is not available for this meeting, as initially planned.
- 3.6 However, once the new contract is in place work between TfL Reward and the provider will commence immediately to provide the reports for 2023. We anticipate that a report will be submitted to the meeting of the Committee on 15 June 2023.

- 3.7 On 6 July 2022, the Committee agreed that future executive remuneration benchmarking reports should use the current methodology and comparator groups and present the information in a similar format, with the provider able to comment on wider remuneration trends.
- 3.8 Having discussed the Committee's requirements with the intended provider we are confident that they can be met. However, as with any change of benchmarking provider, there are likely to be some adjustments to the data sources and peer groups because not every benchmarking provider has access to the same companies and information.

List of appendices to this report:

None

List of Background Papers:

Executive Committee Remuneration Benchmarking – Remuneration Committee 6 July 2022.

Contact Officer: Fiona Brunskill, Interim Chief People Officer
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Contact Officer Stephen Field, Director of Pensions and Reward
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Remuneration Committee



Date: 2 March 2023

Item: Resourcing at TfL

This paper will be considered in public

1 Summary

- 1.1 The Committee considered a paper on Resourcing at TfL at its meeting on 9 November 2022. This paper provides further detail on the future skills requirements of the organisation, our approach to strategic workforce planning and how we are addressing our skills challenges.
- 1.2 The paper also addresses an action from the meeting of the Board on 7 December 2022, which asked for a breakdown of Non-Permanent Labour (NPL) use at TfL and steps to reduce its use.

2 Recommendation

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

3 Retention

- 3.1 Table 1 provides a recap of retention by Chief Officer area from February 2022 to February 2023. It also provides information on internal colleague turnover as well as external turnover (those leaving TfL).
- 3.2 We have also experienced increased levels of internal turnover, due to movement of employees between directorates. Increased levels of internal turnover can impact on delivery while a replacement is recruited.
- 3.3 Movement within TfL is seen as a positive, as it allows us to retain the skills and organisational knowledge within and gives our colleagues the opportunity to develop and grow their skillsets.
- 3.4 However, it is recognised that although skills are staying 'in-house' there is still the need to backfill those skills/roles within each area. This is being mitigated by the interventions outlined in section 5 of this paper.
- 3.5 While TfL's overall turnover is still low, in some areas with in-demand critical and hard to fill skills turnover is higher. For example, over the last year in Engineering, Finance, Technology and Data (T&D) and Safety, Health and Environment (SHE), where data analysis skills are key, we are seeing higher turnover.

Table 1: Retention by Chief Officer Area, February 2022 – February 2023

Chief Officer Area	Current External Turnover	Internal Turnover
Chief Capital Officer	7.0%	19.02%
Chief Customer and Strategy Office	8.3%	16.13%
Chief Finance Officer	11.8%*	27.06%
Chief Operating Officer	4.3%	15.17%
Chief People Officer	9.5%	20.77%
General Counsel	5.0%	12.64%
Chief SHE Officer	10.5%*	17.44%
Communications and Corporate Affairs	10.0%	25.00%

*Recent Organisation Change will be a factor

4 Skills for the future

Green Skills

- 4.1 For TfL to deliver our net zero commitments, to mitigate the impact of climate change and to achieve our vision of being the green heartbeat of London, it is vital that we develop our green skills pipeline.
- 4.2 While green jobs can be specialist roles which focus on specific initiatives or projects dedicated to improving environmental outcomes (e.g. Sustainability Manager), we expect that many other roles at TfL will increasingly require green skills.
- 4.3 Universal green skills development initiatives are already under way at TfL, including carbon literacy training and sustainable procurement courses. We are developing a methodology to categorise more specialist green skills at TfL (e.g. skills supporting low carbon industry, skills supporting climate resilience and transport specific green skills), to effectively map the current level of skills and future requirements.
- 4.4 Through the first phase of critical roles identification, we will have early data insight which we will contrast with industry trends and research, providing a more rigorous analysis of what the green skills gaps are at present and in the future, as well as a workforce development plan to mitigate the risks.

Digital Skills

- 4.5 Digital skills will be critical for our ability to innovate to sustainably deliver our transport services. We recognise the increasing need for these skills, coupled with the challenges to both attract and retain colleagues with digital skills as shown in our existing turnover data. We have already begun to identify our critical skills using through our critical and hard to fill role methodology, which has been tested and is bespoke to TfL. Skills crucial both now and in the future include data

science and analysis, programming, software engineering, automation and artificial intelligence.

- 4.6 We are engaging with local industry and education institutions to inform the London Local Skills Improvement Plan (LSIP) which will play a key role in tackling technical skills shortages. LSIP has reported from a recent survey that 76 per cent of businesses lack the digital skills needed and those digital skills are ones that are in most demand.
- 4.7 We have also been collaborating with the National Skills academy for Railway, whose research shows the number of 25-year-olds entering the industry has halved in recent years. We have formed a Strategic alliance with Network Rail and HS2 to share common challenges and best practice.

Leadership Skills

- 4.8 We know that having good people leaders is essential for the challenges we face in growing our organisation, retaining our talented employees, and building our brand/Employee Value Proposition (EVP). A recurring theme in our Viewpoint staff survey, end of year and critical and hard to fill role discussions, is the need for strong leadership skills throughout our business. We recognise the need for a consistent experience for how our people are inspired and supported.
- 4.9 We have a community of 5,000 people leaders, which equates to 18 per cent of our workforce. They are responsible for helping create a strong culture of good people leadership across the whole of TfL, enabling a culture which supports our people, our purpose, and our vision and values.

5 Steps to address our skills challenge

- 5.1 A new Strategic Resourcing Group has been established to identify and mitigate any potential resourcing issues. The group also plays a key role in knowledge sharing to prevent a siloed approach to managing our strategic resourcing requirements. This group comprises of strategic resourcing leads for each directorate, analytics, recruitment, and the Chief People Office.
- 5.2 One of the focuses of this group is to ensure we are supporting the retention of the key skills associated with our critical and hard to fill roles. Identifying these key skills and ensuring we have succession plans in place for the roles associated with those skills mitigates against the risk of losing this knowledge and expertise from the business.
- 5.3 Our Graduate, Internship and Apprenticeship schemes are commissioned in response to our longer term critical and scarce skill requirements. In 2023 we are recruiting to 61 different schemes with those directly addressing digital, green and leadership skills totalling 14 schemes, including a new sustainability graduate scheme and sustainability degree level apprenticeship.

- 5.4 Recognising that all disciplines will be required to support the transition to net zero and mitigate climate change, apprentice training providers engaged by TfL are now required to embed sustainability in their training provision for all of our apprenticeships and carbon literacy training is being rolled out to all graduates.
- 5.5 In January 2023, we launched a new framework called Our People Leaders which illustrates five key principles that support what our people leaders need to do to demonstrate good leadership. This framework will provide support and self-assessment tools to encourage self-development.
- 5.6 Part of our development offering for growing our own diverse talent and succession management is our Getting Ready for Senior Leadership programme. The programme pairs Band 4 and 5 participants (17 in total in the pilot cohort) with Directors and Chief Officers as senior sponsors, over the period of nine months.
- 5.7 The programme is designed to enhance leadership skills through providing tailored experiential learning opportunities based around our Leadership Strengths and Our Values. The programme is designed to prepare Band 4 and Band 5 colleagues for the wider strategic, commercial and stakeholder remit of Director level roles.
- 5.8 With our focus on retention and critical skills we are undertaking a strategic review of our Learning and Development offering, recognising that our spend on external development and qualifications has been curtailed over the last six years due to financial constraints. This will incorporate how we can increase the use of apprenticeships to upskill colleagues following pilots in Leadership and Rail Engineering, complementing the seven schemes in design.
- 5.9 Work to establish a TfL EVP is currently being scoped. This work will articulate why people want to work at TfL, building our employer brand and articulating the offer we can make to people to build their career with us.
- 5.10 This will be an important tool for recruitment and for articulating what people can get out of a career with us if they are considering leaving. At a time when we may be constricted in being able to offer salaries at the top of the market, having a clear employee offer is vital to being able to continue to attract and retain people with the skills and talent we need. What prospective employees are seeking from an employer continues to evolve post-pandemic. Reviewing and refreshing our employee offer and internal brand will be a priority activity over the next 12 months.

6 NPL use at TfL

- 6.1 As an organisation we are committed to delivering our challenging Business Plan, this requires a range of skills and capabilities that cover a number of different disciplines. The most efficient way to deliver this is through a combination of permanent employees, NPL and consultants, providing flexibility as and when specific skills are required.

- 6.2 Table 2 provides a breakdown of where NPL are engaged by Chief Officer Area, showing the number at the start of this performance year and the most recent number.

Table 2: Use of NPL

Chief Officer Area	NPL (P1 – 2022/23)	NPL (P10 – 2022/23)
Chief Capital Officer	344	340
Chief Customer and Strategy Office	571	636
Chief Finance Officer	206	176
Chief Operating Officer	305	350
Chief People Officer	18	19
General Counsel	117	183
Chief SHE Officer	13	19
Communications and Corporate Affairs	7	12
Total	1,581	1,734

- 6.3 The area with the most NPL is our Chief Customer and Strategy Office, which of the 636 NPL engaged currently, 533 are within our Tech and Data teams. This aligns with our focus on developing and attracting digital skills. Some colleagues in this field prefer to provide their labour via shorter term engagements working on specific projects, rather than via permanent contracts.
- 6.4 In our Chief Capital Office, 244 of the 340 NPL engaged are in engineering. In our Chief Operating Office, 285 of the 350 NPL are similarly involved with Capital Delivery. Engineering and Capital Delivery are areas we have already identified as having attraction and retention concerns, with NPL use ensuring we can deliver our programmes of work.
- 6.5 These areas are early adopters of our critical role identification methodology, with succession plans to be developed for these roles. This will ensure talent is developed internally for scarce skill roles.
- 6.6 We continue to be committed to driving down NPL usage throughout the organisation. This is in line with the Mayor's pledge to minimise expenditure agency workers at TfL. In support of this, decisions to utilise NPL support are subject to headcount controls is with local Chief Officer sign off required to ensure the application of this resource remains strictly controlled.
- 6.7 Since May 2016, we have reduced the number of NPL from 3,095, a 44 per cent reduction. In Quarter 2 of 2022/23, the cost per week of NPL was £2.7m per week, this is down from £5.2m per week.
- 6.8 With the longer-term steps to address our skills challenge, over time our use of NPL would be expected to fall. It is important that we continue to make use of the flexibility offered by NPL staff where appropriate, particularly during times of change and a competitive external labour market.

List of appendices to this report:

None.

List of Background Papers:

9 November 2022 Committee paper on Resourcing at TfL.

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Remuneration Committee



Date: 2 March 2023

Item: Members' Suggestions for Future Discussion Items

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: Kay Carberry CBE (Chair), Peter Strachan (Vice-Chair) Seb Dance and Dr Nelson Ogunshakin OBE

Key: CPO (Interim Chief People Officer), DPR (Director of Pensions and Reward)

15 June 2023		
TfL Performance Delivery and Scorecard Outturn	CPO & DPR	Annual update.
Senior Management Performance Awards 2023/24	CPO & DPR	
Chief Officers' Pay Review and Benchmarking	CPO & DPR	Annual report, to note.
Pay Gap Analysis	CPO	Annual update. Current data, progress against actions and the performance indicators that the Committee keeps under review.

5 July 2023		
To be agreed		

9 November 2023		
Strategic Workforce Planning	CPO	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 Outcomes of £100,000+ Approvals	CPO & DPR	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.

29 February 2024		
Talent Management and Workforce Planning Update	CPO	To note.
Senior Management Performance Awards Scheme	CPO and DPR	To consider the operation of the Performance Awards Scheme for 2024/25.

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)