

Board



Date: 27 July 2022

Item: Report of the Meeting of the Remuneration Committee held on 6 July 2022

This paper will be considered in public

1 Summary

- 1.1 This paper provides a summary of the items considered by the Remuneration Committee at its meeting on 6 July 2022.

2 Recommendation

- 2.1 **The Board is asked to note the report.**

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 6 July 2022 were published on 28 June 2022 and are available on the [TfL website](#) with a link to the video recording of the meeting on [TfL's YouTube channel](#).

- 3.2 The main matters considered by the Committee were:

- (a) Use of Delegated Authority;
- (b) 2021-22 Scorecards;
- (c) Executive Committee Remuneration Benchmarking; and
- (d) Performance Reviews 2021/22.

- 3.3 A summary of the items considered and decisions taken is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 9 November 2022.

4 Issues Discussed

Matters Arising, Actions List and Use of Delegated Authority

- 4.1 The Committee noted 13 uses of Chair's Action, in consultation with the Committee: 12 in relation to the approval of salaries of £100,000 or more; and one in relation to an exit payment.

2021-22 Scorecards

- 4.2 The Committee noted the business performance results as measured by the TfL and delivery business Scorecards for the year ended 31 March 2022. The Committee agreed that the targets set had been ambitious and stretching and it had been a challenging year due to the ongoing impact of the coronavirus pandemic and the uncertainty around funding. Significant outcomes were delivered, for which the Commissioner and Committee commended the professionalism and dedication of TfL staff.
- 4.3 The Scorecards outturn had been reviewed by Internal Audit and agreed by the Audit and Assurance Committee.

Executive Committee Remuneration Benchmarking

- 4.3 The Committee noted the report of the remuneration benchmarking consultant undertaken for TfL's executive roles (the work was undertaken ahead of the reorganisation of the Executive Committee, that became effective on 1 February 2022).
- 4.4 Benchmarking was undertaken against organisations in two groups: the Executive Total Rewards Survey (ETRS) and a publicly accountable group. The data showed a wide negative variation against the ETRS and a negative variation in several roles in the publicly accountable group. The Committee endorsed the methodology and the selection of the comparator groups and welcomed the insights provided.
- 4.5 While many staff had left TfL for substantially better remuneration, it was recognised that many stayed or joined for the experience of working for TfL given its public service ethos with a breadth of work and delivery of major projects that aided career development and job satisfaction. The Commissioner remained concerned, however, at the exodus of talent given the pay disparity and the public perception of TfL remuneration.
- 4.6 TfL would shortly tender for a new executive remuneration benchmarking contractor to undertake future benchmarking exercises. The Committee recommended that the contractor retain the existing comparator groups but check if others should be added based on the recent loss of talent and to also look at market trends.

Performance Reviews 2021/22

- 4.7 The Committee considered the Commissioner's assessment of his performance and that of the staff within the remit of the Committee. In 2021/20 TfL had deferred the payment of any awards until 2021 and agreed no awards would be approved for the 2020/21 performance year as a result of TfL's financial situation arising from the coronavirus pandemic.
- 4.8 Subsequently, the Committee had agreed revised performance awards schemes for 2021/22 and 2022/23 that required TfL to achieve financial sustainability by April 2023 and run its operations free of extraordinary

Government funding for revenue support to trigger payment of any awards from the schemes. As a result, there would be no performance award payments made this year.

- 4.9 The Committee recognised the hard work and commitment of staff to deliver all that TfL had achieved over the last year against a difficult background including the financial uncertainty. Huge progress had been made on moving TfL to being financially sustainable by April 2023. Members agreed that it was entirely reasonable for the effort to be rewarded if Scorecard measures were met and financial sustainability achieved and that to not honour its commitment risked a further exodus of talent.
- 4.10 The Committee commended the Commissioner's commitment, made in March 2022, not to accept any performance award for 2021/22 and 2022/23.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Remuneration Committee on 6 July 2022

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