

Transport for London

Minutes of the Remuneration Committee

Conference Room 1, Palestra, 197 Blackfriars Road, London SE1 8NJ
10.00am, Wednesday 6 July 2022

Members

Kay Carberry CBE (Chair – via Teams)
Peter Strachan (Vice-Chair)
Seb Dance

Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel (via Teams)
Tricia Wright	Chief People Officer

Staff

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

01/07/22 Apologies for Absence and Chair's Announcements

An apology for absence had been received from Dr Nelson Ogunshakin OBE.

Kay Carberry CBE was attending via Teams and was able to take part in the discussions but was not counted toward the quorum. The meeting was quorate with two Committee members attending in person.

The Chair welcomed everyone to the meeting. 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. There were no specific issues raised at the meeting.

02/07/22 Declarations of Interests

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

03/07/22 Minutes of the Meeting of the Committee held on 10 November 2021

The minutes of the meeting of the Committee held on 10 November 2021 were approved as a correct record and the Chair was authorised to sign them.

04/07/22 Matters Arising, Actions List and Use of Delegated Authority

The Committee noted that there had been 13 uses of Chair's Action since the last meeting of the Committee on 10 November 2021. In addition to the 11 uses to approve salaries of £100,000 or more, detailed in the paper, a further approval for six roles had been granted after the papers for the meeting had been published. One exit payment had also been approved.

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

05/07/22 2021-22 Scorecards

Andy Byford introduced the item, which set out 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 Andy Byford and the Committee commended the professionalism and dedication of TfL staff.

The Scorecards outturn had been reviewed by Internal Audit and agreed by the Audit and Assurance Committee.

The Committee noted the delivery against Scorecards for 2021-22.

06/07/22 Executive Committee Remuneration Benchmarking

Stephen Field introduced the paper, which provided information on the remuneration benchmarking undertaken for TfL's executive roles ahead of the recent reorganisation of the Executive Committee that became effective on 1 February 2022. The paper contained the remuneration consultant's full report along with an overview of the methodology used and a summary of the key observations from the exercise.

Benchmarking was undertaken against organisations in two groups: the Executive Total Rewards Survey (ETRS) and a publicly accountable group. The benchmarking showed that the base salaries and comparable remuneration for the Commissioner and Chief Officers was significantly below the market level, with total estimated overall remuneration an average of 42 per cent of the ETRS peer group benchmark levels and 79 per cent of the publicly accountable group market benchmark levels.

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. Andy Byford remained concerned, however, at the exodus of talent given the pay disparity and the public perception of TfL remuneration.

The Committee endorsed the methodology and the selection of the comparator groups and welcomed the insights provided.

With the contract for executive remuneration benchmarking now expired the Committee was asked to confirm its requirements to inform the proposed tender for a new contract. Members were content with the current format and content of the report. They 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. Members also requested information on wider remuneration package trends.

The Committee noted the paper and:

- 1 noted the previous (November 2021) benchmarking report (Appendix 1 to the paper) and the methodology used to produce the benchmark information;**
- 2 noted the observations on the market position for TfL executive roles identified within the report; and**
- 3 agreed that future executive remuneration benchmarking reports should use the current methodology and comparator groups and present the information in a similar format, and the provider should also comment on wider remuneration trends.**

07/07/22 Performance Reviews 2021/22

Andy Byford introduced the item, which detailed his assessment of the staff within the remit of the Committee, and his assessment of his own performance.

For the 2021/20 performance year, the Committee had agreed to defer the payment of any awards until 2021 and agreed that no awards would be made for the 2020/21 performance year. This difficult decision had been taken as a result of TfL's financial situation arising from the coronavirus pandemic, although the Committee noted the increased workload and pressure on staff due to these circumstances.

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 of that decision, there would be no performance award payments made this year.

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.

The Committee noted Andy Byford, as the Commissioner, earned 6.3 times that of the median employee (excluding Crossrail) and this compared very favourably with peer groups and the private sector where ratios could be significantly higher.

In March 2022, Andy Byford made public his decision not to accept any performance award for the years 2021/22 and 2022/23. This was a personal decision as he was asking everyone in the organisation to go above and beyond to deliver in very challenging circumstances. He did not expect any other staff to do the same, particularly given the long-term pay restraint, deferred and forgoing of performance award payments in recent years and the benchmarking outcomes noted above. The Committee commended Andy Byford for his decision and stressed that the lack of a performance award did not reflect its assessment of what he had achieved over the last year.

Following the exclusion of the press, public and non-essential staff from the meeting, the Committee discussed the individual performance assessments for staff and agreed the performance ratings with changes in some cases.

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

- (a) agreed the individual performance rating for the Commissioner;**
- (b) agreed the individual performance ratings for the Chief Officers and Directors specified under the Committee's Terms of Reference against the 2021/22 performance delivery outturn;**
- (c) noted the potential awards payable to the Chief Officers and Directors specified under the Committee's Terms of Reference if the financial overlay trigger was met, and that the same principles would apply in relation to performance awards for other eligible TfL staff; and**
- (d) noted the Commissioner's decision in March 2022 to decline any performance awards that he was entitled to for the 2021/22 and 2022/23 performance years.**

08/07/22 Members' Suggestions for Future Discussion Items

No further suggestions were made, in addition to the request for a further paper on reward and succession planning above.

The Committee noted the forward plan.

09/07/22 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

10/07/22 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 9 November 2022 at 10.00am.

11/07/22 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 item on Performance Reviews 2021/22.

The meeting closed at 12 noon.

Chair: _____

Date: _____