

Board



Date: 6 March 2024

Item: Report of the Meeting of the Remuneration Committee to be held on 29 February 2024

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items to be considered and the decisions to be taken by the Remuneration Committee at its meeting to be held on 29 February 2024 (after the date that the papers for this meeting of the Board are published).

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 to be held on 29 February 2024 were published on 21 February 2024 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 to be considered by the Committee are:

- (a) Use of Delegated Authority;
- (b) Performance Awards 2023/24;
- (c) Executive Committee Remuneration Benchmarking;
- (d) Performance Awards 2024/25;
- (e) Chief Officer Remuneration 2024; and
- (f) Approach to Reward.

3.3 A summary of the items to be considered and decisions required is provided below. The more detailed minutes of the meeting will be published ahead of the next meeting of the Committee.

4 Issues to be Discussed

Use of Delegated Authority

- 4.1 The Committee is asked to note the use of Chair's Action to approve salaries of £100,000 or more since its meeting on 9 November 2023.

Performance Awards 2023/24

- 4.2 TfL operates performance award schemes for many of its staff, as part of its overall reward arrangements, which are designed to enable the recruitment and retention of staff with the skills and experience required to deliver London's public transport network, while recognising TfL's status as a public body.
- 4.3 The consideration and payment of the performance awards for the Commissioner and Chief Officers has been brought forward for 2023/24 to ensure that appropriate oversight and governance is applied by the existing Remuneration Committee ahead of the Mayoral election (2 May 2024). This advance consideration was similarly followed in 2020 and is what applies in the final year of a mayoralty.
- 4.4 The Committee's decisions on whether to make performance awards, and if so their quantum, will depend on TfL's overall financial performance, TfL's wider performance as measured against the TfL and divisional scorecards (with the audit of the outturns to be considered by the Audit and Assurance Committee), and individual contributions (which will be considered by the Committee). These decisions can only be taken after the end of the financial/performance year ending 31 March 2024.
- 4.5 With no meeting scheduled during the pre-election period, the Committee is asked to authorise the Chair of the Committee, following consultation with Committee Members, to approve any performance awards. Any payments would only be made in accordance with the criteria previously agreed by the Committee.

Executive Committee Remuneration Benchmarking

- 4.6 The Committee is asked to note the Executive Remuneration Benchmarking Report produced by Willis Towers Watson, including the methodology, background and market context and the appendices detailing the private and publicly accountable peer groups and long-term incentive valuation methodology. There were peer groups for both the private sector and the publicly accountable groups.
- 4.7 The benchmarking results show that all TfL Executive Committee roles are still behind market when compared to both peer groups. From a base salary perspective, all roles sit below the lower quartile or are positioned between the lower quartile and the median when looking across the peer groups. The comparison of Total Target Remuneration is even less favourable. This pattern of relativity is similar across all TfL senior management roles, from

payband 4 through to Director level, although more marked at the highest levels.

Performance Awards 2024/25

- 4.8 Performance awards are a critical component of TfL's total remuneration proposition for senior management supporting TfL's ability to attract and retain critical talent within the business. They also have an important role to play in delivering high performance across TfL. Through the direct relationship with business performance (as captured in our scorecards) the schemes serve to highlight the main priorities in delivering the Mayor's Transport Strategy and unify senior management in delivering our critical goals. They also ensure that reward is only delivered that is commensurate with the level of success achieved and therefore provides a fair and value for money approach.
- 4.9 The Committee is asked to support a proposal to continue to operate performance award schemes for senior management (Commissioner, Chief Officer, Director and payband 4 and 5 Senior Managers) for the performance year 2024/25. The scheme would continue to have a financial criterion and Chief Officer and Director performance awards will be aligned to a single scorecard approach (TfL scorecard).

Chief Officer Remuneration 2024

- 4.10 The Committee is asked to consider proposals in relation to Chief Officer remuneration based on the executive benchmarking exercise elsewhere on the agenda for the meeting, while also considering internal relativities.

Approach to Reward

- 4.11 Ensuring TfL provides a fair and attractive employee offer is an integral part of its Colleague Strategy, with the need to balance fairness and affordability with meeting the competitive challenge of attracting and retaining talent.
- 4.12 The Committee is asked to note that in responding to this challenge, TfL is reviewing its approach to pay management.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the meeting of the Remuneration Committee to be held on 29 February 2024

Contact Officer: Andrea Clarke, Interim General Counsel
Email: AndreaClarke@tfl.gov.uk