

## Board

**Date:** 26 March 2025

**Item:** Report of the Meeting of the People and Remuneration Committee held on 24 February 2025

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**This paper will be considered in public**

### **1 Summary**

- 1.1 This paper provides a summary of the items considered by the People and Remuneration Committee at its meeting on 24 February 2025.

### **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 24 February 2025 were published on 14 February 2025 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) TfL's Approach to Strategic Workforce Planning;
  - (c) Performance, Readiness and Development;
  - (d) Performance Awards 2025/26;
  - (e) Executive Committee Remuneration Benchmarking;
  - (f) Our Colleague Quarterly Report; and
  - (g) Risk and Assurance Report Quarter 3 2024/25.
- 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 24 June 2025.

## **4 Issues Discussed**

### **Use of Delegated Authority**

- 4.1 Since the meeting of the Committee on 20 November 2024, there had been one use of Chair's Action in relation to the approval of salaries of £100,000 or more.

### **TfL's Approach to Strategic Workforce Planning**

- 4.2 The Committee noted an update on the proposed approach to strategic workforce planning ensuring TfL had the right resources in the right place at the right time. TfL has a relatively low turnover which indicated an ability to retain skills and knowledge but impacted prospects for development internally and opportunities for bringing in new and diverse talent. It also had a workforce where around 22 per cent of people may retire by 2030, potentially losing a lot of knowledge and skills. There were areas with a higher turnover where there were challenges in attracting and retaining the right skills and talent, which had in some circumstances led to a heavier reliance on resource via consultancies or contingent labour.
- 4.3 Over the past year TfL had developed a TfL wide Strategic Workforce Plan, which aligned with its long-term strategy to 2030 and would enable better forecasting and identification of workforce challenges and future skills needs, with plans to bridge gaps where needed. The TfL-wide plan was informed by the Value Chain and an assessment of skills that TfL needed for the future. Each area of the business was required to produce its local workforce plan by the end of 2025, with Technology and Development and the Project Management areas leading as pilots.
- 4.4 Members recognised the scale of the task but welcomed the work being undertaken. In addition to this work, the plan covered recruitment, strategic resource retention, training, and upskilling. It would also seek to address diversity issues. TfL was also looking at related strategies on reward and recruitment.
- 4.5 The toolkit in the Strategic Workforce Plan looked at market trends before considering resourcing decisions. The overall and local plans would help inform future Business Plans and would be kept up to date so they always looked five or more years ahead. Members would discuss the information they required to monitor progress against the plan.

### **Performance, Readiness and Development**

- 4.6 The Committee noted an overview of TfL's performance and talent development frameworks and improvements being planned for 2025/26.
- 4.7 It noted TfL's approach to performance management, which also covered readiness, talent development and succession planning. Readiness and development discussions were led by the employee based on self-assessment and this helped inform succession planning and the strategic

workforce plans. Leaders were encouraged to have regular conversations with their direct reports and to be good coaches. On performance ratings, readiness and development, the data was analysed to ensure that individuals from protected groups were not facing any disadvantages.

### **Performance Awards 2025/26**

- 4.8 The Committee noted that performance awards were a vital part of TfL's total remuneration package for senior management, supporting its ability to attract and retain essential talent and to drive high performance. By directly linking rewards to business performance, as reflected in its scorecards, the performance aware schemes emphasised the key priorities in delivering the Mayor's Transport Strategy and unified senior management in delivering critical goals. They ensured that rewards were commensurate with the level of success achieved, providing a fair and value-for-money approach.
- 4.9 For 2025/26 performance year onwards, the TfL Executive Committee had agreed to transition from the existing four-point performance rating scale to a three-point scale, to reflect feedback from colleagues and to further streamline the process. The Committee agreed that the scale should also apply to the ratings for the Commissioner and the Executive Committee.
- 4.10 The Committee endorsed the continuation of performance award schemes for senior management (Commissioner, Chief Officer, Director and payband 5 and 4 Senior Managers) for the performance year 2025/26. It also noted the proposal to maintain performance award schemes for TfL employees in paybands 1-3 for the 2025/26 performance year, under the TfL Pay for Performance framework, with the continuation of a financial criterion. The financial criterion would be set once the 2025/26 scorecards had been agreed and the end-year outcome of the 2024/25 Budget was known.

### **Executive Committee Remuneration Benchmarking**

- 4.11 The Committee noted the updated benchmarking report for TfL's Executive Committee roles for 2025. The benchmarking would support the Committee's decision-making on individual pay positioning as part of the Annual Pay Review process for 2025 and for any ad hoc pay positioning decisions required during the year. It noted the composition of the two separate peer groups, which covered a publicly accountable peer group and a private sector peer group with similar business activities and peers within other sectors that had a similar scale and complexity to TfL.
- 4.12 Analysis of base salary revealed that most Executive Committee roles were behind market when compared to the private sector peer group median. TfL roles tended to be positioned below the lower quartile or between the lower quartile and the median when looking across the peer group. There was a similar pattern of positioning for base salary of TfL roles when looking at the publicly accountable group.

- 4.13 The Committee noted that there was little change in TfL's remuneration position year on year against the benchmarked peer groups, which had an impact on its ability to attract and retain some senior and specialist roles, which was reflected in turnover at Director level and above.

### **Our Colleague Quarterly Report**

- 4.14 The Committee noted the report, which provided an update on TfL's longer-term approach to people activity, and how it will ensure TfL was able to attract and retain talent, while also improving the wellbeing of colleagues. The report covered updates and achievements for the period December 2024 to February 2025.
- 4.15 TfL's Viewpoint staff survey was currently live and would provide useful information on engagement. A lot of work had been completed on leadership development and coaching and this had been well received.
- 4.16 Members welcomed the updates on the Steps into Work programme, the introduction of assessment centres for graduates and internships and the launch of the Apprentice campaign for September 2025. Graduates and apprentices highly regarded TfL and benefitted from schemes run by TfL's supply chain. The development of the Strategic Workforce Plan, along with a long-term capital funding settlement, would enable TfL to target graduate recruitment appropriately and increase the volume to provide a future talent pipeline.
- 4.17 The job families consultation had concluded and an update was scheduled for the meeting of the Committee in June 2025.
- 4.18 The Committee noted the results from the TfL Pension Fund's Sustainability Report, published in December 2024, which showed strong progress on its Net Zero Target and it was on track to meet the 55 per cent interim target by 2030 and 100 per cent by 2045. It also noted the positive outcome from the triennial valuation of the pension scheme's assets and liabilities, which had resulted in TfL being able to reduce the employer contributions into the Fund for the next three years, with no impact on member benefits or pensions. The management of the Fund by the investment team was highly regarded, and TfL had been approached by Harvard Business School who wished to find out more about the scheme and how it was managed. The Committee congratulated the team on this.
- 4.19 Future reports would include more data on performance against scorecards and key performance indicators to show progress against key strategies.

### **Risk and Assurance Report Quarter 3 2024/25**

- 4.20 The Committee noted an overview of the status of, and changes to Enterprise Risk 02 (ER02) – 'Attraction, retention, wellbeing and health of our employees'. The report summarised the findings from the assurance activity undertaken by teams within TfL's Risk and Assurance Directorate

associated with this risk during Quarter 3 of 2024/25 (15 September to 7 December 2024).

- 4.21 ER02 was considered adequately controlled and was subject to several audits on the riskiest areas. The Risk and Assurance teams worked with the Chief People Officer's teams to tackle potential fraud risks and to ensure disciplinary procedures were concluded as quickly as possible.

**List of appendices to this report:**

None

**List of Background Papers:**

Papers submitted to the meeting of the People and Remuneration Committee on 24 February 2025

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