Date: 16 December 2016

Subject: TfGM, Director of Finance and Corporate Services

Report of: Tony Lloyd, GM Interim Mayor, Portfolio Lead for Transport and Jon Lamonte, Portfolio Lead Chief Executive for Transport

PURPOSE OF REPORT

This report is to seek the committee’s approval to the recommendation of the TfGM Remuneration Committee to increase the salary of TfGM’s Director of Finance and Corporate Services post, in accordance with Part 2, paragraph 4 of Schedule 5 of the Transport Act 1968 (TA1968) which confirms that “The Executive shall pay to or in respect of the members thereof such remuneration, allowances and pensions as the Authority may determine”. This is and in accordance with Section 4.2.10 of the GMCA Operating Agreement.

RECOMMENDATIONS:

Members are recommended to:

(i) note the recommendation of TfGM’s Remuneration Committee; and
(ii) recommend that the GMCA approve the increase in the salary of TfGM’s Director of Finance and Corporate Services post as set out in the report.

CONTACT OFFICERS:

Jon Lamonte 0161 244 1020 jon.lamonte@tfgm.com
BACKGROUND PAPERS:

N/A

Risk Management – N/A

Legal Considerations – Legal Considerations – the approval is made in accordance with Part 2, paragraph 4 of Schedule 5 of the Transport Act 1968 and in accordance with Section 4.2.10 of the GMCA Operating Agreement.

Financial Consequences – Revenue – the cost of the proposal can be met from TfGM’s existing revenue budget

Financial Consequences – Capital – N/A

BACKGROUND PAPERS:

<table>
<thead>
<tr>
<th>TRACKING/PROCESS</th>
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<tbody>
<tr>
<td>Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board</td>
<td>No</td>
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EXEMPTION FROM CALL IN

<table>
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<tr>
<th>EXEMPTION FROM CALL IN</th>
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<tbody>
<tr>
<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?</td>
<td>No</td>
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<tr>
<th>AGMA Commission</th>
<th>TfGM</th>
<th>Scrutiny Pool</th>
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<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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1. INTRODUCTION

1.1 This report seeks GMCA approval for a proposed salary increase for TfGM’s Director of Finance and Corporate Services post, in accordance with Part 2, paragraph 4 of Schedule 5 of the Transport Act 1968 and in accordance with Section 4.2.10 of the GMCA Operating Agreement.

1.2 The proposed increase has been approved by TfGM’s Remuneration Committee (24 March 2016), comprising two of its Non-Executive Directors. The terms of reference of the committee includes making recommendations to the GMCA in relation to the remuneration of the Executive Directors who are appointed by the GMCA as members of TfGM under s9 Transport Act 1968.

2. BACKGROUND

2.1 TfGM’s Director of Finance and Corporate Services is one of six members of TfGM, appointed by the GMCA in accordance with s9(2) Transport Act 1968 (TA1968). This is a statutory office with the individuals forming TfGM’s Executive Board with responsibility for the discharge of TfGM’s functions.

2.2 The remuneration of a member of TfGM needs the approval of the GMCA by virtue of paragraph 4 of Part II of Schedule 5 of the Transport Act 1968 which states:

“The Executive shall pay to or in respect of the members thereof such remuneration, allowances and pensions as the Authority [GMCA] may determine.”

3. PROPOSAL

3.1 At their meeting on 24th March 2016, the TfGM Remuneration Committee resolved to recommend that the salary of the post of Director of Finance and Corporate Services be increased from £159,995 to £169,995 with effect from 1st April 2016.

3.2 The decision of the committee followed the recommendation of the Chief Executive of TfGM and took the following factors into account:

- that the duties of the post have significantly increased since the last salary review. For example, the postholder led on the transition of the smart ticketing arrangements, including the commercial settlement of the previous contract; and managed much of the Rail North process through to ITT;
• the duties of the role within the organisation continue to expand as it takes the lead for devolution including bus franchising and the transfer of operational control of rail stations. The postholder has also initiated the transformation programme to reorganise TfGM around its new responsibilities; and

• that the relative level of responsibilities of the Director of Finance and Corporate Services is now comparable to the post of Chief Operating Officer.

3.3 Under the proposal, the salary of the Director of Finance and Corporate Services post will be aligned with that of TfGM’s Chief Operating Officer post. In making the recommendation, TfGM’s Remuneration Committee also recognised the fact that the current postholder’s performance has significantly exceeded their performance objectives.

3.4 The following evidence was used to support the proposed increase in salary:

<table>
<thead>
<tr>
<th>Job title and comments</th>
<th>Organisation</th>
<th>Salary</th>
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<tbody>
<tr>
<td>Chief Operating Officer (equivalent duties)</td>
<td>TfGM</td>
<td>£169,995</td>
</tr>
<tr>
<td>Managing Director Finance</td>
<td>Transport for London</td>
<td>£288,581 plus £76,680 bonus</td>
</tr>
<tr>
<td>Commercial Director (duties included in current role)</td>
<td>HS2</td>
<td>£200,000</td>
</tr>
<tr>
<td>Finance Director (duties do not include procurement, legal and commercial)</td>
<td>Network Rail</td>
<td>Up to £125,000</td>
</tr>
<tr>
<td>Finance Director (duties do not include procurement, legal and commercial)</td>
<td>Transport for the North</td>
<td>£130,000 (Planned)</td>
</tr>
<tr>
<td>Private Sector (as advised by recruitment partner Robert Walters)</td>
<td>Various</td>
<td>£160-200K dependant on bonus and pensions</td>
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3.5 In addition an external validation exercise has been carried out which confirms that the proposed salary increase is justifiable in both the
context and objectivity of the role. In particular the exercise identified that the responsibility for the Transport Devolution agenda and the objective parity with the Chief Operating Officer role linked to the size of the revenue and capital budgets clearly supported the salary review.

3.6  Having regard to the above factors, TfGM’s Remuneration Committee approved that the GMCA be recommended to increase remuneration of the Director of Finance and Corporate Services to £169,995 with effect from 1st April 2016

4.  RECOMMENDATIONS

4.1  Recommendations are set out at the front of this report.

Dr Jon Lamonte

Chief Executive, TfGM