

Oversight Committee – 20 November 2014

Transcript of Item 7: Senior Employee Remuneration in the GLA Group

Len Duvall AM (Chair): This is the second hearing we have held in terms of senior employee remuneration within the GLA group. We are very grateful that we have then got the Mayor, Boris Johnson; as well as Sir Edward Lister, his Chief of Staff; and Sir Peter Hendy, Commissioner of Transport for London.

If I can begin then with just really an overview, it is really a question to you Mr Mayor, if you just could describe what you think your role is as Mayor in ensuring that taxpayers get a good deal in terms of senior employee remuneration across the GLA group.

Boris Johnson (Mayor of London): It is a twin function. It is obviously to deliver the best possible public services for London, and that means attracting some very talented individuals; but also to make sure that we bear down on council tax, that we are able to govern the GLA, all the functional bodies, in the most economical possible way. You will be familiar, Len, with the savings we have made in this body, folding in the Homes and Communities Agency (HCA), London Development Agency (LDA), and various other bodies; a considerable reduction in head count. A considerable reduction - I have a figure in my head of £30 million or so - in salary costs. You will be familiar also with the freeze that we have had over the last few years in pay in this place. Also at Transport for London (TfL) I think the same freeze applied. At the London Fire and Emergency Planning Authority (LFEPA) pay is differently settled, as you know.

At TfL I think it would be fair to say that there is a very difficult job to do. [Sir] Peter [Hendy] may want to come in on this in a minute, but on the one hand we have been able to free senior staff's salaries. I think, to the best of my knowledge, people over a certain threshold have not had an increase for about five years. As you will appreciate, there are very considerable improvements in productivity that we asked our workforce to make, in the Tube in particular. Very considerable changes that have happened, and those have been accompanied, obviously, by individual pay settlements of a kind that you will be familiar with and I think were essential, really, for the smooth running of government in London, and economically essential for the city.

It is a picture of a great deal of restraint wherever we can, but the two riders are one that we face difficult restructuring in the Underground, and secondly - and I think my predecessor would have said the same - to govern a great city you must be able to attract the services of very talented public servants who could go elsewhere.

Len Duvall AM (Chair): You mentioned in answer to my first question, around the last five years I think, depending on different levels, that senior staff's pay has remained pretty flat. Do you envisage that increasing in some ways in the coming years, and when would you expect that to happen?

Boris Johnson (Mayor of London): I think it is very difficult, Len. I think we have been through a long period of retrenchment in the public sector. I have to say I think that is likely to continue. I think we all know where the deficit is. We know what central Government is likely to want to do. I hear what Unison is saying about the pay round this year in the GLA. Obviously, we had a good discussion about that in here. I will look at whatever Jeff [Jacobs, Head of Paid Service, GLA] comes up with. Obviously, in an ideal world we would want to reward people more, but the fact is that we face an absolutely crippling public finance situation in this country. We have to be extremely cautious, I am afraid.

Len Duvall AM (Chair): Are there any questions that Members want to raise following that exchange?

Roger Evans AM: Yes, I just want to explore the issue of performance-related pay really. I think this is a question for Sir Peter Hendy actually. Peter, can you tell us why Transport for London use performance-related pay so extensively?

Sir Peter Hendy CBE (Commissioner, Transport for London): Yes, because we need good performance. You can see some history. If you look at Network Rail, for example, after a great deal of criticism about performance-related pay percentages - which were a lot higher than anything we have got - they have effectively turned performance-related pay into basic pay. If you do what we do, and what the public is expecting of our system is daily good performance and spending public money on huge schemes wisely, I do not think it is at all a crazy proposition to make significant parts of people's remuneration performance-related, bearing in mind the outcomes you are expecting to see. Indeed, we are fishing in a market for many, many positions where actually the proportions of performance-related pay are far higher, and the rewards far greater, than the ones that we pay.

Boris Johnson (Mayor of London): Sorry, can I just add a rider to that, Roger? My memory of this may be slightly inaccurate (but Peter will correct me if I am wrong) but basically - as you may remember, Len - we held down the bonuses at the top of TfL in the years leading up to the Olympics on the understanding that there would be recompense if a great Games was delivered. I think that most people would accept that the transport performance of London during the Olympic Games was such as to reflect huge credit, not just on TfL, but on the city as a whole. It has been a major selling point for London where perhaps hitherto it had not been a major selling point. Frankly, as the Chair of TfL and as Mayor, it seemed to me wholly appropriate in those circumstances for performance-related pay to be awarded to people who had been instrumental in delivering that success.

Roger Evans AM: It was two years ago, why are we still doing it now?

Boris Johnson (Mayor of London): Because you need to incentivise people, as Peter has just said, to produce outstanding performances. If they fall short then you need to penalise them. That is the instrument we are talking about.

Roger Evans AM: You feel it is a successful incentivisation tool to improve performance. If that is the case why does it not apply in other parts of the GLA family?

Boris Johnson (Mayor of London): We use other ways of encouraging people to do well within other parts of the GLA group. Within TfL you will appreciate there are some pretty readily measurable performance indicators. That is the way it works. I am content to defend it. I see no particular reason to get dragged into a bonus system across the piece. I am sure you deserve a handsome bonus for your many excellent supererogatory contributions in debate or whatever, but I do not think that is the way it should work. I think there are some jobs where the results for London and for Londoners are so conspicuous in the quality of life for people in the city that it does make sense to have a performance-related system.

Roger Evans AM: Like running the fire brigade or police?

Boris Johnson (Mayor of London): I think transport is particularly susceptible to this type of system.

Roger Evans AM: What about the magnitude of the bonuses at Transport for London; 30% of chief officers' base salaries, 50% of the Commissioner's salary? These are on salaries which are already quite high.

Boris Johnson (Mayor of London): They are high. As I have indicated earlier, the reason they are high is because these individuals, as you know are in a marketplace. In my own time as Mayor we have seen Tim O'Toole [CBE, former Managing Director, London Underground, TfL] go off to FirstGroup for a salary north of £1 million. We have seen David Brown [former Managing Director of Surface Transport, TfL], an extremely talented individual, go off to Go-Ahead for £800,000, probably more. Just the other day, this is the bitterest irony of the lot, we are going to lose Phil Hufton [Chief Operating Officer, London Underground, TfL], an absolutely excellent guy, because he has been poached by Network Rail, a public body, which is offering £200,000 more, or something like that.

Sir Peter Hendy CBE (Commissioner, Transport for London): Twice his base salary.

Boris Johnson (Mayor of London): Twice his base salary. So you have got the ludicrous situation, Roger, in which the public sector is bidding up other parts of the public sector. It is indefensible and it is mad. I have written to object strongly to the Secretary of State for Transport, but that is the world that we live in.

As you know, I was elected on a platform of improving London transport whilst simultaneously reducing waste. We have cut huge amounts of waste out of TfL, cut huge numbers of jobs. I think I am right in saying 25% of the directors of TfL have gone, 40 buildings will be sold. Windsor House itself is being sold --

Sir Peter Hendy CBE (Commissioner, Transport for London): 55 Broadway.

Boris Johnson (Mayor of London): -- 55 Broadway is being sold. The family silver is going under this ruthless Conservative administration, Roger, you will be pleased to know and we are cutting costs wherever we can.

If I could just give you the figures, because I did not have them earlier, Len, on staff efficiencies in the GLA, just so you know what we have done in the GLA. In 2008 the GLA had 795 posts, it now has 845 posts. That is because in 2008 the LDA had over 500 posts of which only 100 were transferred to the GLA. In 2008 HCA London had 80 posts, of which only 45 were transferred. In total, we have moved from 1,375 jobs to 845 jobs, saving 530 jobs in all, that is £30 million a year. I do not take any particular joy in that. I am not saying this in a sort of macho, Conservative way. What I am saying is we do try to administer this place as scrupulously and with as much restraint as we can to the public purse.

Roger Evans AM: Just coming back to the magnitude of those TfL bonuses, do you think there is a danger that they might become a disincentive? In other words, if so much of your pay is tied up with a performance target and that target is failed during the year, and you perhaps see that it may happen in future that it will fail, perhaps you would think, "I will go somewhere else where the money is not paid on those rules"?

Boris Johnson (Mayor of London): I see what you are driving at. I do not think that. I mean psychologically I do not think that is what happens. My experience of senior executives in TfL is that they genuinely love their work and want to do the best possible job.

Roger Evans AM: Yes, they would do it for nothing?

Boris Johnson (Mayor of London): On the other hand, they would also love to be in charge of a very great transport consortium such as FirstGroup or Go-Ahead or whatever. When faced with the joy of making money and being a transport boss, what they would like to do is be a transport boss and, if possible, make even more money.

Roger Evans AM: That is human nature, is it not, really?

Boris Johnson (Mayor of London): It is human nature.

Roger Evans AM: I am going to bring Sir Peter in, not particularly to talk about your own bonus, but to talk about your management experience across the whole of TfL. Do you feel that this type of bonus culture is an effective way to get staff to do the extra work that is required to get those targets?

Sir Peter Hendy CBE (Commissioner, Transport for London): I think it would be utterly ludicrous for senior management in my organisation to be paid flat sums of money regardless of the outcomes of what they do. If you look across at the private sector, which is where most of them come from and those that leave go, nobody would dream of running a FTSE 100 company without some incentive scheme to deliver the metrics of performance. If you look at the metrics of performance that I am measured on, and my senior staff are measured on, they are deliberately those things that the public would expect to see - like reliable trains and buses, savings, the delivery of capital programmes. From my point of view, that is entirely reasonable. I cannot imagine sitting down with anybody facing one of these senior jobs and saying, "Do you know what? We are going to pay all this money whatever you do". People are not expecting that. In fact the criticism from our own Board is that in relation to capital projects many of them believe - and if you get the Chairman of the Finance Committee here and other people they will tell you - that we are not paying half enough of the proportion of people's salaries as a reward for doing the job well and saving money.

Roger Evans AM: What happens if someone fails a target and it is not their fault that they have failed it? Do you say, "Have the money anyway", or do you say, "Tough, you have not achieved it"?

Sir Peter Hendy CBE (Commissioner, Transport for London): No, of course we do not. If you look at the published Remuneration Committee stuff I think you will find the targets are comprised of some personal objectives. If you are Mike Brown [Managing Director, London Underground and London Rail, TfL], for example, part of it is your personal objectives, which is a discussion between him and me about some things that need to be done, not all of which can be quantified; part of it is the performance of the organisation for which he is in charge; and part of it is related to the total performance of the whole organisation. You will find some years when actually the metrics have produced lower results because of what you are measuring than you might have thought they would have got, but nobody said, "Oh, well, actually it was quite a good performance anyway, you will get some more". Nobody said, "Well, we will let you off this because actually we think you have done a really good job". We accept that that is what the metrics do. That is the right thing to do.

The difference with a commercial organisation is that it is very simple to measure a commercial organisation. You can measure it on profit and share price. What we are trying to do is to capture a whole variety of metrics concerned with the delivery of services that actually, in the round, the public see as one service and it is right that they should.

Roger Evans AM: Yes, we are short on time but it is the sort of subject we could discuss for ages.

Len Duvall AM (Chair): There are probably some more issues. I want to bring in Darren Johnson [AM] before we move on to the Remuneration Committee. So in terms of the metrics and in terms of reviewing performance and what you are judging people on, is that set from your performance-related pay is set by the Remuneration Committee, all the targets and you set it for the rest of the organisation. Does the performance and the stretch, for you, govern the rest of the performance-related pay for your senior officer staff? Is that done annually? Not everyone is a winner in your scheme, I accept, but you are performing well. The cynical

question from an outsider might be, are your targets stretched enough and what you are benchmarking against that?

Sir Peter Hendy CBE (Commissioner, Transport for London): That is a very fair question because, clearly, if you could always meet 100%, whatever the circumstances, it would not be performance-related. If you look at my own performance-related pay over a number of years, it has never paid 100% because deliberately, even though it is the Committee that agrees the TfL wide target which is the one that is used for me, it is constructed so it is a stretch and it never pays 100%. If you look at the individual targets, these are not dreamed out of the air either, they are related to the business plan. You can see in the business plan things which we need to achieve which then translate into the targets. If you look at one line in ours, and in Mike's [Brown, Managing Director, London Underground and London Rail, TfL], it is the delivery of the capital programme, which is broken down into dozens and dozens and dozens of schemes, all of which are quite high profile. The reality is we never quite manage to do it all because circumstances play against you in some ways, things go wrong, and it never pays out 100%. So it should not actually, because if it did it would be too easy to achieve.

Len Duvall AM (Chair): We might come back to you on more on that.

Darren Johnson AM: Peter, you said at the start that you wanted good performance and I completely agree with that. You said it would be made to have a completely flat structure regardless of performance. What about the idea that came out of Will Hutton's review into public sector pay which was, rather than a bonus system, actually clawing back from the basic salary should there be under-performance? Would that not be another means of actually incentivising senior service?

Boris Johnson (Mayor of London): It is the same.

Sir Peter Hendy CBE (Commissioner, Transport for London): Boris is right. There are two ways to say it. You imagine the conversation when next somebody retires or leaves, probably to the private sector at three times the money, I will say, "You know what? We have got a really good package here. Here is the deal, this is the sum and I am going to take away from you money out of that sum for everything that does not work properly".

Boris Johnson (Mayor of London): Only a Leftie lunatic could have a proposal like that. You have got to incentivise people.

Darren Johnson AM: Would that not provide an incentive?

Boris Johnson (Mayor of London): It is a threat.

Sir Peter Hendy CBE (Commissioner, Transport for London): Why do you not just beat everybody relentlessly every day and see how they perform? The reality of this is this, there is a grain of truth in what you say because if you want to do one of these jobs, whatever you think of however I and my colleagues do, we have not come here for the money but it is quite nice to be paid properly. We do need to pay enough that actually when people are faced with the choice of going somewhere else they say, "No, I'm going to stay".

Boris raised the question of Phil Hufton [Chief Operating Officer, London Underground, TfL]. If somebody rings you up and said, "Come and do another job for me for twice the basic and an equal performance-related pay" what would you do? That is a real choice.

Darren Johnson AM: I am sure we could all get far more than what we get as Assembly Members.

Roger Evans AM: I would say no possibly.

Sir Peter Hendy CBE (Commissioner, Transport for London): You would?

Roger Evans AM: I would say no. I would turn it down.

Sir Peter Hendy CBE (Commissioner, Transport for London): Phil said yes, and that is pretty reasonable. What you have to have at my end of this is at least some semblance of something that relates to the sorts of payments where people will come and do these jobs, in circumstances where actually the performance targets are far more difficult to achieve than ever they are in a private sector company. Having worked in one, I can tell you that that is true. Our targets in FirstGroup were very heavily based on the share price and on profit, whereas actually I can run this bus service at a profit but your constituents will not care for it much because it would be four times the price and about a third of the mileage. That is not what you want me to do. In those circumstances, having a matrix of performance targets which relate as closely as they can to the budget, the business plan, and people's expectation of a great public service in a world city I think is not an unreasonable thing to do.

Roger Evans AM: OK, thank you.

Len Duvall AM (Chair): We will return to this issue. We might do some follow-up and write to you, but let us continue with the TfL theme while we are there.

Caroline Pidgeon MBE AM: I have got a couple of questions for Peter and then one for Boris. Peter, why does the Commissioner, rather than the Remuneration Committee, set the pay for senior employees? It seems to me very unusual. Surely that is the Remuneration Committee's role?

Sir Peter Hendy CBE (Commissioner, Transport for London): The structure that we have got actually resembles quite closely what goes on in the sort of company where we would recruit most of the people from. The Remuneration Committee decide what rates of people the chief officers get. We clear, obviously, the performance targets for the organisation. If, as we do, we have to recruit people to run multi £100 million capital programmes imagine the conversations if you say, "Every offer has to be cleared by Committee". It seems to me in the end that if you want this place to run in the way that we have been reasonably successful, but never 100% successful in doing it, then you have to invest in the senior management some real responsibility in actually managing the place properly. I think what we have got represents what you would see in the private sector and I think the results of it stand for themselves.

Caroline Pidgeon MBE AM: It is difficult for us to assess the degree of challenge the Remuneration Committee actually gives you, clearly because of the nature of what you discuss it is in private. The sort of companies you benchmark against, the peer group that includes Network Rail who you have just told us have offered double the money to someone else and all these others, I think their remuneration committees are a lot stronger and they have responsibility for setting remuneration for all executive directors and the chairman, pension rights, compensation payments and so on. It seems to me that you are at odds with the rest of the sector.

Sir Peter Hendy CBE (Commissioner, Transport for London): I do not think that is true. Network Rail is a different case now because it has become a nationalised industry, but actually my compatriots in other similar jobs, to the extent to which there are any, are actually dealing with the directors' pay, not the executives. You

know, it is the nomenclature which I think is different, not the concept. Notwithstanding that, as Boris said, and quite rightly, we have had a general freeze on pay above band 4 for the last five years.

Caroline Pidgeon MBE AM: Other might but I am not here arguing against some of the high pay, because I understand that particularly with the projects that are being led at TfL and the fact that because of some of the issues with the Underground in the past you actually need the international skills coming in and probably having to pay a higher rate, I understand that. In terms of transparency and understanding, when did the Remuneration Committee last challenge something you put forward, and perhaps they did not agree it?

Sir Peter Hendy CBE (Commissioner, Transport for London): They challenge it at every meeting. I do not put anything to them without a great deal of thought, and I do not expect to get it through without a great deal of discussion.

Caroline Pidgeon MBE AM: Does it always go through, or does it get amended?

Sir Peter Hendy CBE (Commissioner, Transport for London): No, it does not always go through actually. I am very sparing about what I put to them in relation to increases. On the other hand, we have got a responsibility to deal with people properly.

I do think there is a wider point here, because we are running a £11 billion business, which would be in the FTSE 100 at about number 30, with a variety of public sector targets and some very challenging political targets. You have to maybe reflect afterwards, the fact that you have to leave with me the fact that I have to organise the management in a way to deliver it. I have said to Boris, sometimes in asperity but also in reflection, if actually in the end you do not like what I do you should fire me and get somebody else. That is true of FTSE 100 companies as well. You will not find the remuneration committees of those companies delving into the second and third layer of their people's pay. You will find them reflecting on the overall performance of the company. That is absolutely right. If I have to describe this organisation to someone who is coming in to run the SSL signalling project, or a set of capital works on highways or something, I do not want to tell them that it is all run by a committee. I want to tell them that I will agree their pay. That performance-related pay will be properly assessed. It will be cleared with the right governance and structure. Actually, whatever they are doing is they are doing it for me and the chief officers, and it is us who are going to be taken to account for it in the first instance.

Caroline Pidgeon MBE AM: It is almost the Board and stuff are irrelevant in that. You are managing the organisation.

Sir Peter Hendy CBE (Commissioner, Transport for London): No, the Board is not irrelevant at all. The responsibility of the Board and the Remuneration Committee is that which you would expect to see in a public company. They hold me to account because this money is the taxpayer's money. In terms of performance, I am not waiting to be told by somebody else how these things should be done. Some of you who know a bit more about how we operate, I am talking to myself sometimes, because that is the way you get performance. You do not let it drift through committee structures and wait for challenges to come down the line. We are in charge of this place. You would not want me to think of it any other way would you?

Len Duvall AM (Chair): Sorry, Sir Peter, can we just interrupt? We are talking about the Remuneration Committee probably meeting, over a number of meetings or once, to set your salary? Why would you drift into committee mode and governance of the organisation? We are not talking about managing the organisation, rightly as probably are, we are talking about the governance of the organisation in setting pay and remuneration. It would not be a number of committees, would it? I just wanted to say that.

Sir Peter Hendy CBE (Commissioner, Transport for London): The Remuneration Committee has met three or four times a year in the recent past. What Caroline was suggesting was that somehow they ought to be involved in the pay of the Directors and people below the Directors, in which case they would be meeting regularly. We are a big organisation, and we are dealing with the recruitment, replacement, retirement and promotion of lots of staff all the time. If you look at these big projects you do not want to be going through all of that proposition. You do want me, and Mike [Brown, Managing Director, London Underground and London Rail, TfL], Leon [Daniels, Managing Director, Surface Transport, TfL], Steve [Allen, Managing Director, Finance, TfL], Michèle [Dix, Managing Director, Planning, TfL], Vernon [Everitt, Managing Director, Customer Experience, TfL], and Howard [Carter, General Counsel, TfL] to be taking real responsibility for the amount of money that we are spending on staff costs at a senior level, properly reporting through a remuneration committee, and in addition being asked some pretty serious questions by the Mayor without any committee structure at all.

Caroline Pidgeon MBE AM: Mr Mayor, who do you really feel should decide remuneration for TfL's senior employees?

Boris Johnson (Mayor of London): The top?

Caroline Pidgeon MBE AM: Yes, the most senior. Do you think it should be the Commissioner, do you think it should be the Remuneration Committee, should it be you as Chair of TfL?

Boris Johnson (Mayor of London): For the Commissioner and for the managing directors, the small group at the top, it is the Remuneration Committee. I think the argument that Peter has just put across is extremely powerful. I think the idea of me and Tanni [Baroness Grey-Thompson], Daniel [Moylan], John Armit being convoked month-in-month-out to decide the management of officials down the pay structure and downstream would be very inefficient. In a way their performance is going to be a function of the success of the whole organisation, which will be reflected in the pay that the managing directors and the Commissioner receive. That should be the control and that is how we apply it.

Caroline Pidgeon MBE AM: You are happy with as it works now? You do not see the need for any change?

Boris Johnson (Mayor of London): I think it would be very cumbersome and inimical to the ability of the management of TfL to get on and manage their business, is my instinct.

Len Duvall AM (Chair): I might seek clarification of a point in a minute, but, Roger, you wanted to come in?

Roger Evans AM: Yes, I was just interested because of that description of the role of the Remuneration Committee and the Board which I think is on the whole right. However, what about the wider picture? The articles that we usually see in the *Evening Standard* that say we have done a Freedom of Information Act (FOI) [request] to find out how many people at TfL are paid more than £100,000. How does the Board respond to that?

Boris Johnson (Mayor of London): Very robustly.

Roger Evans AM: How does it have a grip over the way that is working? Most of those people are actually below the level of those whose salary your Committee is setting. Do you respond to it? Do you worry about it?

Boris Johnson (Mayor of London): Absolutely, yes. That is one of the reasons why Project Horizon was instituted and huge savings were made. Lots of directors faded away and found other employment. As you know, there has been a general freeze on salaries at that level. The notion that we could get away with paying these people substantially less is difficult when you consider the commercial environment in which we are operating. Peter rightly points out that TfL, were it on the FTSE 100, would be a very big beast indeed and you would expect to find a substantial number of people receiving salaries of that order.

Roger Evans AM: What you are describing is a mechanism to reduce overall costs, which is very commendable and which I am sure we will be happy about it. However, it is not specifically a mechanism to say, "Are we paying too many people over £100,000 a year?"

Boris Johnson (Mayor of London): As far as I can remember, we have had a substantial reduction in the number of directors. One of the difficulties is TfL absorbed the whole Crossrail cadre so the numbers of people paid that type of money increased because, as Caroline said rightly a few moments ago, you are talking about people who have to manage huge engineer projects. We are engaged now in colossal upgrades of signalling, of track, doing Crossrail. These things are not easy to pull off. If you fail to have enough talented and motivated people you will simply have a series of foul-ups and we won't have that. --

Sir Peter Hendy CBE (Commissioner, Transport for London): If I might add, sometimes represented in the media that some of this has been drawn out through FOI, but in fact the annual report contains all of that detail. There are three sets of numbers that we publish, from memory. One is every job over £58,200, one is a separate threshold which I cannot remember which names the titles of the job, and then the third is in the Mayor's Annual Report which is a comparative number of various people at various levels from one year to the next. None of that has to be drawn out by an FOI. All of it is published.

Jennette Arnold OBE AM: Chair, I am just trying to get us to stay with this discussion. It seems overly-complicated. I am just wanting to ask Sir Peter, is one of the difficulties why this appears overly-complicated that we are always trying to find a comparator to put alongside TfL? For instance, when we look at information that we have received from the United Kingdom Corporate Governance Code they said for companies listed on the London Stock Exchange remuneration committees should have the responsibility for setting remuneration for all executive directors. That would be the body that you, as Chief Executive, set salaries for, would it not be?

Sir Peter Hendy CBE (Commissioner, Transport for London): No, I do not think it is. What they are talking about is very similar. What they are referring to is people who would be on the board of a listed company, as near as the comparison gets. The GLA Act defines our Board as wholly non-executive, with the exception of the Mayor if he chooses to chair it in which case he has to chair it. The next level down, which is myself and the chief officers, are those people, I guess, who you would regard otherwise as being executive directors of a public limited company and there are normally no more than a few of them. If you look at British Airways, for example, you will find Keith Williams who is the chairman and the chief executive, and the finance director. They are the only two executive directors. Everybody else is underneath that. You will not find the remuneration committee of a listed company deciding dozens of people's salaries.

Len Duvall AM (Chair): Our understanding is the Remuneration Committee just deals with you and you deal with your managing directors/executive directors, or does the remuneration committee deal with the managing directors?

Sir Peter Hendy CBE (Commissioner, Transport for London): Let us be clear about that. It deals with me and the managing directors.

Len Duvall AM (Chair): Fine, it does.

Sir Peter Hendy CBE (Commissioner, Transport for London): The recommendation I make to them in respect of my own performance, because that would be a ludicrous proposition unless it was measured, what we have always done, certainly in my time, is to use the TfL scorecard as that determinant. It would be invidious for me to write an essay about myself, even though I would like to do it.

In respect of the managing directors, it is the Remuneration Committee that decides. I put forward a proposition, which in recent years has normally been no salary increase and a payment which is directly related for performance-related pay, and it is they who decide it.

Jennette Arnold OBE AM: I am sorry, Chair, is this the same body that is sometimes called TfL Chief Officers?

Sir Peter Hendy CBE (Commissioner, Transport for London): Yes.

Jennette Arnold OBE AM: It is all these terms that are used loosely that is causing confusion.

Boris Johnson (Mayor of London): It is basically Steve [Allen, Managing Director, Finance, TfL], Mike [Brown, Managing Director, London Underground and London Rail, TfL], Leon [Daniels, Managing Director, Surface Transport, TfL], Michèle Dix [Managing Director, Planning, TfL].¹

Jennette Arnold OBE AM: Their salaries are determined by the Remuneration Committee .

Sir Peter Hendy CBE (Commissioner, Transport for London): Correct.

Jennette Arnold OBE AM: Which is then in keeping with guidance you would expect?

Sir Peter Hendy CBE (Commissioner, Transport for London): Correct.

Jennette Arnold OBE AM: I read that it was just your salary and not the chief officers.

Len Duvall AM (Chair): In your annual reports you publish figures. Excluding Crossrail, I think it is something that the Mayor said in terms of staff earning over £100,000, actually excluding Crossrail ,staff earning over £100,000 I think in your latest annual report is 326. That was an increase, so this is excluding Crossrail, from 298.

Boris Johnson (Mayor of London): From 298 to?

Len Duvall AM (Chair): Put Crossrail people aside, staff earning over £100,000 went up from 298 to 326.

Boris Johnson (Mayor of London): Do not forget we actually took the whole Jubilee line back in-house.

Sir Peter Hendy CBE (Commissioner, Transport for London): Yes, and the scale of the capital programme is now such that that is the reason for most of that increase.

¹ Subsequently corrected to include Vernon Everitt, Managing Director, Customer Experience, and Howard Carter, General Counsel, TfL.

Len Duvall AM (Chair): We have got some further questions which are about some of those issues. I just wanted to put that on the record where we were. I think there are probably good answers for it and we will come back to you, and probably get those back in writing.

Caroline Pidgeon MBE AM: I wanted to quickly clarify who sets the Crossrail salaries, is that also the Remuneration Committee?

Sir Peter Hendy CBE (Commissioner, Transport for London): Crossrail has its own remuneration committee because it a wholly owned company of ours but the sponsors are us and the Department for Transport (DfT). They have a remuneration committee which decides what to do about their own executive directors, who incidentally are members of their board because that is constituted more like a private limited company. What does come to our Remuneration Committee is the chief executive's pay and the chief executive's performance-related payment. It comes, as it were, for comment rather than for determination.

Caroline Pidgeon MBE AM: Out of anyone by a long way the chief executive of Crossrail's total package is £735,000, a big sum of money. I am not under-estimating the project but the project is not a live railway yet.

Sir Peter Hendy CBE (Commissioner, Transport for London): If he leaves I might apply for the job, of course. However, remember you have got the largest civil engineering contact construction project in Europe. Andrew [Wolstenholme OBE, Chief Executive, Crossrail] built Terminal 5, which is a not inconsiderable undertaking. What that is actually is a reminder that the real sums of money paid to people to do these sorts of projects are in that order of things.

Caroline Pidgeon MBE AM: Thank you.

Len Duvall AM (Chair): Let us go to the Mayor's own staff, so let us bring in Darren.

Darren Johnson AM: Yes, thank you, Chair. Do you have clear guidelines for setting the remuneration of your 'ten plus two' advisors?²

Boris Johnson (Mayor of London): Only in the sense that we inherited a system where the salaries went up to a certain level, the so-called 'ten plus two'. They remain broadly at that level, in many cases below it and a couple of cases above it

Darren Johnson AM: You do not actually have a codified protocol; you were simply looking at the grading of the previous administration?

Boris Johnson (Mayor of London): No, the approach that we use is called the Hay Evaluation process. That is how these salaries have been arrived at. I just point out if we have got 11, plus Kit [Malthouse, Deputy Mayor of London for Business and Enterprise] who is paid partly by the Assembly I guess.

Caroline Pidgeon MBE AM: He gets an Assembly Member salary.

Boris Johnson (Mayor of London): We are not using the full 'ten plus two' quota. Several of the advisors are on considerably less than the £128,000 - £129,000 that I think was the standard going rate under the previous mayor.

² The Mayor is entitled to make up to 12 appointments under S67 (1) (a and b) of the GLA Act 1999, often referred to as the 'ten plus two'.

Darren Johnson AM: Do you always follow the Hay criteria then when you are filling these posts and deciding the salaries?

Boris Johnson (Mayor of London): I try.

Darren Johnson AM: I would be happy to hear from Juliette [Carter, Assistant Director, Human Resources & Organisational Development].

John Biggs AM: Somebody that knows what they are talking about.

Boris Johnson (Mayor of London): I try to stay as much as possible to stay in line with the advice that we get from the Human Resources (HR) director which is informed by the Hay criteria. I think these are reasonable rates for the jobs that people do.

Juliette Carter (Assistant Director, Human Resources & Organisational Development, Greater London Authority): We used it in 2008 when the first appointments were made. Since that we have not used it necessarily for every appointment that has been made. I think what the Mayor has looked up is the differentials in pay from what we set initially in 2008 and determine the salaries from that.

Darren Johnson AM: It has not been systematically applied since 2008 then?

Juliette Carter (Assistant Director, Human Resources & Organisational Development, Greater London Authority): Not every single post, no.

Darren Johnson AM: Would that be an idea in terms of transparency, clarity and so on?

Juliette Carter (Assistant Director, Human Resources & Organisational Development, Greater London Authority): In terms of the Hay system what that does is you get a certain overall point system. It then establishes, for example, that it is outside of our current salary scale, but we would then have to use things like benchmarking to determine the final salary. It gives you an overall.

Boris Johnson (Mayor of London): You would not want that because that might lead to even higher salaries. You ought to be careful there. You be careful what you wish for.

John Biggs AM: They are only chicken feed, do not forget.

Boris Johnson (Mayor of London): Not this one.

Darren Johnson AM: The process then you use for deciding pay increases, whether for an individual advisor or across the board?

Boris Johnson (Mayor of London): I just decide; do you need processes?

Sir Edward Lister (Chief of Staff, Greater London Authority): May I help, Mayor? If you are referring to a couple of the Deputy Mayors, the Mayor looked at the workload being carried by various individuals and made an adjustment to bring them into line with each other. There was that alignment that took place.

Jennette Arnold OBE AM: There was a gender discrepancy. There was. Then he saw the light.

Darren Johnson AM: If we can move on? Have you considered this system which happens now at government level? Have you considered getting the functional bodies to submit salaries of new appointments to you for approval, and those salaries are higher than yours. This now happens where the Chief Secretary to the Treasury has to post the approved civil service salaries that are higher than the Prime Minister's.

Boris Johnson (Mayor of London): No.

Darren Johnson AM: You do not think there is a case --

Boris Johnson (Mayor of London): Not really, no.

Darren Johnson AM: -- for some sort of parity there?

Boris Johnson (Mayor of London): No, why? No, I do not see why. I am sorry I do not follow. What is the argument?

Darren Johnson AM: It stops general mission creep, I think, was the thinking at the government level.

Boris Johnson (Mayor of London): Salary creep?

Darren Johnson AM: Yes, so that any salary that is higher than the Prime Minister's now has to be sent to the Chief Secretary of the Treasury.

Boris Johnson (Mayor of London): Who would we send it to in this case, Darren?

Darren Johnson AM: It has helped reduce salaries by up to 10 to 20%.

Boris Johnson (Mayor of London): Who do you think should be the ultimate authority?

Roger Evans AM: The Chair of the Assembly!

Boris Johnson (Mayor of London): I cannot remember who gets paid more than me; Eddie [Sir Edward Lister] does.

Joanne McCartney AM: A lot of them do.

Darren Johnson AM: Fifty people.

Boris Johnson (Mayor of London): Fifty people get paid more than me?

Jennette Arnold OBE AM: Yes.

Darren Johnson AM: Fifty people now get more money than you.

Boris Johnson (Mayor of London): That is bloody disgraceful!

Darren Johnson AM: That is because you have not been keeping an eye on it because they have not been referred to you directly.

Boris Johnson (Mayor of London): Right.

Roger Evans AM: That includes TfL.

Boris Johnson (Mayor of London): Does that include TfL?

Roger Evans AM: That includes TfL.

John Biggs AM: They all get that; even bus drivers get more than you.

Darren Johnson AM: Why not do what David Cameron [Prime Minister] does and have those salaries that are higher than his referred directly.

Boris Johnson (Mayor of London): How many people in the GLA are paid more than me?

Caroline Pidgeon MBE AM: Everyone, virtually.

Boris Johnson (Mayor of London): Shut up, Caroline. It is a measure of my extreme modesty.

Darren Johnson AM: You do not think there is anything to be learnt from Government there, even though they have managed to effect significant reductions in senior salaries as a result?

Boris Johnson (Mayor of London): As I said, we have had a massive reduction in salaries here, as you know, and a considerable reduction in headcount. If you look at the overall bill for the Mayoral team, it is considerably lower than the previous regime, and good for us.

Darren Johnson AM: Another area that schools public disquiet as well is a cap on redundancy payments at a certain level. The BBC introduced this following controversy when they had some senior people leave. Would it be possible to cap redundancy payments at a certain level across the GLA group?

Boris Johnson (Mayor of London): I do seem to remember that when I arrived there was an absolutely bonanza as former communists, or continual communists, left these premises absolutely weighed down with sackfuls of gold as far as I can remember. There will be no repeat of those unhappy scenes of rapine and looting that took place under the previous Labour administration.

Darren Johnson AM: What policies have you got in place to ensure that?

Boris Johnson (Mayor of London): Modesty and restraint.

Darren Johnson AM: That does not sound like a policy to me.

Jennette Arnold OBE AM: Nothing new then.

Boris Johnson (Mayor of London): The policy, as you know, Darren, if you have been paying attention, was changed in 2009 following consultation between the Mayor and the Assembly. Have you forgotten?

Darren Johnson AM: I was just going to say, do you think there is merit in looking at the system that the BBC have put in place on exit payments following the huge reputational damage that they suffered.

Boris Johnson (Mayor of London): As I say, as far as I can understand we did. I think in consultation we seem to have changed it.

Juliette Carter (Assistant Director, Human Resources & Organisational Development, Greater London Authority): We have got a cap here in the GLA.

Darren Johnson AM: What is the cap, Juliette?

Juliette Carter (Assistant Director, Human Resources & Organisational Development, Greater London Authority): Forty-five weeks.

Darren Johnson AM: That is on salary weeks rather than a specified amount?

Len Duvall AM (Chair): What is that for the GLA group then? Is there a cap on the GLA group?

Boris Johnson (Mayor of London): Momentary panic.

Len Duvall AM (Chair): We would be quite interested to hear that. What would your views be, Mr Mayor, on a cap in the GLA group so for TfL, Fire Authority and others, police?

Boris Johnson (Mayor of London): What is the cap on exit payments, Peter, within TfL?

Sir Peter Hendy CBE (Commissioner, Transport for London): On redundancy? For most of the staff, for example those who are exiting on voluntary redundancy on the Tube, there is a very long-standing agreement.

Len Duvall AM (Chair): If we stick with senior management?

Sir Peter Hendy CBE (Commissioner, Transport for London): Senior people, for very senior people it is written in people's contracts and it is limited because there was a certain amount of irritation shown by a number of people when the previous commissioner had a fixed four-year contract and left in year one and was paid quite a lot of money.

Boris Johnson (Mayor of London): I seem to remember that.

Sir Peter Hendy CBE (Commissioner, Transport for London): Sadly, my contract does not seem to have a fixed-term in it.

Boris Johnson (Mayor of London): Does anybody remember that?

Caroline Pidgeon MBE AM: The Chief Finance Officer of TfL, when he left.

Darren Johnson AM: I am just thinking, is there an opportunity here to have a common policy across the GLA group. Given the wonderful intervention that you made in 2009, that you reminded me of with the 45-week salary cap for exit payments, is there merit in introducing that across the entire GLA group?

Boris Johnson (Mayor of London): If I understood what Peter had to say correctly, there is such as that in TfL. Obviously, I am happy to discuss it with him and look at it.

Darren Johnson AM: Do you see merit in having some consistency across the group?

Boris Johnson (Mayor of London): I think there is merit in having greater restraint than was shown by the previous Labour administration.

Darren Johnson AM: I do not think we are disagreeing on this. None of us want to see huge great exit payments. I am just wondering whether we can have a tighter, more uniform, system across the Group as a whole.

Boris Johnson (Mayor of London): I am certainly happy to look at it.

Darren Johnson AM: Thank you.

Andrew Boff AM: Mr Mayor, is London a world city?

Boris Johnson (Mayor of London): Yes, the greatest in the world.

John Biggs AM: Used to be.

Andrew Boff AM: A world standard city?

Boris Johnson (Mayor of London): As I have said, it is the greatest. Yes.

Andrew Boff AM: If we were to compare ourselves with other cities? Rather than comparing ourselves with say Birmingham or Manchester, we compare ourselves to other cities in the world?

Boris Johnson (Mayor of London): You could, but you would have to bear in mind the particular circumstances which the transport economy of London was working in. Some comparisons might not be relevant.

Andrew Boff AM: Might not be. What international comparisons are you doing when you assess chief executive and senior executive pay?

Boris Johnson (Mayor of London): I am not certain that we do make international comparison. I think we look at the market of transport executives in Britain generally.

Andrew Boff AM: Just in the United Kingdom?

Boris Johnson (Mayor of London): Yes.

Andrew Boff AM: You think that pool of expertise is sufficient for London's purposes?

Boris Johnson (Mayor of London): We had Tim O'Toole [CBE, former Managing Director, London Underground, TfL] and we also had Bob Kiley [former Chairman, London Regional Transport] who did not come from this country so we had good experience. Peter is continually winning the Légion d'Honneur for his services to transport, the grand cross of order, purity and truth from Italy and Caracas. He has won all sorts of awards.

Sir Peter Hendy CBE (Commissioner, Transport for London): With great respect, I was sent to Caracas. I did not go to Caracas, I was sent there and I received no award and no payment for it either.

Boris Johnson (Mayor of London): We are not closed to foreigners. I am sure we have lots of international staff members. I could not give you their names at the moment.

Andrew Boff AM: When did you ask the Remuneration Committee to make those international comparisons, or have they been asked?

Boris Johnson (Mayor of London): As I said, that is not a relevant comparator for us.

Andrew Boff AM: Why not? We are a world city and we can be compared with somebody like New York; or should we just be compared to cities in the United Kingdom?

Boris Johnson (Mayor of London): Normally speaking, the talent pool that we want are people who have experience of railways or buses, whatever, in this country. That is the market we are speaking of.

Andrew Boff AM: You think we can compare London to Birmingham? You think that is an OK comparison to make?

Boris Johnson (Mayor of London): It is a city in England, yes.

Andrew Boff AM: What comparisons do we make to the people who are in charge of the Birmingham transport systems and the Manchester transport systems in assessing what senior executive pay should be?

Boris Johnson (Mayor of London): The London market is obviously much more inflated, I would imagine than any other market in the United Kingdom, and there will be much more competition for those people.

Andrew Boff AM: Despite the fact of the New York City's transport commissioner earning a paltry \$205,000 a year and a deputy commissioner for surface transport only earning 60 to 65 --

Boris Johnson (Mayor of London): They do not control the railways. They do not run it in the way that TfL do.

Andrew Boff AM: Right, so you have done those comparisons and you have looked at them?

Boris Johnson (Mayor of London): Not for the purposes of setting salary scales if that is what you are asking. It is not a relevant comparison.

Andrew Boff AM: In an international market for talent you are not looking at international comparisons for pay, is that correct?

Boris Johnson (Mayor of London): Perhaps we could follow your suggestion across the board? If we could find cheaper French policemen we should get Clouseau in to run the Metropolitan Police Service.

Andrew Boff AM: Curiously enough.

Boris Johnson (Mayor of London): I can see the point that you are making. What we think is that the relevant comparisons are with the transport operators in the private sector who have experience of how to run big corporations, such as TfL, and those are the types of people that generally we are in the market for.

Yes, there can be a merit in trying to poach people from overseas, and I do not rule that out, but by definition they will not naturally have that much experience of the scene in London.

Andrew Boff AM: You are basically saying you are not going to do international comparisons of senior executive pay in determining what the level should be in London?

Boris Johnson (Mayor of London): The level is actually considerably lower than the market.

Sir Peter Hendy CBE (Commissioner, Transport for London): True.

Boris Johnson (Mayor of London): The level is determined by the market for serious and senior transport executives in London. As it happens, the level of pay in TfL is well, well, well below that market level but we have to keep an eye on it.

Andrew Boff AM: That is something that it is well, well, well below it if you only have a limited reference point. Surely, if you increase well, we are not going to get any further with this. Suffice it to say we will have to do the comparisons in future and then ask you the questions.

Boris Johnson (Mayor of London): I understand the point that you are trying to make.

Andrew Boff AM: It would be so much easier if the Remuneration Committee, or somebody in your office, actually made those international comparisons and did not shut ourselves off from the rest of the world.

Boris Johnson (Mayor of London): No, but we are not shutting ourselves off.

Andrew Boff AM: Surely, Mr Mayor, when you are judging an equivalent job for a world city like London you have to look at comparisons to other world cities?

Boris Johnson (Mayor of London): I think I understand the point you are trying to make, but the comparison is not between say the commissioner for transport in London and the commissioner for transport for New York. There is not a comparison there because the commissioner for transport in New York does not run half the things that TfL runs. The relevant comparison is between the public sector and the private sector because what we face is a continual war to prevent our senior executives from being wooed or bought up by the private sector. I gave a couple of instances of that happening. The market is now very, very strong.

Andrew Boff AM: Are they the only talented people, the people who are departing? Are they the only ones who can do the job?

Boris Johnson (Mayor of London): No, I am sure if you applied for the job you would be considered. There are lots of people who could do it.

Andrew Boff AM: Is it the job of the public sector to compete with the private sector? Should we be doing that?

Boris Johnson (Mayor of London): It is my job to deliver an ever better Tube service and to get Londoners around our city, and to do the biggest upgrades and the biggest investment programme we have seen since Victorian times. With the best will in the world you cannot do that with people who are less than excellent. I

am afraid if you want to have excellent people doing those things you have to pay them something approaching the market rate. It is not the market rate, but something approaching the market rate.

Sir Peter Hendy CBE (Commissioner, Transport for London): May I add some clarity to this?

Len Duvall AM (Chair): Quickly.

Sir Peter Hendy CBE (Commissioner, Transport for London): Two points at this stage.

Boris Johnson (Mayor of London): I thought I had been perfectly clear.

Sir Peter Hendy CBE (Commissioner, Transport for London): Some additional clarity.

Darren Johnson AM: Even more clarity.

Sir Peter Hendy CBE (Commissioner, Transport for London): One of them is a statement from me which is that I think one of the reasons that the bus service in London has been so successful is that I have never wanted, and for as long as I am here I will never suggest, that somebody should run it who has not run a private sector bus operation in London. I think one of the reasons that we have got such good performance out of it is because David Brown [former Managing Director of Surface Transport, TfL], Leon [Daniels, Managing Director, Surface Transport, TfL] and I know what it is like to be on the other side of that. That is a determinant of the sorts of pay that you would get for that job.

The other is some clarity which is to be absolutely precise, the commissioner of transport in New York is a relatively junior job, reporting to the Mayor and responsible for highways. It is not a job that is actually in charge of the Metropolitan Transportation Authority (MTA), or that sometimes there is a chairman, sometimes a chief executive, sometimes both. If you add those together, and a few more jobs, you will get something similar to mine. If you would like an international comparison, either of my colleagues in Paris, who does not deal with streets but does the Metro, or in Hong Kong, who deals only with the Metro, I would be very happy to provide it. I do not think you will find much fruit in it for comparative conditions, and both of those systems are actually a lot smaller than ours. I will send them to you, if you want

Andrew Boff AM: I am just asking that we do as a regular basis on assessing jobs.

Sir Peter Hendy CBE (Commissioner, Transport for London): The reality, as Boris says absolutely rightly, that the market that we are in for the people that you want to do our job properly for the benefit of the citizens of London is largely one in the United Kingdom.

John Biggs AM: Andrew has covered a lot of the ground I am interested in covering. I think there is a very great cynicism that we are very good at rewarding ourselves without transparent accountability to people. You do not go far out of London, in Southall today where people might be deciding in a by-election. One of the reasons they might be deciding what they want to do in a by-election is because they sense that us, decision makers, are really out of touch with the real world and people out there. When we talk about the sorts of remuneration packages - I am making two points - we have got to go an extra mile when we talk about public money in demonstrating to people that it is not the minimum we need to pay but it is a reasonable, repeatedly justified, sum of money we are paying people.

The second thing I wanted to say, and I think there is evidence of this as well, is public bodies, and I think public limited companies as well are guilty of this and I think it is a bit sinful, find it relatively easy to give

people big severance packages and deferred payments because they do not have to worry about the cost today. I think there is a cultural problem there. Again, we are not going to solve this today, but we need, as an organisation, to examine our motives and processes in making sure that does not happen. Obviously we want everyone to have a good retirement or to leave, if they have to leave, without having too much to worry about, but the world is not always like that.

I am making points there, I welcome responses to them, but I am aware we need to move on as a meeting. I think we have had quite a witty session as well, and it is always entertaining, but we are talking about a pretty well-heeled bunch of people around this table here and the rest of the world needs to understand that we are really going that extra mile to justify the pennies we are spending.

Len Duvall AM (Chair): Mayor, you are nodding, is that that you concur generally with the thrust of that?

Boris Johnson (Mayor of London): I do. We have got our own salary reviews coming up within this Board. I think what John says makes a lot of sense. I think people are looking, they are listening and they are thinking the fat cats in the public sector are always paying themselves more. I agree with John, it is one of the reasons why people are disillusioned with politics and we have to be very careful about it, and we have a massive deficit.

Caroline Pidgeon MBE AM: I just wanted this on record because the Mayor kept on, quite rightly, highlighting the previous Mayor's record on some of these payments. Actually, we have got before us a number of significant exit packages from the GLA group - the former chief executive, director of information in the Metropolitan Police Service, chief executive at London Legacy Development Corporation (LLDC), and a former TfL chief finance officer all had significant exit packages. I think possibly even one of your advisors, Antony Brown [former Mayoral Policy Director for Economic Development], had certainly a decent package when he left.

Boris Johnson (Mayor of London): I do not think so.

Caroline Pidgeon MBE AM: I do not want you to just make out it has not happened under your leadership because there have been clear large pay-offs.

Boris Johnson (Mayor of London): Not on the scale.

Caroline Pidgeon MBE AM: There have been some.

Roger Evans AM: Kiley-esque.³

Boris Johnson (Mayor of London): Not the Kiley-esque, or indeed when we arrived and they all scooted off with huge amounts of money.

Roger Evans AM: A question about the appendix which you have got which has got lots of people's salary in it and is hours of fun.

Caroline Pidgeon MBE AM: Harrowing reading.

³ Robert Kiley, (Bob Kiley), former Commissioner of Transport for London.

Roger Evans AM: We are disappointed because it does not include Mayor's Office for Policing and Crime (MOPAC). We picked that up and wonder why that is. It does not include London & Partners either, but MOPAC is a particular issue.

Caroline Pidgeon MBE AM: Yes, we were looking for Stephen Greenhalgh [Deputy Mayor for Policing and Crime] were we not?

Len Duvall AM (Chair): We will pick it up in the next set of questions.

Joanne McCartney AM: Mayor, I was going to ask about the extension of the contract of the Commissioner of Police. My question is one of process, not the post-holder. I just want to know because when a commissioner is appointed it is a Home Secretary's appointment, having regard to the views of the Mayor. I am just wondering because this was flagged in a *Times* article this week that MOPAC had agreed to an extension, then there was an "if". I am just wondering, what is the process you are going through and does any extension require Home Secretary's approval?

Boris Johnson (Mayor of London): What Stephen [Greenhalgh, Deputy Mayor for Policing and Crime] was indicating was broad support for Bernard [Hogan-Howe, Commissioner of Police of the Metropolis]. I think that was what he was trying to get over. I certainly share that.

On the formalities of the extension and what has actually happened, the answer to that is not a lot at the moment I can tell you. It is all a bit previous. To the best of my knowledge you are certainly right, as I understand the situation, there would still have to be Home Office co-ordination.

Joanne McCartney AM: Presumably if it was extended it would be on the same terms as before, is that correct?

Boris Johnson (Mayor of London): I would not want to get into the details of anybody's terms and conditions now.

Len Duvall AM (Chair): Be very clear, the process has not started yet, as far as you know?

Boris Johnson (Mayor of London): We are a little bit premature here.

Len Duvall AM (Chair): Right.

Joanne McCartney AM: Perhaps, Chair, we could ask for assurance from the Mayor that if the process does start that he notifies this Committee?

Len Duvall AM (Chair): Yes. I think we will up that in writing.

Andrew Boff AM: Do you think that organisations in the GLA group do enough to explain why their most senior staff receive the remunerations that they do?

Boris Johnson (Mayor of London): I tried my best to explain on the transport side, you mean each individual person within the Mayoral team, each Assembly Member, should somehow --

Andrew Boff AM: I think this leads on from what John Biggs was saying earlier that there needs to be a justification for the salaries. Are we making those justifications? I am not talking about any particular salary at the moment, are we explaining to the public enough why people are paid the amount they are?

Boris Johnson (Mayor of London): The salaries are published. People can make their judgements about the effectiveness of the organisation. It is difficult, and probably invidious, to start going around saying, "X is worth such and such because of such and such, because they are jolly clever and efficient and Y is worth slightly less because they are not so bright" or whatever. How do you want us to do it? It does sound to me like a recipe for total harmony.

Andrew Boff AM: Perhaps I could ask the same of Sir Peter Hendy? It's are we explaining why we are paying what we pay, remember these are public employees. These are not private employees. These are not in private companies. They are public company. They are employed by the people. Are we explaining to the people enough why they are paid the amount that they are?

Boris Johnson (Mayor of London): I think, as Eddie [Sir Edward Lister, Chief of Staff, GLA] rightly points out, on the web you can find the salary and the job description. In the 'organagram' I think you get a pretty clear idea of who they are and what they are doing and a sense of why they are valued. That is a good thing. Obviously, there is lots of progression within the group, and clearly there are going to be differentials and people can see what job people are doing and why they are important.

Andrew Boff AM: I am a Member of the London Assembly and I do not understand why people are paid. I am just wondering why?

Boris Johnson (Mayor of London): You do not understand why Members of the London Assembly are paid?

Andrew Boff AM: I understand why we are paid, what we are paid, probably not worth it

Roger Evans AM: Speak for yourself.

Boris Johnson (Mayor of London): At least you make an effort to explain to the public what you think it is that you do.

Roger Evans AM: Do we?

Boris Johnson (Mayor of London): Yes, you do.

Andrew Boff AM: Are there similar efforts made to explain the reasons for these amounts you are paying?

Boris Johnson (Mayor of London): It would be a departure from normal practice in, I think, most arms of government to try to justify individual salaries more fully than we already do. I think we already try to give a pretty good account to the public of what people do. They can see the salary and they can see the functions that the person does. I hope that is good enough for people.

Andrew Boff AM: Do you think it is acceptable for London & Partners to refuse to disclose the remuneration of its senior employees?

Boris Johnson (Mayor of London): Do they?

Sir Edward Lister (Chief of Staff, Greater London Authority): I only found out this morning. I think it may be one I need to take away.

Boris Johnson (Mayor of London): I do think that is surprising, yes. Yes, I do.

Caroline Pidgeon MBE AM: Do you think it is acceptable?

Andrew Boff AM: You are going to take action with regard?

Boris Johnson (Mayor of London): I think all salaries above a certain level within the GLA group should be disclosed. I see no reason why not.

Andrew Boff AM: Will you commit to greater transparency across the GLA group for the 2014/2015 accounts?

Boris Johnson (Mayor of London): We will be as transparent as we possibly can.

Andrew Boff AM: Would you commit to providing a summary of the organisation's pay policies, including payments for loss of office, in those accounts, a brief explanation of how senior employee remuneration is set and the governance arrangements of those?

Boris Johnson (Mayor of London): I think most of that is on the web, Andrew.

Andrew Boff AM: Is it?

Boris Johnson (Mayor of London): I am told.

Len Duvall AM (Chair): It might help, Mr Mayor, if we said that when we talk about the GLA group they are really part of the GLA family. These are organisations that really are wholly really funded by us, like London & Partners. So London TravelWatch --

Boris Johnson (Mayor of London): I am surprised to hear about London & Partners.

Len Duvall AM (Chair): -- London Pensions Fund. I think London & Partners is the worst. London TravelWatch I think is very transparent.

Andrew Boff AM: It is about throughout the GLA group, as the Chair indicates. It is about much of the core of the GLA group we accept has very high standards of transparency. My colleague John Biggs recently did a report on transparency, a very good report which we supported.

Boris Johnson (Mayor of London): Maybe there is some way in which the 'organogram' could more eloquently describe what people do to give the public a fuller understanding of why such and such a person might command such and such a salary. I can see that.

Andrew Boff AM: Can you commit to that for all the GLA group, including...

Boris Johnson (Mayor of London): Certainly for London & Partners and the Pensions Fund and TravelWatch, I will look at it. I see no reason at all why they should not be disclosing their salaries for that.

Andrew Boff AM: Thank you for that.

Len Duvall AM (Chair): Sorry, I think we can deal with TravelWatch. I think there are some other organisations that you are more appropriate for...

Boris Johnson (Mayor of London): I have got to put my hands up and say I had no idea that London & Partners did not.

Caroline Pidgeon MBE AM: They seem to do what they are like. You need to restrict their grant.

Len Duvall AM (Chair): Can I thank the Mayor and his team in terms of the way they engaged in this debate. We will consider further what you have said today. We may well be writing to you for some further information --

Boris Johnson (Mayor of London): Thank you.

Len Duvall AM (Chair): -- around some of the stretching, but thank you very much.