

Remuneration report

► Remuneration Committee

Role

The committee establishes a robust, transparent and formal procedure for developing policy on Executive remuneration. This includes the total reward packages for the Chief Executive, Executive Directors and Non-Executive Directors, subject to the approval of the Shareholder.

The committee is also responsible for keeping the Remuneration Framework, required under the *Framework Document*, under review. Any amendments must be agreed with the Shareholder, including recommending performance targets. The committee is responsible for deciding or recommending proposals for approval by the Board, including company-wide reward and incentive plans, and the structure of remuneration packages for senior management.

Composition

The committee is chaired by Elaine Holt. Members include five Non-Executive Directors, including the Chair and Board Chairman. The Chief Executive attends all meetings, except when his own remuneration is under review. The DfT Director General, Resources and Strategy Group attends meetings as an observer on behalf of the Shareholder. The committee is advised by the Executive Director of Human Resources and Organisational Development, and the Head of Reward also attends meetings.

EY have been appointed advisers to the committee on a call-off basis. They were not used during 2018-19.

Work

The committee maintains close oversight on organisational initiatives relating to staff performance and reward.

Chair's highlights

The committee reviewed the corporate KPI performance and its impact on performance-related pay for 2018-19. Mid-year and year-end performance ratings for Executive Directors and the senior management group were also scrutinised to ensure they were appropriate and in line with the Remuneration Framework. The committee reviewed the following standing items at each meeting during the year:

- Use of contingent labour and consultants, including the development of plans to further reduce reliance on interim staff
- Use of specialist pay freedoms
- An assessment of all perceived senior flight risks, along with retention and resilience plans in place to manage these risks
- Activity and decisions of the Reward and Resourcing Executive, which considers remuneration issues for staff below Executive level

The committee also considered the following items:

- Approval of the pay review approach for 2018-19
- The DfT's Remuneration Framework review

⊕ For committee Chair Elaine's biography, go to page 99

Executive remuneration (audited)

	Year	Salary	PRP	Pension related	Other	Total
Jim O'Sullivan	2018-19	£375,000	£51,727	£30,000	-	£456,727
	2017-18	£340,500	£32,076	£30,000	-	£402,576
Vanessa Howlison	2018-19	£198,919	£26,017	£19,892	£32,367	£277,195
	2017-18	£196,950	£12,227	£19,695	£16,808	£245,680

Executive remuneration notes (audited)

1. Jim O'Sullivan received £30,000 in lieu of pension payments.
2. Vanessa Howlison is a member of the Highways England Personal Pension (Defined Contribution) Scheme. Employer contributions are equal to 10% of salary.
3. The PRP paid in 2018-19 related to performance within the financial year 2017-18 and that paid in 2017-18 related to performance in financial year 2016-17.

4. The 2018-19 performance process is being finalised and the value of payments have yet to be determined. Payments will be made in 2019-20.
5. 'Other' amounts relate to travel expenses for secondary workplaces as defined by HMRC (expense grossed up by 45%).
6. 'Other' amounts reported in 2017-18 incorrectly included employers' National Insurance. This has been restated for the 2018-19 accounts.
7. Only those members of the Executive team who are (or were) also members of the Highways England Board have their remuneration reported.

Non-Executive remuneration notes (audited)

1. Service details for Directors are shown on page 102.
2. From 1 April 2017, the fees were updated to £25,000 plus an additional £3,000 for chairing a committee. These fees remain unchanged for 2018-19.
3. Elaine Holt is the serving Chair of the Remuneration Committee, a position she has held since February 2018.
4. Simon Murray was the serving Chair of the Investment Committee until 31 March 2019. He is replaced by Janette Beinart.
5. Kathryn Cearns joined the Board in April 2018, and became Chair of the Audit and Risk Committee in September 2018. At the same time, she also became a member of the DfT's Group Audit and Assurance Committee. She was paid a fee of £1,250 for her DfT services, which is not included in the fees reported here.
6. David Hughes served as Chair of the Audit and Risk Committee at Highways England, and also served as a member of the DfT's Group Audit and Assurance Committee. He was paid a fee of £1,935 for his DfT services, which is not included in the fees reported here. His term of office expired on 31 August 2018.
7. Janette Beinart joined the Board on 21 January 2019 for a period of three years. She became Chair of the Investment Committee in April 2019, following the departure of Simon Murray on 31 March 2019.
8. Roger Lowe resigned his position as the Shareholder-appointed Non-Executive Director on 1 February 2019 (unremunerated) and was re-appointed to the Board as a Non-Executive Director on 11 February 2019, for a period of two years, with an option to extend for one further year. Roger serves as the Senior Director to the Board.
9. Alan Cumming joined the Board in September 2017. He served as Chair of the Safety Committee from January 2018. He ceased being paid by Highways England on 3 April 2018 when he became an Executive Director at the Nuclear Decommissioning Authority.
10. On 11 February 2019, Carolyn Battersby joined the Board as the Shareholder-appointed Non-Executive Director.

Pay multiples notes (audited)

1. The median remuneration of the Company's staff in 2018-19, as shown in the corresponding table, is based on annualised full-time equivalents and is £31,214.
2. The ratio between the median remuneration and the remuneration of the highest paid director is 13.671. This has increased from 2017-18 figure of 11.175 due to an agreed performance related pay progression for the Chief Executive, as authorised by the Secretary of State for Transport and Chief Secretary to the Treasury.
3. In 2018-19, no employee received remuneration in excess of the highest paid Director (2017-18, nil). Full time equivalent remuneration ranged from £14,089 to £270,821 (2017-18 restated: £14,089 to £237,744).
4. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Non-Executive Remuneration (audited)

Member	2018-19	2017-18
Colin Matthews (Chairman)	£130,000	£130,000
Elaine Holt	£28,000	£28,000
Simon Murray	£28,000	£28,000
Kathryn Cearns	£25,639	-
David Hughes	£11,698	£28,000
Janette Beinart	£4,906	-
Roger Lowe	£3,423	-
Alan Cumming	£233	£14,389
Carolyn Battersby	-	-

Pay Multiples (audited)

	2018-19	2017-18
Remuneration	£426,727	£372,576
Number of staff	5,644	5,189
Median point	2,823	2,595
Median remuneration	£31,214	£33,340
Ratio	13.671	11.175