



# Executive Pay Policy

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**REVIEW HISTORY**

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## 1. Aims

This policy aims to ensure that:

- The Trusts funds are used only in accordance with the law, its articles of association, its funding agreement and the latest Academy Trust Handbook.
- The Trust and those associated with it operate in a way that commands broad public support.
- The Trust has due regard to propriety and regularity, and ensures value for money, in the use of public funds.
- Trustees fulfil their fiduciary duties and wider responsibilities as charitable Trustees and company directors.

## 2. Legislation and guidance

This policy is based on the 2023 version of the Academy Trust Handbook, which states:

*The board of trustees must ensure its decisions about levels of executive pay (including salary and other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration.*

*The board must discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:*

- *an agreed process for determining executive pay*
- *independent scrutiny by the board*
- *robust decision-making*
- *proportionality – that pay and benefits represent good value for money and are defensible relative to the public sector market*
- *documented decision-making with rationale*
- *a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term*
- *understanding that escalating leadership costs must be challenged where not justifiable and where these costs raise questions about financial sustainability*
- *understanding that inappropriate pay and benefits can be challenged by ESFA, particularly in instances of poor financial management of the trust.*

Trustees have also formally adopted the Confederation of Schools Trust (CST) Principles for determining executive pay. The CST includes the following principles:

1. Decisions on executive pay are fair, proportionate and justifiable
2. There is a fair, evidence-based process for making those decisions
3. The process is underpinned by probity, the ethos of public service, public sector values and the principles of public life.

A full copy of the CST code for setting executive pay can be found in **Appendix 2**.

### **3. Definitions**

The Trust has defined the following roles as members of the 'Executive team':

1. Chief Executive Officer (CEO)
2. Chief Finance Officer (CFO)
3. Director of School & People Development
4. Headteachers

### **4. Roles and responsibilities**

#### **4.1 Trustees**

The Board of Trustees ('Trustees') must discharge its responsibilities effectively, ensuring its approach to pay is transparent, proportionate and justifiable. This includes:

- **Process:** that the procedure for determining executive pay is agreed by Trustees in advance and documented. See section 5 below.
- **Independence:** decisions about executive pay reflect independent and objective scrutiny by Trustees and those conflicts of interest are avoided.
- **Decision-making:** factors in determining pay are transparent and evidence-based, including whether performance considerations, and the degree of challenge in the role, have been considered.
- **Proportionality:** pay is defensible relative to the public sector market. Consideration should be given to the pay-multiple of the CEO and the median earnings of the Trust's whole workforce.
- **Documentation:** the rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained.
- In the context of Executive Pay, a basic presumption that non-teaching pay should not increase at a faster rate than that of teachers, in individual years and over the longer term.
- Understanding that inappropriate pay can be challenged by ESFA, particularly in any instance of poor financial management of the Trust.

Trustees will ensure that funds are used in a way that commands broad public support, pays due regard to propriety and regularity, and provides value for money.

The Trust accepts that absolute independence in any review process may not always be possible. In circumstances where this may be the case, reasonable steps should be taken to protect the integrity of the process and ensure any challenges to its independence are limited and justifiable.

## 4.2 Staff

Executive Officers must:

- Ensure appropriate safeguards are observed such that no individual can be involved in deciding their own remuneration.
- Provide appropriate pay and benefit disclosure in the Trust Annual Report regarding executive pay. Within this, the following should be included:
  - Details of the arrangements for setting the pay and remuneration of the Trust's key management personnel and any benchmarks, parameters or criteria used in setting their pay. 'Key management personnel' is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any director (whether executive or otherwise). This definition includes Trustees and those staff who are the senior management personnel to whom the Trustees have delegated significant authority or responsibility in the day-to-day running of the Trust.
  - SORP 2015 [section 9.30] requires disclosure, in £10,000 bandings of benefits to employees who received more than £60,000 in the period. Employee benefits are defined in SORP 2015 [**Appendix 1**] as all forms of consideration paid by an academy trust for the service rendered by employees and include all remuneration, salary, benefits, employer's pension contributions and any termination payments made.
- Provide appropriate pay and benefit disclosure in the Trust website regarding executive pay. Within this, the following should be included:
  - The Trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August. Benefits for this purpose include salary, other taxable payments and termination payments, but not the Trust's own pension costs.

The Trust HR and Finance departments must ensure remuneration is paid in accordance with the rate approved by Trustees.

The Finance department and CFO must comment on any variance between remuneration approved by Trustees and the budget/long-term forecasts.

## 5. Process for setting Executive Pay

The following process must be followed when considering and setting the pay for Executive Officers working for the Trust.

- The Trust Remuneration Committee has delegated responsibility for setting Executive pay.
- Any decision-making regarding the setting of Executive Pay should be clearly documented with rationale.
- Determining the remuneration package for the CEO and Executive Officers with a full time equivalent pay range in excess of £90K must be exclusively a Trustee-led process following

recommendations by the Remuneration Committee.

- Determining the remuneration package of Executive Officers where full time equivalent salaries are less than £90k should be undertaken by the CEO. The CEO should present evidence-based recommendations to the Remuneration Committee for approval.
- Evidence to support the determination of executive pay, including appropriate independent benchmarking data, must be documented in, or appended to, the assessment form provided in **Appendix 1**.
- The Remuneration Committee should make recommendations for any changes to executive pay to the December meeting of the Board of Trustees.
- The Board of Trustees must approve changes to executive pay before they take effect.
- Note that when maintained schools join the Trust, it may be necessary for salaries to remain the same following transfer. However, the Board of Trustees should consider on a case-by-case basis whether it is appropriate to inherit salaries at existing levels. The Board of Trustees must ensure salaries are in line with the Trust's existing Pay Policy.

## **6. Process for reviewing Executive Pay**

- The Trust Remuneration Committee has delegated responsibility for undertaking annual assessment of Executive pay including 'cost of living' pay awards.
- Any decision-making regarding the reviewing of Executive Pay should be clearly documented with rationale.
- Reviewing the remuneration package for the CEO and Executive Officers with a full time equivalent salary in excess of £90k must be exclusively a Trustee-led process following recommendations by the Remuneration Committee.
- Reviewing the remuneration of Executive Officer roles where full time equivalent salaries are less than £90k may be undertaken by the CEO. The CEO should present evidence-based recommendations to Trustees for approval on the basis of performance management.
- Evidence to support changes to executive pay, including appropriate independent benchmarking data, must be documented in, or appended to, the assessment form provided in **Appendix 1**.

## **7. Process for Pay Progression of Executive team members**

- The Remuneration Committee will confirm pay progression (which is usually biennial for the CEO) based on appropriate professional standards, leadership/management objectives and an external review of performance development.
- The CEO will make recommendations to the Remuneration Committee regarding pay progression for Executive Officers, (which is usually biennial, except for the CFO who is employed on a support staff contract, where pay progression is on an annual basis) based on professional standards, and leadership/management objectives.
- The achievement of leadership/management objectives may not automatically lead to pay progression and in making a recommendation, account will be taken of core professional standards and the degree of challenge of any leadership/management objectives set.
- Any decision-making regarding pay progression for Executive Officers should be clearly documented with rationale.

## 8. Pay Appeals

- Executive Officers may make an appeal in writing within five working days of the date of the written confirmation of the pay progression decision, stating the grounds of their appeal in full.
- Appeals will be heard in line with the Scheme of Delegation and following the Trust's Appeals Policy.

## 9. Monitoring arrangements

- The Remuneration Committee is responsible for monitoring that the process for setting executive pay described within this policy document has been fully adhered to and properly documented.
- The Trust HR Manager is responsible for ensuring any changes in pay or remuneration entered into the trust HR/payroll systems is supported with fully authorised documentation. This should include completion of the assessment form provided in **Appendix 1**.
- Variances in pay from prior month or against budget are investigated and require supporting documentation prior to authorisation.
- Payroll controls are checked by the Trust auditors on an annual basis.
- This policy will be reviewed annually by the Trust HR Manager and approved by the Board of Trustees.

## 10. Links with other policies

This Executive Pay policy is linked to:

- Scheme of Delegation
- Pay Policy
- Appeal Policy



## Appendix I: Assessment form for documenting Executive Pay decisions

*Please note that the individual preparing this report must not be the person whose role is being considered. The process follows the basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.*

<b>Role:</b>	
<b>Employee name:</b>	
<b>Date:</b>	
<b>Factors to be considered in setting pay</b>	
Date of last pay review:	
Current salary: (£)	
Other benefits: (e.g., bonus, honorarium, pension)	
<p><b>Nature of the role</b></p> <p>Has the nature of the role changed since the previous pay review? (Size, scope, risk, challenge, etc.)</p>	
<p><b>Performance</b></p> <p>Please comment on the performance of the individual relative to agreed targets. This should reflect comments in the person's most recent performance review.</p>	
<p><b>Benchmarking</b></p> <p>Please provide evidence of any changes in pay for equivalent roles in the marketplace (increases or decreases). Due consideration must be given to ensuring comparisons are timely and appropriate. Mark 'no change' if the marketplace has remained unchanged.</p>	
<p><b>Teaching and support staff uplifts</b></p> <p>Please describe the most recent average pay uplifts awarded by the Trust to teaching staff and support staff.</p>	

<p><b>Affordability</b></p> <p>Does the current level of pay for the role remain affordable? Is a pay uplift affordable?</p>	
<p><b>Factors to be considered in setting pay</b></p>	
<p><b>Reputation</b></p> <p>If disclosed to a third party, would the absolute value of pay award or proposed uplift in pay risk damaging the reputation of the Trust?</p>	
<p><b>Proposal</b></p>	
<p><b>Proposed salary (£)</b></p> <p><i>Please note if any proposed change in pay should start from a date other than 1<sup>st</sup> September.</i></p>	
<p><b>Uplift from current salary (%)</b></p>	
<p><b>If applicable, please describe any changes to other benefits</b></p>	
<p><b>Approval</b></p>	
<p><b>Date of Board of Trustees' approval</b></p>	



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## CST CODE: PRINCIPLES FOR DETERMINING EXECUTIVE PAY

*The Confederation of School Trusts (CST) is the national organisation and sector body for academy and multi-academy trusts, advocating for, connecting and supporting executive and governance leaders. More information about membership of CST can be found [here](#).*

*As the sector body, we are recommending that trust boards formally adopt the Code. It reflects the approach that is used by the Committee of University Chairs.*

### THE CODE

The following principles underpin decisions on executive pay:

1. Decisions on executive pay are fair, proportionate and justifiable;
  2. There is a fair, evidence-based process for making those decisions; and
  3. The process is underpinned by probity, the ethos of public service, public sector values and the principles of public life.
- 1. Decisions on executive pay are fair, proportionate and justifiable**
- Pay should take account of the context in which the trust operates.
  - Pay should be linked to the value, based on a number of components, delivered by the executive leader or leaders.
  - Pay decisions should ensure that there are no biases pertaining to gender or other protected characteristics within the pay structure.
  - Pay is related to performance and non-achievement of an executive leader's objectives should have consequences.
  - Severance payments (where these are made) must be reasonable and justifiable.



## Confederation of School Trusts

### 2. A fair, evidence-based process for making those decisions

- Executive pay should be part of the approach to rewarding all staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff.
- Remuneration Committees must be independent and competent and are accountable to the trust board.
- There should be an external benchmarking process which supports decision-making.
- Consideration is given to the pay-multiple of the CEO and the median earnings of the trust's whole workforce.

### 3. The process is underpinned by public sector values and the principles of public life

Selflessness	Pay decisions reflect the ethos of public service.
Integrity	Pay decisions are made independently (no individual can be involved in deciding his or her own remuneration), and with integrity and probity.
Objectivity	Pay decisions are taken impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	The trust board is comfortable submitting themselves to external scrutiny and challenge in relation to pay decisions.
Openness	Pay decisions are taken in a transparent manner.
Honesty	Decisions and reporting on pay are honest and truthful.
Leadership	The trust board demonstrates the highest standards of public life in executing the responsibility to set executive pay.