

# Executive Pay Policy

Frequency of Review	Every 1 year
Author	CEO/COO
Approved by	Board of Directors
Reviewed	December 2023
Date of Next Review	December 2024 (unless there is a material change)

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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 Academy Trust Handbook, which states:

The Board of Trustees must ensure its decisions about levels of executive pay (including salary and any 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:

- Process – that the procedure for determining executive pay and benefits, and keeping them proportionate, is agreed by the board in advance and documented
- Independence – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and that conflicts of interest are avoided

Trustees have also formally adopted 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 here- [CST-Code-Principles-for-Setting-Executive-Pay.pdf](#)

### 3. Definitions

The Trust has defined the following roles as 'Executive Officer' roles for the purposes of setting and reporting pay

1. Chief Executive Officer (CEO)
2. Chief Operating Officer (COO)

Headteacher remuneration is based on a pay scale defined under the Trust pay policy.

### 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 that 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.
- 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 benefits, and termination payments, but not the trust's own pension costs.

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

The Finance department and COO must comment on any variance between remuneration approved by Trustees, the budget and 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.

1. The Trust Pay Committee has delegated responsibility for undertaking an annual assessment of Executive pay.
2. Executive officer remuneration will be based on the scale and complexity of role and performance against agreed objectives (both short and medium term) and will be benchmarked against remuneration for equivalent roles in the sector
3. Reviewing the remuneration package for the CEO must be exclusively a Trustee-led process overseen by a member of the Pay Committee.
4. Reviewing the remuneration of Executive Officer roles (excluding Headteachers) other than the CEO may be undertaken by the CEO and one other trustee. The CEO should present evidence-based recommendations to Trustees for approval.
5. Trustees may choose to out-source the annual executive pay review process to an independent third-party. In these circumstances the standard procurement policies and procedures of the Trust must be followed.
6. 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. The review should take place in the Autumn term of the academic year when national teacher and support staff pay awards have been announced and performance reviews have been completed.
8. The Remuneration Committee should make recommendations for any changes to executive pay directly to the Board of Trustees.
9. The Board of Trustees must approve changes to executive pay before they take effect. The

CEO will not participate or vote regarding consideration of their own pay

## **6. 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 COO is responsible for ensuring any changes in pay or remuneration entered into the trust HR/payroll database is supported with fully authorized supporting documentation. This should include completion of the assessment form provided in Appendix 1.

The COO is responsible for monitoring pay on a monthly basis in accordance with Trust payroll procedures. Variances in pay from prior month or against budget are investigated and require supporting documentation from the HR department prior to authorization.

Payroll controls are checked by the Trust auditors on an annual basis.

This policy will be reviewed annually by the CEO and approved by the Board of Trustees.

## **7. Links with other policies**

This Executive Pay policy is linked to:

- Scheme of Delegation
- Pay policy

## Appendix 1: 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.

<b>Role</b>	
<b>Employee</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)	
<b>Nature of the role</b> Has the nature of the role changed since the previous pay review (size, scope, risk, challenge)?	
<b>Performance</b> Please comment on the performance of the individual relative to agreed targets. This should reflect comments in the persons most recent performance review.	
<b>Benchmarking*</b> 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.	
<b>Teaching and support staff uplifts</b> Please describe the most recent average pay uplifts awarded by the Trust to teaching staff and support staff.	
<b>Affordability</b> Does the current level of pay for the role remain affordable? Is a pay uplift affordable?	

<b>Role</b>	
<b>Employee</b>	
<b>Date</b>	
<b>Factors to be considered in setting pay</b>	
<b>Reputation</b> 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?	
<b>Proposal</b>	
<b>Proposed salary (£)</b> <i>Please note if any proposed change in pay should start from a date other than 1<sup>st</sup> September.</i>	
<b>Uplift from current salary (%)</b>	
<b>If applicable, please describe any changes to other benefits</b>	
<b>Approval</b>	
<b>Date of Board of Trustee approval**</b>	

Notes:

\* The marketplace review does not need to be completed every year. It must be undertaken: Annually if there has been a material and noticeable shift in remuneration awards in the marketplace.

In the absence of a material shift then once every 3 years.

\*\*The individual whose role is being considered must be excused from any part of any meeting where formal discussions on their salary are undertaken.