

## Senior Executive Remuneration - Statement of Practice 2019/20

### Principles

When considering and setting salary levels across the Trust, a clear set of principles has been identified to ensure transparency. These are that senior employee remuneration should:

- Ensure that the Trust can attract and retain the leaders that our children deserve
- Reflect and incentivise educational performance
- Ensure the effective financial performance of the Trust
- Ensure equity within the Trust (*see below "Pay Relativities"*)
- Take account of the level of challenge and responsibility in a given role
- Take account of the wider public sector market and be defensible in this context
- Take account of any other pay or benefit awarded by the Trust to the employee

Trustees recognise that their decisions must also accord with the Seven Principles of Public Life and the Equality Act 2010. Decisions in respect of senior employee remuneration will reflect the value partners of Astrea, which form an important strand of performance management and objective setting.

### Pay Relativities

In order to ensure fairness and equity throughout the organisation, job roles should be banded relative to that of the salary of a newly qualified teacher. The highest paid role will not exceed seven times that of a newly qualified teacher.

### Governance

The Board of Trustees take great care to ensure the public obtain value for money from the personnel appointed within the Trust and are attentive to excessive levels of pay.

The Remuneration Committee meets regularly to consider the pay of senior employees and to ensure that pay follows an evidence based process and reflects individuals' roles and responsibilities. From time to time, the Committee will seek external advice and benchmarking in order to satisfy the Board that senior employee remuneration is equitable and competitive within the sector. For example, an exercise was undertaken by Judicium HR & Education Consultancy during the year 2017-2018 to make independent recommendations to Remuneration Committee.

The Chair of Trustees and the Remuneration Committee shall have regard to the advice of the responsible minister and of the ESFA, as published from time to time. In particular, [here](#).

At all times, Trustees will ensure compliance with the provisions of the Academies Financial Handbook (see extract overleaf). Following annual publication of this Handbook, Trustees will agree and document the process for determining senior employee remuneration ahead of the next performance cycle. All senior employees – being Executive Directors of the Trust – shall be on payroll and not otherwise contracted.

Trustees will agree and publish this statement annually.

## Academies Financial Handbook 2019

### Setting executive pay

2.30 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.

2.31 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
- robust decision-making – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been taken into account
- proportionality – pay and benefits represent good value for money and are defensible relative to the public sector market
- commercial interests – ensuring the board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction
- documentation – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained
- 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 inappropriate pay and benefits can be challenged by ESFA, particularly in instances of poor financial management of the trust.

2.32 The trust is reminded of requirements under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 for organisations with 250 or more employees to publish information on their website and on the government's reporting website about the gender pay gap in their organisation.

### Tax arrangements for senior employees

2.33 The academy trust must ensure its senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance about the employment arrangements of individuals on the avoidance of tax. This is described in HM Treasury's Review of the Tax Arrangements of Public Sector Appointees which explains that senior managers with significant financial responsibilities should be exclusively on payroll, and therefore subject to Pay As You Earn with income tax and NI contributions deducted at source. Failure to comply with these requirements can result in a fine by HM Treasury.