

Executive Pay Policy

Academic Year 2022



Version and Date		Action/Notes	Date Written	Date to be Reviewed
2.0	13.07.2021	Approved by Board of Trustees	Updated July 2021	1 Year – July 2022
3.0	12.07.2022	Approved by Board of Trustees	Updated July 2022	1 Year – July 2023

Introduction

It is the policy of the Connect Education Trust to conduct all Trust business in an honest and ethical manner. This policy sets out the framework for making decisions on pay. It has been developed to comply with current legislation. This policy is reviewed annually to ensure it is aligned to the Academies Financial Handbook and DfE guidance on pay.

Pay decisions for all employees of the Connect Education Trust are ultimately made by the Trustees but are delegated to the Chief Executive Officer (CEO) and the Headteachers of the individual schools. The Trust Board will determine the CEO's pay. The pay of the Headteachers and other members of the Executive Team will be determined by the Trust Board in consultation with the CEO. All pay decisions regarding the CEO and other members of the Executive Team will be agreed by the Trust Board in advance and be in accordance with the requirements settling executive's pay set out in the Academy Trust Handbook as amended from time to time.

The Trust Board must ensure that the pay decisions are:

- in keeping with the Nolan principles
- appropriate in the public sector
- affordable and sustainable in the long term and
- appropriate for the level of responsibility each individual has.

Guiding documents

Key guidance documents will be considered when setting Executive pay within the Trust:

1. Academy Trust Handbook 2022:

https://assets.publishing.service.gov.uk/media/60c8d0318fa8f57ce8c4621e/Academy_trust_handbook_2021.pdf

The following two sections of the Academy Trust Handbook are particularly relevant:

Section 2.30 – *“The Board of Trustees must ensure its decisions about levels of executive pay follow a robust evidence-based process and are reflective of the individual's role and responsibilities. No individual can be involved in deciding his or her remuneration”.*

Section 2.31 - of the guidance makes clear that the Board must discharge its responsibilities effectively, ensuring its approach to pay is transparent, proportionate and justifiable, including:

- **process** - *that the procedure for determining executive pay is agreed by the Board in advance and documented*
- **independence** - *decisions about executive pay reflect independent and objective scrutiny by the Board and conflicts of interest are avoided*
- **decision-making** - *factors in determining pay are clear, including whether performance considerations and the degree of challenge in the role, have been taken in to account*
- **proportionality** - *pay is defensible relative to the public sector market*
- **documentation** - *the rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained*

- *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 the ESFA, particularly in any instance of poor financial management of the trust.”*

Section 2.32 - The trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, for the previous year ended 31 August. Benefits for this purpose include salary, employers’ pension contributions, other taxable benefits and termination payments. Trusts may wish to display this information in a tabular form showing in each column salary, pension etc. Where the academy trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person’s work for the trust must also be included in the website disclosure where payment exceeds £100k as if they were an employee.

2. DfE Guidance for Trust Boards:

<https://www.gov.uk/government/publications/setting-executive-salaries-guidance-for-academy-trusts>

The Department for Education issued guidance in July 2019 regarding the setting of executive pay in Academy Trusts, including the following key content:

- i. *‘Academy trusts are both charities and companies limited by guarantee and must operate to further the trust’s educational charitable purpose. They are accountable to the Education and Skills Funding Agency (ESFA), the Secretary of State for Education as principal regulator and the communities they serve for the education they provide to pupils’.*
- ii. *‘It is essential that we have the best people to lead our schools, but at the same time, it is important that salaries: can be justified and are in the best interests of the charity, reflect the individual’s responsibilities and demonstrate value for money’.*
- iii. *Academy trusts are free to set their own salaries for staff. This places an even greater responsibility on the board to ensure that the use of public money represents the best value for money, and that decisions are underpinned by the 7 principles of public life, as set out by Lord Nolan, i.e. selflessness integrity, objectivity, accountability, openness, honesty and leadership’.*
- iv. *‘If the ESFA believes that a robust process for deciding on executive remuneration has not been followed, or that the salary is inappropriate in the context of the trust, the ESFA will challenge the trust directly to resolve this issue. High salaries have been factored into the ESFA’s approach to risk management and are now considered alongside other risks when making decisions about academy trusts’.*
- v. *‘It is good practice to ensure that all decisions are made based on a consideration of relevant evidence. This enables the Board to be accountable for each decision and makes it easier to provide justification of how decisions are made’.*

- vi. *‘The evidence base that should be considered when making decisions about pay will vary depending on the context of the specific academy trust. The Board should use its discretion when determining the most appropriate data to support its decision-making.*

Purpose

The purpose of this policy is to:

- support the delivery of the Connect Education Trust’s strategic action plan and School Development Plans;
- reward the improvement in the quality of education;
- ensure staff are meeting their expected standards and achieving their objectives
- support the recruitment and retention of a high-quality workforce;
- enable Connect Education Trust to recognise and reward staff appropriately for their contribution to the organisation;
- ensure staff are well motivated and provide flexibility;
- ensure that decisions on pay are managed in a fair, just and transparent way.

Who is covered by this policy?

This policy covers the CEO and Executive Leaders.

For all other members of staff please refer to:

- i. Model Pay Policy – Teaching Staff for Maintained Schools, PRUs, Academies and Others
- ii. Principles of HAY Grades, Performance Management and Performance Related Pay (PRP)

Responsibilities

The Trust Board has overall responsibility for the effective operation of this policy and have delegated day-to-day responsibility for operating the policy and ensuring its maintenance and review to the Chief Executive Officer.

Equalities Legislation

Connect Education Trust will comply with relevant equalities legislation:

- Employment Relations Act 1999;
- Equality Act 2010;
- Employment Rights Act 1996;
- The Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000;
- The Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002;
- The Agency Workers Regulations 2010.

Connect Education Trust will promote equality in all aspects of work life, particularly as regards all decisions on advertising of posts, appointing, promoting and paying staff, training and staff development.

Connect Education Trust will ensure that its processes are open, transparent and fair. No decision regarding an individual’s pay will be taken by a family member or personal associate of that individual. All decisions will be objectively justified. Adjustments will be made to take account of special

circumstances, e.g. an absence on maternity or long-term sick leave. The exact adjustments will be made on a case-by-case basis, depending on the employee's circumstances.

Pay Reviews

CEO and Executive Leaders Pay Reviews

The Trust Board will ensure that the CEO's salary is reviewed with effect from 1st September and no later than 30th November each year. The Trustees may invite an independent third party to support their review if considered appropriate. The CEO will not be involved in deciding the outcome of their review.

The Trust Board and CEO will ensure that the salaries of the other Executive Leaders are reviewed with effect from 1st September and no later than 30th November each year. Executive Leaders will not be involved in deciding the outcome of their reviews.

The Trust Board will consider the following factors in determining the pay of the CEO, and Executive Leaders:

- quality of performance during the previous year including achievement of pre-set educational and financial objectives, response to challenges that have arisen during the year, and contribution to the wider success of the organisation;
- whether pay and benefits awarded represent good value for money and are in line with that paid for similar public sector roles;
- requirement that executive pay and benefits do not increase at a faster rate than that of teachers, both in individual years and over the longer term;
- understanding that inappropriate pay and benefits can be challenged by the ESFA.

The Trust Board will ensure that the rationale behind their decision-making process during the salary reviews for the CEO and Executive Leaders is recorded in full and retained on each individual employee's HR file.

Reviews may take place at other times of the year, after consultation with the relevant employee, to reflect changes in circumstances or job descriptions that lead to a change in the basis for calculating an employee's pay.

All staff will receive a written statement after any review setting out their salary and any other financial benefits to which they are entitled and, where applicable, will give information about the basis on which the pay decision was made.

No pay review will be undertaken after notice has been given by either Connect Education Trust or the employee to terminate the employee's contract of employment with the Trust.

NGA's Guidance to Boards RE Setting Executive Pay

<https://www.nga.org.uk/getmedia/96d3df9c-1e4f-4e62-976d-f68b128843a2/NGA-setting-exec-pay-considerations-for-trust-boards-Sept-2020.pdf>

The NGA produced a guidance document to assist Trust Boards in setting executive pay (updated September 2020). The guidance includes key areas which should be considered by the Board e.g.:

- Executives' roles and responsibilities
- Remuneration and affordability
- Ethics
- The Trust's size, nature and context

- Reference to the STPCD Pay & Conditions Document (the national framework)
- Gender pay parity
- Recruitment and retention
- Bench-marking (including possible reference to other sectors)
- Pensions

Ethical Leadership Framework

In January 2019 the Ethical Leadership Framework resulted from a Commission established to consider ethical leadership in education. The Framework includes a number of questions which it proposes that Boards should consider when setting or reviewing executive pay.

Ethical Leadership in Education

The Connect Education Trust is committed to the Ethical Leadership Framework which resulted from the Commission which was established to consider ethical leadership in Education. Trustees ensure the following are considered when determining executive pay:

- | | |
|-----------------------|--|
| Selflessness | Is your pay policy - and this particular decision - solely to the benefit of children and young people? |
| Integrity | Are the right people involved in making the decision?
Is the pay decision unduly influenced by the post-holder? |
| Objectivity | Do you have evidence that:
a) This level of pay would be required to recruit a senior leader?
b) You will be unable to replace this leader at the current salary?
Is this truly a corporate board decision, or one influenced by the leader/chair relationship? |
| Accountability | Are you sure that public money is being best used? Would the process for setting senior pay stand external scrutiny? |
| Openness | Do you publish your pay policy? Is the pay decision one you would be happy justifying to parents, staff and if necessary a journalist? |
| Honesty | Are you (the Chair) honest with the rest of the governing board, senior leaders and staff about how leadership pay is set? |
| Leadership | Does the high level of pay fit with the values and ethos of the school/trust? |
| Trust | Can the young people in your school/s trust you to act in their best interest? |
| Wisdom | How do you apply experience, knowledge and insight appropriately to your decision? Kindness Is this a request or an ultimatum? All other things being decided, what is the kindest way to deal with either? |

- Justice** Is the policy fair to all staff? Does it include a pay ratio? Service Does your policy and this decision reflect that this is public service and not the private corporate sector?
- Courage** Are you brave enough to go ahead with an evidence based and values-led decision?
- Optimism** Is the decision based on a positive view of those who work in the public sector?

This policy will be reviewed on an annual basis by the Board of Trustees.