



Education & Skills
Funding Agency

Education and Skills Funding Agency
Sanctuary Buildings
Great Smith Street
London

SW1P 3BT
www.gov.uk/esfa

23 February 2018

Letter to multi academy trusts at risk of experiencing financial difficulties about levels of executive pay

Dear chair of trustees

Your 2016/17 submitted accounts showed you are paying a salary above £150,000. I am writing to you in your capacity as Chair of Trustees to request further information on your rationale for setting this level of salary.

You will be aware that there has been considerable scrutiny over tax payer-funded executive salaries in recent months, and that we recently wrote to a number of single academies about levels of high pay. We are now building on that activity.

Whilst I recognise the excellent work carried out by many trusts to deliver high quality education to children, trusts have a responsibility to ensure value for money and that salary and other remuneration payments are transparent, proportionate, reasonable and justifiable. The Education and Skills Funding Agency (ESFA) has a responsibility to ensure that best practice is exemplified in the system to ensure this accountability.

This is why a requirement has been included in the Academies Financial Handbook 2017. Paragraph 2.3.5 states that “the board of trustees must ensure that their decisions about levels of executive pay follow a robust evidence-based process and are reflective of the individual’s role and responsibilities” (AFH, September 2017 p2.3.5). The priority is to ensure that due consideration is given when setting and reviewing salaries and that robust processes are followed.

The ESFA also assesses risk and takes steps to prevent financial issues arising in trusts and schools. Having undertaken an assessment of risk, our view is that your trust is potentially vulnerable from a financial perspective or is at risk of experiencing financial difficulties in the future, and therefore it is critical that you are reviewing all aspects of your expenditure, including salaries.

In line with these requirements, I would be grateful for further information on the rationale for the level of pay; and the due process followed. You may wish to include the following within your response along with any other relevant information:

- Role and responsibilities of each individual paid more than £150k
- Other benefits paid in addition to the base salary
- Length of the notice provision

- Level of challenge of the role: educational, financial, and geographical challenges locally
- Information on your pay policy (including principles and processes) for example:
 - How pay decisions are made and documented
 - How value for money is achieved
 - Whether performance considerations are taken into account
 - How discrimination is avoided
 - How appeals are handled
 - How often pay reviews are considered
 - How you ensure the workforce understands the trust's approach to pay
 - Whether the policy is made available to all members of staff and trustees
 - If pay to any member of staff earning in excess of £150k per annum had increased at a faster rate than teachers' pay

We would expect the remuneration committee to minute its rationale for awarding any salaries exceeding £150k per annum. It should also show that it has scrutinised and approved all other emoluments such as eligibility to participate in the Teachers' Pension Scheme, travel, accommodation, bonuses, notice periods and holiday entitlement.

As I am sure you will appreciate, the person in receipt of a high salary is generally also the Accounting Officer. This therefore increases the need for independent scrutiny by the non-executive board members to ensure that a salary of this level is appropriate. As a rule, we would expect pay rises for non-teaching staff to mirror, not exceed, those awarded to teaching staff.

Please send your response to academy.questions@education.gov.uk by 09 March 2018.

Many thanks for your cooperation.

Yours sincerely



Eileen Milner

Chief Executive, Education and Skills Funding Agency

Name of academy trust	
Number of academies in MAT	
Total number of pupils on roll	
Age range of provision	

Trust rationale for awarding salary of £150k or above:

Role of individual(s) with salary £150k or above	
Responsibilities	
Information on your pay policy	
If relevant, decision to allow participation in the Teachers' Pension Scheme	
Detail the level of educational challenge	

Detail the level of financial challenge	
Detail the level of geographical challenge	
Process followed when setting salary	

Response completed by:

Position:

Date: