



Education & Skills  
Funding Agency

Education and Skills Funding  
Agency  
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[ESFA-enquiry-form](#)

5 July 2018

**Letter to academy trusts paying either salaries of £150k or above or 2 or more salaries between £100k and £150k**

**Dear chair of trustees**

Your 2016/17 submitted accounts return showed that you are one of a very small number of trusts who are paying salaries within one of the following categories:

- at least one individual salary of £150k or above
- two or more salaries between £100k and £150k

I am writing to you in your capacity as Chair of Trustees to request further information on your process, and just as importantly, the rationale for setting these levels of salaries within your trust.

You should have a clear process and rationale for the salaries set, including for all of your non-teaching staff posts.

You will be aware that there has been, and continues to be, considerable scrutiny over tax payer-funded executive salaries in recent months, and our review of the 2016/17 accounts return information is an important aspect of this.

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 the requirement has been strengthened in the Academies Financial Handbook 2018 (AFH). Paragraph 2.4.3 states that “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” (AFH, June 2018 p2.4.3). The priority is to ensure that due consideration is given when setting and reviewing salaries, and that robust processes are

followed. Paragraph 2.4.3 states “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 that 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 into 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 ESFA, particularly in any instance of poor financial management of the trust.

I would be grateful for further information on the rationale for the level of pay; and the due process followed for all salaries within the two categories. We would expect to see the following within your response along with any other relevant information:

For all salaries (£100k and above) please complete table A providing:

- Overview of the roles and responsibilities of each individual paid a salary of £100k and above
- The rationale for setting the salary at this level
- Details of the trust’s pay policy and process
- Level of challenge within the trust as a whole which justifies the salary levels i.e. educational, financial, and geographical challenges locally
- For the individual roles, the percentage of time spent teaching, if any, where the pay is between £100k - £150k

For non-teaching staff only (those who spend less than 25% of their time on teaching) with a salary between £100k - £150k please also complete table B to provide further detail of:

- Remuneration and/or benefits packages in addition to the base salary
- Length of the contract notice provision
- Length of probationary period
- Information on your pay policy and associated decision making (including principles and processes which demonstrate how you ensure value for money, transparency, and fairness)

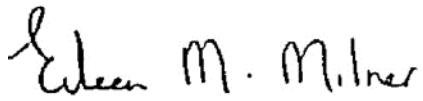
We would expect the remuneration committee to minute its rationale for awarding any salaries at these levels, distinguishing between teaching and non-teaching staff. It should also show that it has scrutinised and approved all other emoluments such as eligibility to participate in the Teachers’ Pension Scheme, travel, accommodation, bonuses, notice periods and holiday entitlement.

As I am sure you will appreciate, the people in receipt of higher salaries are generally the Accounting Officer and senior leadership team. This therefore increases the need for robust governance and 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](mailto:academy.questions@education.gov.uk) by 20 July 2018.

Many thanks for your support and cooperation in this important work.

A handwritten signature in black ink that reads "Eileen M. Milner". The signature is written in a cursive style with a large initial 'E'.

**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	

Table A: Rationale for awarding salaries above £100k:

Role of individual(s) with a salary of £100k or above (where there are multiple entries please state salary)		
Rationale for setting the salary at this level		
Information on your pay policy		
Detail the level of educational challenge for the academy/trust		
Detail the level of financial challenge for the academy/trust		
Detail the level of geographical challenge for the academy/trust		
What is the percentage of teaching time for each individual paid £100k - £150k? (please list role)	25 – 50%	
	50 – 75%	
	More than 75%	

Table B: Detail of non-teaching staff (those who spend less than 25% of their time teaching) and who are paid a salary of £100k - £150k:

Role of individual with a salary of £100k - £150k		
Responsibilities		
What is the percentage of teaching time for the individual paid £100k - £150k?	No teaching time	
	Less than 25%	
Process followed when setting salary		
Contract notice period	If in excess of 3 months, please include a rationale for this period	
Length of probationary period	If less than 12 months, please include a rationale for this	
Holiday entitlement	If exceeding 6 weeks per annum, please include an explanation as to why the salary is not being pro-rated to reflect the part-time nature of the role	
Working hours	If less than 37.5 hours per week, please include an explanation as to why the salary is not being pro-rated to reflect the part-time nature of the role. If working hours exemption clause not enacted, an explanation should be provided.	
If relevant, decision to allow participation in the Teachers' Pension Scheme		

Response completed by:

Position:

Date: