



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT

[www.gov.uk/esfa](http://www.gov.uk/esfa)

04 December 2017

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

### Dear chair of trustees

Your 2015/16 submitted accounts showed you are paying an executive 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. Whilst I recognise the excellent work that is carried out in many trusts to deliver high quality education to children, trusts have a responsibility to ensure value for money and that salary 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.

To that end ESFA takes proactive steps to assess risk and prevent financial issues arising in trusts and schools. Using this risk-based approach, 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.

This is why a new requirement has been included in the recently published 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). This is to ensure that due consideration is given to salary setting and a robust process is followed.

In line with this new requirement, I would be grateful for further information on the rationale for the level of pay you set and the due process followed. In compiling your response, you may wish to include:

- Role and responsibilities of the individual
- Level of challenge: educational, financial, and geographical (opportunity areas/hot spots).

You may also wish to refer to the Department's [financial benchmarking](#) which enables trusts to compare staffing spend in similar trusts and the competency framework for governance in developing your response.

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 for a single school.

Please send your response to [academy.questions@education.gov.uk](mailto:academy.questions@education.gov.uk) by 15 December 2017.

Many thanks for your cooperation.

Yours sincerely

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

<b>Name of academy trust</b>	
<b>Number of pupils on roll</b>	
<b>Age range of provision</b>	

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

<b>Role of individual(s) with salary £150k or above?</b>	
<b>Responsibilities</b>	
<b>Detail the level of educational challenge.</b>	
<b>Detail the level of financial challenge.</b>	
<b>Detail the level of geographical challenge.</b>	
<b>Process followed when setting salary</b>	

Response completed by:

Position:

Date: