

Setting executive pay

Guidance for school trust boards

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Confederation
of School Trusts

The voice of school trusts

Setting executive pay

Setting pay for senior staff is an important task for school trust boards. Trust leaders should be fairly and appropriately rewarded for their skills and experience, while trusts must ensure that the public funds they are entrusted with are well spent. Senior pay is often a highly visible aspect of trust operations and has the potential to affect the trust's reputation.

This guidance is intended to support trust boards with a robust evidence-based process to set executive pay and should be read in conjunction with the [Academy trust handbook](#) and the [Academy Trust Governance Code](#). It sets out the regulatory requirements, together with practical advice on how trusts can ensure compliance.

The [Confederation of School Trusts](#) is the national organisation and sector body for school trusts, advocating for, connecting and supporting executive and governance leaders.

[Browne Jacobson](#) is one of CST's Platinum Partners. Browne Jacobson is an award-winning law firm offering a unique range of education, legal and HR support to schools and academies.



Regulatory requirements

The *Academy trust handbook* sets out specific requirements around executive pay. As of October 2026 these are:

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2.31. 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. Decisions about executive pay may be challenged by DfE.

2.32. The board **must** discharge its responsibilities effectively, ensuring its approach to, and levels of, pay and benefits is transparent, proportionate and defensible. This **must** be documented in an agreed pay policy, which sets out the process for determining executive pay and includes:

- independent scrutiny by the board
- robust decision-making that demonstrates justifiable pay
- proportionality – that pay and benefits represent good value for money and are defensible relative to the public sector market
- documented decision-making with rationale and approval by the board
- 2.33. Executive remuneration **must** not increase at a faster rate than that of the academy trust's teachers, unless there is a clear justification for it to do so. Where the academy trust considers there is a justification, it **must** seek approval in advance from DfE.

Senior pay controls

2.34. From 1 October 2026, for new appointments within academy trusts where remuneration exceeds £174,000, or the pro rata equivalent for part-time staff, or performance-related pay above £25,000, approval from DfE **must** be obtained before the post is advertised.

Publication of pay

2.35. The trust **must** publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100,000, in £10,000 bandings, for the previous year ended 31 August. Benefits for this purpose include salary, employers' pension contributions, other taxable benefits and termination payments. 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 £100,000 as if they were an employee.

Tax arrangements for senior employees

2.36. 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 HM Treasury fine.

The 2026 Handbook strengthens the existing requirements by confirming the need for transparent, proportionate, defensible, and documented decision-making. It also introduces prior approval requirements for certain high-value new appointments and performance-related pay, and requirements that executive remuneration must not increase faster than teachers' pay without clear justification and prior DfE approval.

Trusts should build the DfE prior approval requirement into recruitment planning for senior executive roles. From 1 October 2026, where a new appointment is expected to exceed the senior pay control threshold, approval must be obtained before the post is advertised. It is not yet clear whether "new appointments" also includes interim or 'acting up' arrangements. Boards should agree the proposed remuneration range, benefits package, rationale, benchmarking evidence, affordability assessment, and approval route before recruitment materials are finalised. They should also allow time for the DfE to consider and respond to requests for approval.

Pay decisions may follow the recommendation of a remuneration committee, but boards remain collectively accountable for ensuring pay decisions are well-evidenced and defensible. Given the heightened level of scrutiny, we recommend full board approval of executive pay decisions.

DfE has not published any guidance on how to calculate the pay increases of the trust's teachers for comparison, for example: use of reference dates; how to treat progression, responsibility, or retention payments; the treatment of pensions or non-financial benefits; and any changes to the overall staff establishment. We recommend trusts record in detail their calculations and the rationale, and to seek approval from the DfE where there is any doubt on compliance.

Enforcement of these provisions in the past has included trusts showing payments over certain thresholds in accounts being written to asking for greater detail and rationale for pay awards, with details of engagement published online. Information requested has included:

- Details on roles and responsibilities.
- Other benefits paid in addition to the base salary.
- Length of notice provision.
- Annual leave entitlement.
- Pension entitlement.
- How much time is spent teaching if still afforded teaching terms and conditions
- Number of academies and pupils including age range of provision.
- Challenges the trust faces, for example, educational, financial, or geographical.

Trusts have also been asked for information on the trust's pay policy, including:

- How pay decisions are made and documented.
- How value for money is achieved.
- Whether performance-related factors (including trust growth and broader sector reach) are taken into account.
- How discrimination is avoided.
- How appeals are handled.
- How often pay reviews are considered.
- How the trust board ensures 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 senior staff had increased at a faster rate than teachers' pay.

Regulatory oversight has also included comparing pay in organisations of a similar size and type, with reference to pay as a proportion of general annual grant funding. Those considered outliers were then [contacted by the DfE](#).



Principles for setting executive pay

To ensure best practice and ensure compliance with the *Academy trust handbook*, trusts must ensure their decisions on executive pay are:

1. **Transparent** – no surprises or hidden processes
2. **Proportionate** – in line with sector and public sector benchmarks
3. **Defensible** – able to stand up to challenge from the DfE or the public

1. Transparent

- The whole board is collectively accountable for pay decisions and must ensure they are well-evidenced, defensible, and formally recorded.
- Remuneration committees should have clear terms of reference, agreed by the board.
- Remuneration committees must be independent, competent, and accountable to the board.
- Remuneration committees are encouraged to consider the skills and experience required to complete the executive pay setting process and consider the use of an appropriately skilled and experienced external advisor if these are not available within the trust.
- Pay information should be published in line with the requirements of the *Academy trust handbook* and the [Academy accounts direction](#).

2. Proportionate

- Executive pay should be part of the approach to rewarding all staff, and in particular, consideration should be given to factors such as the rate of increase to other staff, pay multiples of executive leaders, and the median earnings of the trust's whole workforce.
- Pay should take account of the context (geographic, educational, and financial) in which the trust operates.
- Pay should be linked to the value, based on a number of components, delivered by the executive leader(s).
- Decisions made are fair, equitable, and in line with employment law.

3. Defensible

- The executive pay decision making process and rationale for decisions should be detailed in writing, ideally in one document that can be stored confidentially and relied upon should decisions be challenged in the future.
- It is advisable to use recent external benchmarking data which supports evidence-based decision making.
- Pay decisions should ensure that there are no biases pertaining to gender or other protected characteristics within the pay structure.
- Pay is related to performance and non-achievement of an executive leader's objectives should have consequences.



- Executive pay and benefits must not increase at a faster rate than that of the trust's teachers unless there is a clear justification and DfE approval has been obtained in advance. Boards should consider this both in individual years and over the longer term.

The *Academy Trust Governance Code* sets out several principles that can help boards in the setting of executive pay, and help demonstrate a robust and defensible approach.

Principle 2 (Leadership) sets out that boards should ensure proper arrangements for the remuneration of the executive leadership team.

Principle 3 (Integrity) encourages boards to consider how the trust is perceived by the people and organisations involved in its work, including stakeholders, third parties, and by the wider public.

Principle 6 (Openness and accountability) emphasises the responsibility of the board for building public trust and confidence in its work.

The [Seven principles of public life](#), as applied to pay, encourage the following:

- Selflessness: Pay decisions reflect the ethos of public service.
- Integrity: Pay decisions are made independently (no individual can be involved in deciding his or her own remuneration), and with integrity and probity.
- Objectivity: Pay decisions are taken impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability: The trust board is comfortable submitting themselves to external scrutiny and challenge in relation to pay decisions.
- Openness: Pay decisions are taken in a transparent manner.
- Honesty: Decisions and reporting on pay are honest and truthful.
- Leadership: The trust board demonstrates the highest standards of public life in executing the responsibility to set executive pay.

Guidance on establishing a robust, evidence-based process

1. Establish a remuneration committee

We recommend a remuneration committee should be made up of three non-executive trustees. The *UK Corporate Governance Code* states that the chair of the remuneration committee should have previously served on the committee for at least 12 months, and should not be the chair of the board; its provisions do not directly apply to charities but we consider this good practice.

Conflicts of interest will need to be managed carefully and avoided wherever possible. If a conflict arises, the committee should take advice, make a record of the conflict, their approach to dealing with it, and the ultimate outcome.

Staff must not be involved in the setting of their own pay at any stage of the process, including receipt of documents and data reports that relate to their own pay setting.

Any attendance by executives at committee meetings should be carefully considered and be by invitation only. The accounting officer may be invited to attend to advise on broader matters relating to pay policy or pay of their direct reports, but not their own remuneration. Other executives may be invited to attend committee meetings to discuss topics such as affordability, or the external pay frameworks for teachers and support staff.

If the executive leader for HR is supporting the committee with its processes they must not take part in any discussions involving their own pay and rewards. Any external advisory reports or data should be kept confidential for trustee use only.

The terms of reference for the remuneration committee should include:

- **Establishment and membership.** How many members, length of membership, and how conflicts are managed.
- **Roles and responsibilities.** What decision-making powers have been delegated to the committee. For executive pay, there is heightened DfE scrutiny and the full board will be held accountable for well-evidenced and defensible decisions. The committee may undertake detailed scrutiny and make recommendations, but it should not obscure the board's collective responsibility for the final decision, the rationale for that decision, and any required DfE approval. Decisions on other staff may be delegated and should be recorded in the trust's scheme of delegation as well as the committee terms of reference.
- **Appeals procedures.** Details of how pay appeals will be handled.
- **Meeting procedures.** The frequency of meetings, quorum requirements, voting procedures, and the role of the chair.
- **Authority and conduct.** What the committee can procure in terms of external advice and support.



- **Reporting and review.** The dealing and storage of minutes, confidentiality, review, and evaluation of work done, and the terms of reference for the committee.

The remuneration committee is often expected to deal with the annual approval of pay awards to pay scales for teachers and support staff; trusts should monitor legislative changes in this area that will bring trusts within national pay arrangements for these roles.

It is also becoming increasingly common for remuneration committees to approve pay awards for headteachers given the significant pay possibilities for this role. Where headteacher salaries exceed £174,000, boards should ensure the rationale is clearly documented and aligned with the trust's wider executive reward strategy. New appointments above this level will require prior approval by the DfE before being advertised. Where re-appointment of an existing post is likely to exceed the threshold, boards should prepare a business case and benchmarking reports for the role so that the trust can act as quickly as possible when a vacancy arises.

Some boards have other committee arrangements including a single committee that deals with performance appraisal and executive pay setting. If that is the case, it is important that this is well documented in the terms of reference, and that the rationale for decisions on executive pay is well-documented and defensible by the full board.

Where there are separate committees for executive pay and executive performance appraisal, trustees who are members of the remuneration committee should have a link to those trustees who are involved in the performance appraisal of executives, including the receipt of the annual performance report as well as influencing the design of and determination of performance targets.

2. Be clear about which executive roles are in scope for the trust board

We recommend that the remuneration committee makes recommendations on the pay of the accounting officer and first layer of executive management. As discussed earlier, this could also extend to headteachers; note that school trusts are not currently required to follow maintained school arrangements for headteacher pay and reviews.

Where boards are not involved in setting individual headteacher pay, they should still have access to reference data on these posts to help understand the relative position of headteachers and other senior leaders in the trust.

The remuneration committee should also determine and recommend to the trust board the wider pay policy within which pay decisions for all staff are taken.

3. Have a clear pay policy

We recommend that trusts have a separate policy to deal with executive pay. Areas to cover within the policy include:

- **Scope and compliance:** Executive pay policies usually apply to accounting officer and first tier executives such as the chief operating officer and chief financial officer. This section



should also reference relevant legislation, regulatory guidance, and principles of public life, and any guiding principles that the trust follows. This should include the *Academy trust handbook* which places controls on pay for new appointments, and the rate of increase for executive pay.

- **Roles and responsibilities:** The composition of the committee responsible for pay decisions should be described. It should also describe the role of the HR function, external advisors, and the treatment and storage of confidential information.
- **Decision making process:** This section should describe the framework for making decisions. It should describe any remuneration committee and its terms of reference. It should include the relationship with any related processes, such as performance reviews. The policy should set out the internal process for identifying cases requiring DfE approval, who is responsible for preparing the evidence base, and how approval will be obtained before any relevant appointment is advertised or pay decision is implemented.
- **Pay determination factors:** This section describes how the trust will determine pay, perhaps using factors such as the nature of the post, qualifications, experience, benchmarking data, and market conditions. Pay should be considered more widely than just basic salary: pension, working hours, leave, notice periods, and other conditions should be explicitly considered for executive roles.
- **Pay progression:** This section should describe if pay is linked to performance and the mechanisms for taking performance outcomes into account for pay progression purposes.
- **Cost of living reviews:** This section will deal with the annual cost of living review process for executives.
- **Pension and other payments:** This section should describe the treatment of pension entitlement for executives, and whether there are other payments that could be awarded to an executive.
- **Appeals process:** The policy should include a structured appeals process for executives dissatisfied with pay decisions, starting from informal discussions to formal appeals.

It is likely that trustees will want to set as an explicit aim that salaries remain competitive in the labour market, through conducting a regular review including benchmarking remuneration against other employers. For senior roles paying over £174,000 the requirement to seek DfE approval before advertising reduces the available time to fill any vacancies that may arise. Having a pre-existing, up-to-date benchmarking report may allow trusts to act more quickly. A DfE approval application without credible, documented benchmarking is unlikely to succeed.

Trustees are likely to want the policy to recognise individual performance and financial rewards through merit. If pay progression is performance related, the appraisal policy should state how performance will be measured and that the annual appraisal report will be shared with the remuneration committee under the executive pay policy.

The trust board may want to include trust obligations and responsibilities and the necessity to manage risk appropriately (this could include financial affordability).



In order to determine proportionality, the trust board should consider including other best practice measures including:

- Executive pay by per pupil costs
- Executive pay in relation to Ofsted judgements, national performance measures, or similar key indicators
- Executive pay ratio as per [The Companies \(Miscellaneous Reporting\) Regulations](#)
- Executive pay ratio to Early Career Teacher (ECT) pay or consideration of the pay multiple of executive pay and the median earnings of the trust's whole workforce
- The totality of leadership costs as an appropriate oversight figure

Education is more than results and league tables. The trust board will want to consider the educational offer provided by the trust in the broader sense, and how executive pay is linked to this and offers value for money.

The board should consider the terms and conditions afforded to the executive as a whole and question the appropriateness of continuing to offer teaching terms and conditions to roles that have less proximity to the work of a teacher. It should also consider the equity of the terms and conditions between the executives.

4. Be transparent and communicate how the trust sets senior executive pay

We recommend that the trust publishes the executive pay ratio as well as supporting information, including the methodology used to calculate the ratio and the reasons for any changes year on year. It should be referenced in the trust accounts and be accessible on the trust website.

Trusts are required by the *Academy trust handbook* and the *Academy accounts direction* to publish information on senior salaries in their accounts. These must be published on the trust's website.

Pay policies and procedures should be easily available to staff, for example through a staff intranet.

5. Handling pay appeals

Occasionally, an executive may raise an appeal about a board's pay decision. In traditional employee relations practice, the Acas Code of Practice stipulates that disciplinary and grievance appeals should be handled impartially, ideally by someone who has not been involved in the original decision. There is no specific guidance on appeals against pay decisions, but we would recommend following a similar approach, wherever this is possible and reasonable.

In the context of executive pay, your pay policy should set out the framework for this and should allow for the following:

- If an appeal is received, the appeal should be heard by trustees who were not members of the remuneration committee, and therefore less involved in the detailed work leading up to the board's decision.



- Those hearing the appeal must review all of the detailed work carried out leading up to the decision; good record keeping is fundamental to this.
- The process should be proportionate and fair, and focused on reviewing whether the original process and decision were robust, transparent, and defensible.

How a board approaches an appeal may depend on the grounds raised. In some circumstances, the above approach may not be appropriate, for example where there are conflicts of interest or limited trustee capacity.

Boards should take advice if an appeal is received, assess potential conflicts carefully, and take a proportionate approach that balances fairness with practicality. Full documentation of the approach and decisions must be retained.



Checklist for best practice

- **Has the board agreed and applied a clear pay policy?** Make sure it is up to date, consistently followed, and reviewed regularly. The pay policy should consider the full extent of remuneration – including pensions, working hours, leave, and related conditions – and not just basic salary.
- **Have you checked whether DfE approval is required?** This includes proposed executive remuneration increases above the rate of teacher pay increases, and new appointments or performance-related pay that fall within the senior pay controls. Where approval is required, it must be obtained at the correct point in the process, including before advertising a relevant new appointment.
- **Do you have recent business cases and benchmarking for roles likely to need DfE approval?** Having documentation prepared in advance will enable your trust to act more quickly when a vacancy arises.
- **Does your scheme of delegation reflect your processes?** This includes who can make pay recommendations and decisions. We believe best practice is for the board to also approve headteacher pay increases, as these often create a “floor” for executive pay and other senior roles.
- **Are you following a logical sequence?** Evidence gathering, including performance reviews, should come first so that data can be considered as part of the pay review process. Consider how the setting of pay for staff as a whole fits together.
- **Are you minimising conflicts of interest?** No executive should be involved in the setting of their own pay.
- **If you have one, is your remuneration committee properly constituted?** Committees must have clear terms of reference, appropriate training, and skilled members.
- **Is benchmarking part of your pay decisions?** You should use external data and advice wherever possible, potentially including from other sectors. But remember: benchmarking is data, not your decision. You must reflect your trust’s individual circumstances.
- **Are you fully documenting the process?** This includes rationale, methodology, data used, how the policy was applied, and any challenge or dissent. If using a remuneration committee, its written recommendations to the full board should form part of the evidence.
- **Is all evidence stored securely?** Minutes, data, recommendations, and final decisions should be kept in case of appeals, or requests for information from regulators.

For further advice and support

Annual salary survey of trust roles

CST has partnered with Browne Jacobson and [Brightmine](#) to conduct [annual surveys of sector pay](#). The summary report, available to all CST member trusts, contains a high-level analysis of executive remuneration, with comparisons between trusts and with other sectors. Brightmine also offer more detailed analysis tools for a subscription fee, with discounted pricing for CST member trusts.

External advice on pay setting

[Browne Jacobson](#) has a [specialist reward practice](#), advising on executive pay setting for school trusts. Regularly advising school trust boards, Browne Jacobson's HR consultants are well equipped to support boards with salary benchmark reporting as well as support with pay policy drafting and terms of reference for committee structures.

Executive performance review guidance

CST, Browne Jacobson, and BlueSky have published a three-part guidance series exploring best practice for performance reviews of executive leaders, and how to turn that into practice. The series covers:

- [Process planning and delivery](#)
- [Winning hearts and minds](#)
- [Continuing the conversation](#)





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