



# Agora Learning Partnership

## Scheme of Delegation

December 2023

### Appendix D

## Terms of Reference for the Remuneration Committee

## Contents

1. Membership
2. Secretary
3. Quorum
4. Frequency of meetings
5. Notice of meetings
6. Minutes of meetings
7. Engagement with members and other stakeholders
8. Duties
9. Reporting responsibilities
10. Other matters
11. Authority
12. Review

Approved by: ALP Board of Trustees  
Approved on: December 2023  
Next review date: Summer 2024  
Responsibility for review: Board of Trustees

## 1. Membership

- 1.1 The committee shall comprise at least three members, all of whom shall be independent trustees of the Trust Board. If they are not a member of the committee, the chair of the Trust Board should also attend meetings of the Committee to contribute to recommendations for the appraisal of the CEO. The CEO should be invited to attend all or part of meetings by the chair for the purpose of their own appraisal and the recommendations for the rest of the executive.
- 1.2 Appointments to the committee are made by the Trust Board and shall be reviewed annually.
- 1.3 Only members of the committee, and the Chair of Trust Board, have the right to attend committee meetings if not a member. However, other individuals such as the Chief Executive Officer/Accounting Officer, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate. However, such invitees should not be present when their remuneration package is being discussed.
- 1.4 The Board shall appoint the committee chair annually. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

## 2. Secretary

The Board of Trustees shall appoint a clerk of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues. If the clerk is a member of the executive or central team, support will be provided but reports containing information about individuals will be shared among Trustees only.

## 3. Quorum

The quorum necessary for the transaction of business shall be 50% of members.

## 4. Frequency of meetings

The committee shall meet at least twice a year and otherwise as required. The Committee should agree the appraisal, remuneration and objectives for the CEO and remuneration of the other members of the executive by 31 October each year. The Committee should meet to discuss a mid-year appraisal of the CEO by 31 March each year.

## 5. Notice of meetings

- 5.1 Meetings of the committee shall be called at the request of the committee chair or any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

## 6. Minutes of meetings

- 6.1 The clerk shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. If the clerk is a member of the executive or central team, minutes may be taken by a member of the Committee.
- 6.2 Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, confidential minutes should be circulated to all non-executive Trustees. Non-confidential minutes will be circulated to all Trustees and schools (as other committee minutes)

## 7. Engagement with Members and other stakeholders

The committee chair should attend the Members' annual general meeting to answer any Members' questions on the committee's activities. In addition, the committee chair should seek engagement with Members and other key stakeholders on significant matters related to the committee's areas of responsibility.

## 8. Duties

The committee should carry out the duties detailed below for the Trust as a whole. The committee shall:

- 8.1 Have delegated responsibility for considering and recommending to the Board the Trust's policy for executive remuneration, including the clerk/company secretary if appropriate, in accordance with the Department for Education's *Governance Handbook*, *Setting executive salaries: Guidance for academy trusts*, the *Academy Trust Handbook 2021*, the *Academies Accounts Direction* and any other relevant guidance.
- 8.2 Establish a remuneration framework for the executive that promotes and supports alignment with the Trust's long-term charitable aims and purposes, with any performance-related pay schemes relevant and proportionate to the academy trust sector. Any proposals recommended to the Trust Board must satisfy the Education and Skills Funding Agency's (ESFA) requirements of:
  - Being agreed by the Board in advance of any compensation;

- Decided with independence and objectively, avoiding conflicts of interest;
- Being robust in its application in light of the Trust's educational and financial performance as well as reflecting the level of challenge of each role involved;
- Demonstrating value for money, being proportionate and defensible in terms of public sector pay;
- Disclosing other commercial arrangements of executives in the annual reports and accounts as required in the *Academies Accounts Direction* and the *Charities SORP*;
- Being fully documented;
- Not outpacing the pay of teachers; and
- Being aware of the ability of ESFA to challenge decisions<sup>1</sup>.

8.3 Design remuneration practice for the executive to support strategy and promote long-term sustainable success, remuneration aligned to the Trust's charitable purpose and values, clearly linked to the successful delivery of the Trust's long-term strategy, taking into consideration guidance from the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA).

8.4 When determining executive remuneration practice, consider the DfE and ESFA requirements for pay to be underpinned by the Nolan Principles and:

- To be justifiable and in the best interests of the academy trust;
- Reflect the breadth and level of the individual's responsibilities; and
- Demonstrate value for money<sup>2</sup>.

8.5 No executive shall be involved in any decisions as to their own remuneration outcome.

8.6 In determining remuneration practice, take into account all other factors which it deems necessary, including relevant legal and regulatory requirements, the provisions of DfE and ESFA guidance, including the funding agreement. The objective of such policy shall be to attract, retain and motivate executives of the quality required to run the Trust successfully without paying more than is necessary, having regard to the views of members, other stakeholders and the public sector market.

The practice should be robust in its decision-making processes, transparent, proportionate, reasonable and justifiable to all staff<sup>3</sup>.

8.7 Review the ongoing appropriateness and relevance of executive remuneration. The committee should undertake benchmarking exercises when reviewing its approach to executive remuneration. Where the academy trust is an outlier in that benchmarking exercise, an explanation should be provided<sup>4</sup>.

---

<sup>1</sup> Para. 2.31, Academy Trust Handbook 2021, DfE/ESFA, June 2021.

<sup>2</sup> Introductory paragraph, [Setting executive salaries: Guidance for academy trusts, ESFA, July 2019](#)

<sup>3</sup> Para. 3, Setting executive salaries: Guidance for academy trusts, ESFA, July 2019

<sup>4</sup> Para. 12, Setting executive salaries: Guidance for academy trusts, ESFA, July

Where performance management and salary increases are deemed contentious, the decision making argument supporting them must be justifiable<sup>5</sup>.

8.8 Within the terms of the agreed process and in consultation with the chair and/or Accounting Officer/Chief Executive, as appropriate, determine the total individual remuneration package of each executive staff member, including any bonuses or performance-related payments. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of the trust and individual performance, and wider circumstances.

8.8.1 Increases should not be awarded automatically but in line with clear, measurable key performance indicators and should not outpace teacher pay increases<sup>6</sup>. Other factors that should be taken into consideration by the committee could include:

- Academic performance, including pupil outcomes and improvement (as identified in key stage indicators and Ofsted reports);
- Educational challenges facing the academy trust (such as percentage of pupils identified as requiring SEND and/or free school meals, EAL pupils, local levels of deprivation and proportion of looked after children at the school);
- Financial performance (to provide for good and poor performance, flexibility in contracts to reflect those variables, levels of deficit/surplus and the auditor's view);
- Other challenges facing the trust (uniqueness of the trust's situation, significant concerns, the individual's role in delivering future plans, other accountabilities and local communications role);
- The experience of the individual, including qualifications; and
- The total cost of packages offered (including performance-related pay, pension contributions, salary sacrifice arrangements, any compensation for loss of office, other taxable benefits, non-taxable benefits only available to the executive team, and other remuneration such as car allowance)<sup>7</sup>.

8.8.2 The committee should advise the Trust Board as to an executive's eligibility for either the Teacher's Pension Scheme or the Local Government Pension Scheme. It is for the Trust Board to decide which scheme is most appropriate<sup>8</sup>.

8.8.3 The committee should take into consideration the proposed remuneration's potential impact on long-term plans to approach ESFA for a loan or a Condition Improvement Loan, which could be adversely affected by remuneration levels deemed as 'Executive High Pay' by ESFA.

---

<sup>5</sup> Para. 11, Setting executive salaries: Guidance for academy trusts, ESFA, July 2019

<sup>6</sup> Para. 11, Setting executive salaries: Guidance for academy trusts, ESFA, July 2019

<sup>7</sup> Paras. 4 – 9, Setting executive salaries: Guidance for academy trusts, ESFA, July 2019

<sup>8</sup> Para. 17, Setting executive salaries: Guidance for academy trusts, ESFA, July 2019.

- 8.9 Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Trust after liaising with the full Trust Board and the Accounting Officer/CEO. However, the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
- 8.10 The Human Resources (HR) Committee shall be responsible for making recommendations to the Board for the pay and appraisal policies for all staff across the Trust, including any performance-related pay aspects.
- 8.11 The Remuneration Committee shall recommend to the Board each year whether pay awards will be made for the executive, and if so, the individual awards for each member of the executive, and the performance targets to be used taking into consideration the factors detailed in clause 8.8 above).
- 8.12 Work and liaise as necessary with the HR and other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.
- 8.13 Be responsible for monitoring and supporting the wellbeing of the executive including any workload issues.

## 9. Reporting responsibilities

- 9.1 The committee chair shall report to the Trust Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 9.2 The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
- 9.3 The committee shall provide a description of its work in the annual report.
- 9.4 The committee shall also ensure that provisions regarding disclosure of information as set out in the *Charities SORP* and DfE/ESFA, statutory guidance is fulfilled, and that a report on trustee expenses and related party transaction policy and practices is included in the Trust's annual report and presented to members at the AGM.
- 9.5 If the committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Trust or individual trustees or senior leaders.

## 10. Other matters

The committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the Trust's governance function for advice and assistance as required.
- 10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members of the committee and on an ongoing basis for all members of the committee.
- 10.3 Give due consideration to all relevant laws and regulations, the provisions of DfE and ESFA guidance, including the funding agreement<sup>9</sup>, as appropriate.
- 10.4 Ensure that a periodic evaluation of the committee's own performance is carried out.
- 10.5 At least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. Authority**

The committee is authorised by the Board to obtain, at the Trust's expense, outside legal or other professional advice on any matters within its terms of reference, subject to liaison with the Trust Board and the Accounting Officer/CEO.

## **12 Review**

These terms of reference were approved by the Trust Board and are subject to their review annually and amendment periodically or when necessary.

---

<sup>9</sup> Executive pay packages must comply with the Academy Trust Handbook, as required in an academy trust's funding agreement with the ESFA. Para. 2, Setting executive salaries: Guidance for academy trusts, ESFA, July 2019.