

## REMUNERATION COMMITTEE

### Terms of Reference

#### ***Constitution***

The Diocese of Ely Multi-Academy Trust resolves to establish a committee of the Trust Board to be known as the Remuneration Committee.

#### ***Membership***

The Committee shall be appointed by the Trust Board and shall consist of not less than three non-executive trustees, one of whom must be the Chair of the Personnel Committee.

Quorum shall be three members of the committee. Where a split vote is reached the matter will be referred to the Trust Board for resolution. Where a meeting is not quorate, it will be reconvened.

The Chair of the Committee shall be appointed by the Board from among their number.

The Chief Executive Officer (CEO) will be in attendance to make proposals as appropriate, except for when their remuneration is discussed.

#### ***Term of Office***

Members shall serve for a period of 3 years, renewable for a second term of office. This will also apply to the Chair of the Committee; however, they will be voted in annually.

#### ***Meetings***

Meetings shall be held as necessary in line with pay review timetables and not less than once a year.

Meetings will be scheduled by the Clerk with advice from the Head of Governance and CEO to align with legal requirements for the Trust.

Meetings will be chaired by the Chair of the Committee. In the absence of the Chair, the Committee will elect a temporary replacement from among the members present at the Committee meeting.

In the absence of the Clerk, the Committee will approve a replacement for the meeting.

Attendance at each meeting, matters discussed and recommendations for decisions will be recorded.

#### ***Duties***

The committee will:

1. Have delegated responsibility for considering and recommending to the Board, the Trust's policy for executive remuneration, in accordance with the Department for Education's (DfE) *Governance Handbook*, *Setting executive salaries: Guidance for academy trusts*, the *Academies Trust Financial Handbook*, the *Academies Accounts Direction* and any other relevant guidance.
2. Establish remuneration frameworks and policies that promote and support alignment with DEMAT'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 Trust Board must satisfy the Education & 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.

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**The Diocese of Ely Multi-Academy Trust (DEMAT)**

Company limited by guarantee Number 08464996. Registered in England & Wales.

Registered Office: Diocesan Office, Bishop Woodford House, Barton Road, Ely CB7 4DX

Love  
by  
Respect  
Trust  
Ambition

- 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.
  - Being aware of the ability of ESFA to challenge decisions.
3. Design remuneration policies and practices to support strategy and promote long-term sustainable success, with senior leadership team remuneration aligned to the Trust's charitable purpose and values, clearly linked to the successful delivery of the MAT's long-term strategy, taking into consideration guidance from the DfE and the ESFA.
  4. When determining senior leadership team remuneration policy and practices, 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.
    - Demonstrate value for money.
  5. No executive or other senior staff member shall be involved in any decisions as to their own remuneration outcome.
  6. In determining remuneration policy, consider 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 MAT successfully without paying more than is necessary, having regard to the views of members, other stakeholders, and the public sector market.

The policy should be robust in its decision-making processes, transparent, proportionate, reasonable & justifiable to all staff

7. Review the ongoing appropriateness and relevance of the remuneration policy. The committee should undertake benchmarking exercises when reviewing its approach to executive remuneration. Where DEMAT is an outlier in that benchmarking exercise, an explanation should be provided.

Where performance management and salary increases are deemed contentious, the decision-making argument supporting them must be justifiable.

8. Within the terms of the agreed policy and in consultation with the chair, as appropriate, determine the total individual remuneration package of each executive staff member, including 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 DEMAT and individual performance, and wider circumstances.

8.1 Increases should not be awarded automatically but in line with clear, measurable key performance indicators and should not outpace teacher pay increases. 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 DEMAT (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 academy).
- 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 academy trust (uniqueness of the academy 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.
- 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).

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 appropriate.

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.

- 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 DEMAT after liaising with the Trust Board and the Accounting Officer. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
- 10 Review the design of all remuneration frameworks for the MAT, including any performance-related pay aspects. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for senior leaders, and the performance targets to be used considering the factors detailed in clause 8 above.
- 11 Annually review the Pay policy.
- 12 Review, on a regular basis, its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness.
- 13 Liaise as necessary with other Board Committees, ensuring the interaction between committees and with the Board is reviewed regularly.
- 14 Have access to sufficient resources in order to carry out its duties, including access to the Trust's HR department and Governance function for advice and assistance as required.
- 15 Give due consideration to all relevant laws and regulations, the provisions of DfE and ESFA guidance, including the funding agreement, as appropriate.

### Authority

The Committee may seek outside legal or professional help and advice and may require an employee of the Trust to co-operate with any reasonable requests for information.

### Reporting

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.
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.
3. The Committee shall provide a description of its work in the annual report.
4. The Committee shall 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 MAT's annual report and presented to members at the AGM.
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 DEMAT or individual trustees or senior leaders.

### Review

These terms of reference will be subject to annual review.

Date of last review. 15/12/23