

NGA issues guidance on executive pay

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The National Governance Association (NGA) has responded to the increasing focus on executive pay by issuing guidance for governing boards. The guidance addresses the enhanced requirements in the latest Academies Financial Handbook (AFH) that governing boards should:

- have a written procedure for determining executive pay
- ensure a robust evidence based approach is taken to decision making
- record and retain details of their rationale for pay decisions, including whether it reflects value for money
- consider whether pay is defensible in relation to the public sector market

There is a presumption in the AFH that non-teaching staff pay should not increase at a faster rate than that of teachers in individual years and over the long term.

The NGA has also suggested that ministerial approval should be required where trusts are proposing to pay their executives £150,000 or more. A similar approach is currently taken with NHS trust executives.

The NGA's guidance is to be welcomed and should be of great assistance to trust boards. Boards would be well advised to urgently review their current executive pay arrangements and take advice where there is concern that they may not be robust enough to meet the increasing scrutiny of government and the media.

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