

# Executive pay and the Academy Trust Handbook: Clarity, challenge and good governance

30 June 2025  Emma Hughes

With updates to the [Academy Trust Handbook](#) announced on 25 June 2025 and in effect from 1 September 2025, the Department for Education (DfE) has updated guidance that reinforces the requirement that trust boards ensure decisions about executive pay, are “*transparent, proportionate and defensible*”, and that these decisions are grounded in an “*agreed pay policy*”.

While these principles are not new, the tone and structure of the guidance have shifted to emphasise compliance and accountability in sharper terms.

The handbook distinguishes between “*musts*” — binding requirements — and “*shoulds*”, which are minimum standards trusts are expected to follow unless they can justify an alternative approach. Discretion, in the sense of ignoring these standards, has never been available.

The updated drafting removes any ambiguity: expectations for pay policy, decision-making, transparency, and documentation are now overt and structured to withstand external scrutiny.

## The role of the remuneration committee

One of the most effective ways for boards to manage executive pay is through a well-constituted Remuneration Committee (Remco). This committee should be delegated by the board and made up of at least three appropriately skilled and experienced trustees — ideally with backgrounds in finance, HR, or public sector governance. The committee should also draw on independent external advice when considering benchmarking and sector trends.

A strong Remco provides space for robust scrutiny, ensures pay decisions are made objectively and consistently, and protects the board from conflicts of interest. It enables the trust to meet its obligations under the Academy Trust Handbook, offering assurance that executive remuneration decisions are not only justifiable but capable of being publicly defended.

The Remco should also maintain and review the trust's pay policy.

## Transparency, documentation and defensibility

Regardless of outcome, the decision-making process must be well-documented. This includes:

- The rationale for the decision.
- The external advice and benchmarking data used.
- How the pay policy was applied.
- Any dissent or challenge discussed during the decision.

These records not only demonstrate compliance but also provide crucial protection in the event of a challenge from the DfE or other stakeholders. The Handbook's new wording — indicating that executive salaries “*may be challenged by the DfE*” — signals a more proactive approach to oversight, even where financial management is otherwise sound.

## What does this mean for trustees and executives?

## For trustees:

- You must ensure your trust has an agreed, up-to-date pay policy that is applied consistently.
- The board (through a delegated Remco) should lead pay decisions based on robust benchmarking and performance evidence. The board needs to decide if it is delegating the work and the decision making to the Remco or if it wants to retain the overall decisions in the full board. (In our experience, delegating the work and the decision making to the Remco is most effective).
- Trustees must prepare to defend decisions publicly, including through website disclosures and DfE scrutiny.
- You should ensure all decisions are fully documented, clearly minuted, and demonstrably aligned to the Academy Trust Handbook.

## For executives (CEOs and senior leaders):

- Understand that pay is not determined solely by personal performance, but also by public sector principles of proportionality, transparency, and defensibility.
- Be aware that the DfE has the authority to challenge pay decisions, regardless of trust finances or outcomes.
- Recognise that pay is part of wider governance accountability — not a negotiation based on perceived market value.
- Engage with the board and Remco constructively and understand that pay reviews must be evidence-led, not expectation-led.

## Conclusion

The updated Academy Trust Handbook doesn't introduce a new philosophy — it crystallises long-standing expectations into more direct and enforceable guidance. Executive pay has always demanded careful judgment, but now that judgment must be demonstrably rigorous, well-documented, and capable of withstanding both internal and external scrutiny.

Trusts that invest in sound processes, strong committees, and clear communication will be best placed to navigate the challenge — and to maintain public confidence in the sector.

## How we can help

Our HR consultants are highly experienced in supporting academy trust boards with all aspects of executive pay setting and reward strategy. For many years, we have advised trusts on establishing robust and compliant processes in line with the Academy Trust Handbook, including the development of executive pay policies, provision of benchmarking data, and guidance on navigating both the decision-making process and its implementation. If you would like to find out more about how we can support your trust, please get in touch.

## Further reading and research

If you would like to explore salary benchmarking data please reach out to Brightmine [data@brightmine.com](mailto:data@brightmine.com). Brightmine collaborates with Confederation of School Trusts (CST) and Browne Jacobson on providing salary benchmarking data for school trusts and you can read the September 2024 salary benchmarking report for school trusts here: [Salary survey of executive leadership roles in school trusts 2024](#).

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