

Publishing charity executive pay

SORP requirements on reporting senior executive pay

Under the current and new Statement of Recommended Practice (SORP), charities over the audit threshold are required to disclose the number of employees remunerated amounts exceeding £60,000 in the reporting year in bands of £10,000. In the new SORP, charities will additionally be required to state the total amount of salaries and benefits paid in the year to 'key management personnel' to reflect the FRS 102 requirement. Key management personnel means the senior managers of the charity including the chief executive. Obviously for some small charities, this will mean only the chief executive, so effectively this will disclose their remuneration even if it is below £60,000. Larger charities (over audit threshold) should include in the trustees' annual report the arrangements for setting the pay and remuneration of the charity's key management personnel and any benchmarks, parameters or criteria used in setting their pay.

NCVO report and recommendations

The NCVO report was published in April. There are five key recommendations in the report, which are summarised as follows:

- Charities should have a remuneration policy
- The policy should consider whether a 'charity discount' should apply compared to market rates
- Consider the use of remuneration ratios (the relationship between the highest paid and the median salary)
- Publish an annual statement explaining their charity's ethos and policy on remuneration
 - explain how this impacts on the delivery of their charitable purposes
 - report the actual remuneration, roles and names of individual, highest-paid staff, as defined by the charity.
- Adopt a set of principles when setting charity staff remuneration to achieve a balance between fair pay to attract and keep appropriately qualified staff to lead, manage and support or deliver the charity's aims, and considerations of the beneficiaries' needs

These recommendations are considered best practice for charities over the audit threshold and good practice for smaller charities. The full report is available on the NCVO website: [NCVO Executive pay report](#).

In addition, as good practice, the charity's remuneration statement should be published in a prominent area of the charity's website, no more than two clicks away from the homepage and alongside the remuneration, roles and names of the highest-paid individuals. This is to ensure ease of access. Below the charity audit threshold, other charities are encouraged to adopt a similar approach and, in all cases, to report the salary of their chief executive.