

GENERAL SYNOD
PENSIONS AND REMUNERATION

Contents

1. Foreword	1 - 2
2. Challenges facing the Clergy Pension Scheme	3 - 12
3. Clergy Remuneration – An Overview	13 - 28

Foreword

1. In July 2010 the General Synod agreed some changes to the clergy pension scheme in order to prevent its cost increasing to unsustainable levels. In agreeing these two changes the Synod asked for two further pieces of work to be done.
2. First, it endorsed a recommendation from the Archbishops' Council that the Clergy Pensions Task Group should do some wider thinking about the future of the pension scheme, in good time before the next valuation at the end of 2012.
3. Specifically, the Task Group was asked, on a contingency basis, to explore the arguments and options around introducing a hybrid pension scheme for the clergy in place of the present defined benefit system. In a consultation exercise in 2009 around half of the dioceses had been inclined to favour moving to a hybrid scheme, though in the event this was not the solution adopted.
4. Secondly, the Synod invited the Archbishops' Council's Remuneration and Conditions of Service Committee to convene a small working group to consider the effect of recent changes to the pension scheme on the 'performance, deployment and morale of the clergy and on the wider mission of the church and, in the light of the group's findings, to offer guidance on these matters to the bishops and archdeacons within two years.'
5. At the end of November the Archbishops' Council had a long discussion of the further work carried out since July 2010 by the Pensions Task Group and the RACSC Remuneration Working Group. The Council was grateful to both groups and to RACSC itself for the substantial work that had been undertaken.

6. Because the two pieces of work had been done in parallel there was inevitably some overlap between the two documents. As a result the Council concluded that it would be helpful to produce two documents which drew on the work of the two groups and could be brought together under one cover. They are attached to this covering note.
7. The first provides an overview of the challenges facing the clergy pension scheme and refers, in summary form, to the work that the Task Group undertook on possible hybrid schemes. As can be seen the Task Group **did not recommend any change in present arrangements at this stage**. The Archbishops' Council accepted that recommendation.
8. Like the Task Group, the Archbishops' Council continues to believe that the clergy defined benefits scheme remains the best option provided it is sustainable. There is no reason at this stage to believe that the scheme is unsustainable in the long term though significant risks lie ahead over the next few years given difficult market conditions.
9. In the light of all that the Council has noted that the Pensions Board will be keeping the funding position of the scheme under close review and has asked the Task Group to meet again over the coming months with a view to reporting back to the Council as occasion requires and in any event to its September 2012 meeting in good time before the next valuation.
10. The second document, on clergy remuneration, describes the various elements of the present scheme, discusses their strengths and weaknesses and offers some thoughts for future development. RACSC will now be considering ways in which the increased flexibilities which have been suggested might be pursued.

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CHALLENGES FACING THE CLERGY PENSION SCHEME

Summary

- The Pensions Task Group has concluded its work on possible hybrid schemes and identified two viable options. It does not believe that a choice is needed between them at this stage and has not recommended a decision in favour of moving away from the present defined benefit scheme.
- It continues to believe that a defined benefit arrangement is the best approach for the clergy and should be retained if at all possible. It judges the present scheme to be sustainable in the long term and that the risks that it faces will decrease significantly if it can get through the risks of the next decade or so.
- The scheme does, however, face considerable risks over the next few years given the large deficit and the possibility that market conditions will make this ineradicable without deficit repayments so high that the dioceses would not be able to afford both them and sufficient payments for future pension. The biggest risks are likely to be at the valuations due at the end of 2012 and 2015.
- In the event of some further worsening in the funding position it would, with some difficulty, probably be possible to put together a further package of changes which preserved the DB scheme. But a substantial growth in the deficit would require further radical reform, including quite possibly the introduction of a new scheme.

Background

1. Over recent years the underlying issue for the Church, as for all organisations that have provided defined benefit pensions, has been that the amount needed to finance them at a given level has been assessed to be significantly greater than had been expected until a few years ago. For the clergy, the defined benefit pension remains a key and valued part of the remuneration package.
2. Following the 2006 and 2009 valuations Synod agreed – in the light of recommendations from the Pensions Task Group – a series of changes to the clergy scheme. These were designed as far as possible to safeguard the overall structure of the scheme and were driven simply by a need to prevent its cost increasing substantially to unsustainable levels.
3. A summary of the changes made in 2010 and their effect is included for reference in the attachment at Annex A.
4. While expressing the hope that these changes would ‘*greatly increase the chance of stabilising [the] scheme at an affordable level for the long term*’ the Task Group observed that: ‘*the experience of the past decade suggests that some caution and humility are wise when offering any predictions about the future costs of pensions.*’
5. For that reason the Group recommended that some wider thinking was needed in advance of the next valuation at the end of 2012. They were mindful that the consultation exercise

in 2009 had already shown that around half of dioceses were inclined to favour moving from a defined benefit to a hybrid scheme for clergy pensions. And while many others had supported sticking with DB even those Dioceses had acknowledged that questions about long term sustainability needed further exploration.

6. Feedback from the clergy suggests that despite the unwelcome changes to the scheme, there is an appreciation of the fact that a DB scheme is of great value, especially when viewed in the context of changing secular pension arrangements. The Remuneration Group – in their parallel work on the overall remuneration package – concluded that further changes to it should not be contemplated unless there was no other realistic option, given the impact these would have on the morale of the serving clergy, already concerned about this risk.
7. The Task Group has also concluded that strong arguments exist for sticking to DB. The combination of a tied housing requirement and relatively modest income during their working lives will continue to mean that stipendiary clergy are in a very unusual situation compared with almost all other working people. For many, the need to house themselves in retirement is in itself a challenging prospect. To add to that uncertainty about the level of retirement income that they can reasonably expect is undesirable.
8. The Task Group has explored – as requested by Synod – and on a contingency basis, what a move to a hybrid scheme would involve. The Synod asked for this contingency work on pensions to be done alongside an assessment of the value of the clergy remuneration package as a whole and how it had changed over the years.

Hybrid Schemes

9. Hybrid pension schemes involve the ‘employer’ and the scheme member sharing the risks. By contrast, under a DB scheme (such as the clergy scheme) the employer guarantees pension of a particular level and carries the associated funding risk. Under a DC scheme (such as the one for new employees of the National Church Institutions), there is no such certainty. The scheme member will get what ever his individual pension pot is worth – and therefore carries the risk that the value of the investments which it is intended will fund his pension have not performed as well as would have been hoped.
10. The Task Group – with support from the Pensions Board’s actuaries – have narrowed the options for a possible hybrid pension scheme down to two. In doing this work, they assumed that the current level of contribution of 38.2% (split between future service at 23.5% and deficit payment of 14.7%) would continue. The Group considered either option to be workable if it were decided to adopt a scheme of a different structure:
 - (a) **Combination hybrid scheme** providing a pension made up of two components. These would be a DB element guaranteeing a minimum level of pension (albeit at a lower level than that currently provided) and a DC element or top up. This would also be funded by the employer and where the eventual pension benefits generated would be

dependent upon investment returns.

(b) Conditional indexation scheme working in a similar way to a Career Average Revalued Earnings Scheme. Each year the scheme member would earn a certain level of pension benefit, which between then and retirement would have a guaranteed up-rating in line with increases in the Consumer Prices Index subject to a cap of 2.5%. The aim would be to do better than that and up-rate each year of earned pension in line with the Retail Prices Index. But this additional amount would be conditional on the performance of the fund.

Sustainability of the current clergy scheme

11. Defined benefit schemes – while they have (due to cost and funding risks) become increasingly unusual outside the public sector – continue to be a feature of the pensions world. The Government is currently seeking to reduce the level of benefits in public sector pension schemes, to increase the contributions that scheme members have to make and to move away from final salary to average salary arrangements. But the revised schemes will still confer defined benefits.
12. The Task Group's clear view is that the Church's objective should be to avoid transferring more risk to the clergy about their retirement income. It does not, therefore, recommend moving to a hybrid scheme unless that proves unavoidable.
13. The Group's assessment is that the scheme faces its greatest risks over the next few years. If we can get through the next decade or so the situation is likely to improve. This is because the funded scheme, created only in January 1998, is still young. Like all new pension schemes it has in the early years been accumulating far more money than it has been paying out.
14. During the initial phase of a pensions scheme the value of its assets and of its liabilities both increase rapidly but not necessarily at the same rate. This is because the assets in young schemes are typically held in equities and other return seeking investments, whereas liabilities are calculated with reference to the returns on government bonds, which are safer but historically perform less well than equities.
15. The new scheme was created in 1998 towards the end of one of the longest bull markets of the twentieth century. For much of the period since then market conditions have been very difficult and all the signs are that they will remain so for some years yet. The FTSE 100 Index peaked at 6,930 on 31st Dec '99.
16. Twelve years on and it has been on average 20% below that high point in recent months, with considerable volatility between 5,000 and 5,800. Other equity markets have been similarly volatile. To diversify and reduce its equity risk, while maintaining the expected return from investing in equities, the Pensions Board has reduced its former heavy reliance on UK equities considerably, with under a third of its return seeking pool now invested in UK equities and a much wider spread of investments beyond equities.

17. As the fund becomes more mature the Board will invest more of its funds in government bonds, in order to match its assets and liabilities more closely. This will increase the resilience of the fund for, while assets and liabilities will still be affected by changes in market conditions, they will tend to move more in step with each other since any reduction in gilt yields (which increases liabilities) will automatically be offset by the corresponding increase in the value of the gilts held in the asset portfolio.
18. This progressive rebalancing between bonds and other investments will continue for many years. While it would in theory be possible to accelerate the process this would be at the expense of forgoing the expected additional returns from holding equities and other investments, so the effect would be immediately to drive contribution rates even higher.
19. In addition, by contracting into the State Second Pension the Church has effectively transferred to the State the responsibility and the corresponding liabilities for part of the clergy retirement income being built up in future.
20. The biggest risk to the scheme is that market conditions over the next few years simply make it impossible to reduce the already very large deficit in the fund without ever larger contributions. The 2009 valuation revealed a deficit of £262M (assets £605M against assessed liabilities of £867M.) As a result of that, the Pensions Board set a recovery plan of 12 years, during which period 14.7% of stipend is being paid to remove the deficit (with the 23.5% for future service bringing the total contribution rate to 38.2%, plus an additional 3.3% in employer's contribution for the State Second Pension.)
21. It follows that if the deficit were to get larger still, despite the substantial contributions already being paid to clear it, it might become impossible to increase those contributions even further and to afford the funding needed for future service. How can a deficit get larger despite the payments made under the recovery plan?
22. The answer is that a pension fund deficit is not like a loan or mortgage which can predictably be paid off over a period. The value of the assets in a pension scheme and the size of liabilities to be met can both go up and down in the light of market conditions. So, it is possible for the deficit reduction achieved by increased contributions to be wiped out -and more- by a fall in share prices (which decreases the value of the assets) and a reduction in gilt yields (which increases the size of the liabilities).
23. For the first 18 months after the last valuation as at 31 December 2009 the deficit recovery plan remained broadly on track with lower than expected gilt yields being offset by higher than expected equity prices. But the subsequent fall in equity prices and gilt yields has meant that, for the moment, there is the toxic combination of low gilt yields and low equity prices.
24. The present low level of gilt yields reflects what most commentators regard as a bubble in gilt prices which will eventually burst when interest rates return to more normal levels. But further quantitative easing, which is creating an artificial demand for government debt, means that the bubble may yet persist for some time. And there is no confidence

that equity prices will grow strongly over the next few years. Indeed on the basis of the historic trend in price movements it can be argued that equities are not yet undervalued.

25. All this means that the next few years are particularly uncertain. The valuations due at the end of 2012 and - if we can get through that intact – 2015 are the moments of maximum risk. Indeed, during this period there will always be a possibility of market turbulence so severe that the Pensions Board might have to conclude that it had no option but to impose an emergency increase in pension contributions in advance of a triennial valuation (as it did in 2006 and 2009).
26. When the Pensions Board met in September, however, it discussed the latest actuarial advice and concluded that no immediate emergency action was needed despite the big falls in the markets over the summer. The present expectation remains that the contribution rate will be reviewed in 2013 after the next valuation.
27. Against that background the Task Group concluded that there remains a reasonable chance that the DB pension scheme will be sustainable in the long term. If we can weather the next decade the prospects should improve considerably. The risk is that market conditions over the next few years could deteriorate so much that the Pensions Board was driven to set a revised deficit recovery plan which involved potentially unaffordable deficit contributions by Dioceses. What advice would need to be offered to Synod if that were to happen?

Responding to a Crisis

28. The first step would be to work through whether it might be possible to agree a recovery plan that spread the impact so that it did not all fall on dioceses. Such an approach would involve some increased contribution from dioceses and some contribution from the clergy. The latter would probably best be achieved indirectly by way of stipend restraint though the possibility of changing the scheme rules to introduce pension contributions from the clergy might need to be considered. In addition the Pensions Board would have the option of considering some easement of the deficit recovery period.
29. Having had to change the rules of the scheme and cut benefits in 2007 and 2010 the aim should be to avoid doing so a third time round. Even so, this package would not be easy to deliver. Many dioceses would find further, material increases in pension contributions very difficult to countenance. The clergy would be restive about further stipend restraint given that stipend increases have already in recent times been falling below price inflation.
30. And in relation to the deficit recovery plan the Pensions Board would properly listen to what the Archbishops' Council and the dioceses had to say. But at the end of the day it would have to reach its own independent judgement. The Board's principal duty is to the beneficiaries of the scheme and it has to account for its actions to the Pensions Regulator.
31. This would probably be the right approach so long as the deterioration in the position of the fund was reasonably modest. It would be a matter of judgment at the time what the threshold was between bearable and unmanageable. The hard truth is, however, that at this stage the financial markets are such that the possibility of a bleak triennial valuation in the course of 2013 or 2016 clearly cannot be ruled out. In that event, while pension

benefits already earned would be safeguarded, the Council and wider Church would be faced with some extremely difficult and unpalatable options over future entitlements.

32. A very large deficit would mean that contributions to meet them would consume even more of the available finance available to parishes and dioceses. If it were possible to increase individual giving from its present 3.3% of income to the target of 5% this and many other funding problems would, of course, melt away. But it has taken over 30 years to increase giving from just 1% of income and we doubt whether there are any obvious quick wins here.
33. So if even more funding was required to tackle an increased pensions deficit the Church would be faced with the need for significant further reductions in future benefits. A judgment would have to be reached whether this was best achieved by further, probably radical modification to the DB scheme or whether to move to a hybrid scheme, possibly on the basis of one of the options identified by the Task Group.
34. Any approach in such a situation would sit uncomfortably with the Church's commitment to provide an adequate and predictable income for clergy in retirement. But faced with a larger and ever widening deficit the Church would have no easy options. Certainly, in such a situation, moving to a hybrid scheme (or for that matter a DC scheme) would not by itself solve the problem since the accumulated deficit would still have to be financed. Such a move would be a means of reducing benefits, not of avoiding the need to do so.
35. Thus, the significance of a hybrid scheme if the Church were facing a crisis is not that it would solve it but that it would be a means of changing its nature. It is possible that, in such a situation, the Church would conclude that it should only commit still more money to deal with the pensions deficit if in addition it undertook the element of de-risking that a move to a hybrid (or DC) scheme - whether for all future service or, at least for new entrants - would bring. Introducing a new scheme only for new entrants would, of course, not reduce risk significantly or reduce the pressure for increased funding except in the long term.

Wider considerations

36. The 2010 changes included the decision to opt back into the second state pension (with the payment of higher national insurance contributions to allow for this). There is currently uncertainty about the future of the second state pension and about the level of the state pension more generally. In reaching judgements about clergy incomes in retirement the Church of England has always taken into account the fact that clergy receive state pension in addition to their occupational pension from the clergy scheme.
37. It is these two sources of income taken together that have meant that clergy retirement incomes continue to compare well with those for the population as a whole- though unless clergy already own a property the pressure of having to house themselves for the first time in retirement can be very great.

38. It would be better, therefore, if any further significant decisions in relation to the clergy pension scheme did not have to be taken until the Government's intentions in relation to the state pension were clearer. It has announced its decision in principle to increase significantly the value of the basic state pension and to phase out the second state pension (though honouring the benefits earned by S2P contributions already made). But the details and timing remain unclear. What is finally decided by the Government will be of major significance for clergy incomes in retirement. Current arrangements assume payment of the second state pension. If this was to change then the clergy scheme would need to be looked at again.
39. The second is the implications of current market conditions. The key fact about the markets at the moment is their extreme volatility. In 2009 Synod was advised against taking any irrecoverable steps in the immediate aftermath of the biggest financial crisis in decades. What has become clear since then is that the period of global financial uncertainty is likely to be prolonged. This reinforces the argument for taking no irrecoverable steps until and unless circumstances so dictate.

Conclusion

40. The Task Group and the Archbishop's Council remain firmly of the view that the clergy DB scheme continues to be the best option provided that it is sustainable financially. There is no reason to believe that it is unsustainable in the long term although there are significant risks ahead over the next few years given difficult market conditions.
41. Two workable options have now been identified for a hybrid pension scheme. But no change is recommended in present circumstances, not least because the Government has yet to announce decisions on changes to the state pension.
42. The Council has noted that the Pensions Board will be keeping the funding position of the scheme under close review and had asked the Task Group to meet again over the coming months with a view to reporting back to the Council as occasion required and in any event to its September 2012 meeting in good time before the next valuation.

January 2012

Comparison of Clergy Retirement Benefits

This attachment shows how a typical new member of the current scheme who can complete maximum service might fare in comparison with the benefits that would have been provided before the most recent changes. The principles underlying the changes were to make the funding of the scheme more affordable to the Church whilst protecting the level of retirement income provided to the Clergy.

This example is of a new member of the scheme who joined after the changes were introduced retiring at age 68. It is used to demonstrate the situation of the members who will be most affected by the changes. Older members are also affected but to a lesser extent. For instance, the State Second Pensions (S2P) is usually more generous to older members who have not yet reached State Pension Age.

The savings required to make the scheme more affordable were achieved by several measures. The key measures are:

- increasing the retirement age from 65 to 68 in respect of future service
- increasing the service required for new entrants for a full pension from 40 to 41½ years (existing members were also affected to a lesser extent)
- providing a formal undertaking that National Minimum Stipend (NMS) would not increase at a rate greater than increases in prices as measured by the Retail Price Index (RPI)
- reducing the amount of pension provided by the scheme but offsetting that by increasing the amount of pension provided by the State by participating in S2P for future service.
- the lump sum benefit is smaller as a consequence of the reduction in the Clergy pension - it is based on three times the scheme pension and does not take account of the S2P benefit. However, it is possible to exchange scheme pension for additional tax-free cash at retirement and that would result in broadly comparable overall benefits.

There are various notes set out below which contain more detail of the comparisons and assumptions:

	NMS at 68	Clergy Pension	S2P	Total Pension	Lump Sum
	£	£ p.a.	£ p.a.	£ p.a.	£
Current benefit rules. NMS is limited to increases in line with RPI	20430	10215	4200	14415	30645
Benefits under the previous rules but assuming NMS is limited to increases in line with RPI	20430	13620	0	13620	40860

Notes

1. For most members, the Basic State Pension will be payable in addition to the benefits shown above.
2. S2P is a very complex benefit to calculate and a simplified approach has been adopted that understates the amount of S2P earned. Under current legislation, S2P is due to change around 2030 but will be earned on an earnings related basis until the date of change. It will be earned on a flat rate benefit for each year of membership thereafter. This illustration assumes that it will be earned on the less generous flat rate benefit throughout.
3. The table shows an estimate of the benefits that a member might receive on retirement at age 68 under the current rules compared with the benefits that would be payable under the previous rules. It is assumed that the member is 26 years and 6 months on joining on say 1 July 2011 and retires at age 68 with service of 41 years and 6 months.
4. All figures are expressed in today's monetary values. Pensions at retirement are calculated on the basis of the value of the NMS in the scheme year prior to retirement. The current NMS for pension purposes is £20,430.
5. It has been assumed that future changes to the State Second Pension (S2P) which have already been approved take place as expected. No allowance has been made for the recently proposed further changes to the Basic State Pension (BSP) and S2P as details of how any such proposals might be implemented have not yet been put forward by the government. The position in relation to the overall shape of Clergy pension benefits would be reviewed if further radical changes to S2P and / or BSP are approved.
6. A significant change to reduce future costs of the scheme was the undertaking to limit the increase in the NMS in the long term to increases in RPI. Historically, NMS was increased at a slightly higher rate than RPI but at a lower rate than earnings although this has not been part of policy or practice in relation to NMS for several years.
7. There has been a request to show the position if the previous benefits had continued to be provided and NMS had increased in real terms ahead of prices. Although not currently the case, it is assumed that in the long term, average earnings will increase at a higher rate than prices. Two further illustrations are shown below, again provided in *today's monetary values* but on the basis that:
 - a. NMS increases in line with RPI plus an allowance for earnings of 0.675% p.a. This uses the latest valuation assumptions and models an increase to NMS at half the difference between RPI and earnings to give an indication of the position if NMS were to increase at a rate somewhere between prices and earnings.
 - b. NMS increases in line with RPI plus an allowance for a full increase in average earnings of RPI plus 1.25% p.a.

	NMS at 68	Clergy Pension	S2P	Total Pension	Lump Sum
	£	£ p.a.	£ p.a.	£ p.a.	£
Benefits under the previous structure assuming NMS is greater than RPI but less than earnings	26380	17600	0	17600	52800
Benefits under the previous structure assuming NMS increases with average earnings	34000	22680	0	22680	68040

January 2012

CLERGY REMUNERATION – AN OVERVIEW

Components of the Package

1. The clergy remuneration package is made up of three principal component parts; housing, stipends and pension. It differs from many other remuneration packages in the provision of housing to the clergy for the better performance of their duties, which enables clergy to live amongst the people they serve.

2. In looking at the clergy package in the context of other remuneration packages there are three particular issues to bear in mind:

The provision of tied housing

3. This makes direct comparison with other remuneration packages somewhat challenging as there are no entirely similar models. The provision of housing supports the ministry of the Church by ensuring that clergy are able to live amongst the people they serve in communities across the land. Yet house prices vary considerably across the country: what one member of the clergy would have to pay for a house in London is different from what another would pay for a house in Durham. It is hard to express a national figure for clergy remuneration when the housing element can vary so greatly.

4. Tied housing also brings mixed benefits. Clergy often live in a better standard of housing than they could reasonably afford at their level of income, and they are largely free of anxieties about maintenance, mortgages and other homeowner responsibilities.

5. The tied house does not, however, get them into the property market during their working years to give security in retirement. They are often required to live in houses which are too large or expensive to heat. And they are dependent on the Parsonage Board for what is, and what is not, done in the house.

6. There is a range of experience amongst the clergy both of good and bad practise in relation to the vicarage which colours their perception of it as a benefit or a burden. Clergy have different expectations of the vicarage, as do the communities they serve.

7. Sometimes there is a tension between the belief that the house is accessible for use by members of the parish, and the very real need for clergy and their families to enjoy a private and safe home environment. These mixed benefits mean that whilst the figure used by the CSA to calculate the value of the package is put at approx. £36,600¹, it certainly does not feel to some clergy that the benefit to them is experienced at that level.

¹ For further information on this calculation refer to the Central Stipends Authority.

The concept of a stipend

8. The second complexity in talking about a clergy remuneration package lies in the area of vocation and the concept of a stipend. Whilst some clergy who responded to the survey commissioned by the working group feel keenly that the package they receive is not of the value that they could reasonably have expected to receive in secular employment, overall there is a view that the remuneration package is part of the vocation to which they have responded and part of the self offering they wish to make in God's service.
9. Partly because of the vocational nature of the Church's ministry, the concept of a stipend is very unusual, being neither, on the one hand, a simple living allowance, nor, on the other, a payment for professional service or a wage for a job.

The context in which the funds for the package are raised

10. The third complexity about the clergy package is the context in which it sits. The funds raised by parishioners form the main component of diocesan revenue, which supports a wide range of diocesan provision, of which clergy stipends are the largest element.
11. Clergy are therefore nearer to the majority funders of their package than many other people in secular walks of life. It is often the clergy who lead stewardship programmes in the full knowledge that they are ultimately one of the main beneficiaries of this giving to God's work, and potentially therefore a burden on hard pressed parishioners and the finances of the local church.
12. In addition, there is the complication which arises from the comparison of the pay and housing of the clergy and that of the majority of the people amongst whom they minister. There are some communities in which the clergy are poor in comparison with the lifestyles of those in their parishes. There are many others where the clergy are amongst the best-paid and best-housed. Inevitably, there are moral and missional implications here which come into play and to which there are no easy solutions given the extent to which circumstances vary.
13. The components of clergy remuneration must be considered within this wider context especially since some 73% of the stipends bill is funded by the diocese and/or parish². This indicates the continuing interdependence between clergy and the communities in which they minister. Whilst this relationship clearly provides a wealth of mission opportunities, it also requires a complex balance between the needs of the individual, the congregation, the diocese and the mission of the Church.
14. Thus, in Diocesan Boards of Finance and Bishop's Councils, and indeed in the General Synod, where clergy and laity decide together on these matters, some might perceive a conflict of interest. The Church, however, attempts to model a community of common interest in these matters, though this is not easy.

² See GSMisc 900 36th Report of the Central Stipends Authority 2008 and GSMisc 977 38th Report of the Central Stipends Authority Report 2010.

15. Laity who, for example, have lost their defined benefit pension schemes or struggle to afford mortgages for small houses, sometimes find it hard to understand why clergy can be anxious about their package.
16. On the other hand, clergy who know how hard it is for PCCs and DBFs to balance the books, and who preach the good news of a generous God, find it hard to press for their own needs or the needs of their families. That the Church resolves these matters in a consensual rather than an adversarial manner is a fundamental part of its common calling to serve God and, though it brings its own tensions, at its best it also proclaims the Kingdom.

Stipends

17. The history and theology of the stipend was described in *Generosity and Sacrifice* and does not need repeating here. The main principles behind the CSA's policy are that stipends should be:
 - Adequate for clergy to discharge their duties without undue financial anxiety;
 - Flexible enough to allow the Church to pay its clergy where they can best be deployed; and
 - Equitable, with stipend levels being broadly convergent and not acting as an impediment to clergy mobility.
18. All respondents to the CRWG survey agreed that stipend levels had an effect on clergy morale. Although there were those who believed that the work on increasing stipend levels had not gone far enough, there was a good deal of appreciation for the progress that had been made over the last ten years. These include the achievements of Aspirations 1 and 2 arising from 2001's *Generosity and Sacrifice* report³.
19. Recently however, due to the recession, stipends have been held at lower levels whilst inflation has increased, with the result that the 2011/12 National Stipend Benchmark (NSB) is now worth slightly less in real terms against the Retail Prices Index (RPI) than it was before the Stipends Review Group first published its proposals in *Generosity and Sacrifice*.
20. Against the Consumer Prices Index (CPI) the NSB is still worth more in real terms than 2000, but it is at the lowest level since 2004. The considerable gains made against RPI until 2009 have been heavily eroded by recent rises in the cost of living⁴.
21. Although the 'real value' of the average stipend is now lower in terms of RPI than any year since 2000 it is important to underline that this is a trend reflected in pay levels generally across society as wage settlements have also been below inflation in recent years. The CIPD's 2011 Employee Outlook survey found that only 28% of employees have received a pay rise in 2011, and 6% of employees have had their pay cut since January 2011⁵.

³ *Generosity and Sacrifice: the report of the Clergy Stipends Review Group, 2001*, Church House Publishing

⁴ See Annex 1

⁵ Employee Outlook Survey, Spring 2011, CIPD Publishing, www.cipd.co.uk

22. The ‘value’ of the package (£36,600 according to CSA calculations⁶) might also ‘feel’ very different to clergy depending on the location in which they exercise their ministry. Besides significant differences in property prices there are also variations in the cost of living, in different regions and between urban and rural areas (an attempt to mitigate these differences is made through Regional Stipend Benchmarks⁷). These differences may also impact on the effective deployment between north and south, urban and rural areas as clergy strive to balance more practical economic considerations with their ministerial calling.
23. There remains commitment to seeking consistent stipends across the Church and overall the trend is for the CSA recommendations to be broadly implemented. However, whilst the current system of regional stipend benchmarks does attempt to provide an element of equality in regard to clergy remuneration it will be for RACSC to take forward any further exploration of this issue that is required within the context of a national church.
24. The current economic situation continues to generate concerns about unemployment, debt, inflation, low growth rates and the effects of fragile national economies. In this context, and despite the increases in stipends since 2004, the erosion of the value of the stipend due to price inflation naturally has an impact on clergy morale.

Housing

25. Housing has an important impact on clergy morale in two respects. The house has the potential to feel either like a very good home, or a persistent problem, according to whether it is on the one hand a good fit, economical and well maintained, or on the other, ill-suited, expensive and in need of investment. But it is the issue of retirement housing which causes the greatest level of anxiety to those clergy who have not had the good fortune to inherit a property or get on the property ladder through resources from within the family.
26. The provision of housing represents a significant element of the clergy remuneration package. The concept of tied housing has been consistently reaffirmed by previous reviews and the Church’s commitment to it as an important tool for mission is not in question.
27. Nevertheless, housing provision is a significant part of clergy remuneration, both from a financial point of view for clergy and dioceses, and in terms of the impact it has on clergy morale should housing be inadequate whilst in ministry or non-existent upon retirement. It is therefore important to consider especially the issue of those who may have sold their house to fund training and those who may have had no career other than life long ministry.
28. The particular challenges faced by clergy living in tied housing include the lack of choice about where to live, the suitability of the property for individual needs (e.g. a single clergy person in a very large house) and the costs incurred, the perceived and actual lack of privacy when home is also a place of work for meetings and callers, and the expectation of constant availability.

⁶ For further information on this calculation refer to the Central Stipends Authority

⁷ See Annex 2

29. Whilst clergy in tied housing are not exposed to fluctuations in housing costs such as mortgage interest rate increases or to the risk of negative equity (where the market value of the property is less than the sum for which it has been mortgaged), neither do they benefit from capital appreciation of the asset when it is sold. For the diocese there is the cost of appropriate upkeep and maintenance and the responsibility to ensure that there is enough adequate housing stock to accommodate the mission strategy.
30. In contrast, the benefits of tied housing include easier mobility and deployment, the relative freedom of clergy from housing worries whilst in active ministry, and the provision of a local pastoral base which increases the visibility of the Church in the community.
31. Overall, dioceses have invested in appropriate housing stock and where there are well managed schemes the tied house is valued by clergy. Many clergy are appreciative of the maintenance and upkeep provided by the DBF, and relatively few clergy have unrealistic expectations of the standard of accommodation provided.
32. Although individual concerns are sometimes raised regarding the standard of property the average diocesan spend per house in 2009 from amongst our survey respondents was approx £8000, indicating the commitment undertaken by many dioceses to maintaining and improving their housing stock.
33. Clearly, this has a positive effect on morale. In turn, the duty of the diocese to maintain and improve its housing stock is balanced by the duty of the clergy to show good stewardship of it, which the vast majority of the clergy do.
34. The provision of housing includes the payment of council tax, water charges, maintenance, external decorations and insurance. It is difficult, however, to provide other than a very general indication of costs which would be incurred by clergy if their accommodation were not provided. The CSA's estimate of the additional amount clergy would have to receive in stipend if they were to provide and maintain domestic accommodation (excluding office space) is approx. £9860⁸. In the dioceses which offer housing allowances a variety of amounts, some a good deal higher, others much lower, are sometimes offered.
35. It is apparent that progress has been made in many dioceses in regard to the standard of housing and this has a positive impact on clergy morale. The parsonage house remains central to the mission and ministry of the Church by allowing successive clergy to live amongst those they serve, facilitates deployment and mobility, and frees clergy from housing worries whilst in active ministry. It will remain important, however, to ensure that the particular challenges of tied housing for both clergy and diocese as outlined above do not adversely impact morale.

Retirement Housing

36. A particular concern in regard to housing is evident in retirement. Those clergy who have not been able to acquire property are likely to feel most vulnerable as they approach retirement. Points have been made previously in General Synod in regard to a 'covenant of trust' with clergy – perhaps most relevant to clergy who were encouraged

⁸ See GSMisc 977, The 38th Report of the Central Stipends Authority and Annex 3

to sell property to fund training in the belief that the Church would provide a level of security throughout active ministry and in retirement.

37. The 2008 Archbishops Council second report on Retirement Housing⁹ indicated that some 33% of clergy would require some support for housing in the future. This does, of course, mean that, despite the difficulties brought by tied housing, some two thirds of clergy are able to assume full responsibility for their own retirement housing. Nevertheless that leaves a significant number who need assistance.
38. The very wide range of circumstances revealed by the report is hard to cater for equitably, but it is clear, as the report concluded, that something like the CHARM scheme will be needed for the foreseeable future in order to provide a 'safety net' and avoid a situation where clergy simply cannot afford to retire.
39. What remains to be seen is the extent to which changing patterns of ministry (e.g. House for Duty, the increase in Self Supporting Ministry and the trend toward a later age of ordination) - together with improved financial advice available to clergy- may begin to generate a different understanding about housing in the Church, and changed expectations.
40. Some now enter ministry later than used to be the case, perhaps after a career in secular employment and after having had the opportunity to invest in property prior to training. For them the main need is likely to be alternative options and guidance in order for them to make properly informed decisions regarding their financial future. But there will continue to be many- hopefully an increasing number- who enter full time ministry in their twenties or early thirties with little if anything by way of savings.
41. The fact that there is likely to remain a significant number of clergy who will not own property at retirement¹⁰ suggests more creative solutions in regard to housing will need to be considered. This may involve an acknowledgement that there is no longer a single understanding of the nature of the covenant between church and clergy, and a recognition that differing personal circumstances require different options and solutions for housing provision.
42. This may include recognising that those who have lived in tied housing all their life might not wish to become property owners in retirement, but might prefer a rental model. A fresh understanding of responsibilities and accountabilities is needed, with improved flexible arrangements to better meet the needs of the ministry and the clergy.

Pensions

43. Given the importance of the subject a substantial discussion of issues surrounding the future of the clergy pension scheme can be found in the material drawn from the report to the Archbishops' Council of the work undertaken by the Clergy Pensions Task Group. It would be redundant to go over the same ground here.
44. All that needs recording is that feedback to the Remuneration Working Group underlined the significance of this key element in the remuneration package for clergy

⁹ GSMisc 919, 'Retirement Housing Review: second report'

¹⁰ GSMisc 919 'Retirement Housing Review: second report' put this figure at approx. 50% in 2007

morale. In 2007 and 2010 clergy had been realistic about the need for some changes to be made to the defined benefit scheme to avoid rapidly escalating costs. But two sets of changes in quick succession had been extremely unwelcome and any further changes would inevitably have an impact on morale.

45. The feedback revealed an appreciation of the great value of a defined benefit pension scheme, especially when viewed in the context of changing secular pension arrangements.

Summary of the package

46. Following Generosity and Sacrifice, steps taken in 2005 and 2006 to increase the level of stipend have been welcomed and although recent rises in inflation have eroded the benefits gained the clergy experience of the widening gap between prices and earnings is broadly in line with many others in wider society.
47. Other aspects of the package have remained largely the same. The provision of housing has been maintained and often enhanced thanks to the generosity and commitment of parishes and dioceses. Whilst this brings mixed benefits it also enables the nationwide coverage of the Church's ministry and a commitment to clergy wherever possible living amongst those they serve. However, it also means that retirement housing remains a significant issue with an option such as the CHARM scheme necessary for the foreseeable future.
48. The value that comes from the element of job security remains. As office holders, clergy experience a relatively high degree of protection from issues such as redundancy and restructuring. This is very different from those in secular employment.
49. The introduction of Common Tenure legislation has improved the conditions of service of many of the clergy whilst maintaining the status of office holders. It has extended advantages such as security of tenure, clarity of role, access to employment tribunals and a commitment to Continuing Ministerial Development whilst retaining unique relationships within the Church.
50. The overall remuneration package has to be balanced with the vocational aspect of ministry that is distinct from some other professions. Many welcome the work that has been done to secure an appropriate remuneration package and recognise the challenges and opportunities faced by those who live, work and worship within such close reciprocal relationships. Others would welcome further flexibility to alter aspects of the remuneration package to suit particular requirements.
51. Most would encourage increased financial awareness and independence amongst the clergy. Yet there is an overall acknowledgement that the clergy remuneration package is somewhat different from those in other walks of life in that it seeks to provide an opportunity for clergy to minister in response to a vocation without undue concern, and within a culture of service.
52. As with all other areas of society the pressure is on pension provision, where the assessed cost of providing a given level of benefits has increased considerably over recent years as a result of market conditions, regulatory changes and greater longevity. The maintenance of the defined benefit scheme has been widely welcomed. But the changes made to the scheme to contain costs and continued uncertainties over the long term sustainability of the scheme inevitably have an impact on levels of clergy morale.

53. Like others in society, more clergy are now likely to continue working into their late 60s. This has implications for training and patterns of ministry. In addition, concerns over retirement income are likely to increase the need for reassurance that there will continue to be access to affordable housing in retirement for those who do not have their own property.

Options for Change

54. After examination of the three main elements of the clergy remuneration package the Remuneration Working Group did not make any recommendations for substantial reform. It did, however, identify some options for change. Some of these, in its view, merit consideration with some urgency, whilst others await a strategic moment.

Flexible retirement

55. The prospect of a longer working life, changes to pension benefits and anxiety about housing may often lead to premature tiredness, depression and a fear that individuals might not be able to work at the same level all the way through to an increased retirement age. This will necessitate a reimagining of ministry for period of life beyond 60 in order to rediscover a sense of hope, energy and anticipation. A change to the quality of life and ministry expected at this stage of life would refresh both clergy and the Church's ministry.
56. Upon retirement some clergy prefer to engage in very little further ministry whilst others become very involved in the church where they live. Under the revised pension arrangements there are likely to be more clergy who may not work through until the age at which they have earned a full pension and can retire on maximum benefits.
57. Clergy may be trading a couple of years early retirement for reduced benefits, especially if they have other means. Some clergy might therefore welcome the idea of moving to a half time post from, say, age 62-70, instead of remaining in their full time post until 66. Consideration would of course need to be given to the financial implications, workload and imaginative deployment of such clergy but such schemes could provide real opportunities for both clergy and the Church to benefit from continued effective ministry.
58. As the issue of retirement housing is a major concern for some clergy flexibility around moving to what will be their home in retirement early might go some way to allaying such fears. Clergy could work for the diocese to which they have moved in return for stipend and housing allowance, instead of stipend and house.
59. A priest might also leave incumbency and be licensed to an Area Dean, Team or Group to provide specialist, flexible or transitional ministry. There are examples of clergy returning to assistant posts for the last five years of their stipendiary ministry so that they can lay aside leadership and administration and concentrate on pastoral care and teaching.
60. Clearly such schemes would require careful planning in dioceses, the creation of funding streams and a more flexible approach to deployment. Although not all clergy have the gifts and desire to work in such ways these kinds of ministry might fit more easily with the concept of flexible retirement than traditional parish incumbencies where

issues such as the impact of the priest not residing in the parish, commuting costs and empty parsonage houses would need to be considered.

61. These flexible options would open up a deployable group of experienced clergy who could be attached to relatively short term ministry tasks. It could also free parishes where the present incumbent is, to some extent, hanging on to retirement and give a new lease of life to clergy for whom incumbency has become onerous but to whom ministry is still attractive and life affirming. If RACSC were to assess the possibility through the establishment of a few pilot experiments it would be interesting to see how dioceses and clergy might discover new ways of ministry.
62. There is also scope for RACSC, in conjunction with the Pensions Board, to explore whether the pension scheme could be modified, at the margins, in order to assist flexible retirement. There is already a degree of flexibility within the pension scheme which allows people to ease into retirement with, for example, half time working but the necessary financial penalties for those who retire early are inevitably a deterrent to some.
63. If dioceses wish to develop patterns of ministry which assist flexible retirement the Scheme might further be adapted to support this. Another form of ministry which could become one of a suite of options in regard to flexibility are the many successful examples of House for Duty. It may be that a more developed and strategic approach as outlined here, as taking into account recent guidelines on house for duty¹¹ would enable this form of ministry to meet the needs of clergy in appropriate circumstances.

Flexible housing provisions and allowances

64. It is clear that there is no prospect of a practical alternative to tied housing for the majority of the Church's stipendiary clergy if the Church of England is to attempt to maintain a presence in ever community and to allow for clergy mobility. However, a mission shaped church will have fresh needs which may be supported or hindered by the remuneration package.
65. The need for flexibility in terms of housing provision for mission projects is clear and some dioceses are already using a variety of options. With the reduction in the numbers of stipendiary clergy some dioceses are using houses which are no longer needed for parish ministry as strategic houses for curates or pioneers.
66. Such surplus housing could also be used to create a fund out of which housing can be bought or rented to support new mission work as well as fund the offer of housing allowances where appropriate. Further work is required on whether it is desirable to enable people to move in and out of paid ministry, especially in pioneering situations. Such movement is easier if there is flexibility over pension and housing provision or allowances.

Improved information and support for clergy

67. Recent changes to pension provision seem to have been unsettling to many clergy, as they have been in other walks of life. Perhaps they have had more impact because they have come at the same time as Common Tenure, the compliance agenda, changing

¹¹ See <http://www.churchofengland.org/media/1228158/2011%204%2011%20hfd%20booklet.pdf>

expectations of the role of the clergy and others in ministry, increased financial pressure in parish life and what seems an increasingly secular society.

68. It can seem to some clergy that long-held assumptions about the office of a parish priest in the Church of England are being questioned. Yet it may well be that not all clergy have become familiar with the facts about Common Tenure or the Pension Scheme and that perceptions are more fearful than the facts would support, the passage of time might well lessen this anxiety.
69. However, economics have changed, deployment options within the Church are more varied and people are, for example, no longer encouraged to sell the houses when offering for stipendiary ministry. It might be time to articulate changed expectations around stipendiary ministry and acknowledge that the existence of more flexible missional opportunities, as well as the richly varied circumstances of those offering themselves for ministry, requires a broader understanding of the variety and change which clergy life is likely to involve. This increased variety of different forms of ministry would also mean the existence of more than one 'covenant of trust' between clergy and Church.
70. If, as it seems, there is a move away from an implicit understanding of what the clergy should expect from the Church towards the need for greater clarity then this may be the time for the Church to put in place a more proactive programme of information sharing and support. This will help the clergy to adjust to changing ministerial and financial realities, and more able to inhabit their current ministry whilst planning their futures within the changing circumstances that will characterize the Church, as well as the rest of the world, in years to come.
71. The Retirement Housing Review Group (GS Misc 919) suggested recommendations that it might now be timely to build on and take further. These include the church helping clergy to take the lead in self responsibility through nationally based offerings, the development of a church credit union, treating pensions and CHARM provision more flexibly, offering personal finance training and raising awareness of other providers and expertise.
72. These will undoubtedly go some way to encourage self help and enable better use of clergy and church resources. Further proposals included training institutions and dioceses making personal financial education available at initial training and through the CMD programme. Indeed, good financial planning should be as central to CMD, and the care offered to clergy by Bishops and their staffs, as are matters of ministerial practise. Much work has already been done in regard to these recommendations (especially in regard to the clergy credit union and financial education) and there are many examples of good practise already in existence which could provide useful tools for clergy and dioceses.
73. In addition to the options outlined above further recommendations for change include the following.

One stop shop

74. Many clergy are not clear on what to expect at retirement or how to plan within the context of the Church and it might help if they were able to find all they need to know in one place. RACSC might therefore create a one stop web site on which can be found

links to all the information which clergy need as they make their own decisions within stipendiary ministry.

75. This would include the facility currently in development by the Pension Board for clergy to be able to view pension records and statements online, information about CHARM, other social housing providers and schemes, how to find independent financial advice, Government and savings initiatives etc. Such a site would also enable clergy to fully understand the reciprocal nature of the relationship between individuals and the Church.

CMD and financial planning

76. To explore with CMD officers and Bishops whether financial planning should be included within regular Ministerial Development Review (MDR), not in order to intrude into what are personal matters but in order to check that the clergy person concerned is comfortable that they have all the resources and information that could be made available to them. Particular financial decisions should very clearly be made by the clergy themselves.

CMD and later life

77. To ensure acknowledgement that the effects of an increased retirement age may bring further implications for ministry beyond the purely financial. Changing societal demographics and increased longevity themselves bring challenges in regard to domestic arrangements, family relationships, inheritance and healthcare which will be faced by both clergy and the communities in which they minister.
78. Clergy in mid or late career might now face a longer working life than they expected and could well require additional support or advice. Ministerial review is one point at which support could be offered and this might require the appropriate training of senior clergy to enable them to assist in such circumstances.
79. The impact on parishes of clergy who might remain in parishes for longer than expected may also present dioceses with a training opportunity. These are real challenges to establish effective means of support that allow clergy to continue to minister effectively for a longer period of time in communities they have often served so well for a number of years.

Deployment and training

80. Further challenges of working longer are likely to be seen in deployment issues and dioceses should be encouraged to consider such issues in their strategic deployment and training provision. Given the need to engage in new ways with the under 40 age group there may be an increasing need for this area to require further training or CME.

Pension

81. A more flexible approach in all areas of remuneration could play an important role in enabling fresh approaches to mission and ministry. But the maintenance of adequate retirement income is crucial for clergy morale and any discussion regarding the pension scheme needs to be considered in the context of an understanding of the entire remuneration package.

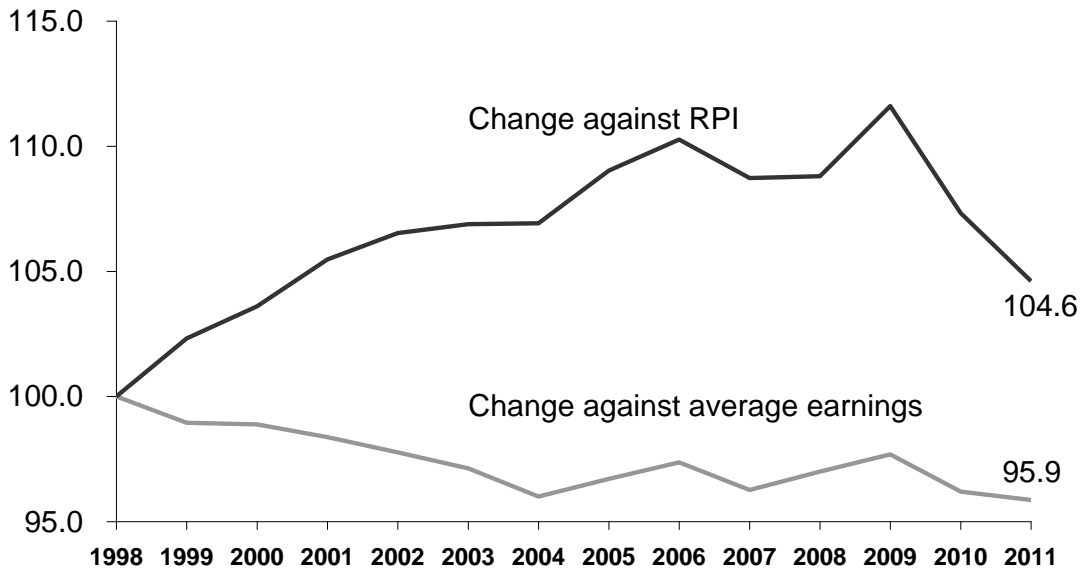
Conclusion

82. The make up and value of the clergy remuneration package has been assessed within the wider context of a challenging economic environment within the UK and beyond, acknowledging the subsequent pressure on overall remuneration levels. At the same time the options for change have been considered in light of evolving patterns of ministry, clergy morale and the mission of the Church of England.
83. The job stability which is afforded to clergy has been recognised and is particularly valuable in a context where unemployment levels have risen. Nevertheless, the review of the three main components of the package does suggest that two of the three areas (stipends and pension) have seen some erosion in the value of what the clergy receive.
84. It is in the area of retirement where the impact on clergy morale requires most attention. The commitment to the maintaining of the defined benefit pension scheme has been acknowledged as a welcome and positive step. However, the recent changes to the scheme have created anxieties among those with many years of service still ahead of them.
85. For some clergy it is retirement housing which causes anxiety and it is apparent that something like the CHARM scheme will be needed for the foreseeable future. Opportunities to explore more creative and sustainable approaches to retirement housings should be welcomed in order to further allay anxiety regarding retirement housing.
86. The picture of a clergy remuneration package which has declined in recent years has to be seen against a backdrop of challenging economic conditions across the country and financial pressures within dioceses. It is apparent that good work was achieved in regard to stipends (e.g. the achievement of Aspirations 1 and 2 from Generosity and Sacrifice) and tied housing, which remains a necessary part of the commitment of the Church of England to a presence in every community.
87. Nevertheless, if the decline continued it would reach a point where the remuneration package no longer met even the basic aspirations outlined in Generosity & Sacrifice. This would in turn have implications for the capacity of the church to continue to deploy ministers who were appropriately and fairly remunerated for the mission leadership role.
88. Although there are no recommendations for substantial amendments to the clergy remuneration package or easy answers to the challenging financial situation in which the church finds itself there are opportunities in the strategic work being done by the Archbishops Council and House of Bishops, as set out in GS Misc 995 Challenges for the New Quinquennium.
89. In particular, as the work on ‘re-imagining’ ministry is taken forward, the realities of the clergy remuneration package can and should be borne in mind, so that decisions on stipend levels, pension changes and workforce planning are not taken in isolation, but rather with a view to the long term mission of the church.
90. Changing patterns of mission and ministry call for increased flexibility of the remuneration package and work should be done in dioceses to explore possibilities for flexible retirement and deployment patterns, especially toward the end of stipendiary ministry.

91. Given changes to retirement provision clergy will need to take greater ownership of their financial planning and to do this they will need clearer information and support as they make important personal financial choices. Further work on creation of a one stop shop where clergy can gather information about the nature of their stipendiary package and the inclusion of financial planning in CMD programmes would provide clergy with additional resources in this area.
92. A number of these options for change such as financial planning, one stop shops, flexible deployment and retirement planning form a significant part of the Remuneration and Conditions of Service Committee remit. Further consideration in regard to these, and other relevant options for change, will therefore form part of the Committee's future work.
93. These two practical actions- enabling clergy to take greater ownership of their financial planning, and offering more flexible deployment options towards the end of stipendiary ministry- would make a significant contribution to both the remuneration of the clergy and the mission of the Church.

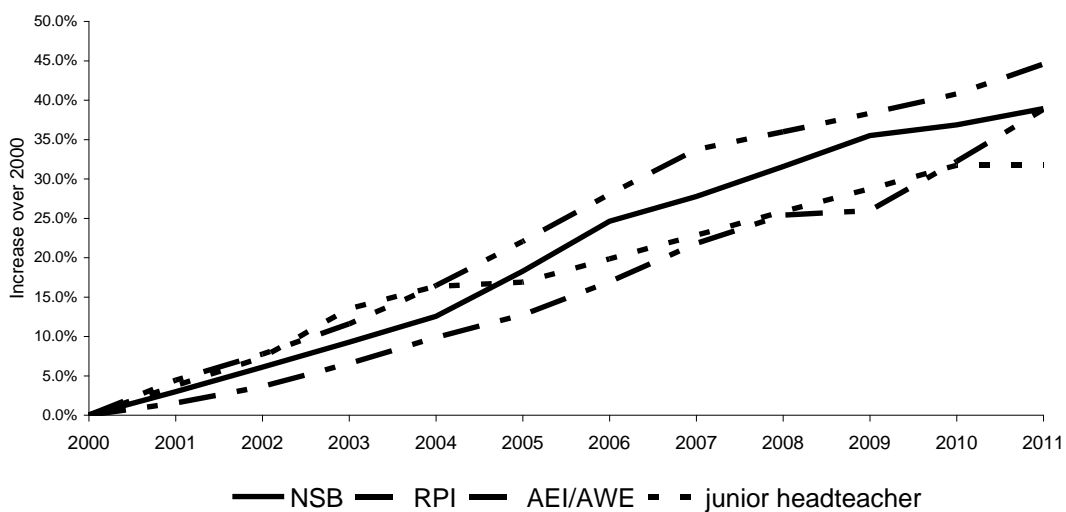
Graph 1

Change in value of National Average Stipend of Incumbent Status Clergy against RPI and Average Earnings since 1998



Graph 2

Cumulative increases in the NSB, average earnings indices, and the Retail Price Index from 2000 to 2011



Diocesan Basic Stipends and Regional Stipends Benchmarks 2011/12

	Diocesan Basic Stipend 2011 £	Regional Stipend Benchmark 2011 £	Difference between Basic Stipend and RSB	
			£	%
Bath & Wells	23,600	23,310	290	1.2%
Birmingham	22,490	22,760	(270)	-1.2%
Blackburn	22,525	21,900	625	2.9%
Bradford*	22,865	22,740	125	0.5%
Bristol*	23,220	23,220	0	0.0%
Canterbury	23,290	23,220	70	0.3%
Carlisle	22,650	21,900	750	3.4%
Chelmsford	23,390	22,790	600	2.6%
Chester	22,437	21,900	537	2.5%
Chichester	23,290	23,220	70	0.3%
Coventry	23,210	22,760	450	2.0%
Derby	23,600	23,240	360	1.5%
Durham	22,000	22,650	(650)	-2.9%
Ely	22,780	22,450	330	1.5%
Exeter	23,660	23,310	350	1.5%
Gloucester	22,970	23,310	(340)	-1.5%
Guildford	25,056	23,220	1,836	7.9%
Hereford*	22,365 +	22,680	(315)	-1.4%
Leicester	23,240	23,240	0	0.0%
Lichfield	23,110	22,760	350	1.5%
Lincoln	22,675	23,080	(405)	-1.8%
Liverpool	22,290	21,900	390	1.8%
London	22,771	23,290	(519)	-2.2%
Manchester	22,807	21,900	907	4.1%
Newcastle	22,211	22,650	(439)	-1.9%
Norwich	22,450	22,450	0	0.0%
Oxford	23,767	23,220	547	2.4%
Peterborough	23,110	23,110	0	0.0%
Portsmouth	23,224	23,220	4	0.0%
Ripon & Leeds	22,740	22,740	0	0.0%
Rochester	23,585	23,240	345	1.5%
St Albans	23,570	23,220	350	1.5%
St Edmundsbury & Ipswich	22,113 \$	22,450	(337)	-1.5%
Salisbury	23,360	23,310	50	0.2%
Sheffield	22,740	22,740	0	0.0%
Southwark*	23,770	23,290	480	2.1%
Southwell & Nottingham	23,010	23,240	(230)	-1.0%
Truro	23,590	23,310	280	1.2%
Wakefield	23,530	22,740	790	3.5%
Winchester	23,280	23,220	60	0.3%
Worcester	22,834	22,760	74	0.3%
York	23,000	22,740	260	1.1%
Sodor and Man*	23,615 !			
National Stipend Benchmark		22,810		

* stipend from 1 January

+ An allowance of £325 per child is paid in addition to the Basic stipend in Hereford.

\$ In St Edmundsbury and Ipswich up to 15% of clergy receive a responsibility allowance of £950 per year in addition to the basic stipend.

! Clergy receive Easter Offering in addition to this figure in Sodor and Man and, in 2011, a travel allowance of £375. The cost of living data does not cover the Isle of Man, and so no RSB is given for Sodor and Man. The Diocesan Basic Stipend is the stipend paid to the greatest number of incumbent status clergy in the diocese.

Estimated value of provided housing

The Central Stipends Authority has provided a figure for the estimated value of provided housing since 1980. The intention is to provide a general indication of the amount of additional gross income which clergy of incumbent status would require in order to provide basic domestic accommodation (excluding office space) for themselves and their families. This figure is intended to be used for the purpose of national benchmarking, and not for local negotiations, which should be based on figures appropriate to individual circumstances.

From 2008 a revised methodology has been used, based on the national average interest cost of the average outstanding mortgage at the end of July, rather than the latest average typical capital value. The CSA feels that this method is more realistic, as clergy do not move house every year.

The calculation is not intended to produce an indication of the cost of providing accommodation for clergy.

	£	
Mortgage interest	3,762	(1)
Water charges	373	(2)
Council Tax	1,584	(3)
Maintenance and external decorations	713	(4)
Insurance	275	(5)
Sub total	6,707	
Tax and NI adjustment	3,156	(6)
Total	9,863	
Rounded	9,860	

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