

**PROMOTING ASSISTANCE FOR NEEDY PARISHES:
REFORM OF GUARANTEED ANNUITIES AND
OTHER DIRECT PAYMENTS TO PARISH CLERGY**

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Report by the Church Commissioners

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1. This report proposes taking forward the long-planned and widely-discussed abolition of guaranteed annuities (GAs¹) and similar payments, being the part of the clergy stipend funded directly by the Church Commissioners and amounting to £4.75 million in total.
2. At present the Commissioners' GA payments benefit dioceses in ways which follow historical patterns of ministry but often do not match the Church's current needs or opportunities. These proposals seek to end these (mainly) statutory payments so as to increase the funds available for discretionary use to support the Church's ministry in areas of greatest need. They will neither increase nor reduce the amount paid out in total by the Commissioners in support of the Church's work and ministry, nor will they affect the amount of stipend paid to individual clergy.
3. The first part of this report sets out the history of the payments and outlines subsequent debate in relation to them. The second identifies present arguments for their reform and summarises dioceses' views following consultation in the first half of this year. It concludes with recommendations.

¹ For the sake of shorthand, "GAs" throughout will normally refer to the categories of payments listed at i) - iii) above, the largest of which are guaranteed annuities.

A. GUARANTEED ANNUITY PAYMENTS: A BRIEF HISTORY

4. Fuller details of the payments in question are set out at Annex A. Essentially they are sums payable by the Church Commissioners following the Endowments and Glebe Measure 1976, which pooled assets that formerly produced incomes for individual livings, guaranteed equivalent income as a direct charge on Commissioners' funds up to a maximum of £1,000pa and provided for the surplus income above that level to be more generally available within the Church. The three chief categories of payment are:

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- (i) Guaranteed annuities (£3.58m) – varying amounts paid to some incumbents (up to a maximum of £1,000pa) under the Endowments & Glebe Measure 1976, representing the value of the endowment income of their benefice at the date the Measure came into effect (1 April 1978). Around 4,850 clergy currently receive payments at an average value of £720pa.
- (ii) Grants to priests-in-charge and team vicars (£0.92m) – GA “equivalents” paid to neutralise the effects of pastoral reorganisation or a preferred policy of appointing priests-in-charge. Unlike categories i) and iii), these are discretionary payments and their abolition would not need legislation. Similar policy issues nonetheless need to be addressed.
- (iii) Direct payments to dioceses (£0.25m) – these subdivide into (a) payments to dioceses in place of former curacy endowments pooled under the E & G Measure, the benefit to most dioceses being relatively slight; and (b) payments to two dioceses after the ending of specific benefice trusts under a scheme made in line with the provisions of the 1976 Measure, amounting to some £125,000pa. Both of those dioceses would achieve a net gain under the proposed plans

through an increase in the funds available for selective allocation.

5. There also exists a small number of personal grants, a supplement to the guaranteed annuity made where the value of the endowment income exceeded £1,000pa and payable for so long as the original incumbent of the benefice, as at 1 April 1978, continues to hold that office. Only 38 such grants remain in payment today, with a total value of some £35,000, and in time they will lapse altogether. It is not, therefore, proposed to make any new arrangements in respect of them.

The position before the Endowments and Glebe Measure 1976

6. The 1976 Measure was only one in a sequence of steps towards gaining a more equitable distribution of Church resources. As a 1983 report on the Church's historic resources put it, by the 1970s "realisation that the Church's resources are not distributed equitably, or directly in relation to changing needs, [was] nothing new"². Helping to redress this imbalance had been the basis of the foundation of the Church Commissioners' parent bodies, namely Queen Anne's Bounty (established 1704), charged with the use of (Church) tax revenue remitted by the State to augment poor livings and provide parsonages, and the Ecclesiastical Commissioners (1835-6), endowed over time with "surplus" cathedral endowments to fund ministry in the new urban population areas of the early 1800s.

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7. A significant further step in putting benefice income levels on a secure footing took place with the Benefices (Stabilization

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² *The Historic Resources of the Church of England*, 1983 (Church Commissioners): introduction, p7.

of Incomes) Measure 1951. By this date the three main categories of income-producing benefice endowments were: glebe land; fixed-interest securities held by the Commissioners in trust for some 10,500 individual benefices; and other benefice trusts. Those incomes fluctuated and could fall. The Measure allowed the Commissioners to transfer to their General Fund all the capital they held in trust for benefices³ and manage those endowments efficiently as a whole, guaranteeing individual benefice incomes “in perpetuity” equivalent to the pre-stabilization amounts and gradually generating a surplus for stipends generally and, increasingly, for pensions. As the Church Assembly noted (November 1950) the Measure would gain administrative convenience and reduce the risk to individual benefices of future income loss, while in the event of a gain the Church as a whole would benefit.

8. But the 1951 Measure did not even out endowment incomes and did not affect glebe at all. It long remained the case that some livings were richer than others.⁴ By 1977 differences between dioceses in total net endowment (glebe and securities) income had grown; the average was £966 per benefice nationally, with diocesan averages ranging from £639 in Blackburn to £1,610 in Lincoln. Glebe accounted for the larger part of these totals. Varying rates of decline in clergy

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³ The average income value *per annum* in 1951 from these endowments, excluding glebe, varied from £38 per incumbent in Canterbury to £220 in Peterborough. National average was £92. *Historic Resources report* Schedule 5.

⁴ Except in cases of pastoral reorganisation, benefice endowment income could only be redirected, to diocesan stipends funds, through a diversion scheme or order under the Pastoral Reorganisation Measure 1949 (which created diocesan stipends funds) or the Pastoral Measure 1968. *Historic Resources report* p11, footnote.

numbers over a similar period⁵ increased the mismatch between resource and need. 1970s inflation also took its toll and the challenge to increase giving became a priority. At the same time, to address the continuing need to make good and equitable use of historic resources, the draft legislation that became the Endowments and Glebe Measure was promoted.

Development of the Endowments and Glebe Measure 1976

9. The Measure's immediate origin was Synod's 1972 *First Report of the Terms of Ministry Committee* (GS87), which was charged with recommending "powers to create a more equitable structure for remuneration". The report noted:

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The days when the clergy looked to the endowment and other statutory income of their office to provide their stipends have long since passed and, for the majority of clergy, income from endowments now has to be supplemented not only by substantial sums from central sources but also increasingly from voluntary giving by parishes.⁶

10. It noted that clergy income levels varied and diocesan practices over diverting excess endowment income for wider Church use differed. The report picked up on Synod's November 1971 recommendation that dioceses adopt a common definition of stipend and recommended that the Commissioners should act as central stipends authority to oversee policy, working with dioceses. And it recommended that powers be taken by Measure to pool benefice endowment income, including glebe, transfer the latter to dioceses and, in place of the total benefice income, to pay guaranteed annuities and personal grants to incumbents. This was not a new

⁵ From 1959–82 clergy numbers fell by 41% in Ely and rose 1% in Sheffield; national average decline 24%. *Historic Resources report*, p12.

⁶ *First Report of the Terms of Ministry Committee* GS87, 1972, paragraph 8

proposal. As John Smallwood reminded Synod in July 1972, the 1967 report by the Deployment and Payment Commission *Partners in Ministry* (CA1640) had gone one step further: "What was before the Church Assembly in the *Partners in Ministry* report was total pooling, total disendowment. What we suggest is a halfway house to get over . . . the alienation of local feeling and the possible drying up of local giving."

11. The report proposed £1,000 as the right maximum level for GAs, representing broadly the national average net benefice income, including parochial and chaplaincy fees. Excess amounts above that level would fall in on change of appointment or pastoral reorganisation, gradually freeing up some resources to be targeted on needier areas. It also encouraged new donors and testators to think of giving to dioceses or the centre instead of benefices, and concluded:

We consider that arrangements on the above lines should lead to better managed glebe generally for the benefit of the Church as a whole, and give greater flexibility as to the use of the income from the property for clergy stipends whilst providing adequate safeguards for former glebe-owning benefices.⁷

12. Synod's July 1972 debate on the report included strong support for new arrangements. So as not to quash the urge towards local giving it was vital that people should see that the Measure intended the basic good of the Church, national and local, just as those who had originally provided endowments had done. The guiding idea was "to take the pay where the men are needed. That is the effective principle of Christian stewardship. We cannot do that without this nationwide pooling of endowments . . ." Another speaker added "those who have endowed parishes in the past have done so because

⁷ *ibid*, Appendix B, paragraph 10

they wanted their incumbent to be properly remunerated, and as long as we honour that principle I think we are acting in accordance with [their] wishes . . . if there is something left over and above that, it should be used for ensuring that all incumbents are properly remunerated." From an administrative point of view, it was suggested, "if indeed the payment of our clergy is made more simple, our laity will understand far better how they are paid, with the result that they will give more. . ."

13. The Church Commissioners were appointed Central Stipends Authority that year. The draft Measure to effect the pooling of benefice endowment income and the transfer of glebe to dioceses was introduced at the July 1974 Group of Sessions. It set out proposals for diocesan management of glebe land, consulting local incumbents over disposals, for the benefit of the diocesan stipends fund, with dioceses required to seek market value on sale or letting. Moving its approval (8th July 1974), Sir Ronald Harris, First Church Estates Commissioner, noted "there is a strong historical and local factor which needs to be respected. Hence the provision whereby every incumbent will be entitled to a guaranteed annuity . . ." He added that the Measure carried "a significant stage further the process whereby capital and income growth derived from the Church's endowments is coming to be shared for the benefit of the clergy generally".

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14. Synod debate covered ~~the pros and cons of glebe~~ management by clergy (too close for professionalism), Commissioners (too distant for sensitivity) or dioceses (the preferred solution). "Transfer glebe from the incumbent and you will be breaking up a pattern which has linked Church, priest and the folk of the land in my Northamptonshire parish and many others for centuries", it was argued. Another speaker responded "if the general laity of the parish see that the glebe is properly managed, which is not always so, the stumbling block

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to direct giving into stipends, or at least the excuse for not giving, is removed." Sir Ronald noted that the new arrangements were "all part of the whole system whereby the Commissioners' funds are used to try to balance the resources of the Church and meet need where it arises." Following the work of the Revision Committee, Synod gave final approval by a large majority at the July 1975 sessions. The Measure passed successfully through both Houses of Parliament in the latter part of 1976 and gained Royal Assent on 22 November that year. It took effect on 1 April 1978 when the first annuities were paid out.

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Church thinking on GAs and targeting resources after the 1976 Measure

15. The Church soon began to look again in some detail at the 1976 settlement and at whether more remained to do in achieving a fairer spread of resources. The Measure had achieved a substantial re-balancing of Church resources but the guaranteed annuity provisions had nonetheless reduced by up to £1000 per benefice the Commissioners' capacity to target funds selectively upon areas of need. And, as the *Historic Resources of the Church of England report of 1983* noted:

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. . . the Measure ensured that the disparity in income from historic resources at *benefice* level would not widen further. On the other hand, the decision to transfer glebe into diocesan ownership has meant that the disparities between *dioceses* have continued to grow.⁸

16. That report noted further that by 1981 glebe rental income and interest on capital together generated £4.2m income for dioceses, while of the surplus amounts available for stipends

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⁸ *The Historic Resources of the Church of England* 1983, paragraph 29

generally, the Commissioners' allocations to diocesan stipends funds totalled £17m in 1983 – the largest single source of income for stipends apart from giving. Fees and trust income were also part of the picture. Future policy issues for the CSA in promoting a realistic minimum stipend had to include raising levels of giving by Church members and effective targeting of resources by the Church's national institutions.

17. Effective targeting needed to encompass mutual financial support between dioceses. The report (page 55) suggested “encouragement of voluntary transfers of resources between dioceses, perhaps via a central pool administered by the Commissioners”. More radically, it suggested a centrally-led initiative to pool resources:

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One theoretical possibility would be to seek equality – to aim towards an equivalence of capital and income resources notionally behind each clergyman, deaconess and licensed lay worker engaged in the full-time stipendiary ministry. The “rations” would be equal and would follow the “man” ie they would not be tied to any benefice, diocese, locality or administrative grouping. Such an approach would demand both an overview upon a national – not a diocesan – basis and also a thorough-going approach to policy and legislation to reflect this. For instance, consideration would need to be given to the possibility of the redistribution of GAs and the Commissioners' perpetuity allocations for stipends.⁹

18. A paper for the 1983 Diocesan Secretaries' Conference by the then Coventry Diocesan Secretary discussed the merits of GAs as their significance as a proportion of total stipend fell. Would it not be simpler and fairer to lump all such payments in with diocesan stipends funds and charge the latter with commensurately increased amounts? Arguing that “the

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⁹ *ibid*, paragraph 110

continued attachment [to benefices] of guaranteed annuities of differing amounts seems to be contrary to the intentions of the Endowments and Glebe Measure” the writer added:

It has been suggested to me that the change might be resisted by clergy since it could be construed as an attack upon the freehold office. I find it very difficult to understand these comments. In my experience if the incumbent receives his full stipend . . . then he would not object to any system which would simplify the administration of the stipends system.

19. Synod’s 1994 *Green Paper (GS1126) on Clergy Conditions of Service* also focused on stipends administration. Their make-up was “extremely complex . . .and arguably this is quite unnecessary . . . [GAs] are cumbersome to administer and, if abolished, would release over £5m that could, if so desired, be redirected to dioceses and parishes where it was most needed.” The paper recommended moving towards legislating for abolition “although we recognise that some clergy will see the local elements of funding as a token of their ‘independence’ and might not welcome complete reliance on diocesan augmentation.” A follow-up Yellow Paper *Improving Clergy Conditions of Service* GS 1173 consolidated responses. They indicated that the “general feeling in the Church about the funding of the stipends is that the present system is too complicated and should be simplified”. The paper concluded:

the Church Commissioners have been given a clear mandate to look at how ‘guaranteed annuities’ and the like might be abolished, and the money tied up therein redistributed according to need.

| 20. The Commissioners asked the Consultative Group of DBF Chairmen and Secretaries (May 1996 paper CGCS(06)6) for advice on how to take forward this mandate. Noting that GAs

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continued to fall in value as a proportion of total stipend and their abolition would increase the Commissioners' scope to target needs and simplify administration, the paper also argued that they could be seen as having been essentially a transitional device to ease the introduction of the 1976 Measure. It acknowledged the need to co-ordinate change with diocesan financial planning. The Group supported the proposal but thought it best to defer change until the pensions transitional period had run its course and the post-Turnbull administrative and financial picture had become clearer. In June 1996 the *Diocesan Secretaries Conference* took the same view.

21. January 1999 saw the beginning of a new working relationship between Commissioners and the Archbishops' Council in respect of the distribution of the Commissioners' funds. The National Institutions Measure 1998 committed the two bodies, in the use of those funds, to have particular regard to the Commissioners' trust duty, as set out in section 67 of the Ecclesiastical Commissioners Act 1840, to make "additional provision for the cure of souls in parishes where such assistance is most required". Since 1999 the Commissioners have, in partnership with others including the Council, been reviewing all their financial commitments to examine the potential for increasing their support for the Church's ministry in areas of need and opportunity. Against that background, the long-standing aim of abolishing guaranteed annuities and similar payments gained new priority.

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B. CURRENT ARGUMENTS FOR REFORM

22. The foregoing history shows that a number of themes have featured constantly in debate over the last twenty five years or more, and are still current. The main ones can be summarised as: (a) the need for cost-effectiveness in administration; and (b)

the promotion of Church-wide mutual support in order to release funds to aid the the Church's ministry especially in areas of need and opportunity (which is the Commissioners' core legal purpose). Subsidiary to these are (c) the need for change to be well timed and co-ordinated to fit in with the wider financial picture, and (d) the desire to respect the wishes of any individual clergy who may prefer to continue to receive these payments. The Commissioners' thinking in each of these areas is set out below.

(a) Cost-effectiveness

23. The significance of GAs as a proportion of the stipend paid has steadily diminished over the last 20 years. In 1978, GAs accounted for 32% of the average incumbent's stipend. They now account for only 6% and the proportion will obviously decline still further in future years. They can no longer be said to be of real material benefit to clergy. Irrespective of whether the money could be re-deployed more effectively, the value of retaining the system of GAs must now be seriously questioned, not least in view of the time and money required to administer them, both at national level and in all dioceses. Their abolition should, therefore, produce a useful saving, although it is difficult to quantify at this stage.

(b) Releasing funds to target need

24. GAs are in effect a financial benefit to dioceses, reducing the amount they and their parishes must pay towards their stipend bill. Moreover they benefit all dioceses and parishes regardless of level of need, in a way which does not reflect the Commissioners' historic mission to support the Church's ministry where assistance is most required. The 1976 Endowments and Glebe Measure represented a major change;

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guaranteed annuity reform will simply complete its unfinished business, rationalising the de-coupling of endowment from benefices that the Measure effected - a step some contributors were ready to take even in the 1970s. Abolition of GAs will return some £4.75 million to the Commissioners' general fund, causing it to become legally subject to the Commissioners' duty under the National Institutions Measure 1998 to distribute their funds with particular regard to the making of "additional provision for the cure of souls in parishes where such assistance is most required".

25. As to the practical use of this money: the Financial Issues Working Group report expresses the clear aim (paragraphs 18-19) that it should be distributed at this time to the poorest dioceses for stipends support, recognising that many dioceses are already planning for 2005 and beyond on the basis of stipends use for any new money. The Commissioners and Council have agreed this should be the use of the money in the 2005-07 planning period. The arrangements outlined at paragraphs 20-21 of the Financial Issues report will also apply for the benefit of dioceses, whereby financial change of the kind proposed will be phased so that the direct impact upon dioceses will not exceed an annual increase of 2% in its parish share requirement.

26. For the longer-term, the distribution of GA money will be treated within the larger review process that applies to all the money the Commissioners make available to the Council for selective spending in areas of greatest mission need. The manner in which "additional provision for the cure of souls" can best be made has varied and will continue to do so in the light of the Church's changing needs - a point enlarged on at paragraph 12 of the financial issues report. Thus the future use of this money will be developed over time in partnership

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between the Council, dioceses and Commissioners in line with the Church's wishes and priorities for the support of its ministry and mission.

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c) Timing and co-ordination

27. The movement of events in the financial and spiritual life of the Church is continual and the timing of change is never easy. From the mid 1990s the Church has consciously deferred taking this long-mooted proposal forward in view of institutional reform and a fast-changing financial landscape. The particular uncertainties of that period are essentially resolved, with the Turnbull reforms now in place and the transitional arrangements of the Pensions Measure 1997 having run their course. However, the rise in the pension contribution rate following the most recent actuarial review of the funded scheme, plus the publication of *Generosity and Sacrifice*¹¹ which sets out new aspirations for stipend levels, have led to a fresh round of consultation with dioceses over a number of inter-related financial issues.

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28. That consultation includes the proposal to reform GAs, which has received a broad measure of support, subject to the need for co-ordination of financial issues. This is therefore a good time to start the practical process of that reform. The changes will help facilitate the goal of mutual support within the Church, the promotion of which is a key aspect of the current financial discussions. The necessary legislation, if Synod and Parliament approve it, is likely to take effect in 2005 at the earliest. The proposed changes can be planned well in advance, therefore, to ensure that dioceses have time to

¹¹ *Generosity and Sacrifice* - Synod report GS1408 by the Clergy Stipends Review Group (2001).

adjust to the changes in the parish ministry support they will receive.

(d) Opt-out arrangements

29. As already made clear, the ownership of entitlement to GAs is of little practical value today, the annuity representing a small part of the stipend. Indeed, Synod's wish in the 1970s to preserve a notional link between local endowment and income¹² was perhaps, in its own phrase, governed more by a wish to respect "arguments from history and sentiment"¹³ at that time than by a general wish on the part of incumbents to own the equivalent of any such endowment. It is also worth emphasising that in no sense is the clergy freehold or their terms of office at issue here.

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30. It is nonetheless suggested that it would not be right to impose the removal of GAs upon any current payees who wish to continue to receive them. Those currently receiving either an annuity as incumbent or a discretionary grant as priest in charge or team vicar will, therefore, be offered the option of continuing to do so whilst they remain in office (the annuity/grant lapsing after that point), even though it will not make any difference to the amount they are paid in total. It is hoped nonetheless that most clergy will choose not to do so, thus helping to speed the administrative and policy benefits of the changes. The provision, insofar as it relates to guaranteed annuities (discretionary grants not being a matter for legislation, as indicated at paragraph 4ii above), will be set out in the draft legislation which it is hoped to bring before Synod for consideration in February 2003.

¹² Paragraph 9 above.

¹³ Memorandum by the General Synod Office May 1976, paragraph 10

Consultation prior to and with General Synod

31. The Commissioners have consulted the Archbishops' Council about the abolition of GAs and it supports the proposals. Generosity and Sacrifice also lent its blessing to the recommendations, with the caveat that it wished to see the money released used to support stipends. The recent consultation exercise with dioceses conducted by the Council's Financial Issues Working Group (in response to GS Misc 663) has revealed a substantial majority in support of guaranteed annuity reform.

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32. Out of thirty-three dioceses who have expressed a view, twenty-seven favour the abolition of GAs. They argue they are "a relic of past times"; that change would help support dioceses with least resources; that it would make no practical difference to incumbents' stipends, and that many incumbents may be unaware the payments exist;

Deleted: which has Commissioner, Council and Pensions Board staff representation, consolidated key current topics for discussion by dioceses early in 2002 on the basis of the clergy stipends review group report *Generosity and Sacrifice* and the parallel report on pensions payment and funding, and of the "financial issues" questionnaire highlighting major issues in both

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It is our view that the North-South divide becomes ever more evident, as years go by, in contradiction of the principle of mutual support, and we believe, therefore, that anything which has the effect of providing extra financial resources to the more needy dioceses is to be supported [*Southwell diocese*]

The Financial Issues Working Group are also seeking views about changing the way in which the nationally available financial resources of the Church Commissioners are shared among dioceses to increase the support for stipends available to those dioceses of greatest financial need. We affirm support for that principle [*Worcester diocese*].

Deleted: Twenty-four - a large majority - of those dioceses who have expressed a view specifically on GAs favour their reform. They argue they are "a relic of past times" (Canterbury and Leicester); and that change would help support dioceses with least resources; that it would make no practical difference to incumbents' stipends; that many of them may be unaware the payments exist.

33. Six dioceses have raised objections to the proposals, or at least raised issues of concern in relation to them. For example, there was some concern that the proposals should take place in

the context of a wider debate on mutual support. A few dioceses have also questioned whether it is, within the spirit of the original endowments to move and redistribute GAs (although it was the Endowments and Glebe Measure which initiated the disendowment); others that these payments help the Church to maintain a pastoral presence in each community. It is hoped that this report addresses these concerns and makes clear that the abolition of GAs is in fact a significant step in sustaining and developing the Church's parish ministry in areas where support is most needed so that it can continue to minister to the whole nation. This practical step progresses and focuses the discussions on mutual support in which the Church is currently engaged.

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34. Synod itself has been kept abreast of these proposals. Reports giving an overview of financial issues in November 2000 (GSMisc627) and November 2001 (GS1434) have noted plans for GA reform and in-principle views upon it, and the projected timetable. Debate in November 2000 drew the comment that the financial impact of change should be managed and co-ordinated; there was no questioning of the principle. The Commissioners' annual reports in 2000 and 2001, shared with all Synod members and debated in July 2001, have highlighted GA reform as being among plans for furthering support for parish ministry in areas of need. And the report of the clergy stipends review *Generosity and Sacrifice* which, as noted above, supports the principle of GA reform, was extensively debated by Synod in November last year.

Conclusion and recommendations

35. This report proposes the abolition of the guaranteed annuity* and similar payments to clergy, as detailed at paragraph 4 above, so that the money can be better targeted upon helping to

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fund the Church's ministry in areas of need and opportunity.

The proposals have been long discussed and recent consultation with dioceses suggests a large consensus in favour of promoting the change now.

36. If the General Synod supports the proposals, it is intended that a draft Measure to give effect to them should be brought to the Synod for its first consideration stage in February 2003.

The outline timetable envisages that the revision committee, revision, final drafting and final approval stages should be completed in the course of 2003, with a view to the Measure being submitted to the Ecclesiastical Committee and the two Houses of Parliament, and then receiving the Royal Assent, during 2004. The aim is to have legislation effective from 2005.

37. Synod is invited to approve the following recommendations:

- i) that the statutory "guaranteed annuity" element of incumbents' stipends, paid by the Church Commissioners under Section 1 of the Endowments and Glebe Measure 1976, should cease;
- ii) that the Commissioners' direct grants to dioceses in respect of former curacy endowments (section 8 of the 1976 Measure) and of individual benefice trusts extinguished by a scheme made under section 4 of the 1976 Measure should cease;
- iii) that the money released through i-ii) above should return to the Commissioners' general fund to be applied in line with the National Institutions Measure 1998 which gives priority to the making of additional provision for the cure of souls in parishes where such assistance is most required;

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iv) that the Commissioners' equivalent discretionary grants to priests-in-charge and team vicars should cease;

v) that all the money released through the above proposals should be applied for stipends support for the poorer dioceses during the planning period 2005-07, its use to be reviewed thereafter in the light of the Church's agreed needs and priorities and its plans for meeting them;

subject in the case of recommendations i) and iii) above to an option for any minister at present receiving a guaranteed annuity or equivalent discretionary grant to continue to receive it while he or she remains in post.

38. Synod is further invited to instruct the Business Committee to introduce a draft Measure to enable the above proposals to take effect.

Church Commissioners

9 ~~October~~ 2002

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**GUARANTEED ANNUITIES AND OTHER GRANT
SCHEMES**

BACKGROUND NOTE

The Endowments and Glebe Measure 1976

1. During 1974, the General Synod's Terms of Ministry Committee made a report on that part of its terms of reference concerned with 'powers to create a more equitable structure for remuneration.'
2. In considering the Committee's recommendations, the General Synod passed a motion recommending 'the pooling of benefice endowment income including glebe income and the transfer to dioceses of the ownership of glebe, and requests that the Church Commissioners to introduce a Measure as soon ... to give effect to them.'
3. The resulting legislation was the Endowments and Glebe Measure 1976.

Guaranteed annuities and personal grants

4. Under the Endowments and Glebe Measure, glebe land which was formerly vested in an incumbent was transferred to the Diocesan Board of Finance "for the benefit of the stipends fund of the diocese". At the same time, the Measure freed the Commissioners from paying annual sums from their General Fund to individual benefices as endowment income. In return, the Measure provided that the Commissioners should pay to existing and future incumbents of a benefice a "guaranteed

annuity” equal to and in place of the amount of the net annual endowment income (including glebe income) of the benefice immediately before the Measure came into effect but subject to a ceiling of £1000 per year.

5. For the purpose of calculating guaranteed annuities, endowment income was taken to include:-

- Annual sums charged on the Commissioners’ General Fund
- Annual sums charged on Diocesan Stipends Funds
- Net income from glebe
- Net income from formally divided-off parts of parsonage houses
- Net income from corn rents and other rent charges

6. Where the net annual endowment income (less any diversion to a diocesan stipends fund) exceeded £1000pa, the Commissioners were also required to pay an incumbent in office immediately before the appointed day a “personal grant” equal in amount to the excess. He was entitled to this grant so long as he continued in the same office. Any incumbent in office before the appointed day would thus be guaranteed his then existing net endowment income from whatever source (less any diversion) for so long as he continued in the same benefice. Where an incumbent held benefices in plurality they were to be treated for this purpose as if they constituted a single benefice.

7. The provisions for the payment of guaranteed annuities and personal grants came into operation on 1 April 1978 (‘the appointed day’).

Curacy allocations and other direct payments to dioceses

8. The Endowment and Glebe Measure also pooled former curacy endowments and translated them into payments to dioceses. Most are of small value, the total being a little over £100,000pa.

9. Other direct payments include income paid to two dioceses on the expiry of the Rochdale Vicarage Act 1866, the St Mary Radcliffe Rectory Act 1911 and the St Mary Prestwich Rectory Act 1911 ("the Manchester Rectory Acts") in line with a scheme made under section 4 of the Endowments and Glebe Measure in April 1987. As provided by that scheme, Manchester diocese receives an annual DSF payment of £120,000; Wakefield receives £4,100.

Discretionary payments: grants to priests-in-charge and team vicars

10. Although not required to do so by the Endowments and Glebe Measure, the Commissioners agreed, even before the legislation took effect, to pay 'non-statutory guaranteed annuities' to priests-in-charge in cases where the living has been suspended, in order to neutralise the financial impact of such a change.

11. In the early 1980s, the policy in respect of the rearrangement of guaranteed annuities on the creation of team ministries was clarified. This was in response to the suggestion by some dioceses that it was somewhat anomalous that guaranteed annuities should be lost in a case where a team ministry was created without any change in the number of 'incumbent status' clergy. For example, three incumbents

receiving guaranteed annuities might be translated into one team rector and two team vicars. The Commissioners agreed, therefore, that from 1 April 1984, they would pay towards the stipend of the team vicar a sum equivalent to any aggregated guaranteed annuities in excess of £1000.

12. Guaranteed annuities and other grants are not paid in vacancies and any unused funds fall back into the Commissioners' general fund.