

**ARCHBISHOPS' COUNCIL**

**The Clergy Remuneration Package and recent work undertaken to evaluate its benefit to clergy**

**A background note to support the House of Clergy discussions at the July Synod 2018**

**Introduction**

1. This paper has been prepared by the Remuneration and Conditions of Service Committee to assist the House of Clergy with some background information when it debates the clergy remuneration package at the July Synod.
2. There is not a single clergy remuneration package. The level of stipend for parochial clergy may be based on central recommendations but is set by individual dioceses.
3. Whilst the basic elements of remuneration apply to the majority of stipendiary clergy, they do not apply to all: for example, the remuneration of clergy who work as chaplains or are employees of the DBF will be based on their contracts of employment. They will probably not have housing provided and the pension provision will often be different. In addition, there are many clergy – whether self-supporting, house for duty, or on PTO – who receive no payment, and also licensed lay ministers whose terms and conditions will be different again.
4. The remuneration package for the majority of stipendiary parochial clergy comprises a number of elements which are separate but interlocking, and considered in more detail below.
  - A stipend which is required to be not less than the National Minimum Stipend for full time office holders. The majority of clergy receive a stipend slightly more than this, based on, but not confined to, the National Stipend Benchmark (which is set at around 7% more than the National Minimum Stipend) and regional information about living costs
  - A non-contributory final salary pension based on the level of the National Minimum Stipend
  - A house provided for the better performance of duties (which means that clergy are faced with having to house themselves in retirement)
  - Help with housing in retirement.
5. There can be considerable variations in both the extent to which clergy are able to manage on the remuneration package, and how they perceive their level of remuneration, with the result that, some clergy, even in the same deanery, can be significantly better off than their colleagues. These factors include
  - personal circumstances including whether there is any spouse's or other household income

- time of life (what can seem quite a generous level of stipend for someone newly ordained may feel less so, when someone has young children or is contemplating additional housing costs in retirement, particularly given the Church's flat structure and limited opportunities for being paid higher stipends)
  - whether clergy are single or not
  - number of dependants (whether children or older relatives)
  - whether the clergy or any members of their household have a disability
  - the level of income of their parishioners and expectations of what constitutes a reasonable standard of living
  - the quality of housing and variations in how upkeep and maintenance are carried out.
6. Other issues considered below include: the Heating, Lighting and Cleaning allowance (HLC), housing allowances, House for Duty posts, *Generosity & Sacrifice* aspirations, recent reviews of stipend and differentials, and some recent work undertaken to look at adequacy that examines the extent to which freedom from financial anxiety is an appropriate basis for determining stipend levels.

## **Pension**

7. The current pension contribution rate of 39.9% of National Minimum Stipend gives an unrealistically high figure for comparison with other pension arrangements for the following reasons,
- a. nearly all members receive a higher stipend than NMS,
  - b. the contribution towards future service is 24.3% of NMS and this is what might normally be used for comparison,
  - c. NMS does not take account of the value of the housing element. Calculating precisely what the value of the housing represents is not, however, a straightforward matter and varies a good deal on the part of the country.
8. Clergy benefit from a defined benefit pension scheme in which benefits are determined by a formula, usually involving pay and/or service with the employer. Although defined benefit schemes are now very rare outside the public sector, the provided house – and the fact that clergy are faced with having to house themselves in retirement – gives a reason for retaining a defined benefit scheme that does not apply in other professions. The Archbishops' Council and the General Synod have decided to maintain a defined benefits scheme for the clergy.
9. It is important to remember that the 24.3% contribution towards future service paid by dioceses is based on the previous year's National Minimum Stipend, which is considerably lower than the salaries for people in other professions such as teaching.
10. As a result of the financial pressures that the Clergy Pension Scheme has come under, at the valuations in 2006 and 2009, a number of changes have been made to the clergy scheme.

### *2007 Package*

- Accrual period for a full pension increased from 37 to 40 years for service after 1<sup>st</sup> January 2008
- Pension entitlements earned after 1<sup>st</sup> January 2008 to attract annual increases in line with RPI up to 3.5%pa (instead of RPI up to 5% p.a. for earlier service)

### *2010 Package (effective from 1<sup>st</sup> Jan 2011)*

- The annual increase in the pensionable stipend (NMS) to be limited to the increase in RPI over the long term.
- The pension age for future service increased from 65 to 68.
- The accrual period for a full pension for future service increased from 40 – 41.5 years.
- Ill health benefits to be based on accrued service plus a proportion of potential service to pension age rather than all potential service.<sup>1</sup>

11. Synod also decided in 2010 that the scheme should be contracted into the Second State Pension (previously known as the State Earnings Related Pension Scheme or 'SERPS'), and the full Church pension reduced from 2/3 to 1/2 of the national minimum stipend for future service. This was a more technical decision and was broadly neutral in terms of the total benefits being provided by Church and State at that time.
  - a. The pension scheme contribution rate reduced but the Responsible Bodies' and members' National Insurance contributions increased.
  - b. Members started to earn the additional state pension as well as the Basic State pension for future service.
12. The government subsequently changed the state pension from 1<sup>st</sup> April 2016. The Basic State Pension and Additional State Pension were replaced by the flat-rate Single-Tier Pension. The Single Tier Pension is paid at a significantly higher rate than the Basic State Pension.
13. The effect of these further changes was mixed;
  - a. older members were generally better off and younger members could expect lower state pensions than previously in most cases because they benefited significantly from the previous State pension design,
  - b. the inherent complications in the system meant that it was not possible to even out the effect of the changes by making changes to the Church pension scheme.
14. Having already made these changes, there is a limit to the potential for any further revision to the Pension Scheme that might lower its cost further. Although it is worth noting that the current 14.1% of NMS to fund the deficit in the scheme is due to end in 2025..
15. It also means that younger clergy may be less well off in retirement than older clergy. However, there is an increasing trend for people to work indefinitely rather than retiring as soon as they can. Clergy are unusual in having a defined retirement age at 70 (although with provisions to enable them to work beyond that age), as well as in many

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<sup>1</sup> The saving from this reduction was redirected by dioceses to fund the provision of good occupational health support for Clergy in service.

cases continuing to have a ministry in retirement with the bishop's permission to officiate.

16. In practice, the boundary between ministry and retirement is not fixed. Priesthood is for life, even if stipendiary ministry is not. As many clergy continue to exercise a ministry in retirement with the bishop's permission to officiate, and pension is deferred pay, there is a need to see stipend and pension as related parts of a whole package.

### **Ill health retirement**

17. Stipendiary clergy who retire because of ill health qualify for help with retirement housing (with no qualifying minimum period) and receive a pension based on years earned, without reduction for early payment, plus a graduated enhancement calculated according to potential years of service. The benefits are not untypical of benefits offered by other defined benefit pension schemes in the public sector. The arrangements were introduced by the General Synod in 2010 after a review of ill health benefits by RACSC.

### **Death in Service**

18. When clergy die while in active stipendiary ministry, the Pensions Board will pay a tax-free lump sum death benefit of 3 times the National Minimum Stipend to whomever the clergyperson has nominated to receive it. The Board usually pays the benefit to the member's nominee, who will typically be a spouse or other dependant.
19. If clergy die before or after they retire, the Board will also pay a two-thirds of the pension to the surviving husband, wife, or civil partner and pensions to dependent children.
20. These provisions are typical of other defined benefit pension schemes.

### **Tied Housing**

21. Most clergy have accommodation, which is provided for them rent free, and which does not give rise to a taxable benefit. Some clergy, where it cannot be demonstrated that the accommodation is for the better performance of the duties, pay tax on the benefit of free accommodation.
22. For clergy, the provision of tied housing is a mixed blessing. They have no choice in the kind of housing available, and not all clergy need, or want, a four-bedroomed house. It constrains clergy freedom, makes it harder to get onto the housing ladder and means that there can be a considerable challenge on retirement when tied housing is no longer available. Security of income in retirement is therefore particularly important for clergy who at that point have to house themselves.
23. The blog by Ian Paul [HC(18)1] helpfully sets out some of the 'paradoxes' of the clergy stipend. On tied housing he comments that whilst in the past, 'living in a tied house meant having nowhere to live on retirement', these days home ownership is beyond the means of many people. It is arguably not a distinguishing feature of the package.
24. Providing accommodation ensures that clergy can live among their parishioners, wherever they minister. In some areas of the country housing would simply be unavailable or too expensive if the Church did not already have it. Thus, any change to

providing housing for clergy is likely to have an impact on the Church's ability to minister to the whole country.

### **Housing in retirement**

25. The fact that stipendiary clergy have to make arrangements to house themselves in retirement when they no longer have a house to enable them to carry out the duties of their office, means that financial planning for retirement is particularly crucial for them. It is important to ensure that they are made aware of all the options for saving for their retirement including additional voluntary pension contributions, the Churches' Mutual Credit Union or investing in a Church Housing Association.
26. CHARM housing is essentially part of the remuneration package for clergy in stipendiary ministry: stipend, parsonage/vicarage, pension and housing in retirement should they need it. To be eligible clergy have to have 14 years' stipendiary service (2018), going up to a maximum of 15 years' service from 2019. For supported housing, applicants have to have a minimum of 5 years' stipendiary service
27. The Pensions Board Housing Department recently carried out a major review of the CHARM scheme after consultation. It has acquired a permanent portfolio of housing suitable for clergy in retirement. Stipendiary clergy who qualify under the rules of the scheme are able to choose a property to let from the Pensions Board at a reduced rent. Clergy should make contact with the Pensions Board well in advance of retirement in order to find out whether they qualify for help with housing in retirement under the CHARM scheme, and if so, find out what might be available and ensure that a suitable house is ready in time for their retirement.
28. Numbers of clergy retiring will begin to increase in 2022 with a bulge over the next 5 years. The Pensions Board is monitoring the range of likely demand, against its 30-year financial model and existing commercial borrowing covenants. If the demand for CHARM housing increases, there is a possibility that additional financial resources might be required to meet an increased level of demand during this period. The demand for retirement housing is being kept under active review so that early warning can be provided.
29. Where clergy marriages fail before retirement, the Diocese will offer support to the non-clergy spouse and any children, although the level of support will depend on individual circumstances. If separation or divorce occurs after retirement Pensions Board Housing will normally look to provide housing, subject to a financial assessment.

### **Heating, Lighting and Cleaning (HLC) Allowance**

30. The HLC Scheme is for those in full-time appointments paid through the National Clergy Payroll and who are provided with rent-free accommodation provided by the Church from which to carry out their duties. A person ineligible to have HLC (for example someone who is part time) has PAYE tax and National Insurance deductions based on all of their stipend. As a result, someone in this position will need to claim for the element of their expenditure on heating lighting and cleaning that relates to official use of the accommodation on their tax return or seek compensation (in the form of additional pay) from the responsible body (the diocese) for the drop in net pay.
31. Where clergy ineligible for HLC do not claim for this on their tax return, the loss of HLC increases the taxable pay of the recipient and this has an adverse effect on any claim

for Tax Credits (the lower the taxable income, the greater the claim for Tax Credits). An increase in taxable income can have a similar impact on eligibility for other grants as well.

## **Housing allowance**

32. The biggest costs to people generally are transport and housing. It is these that clergy – in a provided house and living near to where they work – are less exposed to. The Central Stipend Authority (CSA) has ceased the practice of calculating a national figure for the estimated value of provided housing. The figure was so far from the reality in most parts of the country (much too high or low) as to be meaningless.
33. However, there are circumstances in which it can be helpful to pay a housing allowance, for example when someone owns their own home, which is situated within or near the parish where they minister. Regionally specific data are provided in a Cost of Living tool that provides national average figures and also the degree of differential from that national average. There is a variation in diocesan policies in respect of housing allowances. A snap-shot of clergy payroll data identified examples of housing allowances paid currently, ranging from £4,417 in Portsmouth to £18,000 in Oxford. In Gloucester there are examples of allowances ranging from £8,000 to £15,963 for incumbents.
34. Adjustments for regional costs have the effect of creating disparities with those on the 'wrong side' of the borders receiving less, raising questions of fairness.

## **House for Duty**

35. House for Duty posts began by being offered to clergy who were coming to the end of their active ministry. The assumption was that those who accept House for Duty posts either already have adequate pensions from previous employment (clerical or secular) or are able to combine their pastoral commitments with other employment which is pensionable and qualifies for NI contributions.
36. House for Duty is a supply-led response to the challenge of funding ministry across the Church of England. It allows property-rich/ cash-poor dioceses to utilise their unused housing stock and to provide a ministry where it might otherwise not be possible. However, it means that a clergy person is not accruing pensionable stipendiary service.
37. Clergy close to retirement who take on House for Duty responsibilities having had the minimum stipendiary service from the past, and who meet the financial assessment, would be eligible for CHARM at any point in their retirement.
38. Any increase in the demand for CHARM outside of the eligibility criteria would have a significant effect on the Pensions Board's financial model for commercial borrowing and debt management.
39. As part of an annual stipend consultation RACSC asked dioceses how many House for Duty appointments they had deployed. Only ten answered the question, of which one said it does not keep a database of House for Duties; three skipped the question. That patchy response does not provide adequate evidence upon which RACSC can make recommendations or determine policy, although dioceses appear anecdotally to be making increasing use of house for duty appointments.

40. The Living Ministry survey split the category of SSM and participants were invited to state if they were appointed, or in the case of curates, expected to be appointed on a House for Duty basis. The numbers of House for Duty respondents to a first survey were low: Of almost 1000 respondents, 6 of the ordained ministers (none of the curates), plus 14 of the ordinands who said they expect to be in a House for Duty role immediately after curacy.

### **Generosity & Sacrifice: aspirations**

41. A Review Group set up by the Archbishop's Council consulted widely in 2000 by means of a survey to be sent to all stipendiary clergy and licensed lay workers on views on the concept of the stipend, its structure, the principle of differentials, other elements of the remuneration package, and the ability of the Church to fund any increases in stipends.

42. The Review Group's Report, *Generosity & Sacrifice* recommended the following definition of the stipend:

'The stipend is part of the remuneration package that is paid for the exercise of office. It reflects the level of responsibility held. This package acknowledges the dual demands in Scripture of generosity and sacrifice on both those who receive the stipend and those who raise the necessary funds'.

43. It went on to recommend two further principles.

'Firstly, the principle adopted is that of 'remuneration for the exercise of office' rather than a 'maintenance allowance'. This has a number of implications:

- The principle of differentials for responsibility is allowed for;
- Subsistence levels of pay are not allowed for;
- Pay should be related to posts, not households or personal circumstances;
- Circumstantial maintenance payments (e.g. child allowances) are not allowed for.

'The second guiding principle is that of 'generosity and sacrifice'. This would suggest the following implications:

- Clergy remuneration should represent a primary call on the budgets of the church, national, diocesan and parochial;
- The reasonable expectation of the clergy that any comparisons made are with professional secular groups does not in itself imply that comparable remuneration should be paid.
- Differentials, where paid, should be modest. '

44. When applying the recommendations of *Generosity and Sacrifice*, RACSC has worked on the basis that stipends should be:

- **adequate** for clergy to discharge their duties without undue financial anxiety;

- sufficiently **flexible** enough to allow the Church to pay its clergy where they can best be deployed;
- **equitable** – with stipend levels being broadly convergent and not acting as an impediment to clergy mobility.

45. General Synod debates in 1977 and 1996 and the survey of clergy undertaken in 2000 by the Stipends Review Group indicated that opinion at the time was narrowly in favour of paying modest differentials in respect senior roles. *Generosity & Sacrifice*, (Annex 1) concluded that ‘some modest differentials in clergy pay are both theologically reasonable and generally acceptable in the Church of England’.

### Recent reviews of the stipend

46. RACSC conducted a review of stipend methodology in 2015 but stopped short of embarking on a root and branch review of *Generosity & Sacrifice*. It did, however, engage with some of the concerns about failure to meet the aspirations set out and considered how the suggested pay comparators might stand up now.

47. It was suggested by the Finance Committee and Archbishops’ Council that the principles of stipend setting were not holding up and should be reconsidered by RACSC. A set of principles for stipend setting were agreed by the Council in November 2015. There are good reasons for these, as Ian Paul highlights in his blog:

*Those working in poor urban estates might be some of the few in employment, and will usually be the most secure and best paid in the parish. Those living in a wealthy London suburb will be the lowest paid by some considerable way. But abandoning a national structure for the stipend level would add to the difficulties of filling clergy posts in poorer parts of the country’.*

48. The Council considers that the stipend is appropriate remuneration for the exercise of office and should be set according to a rationale that can be consistently applied by the Archbishops’ Council and its Committees and which:

- Recognises the value of clergy in their role of responsibility and supports national and diocesan deployment aspirations;
- Affordable to dioceses and realistic, given that money for stipends comes from the giving of church members;
- Reasonable when compared with objective measures, in both a national and a local context, without creating undue disparities;
- Flexible so that dioceses can consider their strategies and financial situation in the context of local variations in the cost of living and the circumstances of parishioners;
- Agreed following meaningful consultation with dioceses and discussion within a range of representative bodies.

49. The three principles at paragraph 44 remain, in most people’s minds, the standards against which stipends are measured.

50. When discussing clergy remuneration, it is important to remember that many lay people also feel a strong sense of call, and do not choose their job in order to obtain the



highest possible salary, but because they believe that their work has an intrinsic value. Lay people may consider that the principle of a payment that enables someone to carry out their job without financial anxiety, and in a way that enables them to support dependants, applies to them just as much as it does to clergy.

### **RACSC's review of differentials**

51. *Generosity & Sacrifice* recognised that stipendiary clergy are in a leadership role and their whole remuneration package should reflect this. The Review group gathered data on differentials in four areas: schools, charities, military chaplains and staff of Archbishops' Council. Aspiration 3 recommended that incumbents' stipend would be "80% of the starting-point salary of a primary school head-teacher".

52. In considering pay comparators, RACSC noted that the teaching profession has changed substantially in the years since the Report. Benchmarking against teachers' salaries is complex. In the past, a salary scale with recognised spine points was in place, so that teachers would move up a salary increment each year, as well as receiving a cost of living rise. Changes over the years mean that there are a number of factors which make benchmarking against teachers' pay complex:

- The School Teachers' Review Body makes recommendations on maximum and minimum nationally set pay ranges, but schools set their own pay policies;
- Minimum and maximum pay ranges are in place to cover 'leadership posts' and will cover head teachers, deputies, assistants;
- The pay ranges of deputy and assistant head teachers may overlap the pay range of the head teacher in the same school;
- Individual pay ranges take into account all responsibilities, specific challenges and are linked to performance;
- Discretionary payments may be made for clearly temporary additional responsibilities/ acting-up;
- Allowances are paid to those specialising in safeguarding or special educational needs;
- Teachers fall within the scope of Government's public sector pay policy;
- Pay progression is related to performance and subject to appraisal reports and teachers can request pay reviews and appeal decisions;
- There are additional payments for extra responsibility and no minimum differential prescribed. Therefore, a classroom teacher in one school may earn more than the head teacher of a small primary school in Aspiration 3.

53. Applying this principle today would involve a job evaluation process to examine the internal relativities between roles and identify an appropriate salary survey to establish the market (i.e. external) relativities. RACSC considered such an approach and decided that it would be too great a departure from the culture of the Church.

## **RACSC's initial scoping of work to assess 'adequacy'**

54. Stipends are not based on any notion of market rate pay where reward rises to the point that the market is willing to pay. Stipends are set on the principle of keeping clergy from financial anxiety. Paying at the level of 'adequacy' has created some living standard issues for clergy in some circumstances. This opens up the concept that the basis for freedom from financial anxiety will vary by person and circumstances.
55. Clergy are not the worst paid people in society and the National Stipend Benchmark should be enough to provide for a clergyperson, living in tied accommodation, with up to two children and a non-working spouse. An additional child, or a child with a disability, or the need to contribute to the cost of caring for elderly relations, may leave clergy short.
56. Recently, RACSC has heard from Professor Donald Hirsch, who is involved in the Minimum Income Standard, an ongoing programme of work, funded by the Joseph Rowntree Trust. The MIS aims to build a consensus about what a person needs to participate in society. It provides a baseline. A number of charities have adopted it and it is growing as a concept. The Sons and Friends of the Clergy invited Professor Hirsch to help it define financial need and hardship and are exploring the use of the MIS in redesigning its grant making process.
57. The National Living Wage is the statutory minimum for people over 25 years of age (£7.83 per hour from April 2018). That figure will not meet the basic needs of some people under certain circumstances. Changes in government welfare policy means that increasingly, the difference will not be met through welfare benefits.
58. The welfare system is imperfect, but it does recognise that people who have a disability, children and income below a certain level, and other factors, will have need of financial assistance. Increasingly, however, the State is withdrawing from financial support, and expecting employers to meet the gap. The philosophy behind government policy is that employers should be doing more that the State used to do through higher pay. At the bottom of the pay distribution welfare has been replaced by higher pay through large increases in the minimum wage.
59. Integral to the government's welfare reform is a view that there are offsetting actions that individuals can take such as a non-working spouse finding work or restricting the number of children. Some would argue that people do not have a need to claim benefits if they make such choices and some within the Church take a view that clergy are no different.

## **Intrinsic benefits**

60. Some of these benefits are mentioned in Annex 2. It is hard difficult to put a financial valuation on many aspects of stipendiary ministry, such as the sense of doing the work to which God has called you, and the high degree of autonomy that clergy have over how they carry out their ministry. This is reflected in the way that the great majority (but not all) of clergy are office holders, subject to legal and canonical requirements, without defined working hours, rather than employees who are required to carry out an employer's instructions. Whilst clergy have a high degree of flexibility over how and when they carry out their ministry, this will be constrained by a number of things including the expectations of parishioners who, as they are often working themselves, will expect clergy to be available to them outside normal working hours.

61. This can lead to isolation, and a sense of clergy simply being left to get on with it, without any assistance from the Church other than Ministerial Development Review and Continuing Professional Development at diocesan level. That said, there are many potential forms of support available, from cell groups, to spiritual direction, to a plethora of particular networks, even if the initiative to obtain support is left in the hands of individual clergy.
62. Clergy usually have a comparatively high degree of security, as their particular office, can be held until retirement age, unless it comes into one of the categories mentioned in regulation 29 of the Terms of Service Regulations, which sets out the circumstances when an appointment may be held for a fixed term. As clergy office holders are not employees, they are not subject to redundancy. Clergy are accepted for ordination on the basis that priesthood is for life, and that they are willing and able to spend the remainder of their life in ministry. By contrast, the secular assumption is that no-one has a job for life any more.
63. Whilst it is unlikely that they will remain in one parish for all of their ministry, there is a range of ministries available throughout the country, most of which will have a provided house, enabling them to move comparatively easily to another post (with reimbursement of removal costs) without having to find new accommodation for themselves.
64. Although there have been welcome increases in the number of clergy coming forward for ordination, there are still likely to be reductions and shortages in clergy numbers in the short to medium term, given the high proportion of imminent retirements. This means that the demand for ministers, both lay and ordained, is likely to continue to be greater than the supply for the foreseeable future. ('The harvest is plentiful, but the labourers are few'.) However, the picture will not be consistent across the whole country, with clergy shortages being less acute in London and the South East.

## **Context**

65. Clergy find themselves living in communities with huge differences in income. Some clergy may find that they are the highest paid person in their community and are in the difficult position of having to encourage sacrificial giving from those who earn less than they do and who are also having to pay for their housing. Others may find that they are significantly less well off than many of their parishioners. These variations occur not only between dioceses but also within dioceses.
66. It is significant that there is no shortage of people coming forward for the priesthood. However, this may be because potential ordinands are not looking at the level of the stipend, and it is only later that they experience financial difficulty.
67. The Living Ministry survey of clergy and ordinands indicates that 79.8% of ordained ministers describe themselves as doing all right or living comfortably, although 6.7% reported finding it very or quite difficult. 65% of ordained respondents received additional household income.

## **Raising the money for stipends**

68. When considering the remuneration package, it is important to acknowledge where the money for stipend comes from: the giving of parishioners.

69. It is not the case that there are steps that can be taken to improve the quality of the clergy package at the same time as making it more affordable. Improvements in stipend will require improvements in giving or reductions in the number of stipendiary clergy.
70. Clergy are often all too aware of this, and most feel a responsibility to encourage their congregations to give generously and pay their parish share. Often, they have to lead by example and can sometimes be the highest givers in their parish.
71. Parts of the package are interlocked, but it is not necessarily the case a substantial increase in stipend is the best or the only response to clergy anxiety about owning a home in retirement. There are other possible solutions that could support clergy in retirement and address anxieties about housing. We recognise that clergy retirement housing remains a concern for many clergy and there is a real need for the CHARM scheme.

### **Offered questions**

72. RACSC and the Archbishops' Council have no wish to inhibit the debate that the House of Clergy will be having. However, if the House wished to give an indication of its priorities and particular concerns, that would be immensely helpful.
73. We have therefore provided a number of statements below, which might help to focus the debate. Alternatively, it might be possible for the House to indicate by a show of hands whether it agrees or disagrees with them. These questions – particularly the balance between stipend levels and clergy numbers - affect the whole Church and are something that both laity and clergy need to discuss together, but, as they have a particular impact on clergy's own personal experience, it may help those discussions for clergy to consider how they affect them personally.
1. I think that the level of the clergy stipend is about right for most clergy – given our basic needs.
  2. I would find it difficult to challenge my congregation to give more sacrificially than they already do.
  3. Clergy numbers need to be maintained even if this inhibits stipend increases.
  4. I think that stipends need to increase by more than inflation – even if this results in the Church having fewer stipendiary clergy.
  5. I am aware that some clergy are under greater financial pressure than others. It would be helpful to have more flexibility that would provide additional financial support to those clergy whose family circumstances mean that they are suffering particular financial anxiety or are less well off than their colleagues, even if this requires means testing or special grants.
  6. My main financial anxiety is being faced with unaffordable housing costs in retirement. The priority should be to maintain the value of the clergy pension and ensuring access to retirement housing, even if this keeps stipend levels down.
  7. I would like to see some completely radical thinking – including a re-examination of the provided house and the defined benefit pension.

Church House,  
London SW1P 3AZ  
15 June 2018

(signed)  
William Nye LVO  
Secretary-General

# The Clergy Package

# Annex 1

| Remuneration Category                               | Examples  | Potential detractors  | Clergy eligibility   | Definition                    |  |
|---|---|---|--|-------------------------------|--|
| <b>Intrinsic<sup>2</sup></b><br>Emotional alignment | Leadership; Values; Church's reputation and standing as the national church.  | Bullying'<br>Lack of diversity and inclusion, Negative reputation (IICSA)   | All categories of clergy                                   | <b>Total Reward</b>           |  |
| <b>Intrinsic</b><br>Engagement factors              | Autonomy; Lifestyle (work-life balance); Workstyle ('good' work); Recognition Professional and Personal Development.<br>MDR; CMD.       | Overwork/ burnout / Isolation, Policy and practice doesn't support work-life balance.<br>Patchy provision                   | All categories of clergy<br>Office holders (Common tenure) |                               |  |
| <b>Extrinsic<sup>3</sup></b><br>Active benefits     | HLC allowance<br>Paid sabbatical  | Partly covers costs<br>Not available for P/T posts /HfD   | Full time stipendiary only                                 | <b>Total pay and benefits</b> |  |
|   | Wellbeing provision (incl. EAP);<br><b>Grants (resettlement / hardship);</b><br>Occupational health)                                    | Patchy offer and initiatives not always widely communicated.<br><br>Variable quality and timeliness of occ-health provision | Diocesan discretion  |                               |  |
| <b>Extrinsic</b><br>Passive benefits                | DB Pension & CHARM;<br>Ill-health pension;<br>Death in service benefit.   | Erosion of value of pension.  | 15 years pensionable service                               |                               |  |
|   | Tied accommodation<br>Housing allowance   | Variable standard and location of tied housing means value is variable.<br>Housing allowance variable                       |  |                               |  |
| <b>Extrinsic</b><br>Short-term variable pay         | Enhanced sick pay<br>maternity/ paternity/<br>ShPP<br>Child allowance (Hereford only)   | Inconsistency and lack of transparency about policy and practice  | Stipendiary only   | <b>Total cash</b>             |  |
| <b>Extrinsic</b><br>Base pay                        | Statutory sick pay<br>maternity/ paternity/<br>ShPP<br>Statutory right to at least NMS<br>Role-based element,<br>Senior clergy stipends | Part-time posts paid below pro-rata to FT stipend and/or work more  | Stipendiary only   |                               |  |

<sup>2</sup> Elements with perceived added value

<sup>3</sup> Elements to which explicitly monetary value can be allocated

