

**GS Misc xxxx**

**The 46<sup>th</sup> Report  
of the  
Central Stipends Authority**

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## Contents

	<i>Page</i>
<i>Section 1</i> The role and functions of the Central Stipends Authority (CSA)	3
<i>Section 2</i> Funding for stipends and pension in 2018/19	4
<i>Section 3</i> Stipend recommendations in 2018/19	5
<i>Section 4</i> Diocesan stipends levels in 2018/19	6
<i>Section 5</i> Diocesan Basic Stipends and Residentiary Canon Rates 2018/19	8
<i>Section 6</i> Stipend recommendations for 2019/20	9
<i>Section 7</i> Stipends of dignitaries and residentiary canons	11
<i>Section 8</i> Stipend setting process and timetable	12

## Section 1: The role and functions of the Central Stipends Authority (CSA)

1. The CSA works in partnership with dioceses and the Church Commissioners to carry out its functions. These are to: ‘keep under review and recommend appropriate levels for the stipends of diocesan and suffragan bishops, deans, residentiary canons and archdeacons; establish and publish recommended forms and levels of pay for clergy, deaconesses and licensed lay workers’.<sup>1</sup>
2. The basis for the CSA’s recommendations is that the stipend is appropriate remuneration for the exercise of office. It is set according to the following principles:
  - (i) **Recognising** the value of clergy in their role of responsibility and supportive of national and diocesan deployment aspirations.
  - (ii) **Affordable** to dioceses and realistic, given that money for stipends comes from the giving of church members.
  - (iii) **Reasonable** when compared with objective measures, in both a national and a local context, without creating undue disparities.
  - (iv) **Flexible** so that dioceses can take into account their strategies and financial situation, in the context of local variations in the cost of living, and the circumstances of parishioners.
  - (v) **Agreed** following meaningful consultation with dioceses and discussion within a range of representative bodies.
3. Each year the CSA sets the following:
  - a **National Minimum Stipend (NMS)** for all clergy and licensed lay workers. Under Common Tenure all full-time office-holders must receive stipend, or stipend together with other income related to their office, of at least this amount;
  - a **National Stipend Benchmark (NSB)** for incumbents and other clergy of incumbent status;
  - recommended stipend levels for archdeacons, bishops and cathedral clergy.
4. Dioceses, Cathedral Chapters, and the Church Commissioners are free to determine the stipends of individual clergy.
5. Under Regulation 11 of the Ecclesiastical Offices (Terms of Service) Regulations 2009, no full-time stipendiary officeholder on common tenure should be paid at a rate below the National Minimum Stipend. Under common tenure all full-time office-holders must receive stipend, or stipend together with other income related to their office, of at least the National Minimum Stipend. Stipends are set on the basis that accommodation is provided free of rent, water charges, repairs, insurance and Council Tax, and approved parochial expenses are fully reimbursed. The rate of new pensions each year is linked to the previous year’s NMS.
6. The CSA provides a tool to account for differentials in regional cost of living to assist dioceses in assessing the level of diocesan stipend required for it to have a purchasing power that is reasonable in comparison to those in other dioceses.
7. In addition to its stipend recommendations, the CSA also provides guidance on a range of matters connected with the pay of clergy and licensed lay workers, such as parochial expenses and Council Tax.

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<sup>1</sup> Central Stipend Regulation 1998 (GS1310)

## Section 2: Funding for stipends and pensions 2018/19

8. The 2018/19 stipends bill for all clergy and licensed lay workers on the central payroll, as at 31 August 2018, is estimated at £212.7m<sup>2</sup> (2017/18 figure was £211.6m)
9. This is mostly funded by dioceses and parishes through giving / parish share, investment income and DBF parochial fees. The Church Commissioners are responsible for funding the stipend costs of bishops, deans and two residentiary canons at most cathedrals which in 2018/19 is estimated to be £8.9m. Stipends for additional cathedral clergy (estimated to be £0.6m) are funded directly by the relevant cathedral Chapter.
10. In 2018/19 the Archbishops' Council expects to make Lowest Income Communities grants of £25.0m from funds made available by the Church Commissioners: dioceses must spend these grants on ministry in their most deprived communities but do not have to spend them on stipends.

### Pensions

11. The Church of England Funded Pension Scheme ('CEFPS' or 'Clergy Scheme'<sup>3</sup>) is a defined benefit pension scheme giving a guaranteed income in retirement and lump sum at retirement. The size of the pension depends on the number of years of stipendiary service, the office held, and the National Minimum Stipend in the year before retirement (we refer to this as "pensionable stipend"). Once in payment the pension increases in line with RPI, capped at 3.5% for service from 1 January 2008 and 5% for service before that date.
12. The rules of the scheme have changed over time and many serving clergy will have earned benefits which are determined by reference to the rules that applied at the time. The Pensions Board calculates a pro-rata benefit for each period where the member has less than the maximum possible service.
  - The maximum pension that members could earn for full service (37 years) completed before 1 January 2008 was two-thirds of pensionable stipend plus a lump sum of three times that amount. (This includes both service since 1 January 1998 in CEFPS and pension earned in the predecessor Church Commissioners' scheme). The Normal Pension Age for these benefits is 65.
  - Between 1 January 2008 and 1 January 2011, the number of years needed to qualify for maximum service was increased from 37 to 40 but the scheme still provided a maximum pension of 2/3rds of pensionable stipend. The Normal Pension Age for these benefits remained 65.
  - The maximum benefit that can be earned for those who joined CEFPS from 1 January 2011 is half of pensionable stipend, plus, a lump sum of three times that amount, after 41.5 years' service. Normal Pension Age increased to 68 for benefits earned at 2010.<sup>4</sup>
13. Therefore, a member in stipendiary service both before and after 1 January 2011 will have a blend of benefits based on the service earned under each set of rules.

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<sup>2</sup> All payroll figures quoted include National Insurance contributions, taking into account the impact of HLC. Pension contributions are not reflected in these payroll figures.

<sup>3</sup> NB Certain lay roles, notably stipendiary Licensed Lay Workers on Common Tenure are also eligible to participate in the CEFPS.

<sup>4</sup> As part of the 2011 changes the CEFPS was contracted back into the State Second Pension. The Basic State Pension and S2P were later replaced for members reaching State Pension Age from April 2016 by the new Single Tier State Pension, requiring 35 qualifying years to get the full amount. Analysis for the Pensions Task Group at the time suggested that, broadly, those over 40 at the time would be better off under the new State Pension provided they had sufficient qualifying service.

14. The cost of pension contributions is met from local sources and collected by the Pensions Board from the diocesan boards of finance.
15. The Pensions Board set the joint pension contribution rate in respect of past and future pensionable service as 39.9% of the previous year's NMS following the last triennial valuation at 31 December 2015. This comprises 28% for future service and 11.9% for past service deficit recovery. The deficit recovery period is set to run until 31 December 2025. The next triennial valuation is due at 31 December 2018, with provisional results due in Q2/3 2019.
16. Please note that the past service deficit is expressed and levied on a per capita basis because it is in practice very difficult to distinguish the past service liabilities and assets of each participating diocese. When comparing with other employment/pension arrangements it is important to remember that the CEFPS contribution rate a) includes past service as well as future contribution and b) is expressed in terms of the previous year's NMS, which is lower than actual stipend received.

### **Section 3: Stipend recommendations for 2018/19**

17. The key recommendations of the CSA, made in 2017, effective from 1st April 2018.
  - National Minimum Stipend (NMS) of £24,280, an increase of 2% on the previous year.
  - National Stipend Benchmark (NSB) of £25,950, an increase of 2% on the previous year.
  - Stipend for archdeacons appointed on or after 1 April 2004 of £35,400 and £36,760 for archdeacons appointed before 1 April 2004.

### **Further recommendations**

18. Dioceses were encouraged to pay assistant staff between the NMS and the level for incumbents in the diocese, as appropriate.
19. A minimum Resettlement Grant payable in addition to the removal grant for all moves, should be £2,428.
20. First Appointment Grants: The CSA recommended that all stipendiary ministers should receive a First Appointment Grant of at least £2,428, in addition to the Resettlement Grant on the following two occasions: 1) when taking up a full-time stipendiary post as assistant curate, deacon, deaconess or licensed lay worker for the first time, and 2) when taking up an appointment as an incumbent or minister of incumbent status for the first time.
21. Stipends for bishops and cathedral clergy who were appointed on or after 1 April 2004 should be paid levels of stipend in accordance with the arrangements agreed by the Archbishops' Council for implementing the decision of the General Synod in November 2004. The CSA and the Church Commissioners have agreed that, in future, the stipends of dignitaries and cathedral clergy will be increased in line with the increase in the NSB.
22. The CSA has ceased provision of a notional cost of housing, which estimated of the additional amount clergy would have to earn, if they were to provide and maintain domestic accommodation (excluding office space) for themselves and their families, using national average figures. An Excel tool, indicated in Section 1, brings together housing related data sourced from the Office of National Statistics (ONS). It is updated annually by the CSA and provided to dioceses.

### **Stipends paid by the Church Commissioners for 2018/19**

23. Stipends for 2018/19 are shown below, including those for clergy appointed before 1 April 2004:

	Senior Clergy starting on or after 1 April 2004	Senior Clergy in equivalent or higher paid post before April '04
Archbishop of Canterbury	£81,760	-
Archbishop of York	£70,070	-
Bishop of London	£64,230	-
Diocesan Bishops	£44,380	£44,750
Suffragan Bishops	£36,210	£36,730
Deans	£36,210	£36,730
Residentiary Canons	Same % increase as relevant Diocesan Basic Stipend	£29,920

#### Section 4: Diocesan Stipend Levels in 2018/19

24. In every diocese the **Diocesan Basic Stipend (DBS)** is defined as the stipend paid to the greatest number of clergy of incumbent status within the diocese and is also the minimum stipend paid to incumbents in the diocese. Of the 5532 (5659 in 2017/18) incumbent status clergy paid through the Church Commissioners' central payroll at the time of reporting, 96% (93% in 2017/18) were paid at the level of the DBS.
25. The National Average Stipend (NAS) is an average of all the clergy receiving the Diocesan Basic Stipend weighted by the number of clergy receiving it in each diocese. At the time of reporting the **National Average Stipend** increased by £480 to **£26,230** (£25,750 in 2017/18).
26. The gap between the NAS and the NSB remained broadly unchanged at £280 (£310 in 2017/18). No dioceses pay a stipend below the level of the NMS to any clergy in full time posts
27. The CSA has ceased production of Regional Stipends Benchmarks (RSBs).
28. Apart from the stipend, the main elements of the clergy remuneration package are the provision of housing (including the cost of rent, Council Tax, water charges, maintenance, and building insurance) and a non-contributory Church Pension. The CSA's stipends levels are set on the basis that housing is provided, and that costs relating to the provided housing (including rent, Council Tax, water charges, maintenance, and building insurance) are paid on behalf of clergy.
29. Under arrangements agreed with HM Revenue & Customs (HMRC) parochial clergy may receive part of their stipend paid free of tax and National Insurance in reimbursement of heating, lighting, cleaning and garden upkeep (HLC) costs.
30. In order to assess how clergy stipend compares with prices and wages, the CSA monitors increases in clergy stipends against inflation and average earnings. The table below shows how stipends since 2007 compare to inflation as measured by the Retail Price Index (RPI) and other indices. RPI in the 12 months to September 2018 was 3.3%.

#### NMS, NSB and inflation

31. The table below compares increases in NMS, NSB with those in inflation and the Office of National Statistics' Annual Survey of Hours and Earnings (ASHE)

Year	NMS from 1 April	Increase in NMS	NSB from 1 April	Increase in NSB	NAS from 1 April	NAS Increase	ASHE Increase – All	ASHE Increase – Public	RPI Increase	CPI Increase
2009	£20,230		£22,250		£22,360					
2010	£20,430	1.0%	£22,470	1.0%	£22,570	0.9%	2.1%	3.0%	-1.4%	1.1%
2011	£21,370	4.6%	£22,810	1.5%	£23,100	2.3%	-0.2%	0.0%	4.6%	3.1%
2012	£21,900	2.5%	£23,270	2.0%	£23,580	2.1%	1.5%	1.6%	5.6%	5.2%
2013	£22,340	2.0%	£23,740	2.0%	£24,020	1.9%	2.2%	1.6%	2.6%	2.2%
2014	£22,790	2.0%	£24,210	2.0%	£24,520	2.1%	0.1%	1.0%	3.2%	2.7%
2015	£23,250	2.0%	£24,690	2.0%	£24,990	1.9%	1.8%	1.8%	2.3%	1.2%
2016	£23,440	0.8%	£25,060	1.5%	£25,373	1.5%	2.2%	0.7%	0.8%	-0.1%
2017	£23,800	1.5%	£25,440	1.5%	£25,750	1.5%	2.2%	0.9%	2.0%	1.0%
2018	£24,280	2.0%	£25,950	2.0%	£26,230	1.9%	3.5%	2.3%	3.9%	3.0%
2019	£24,770	2.0%	£26,470	2.0%					3.3%	2.4%
<b>2009-18</b>	<b>£4,050</b>	<b>20.0%</b>			<b>£3,870</b>	<b>17.3%</b>	<b>16.4%</b>	<b>13.6%</b>	<b>26.0%</b>	<b>21.0%</b>
<b>2009-19</b>	<b>£4,540</b>	<b>22.4%</b>	<b>£4,220</b>	<b>19.0%</b>					<b>30.2%</b>	<b>24.0%</b>

## Section 5: Diocesan Basic Stipends and Residentiary Canon Rates 2018/19

### 32. Diocesan Basic Stipends and Residentiary Canon Rates 2018/19

Diocese	Diocesan Basic Stipend (DBS) 2018/19	Residentiary canon rate (post 2004) 2018/19
Bath & Wells	26,163	28,060
Birmingham	25,620	27,655
Blackburn	25,497	26,806
Bristol*	26,027	28,203
Canterbury	25,950	29,021
Carlisle	26,030	26,833
Chelmsford	26,350	28,196
Chester	25,526	26,806
Chichester	26,490	28,622
Coventry	25,950	27,725
Derby	26,580	28,054
Durham	25,490	27,703
Ely	25,855	27,866
Exeter	26,120	28,203
Gloucester	26,136	28,202
Guildford	27,886	28,410
Hereford*	25,350	26,921
Leeds	27,115	28,191
Leicester	26,577	28,539
Lichfield	25,715	27,989
Lincoln	26,234	28,325
Liverpool	25,393	26,938
London	26,673	28,642
Manchester	25,433	26,804
Newcastle	25,428	27,534
Norwich	25,950	28,021
Oxford	26,877	28,764
Peterborough	25,950	28,015
Portsmouth	26,677	28,631
Rochester	26,201	27,749
St Albans	26,900	28,631
St Edmundsbury & Ipswich	25,557	27,597
Salisbury	26,440	28,072
Sheffield	26,076	28,052
Southwark*	26,540	28,611
Southwell & Nottingham	25,932	28,339
Truro	26,833	28,203
Winchester	26,330	28,481
Worcester	26,104	28,065
York	25,845	27,850

\* Diocesan stipends change on 1 January each year, but residentiary canon stipends will change from 1 April



## Section 6: Stipend recommendations for 2019/20

33. **The National Minimum Stipend (NMS) from 1 April 2019 has been set at £24,770.**
34. **The National Stipend Benchmark (NSB) from 1 April 2019 has been increased by 2% to £26,470.**
35. Recommendations for dignitaries and residentiary canons are based on the stipend levels they received in 2018/19 increased by the same increase as applied to the NSB.
36. Stipends are set on the basis that accommodation is provided free of rent, water charges, repairs and insurance and the Council Tax, and approved parochial expenses are fully reimbursed.<sup>5</sup>

### Further recommendations to dioceses

37. Dioceses are encouraged to pay assistant staff (including those who are not office-holders) between the National Minimum Stipend and the level for incumbents in the diocese, as seems appropriate. Assistant Curates, Deacons, and Licensed Lay Workers (including Church Army Evangelists engaged in the parochial ministry) are all regarded as assistant staff for the purposes of stipends.
38. A stipend of **£36,100 for archdeacons appointed on or after 1 April 2004** or, a stipend of **£37,500 for archdeacons appointed before 1 April 2004**. In cases where the archdeacon was receiving more than the post 2004 figure in his or her previous appointment, a receiving diocese has discretion to pay an enhanced stipend initially. However, it should reduce in a maximum period of three years until it reaches the post 2004 figure.
39. This means that an archdeacon in this position would receive the first reduction in stipend on appointment and subsequent reductions in the second and third years dated from the time of appointment. If an archdeacon appointed before 1 April 2004 moves to another archdeacon's post, he/she should continue to receive the stipend for an appointment before 1 April 2004.

### Grants from 1 April 2019

40. **Removal and Resettlement Grants:** The CSA recommends that when moving to a new appointment, every minister should be fully reimbursed for the cost of the removal and that the minimum Resettlement Grant payable in addition to the removal grant, for all moves, should be **£2,477**.
41. **First Appointment Grants:** The CSA recommends that all stipendiary ministers should receive a First Appointment Grant of at least **£2,477** in addition to the Resettlement Grant on the following two occasions: 1) when taking up a full-time stipendiary post as assistant curate, deacon, deaconess or licensed lay worker for the first time, and 2) when taking up an appointment as an incumbent or minister of incumbent status for the first time. An archdeacon should receive the grant only if he or she had not previously received a First Appointment Grant as an incumbent or minister of incumbent status.

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<sup>5</sup> Stipends are to be calculated in accordance with the method set out in The Remuneration of the Clergy GS 243 as updated by the CSA. (GS Misc 811). The calculation of stipend should include Guaranteed Annuities and Personal Grants (where still payable); parochial giving direct for stipend (including contributions towards the cost of heating, lighting and cleaning the parsonage house); Easter Offering (or Whitsun Offering where appropriate); fees (both parochial, if the clergy person has opted to continue to retain fees, and non-parochial); income net of expenses from chaplaincies; income net of expenses from public and education appointments; income from local trusts. It should not include spare-time earnings; spouse's earnings; private income; income from the informal letting of parsonage house rooms. (It will, however, be open to dioceses to make arrangements as regards the commercial letting of rooms on a significant scale (for example, in holiday areas).

## Stipends for bishops and cathedral clergy for the year from April 2019

42. Stipends for bishops and cathedral clergy for the year from April 2019

	Senior Clergy starting on or after 1 April 2004	Senior Clergy in equivalent or higher paid post before April '04
Archbishop of Canterbury	£83,400	-
Archbishop of York	£71,470	-
Bishop of London	£65,510	-
Diocesan Bishops	£45,270	£45,650
Suffragan Bishops	£36,930	£37,460
Deans	£36,930	£37,460
Residentiary Canons	Same % increase as relevant Diocesan Basic Stipend	
Increase from previous year	2%	2%

43. The CSA, from time to time, issues guidance in relation to expenses. For current information please refer to the booklet *The Parochial Expenses of the Clergy 2017*, which is available on the Church of England website.

### Stipends in the diocese of Europe

44. In the Diocese in Europe chaplaincies (parishes) engage and pay their clergy directly. Archdeacons and chaplaincies are advised of the range of the stipends being paid by dioceses in England, and this forms the starting point for the establishment of a suitable salary in the chaplaincy concerned, taking account of the cost of living in the country concerned, and the number of hours which it is proposed are worked.

## **Section 7: Stipends of dignitaries and residentiary canons**

### **The method of rounding down the stipends of dignitaries and residentiary canons from 1 April 2004, agreed by the Archbishops' Council**

45. The General Synod decided in November 2002 that the differentials paid to dignitaries and residentiary canons, expressed as multiples of the National Minimum Stipend (NMS), should be rounded down from their then levels. The extent of the rounding down and the way in which the new differentials should be introduced were discussed by the Deployment, Remuneration and Conditions of Service Committee and by the Board of Governors of the Church Commissioners and the Council agreed to recommend to the Church Commissioners, cathedral chapters and dioceses arrangements for dignitaries and residentiary canons from April 2004.
46. In 2010 the Archbishops' Council and the Commissioners decided to adopt a new approach, by linking increases in the stipends for dignitaries and residentiary canons to increases in the National Stipends Benchmark. There would be two levels for each post, one for clergy appointed on or after 1 April 2004, and one for those appointed before 1 April 2004.
  - a) Newly appointed clergy would be paid at the level for clergy appointed on or after 1 April 2004 unless immediately before their appointment they were in receipt of a stipend at a higher level. In this case, the Council recommended that a receiving diocese or cathedral should have discretion to enhance a person's stipend initially but then reduce it in equal steps during a maximum period of three years until it reached equivalence with the lower stipend attached to the new post. This means that a person in this position would receive the first reduction in stipend on appointment and two subsequent reductions in the second and third years dated from the time of appointment. Members of the senior clergy who move to posts with lower stipends should have as their target stipends the levels of stipend that have applied to those posts since 1 April 2004 except for those clergy moving within the same 'pay band' (diocesan bishops, deans, suffragan bishops, archdeacons and residentiary canons) who should retain their pre-1 April 2004 stipend level.
  - b) Stipends for bishops, deans, and archdeacons who were in post before 1 April 2004 should, from 2010, be increased by the lower of the Retail Price Index (RPI) or the increase in the NSB, until they reach the stipend of clergy who were appointed on or after 1 April 2004.
  - c) Following the withdrawal of Regional Stipends Benchmarks, the Board agreed that stipends for residentiary canons appointed after 1 April 2004 should be increased in line with each diocese's Diocesan Basic Stipend (DBS), subject to a maximum level. Owing to the time table for obtaining information from dioceses, rates from April this year cannot be included in this Report and will be shared with dioceses and published subsequently on the Church of England website.
  - d) Stipends for residentiary canons who were in post before 1 April 2004 should be increased by Retail Price Index (RPI), or the increase in the NSB (whichever is lower) only, until they reach the stipend of clergy who were appointed on or after 1 April 2004.
47. The measure of RPI to be used in calculating annual increases in stipends for existing post-holders should be the actual RPI for the twelve months to the previous September.

## Section 8: Stipend setting process and timetable

### 48. Stipend setting process and timetable

Month	CSA	Dioceses
<b>Oct</b>	September RPI figure released. Engagement with key stakeholders about possible level of NMS	Feed into NMS deliberations.
<b>Nov- Dec</b>	NMS decision. Stipend Consultation document approved. Survey created. Latest HM Treasury data noted.	Note decision re: NMS effective the following year.
	NMS decision communicated to diocesan secretaries and DBF chairs, diocesan financial secretaries, other diocesan contacts, other external and within NCIs. Stipend Consultation launched	
<b>Jan</b>	CSA Report finalised for February General Synod. Stipend survey/ consultation re: DBS increases from this year. NSB in following year.	Consider economic evidence in Consultation document and complete stipend survey, including confirming DBS increase for Church Commissioners to consider re: Residentiary canon rates
<b>Feb - Apr</b>	NSB recommendation. RACSC considers initial results of survey Engagement with key stakeholders about NSB: Finance Committee; IDFF, DSLG. CSA Report to Synod Residentiary canon rates published.	Complete Consultation survey. Confirm intention to pay from the following April; what the increase in the NSB should be.
<b>May</b>	NSB recommendation published.	