GENERAL SYNOD

Report of the Clergy Remuneration Review

Background

1. The Clergy Remuneration Review was carried out by the Remuneration and Conditions of Service Committee (RACSC) between January 2020 and June 2021 in response to a request from the House of Clergy to the Archbishops’ Council in July 2018 to review the adequacy of the clergy remuneration package. The review also considered the affordability, appropriateness and sustainability of the package.

2. The review was completed in mid-2021 and its report was due to be discussed by Synod in July 2021. However, given the need for a slimmed down agenda, when Synod had to take place online, the report was published as GS Misc 1298, but was not discussed during that Group of Sessions. The House of Clergy did however have an initial discussion on the report in July 2021.

3. The full report of this review can be found here. It is due for discussion on Wednesday 9 February and we look forward to hearing Synod’s views.

Context

4. Much of the work for the review, including the survey and consultation exercises, were undertaken during the course of the COVID-19 pandemic and periods of lockdown. Whilst acknowledging the financial and wider impacts of the pandemic (including on clergy wellbeing and morale), the review also sought to take a longer term view of clergy remuneration.

5. The review took place in the context of many parts of the Church facing financial challenges, even before the pandemic. Whilst seeking to make recommendations to help those clergy facing financial challenges, the review were mindful of the need for recommendations to be affordable and sustainable. The review consulted with the Church Commissioners and about their ability to fund any future stipend uplift and it was confirmed that this would be unlikely.

6. We are aware that the value of the package has declined in real terms over the last 20 years, as a result of stipends not being able to keep up with inflation and changes to the pension scheme. This emphasises the importance of ensuring that future aspirations are realistic and affordable.

7. RACSC recognises that the economic situation is continuing to evolve rapidly, including increases in National Insurance Contributions and energy prices – which create uncertainty and again affect how clergy feel about the adequacy
of their package and create challenges when seeking to take a longer term strategic view.

Evidence base

8. As part of the review RACSC undertook a survey of clergy that received over 3,700 responses from clergy. The results of the survey are summarised in Chapter 6 and are set out in more detail in Annex 4. This was supplemented by focus group research and consideration of existing evidence.

9. The review also undertook a consultation with dioceses (summarised in Chapter 7, with more detail in Annex 5 of the report).

10. These listening exercises provided rich data and were an important part in discerning a way forward. In particular

   o 62% of respondents reported to be living comfortably or doing all right, but 13% were finding it quite or very difficult to manage and 25% were just getting by
   o 60% of respondents disagreed that there was capacity for funding stipend increases through increases in parish share.

11. Chapter 8 assesses the elements of the package against adequacy, affordability, appropriateness, supporting the Church’s strategic aims, affordability and sustainability.

Structure of report and work done

12. Chapter 1 of the report contains an Executive Summary. The recommendations are contained in Chapter 9 and included at Annex 1 of this paper. Chapter 4 provides an estimate of the value of the remuneration package including stipend, housing provided for the better performance of duties, and pension provision. The total value of the package is estimated to be £50,000 p.a.. See Annex 2 for a breakdown. Whilst it was not within the scope of the review to commission new theological work on clergy remuneration the principles applied to clergy remuneration by the review are set out in Chapter 5.

Assessment of package

13. The review concluded that, whilst the clergy remuneration package was adequate and appropriate for most, a single stipend is unlikely to be adequate for all, given the diverse range of financial circumstances in which clergy find themselves. Stipends need to be set at a level that is appropriate and adequate for as many clergy as possible, with the Church providing additional support where needed.
14. The review acknowledged that some of the past aspirations relating to clergy remuneration had proved unaffordable. Over the past twenty years stipends have not quite kept pace with inflation.

**Key recommendations**

15. Given that the existing package is still adequate and appropriate for the majority of clergy, although it has not kept pace with inflation, there needs to be a commitment on the part of the Church to maintain the overall value of the stipend against inflation in the future.

16. In December 2021 the Archbishops’ Council agreed a policy that the National Minimum Stipend will, in future, on average, increase in line with inflation (as measured by CPIH) subject to three yearly reviews and the need to review this position if high levels of inflation establish themselves (recommendation 10 of the review). The NMS is also used to calculate the starting level of pension. Bringing the policy into line with de facto practice is likely to improve clergy pension scheme affordability, as forecast changes in NMS is one of the key assumptions used for pension valuation purposes.

17. The Review supports the continuation of the current clergy pension scheme. It suggests minor changes relating to the criteria for ill-health pensions (to bring pre and post 1998 definitions into alignment), considering abolishing the maximum accrual period, and potentially using CPIH as the basis for inflationary increases for pensions in payment (for future service only from a date to be determined). However, the latter changes are not straightforward. The Review also noted longer term developments in the pensions market and the value in keeping abreast of these. A technical assessment of the potential financial implications of the pensions recommendations, produced by the Pensions Board, is included as part of the ‘financial implications of synod decisions’ Notice paper.

18. For those clergy who were finding it quite or very difficult to manage, recommendations included:

- Better signposting to existing sources of support and development of tools to underpin financial education and skills
- Further consideration of ideas that may help clergy to get on to the housing ladder

19. **Annex 1** provides a full summary list of the recommendations made by the review and, where relevant, an update on progress made on implementing the recommendation since the publication of the report. Some work has started on some of the recommendations (particularly for those which involve tweaks to the current system) to continue with the momentum established by the review. In other cases work has not yet started, pending the discussion with Synod, and where further exploration will be involved.
Some issues for further consideration by Synod

20. The synod take note debate provides members with an opportunity to respond to the report as a whole. However, it would also be particularly useful to hear the views of Synod on the following issues:

- What would be the most effective ways of supporting clergy with their own financial planning and awareness?

- How could the Church best support clergy who are finding it difficult to manage right now and to assist them in preparing well for their retirement, within the current financial constraints?

- In what circumstances might it be appropriate to recommend the exercise of diocesan discretion about additional payments where clergy are experiencing hardship?

21. Synod are invited to:

- Take note of this Report.

Bishop Richard Jackson,
Chair of Remuneration and Conditions of Service Committee

January 2022
### Annex 1: Summary of recommendations and update on progress

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Progress to date</th>
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<tbody>
<tr>
<td>1. Better communication of the value of the package, stipend, payment of</td>
<td>Completed. This is now included in the latest version of the Annual Report of the Central Stipends Authority to the General Synod</td>
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<td>council tax and water charges, defined benefit pension, and a house provided</td>
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<td>for the better performance of the duties of office (Paragraphs 4.15-37)</td>
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<td>2. Enabling Salary Sacrifice schemes (Paragraph 6.23)</td>
<td>Completed. The amending legislation has now come into effect</td>
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<td>3. Explore options to help clergy to get on to the housing ladder (Paragraphs</td>
<td>An initial mapping of potential options has been undertaken in consultation with external experts/organisations. There is no clear front runner, so we are continuing to cast a wide net to examine all possible options</td>
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<td>6.24-25)</td>
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<td>4. Consider an application for Triennium Funding to set up a diversity fund to</td>
<td>Support for clergy with disabilities forms part of wider work on vision and strategy, meeting the ambition for a younger and more diverse church</td>
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<td>help clergy with disabilities (Paragraphs 6.26-30)</td>
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<td>5. Every diocese to discuss working expenses to ensure fair and consistent</td>
<td>We shall be encouraging every diocese to have such discussions, as this is an issue in some parishes.</td>
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<td>treatment (Paragraphs 6.33-34)</td>
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<td>6. Develop, with Clergy Support Trust (CST) and others, a comprehensive</td>
<td>Initial discussions/thinking have taken place with a view to supporting clergy with managing on a stipend and planning for retirement. Further work to be taken forward.</td>
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<td>communication and engagement strategy on financial planning designed with</td>
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<td>and for clergy (Paragraphs 6.35-38)</td>
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<td>7. A regular online financial wellbeing check for clergy should be explored to</td>
<td>To be taken forward.</td>
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<td>help clergy with retirement planning (Paragraphs 6.35-38)</td>
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<td>8. A commitment on the part of the Church to maintain the overall value of</td>
<td>To be a guiding principle as part of the ongoing work of monitoring clergy remuneration and to inform the annual stipend benchmark setting process. See also recommendation 11. Given the recommendation for 2023 is significantly below inflation (1%) it will be necessary to consider an element of catch-up for 2023 and future years..</td>
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<td>the package against inflation in the future (Paragraphs 8.4-18)</td>
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9. The expectation should be that dioceses should continue to pay the usual stipend for that dioceses to the majority of parochial clergy of incumbent status (Paragraphs 8.19-21) | Flagged in the review report and is highlighted in regular consultations with dioceses. This does not represent a departure from current practice.

10. The Archbishops’ Council, as the Central Stipends Authority, should adopt a general policy of increasing the NMS each year with reference to CPIH, over the medium term (Paragraphs 8.44-46) | Completed. The Archbishops’ Council has agreed a policy to uprate the NMS in future with reference to CPIH over the medium term, subject to three yearly reviews and the need to review in periods of high inflation.

11. The Archbishops’ Council should produce additional guidance to dioceses on when it might be appropriate for them to exercise their existing discretion to make additional payments to particular clergy on the basis of individual needs (Paragraphs 8.29-30) | To be taken forward.

12 and 13. The NCIAs and dioceses should develop a closer working relationship with the Clergy Support Trust (CST) and other clergy charities, to ensure clergy can access support and are aware of options open to them, when needed (Paragraphs 8.35-37) | Discussion ongoing with the CST and other clergy charities to ensure that clergy in need receive the assistance they need and that dioceses are aware of their responsibilities.

14. Removal of the current maximum accrual rule within the clergy pension scheme, which currently limits the amount of pensionable service that someone may accrue to 37, 40, or 41.5 years depending on when someone joins the scheme. (Paragraphs 8.55-56) | Requires further consideration.

15. Change the rules of the clergy pension scheme (CEFPS) so that pensions in payment grow in line with the increase in CPIH (subject to a suitable cap) rather than RPI as at present. Increases for service earned to date would remain unchanged. (Paragraphs 8.61-65) | Requires further consideration.

16. Change the CEFPS rules so that the CEFPS definition follows that for the pre-1998 scheme for ill health retirement so that all clergy who apply | At present, a different condition applies to clergy who do not have service before 1998, as their medical condition also has to prevent them from
for ill health retirement have to satisfy the same test: having a medical condition that prevents you from performing the duties of your office and this is likely to be permanent. (Paragraphs 8.57-59)

performing **any other work or service**. Having two definitions is confusing and administratively complex. This will need further consideration by Synod, as it involves changes to scheme rules. We intend to bring this back to a future session of Synod.

17. Request further exploration of Collective Money Purchase pension schemes to consider whether in the longer term such schemes might be appropriate for clergy. (Paragraphs 9.70-74)

To monitor and consider further exploration in the medium term, noting regulation is evolving in this area and Collective Money Purchase is a very new scheme design.

18. Provide guidance that gives clarity on how to exercise flexibility over housing provision where there is good reason for clergy not to live in the house provided for the better performance of their duties. (Paragraphs 8.75-80)

A first draft of guidance has been considered by RACSC on flexibility with housing provision, holding office on a part time basis, and holding office without a stipend. Consultation is proceeding with Dioceses and others on the draft guidance.

19. Explore the potential for a Group Income Protection scheme for clergy so that a guaranteed replacement income is paid to someone unable to work due to long term sickness or injury until they retire or are able to return to work, with the costs met by paying an insurance premium. (Paragraphs 8.86-8.95)

Requires further consideration.
Annex 2: A valuation of the elements of the clergy remuneration package

A Church of England Incumbent
An overview of the average value of the Clergy Remuneration Package to support clergy in ministry

- Stipend £27,000
- Provision of housing an payment of associated costs £18,500
- Pension £10,000
- Help with day to day costs £3,000
- Other benefits

Total Value of the Package: £50,000+

- Council Tax (£2,200)
- Water charges (£500)
- Heating, Lighting & Cleaning (HLC) £300

Wider benefits:
- A minimum of 36 days paid holiday
- Entitlement to Maternity/Paternity leave and to at least 28 weeks’ sick pay
- Resettlement & 1st Appointment Grants
- Access to professional and personal development (CMD) and sabbaticals & study leave

Defined benefit non-contributory pension
- A retirement lump sum of three times the annual pension
- The pension is equal to 1/3 of NMS based on 15 years service
- The pension is index linked and therefore inflation proofed for life
- 2/3rds of annual pension paid at death to a surviving spouse or civil partner

- Suitably located, sized and maintained property. average equivalent value £15,600
- Buildings insurance covered £500
- Maintenance costs saved £2,100
- Removal costs (annualised) £300