

GENERAL SYNOD**DRAFT DIOCESAN STIPENDS FUNDS (AMENDMENT) MEASURE**

Policy Note

1. This note provides the policy context for the draft Diocesan Stipends Fund Amendment Measure.

Background

2. Existing legislation means that dioceses can only use their Diocesan Stipends Funds (DSFs) for certain specified purposes and only within the diocese.
3. In June 2021 General Synod was informed (see GS Misc 1296) that the House of Bishops and the Archbishops' Council had supported the recommendation of the Mutuality in Finances Group¹ to seek permissive legislative change that removes the geographic restrictions. This would, in effect, enable a Diocesan Board of Finance (DBF) to grant funds from its DSF income account for use by other dioceses in the Church of England if it wished to do so.
4. As noted in GS 2255XX, in November 2021 General Synod overwhelmingly passed a motion requesting the Archbishops' Council to develop legislative proposals to give dioceses more freedom to be generous with their historic wealth to other dioceses in the Church of England, and in this way enable a more equitable sharing of this wealth. Last year's debate was supported by the paper [GS 2234](#) and the resulting draft legislation is set out in GS 2255.

Purpose of the draft legislation

5. A brief history of financial endowment in the Church of England and Diocesan Stipends Funds was set out in [GS 2234](#) and is not repeated here. In the context of this paper, suffice it to say that the transfer of glebe assets into DSFs in 1978 did not equalise such assets across the dioceses – it did not seek to do so. Since then the growth of DSFs has varied considerably, not least due to the significant variation in land values across the country and how these assets have been managed including the range of returns earned from the wider variety of asset classes dioceses have invested DSF funds in when land has been sold.
6. Based on 2020 accounts, the diocese with the largest value of historic assets is Oxford (£171m) and the diocese with the lowest value of historic assets is Liverpool (£1.5m), demonstrating the huge range of historic wealth held by dioceses. However, it is obviously important to take into account the size of the dioceses in looking at the relative historic wealth, and Appendix 1 shows the amount of historic wealth in each diocese per capita – to take account of diocesan population size.

¹ The Mutuality in Finances Group was established in September 2020 as part of the Emerging Church of England programme to explore options for greater generosity between dioceses..

7. Although dioceses do not all account for historic wealth in quite the same way (with the result that comparisons are not entirely straightforward, as there are differing accounting policies for valuing property assets), it is notable that of the ten dioceses with the lowest historic wealth per capita, seven are industrial areas, and seven are in the north of England (and a further one, Birmingham, is in the Midlands) – reflecting the historic reasons for the disparity.
8. The DSF (Amendment) Measure 2016 allowed dioceses to adopt a total return approach to their DSF, allowing them to release some gains in asset values to income. Around a quarter of dioceses have chosen to do so, and this together with the factors set out above mean that there is significant variation in the amount of income dioceses are able to derive from their DSF. Although no diocese has any difficulty in applying DSF in line with current purposes (because even for those with the greatest DSF income, this is still less than stipends that must be paid), this disparity does mean that dioceses with larger DSF balances are less vulnerable to other income shocks such as the impact on parish finances (and therefore, via parish share contributions, diocesan finances) during the pandemic.
9. The draft measure would provide an opportunity for dioceses with a higher level of DSF balances to be explicitly generous to other dioceses with lower DSF balances if they wish to do so, having taken account of their own financial position.

How might this work in practice

10. The draft measure provides for any DBF wishing to grant DSF funds for use outside its geographic boundaries to give a grant direct to one or more dioceses or to grant funds to a Church charity for onward distribution. There are existing examples of both types of gift where a DBF has decided to use some of its general funds to support mission and ministry in other dioceses.
11. In a few cases a diocese has chosen to support curacy posts in another diocese. And last year Oxford generously approved £250,000 to be made available for other dioceses every year for four years (£1m in total). This money will be granted to the Archbishops' Council, which decided to distribute it to the five dioceses in receipt of Lowest Income Communities (LInC) grants (which the Council distributes from funds granted to it by the Church Commissioners) with the lowest level of DSF capital per capita.

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Appendix 1

Diocesan Stipends Fund (DSF) Capital as at 31 December 2020

Ordered by assets per capita from highest to lowest

Diocese	DSF Capital (including Glebe), 31/12/2020 £000s	Diocese population 2020	Assets per capita £ per capita	Ranking of DSF Assets per capita
Lincoln	97,290	1,096,000	88.77	1
Coventry	66,653	917,000	72.69	2
Oxford	171,346	2,428,000	70.57	3
Ely	49,143	770,000	63.82	4
Gloucester	43,469	682,000	63.74	5
Hereford	21,117	335,000	63.04	6
Norwich	57,246	929,000	61.62	7
Peterborough	57,706	941,000	61.32	8
Truro	34,157	576,000	59.30	9
Worcester	46,391	902,000	51.43	10
Bath and Wells	43,297	974,000	44.45	11
Leicester	45,941	1,073,000	42.82	12
Carlisle	20,302	498,000	40.77	13
Derby	41,493	1,073,000	38.67	14
Salisbury	35,429	969,000	36.56	15
St Albans	71,144	1,956,000	36.37	16
Chichester	60,040	1,717,000	34.97	17
St Eds & Ips	23,058	682,000	33.81	18
Exeter	40,830	1,208,000	33.80	19

Diocese	DSF Capital (including Glebe), 31/12/2020 £000s	Diocese population 2020	Assets per capita £ per capita	Ranking of DSF Assets per capita
Southwark	94,225	2,902,000	32.47	20
Southwell & Notts	35,780	1,175,000	30.45	21
York	41,606	1,456,000	28.58	22
Chelmsford	82,503	3,268,000	25.25	23
Durham	34,178	1,502,000	22.75	24
Lichfield	47,052	2,194,000	21.45	25
Guildford	19,083	1,071,000	17.82	26
Winchester	20,320	1,248,000	16.28	27
London	70,342	4,421,000	15.91	28
Bristol	16,089	1,048,000	15.35	29
Portsmouth	11,257	794,000	14.18	30
Leeds	38,141	2,779,000	13.72	31
Rochester	18,102	1,380,000	13.12	32
Blackburn	14,869	1,370,000	10.85	33
Sheffield	11,573	1,314,000	8.81	34
Manchester	18,095	2,213,000	8.18	35
Chester	12,623	1,656,000	7.62	36
Newcastle	3,895	842,000	4.63	37
Birmingham	6,055	1,592,000	3.80	38
Canterbury	2,788	993,000	2.81	39
Liverpool	1,546	1,628,000	0.95	40

Note: this is an updated version of the table in GS 2234 which used 2019 data.