

GS Misc 1330

**The 50th Report
of the
Central Stipends Authority**

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Section 1: Executive Summary

1. This report is the annual report on the work of the Archbishops' Council as Central Stipends Authority (CSA). It covers the role and functions of the CSA, the principles adopted for stipend setting, stipend recommendations and levels for 2022/23 and recommendations for 2023/24.
2. The table below summarises the levels of the key stipend benchmarks in 2022/23 and 2023/24.

| | 2022/23 (£) | 2023/24 (£) |
|----------------------------------|-------------|-------------|
| National Minimum Stipend (NMS) | 25,518 | 26,794 |
| National Stipend Benchmark (NSB) | 27,270 | 28,634 |
| National Average Stipend (NAS) | 27,770 | - |

3. **For 2022/23** the CSA recommended a **1% increase in the NMS and NSB**. (See section 4 for more detail on stipend recommendations for 2021/22).
4. Dioceses are not bound by the NSB recommendation and are free to adopt a higher (or lower) increase in their Diocesan Basic Stipends (DBS) and the increases in individual years in individual dioceses do not always match the recommended increase. The DBS for each diocese is set out in the table in paragraph 50.
5. The 1% increase was also applied to other stipends for senior clergy in 2022/23 including Bishops, Cathedral Deans, and Archdeacons. More detail about the stipends for senior clergy in 2022/23 can be found in paragraphs 27 and 34-35. The Commissioners follow the recommendations of the CSA for the clergy whose stipends they pay.
6. For **2023/24** the CSA has recommended a **5% increase in both the NMS and the NSB**. See section 8 for further detail.
7. During 2021 the CSA completed a review of clergy remuneration. [The report](#) was discussed by General Synod in February 2022. An update on progress in implementing the recommendations of the review is provided in section 10 (paragraphs 66 to 75).
8. The review sought to establish an approach for estimating the cost/value of the total clergy remuneration package. This was first set out in the 2021 CSA report and has been updated for 2022 in section 5 along with a summary of the component elements of the package. More detail is provided in annex 1.
9. Section 3 sets out further detail on the total cost of and funding of stipends for 2022/23.

Section 2: The role and functions of the Central Stipends Authority (CSA)

10. Under the CSA Regulation (1998), the Archbishops' Council as Central Stipends Authority is required to submit an annual report on its work to the General Synod. These functions are largely carried out by the Council's Remuneration and Conditions of Service Committee (RACSC). RACSC is a Committee of the Archbishops' Council and includes some members who are elected by General Synod.
11. 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'.¹
12. At the request of the House of Clergy, RACSC carried out a review of clergy remuneration. The review commenced in January 2020 and reported in July 2021. The review was discussed by General Synod in February 2022. The final report can be accessed by [clicking here](#).
13. The remuneration review concluded that the primary considerations when assessing clergy terms and conditions (including remuneration) should be that they:
 - enable clergy to flourish in their ministry without undue financial anxiety or hardship;
 - are appropriate for the requirements of the particular role;
 - support the Church's mission and strategic aims; and
 - are affordable and sustainable in the long term.
14. In many ways, the current remuneration package of stipend, pension and housing is particularly appropriate for what parochial clergy office holders are called to do. Part of what is distinctive about parish clergy office holders is that they are members of their communities and generally live among those to whom they minister. This suggests that clergy should be paid at a level that gives them a standard of living that is between poverty and affluence, and that does not get in the way of them being "all things to all people".
15. Each year the CSA sets the following:
 - a **National Minimum Stipend (NMS)** for all clergy and licensed lay workers;
 - a **National Stipend Benchmark (NSB)** for incumbents and other clergy of incumbent status; and
 - recommended stipend levels for archdeacons, bishops and cathedral clergy.
16. The body responsible for paying the stipend (Diocesan Boards of Finance (DBFs), Cathedral Chapters, or the Church Commissioners) determines the stipends of individual clergy in the light of these recommendations.
17. 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, and all full-time stipendiary office-holders must receive a stipend, or stipend together with other income related to their office, of at least the National Minimum Stipend.
18. The National Stipend Benchmark provides a reference point for dioceses when setting their diocesan basic stipend for incumbents and priests in charge. It is a figure that should be reasonably close to the national average stipend.
19. Stipends are set on the basis that accommodation is provided free of rent, water charges, repairs, insurance and Council Tax, and that approved parochial expenses are fully reimbursed.

¹ Central Stipends Authority Regulation 1998 (GS1310)

20. The National Minimum Stipend is also used to set the pension and the pension contribution rate (see annex 1, paragraphs 1-6).
21. 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.

Section 3: Funding for stipends 2022/23

22. The 2022/23 stipends bill for all clergy and licensed lay workers on the central payroll, as at 31 August 2022, is estimated at £218.7m² (2021/22 figure was £218.2m)
23. 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 2022/23 is estimated to be £9.1m. Stipends for additional cathedral clergy (estimated to be £0.65m) are funded directly by the relevant cathedral Chapter.
24. In 2021 the Archbishops' Council paid Lowest Income Communities (LInC) grants totalling £28.1m from funds made available by the Church Commissioners³. The Archbishops' Council also paid £5.3m in Transition Funding to dioceses which are receiving less formula-based funding than they did prior to the introduction of the LInC funding. Dioceses can but do not have to spend the funding on stipends.
25. We are concerned by the effect of high inflation on clergy and the impact of high fuel prices. As pointed out at paragraph 57 increases in stipend depend to a very great extent on increases in giving from those who are also feeling these pressures.

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

³ LInC funding was introduced in 2017 as part of the Resourcing the Future reforms alongside the Strategic Development Funding. The LInC funding is designed to support dioceses in developing the Church's mission and growth in lower income communities. It is distributed to 26 dioceses which have the greatest number of people living in these communities..

Section 4: Stipend recommendations for 2022/23

26. The key recommendations of the CSA, made in 2021, effective from 1st April 2022.
 - National Minimum Stipend (NMS) of £25,518, an increase of 1% on the previous year.
 - National Stipend Benchmark (NSB) of £27,270 an increase of 1% on the previous year.
27. Stipend for archdeacons appointed on or after 1 April 2004 of £37,198 and £38,633 for archdeacons appointed before 1 April 2004 (an increase of 1% on the previous year).
28. These recommendations were made in the light of the ongoing financial challenges that the Church faced as it emerged from the COVID-19 pandemic. As a result of the pandemic all levels of the Church experienced a fall in income that had yet to recover to pre-pandemic levels. Dioceses faced the challenge of continuing to meet their stipends bill whilst in many cases experiencing a fall in parish share income.
29. Further, the recommendation for a 1% increase in the NMS and NSB were made at a time of relatively modest inflation. The 1% increase in the NMS avoided creating additional financial burdens for dioceses at such a time of challenge, whilst dioceses were free to increase their diocesan basic stipends by more than the increase in the NMS/NSB if they wished and were able to do so. Please see the table in section 7 for further details.

Further recommendations

30. Dioceses are required to pay full time assistant staff (assistant curates and stipendiary licensed lay workers) at least the NMS and are recommended to set their stipends between the NMS and the level for incumbents in the diocese, as appropriate.
31. A minimum Resettlement Grant, payable in addition to the removal grant for all moves, should be £2,552 (10% of NMS).
32. First Appointment Grants: The CSA recommended that all stipendiary ministers should receive a First Appointment Grant of at least £2,552, 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.
33. 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.

Stipends paid by the Church Commissioners for 2022/23

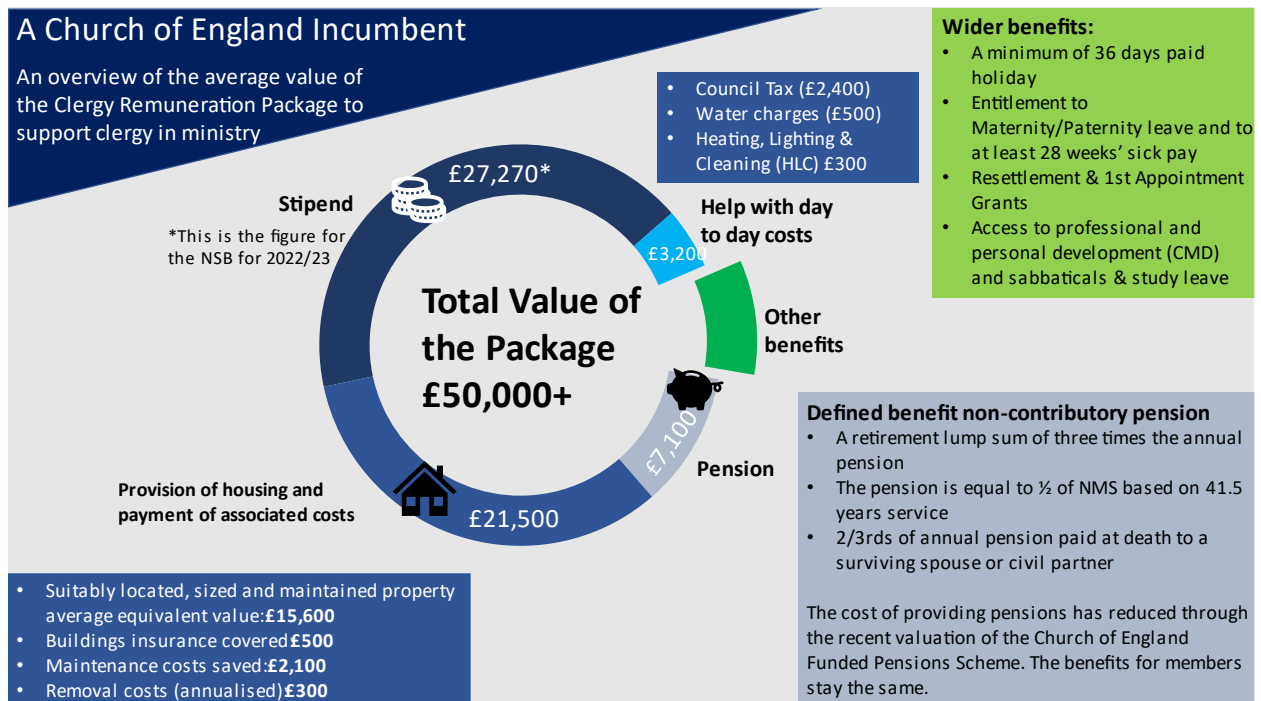
34. Stipends for 2022/23 are shown below, including those for clergy appointed before 1 April 2004:

| | Senior Clergy starting on or after 1 April 2004 | Senior Clergy in equivalent or higher paid post before April '04 |
|--------------------------|---|--|
| Archbishop of Canterbury | £85,920 | - |
| Archbishop of York | £73,630 | - |
| Bishop of London | £67,490 | - |
| Diocesan Bishops | £46,640 | - |
| Suffragan Bishops | £38,050 | £38,590 |
| Deans | £38,050 | £38,590 |
| Residentiary Canons | Increased in line with any increase in the Diocesan Basic Stipend of the Diocese in which the Residentiary Canon serves | £31,440 |

35. These stipends increased by 1% from the level paid in 2021/22. The Commissioners agreed in all these cases to pay stipends at the level recommended by the CSA.

Section 5: The Total package and an approach to costing/valuing it

36. The section below draws on an approach to expressing the cost/value of the package to clergy developed as part of the clergy remuneration review and updates the figures with the latest data to provide an estimated cost as a proxy for the value of the package from January 2023.



37. Apart from the stipend, the main elements of the clergy remuneration package are the provision of rent-free housing for the better performance of the duties of office (including the payment of Council Tax, water charges, housing maintenance, and building insurance) and a non-contributory Defined Benefit pension. The CSA's stipends levels are set on the basis that housing is provided rent free, and that costs relating to the provided housing (including Council Tax, water charges, maintenance, and building insurance) are paid on behalf of clergy.
38. The non-contributory Defined Benefit pension will cost c£7,100 per annum to provide per full-time stipendiary beneficiary in 2023. Following a valuation of the clergy pension scheme as at the 31st December 2021 the annual cost to responsible bodies has decreased. However, the benefits provided by the scheme and therefore the value to clergy remain unchanged (see **annex 1** for further details).
39. It is acknowledged that valuing the package is challenging. It is necessary to distinguish between the financial cost of providing a particular benefit and the value of the benefit received, particularly when not all aspects of "value" can be adequately expressed in financial terms. Further, the value of something to a person is particularly tricky to assess, when it comes in the form of not being charged for something, and the person concerned may not be aware of the actual cost. This is particularly significant with the clergy package, as nearly half of the estimated value comprises costs that clergy do not have to meet. Further detail about the approach taken to valuing the various elements of the package can be found in **annex 1**.
40. Applying the methodology described in the annex to valuing the housing element of the package, and adding this to the valuation of the other elements, the package was estimated to be valued at around £50,000 and within the range of £45,000 to £60,000.

Section 6: Diocesan stipend levels in 2022/23

41. 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. Of the 5,138 (5,350 in 2021/22) incumbent status clergy paid through the Church Commissioners' central payroll at the time of reporting, 92% (96% in 2021/22) were paid at the level of the DBS.
42. 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 £350 to **£27,770** (£27,420 in 2021/22).
43. The gap between the NAS and the NSB increased to £500 (£420 in 2021/22). Dioceses are responsible for ensuring that no clergy are paid below the National Minimum Stipend.
44. The Diocesan Basic Stipends are shown at section seven. A range of stipends were paid. The lowest was £26,992 (£278 below the NSB) and the highest was £29,013 (£1,743 above the NSB). The level paid to Archdeacons ranged from £36,461 to £38,824 compared with a national recommended figure of £37,198 for archdeacons appointed on or after 1 April 2004 and £38,633 for archdeacons appointed before 1 April 2004.
45. Under arrangements agreed with HM Revenue & Customs (HMRC) parochial clergy may receive part of their stipend paid free of tax and National Insurance as a contribution towards heating, lighting, cleaning and garden upkeep (HLC) costs.
46. In order to assess how the clergy stipend compares with prices and wages, the CSA monitors increases in clergy stipends against inflation and average earnings. The table in paragraph 49 below shows how stipends since 2010 compare to inflation as measured by the Retail Price Index (RPI), Consumer Price Index including owner occupied housing (CPIH) and other indices.

47. In December 2021 the Archbishops’ Council accepted a recommendation of the review of clergy remuneration, and agreed a general policy that **the NMS will, in future, on average, increase by inflation (as measured by CPIH) subject to three yearly reviews and the need to review this position if high levels of inflation establish themselves.**

48. The previous official policy, approved by General Synod in 2010, was for increases in the NMS to be on average in line with increases in RPI. The reasons for the proposed change in policy include:

- RPI was described as a ‘very poor’ measure of inflation by the Office for National Statistics and is no longer a recognised national statistic.
- Ensuring the affordability of stipend increases whilst maintaining flexibility for dioceses to increase stipends beyond the NMS.
- Stabilising pension costs.

NMS, NSB and inflation

49. The table below compares increases in NMS and 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 | CPIH Increase |
|------|------------------|-----------------|------------------|-----------------|------------------|--------------|---------------------|------------------------|--------------|---------------|
| 2010 | £20,430 | | £22,470 | | £22,570 | | | | 4.6% | 2.5% |
| 2011 | £21,370 | 4.6% | £22,810 | 1.5% | £23,100 | 2.3% | -0.2% | 0.0% | 5.2% | 3.8% |
| 2012 | £21,900 | 2.5% | £23,270 | 2.0% | £23,580 | 2.1% | 1.5% | 1.6% | 3.2% | 2.6% |
| 2013 | £22,340 | 2.0% | £23,740 | 2.0% | £24,020 | 1.9% | 2.2% | 1.6% | 3.0% | 2.3% |
| 2014 | £22,790 | 2.0% | £24,210 | 2.0% | £24,520 | 2.1% | 0.1% | 1.0% | 2.4% | 1.5% |
| 2015 | £23,250 | 2.0% | £24,690 | 2.0% | £24,990 | 1.9% | 1.8% | 1.8% | 1.0% | 0.4% |
| 2016 | £23,440 | 0.8% | £25,060 | 1.5% | £25,373 | 1.5% | 2.2% | 0.7% | 1.8% | 1.0% |
| 2017 | £23,800 | 1.5% | £25,440 | 1.5% | £25,750 | 1.5% | 2.2% | 0.9% | 3.6% | 2.6% |
| 2018 | £24,280 | 2.0% | £25,950 | 2.0% | £26,230 | 1.9% | 3.5% | 2.3% | 3.3% | 2.3% |
| 2019 | £24,770 | 2.0% | £26,470 | 2.0% | £26,700 | 3.0% | 2.9% | 3.8% | 2.6% | 1.7% |
| 2020 | £25,265 | 2.0% | £27,000 | 2.0% | £27,110 | 2.0% | 0.1% | 2.4% | 1.5% | 1.0% |
| 2021 | £25,265 | 0.0% | £27,000 | 0.0% | £27,420 | 1.1% | 4.3% | 2.5% | 4.9% | 2.9% |
| 2022 | £25,518 | 1.0% | £27,270 | 1.0% | £27,770 | 1.3% | 5.0% | 4.6% | 12.3% | 8.6% |
| 2023 | £26,794 | 5.0% | £28,634 | 5.0% | - | - | - | - | - | - |

Section 7: Diocesan Basic Stipends and Residentiary Canon Rates 2022/23

50. Diocesan Basic Stipends and Residentiary Canon Rates 2022/23.

| Diocese | Diocesan Basic Stipend (DBS) 2022/23 | Diocesan Basic Stipend (DBS) 2021/22 | Residentiary canon rate (post 2004) 2022/23 |
|--------------------------|--------------------------------------|--------------------------------------|---|
| Bath & Wells | 27,764 | 27,220 | 29,777 |
| Birmingham | 27,185 | 26,652 | 29,345 |
| Blackburn | 27,058 | 26,527 | 28,447 |
| Bristol | 27,350 | 27,079 | 29,637 |
| Canterbury | 27,540 | 27,000 | 30,800 |
| Carlisle | 27,902 | 27,220 | 28,762 |
| Chelmsford | 28,232 | 27,410 | 29,623 |
| Chester | 27,355 | 26,558 | 28,727 |
| Chichester | 28,250 | 27,425 | 30,523 |
| Coventry | 27,540 | 27,000 | 29,424 |
| Derby | 28,205 | 27,650 | 29,769 |
| Durham | 27,515 | 26,520 | 29,904 |
| Ely | 27,270 | 26,900 | 29,391 |
| Exeter | 27,445 | 27,175 | 29,633 |
| Gloucester | 27,735 | 27,191 | 29,927 |
| Guildford | 29,013 | 28,444 | 29,558 |
| Hereford | 28,000 | 26,880 | 30,862 |
| Leeds | 27,936 | 27,388 | 29,045 |
| Leicester | 28,481 | 27,651 | 30,583 |
| Lichfield | 27,290 | 26,755 | 29,704 |
| Lincoln | 27,702 | 27,428 | 29,910 |
| Liverpool | 27,270 | 26,736 | 28,929 |
| London | 28,166 | 27,614 | 30,245 |
| Manchester | 26,992 | 26,463 | 28,448 |
| Newcastle | 27,514 | 26,456 | 29,793 |
| Norwich | 27,270 | 27,000 | 29,446 |
| Oxford | 28,522 | 27,963 | 30,524 |
| Peterborough | 27,270 | 27,000 | 29,440 |
| Portsmouth | 28,027 | 27,210 | 30,081 |
| Rochester | 27,805 | 27,260 | 29,448 |
| St Albans | 28,267 | 27,987 | 30,086 |
| St Edmundsbury & Ipswich | 27,121 | 26,589 | 29,286 |
| Salisbury | 28,091 | 27,540 | 29,825 |
| Sheffield | 27,672 | 26,866 | 29,769 |
| Southwark | 29,283 | 27,889 | 31,626 |
| Southwell & Nottingham | 27,518 | 26,979 | 30,073 |
| Truro | 27,644 | 27,370 | 29,055 |
| Winchester | 27,662 | 26,857 | 29,922 |
| Worcester | 28,256 | 27,159 | 30,514 |
| York | 27,565 | 26,892 | 29,703 |

To note: several dioceses implemented increases in their Diocesan Basic Stipend during the course of the year and the figures above reflect the Diocesan Basic Stipends as at the calendar year end.

Section 8: Stipend recommendations for 2023/24

51. **The National Minimum Stipend (NMS) from 1 April 2023 has been increased by 5% and set at £26,794.**
52. **The National Stipend Benchmark (NSB) from 1 April 2023 has been increased by 5% and set at £28,634.**
53. Recommendations for dignitaries and residentiary canons are based on the stipend levels they received in 2022/23 increased by the same increase as applied to the NSB, which was 5%.
54. 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.⁴
55. In setting the levels of the NSB and NMS for 2023, the CSA had regard to its **agreed policy “that the NMS should 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”**. It noted that the policy allows for not reaching inflation in any one year in the hope that compensating increases above inflation might be possible in future years. The CSA considered that high levels of inflation had established themselves and also took note of the significant financial challenges that many dioceses were continuing to face. Whilst an increase in line with the current high levels of inflation was not considered to be affordable within a single year, the CSA was mindful of the challenges clergy (as well as wider society) face given the rising cost of living. It remains the aspiration of the CSA to seek to maintain the value of the stipend against inflation over the medium-term as far as possible.
56. The membership of RACSC include several clergy and regular contact is maintained with Church of England Employees and Clergy Advocates (CEECA) which is part of the faith workers branch of Unite, to help ensure that clergy voices are heard as part of the process of setting the NSB and NMS. Consultation with dioceses also takes place.
57. The CSA acknowledge that clergy will be concerned about the effect of increases in heating bills, and high levels of inflation. The CSA will consider trends in inflation when setting the benchmarks in future years, with the aim of seeking to catch up as far as possible. The CSA have a concern however about not being able to realise our aspirations in terms of maintaining the real value of the stipend over time. Ultimately, funding for stipends depends to a significant extent on income from parish share which is heavily dependent on the generous giving of parishioners, many of whom are struggling financially in the light of the rising cost of living. The CSA wishes to support the financial wellbeing of clergy, whilst making realistic recommendations in the light of what is affordable.

Further recommendations to dioceses

58. Dioceses are required to pay full time assistant curates at least the National Minimum Stipend and to set that between the NMS and the level for incumbents in the diocese, as seems appropriate. These rates should also apply to Licensed Lay Workers (including Church Army Evangelists

⁴ 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).

engaged in the parochial ministry) who are officeholders. We realise that a significant number of lay workers will be employed by dioceses and PCCs (and are not officeholders) who as employers are responsible for determining the appropriate level of payment.

59. The recommended stipend for archdeacons has also been increased by 5% and set at **£39,058 for archdeacons appointed on or after 1 April 2004** or, **£40,565 for archdeacons appointed before 1 April 2004**⁵.

Grants from 1 April 2023

60. **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 **£2,679**.
61. **First Appointment Grants:** The CSA recommends that all stipendiary ministers should receive a First Appointment Grant of at least **£2,679**. This should be 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.

Stipends for bishops and cathedral clergy for the year from April 2023

62. Stipends for bishops and cathedral clergy for the year from April 2023

| | Senior Clergy starting on or after 1 April 2004 | Senior Clergy in equivalent or higher paid post before April '04 |
|-----------------------------|--|---|
| Archbishop of Canterbury | £90,216 | - |
| Archbishop of York | £77,312 | - |
| Bishop of London | £70,865 | - |
| Diocesan Bishops | £48,972 | - |
| Suffragan Bishops | £39,953 | £40,520 |
| Deans | £39,953 | £40,520 |
| Residentiary Canons | Increased in line with any increase in the Diocesan Basic Stipend of the Diocese in which the Residentiary Canon serves | £33,012 |
| Increase from previous year | 5% | 5% |

63. 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 in Europe

64. 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

⁵ More information about stipends for senior clergy appointed before 1 April 2004 is provided in **annex 2**.

account of the cost of living in the country concerned, and the number of hours which it is proposed are worked.

Section 9: Stipend setting process and timetable

65. The proposed stipend setting process for 2023 is set out in the table below. This will mean that the recommendations for 2024 will be considered by the Archbishops' Council in September 2023, compared with December 2022 this year and May in previous years.

| Month | CSA | Dioceses |
|------------------|--|---|
| Jan | CSA Report finalised for February General Synod. Stipend survey/ consultation re: NSB/NMS in following year prepared. DBS increases from this year confirmed with dioceses. | Confirm DBS increase for Church Commissioners to consider re: Residentiary canon rates. |
| Feb | CSA Report to Synod. | Deadline for confirming DBS increases from this year. |
| Mar | Residentiary canon rates published. | |
| April | Stipend Consultation document drafted. Survey created. Latest HM Treasury data noted. | |
| May | Stipend survey/ consultation re: NSB and NMS in following year ISSUED. Consider economic evidence. Engagement with key stakeholders about possible level of NMS (including the Archbishops' Council's Finance Committee and the Church Commissioners' Board of Governors). | |
| June | RACSC considers results of survey Engagement with key stakeholders about NSB: Finance Committee; IDFF, DSLG. RACSC makes a recommendation for increases to the NMS and NSB at their June meeting. | Deadline for responding to stipends consultation (early June). |
| September | NMS and NSB decision by the Archbishops' Council. NMS and NSB decision communicated to diocesan secretaries and DBF chairs, diocesan financial secretaries, other diocesan contacts, other external stakeholders and within NCIs through the annual stipends letter. | Note decision re: NMS effective the following year. |

Section 10: An update on progress with implementation of the recommendations of the review of clergy remuneration

66. In February 2022 General Synod discussed and took note of [the report](#) of the review of Clergy Remuneration, which had been published in July 2021.
67. The table in **annex 3** summaries the progress that has been made as at the end of 2022 implementing each of the 19 recommendations of the review.
68. Several of the recommendations have already been implemented, including:
- Better communication of the value of the clergy remuneration package
 - Enabling salary sacrifice schemes
 - The Archbishops' Council adopting a policy to uprate the NMS in future over the medium term, subject to three early reviews and the need to review in periods of high inflation
 - Change to the clergy funded pension scheme rules regarding the definition for ill health retirement
 - Producing draft guidance for dioceses on clergy housing flexibility
69. Initial preparatory work has been undertaken with regards to the following recommendations:
- Exploring options to help clergy get on to the housing ladder
 - Supporting clergy with disabilities
 - Considering ways to better support clergy with financial planning
 - Initial evidence gathering on the potential of a Group Income Protection Scheme for clergy
70. Other recommendations are due to be taken forward in 2023 including:
- Further work on developing a strategy to better support clergy with financial planning
 - Engaging with dioceses on issues relating to clergy expenses
71. Some of the recommendations involve keeping under review longer-term potential options such as considering further exploration of Collective Money Purchase Pension schemes to consider whether such schemes might be appropriate for clergy.
72. On further consideration, RACSC have recommended that some recommendations should not actually be taken forward. These include:
- Removing the maximum accrual rule within the clergy pension scheme
 - Changing the rules of the clergy pension scheme so that pensions in payment grow in line with the increase in CPIH rather than RPI as present.
- In order to ensure that the recommendations made were cost neutral, the first recommendation was made on condition that the second recommendation was also adopted. Following further consideration it was concluded that retaining increases in line with RPI for pensions in payments provided a greater amount of benefit for a wider range of clergy than would be achieved by removing the maximum accrual rule.
73. Since the remuneration review report was published additional challenges have been posed by high inflation and the cost of living crisis. A significant focus of work has been on implementing **Ministry Hardship Grant Funding** which provided a total of £3m which was distributed through dioceses to support clergy facing hardship due to rising energy costs. The challenges posed by the cost of living crisis mean that work on supporting clergy with financial planning has become an important priority for 2023.

74. As described elsewhere in this report, high inflation has also meant that it has not proved possible for the CSA to recommend an increase in the NMS in line with inflation as measured by CPIH for 2023/24. High levels of inflation and the cost of living crisis pose a challenge for the CSA in meeting the aspiration set out in the review of maintaining the real value of the package over time, especially as the stipends are largely funded by the generous giving of parishes and laity who are facing the challenges posed by current economic conditions.
75. RACSC, on behalf of the Archbishops' Council as the CSA, will continue to take forward work to implement recommendations from the remuneration review in 2023.

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Annex 1: More detail on the clergy remuneration package and the approach taken to valuing it

Pensions - The Church of England Funded Pension Scheme

1. The Church of England Funded Pension Scheme ('CEFPS' or 'Clergy Scheme'⁶) 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.
2. 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 2010.⁷
3. 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.
4. The cost of pension contributions is met from local sources and collected by the Pensions Board from the diocesan boards of finance.
5. As at the beginning of 2022, the joint pension contribution rate in respect of past and future pensionable service was 39.9% of the previous year's NMS following the last triennial valuation at 31 December 2018. This comprised 32.8% for future service and 7.1% for past service deficit recovery.
6. Following a triennial valuation of the fund as at 31 December 2021, which indicated a surplus of £560 million the Board have agreed to set the contribution rate at 28% of pensionable stipends from 1 January 2023. In anticipation of the results of the review the Board had moved to an interim contribution rate of 36% from 1 April 2022. The next triennial valuation is due as at 31 December 2024.

Valuing the pensions element of the clergy package

7. The slide in section 5 notes an approximate value for the pensions element of the package of £7,100, reflecting the cost to responsible bodies of pensions contributions. The benefit of pension (deferred pay) is difficult to value precisely, as the sum paid will not be known for certain until retirement and people sometimes apply a discount factor to the value of future income. However, a defined benefit pension provides a significant advantage to clergy in terms of giving them a more predictable income in retirement.

⁶ NB Certain lay roles, notably stipendiary Licensed Lay Workers on Common Tenure are also eligible to participate in the CEFPS.

⁷ 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.

8. A cost figure offers something of a proxy for value, but is imperfect as the cost will vary according to a number of outside factors such as returns on investments, market conditions and the amount of any deficit (risks which the responsible bodies bear rather than the individuals in the case of the clergy pension scheme).

Housing

9. Full time stipendiary clergy are legally entitled to have a house provided. They are legally required to live in the provided house unless the Bishop gives them permission to live elsewhere, and do not pay rent. As the house is provided for the better performance of their duties, HMRC does not regard the provided house as a taxable benefit.
10. Instead of being provided with a house for the better performance of their duties, a few clergy receive additional payment in the form of a taxable discretionary housing allowance (the value of which varies considerably, as do rental values).

Valuing the housing element of the package

11. Valuing the housing element of the package is challenging. The value of the provided house is particularly likely to be seen differently by different clergy according to their circumstances. However, as everyone is faced with housing costs, it would be difficult to argue that the housing provision was of no or very little value, but it is recognized that a range is likely to be more meaningful than a single average value and we have not sought to draw on the highest end of that possible range.
12. Two alternative approaches were adopted for valuing the housing element of the package – one based on average rental values and the other a calculation relating to the cost of home ownership (with an adjustment to allow for the reality that clergy do not benefit from any increase in the capital value of the property that they live in and that they do not derive the same value from provided housing as one does from gradually paying off a repayment mortgage).
13. The first approach used data on private rental values taken from Valuation Office data compiled by the Office for National Statistics (ONS). The average rental value of a four-bedroom house in England was £18,600 as at February 2022 (with a range from c.£9,500 to c.£24,500).
14. The second approach adopted is based on the cost of owning a property (mortgage capital and interest payments), with a discount applied to take account of the fact that the clergy person would not be benefitting from a capital gain in the value of the house, as they do not own it. The base case takes the average value of a detached property in England as at April 2022, which was £471,335 (UK government land registration data). From this, the annual capital repayment is calculated to be c. £19,500 and the interest payment c. £14,000 (assuming an interest rate of 3.0%), totalling £33,800. The capital gain figure has been estimated as roughly equalling the cost of interest over the past ten years. This figure is deducted (£14,000), giving a valuation of the average cost of purchasing such a property as £26,300.
15. Recognising that property values differ significantly regionally, the calculation was also run using the average value for a detached property in Sunderland (£221,000) and Guildford (£855,000). In the case of a property in Sunderland, the cost of ownership value would be c. £14,000 and in Guildford c. £44,000.
16. The lower of the average figures produced by the two approaches (£18,600) was adopted.

Other benefits

17. The benefits of not having to pay Council Tax, water charges and the benefit that parochial clergy may receive part of their stipend paid free of tax and National Insurance as a contribution towards heating, lighting, cleaning and garden upkeep (HLC) costs were valued using average values.

18. For Council Tax the average band E figure for England for 2021-22 of £2,400 was used. The average figure used for water charges of £500 was an Ofwat figure for average water and sewerage charge. A figure of £300 was used for the tax saving on average HLC spend.

Annex 2 : Stipends of dignitaries and residentiary canons appointed before 1 April 2004

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

19. 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.
20. 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.
 - d) Stipends for residentiary canons who were in post before 1 April 2004 should be increased by the increase in the NSB or the increase in inflation, (if that is lower) only, until they reach the stipend of clergy who were appointed on or after 1 April 2004.
21. The measure of inflation to be used in calculating annual increases in stipends for existing post-holders should be the actual CPIH (having previously been RPI) for the twelve months to the previous September.

Annex 3 : A summary of progress made on implementing the recommendations of the clergy remuneration review

| Recommendation | Progress to date |
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| <p>1. Better communication of the value of the package, stipend, payment of council tax and water charges, defined benefit pension, and a house provided for the better performance of the duties of office (Paragraphs 4.15-37)</p> | <p>An infographic has been produced. This was first included in last year's Report and has been updated and included in this report.</p> <p>Work will continue to identify further ways to better communicate the value of the package.</p> |
| <p>2. Enabling Salary Sacrifice schemes (Paragraph 6.23)</p> | <p>The amending legislation has now come into effect.</p> <p>Dioceses are now able to provide schemes for clergy. However, there are difficulties about doing this at national level when the Church Commissioners are the employer for national insurance purposes. Additionally the government cycle to work scheme is not an option as the clergy home is also their place of work.</p> |
| <p>3. Explore options to help clergy to get on to the housing ladder (Paragraphs 6.24-25)</p> | <p>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. Further exploration of potential options will take place in 2023.</p> |
| <p>4. Consider an application for Triennium Funding to set up a diversity fund to help clergy with disabilities (Paragraphs 6.26-30)</p> | <p>Request to submit a bid for Triennium Funding for a Diversity Fund was not approved.</p> <p>However, support for clergy with disabilities forms part of wider work on vision and strategy, meeting the ambition for a younger and more diverse church. Support for clergy with disabilities to be considered as part of this wider strategic work.</p> <p>There was a recent Synod debate on disability in July.</p> |
| <p>5. Every diocese to discuss working expenses to ensure fair and consistent treatment (Paragraphs 6.33-34)</p> | <p>This has only been raised indirectly through the publication of the report. No further work has been undertaken on this to date (as the focus has been on engaging with dioceses on Ministry Hardship Funding given the cost of living crisis). It is proposed to raise this issue with dioceses in 2023.</p> |
| <p>6. Develop, with Clergy Support Trust (CST) and others, a comprehensive communication and engagement strategy on financial planning designed with and for clergy (Paragraphs 6.35-38)</p> | <p>Initial discussions/thinking have taken place with a view to supporting clergy with managing on a stipend and planning for retirement. CST have published a new strategy. This work is ongoing into 2023.</p> |
| <p>7. A regular online financial wellbeing check for clergy should be explored to help clergy with retirement planning (Paragraphs 6.35-38)</p> | <p>Pensions Board colleagues have continued to undertake work on developing support for clergy with retirement planning. Further work on developing a tool to be considered as part of the wider work on a strategy to support clergy with financial planning.</p> |

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| <p>8. A commitment on the part of the Church to maintain the overall value of the package against inflation in the future (Paragraphs 8.4-18)</p> | <p>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. The Archbishops' Council policy is in place, but the aspiration to maintain the value of the package is being tested by high inflation and it will be particularly challenging given the current rates of inflation and the forecasts for 2023.</p> |
| <p>9. The expectation should be that dioceses should continue to pay the usual stipend for that diocese to the majority of parochial clergy of incumbent status (Paragraphs 8.19-21)</p> | <p>This was flagged in the review report and is highlighted in regular consultations with dioceses. This does not represent a departure from current practice.</p> |
| <p>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)</p> | <p>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.</p> <p>The current period of high inflation and affordability concerns have meant that a below inflation increase in the NMS has been recommended for 2022/23 and 2023/24.</p> |
| <p>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)</p> | <p>RACSC decided on further reflection that this recommendation should not be taken forward.</p> <p>However, in effect, the Ministry Hardship Fund grants which supported clergy facing rising energy costs has effectively taken the approach of making additional payments to clergy on the basis of need in 2022 –this funding has now been distributed.</p> |
| <p>12 and 13. The NCIs 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)</p> | <p>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</p> |
| <p>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)</p> | <p>RACSC have decided not to take this recommendation forward. The cost of taking forward this recommendation would have been balanced out by the savings from changing the rules of the scheme so that pensions in payment grow in line with the increase in CPIH rather than RPI (see 15 below). RACSC viewed maintaining the RPI link for pensions in payment would benefit a broader range of clergy than would benefit from removing maximum accrual.</p> |
| <p>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</p> | <p>RACSC have decided not to take this recommendation forward as this would have been a reduction in pension benefits for clergy in retirement (see also 14 above).</p> |

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| <p>present. Increases for service earned to date would remain unchanged. (Paragraphs 8.61-65)</p> | |
| <p>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 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)</p> | <p>Work has been undertaken to take this forward and it was approved by General Synod in July 2022.</p> |
| <p>17. Request further exploration of Collective Money Purchase (CMP) pension schemes to consider whether in the longer term such schemes might be appropriate for clergy. (Paragraphs 9.70-74)</p> | <p>Collective Money Purchase is a very new scheme design for the industry – regulations are still evolving, and the first scheme is just on the cusp of being authorised (Royal Mail). The Pensions Board are keeping a close eye on this and the potential of CMP.</p> |
| <p>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)</p> | <p>Draft guidance has been produced in consultation with dioceses.</p> <p>There is ongoing work around clarifying guidance on part time roles.</p> <p>July Synod gave initial consideration to a Miscellaneous Provisions Measure giving the Archbishops’ Council power to provide guidance to which those issuing statements of particular must have regard</p> |
| <p>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)</p> | <p>Initial evidence gathering undertaken.</p> <p>This evidence will be reviewed in early 2023.</p> |