

**GS Misc 1364**

**The 51<sup>st</sup> 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 2023/24 and recommendations for 2024/25.
2. The table below summarises the levels of the key stipend benchmarks in 2023/24 and 2024/25.

	2023/24 (£)	2024/25 (£)
National Minimum Stipend (NMS)	26,794	28,670
National Stipend Benchmark (NSB)	28,634	30,638
National Average Stipend (NAS)	29,243	-

3. **For 2023/24** the CSA recommended a **5% increase in the NMS and NSB**. (See section 4 for more detail on stipend recommendations for 2023/24).
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. Therefore, a range of different increases will be set across dioceses. This can be seen by the range of diocesan basic stipends paid in 2023/24, which are set out in the table in paragraph 56.
5. The 5% increase was also applied to other stipends for senior clergy in 2023/24 including Bishops, Cathedral Deans, and Archdeacons. More detail about the stipends for senior clergy in 2023/24 can be found in paragraphs 29 and 35-36. The Commissioners follow the recommendations of the CSA for the clergy whose stipends they pay.
6. For **2024/25** the CSA has recommended a **7% increase in both the NMS and the NSB**. The CSA had originally recommended a 5% increase in both the NMS and the NSB. The recommendation was changed following the announcement in December 2023 of a reduction in the contribution rate for the clergy funded pension scheme from 28% to 25% from April 2024 which enabled the CSA to reconsider the stipend recommendations and agree a higher increase. 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 76 to 83).
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 2023 in section 5 along with a summary of the component elements of the package. More detail is provided in annex 1.
9. The Archbishops' Council adopted a policy in 2021 that the NMS should increase in line with inflation (as measured by CPIH) over the medium term, except when there was high inflation. As a result of high inflation, it has not been possible to follow the policy in the last two years. In order for the NMS to catch up with inflation the 2023/24 figure of £26,794 would need to have been increased by 11.3% rather than 7%. However, such an increase would not have proved affordable for dioceses.
10. Section 3 sets out further detail on the total cost of and funding of stipends for 2023/24.

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

11. 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.
12. 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>
13. 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](#).
14. 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.
15. 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".
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.

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<sup>1</sup> Central Stipends Authority Regulation 1998 (GS1310)

21. The National Minimum Stipend is also used to set the pension and the pension contribution rate (see annex 1, paragraphs 1-6).
22. 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.
23. 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. In 2023 CEECA were invited to make a written submission as part of the consultation process for setting the NMS and NSB which was carefully considered alongside responses from dioceses.

### **Section 3: Funding for stipends in 2023/24**

24. The 2023/24 stipends bill for all clergy and licensed lay workers on the central payroll, as at 31 August 2023, is estimated at £220.3m<sup>2</sup> (2022/23 figure was £218.7m)
25. This is mostly funded by dioceses and parishes through giving / parish share, diocesan 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 2023/24 is estimated to be £9.1m. Stipends for additional cathedral clergy (estimated to be £0.64m) are funded directly by the relevant cathedral Chapter.
26. The Lowest Income Communities (LInC) funding supports dioceses in developing mission and growth in lower-income communities). In 2023 the Archbishops' Council paid LInC funding totalling £29.1m from funds made available by the Church Commissioners.<sup>3</sup> The Archbishops' Council also paid £4.1m 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.
27. We are concerned by the effect of another year of high inflation on clergy and the impact of continuing high fuel prices. Increases in stipend do however depend to a very great extent on increases in giving from those who are also feeling these pressures.

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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> 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. LInC funding is currently being reviewed.

#### **Section 4: Stipend recommendations for 2023/24**

28. The key recommendations of the CSA, made in 2022, effective from 1st April 2023.
  - National Minimum Stipend (NMS) of £26,794, an increase of 5% on the previous year.
  - National Stipend Benchmark (NSB) of £28,634, an increase of 5% on the previous year.
29. Stipend for archdeacons appointed on or after 1 April 2004 of £39,058 and £40,565 for archdeacons appointed before 1 April 2004 (an increase of 5% on the previous year).
30. These recommendations were made in the context of a period of high inflation and in the light of the ongoing financial challenges that the Church continued to face post 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.

#### **Further recommendations**

31. 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.
32. A minimum Resettlement Grant, payable in addition to the removal grant for all moves, should be £2,679 (10% of NMS).
33. First Appointment Grants: The CSA recommended that all stipendiary ministers should receive a First Appointment Grant of at least £2,679, in addition to the Resettlement Grant on the following two occasions: 1) when taking up a full-time stipendiary post as assistant curate, 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.
34. 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 2023/24

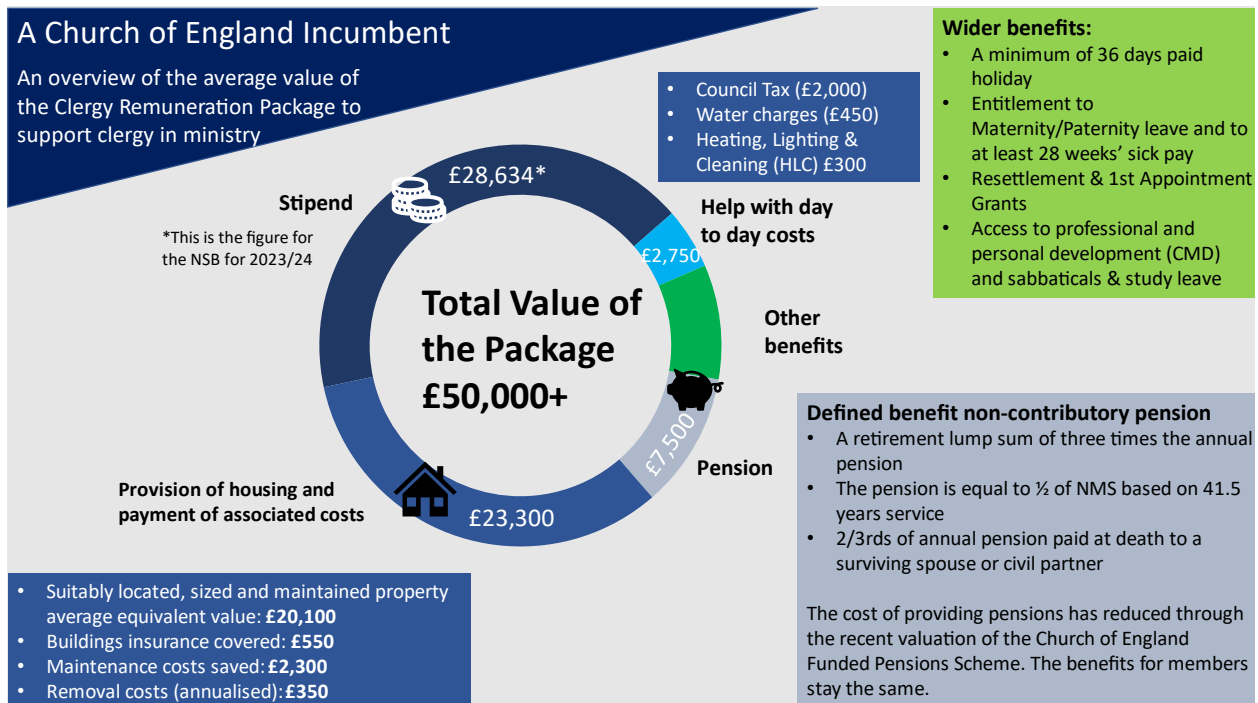
35. Stipends for 2023/24 are shown below, including those for clergy appointed before 1 April 2004:

	Senior Clergy starting on or after 1 April 2004	Senior Clergy in equivalent or higher paid post before April '04
Archbishop of Canterbury	£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	£31,440

36. These stipends increased by 5% from the level paid in 2022/23. 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

37. 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 2024.



38. 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.
39. The non-contributory Defined Benefit pension will cost c£7,500 per annum to provide per full-time stipendiary beneficiary in 2024. Following a valuation of the clergy pension scheme as at 31 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).
40. 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**.
41. 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 over £50,000 and within the range of £47,000 to £62,000.

#### **Section 6: Diocesan stipend levels in 2023/24**

42. 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 4,847 (5,138 in 2022/23) incumbent status clergy paid through the Church Commissioners' central payroll at the time of reporting, 91% (92% in 2022/23) were paid at the level of the DBS.
43. 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 £1,473 to **£29,243** (£27,770 in 2022/23), which was an increase of 5.3%.
44. The gap between the NAS and the NSB increased to £609, with the NAS being above the NSB (£500 in 2022/23). Dioceses are responsible for ensuring that no clergy are paid below the National Minimum Stipend.
45. The Diocesan Basic Stipends are shown at section seven. A range of stipends were paid. The lowest was £28,141 (£493 below the NSB) and the highest was £30,464 (£1,830 above the NSB). The level paid to Archdeacons ranged from £34,569 to £41,077 compared with a national recommended figure of £39,058 for archdeacons appointed on or after 1 April 2004 and £40,565 for archdeacons appointed before 1 April 2004.
46. 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.
47. 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 50 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.
48. 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) over the medium term, subject to review every three years and the need to review this position if high levels of inflation establish themselves.**



49. 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:

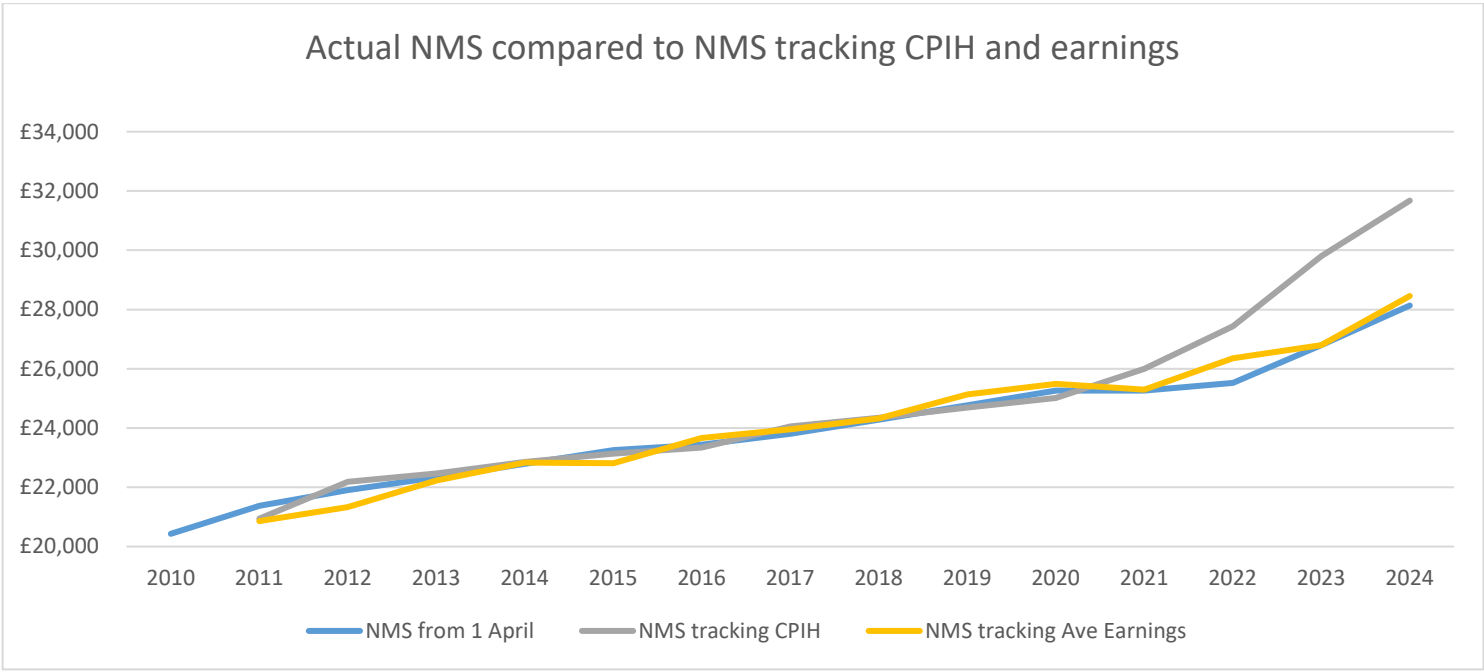
- RPI was described as a ‘very poor’ measure of inflation by the Office for National Statistics and is no longer a recognised national statistic.
- Ensuring the affordability of stipend increases whilst maintaining flexibility for dioceses to increase stipends beyond the NMS.
- Stabilising pension costs.

#### NMS, NSB and inflation

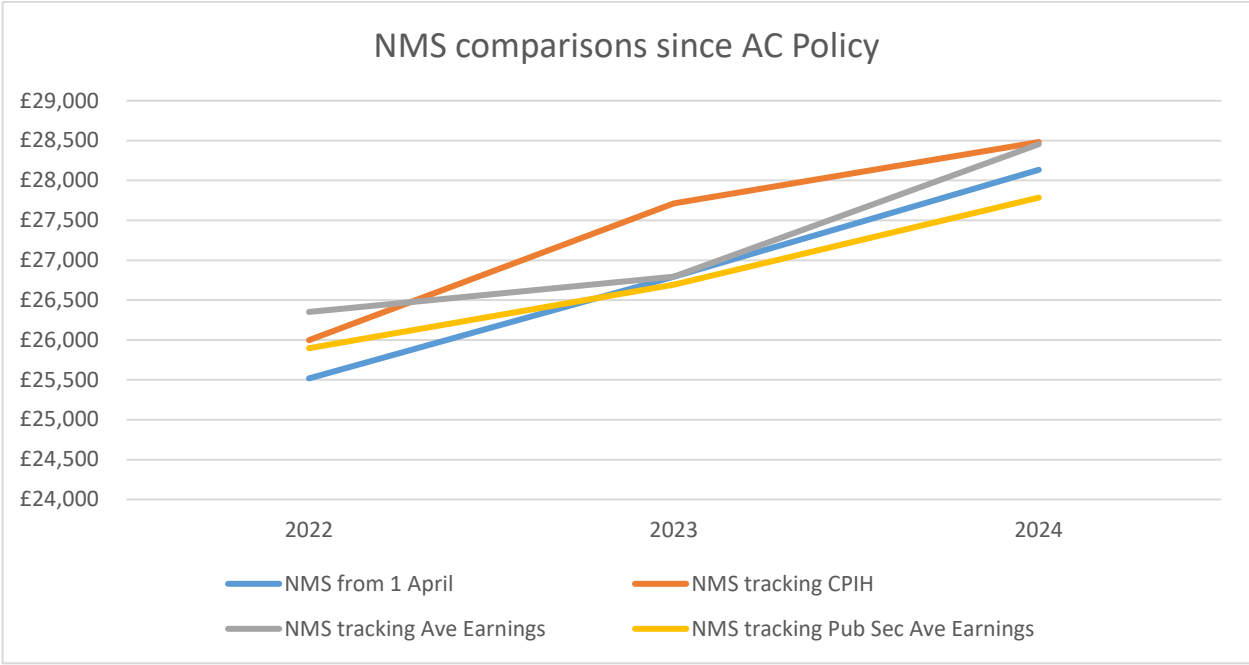
50. The table below compares increases in NMS and NSB with those in inflation and the Office of National Statistics’ Annual Survey of Hours and Earnings (ASHE).

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	CPIH Increase
2010	£20,430		£22,470		£22,570				2.5%
2011	£21,370	4.6%	£22,810	1.5%	£23,100	2.3%	-0.2%	0.0%	3.8%
2012	£21,900	2.5%	£23,270	2.0%	£23,580	2.1%	1.5%	1.6%	2.6%
2013	£22,340	2.0%	£23,740	2.0%	£24,020	1.9%	2.2%	1.6%	2.3%
2014	£22,790	2.0%	£24,210	2.0%	£24,520	2.1%	0.1%	1.0%	1.5%
2015	£23,250	2.0%	£24,690	2.0%	£24,990	1.9%	1.8%	1.8%	0.4%
2016	£23,440	0.8%	£25,060	1.5%	£25,373	1.5%	2.2%	0.7%	1.0%
2017	£23,800	1.5%	£25,440	1.5%	£25,750	1.5%	2.2%	0.9%	2.6%
2018	£24,280	2.0%	£25,950	2.0%	£26,230	1.9%	3.5%	2.3%	2.3%
2019	£24,770	2.0%	£26,470	2.0%	£26,700	3.0%	2.9%	3.8%	1.7%
2020	£25,265	2.0%	£27,000	2.0%	£27,110	2.0%	0.1%	2.4%	1.0%
2021	£25,265	0.0%	£27,000	0.0%	£27,420	1.1%	4.3%	2.5%	2.9%
2022	£25,518	1.0%	£27,270	1.0%	£27,770	1.3%	5.0%	4.6%	8.6%
2023	£26,794	5.0%	£28,634	5.0%	£29,243	5.3%	6.2%	3.7%	6.3%
2024	£28,134	7.0%	£30,066	7.0%	-	-	-	-	-

51. The graph below compares the actual NMS since 2010 with what the NMS would have been if it had tracked a) CPIH inflation and b) average earnings. As can be seen from the graph, the NMS tracked inflation and average earnings fairly closely between 2010 and 2020, whilst the NMS has lagged behind inflation and average earnings since 2020.



52. The graph below focuses on the period since the Archbishops’ Council’s policy for uprating the NMS was introduced in 2021, again illustrating that the NMS has failed to keep pace with inflation and average earnings overall, although it has risen by a greater amount than it would have done if it had tracked public sector earnings.



## The Clergy Gender Pay gap in 2023

53. Work has been undertaken for the first time to calculate the gender pay gap for clergy and this analysis will be updated and the figure will continue to be reported in the CSA report in future years.
54. The difference in average stipend for male and female full-time stipendiary clergy is currently **1.1%** in favour of men<sup>4</sup> (with the mean stipend for men being £29,494 and for women £29,179 in 2023). The small gap reflects the relatively flat stipend structure for most clergy within the Church of England, though two factors explain the gap:
- Fewer women are in senior roles that attract higher stipend (29% of the 356 senior clergy are women).
  - Women clergy are more likely to be in an assistant level role than an incumbent level role (33% of all women clergy are in an assistant role, compared with 13% of men).

Nevertheless, these factors only have a relatively small effect on the overall average given that senior and assistant clergy make up a relatively small proportion of total clergy.

55. The gap has been calculated for full-time stipendiary clergy alone. This is because of the difficulty in calculating an hourly rate for clergy (which is the standard method for calculating gender pay gaps) due to clergy not having standard hours, and challenges relating to the data for part-time clergy, it has not been possible to meaningfully include part-time clergy in this analysis.

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<sup>4</sup> The median gap is 0.9%.

## Section 7: Diocesan Basic Stipends and Residentiary Canon Rates 2023/24

### 56. Diocesan Basic Stipends and Residentiary Canon Rates 2023/24.

Diocese	Notes	Diocesan Basic Stipend		Residentiary Canons' stipends (post 1 April 2004 appointments)	
		2023/24	2022/23	2023/24	2022/23
		£	£	£	£
Bath & Wells		29,152	27,764	31,266	29,777
Birmingham		28,544	27,185	30,812	29,345
Blackburn		28,141	27,058	29,586	28,447
Bristol	1	28,718	27,350	31,119	29,637
Canterbury		28,917	27,540	32,340	30,800
Carlisle		29,440	27,902	30,347	28,762
Chelmsford		29,926	28,232	32,022	30,209
Chester		28,996	27,355	30,450	28,727
Chichester		29,945	28,250	32,354	30,523
Coventry		28,917	27,540	30,895	29,424
Derby		29,615	28,205	32,009	30,485
Durham		29,580	27,515	32,146	29,902
Ely		28,634	27,270	30,861	29,391
Exeter		28,820	27,445	31,118	29,633
Gloucester	1	29,676	27,735	32,021	29,927
Guildford		30,464	29,013	31,036	29,558
Hereford		29,400	28,000	32,405	30,862
Leeds		29,333	27,936	30,497	29,045
Leicester		29,905	28,481	32,112	30,583
Lichfield		28,655	27,290	31,190	29,704
Lincoln		29,087	27,702	31,405	29,910
Liverpool		28,635	27,270	30,377	28,929
London		29,574	28,166	31,757	30,245
Manchester		28,342	26,992	29,871	28,448
Newcastle		28,890	27,514	31,283	29,793
Norwich		28,634	27,270	30,919	29,446
Oxford		29,959	28,522	32,062	30,524
Peterborough		28,634	27,270	30,913	29,440
Portsmouth		29,709	28,027	31,886	30,081
Rochester		29,195	27,805	30,920	29,448
St Albans		29,680	28,267	31,590	30,086
St Edmundsbury & Ipswich		28,206	27,121	30,458	29,286
Salisbury		29,215	28,091	30,983	29,791
Sheffield		29,056	27,672	31,257	29,769
Southwark	1	29,285	27,889	31,570	30,065
Southwell & Nottingham		28,634	27,518	31,293	30,073
Truro	1	29,303	27,644	30,799	29,055
Winchester		29,598	27,662	32,016	29,922
Worcester		29,386	28,256	31,734	30,514
York		28,942	27,565	31,187	29,703
National Stipend Benchmark		28,634	27,270		

1. Diocesan stipends change on 1 January each year, but residentiary canons' stipends will change from 1 April.

## Section 8: Stipend recommendations for 2024/25

57. **The National Minimum Stipend (NMS) from 1 April 2024 has been increased by 7% and set at £28,670.**
58. **The National Stipend Benchmark (NSB) from 1 April 2024 has been increased by 7% and set at £30,638.**
59. Recommendations for dignitaries and residentiary canons are based on the stipend levels they received in 2023/24 increased by the same increase as applied to the NSB, which was 7%.
60. 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>
61. In setting the levels of the NSB and NMS for 2024, the CSA had regard to its **agreed policy “that the NMS should in future, on average over the medium term, increase in line with inflation, as measured by CPIH, subject to review every three years 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, although RACSC are increasingly concerned about the NMS having fallen further behind inflation and acknowledge that implementing the policy will be challenging without additional resource given current diocesan finances.
62. The CSA had initially agreed a 5% increase in the NMS and NSB for 2024/25. However, the welcome news announced by the Pensions Board in December 2023 of a reduction in the contribution rate for the clergy funded pension scheme from 28% to 25% from April 2024 enabled the CSA to reconsider the stipend recommendations and agree a 7% increase in the NMS and NSB for 2024/25. Before the announcement of the reduction in the pension contribution, the CSA, in consultation with dioceses, had considered a 5% increase to be the maximum affordable, whilst acknowledging that for some dioceses facing deficits this would prove challenging. The reduction in the contribution rate for the pension fund has enabled a higher recommendation to be made in recognition of the need to avoid further erosion of the value of the stipend against inflation as far as possible and the financial hardship faced by some clergy, particularly given cost-of-living challenges.
63. If the NMS had tracked inflation since the adoption of the Archbishops’ Council’s policy in 2021 then the NMS for 2024/25 would be £29,830<sup>6</sup>. In order for the NMS to catch up with inflation the 2023/24 figure of £26,794 would need to have been increased by 11.3% rather than 7%. However, such an increase would not have proved affordable for dioceses, particularly if implemented in a single year. The effect of seeking to implement such an increase would be a significant increase in diocesan financial deficits and the resulting likely need for dioceses to reduce clergy numbers.

### Further recommendations to dioceses

64. 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

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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).

<sup>6</sup> Using the April CPIH figure from the previous year to track inflation, which is the latest figure available to inform the stipend setting process given the current timetable for stipend setting (as set out in section 9)

Lay Workers (including Church Army Evangelists 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.

65. Dioceses will consider stipend levels for archdeacons in the light of the recommendations and other factors.

### **Resettlement, Relocation and First Appointment Grants from April 2024**

66. The Archbishops' Council, as Central Stipends Authority, recommends that the following grants should be paid by dioceses to clergy (including curates) who are moving to a new house in order to take up an appointment.

67. If the total of the removal, resettlement, and first appointment grant is in excess of £8,000, they need to report this on their tax return.

#### ***Removal Grant***

68. The cost of removal (often known as 'the van') covers the costs of packing and unpacking, physical removal between residences, insurance in transit, and taking down/re-attaching domestic fittings. This should be paid in full.

#### ***Resettlement Grant***

69. This is payable in addition to the removal grant. Dioceses are recommended to pay at least 10% of the National Minimum Stipend (**£2,867** from April 2024), to cover the cost of domestic goods intended to replace items used at the old residence which are not suitable for use in the new residence, for example carpets and curtains, equipment or furniture (such as a freestanding wardrobe which replaced a fitted one). The cost of any travel and subsistence in connection with the move is also included.

#### ***First Appointment Grant***

70. This is payable in addition to the Resettlement Grant on the following two occasions:

1) when taking up an appointment as assistant curate 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.

71. Dioceses are recommended to pay at least 10% of the National Minimum Stipend (**£2,867** from April 2024)

### **Stipends for bishops and cathedral clergy for the year from April 2024**

72. The Church Commissioners' Board will consider the level of senior clergy stipends for 2024/25 in the light of the revised stipend recommendations and also feedback on what increases dioceses intend to apply to their clergy. Senior clergy stipends for 2024/25 will be published in due course.

### **Clergy expenses**

73. 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**

74. 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 9: Stipend setting process and timetable

75. The proposed stipend setting process for 2024 is set out in the table below. This will mean that the recommendations for 2025 will be considered by the Archbishops' Council in July 2023, as has been the case this year.

<b>Month</b>	<b>CSA</b>	<b>Dioceses</b>
<b>Jan</b>	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.
<b>Feb</b>	CSA Report to Synod.	Deadline for confirming DBS increases from this year.
<b>Mar</b>	Residentiary canon rates published.	
<b>April</b>	Stipend Consultation document drafted. Survey created. Latest HM Treasury data noted.	
<b>May</b>	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).	
<b>June</b>	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).
<b>July</b>	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**

76. 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. The review made 19 recommendations.
77. 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
  - Exploring options to help clergy get on to the housing ladder.
78. Initial preparatory work has been undertaken with regards to the following recommendations:
- 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.
79. Other recommendations are due to be taken forward in 2024 including:
- Further work on developing a strategy to better support clergy with financial planning, building on the initial preparatory work already undertaken
  - Engaging with dioceses on issues relating to clergy expenses
80. 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.
81. 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.
82. As described elsewhere in this report, high inflation has also meant that once again it has not proved possible for the CSA to recommend an increase in the NMS in line with inflation as measured by CPIH for 2024/25. 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.
83. RACSC, on behalf of the Archbishops' Council as the CSA, will continue to take forward work to implement recommendations from the remuneration review in 2024.

## **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'<sup>7</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.
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.<sup>8</sup>
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 2023, the joint pension contribution rate in respect of past and future pensionable service was 28% of the previous year's NMS following the last triennial valuation at 31 December 2021.
6. A triennial valuation of the fund as at 31 December 2021, which indicated a surplus of £560 million enabled the Board to agree to set the contribution rate at 28% of pensionable stipends from 1 January 2023 reduced from the previous contribution rate of 39.9%.

### ***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 £7,500, 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.
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).

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<sup>7</sup> NB Certain lay roles, notably stipendiary Licensed Lay Workers on Common Tenure are also eligible to participate in the CEFPS.

<sup>8</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.

## **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 £21,084 as at March 2023 (with a range from c.£9,900 to c.£26,600).
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 2023, which was £484,512 (UK government land registration data). From this, the annual capital repayment is calculated to be c. £20,600 and the interest payment c. £20,200 (assuming an interest rate of 4.5%), totalling £40,800. The capital gain figure has been estimated as roughly equalling the cost of interest over the past ten years. This figure is deducted (£20,600), giving a valuation of the average cost of purchasing such a property as £27,000.
15. Recognising that property values differ significantly regionally, the calculation was also run using the average value for a detached property in Sunderland (£234,000) and Guildford (£885,000). In the case of a property in Sunderland, the cost of ownership value would be c. £15,300 and in Guildford c. £45,600.
16. The lower of the average figures produced by the two approaches (£21,000) 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 2022-23 of £2,000 was used. The average figure used for water charges of £450 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 diocesan 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.