

OXFORD DIOCESAN SYNOD

Bishop's Council's response to the amendment on stipends and giving*Introduction*

The following amendment to the 2025 Budget motion was carried at the November 2024 Diocesan Synod:

F) Notes its desire for more information and to request the Standing Committee to consider increasing the clergy stipend by an additional 1% in the 2026 and 2027 budgets, to begin addressing recent and historic shortfalls.

G) Requests the Standing Committee to bring forward this information by the March 2025 meeting of Diocesan Synod.

H) Requests diocesan representatives involved in the national conversation, committees, and/or NCIs to share our Synod's concerns at the continued pressures on clergy households and declines in well-being.

I) Encourages the whole Diocese to commit itself to renewed stewardship drives and broader fund-raising efforts in local, regional, and national media, for revived health of the Church of England and its mission to proclaim the Gospel in word and deed.'

Bishop's Council (and its Finance Committee) have carefully considered the amendment and offer this paper by way of its response.

As regards the stipend level, inflation is now fortunately at significantly lower levels than it was. However, we know that some clergy are experiencing hardship from the increase in the cost of living as high inflation of earlier years has been consolidated, rather than reversed, and despite the 6% increase in 2024, we acknowledge the desire to look at further catching-up on recent years when clergy stipends (and staff salaries) fell behind inflation.

Value of the current stipend package to a member of the clergy

We have first considered the value of the current stipend package. We had not previously modelled the approximate financial value to a cleric of the stipend and so have now done so and it produces the following calculation:

	£		gross for tax @20%	gross for NI
Incumbent stipend	32,709	Based on current annual stipend level		
Council Tax	3,412	Average	853	341
Water Rates	630	Average	158	63
Insurance (Vicarages/Parsonages)	524	Based on monthly contribution / 304 properties	131	52
New Appointment Grant	429	Based on £3000 every 7 years	107	43
Buildings repairs and maintenance	8,949	Average total for 2024 / 304 properties	2,237	895
Pension equivalent of staff contribution - 5%	2,333			
	<u>48,985</u>		<u>3,486</u>	<u>1,394</u>
Notional tax on extras (excl stipend)	3,486		Total	
Notional NI on extras (excl stipend)	1,394	Notional Tax		
Higher rate	880	Allowance £12,570		
Notional NI on higher rate	70	Basic rate (12,570 to 50,270)	7,540	
		Higher rate (40%) (48985+3486-50270)	880	
Equivalent salary	<u>54,817</u>		<u>8,420</u>	

Assumptions:

Stipend fully taxed as PAYE and therefore gross

All Extras need to gross up for tax / NI

It will be seen that the outcome of this is that we calculate that the financial value of the incumbent's stipend package is equivalent to a salary of approximately **£55,000**. This calculation has been done on the basis of not including costs (like the cost of capital) that would be contested by some: it is therefore on the low, rather than high, side. £55k is very similar to the figure calculated in some other dioceses and seeks to produce a figure on as comparable basis as possible as a DBF staff member (it will clearly be higher or lower if the comparison is made with employees in other sectors, not least depending on the level of employee pension contributions). Consideration of appropriate stipend levels does need to take into account this figure, not the 'headline' stipend amount, given the substantial additional benefits (not least the pension being non-contributory) that are not available to the vast majority of employees in the UK. It should be noted that this figure is different from the cost to the DBF per incumbent, which is higher (over £65,000, yet to be calculated for 2025).

Encouragement to renewed stewardship drives and broader fundraising efforts

We note that a key part of the amendment was to encourage increased giving and fundraising. We would fully support this. Our Generous Giving Adviser Joshua Townson regularly visits deaneries and parishes and there are lots of resources on the diocesan website: [Giving & fundraising - Diocese of Oxford](#). We also apply at diocesan level for grant monies wherever we can see opportunities to do so to fund expenditure both at diocesan and parish level.

Modelling the cost of an additional 1% in 2026 and 2027

As requested, we are bringing forward information on the cost of increasing stipends by a further 1% in April 2026 and April 2027. We have calculated this for both clergy stipends and also for staff salaries as hitherto it has been considered that staff salaries should normally increase by the same percentage as clergy stipends, but it is of course possible to increase stipends without increasing salaries. This results in the following additional costs:

Salary impacts for clergy based on December		2026	2027	2028
Impact of Stipend increase and NI	@2%	12,075,487	12,323,693	12,576,863
	@3%	12,167,189	12,542,249	12,831,274
Impact of additional 1%		<u>91,702</u>	<u>218,556</u>	<u>254,411</u>
Impact of Salary increase and NI	@2%	4,737,151	4,833,419	4,931,611
	@3%	4,753,090	4,897,969	5,030,285
Impact of additional 1%		<u>15,938</u>	<u>64,550</u>	<u>98,674</u>
Impact of Total Stipend/Salary increase and NI	@2%	16,812,638	17,157,112	17,508,474
	@3%	16,920,278	17,440,217	17,861,559
Impact of additional 1%		<u>107,640</u>	<u>283,106</u>	<u>353,085</u>

2028 assumes a 2% rise for both original and revised calculations

This shows that the effect of an additional 1% on stipend and salary in each of 2026 and 2027 gives rise in a full year to an additional charge to the DBF budget in a full year of over **£350,000 p.a.** This would require an increase in parish share of approximately an additional 1.75% beyond what is currently being forecast (and/or substantial savings to the whole diocesan budget). All the feedback we receive from parishes suggests that this is not realistic. Our diocesan free reserves are already predicted as falling to below the agreed appropriate level of 3 months' expenditure set out in our reserves policy within our five year forecast period and so there would not be capacity to absorb such increases from our reserves.

National insurance increase

Like many other organisations, we have been faced with a substantial unbudgeted additional ongoing cost as a result of the Chancellor of the Exchequer's decision to increase employer's national insurance from April 2025. This results in an additional cost to stipend and salary costs of approximately **£322k** in 2025 and **£449k** in a full year. Fortunately, over half of this has been mitigated by an interim reduction in the cost of the clergy pension scheme (without reducing the benefits of the scheme) from April 2025, but this still leaves an unbudgeted shortfall of about £100k in 2025 and £145k in a full year.

April 2025 stipend increase

When Bishop's Council earlier this month took its decision on the stipend increase to be applied in April 2025, it took stock of the unbudgeted NI increase. This would have pointed to a lower stipend (and salary) increase this year than the budgeted 3%. However, recognising the impact of the increases in the cost of living and the sentiments expressed in the November amendment, Bishop's Council has awarded a 3% increase in April 2025 and this has now been communicated to clergy. It has taken this decision in the hope that the final outcome of clergy pension contributions payable will be lower still (once the current actuarial review is concluded) **and that otherwise there will either have to be a lower stipend (and salary) increase than the average parish share increase in 2026 or other savings made (for which we do not currently see scope).**

National perspective

An additional important point to add is that, following a General Synod motion asking the national Church bodies to look at ways in which the level of clergy stipends (and pensions) could be increased, the triennium funding working group is considering the possibility of an uplift in stipends. The possibility of a nationally-set stipend, potentially at a slightly higher level than the current stipend, is part of proposals that are under discussion (see [gs-2380-diocesan-finances-review-update.pdf](#)). Although it is far from certain that these proposals will be agreed, we would like to think that they will provide some comfort to those who supported the November amendment. We strongly advise that we need to wait for such developments.

Conclusion

Bishop's Council – which has the responsibility for determining stipend increases – unanimously resolved at its February meeting that it cannot support budgeting for a higher level of stipend increase than is already in our forecasts at this time. We would need treasurers to be reporting a willingness to achieve significantly higher parish share increases, hence the link with the part of the amendment related to increasing giving. It should be borne in mind that our future projections assume not only increases of at least 2% p.a. in the average parish share increase (and some deaneries will be paying 2% higher than this every year under our transitional arrangements) plus deaneries together paying each year a higher proportion of what is requested (to return the recovery rate closer to its pre-pandemic level). We will, however, keep the matter closely under review and take seriously the sentiments expressed by the amendment.

Diocesan Synod is invited to note this update.

Sir Hector Sants, DBF Chair
on behalf of Bishop's Council
10 February 2025