



HOUSES OF PARLIAMENT

TRANSCRIPT OF ORAL EVIDENCE

HOUSE OF LORDS
HOUSE OF COMMONS
MINUTES OF EVIDENCE
TAKEN BEFORE
THE ECCLESIASTICAL COMMITTEE

ORAL EVIDENCE: DIOCESAN STIPENDS FUNDS (AMENDMENT)
MEASURE

TUESDAY 25 APRIL 2023

10 am

Evidence heard in Public

Questions 1 - 10

Oral Evidence
Taken before the Ecclesiastical Committee
on Tuesday 25 April 2023

Members present:

Baroness Butler-Sloss (Chair)
Sir Peter Bottomley
Mr Ben Bradshaw
Fiona Bruce
Dr Lisa Cameron
The Earl of Cork and Orrery
Lord Dannatt
Sir Roger Gale
Lord Glenarthur
Baroness Harris of Richmond
Lord Jones
Rachael Maskell
Lord Ponsonby of Shulbrede
Andrew Selous
Sir Desmond Swayne
Martin Vickers

Examination of Witnesses

The Right Reverend the Lord Bishop of Sheffield; Kate Wharton, Prolocutor, Convocation of York; William Nye, Secretary General, General Synod; Chris Packer, Legislative Counsel; Edward Dobson, Senior Advisory Lawyer and Designated Officer.

Examination of witnesses

The Right Reverend the Lord Bishop of Sheffield, Kate Wharton, William Nye, Chris Packer and Edward Dobson.

Q1 **The Chair:** We are here to consider the Diocesan Stipends Funds (Amendment) Measure. I welcome the members of the team from the Church of England: the right reverend the Lord Bishop of Sheffield; Ms Kate Wharton, the prolocutor of the Convocation of York; Mr William Nye, secretary-general; Mr Chris Packer, legislative counsel; and Mr Edward Dobson, senior advisory lawyer. Would members of our committee please declare any interests?

Sir Peter Bottomley: I am parliamentary warden of St Margaret's Church, Parliament Square.

Lord Dannatt: I am a trustee of the Norwich Cathedral Trust and long-serving churchwarden of the parish of Intwood-cum-Keswick in the Diocese of Norwich.

Lord Jones: I was, for 10 years, chairman of a diocesan education board.

Baroness Harris of Richmond: I am high steward of Ripon Cathedral and my nephew is a priest on the Isle of Man.

The Earl of Cork and Orrery: I am still governor of the Chichester Cathedral Restoration and Development Trust. I am also trustee of the steeple fund at St Laurence, Lurgashall.

Martin Vickers: I am a member of the Lincoln Cathedral Council, which is in the process of winding up, but I think it still legally exists, so I declare the interest.

Fiona Bruce: Good morning. I am a lay canon of Chester Cathedral.

Q2 **The Chair:** That seems to be everybody. Thank you very much. I have actually introduced your representatives, so you need not do that again. We are very grateful to you for coming and in such force, if I may say so. It seems, to me personally, to be a very straightforward Measure, but perhaps one of you would like to set it out for us.

The Lord Bishop of Sheffield: I shall do that with great pleasure. I do so as the chair of the mutuality in finances group of the House of Bishops and of the steering committee of the General Synod for this Measure. After I have made some very brief remarks, with your permission I would like to invite the prolocutor of the General Synod to make some brief comments about how this Measure will benefit dioceses such as hers.

As the committee will have read, diocesan wealth is far from evenly distributed across the communities in our church. At the extremes, there is a difference of £100 million in capital assets in one diocese and £1.5 million in another. Regardless of their particular wealth, all dioceses pay the stipends of their clergy out of the income in their diocesan stipends

funds account. The existing legislative provision means that these funds can be used only for certain specified purposes and only in the diocese in question.

A principal recommendation of the mutuality in finances group was to bring a simple Measure for synod's consideration that would remove the geographic restriction on the use of these funds. This measure does this by amending the 1953 Diocesan Stipends Funds Measure in the following ways.

First, it provides that, where a diocesan board of finance is satisfied that funds that sit in its stipends income account do not need to be used for its statutory purposes, principal among which is the payment of stipends, it may transfer those funds out of the diocese. Secondly, where a transfer takes place, it may only be directly into the stipends income account of another Church of England diocese or to the Archbishops' Council or another charity. Thirdly, where the Archbishops' Council, or another charity, receives such funds, it must decide which diocese or dioceses to transfer the funds to and then only directly to the stipends income account of that diocese.

Applying the principle that giving is greatest when it is easiest, we wished to have a simple process, but we have also ensured that there are safeguards built into the measure, notably in the clear threshold to be met before a transfer can be made. We envisage that this, along with the already existing procedures of diocesan boards of finance, will ensure proper accountability where transfers are to be made. It is important to emphasise that this new power is entirely permissive and that there is no obligation whatsoever on any diocese to use it. That said, we are confident that those dioceses that are able to be generous will be so.

With your permission, Lord Chair, I would like to hand over to the reverend Kate Wharton to add some brief comments.

Kate Wharton: Liverpool is a wonderful city and a wonderful diocese. Its people and its clergy are energetic, resilient, hopeful and creative. Our churches are doing amazing work. People are coming to faith in Jesus. There is community work of every possible type. However, there is no money—just £1.5 million.

Liverpool is a very deprived area, of course. Many people are struggling, particularly in the present climate, and this affects their ability to give. Additionally, Liverpool is a very poor diocese. This is through no fault of its own. Essentially, it is a historic accident, but it means that there simply is not enough money to do all that needs to be done or that we would like to do.

If other dioceses could make use of this scheme and donate some of their stipends funds to Liverpool, it would make an extraordinary difference. Stipends could be assured in a way that they currently cannot be because we live with so much uncertainty. There are many things in a diocese to pay for besides stipends. Being able to use some additional funds in this

way would serve our diocesan ministry across the board. The difference this would make to those of us in ordinary Liverpool parishes is therefore enormous.

The Chair: Thank you very much. Does anybody else want to add anything to that? Would anybody here on the committee like to ask a question?

Q3 **Andrew Selous:** It is a great proposal. How will the brokering work between richer and poorer dioceses? Will there be a bit of central control? Is it up to a poorer diocese to cosy up to a richer one, or do you expect the richer ones to go and find the poorer ones? How do you expect this to work in practice?

The Lord Bishop of Sheffield: The Measure presently assumes that dioceses have some discretion in that respect. The Measure would permit for dioceses to partner up with one another, and for richer dioceses to choose and enter into a direct relationship with poorer ones.

Our hope is that, most often, that route will not be taken and that, instead, the Archbishops' Council will be used as a brokering agent. It will then, most likely, follow a set of procedures that are already in place for the distribution of something called lowest-income communities funding, so that there is a very reasonable and justifiable mechanism for deciding which dioceses should benefit.

Andrew Selous: Thank you. That is very helpful.

Q4 **Mr Bradshaw:** Is there a direct correlation between the presence of either historic universities or shire counties and surpluses, and between industrial heartlands and deficits? If so, there has been a lot of noise in some dioceses, as you will be aware, from parishes, about the centralisation of funds and, as they see it, the removal of what they consider their funds to either central dioceses or the Church House funds.

Some of those dioceses are rural. Chichester and Truro are two where there has been a lot of noise. According to this, they would seem, or ought, to have enough money, given their loss of glebe land. Could you drill into that a little more deeply for me?

You say that this is permissive. In reality, would a diocese and its diocesan bishop not feel under quite a lot of pressure from the centre to actively participate in this system for their own reputational and, possibly, career purposes?

The Lord Bishop of Sheffield: I will try to do justice to that question. To clarify the history, as a general rule of thumb the best endowed dioceses are the medieval dioceses. Towards the end of the 19th century and in the early 20th century, the Church of England created new dioceses to serve the new post-industrial communities in the big cities: Birmingham, Liverpool, Manchester, Sheffield. All these dioceses were created at that time. When the Church of England carved up the geography to create new dioceses, it did not carve up the historic endowment, so the historic endowment remained in the medieval

dioceses. As a rule of thumb, the poorer dioceses are the newer ones and the richer dioceses are the older ones.

I doubt that a diocese will feel under pressure. This scheme is not capable of eradicating the inequalities in the distribution of wealth. The diocesan stipends fund is a relatively small pot of money in the entire economy of the Church of England.

Much more significant, in the grand scheme of things, in mitigating the inequalities is the disbursement made by the Church Commissioners and, in particular, the announcements made for the new triennium in May of last year. That involves far greater sums of money. The Church Commissioners have been quite explicit that they intend the lion's share of the money disbursements in the new triennium to reach the poorer dioceses.

The pots of money involved in this Measure are relatively small. I think that means that the pressure on dioceses to be generous will be relatively small. We are discovering, however, that as an entire Church of England there is a growing greater sense of our mutuality and a greater sense that we are all facing really significant challenges in the mission of God at the present time.

This Measure is a good news story because it allows an expression of that mutuality in financial terms. I think the exercise of generosity will be embraced warmly by a small number of dioceses that are in a position to do it.

Q5 Lord Dannatt: I think you have just answered the question I was going to ask. In the informal discussions that led up to this, how did you judge the propensity of richer dioceses to be generous and give to the Liverpools?

The Lord Bishop of Sheffield: The numbers are bound to be small. Of the 42 dioceses, I imagine that 10, at the most, might be in a position to explore an act of generosity from within their own diocesan stipends fund. If four or five were to take advantage of this new provision, that would seem to me to be good news.

Q6 Rachael Maskell: I have a couple of questions. The first may be statement. This seems like a bit of a sticking plaster of a transition to somewhere else, rather than a significant change. It is more, "Let's see the charitability of different dioceses and see where that goes". It seems that there needs to be a more fundamental change, given the amount of disparity described to the committee.

I want to understand the purpose that those funds will be utilised for in those dioceses. Will it be for the purpose of mission? Will it be for fabric and buildings? How is that seen? Particularly in the light of the comments made by Kate Wharton about social action and meeting the needs of more deprived communities, will that also be its prime purpose? It is really not clear in the legislation presented.

The Lord Bishop of Sheffield: Funds held in a diocesan stipends fund can be used only for stipends. All that is being removed is the present geographic restriction that means that a diocese can use it only for stipends within its own diocesan border. It will still be possible to use funds transferred out of a diocese stipends fund to another diocese only for stipends.

You are absolutely right that, in one sense, given the extent of the inequalities that exist across the Church of England, it is something of a sticking plaster. It is not capable of solving the problem. It is capable of making a really significant difference. One additional stipend in Sheffield would make an extraordinary difference to a local community.

Q7 **Lord Jones:** I am very appreciative of the background paragraphs, social history of a kind, and that poetic phrase embedded further on, "cure of souls". Paragraph 10 refers to various permitted development schemes. Is it possible to give an example or two in explanation there? Likewise, there is the phrase "any loan". Are there any examples that you can furnish?

Edward Dobson: That is in relation to capital funds. There are two accounts held by a diocesan stipends fund: the capital account and the income account. The capital account can be used only for the acquisition of land, various investment schemes, discharge of expenses and such.

The income account—this answers Ms Maskell's question earlier—deals primarily with the payment of stipends. There are three other very small uses of it: the upkeep of parsonage houses and expenses related to them; the payment of national insurance for stipendiary clergy, which is a small expense; and the payment of churchwardens during vacancies, which, again, is a small expense. Primarily, it is stipends.

I cannot give examples in relation to the investment question, but it falls outside this Measure. It is to do with the capital, not the income, and this Measure just deals with the income.

Lord Jones: I made a reference to loans.

Edward Dobson: I think I am correct in saying that there was consideration of whether loans would fall under the auspices of this Measure. That was determined not to be appropriate in this instance. Does that assist with your question?

Lord Jones: You might write if you come across any investment schemes, if it suits, please.

Edward Dobson: I am very happy to do so.

Q8 **Sir Peter Bottomley:** Following on, we have had a proper explanation at paragraph 10, which is a consequence of the 1953 Measure, dividing accounts, in effect, into the current account and capital account. The questions were about the powers under the capital account, whereas I think I am right in saying that this Measure is about only the current

account.

If I can just reflect very briefly, almost interrogatively, some time ago, when I was young, I was told that the stipend of the incumbent at St Luke's Chelsea was greater than anyone else's, except for the two archbishops, which gave no encouragement to aim for other service. That was then levelled off by standard stipends.

I think what we are being asked to do, if I can take it from the words, started with you exploring options for greater generosity. You discovered that there was a barrier. This Measure removes the barrier. It is a simple, permissive mechanism. In your words, "Giving is greatest when it is easiest". You have assured us that it has an appropriate level of scrutiny and it is not a wider rebalancing or even the wider rebalancing of church funding. We can accept it, I think, as a starting point, again in your words, born of a desire to be generous when possible and appropriate.

The Lord Bishop of Sheffield: That summarises the position perfectly.

Q9 The Earl of Cork and Orrery: I would like to go back to the question of scrutiny, if we may. The decision as to whether money should be put up for transfer or kept in the diocese, I presume, comes down to the bishop and their team. Living in what might be described as a marzipan layer diocese, Chichester, which has already been referred to, and living in a parish that has not seen a vicar for the last two years, I would be very concerned if the diocesan stipends fund decided to give money away. We have not had any stipend granted to us for at least the last 10 years. I am concerned that there may actually be quite a lot of resistance from parishes to this kind of generosity at the top. Does the Church team feel that this is not a problem?

The Lord Bishop of Sheffield: The decision would be made by the diocesan board of finance. As in every aspect of its financial decision-making, the diocesan board of finance would be accountable to its diocesan synod. If there were misgivings and concerns about such a proposal, the diocesan synod would provide a diocese with a very effective way of expressing that protest, just as it does for any line in the diocesan budget.

I can appreciate that there will be situations in which not everyone is thrilled at the thought that their diocese is passing over funds to another, poorer diocese. Generosity is such an essential Christian virtue that I hope most people would be able to see the bigger picture and rejoice in the enrichment of the ministry of the whole Church of England.

The Earl of Cork and Orrery: I have to be honest that I do not think that is necessarily the case at a parish level. Unfortunately, the pressures are such that it is extremely difficult for many parishes to keep going. I know two or three in my immediate locality that are closing down for lack of any support from the diocese.

The Lord Bishop of Sheffield: I can imagine that if a diocesan board of finance were in a diocese where those concerns were bubbling away, it

would be very loath to take advantage of the permission that this Measure would give.

The Earl of Cork and Orrery: I would hope so.

- Q10 **Andrew Selous:** I had a second question on the last line of paragraph 11. Is it possible to give an example of sequestrators in a benefice? What sort of thing is being referred to there? It was not immediately apparent to me.

Edward Dobson: As a general proposition, when a benefice is in vacancy, so there is no incumbent vicar, rector or priest in charge, the sequestrators take on the running of the parish, so churchwardens are usually in that role. They will sometimes have expenses and associated costs with that role. Clearly, no stipend is being paid to that benefice at that time because it is in vacancy, so it is to provide for that in that situation.

- Q11 **Mr Bradshaw:** Picking up on Lord Cork's point, it might be helpful and reassuring for the committee if you could send us that list of 10 dioceses that you thought might be pretty flush. It would be useful for us to know whether any of them correlate with any of the dioceses that are having a lot of problems at the moment, as Lord Cork highlights, in filling vacant parishes and where there is a lot of noise.

We are receiving a lot of noise, as members of the Ecclesiastical Committee, from parishes about loss of priests and the very thin scattering of priests. I think it would reassure us if we thought there was no problem in the wealthy dioceses with this and that it would not exacerbate further the representations we are having regularly now from some of these dioceses in rural areas in particular.

The Chair: To what extent is this information confidential?

William Nye: We provided the General Synod, when it was considering the Measure, with information about the amounts in the diocesan stipends funds of individual dioceses and about diocesan population. You could see a sort of ranking of who had what assets per capita. We can gladly provide that to the committee.

The Chair: Is that capable of being distributed?

William Nye: Yes.

The Chair: It does not have to be just in this committee.

William Nye: No. It was, in fact, published for the General Synod. On reflection, perhaps we could have brought it to this committee in advance. We will very happily circulate it.

I will briefly add something that might be of interest. On the ranking that is normally done with assets per capita, it so happens that, as of 31 December 2019, which are the figures I have in front of me—they are obviously slightly out of date—both Chichester and Exeter were right in

the middle of the ranking. That might be of interest to Lord Cork and Mr Bradshaw.

The Chair: Yes, and to me.

William Nye: Some of the dioceses that were towards the top of the ranking were Lincoln, Coventry, Oxford, Norwich, Ely and Peterborough, so, as the Bishop of Sheffield said, typically older and more rural dioceses. Although he is quite correct that there is a correlation, in that the poorer dioceses are undoubtedly newer and more urban ones, in fact there are some quirks in the distribution of assets around the Church of England. Canterbury, which you would have thought was a rather old and well-established rural diocese, is in fact very poor and appears towards the bottom. Coventry, which is one of the more modern and a partly urban, partly rural diocese, actually appears near the top.

By and large, it is dioceses that are historic and more rural that are more likely to take advantage of this and give. It is, by and large, newer, urban, poorer dioceses that are likely to receive the benefit.

Sir Peter Bottomley: Can I suggest, to the question of whether this can be provided to be circulated to us, that this public document would be of assistance? I do not think we need to have a list of what might have been in the minds of anyone who spoke earlier.

The Chair: I agree that that would be far more suitable. I think that is all the questions that anybody wishes to ask. Thank you very much. I am very grateful to you for all your help.