

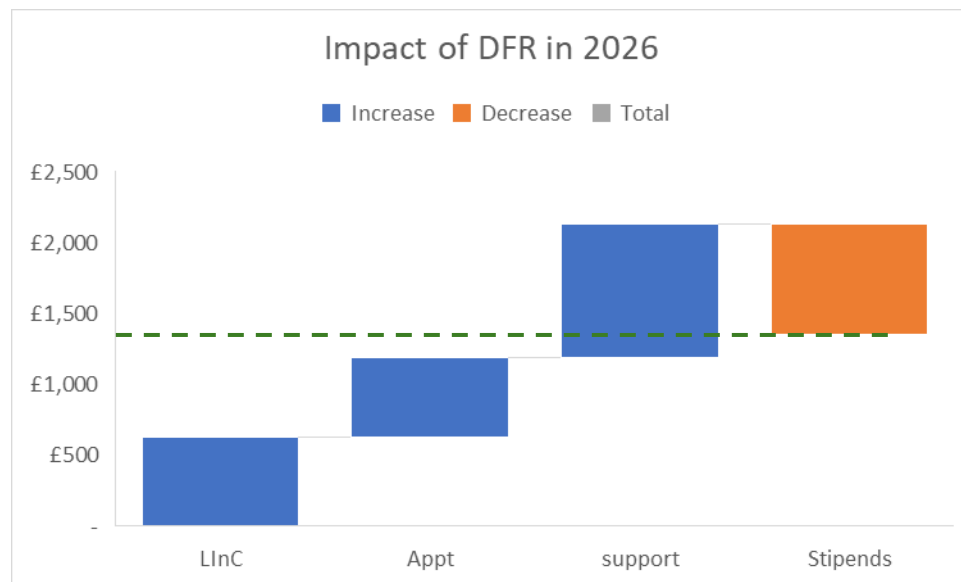
Impact of Triennium Working Group announcement on Lichfield Diocese

Diocesan Synod

July 2025

Overall Impact

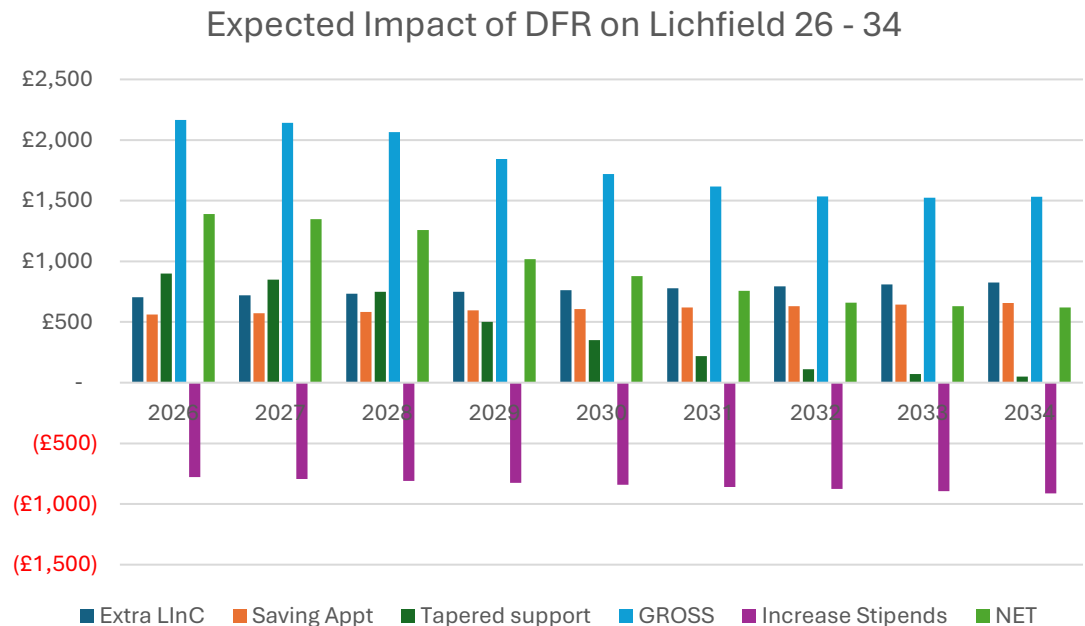
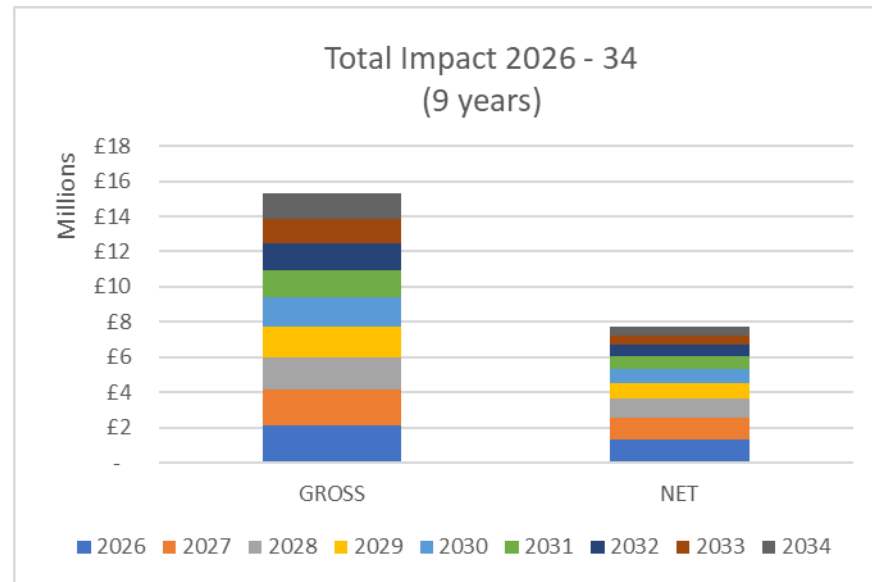
- Overall it is good news in terms of amount of money we receive compared to other dioceses
 - LINC¹ up £619k in 2026 c.32%
 - Reduced apportionment² £561k c48%
 - Tapered national support fund³ over 9 years: £3.8m
- But we have a bigger than average stipend increase (assuming we adopt National Stipend Benchmark⁴ (NSB) in April next year)
 - NSB 2025: £31,558
Lichfield: £31,445
 - NSB increase 10.7%,
Lichfield increase 11.1%



- LINC – Money available for support of ministry and mission in the poorest communities
- Apportionment – the money we pay the national church for the services they provide (eg People System, Vocations, Ministry Training etc)
- £100m to be shared across 42 dioceses and across 9 years, going down each year – allocated by a formula which takes into account relative wealth, size of diocese etc
- National Stipend Benchmark (NSB) and National Minimum Stipend (NMS) – every year the Archbishops' Council sets a guide figure (NSB) by which it judges that stipends for incumbent-level clergy should rise. Some dioceses pay slightly more, some slightly less depending on affordability. It also sets a minimum stipend level (NMS) which we usually pay our curates in training and also sets the rate for the payment of pension contributions and pension amounts for those already retired.

Impact over 9 years: still a positive message overall

- Before the increase in stipends, Lichfield is a net receiver of c£15.3m extra funding (assuming 2% inflation pa after 2026)
- But the stipend bill (including pension contributions, and NI) increases over the same period by c£7.5m so the net benefit is c£7.8m
- Even after the tapered support disappears after 2034, still going to be a positive impact of c£500k pa – assuming everything stays broadly similar (which it won't!)



But at a parochial level, the picture is a bit different...

Looking at the way we currently work out Common Fund, the impact of rising stipends and lower 'other costs' will impact every parish but the compensating increase in LINC will mean that only the parishes who receive LINC would see that big positive impact.

The 'tapered support' we receive from the national church (c£940k in 2026) could be used to give some support to the non-LINC parishes in the short term but it reduces pretty quickly so this will be a temporary 'fix'.

Decisions that could have an impact on these figures:

- We hope to reduce **vacancy rates** next year significantly - the net cost of the stipend will therefore go up even further
- **DBF staff** have also had below inflation rises in recent years to match clergy stipends – do we need to address this, at least for our lowest paid staff?
- We can't afford to keep drawing from **reserves** – this figure must come down soon
- We could choose not to allocate all the increased **LINC** to formula but use some for more targeted support

			2025 Common Fund formula	2026 impact of TFWG*	Increase / Decrease
Stipend / pension/ NI			£ 43,250	£ 48,051	11.1%
Vacancy support			£ 6,716	£ 7,461	11.1%
Net stipend			£ 36,534	£ 40,589	11.1%
Housing			£ 11,662	£ 12,012	3.0%
Curates			£ 7,768	£ 8,599	10.7%
Other costs			£ 19,892	£ 17,469	-12.2%
Avg Gross Cost per Post			£ 75,856	£ 78,669	3.7%
Dio Generated Income			£ 9,372	£ 9,653	3.0%
Avg Net Cost per Post			£ 66,484	£ 69,016	3.8%
Total Return			£ 3,000	£ 3,090	3.0%
Drawdown from Reserves			£ 4,714	£ 4,855	3.0%
Subsidised Cost per Parish			£ 58,770	£ 61,071	3.9%
LINC (average for those parishes receiving LINC)			£ 19,529	£ 25,778	32.0%

** This is very simplified for illustration only and assumes 3% inflation for everything other than for stipends and LINC. There will be lots of other changes when we come to the final budget*

Closing the gap – the bigger picture

The shifts in national funding and clergy stipends and pensions have changed the economic landscape significantly.

This, coupled with the increased pressure on our reserves, means we have some big decisions to make together in the coming months and years:

- Do we need to change the way we allocate LINC to recognise that applying the 32% increase equally to all parishes on the current formula may not target additional funds to the right place?
- Do we need to think about the impact of inflation on some of our lowest paid staff – we want to decrease ‘other costs’ if we can but not at the expense of the lowest-paid
- Our ‘free’ reserves are running out pretty quickly – can we afford to subsidise everyone by an average of nearly £5000 each next year from our own reserves?
- How will we allocate the tapered national funding bearing in mind it is to address short term issues not create an unsustainable model?
- There is another pot of money - £100m – some of which we can put in a bid for to enable us to make strategic and lasting changes to the diocese. What would help us make a big shift in the way our diocesan economy works so that we can invest in the short term for financial sustainability in the long term?

We will not be answering these questions at this meeting of Synod but looking to Synod to help us shape the conversation over the next few months