



Clergy Retirement Housing Review consultation document response

Questions for the church

a) general

- i. Do you have any general comments on the review group's analysis of the issues?

It is clearly a positive step to be trying to ensure more (all) clergy have housing on retirement though a key driver is acknowledged to be the questionable long term affordability of the current CHARM scheme. Although it would be beneficial to clergy and their families to be in a position of providing their own housing post retirement, it is clear that the review is led by a need to reduce central costs to the Church.

Rising house prices is noted as one of main original contexts of the review, but house prices do go up and down with many congregants having found themselves in negative equity at various points in the cycle. Clergy as incumbents with housing are sheltered from the market on this, so to some degree don't carry the same risk in the short term. However the real issue is with housing provision in the longer term and

over virtually any 10year+ timeframe since the second world war clergy are more likely to be disadvantaged by house price changes.

It is a given that every reasonable provision should be made for clergy to have adequate housing and pension in retirement. This is a joint responsibility between clergy themselves and the church membership largely as represented by the various Church of England bodies. There must be a moral obligation to continue to assist clergy whose earning capacity is capped during service particularly those requiring tied accommodation, many of whom were advised to sell property before ordination and who have consequently lost out. Furthermore it would appear that such advice to clergy to sell their properties affects a wider span of years than might be thought including in relative terms more recent appointments.

It is possible that many of such clergy who sold could not have held onto their property anyway. Presumably some had mortgages and maintenance which they would not have been able to continue servicing. The Assured Shorthold Tenancy agreement is a relatively recent phenomenon so letting out previously could have prejudiced obtaining vacant possession when required.

A question has been raised as to whether there has been any research into the properties that were sold, how much of the proceeds went to pay back any mortgages and how the rest of the proceeds were used or invested.

There are a number of questions about the analysis of the survey and the way the information is presented and how that affects the prioritizing of these options. A clearer breakdown is needed of the 30% of clergy who will not be able to provide for their housing needs in retirement without help from the Church. The figures on p48ff do not provide much of a picture of who the "up to 30%" are? It would be helpful if possible to build a profile of a typical person in the category e.g. age, gender, single/married how long they have been in ministry, other pensions expected, church pension expected etc?

Further clarification is necessary. It does matter who the “target group” is – e.g. on p54 it says that “just 10% [of the whole sample] had moral objections to owning at house they do not live in”. If these people form a disproportionate number in the target group, any scheme to help clergy buy homes earlier in their ministry would not help up to a third or more of its potential clients!

Overall the proposed options for helping clergy with housing feel right at an intuitive level. Many of the principles outlined in the review are appropriate in theory, but when the figures are applied, do not appear as favourable as when first viewed. For example after 37 years of service clergy retiring today will receive a pension of £12K and a lump sum of £37K. In some instances those who have recently retired, after paying 1/3 of their pension to the pensions board for housing are existing on £8K per annum, plus of course the state pension currently £5K - £7.5K per annum (married single NI contribution £145.05, married joint NI contribution £181.04 per week, single £90.70 per week).

- ii. During the consultation on pensions, some dioceses expressed concern about existing arrangements for clergy retirement housing. To what extent would your diocese be willing and able to provide additional funding to improve the existing provision?

This question is for dioceses: I suspect dioceses would wish to help if it is financially possible: the good will is there but realistically the funds are few.

- iii. How far, if at all, should national funding help improve existing provision, acknowledging that this will mean cutbacks in other areas?

It is considered that the Church Commissioners' funds should be used if necessary as start up; for example underwriting finance in association

with the chosen provider where stair casing is being considered. This use of Commissioners' funds should fall within the charitable objects of support to “poor clergy”.

- iv. What is your order of preference in relation to the proposed options to help encourage clergy to build up their savings and capacity to resource their housing in retirement?

It would be helpful to know the financial implications of these options by way of a scenario analysis but in the absence of this on the basis of the information as assessed by the working group:

- cheap loans 4
- incentives to save 1
- housing allowance for more clergy 3
- personal financial education 1

- shared ownership scheme:

During the course of response to the review group analysis, there have already been changes imposed by tax changes and legislation. In particular, the change for the freehold option from the value linked mortgage scheme to the shared ownership scheme as set out in the key facts document circulated in April 2008. This appears a positive development and way forward for the freehold option.

- v. In considering possible ways of providing financial incentives and support to clergy to help with the retirement housing issue, to what extent do you consider uniformity of approach across dioceses as important?

Consistency is important. However, one size does not fit all. There are costs and consequences of achieving uniformity, personal as well as corporate, just as in the secular world. Notwithstanding, it is

considered that uniformity is important if the expectation is to provide an overall employment package as envisaged under clergy terms etc.

- vi. Are there any other options, beyond those addressed in the report, which you think should be explored?

As a principle, more freedom given to and responsibility expected from the clergy.

b) specific

- vii. Although no change to the tied housing model is proposed, do you consider there is more scope for providing housing allowances and giving clergy the responsibility and freedom to house themselves?

In most cases, more is lost than gained by providing housing allowances and this could prove simply a distraction from one of the objectives of ministry within the parish. In some cases this is acceptable. The comment as set out under (vi) above is applicable. This appears to work well in many nonconformist churches. However, in known instances, the minister is paid a housing allowance on top of his earnings, which are notably more than the current Anglican stipend.

- viii. If yes, in what circumstances do you think this might be appropriate?

Older entrants owning or having an interest with existing property.

In instances where clergy are ministering outside of parish benefices perhaps. In order to consider within parish benefices, it should require agreement from the PCC amongst others. This option could be put to

the PCC to see if it would go with it but the prospects of so doing appear unlikely.

- ix. Would the diocese be willing and able to assist clergy with a deposit loan to enable them to acquire a retirement property earlier in their ministry?

Possibly this might work although though it is difficult to envisage criteria upon which to judge one case against another when committing capital; also there might have to be a ceiling as different priorities compete for the reserves held within a diocese.

- x. If yes, on what terms might the loan be made available (size, duration, interest free/interest rate)?

If this route was pursued it would probably be necessary to think about a deposit which would be repayable over an agreed period with an interest rate which did not breach any tax liability.

- xi. Would the diocese be willing and able to assist clergy financially in saving for their retirement through appropriate savings plans?

I doubt if diocese would have the resources to contribute to any schemes set up.

- xii. If yes, what (if any) conditions would need to be attached to your contribution?

Not applicable

- xiii. Would you be willing to incorporate a financial literacy training module into your CME programme?

This should be happening now.

- xiv. Although the amount spent on supporting retirement housing through the CHARM subsidy is relatively modest, our projections show the cost rising. Are you nevertheless content to continue to support the provision of the scheme to assist those who have not been able to make their own arrangements?

This is not applicable to Unite. We feel that the level of subsidy is already too low for many clergy pensioners who are struggling with housing costs.

- xv. Recognising the increasing cost of CHARM, do you have any comments on the eligibility criteria for assistance through the scheme (for example in relation to minimum period of service or those choosing to retire early)?

It is considered that the eligibility criteria for CHARM should be looked at and certainly one of the major elements should be length of service perhaps in proportion to pensionable service credited.

A reasonable minimum qualifying period of service would appear to be 5-10 years. Alternatively some form of stepped arrangement could be applied.

With the age at entry into ministry rising, it is important that some further research into what liabilities are being taken on by the Church should be undertaken if such a scheme continues.

Response submitted June 2008