

Scottish Episcopal Church

General Synod of the Scottish Episcopal Church
Scottish Charity No SC015962

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Malcolm G Bett
email: treasurer@scotland.anglican.org

To: Paying Officers
From: Malcolm G Bett, *Treasurer*
cc: Stipendiary Clergy
Vestry Treasurers
Diocesan Treasurers

Standard Stipend 2018

The Administration Board has confirmed a 2% increase in the rate of Standard Stipend for 2018. From 1 January 2018 Standard Stipend will be **£25,950**. Corresponding figures for curates are:

<u>Grade A</u>	Priest in 3rd and subsequent years	} 95% of Standard Stipend
	Deacon in 4th and subsequent years	} £24,654
<u>Grade B</u>	Priest in 1st and 2nd years	} 92.5% Standard Stipend
	Deacon in 2nd and 3rd years	} £24,003
<u>Grade C</u>	Deacon in 1st year	} 90% of Standard Stipend
		} £23,355

Allowances

As is customary, you are reminded of the provisions with regard to allowances of the General Synod Digest of Resolutions 6, paragraph 5: -

In addition to the standard stipend and appropriate accommodation or arrangements for accommodation, every Diocese or congregation shall, in accordance with rules made by the Administration Board, pay to or on behalf of each of its stipendiary clergy the following expenses: -

- (a) council tax
- (b) where necessary, expenses for the service of a *locum tenens* during illness and for not more than five Sundays in a year to enable the cleric to be absent on holiday;

- (c) telephone rental and calls incurred in performance of their clerical duties and cost of postage and stationery, plus such administrative expenses as may be approved by the Vestry;
- (d) reimbursement of travelling expenses including a mileage allowance as may be provided for in the said rules;
- (e) contributions to the Scottish Episcopal Church Pension Fund.

Heating, Lighting and Cleaning

It should be noted that full time stipendiary clergy are liable to tax on bills paid on their behalf for heating, lighting, cleaning, contents insurance and some repairs, etc. Clergy may however deduct the proportion of such expenses applicable to ‘business purposes’ from their taxable income on their annual tax return.

Travel Expenses

Lump sum Travel Allowances should not be paid to clergy. Vestries are encouraged to reimburse clergy timeously for all travel expenses incurred.

Mileage rates

It is recommended that clergy (and others employed by the Church) are paid mileage allowances in accordance with the HM Revenue and Customs approved mileage allowance payments rate. The rate, which is applicable to all engine sizes, is 45p per mile for the first 10,000 miles and 25p per mile thereafter.

The HM Revenue and Customs rates for use of bicycles and motorcycles for ‘business purposes’ are:

Bicycle	20p per mile
Motorcycle	24p per mile

(The Churches’ Legislation Advisory Service publication *Taxation of Ministers of Religion: A Rough Guide* can be accessed online at <http://www.churcheslegislation.org.uk/publications>.)

Pension Fund

Following the Actuarial Valuation of the Fund as at 31 December 2014 the contribution rate was reduced from 34.9% to 32.2% with effect from 1 January 2016. That rate will continue to apply for 2018. Contributions are payable by the congregation for all clergy who are members of the SEC Pension Fund. The amount is therefore £8,355.96 for the whole year, or £696.33 per month. *Standing orders for payment of pensions will be sent to you in December.*

Please note that this sum is payable for those in full-time stipendiary positions, including curates, irrespective of actual stipend paid, from the date of appointment until the date of leaving office. Specific provisions apply for those in part-time stipendiary positions

Contributions are calculated on 75%, 50% or 25% of Standard Stipend as shown in the table below.

	Stipend	Pension Contribution	
		Annual	Monthly
100%	£25,950.00	£8,355.96	£696.33
75%	£19,463.00	£6,267.12	£522.26
50%	£12,975.00	£4,177.92	£348.16
25%	£6,488.00	£2,089.20	£174.10

Please contact Daphne Audsley if you require any further information regarding current or prospective part-time appointments.

(Contributions by clergy to the Church's Additional Voluntary Contribution Scheme are dealt with individually as appropriate.)

Any queries about pension payments should be made to Daphne Audsley or Anne Brickell at this office.

Pensions Automatic Enrolment

You are reminded of the ongoing need to comply with the provisions of Automatic Enrolment of clergy and other employees into a pension scheme. Guidance was issued to Paying Officers and Vestry Treasurers in February 2016 and can be found on the SEC website:

<http://www.scotland.anglican.org/vestry-resources/appointments-and-employment/pensions-automatic-enrolment/>

Summary

The total estimated cost of stipend for 2018 is

Stipend	£25,950 00
Pension Contribution (32.2%)	£ 8,355.96
Total if no Employer's National Insurance Contributions due	£34,305.96
Employer's National Insurance Contributions (<i>see notes</i>)	£ 2,454.47
Total if Employer's National Insurance Contributions due	£36,760.43

Notes

1. The estimate of Employer's National Insurance contributions is based on current rates and thresholds both of which are subject to change in annual Budget.
2. For many congregations there will be no Employer's National Insurance contributions to pay due to the Employment Allowance. After prolonged discussions HMRC has recently concluded that there is no general bar on congregations within the SEC claiming the Allowance. Congregations with their own PAYE reference will therefore be eligible for an Allowance of up to £3,000. For congregations where the only 'employee' is a stipendiary priest there will therefore be no Employer's National Insurance contributions to pay. Congregations participating in a diocesan payroll scheme may not be eligible for the Allowance. Dioceses will inform such congregations if the recent HMRC decision has any impact on the amount of Employer's National Insurance contributions they are required to pay.