

## **Executive Pay Policy**

As an organisation with important responsibilities towards our parishes, schools, local communities, staff and the people we serve; we recognise the importance of raising transparency and accountability in all aspects of our work. That is why, in line with recommendations from the recent inquiry into executive pay by the National Council for Voluntary Organisations, we are detailing our approach to pay.

At the Diocese of Bath & Wells we are driven by our mission to resource and encourage confident Christian communities, which express joyful hope in the Gospel, for the sake of the world which they serve. We aim to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Bath and Wells and elsewhere. We seek to enable our churches to meet community needs and help the church to better respond to and reflect today's world.

To do this successfully means balancing two different needs: the need to ensure value for money in everything we do, including how we pay our staff; and the need to attract and retain people with the right leadership, experience, knowledge and skills required to meet our core objectives.

### **How pay is governed at the Diocese of Bath & Wells**

The statutory governing body of the diocese is the Diocesan Synod, which is elected with representation across the diocese with broadly equal numbers of clergy and lay people and is responsible for providing for the financing of the diocese. The Board of Directors of the Diocesan Board of Finance, sitting as Bishop's Council is responsible for: considering annual cost of living increases to base pay for both clergy and lay staff employed by the Bath & Wells Diocesan Board of Finance, defining the diocesan pay policy and deciding on the salary of the Diocesan Secretary. To do this, the Board has appointed a subset of trustees, including the Chair of the Board of Finance and an Archdeacon, to form a Conditions of Service Group; they are supported in these meetings by two officers: the Diocesan Secretary and the HR Manager. This group oversees proper administration of the pay policy, evaluates the overall pay and benefits for staff, and authorisation for changes to pay exceeding £5,000 as well as other duties. Terms of Reference for this group are available and a report of actions is provided to the Board of Directors sitting as Bishop's Council on annual basis. The group normally meets four times a year.

### **Our approach to pay**

Our principles are to pay our staff a fair salary that is generally consistent and competitive with the charity sector, proportionate to the complexity of each role, and responsible in line with our charitable objectives. For employed staff there is a hierarchy of salaries based on responsibility as there is for clergy officeholders – higher stipends are paid for senior clergy roles. The highest stipend, for the Archbishop of Canterbury, is approximately three and a half times the national minimum stipend. However, as an employer we also believe that the employment package is not only financial and that for many, particularly at a senior level, there is a vocational element, which is an important element in terms of considering remuneration and motivation.

We have regard to the Church of England's Ethical Investment Advisory Group Executive remuneration policy, which states "The Bible recognises human skill, enterprise and innovation, together with property and business, as part of the created order. At the same time there are some important biblical themes concerning fairness and promptness in pay and about

rebalancing great financial inequalities which we should note, as well as many warnings about the dangers of wealth to be heeded.”

From these principles we have defined our pay policy as:

1. We are committed to approaching remuneration and reward in a holistic way for all staff. Remuneration for all staff consists of base pay. The diocese does not use variable pay as a reward strategy, however, where in exceptional circumstances additional payments are deemed necessary that these payments should not exceed 10% of base salary.
2. In determining base pay we seek to take into account that the salaries reflect the level of responsibility and leadership expected of them through use of our internal job evaluation scheme and that they are in line with salaries paid by other voluntary sector organisations, including other dioceses.
3. We currently offer two pension schemes to members of staff a defined contributions scheme provided by the Church Workers Pension Fund and the Clergy Pension Scheme for ordained members of staff provided by the Church of England Pension Scheme. The pension scheme offered to all members of staff currently earning above £60,000 is the defined contributions scheme.
4. Cost of living increases for members of staff are considered in relation to increases to CPI and RPI as well as the National Stipend Benchmark and Regional Stipend Benchmark.
5. As a minimum we ensure that we meet all national pay standards and provide all paid staff with at least the living wage (currently £7.85 per hour).
6. To aid transparency and accountability to report the median spread of pay in the organisation which for 2015-16 is as follows:
  - a. The pay ratio from the highest salary to the median lowest 10% of salaries is approximately 4:1
  - b. The median annual salary for all employees is £25,274 (full time equivalent)