

Basic Information

Title	Connexional Allowances
Contact Name and Details	John Bell, Chair. Email: johnabell@supanet.com
Status of Paper	Final Report
Resolution/s	The Conference adopts the Report.

Summary of Content

Subject and Aims	To report on the last year's activity of the CAC and to recommend stipend and allowance levels for the 2010/2011 connexional year.
Main Points	<ul style="list-style-type: none"> • The CAC recommends an increase in the standard stipend of 2.65% in line with the established calculation formula • The CAC intends to investigate the ongoing validity of this formula and report its findings to the Conference in 2011 • The CAC is committed to participating fully in the work to develop the new Ministries Committee
Background Context and Relevant Documents (with function)	The Methodist Council recommends the report having adopted paper MC1045 at its meeting on 10 April 2010.

Impact	N/a
Risk	N/a
Financial	The cost of the stipend increase will be borne by the relevant employing bodies within the Methodist Church
Personnel	N/a
Legal	N/a
Wider Connexional	See financial
External (e.g. ecumenical)	N/a
Risk	None identified

Recommendations for Stipends and Allowances 2010–2011

1. The Connexional Allowances Committee (CAC) makes the following recommendations, taking into account past Conference resolutions on Stipends and Allowances.

Standard Stipend

2. In accordance with the Conference resolution of 2003, the annual increase in standard stipend consists of the increase in the Retail Price Index excluding mortgage interest (RPIX), plus 50% of the Average Earnings Index (AEI) minus the RPIX.
3. The RPIX rose from 209.2 in December 2008 to 217.2 in December 2009, an increase of 3.8%. The Average Earnings Index rose by 1.5% from October 2008 to October 2009. It is therefore recommended that for the year commencing 1st September 2010, the standard stipend be £20,364, an increase of 2.65%.

Additional Allowances 2010–2011

4. The following allowances are applied for ministers:

President of the Conference	Any existing allowance or 25% of standard stipend, whichever is the greater.
General Secretary/Secretary of Conference	30% of standard stipend
Separated District Chair	25% of standard stipend
Synod Secretary	5% of standard stipend
Superintendent	7½% of standard stipend
Principal of a Training Institution	25% of standard stipend
Staff member of a Training Institution	20% of standard stipend
Connexional Team Secretary	30% of standard stipend
Other ministers serving in the Connexional Team or stationed in appointments under the direction of the Methodist Council	20% of standard stipend

The above results in the following allowances for 2010–2011:	£
President of the Conference	5,091
General Secretary/Secretary of Conference	6,109
Separated District Chair	5,091
Synod Secretary	1,018
Superintendent	1,527
Principal of a Training Institution	5,091
Staff member of a Training Institution	4,073
Connexional Team Secretary	6,109
Other ministers serving in the Connexional Team or stationed in appointments under the direction of the Methodist Council	4,073

Relocation Allowance

5. Tax free allowance payable by the receiving Circuit or other Connexional body to presbyters and deacons upon moving manse £500

Travel Allowances

6. The Committee recommends that the rates as prescribed by H M Revenue & Customs (HMRC) 'approved mileage allowance payment scheme' (AMAP) be adopted. If alternative mileage rates exceeding those allowed by the appropriate tax authority are paid locally then it is necessary for this income to be declared to the tax authority and it will give rise to a tax liability on the individual concerned. CAC would wish to emphasise that this should be regarded as a personal liability – involving the individual and HMRC – and not require handling by the Church's officers, centrally or locally.
7. The CAC reminds the Methodist Church of our commitment to reducing our carbon footprint, and wants to encourage people to use public transport and share cars wherever possible and practical.
8. We accordingly recommend that the following rates apply:

a) Presbyters and Deacons

First 10,000 miles	40p per mile
Over 10,000 miles	25p per mile

b) Supernumeraries 35p per mile (assuming not more than 10,000 miles)

c) Lay employees in churches, circuits and districts

First 10,000 miles	40p per mile
Over 10,000 miles	25p per mile

d) Lay volunteers 35p per mile (assuming not more than 10,000 miles)

e) Motorcycles 24p per mile

f) Bicycles 20p per mile

g) Additional Passenger Rate 5p per mile

h) Travel Allowance during sickness

Grant payable (taxable): £280 for each complete period of three months

9. It is proposed to increase the rate for lay volunteers and Supernumeraries to 40p in 2011–12 (assuming not more than 10,000 miles per year) in accordance with the Conference 2009 resolution.
10. Although H M Revenue & Customs mileage reimbursement rates were issued as from 6th April 2010, CAC recommends that the increased rates for supernumeraries and lay volunteers be applied as from 1st September 2010, thereby avoiding any retrospective claims for the 5p increase. All other allowances are effective from 1st September 2010. Any future changes to the HMRC approved rates will be implemented straightaway, without formal

Conference approval.

Preaching Fees and Expenses for Supernumeraries

11. In line with the requirements of Conference, supernumerary presbyters must be offered a minimum preaching fee and a travel allowance. The Committee recommends the following:
- i. Preaching fee £25
 - ii. Travel allowances as per paragraph 8b above.

Lay Employees Recommended Hourly Rates

12. The Committee recommends that the Living Wage, as published by Church Action on Poverty (CAP), be used as the minimum pay rate for lay employees, noting CAP's declared intention earlier this year to make an annual review. The hourly rates have recently increased to £7.14 outside London and £7.60 within London, and the Committee recommends that these rates should apply from September 1st 2010.

Methodist Ministers' Pension Scheme

13. The Committee was advised by the Trustees of the Methodist Ministers' Pension Scheme last year that a further increase of 7% of standard stipend is required in contributions in 2010–11 in order to make good a deficit calculated in last year's actuarial valuation. However, a review of the Scheme and its benefits has been carried out, with recommendations that will have the effect of varying that requirement being considered elsewhere in this agenda.

Work Undertaken by the Committee

14. All the above recommendations are as a result of extensive work, research and reviews undertaken by the CAC and members of the Finance Office of the Connexional Team.

The Committee deals, as the Trustees, with the management of a number of funds available to ministers:

- The Fund for the Support of Presbyters and Deacons (formerly known as the Auxiliary Fund)
- The Methodist Ministers Children's Relief Association
- The Methodist Ministers' Children's Fund (Trinity Hall Trust)
- The Methodist Medical Benevolent Fund.

15. It is important for the Church to be able to respond to requests for help from ministers and their dependants both during service and once they have "sat down". During the year the Trinity Hall Trust, which benefits ministers with children, was temporarily unable to make grants for three months because the available resources had become depleted. Given the limited resources in some funds, the Committee is in the process of reviewing the allocation criteria for all the funds under its care.
16. The extent of financial need amongst ministers is increasing as a result of the prevailing economic conditions. The Committee has looked closely at this, and especially situations of ministers incurring significant debt, and is taking steps to formalise a procedure for helping ministers in financial need. It is noted that younger candidates for ministry may have outstanding student loans to repay when they are accepted for pre-ordination training, and therefore may suffer financial hardship from the beginning.
17. The Committee works closely with the Methodist Ministers' Housing Society (MMHS) and strategic loans have been made in order to smooth out the purchase and sale of properties in their care. The Committee and MMHS are also looking to ensure that they apply consistent policies of financial support to ministers, active and retired.

18. The Committee has offered its comments to the Methodist Council in relation to Pension Fund contributions following actuarial valuations.
19. The Committee is aware of the concern raised in some circuits about the fact that Statutory Sick Pay recovery is currently available for quarterly-paid but not monthly-paid ministers. It is acknowledged that circuits which happen to have monthly-paid sick ministers lose out because the payroll system currently doesn't permit both arrangements, and there are over twice as many quarterly-paid than monthly-paid ministers. This is a complex area of payroll processing, but research is underway to see if a cost-beneficial way can be found to resolve the matter.
20. The Committee also spends a considerable amount of time dealing with requests for permission to make payments to ministers which are in excess of 10% of the standard stipend, in accordance with SO 801. The Committee wishes to remind Conference, and the Church, of our commitment to both the spirit and the letter of the decisions of Conference 2002 regarding ministerial remuneration, and also of the reasons why it is necessary for the nominated body, the CAC, to give express permission to exceed 10% above standard stipend. In addition to upholding the principles of fairness and transparency so vital to our Connexional system of ministerial deployment, the CAC is charged with ensuring that Methodist employing bodies do not threaten or put at risk the hard-won allowances and exemptions that the Church has acquired from HMRC.
21. Furthermore, the Committee wishes to indicate that the time it spends on such requests, coupled with requests for financial support received to cover a multiplicity of unusual circumstances in which ministers and their families increasingly find themselves, is growing. Indeed, the Committee spends more time on such cases than on any other aspect of its work, and on occasions reluctantly concludes that the requests, however deserving, are outside the objects of the Trust Funds administered and the intentions of Standing Orders. We are reviewing the framework of protocols and policies that inform our decisions, which will enable the Committee to make decisions more readily between meetings, and in a consistent and equitable manner. Together with the review of funds mentioned above, the Committee seeks to respond positively, wherever possible, to situations of profound need when all other avenues have been exhausted.
22. The Committee sees itself as an important element in allowing all the above activities to proceed smoothly and its continuing aim is to facilitate these activities in an effective and efficient manner.

Work Proposed by the Committee

23. When the Stipend Review Formula was introduced in 2003, it was clear that ministerial stipends had been very much out of equilibrium with the salary levels of those in similar posts. This is the seventh year that the formula has been applied, and it is proposed that the Committee undertake a comprehensive review of the formula to verify that it continues to be appropriate or to recommend an alternative. (Note: one of the components of the formula, the Average Earnings Index, is being replaced by a new index of earnings, so some minimal review is necessary.) At the same time, it is proposed to review the system of allowances (listed in paragraph 4) and also the preaching fee for supernumeraries (as in paragraph 11). A process of consultation will be set in motion and it is proposed to present a report on these matters to the Conference of 2011.
24. The Committee is aware that the whole Committee structure related to Ministries is under review and we will play a constructive part with the Connexional Team in enabling future arrangements to be fit for purpose.

Word of thanks

25. The Connexional Allowances Committee wishes to place on record its gratitude, on behalf of the Conference, the Methodist Council and the Church, to Mr Rob Lolley who has served as a member of the Committee since 2003, and as its Chair from September 2006 until he tendered his resignation in April 2010. Rob brought his considerable professional expertise to the Committee during these years, chaired it with good humour and exercised much pastoral concern for ministers and their families at times of need.

Committee Chair

26. The Committee has nominated Mr John A Bell as its Chair with effect from April 2010.

*****RESOLUTION**

5/1 The Conference adopted the Report.