

Connexional Allowances Committee – Draft Report

MC/24/40

Date of meeting	13-15 April 2024
Contact name and details	Ruby Beech, Chair of the Connexional Allowances Committee beechr@methodistchurch.org.uk
Action required	Report to the Conference for approval by the Methodist Council
Resolutions	40/1. The Council receives the report. 40/2. The Council adopts the report and the recommendations in sections 1, 2 and 3.

Summary of Content

Subject and aims	The report covers the Committee's established portfolio of matters related to stipends, allowances and other financial provisions, grants made and its other activities.
Main points	Section 1 covers stipends, allowances above stipend and other allowances, fees, rates and expenses for 2024/2025. Section 2 reports on the funds and trusts managed by the Committee. Section 3 summarises other work and activities in which the Committee has been and will be involved.

Summary of Impact

Financial	Paragraphs 1.11 and 1.12, on stipends and allowances above stipend, impact Circuits and other employing bodies, though the figures have been published in advance for budget purposes. Paragraphs 1.25 and 1.26 on sabbaticals and computers in ministry impact Circuits and other employing bodies and again the figures have already been published. Paragraph 1.33 on the living wage impacts any body within the Church which employs lay people.
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The Connexional Allowances Committee's report to the 2024 Conference covers the customary update on stipends and allowances, includes progress reports on other work and activities in which the Committee has engaged, and is presented with the approval of the Methodist Council.

The report is divided into three sections, as follows.

1. Recommendations for stipends and allowances 2024/2025.
2. Report on Funds and Trusts within the Committee's remit.
3. Other matters of report from the Committee.

The Committee's new recommendations this year are **highlighted** in the text.

1. RECOMMENDATIONS FOR STIPENDS AND ALLOWANCES 2024/2025

- 1.1 The Committee makes the following recommendations, taking into account past resolutions of the Conference on Stipends and Allowances and data available from HM Government.

Standard stipend

- 1.2 The resolutions of the 2012 Conference fixed the stipend increase formula for the period until 31 August 2015 and were renewed for periods of three further years by the Conferences of 2015, 2018 and 2021. The formula is therefore due for review this year.
- 1.3 The 2015 report to the Conference noted that "The combination of the CPI and AWEI ensures that stipends keep pace with the cost of living over a period of time and that circuits experience gradual, rather than sudden, increases in assessments. The Committee is aware that there is an inevitable time lag between the measures when agreed and at the time of implementation, but the benefit is that circuits and the wider Church can budget accurately, and in the long run, so long as the same formula is retained, stipends do keep pace with inflation."
- 1.4 The report went on to comment that "If there is a dramatic change in the UK economy before 2018, the Committee will review the position."
- 1.5 Those comments from 2015 remain very relevant today. There is no suggestion that moving away from an inflation based uplift for stipends is desired. Given this, the formula that is used is clear, simple, relatively well accepted and understood, and there has been no request for an alternative mechanism.
- 1.6 However, there has been unprecedented economic turmoil in recent years largely driven by the pandemic, Brexit, the invasion of Ukraine and government decisions. This has resulted in a significant rise in inflation and a cost of living crisis. Whilst ministers are not directly impacted by rising mortgage rates, inflation is a very real problem.
- 1.7 The lag between inflation occurring and it being reflected in the stipend is approximately 12 months. As a consequence, in 2022 a one-off cost of living payment of £1000 per minister was made and funded from the FSPD. This arguably closed the gap between the inflation present at that time and the uplift of 7.83% payable from September 2023.
- 1.8 The question then arises about how this situation would be handled in the future. The FSPD does not have unlimited funds and it is unlikely that a blanket cost of living payment could be afforded in future. Similarly, many circuit budgets are already being supported from non-recurrent sources of funding so unexpected increases in stipends may simply be unaffordable.
- 1.9 It is worth re-stating the current position:
- a. Ministers in financial difficulty are able to apply for support from the FSPD.
 - b. Individual circuits are not permitted to implement cost of living payments to their ministers without sign off from the CAC (in order to maintain the connexional principle and in line with Standing Order 801).

- 1.10 Regardless of how cost of living crises may be handled in future, it is not clear that making a general change to the formula for stipend uplifts is required or desirable. Therefore, it is recommended that the current formula is retained and reviewed again in 2026/27.
- 1.11 Using the index numbers published in October 2023, the Consumer Price Index movement for the period September 2022 to September 2023 was +6.7% and the Average Weekly Earnings Index movement for the period August 2022 to August 2023 was +6.92%: the average of these is 6.81%. **In line with the stipend formula, the annual standard stipend for the year beginning 1 September 2024 is therefore increased by 6.81% to £31,020 (rounding up to the next highest figure divisible by 12, to give a monthly stipend of exactly £2,585).**

Additional allowances

- 1.12 **The following allowances are applied for ministers for 2024-25, in the light of the decisions taken by the 2021 Conference. Whilst it is anticipated that the percentages will apply for the foreseeable future, the amounts are for 2024-25, based on the standard stipend in paragraph 1.11.**

Role, post or office held	%	£
The President of the Conference	30	9306
The Secretary of the Conference	30	9306
Connexional Secretary (see paragraph 1.13)	25	7755
Separated District Chair	25	7755
Warden of the Methodist Diaconal Order	25	7755
Superintendent	10	3102
Principal of Training Institution	25	7755
All other ministers in appointments as defined in paragraph 1.15 of the annual report	0, 10 or 20	0, 3102 or 6204

- 1.13 The “Connexional Secretary” category includes the Assistant Secretary of the Conference and, when the posts are held by ministers, the Connexional Secretary and the Conference Officer for Legal and Constitutional Practice.
- 1.14 “All other ministers” category includes ministers serving in the Connexional Team or stationed to appointments within the control of the Methodist Council, staff members of Training Institutions, and the Deputy Warden of the MDO. As per the decision of the 2018 Conference, these allowances will be allocated by the Remunerations Committee, having regard to the lay salary structure for such (or comparable) posts.
- 1.15 In addition to the above allowances related to roles, the Committee affirms that the allowances and other financial provisions agreed by the 2016 Conference based on location continue to apply. Following a review (see section 3 of this report) the additional allowance of 16% of stipend for all ministers stationed in the Shetland Islands, the Scilly Isles, the Isle of Man and the Channel Islands has been increased to 22%.
- 1.16 The Committee advises that the Malta and Rome appointments continue to receive an uplift to reflect the devaluation of the pound sterling against the euro that occurred following the Brexit referendum. These situations will continue to be kept under review.

- 1.17 The Committee reminds circuits that in line with Standing Order 801(1)(a) no discretionary local allowance can be paid without the prior authorisation of the Committee. The Committee proposes that the Standing Order is amended to clarify that it also encompasses local allowances payable to ministers stationed in District appointments. Where there are special circumstances requiring the payment of a local allowance, these should be submitted to the Committee for consideration as a request with a reasoned statement. Payment of local allowances should not form part of stationing conversations unless the Committee has already approved the allowances in question. Where a departing minister is paid a local allowance, it should not be assumed that the incoming minister is automatically eligible for that same allowance, a new approval is required from the Committee. There remains a number of historic local allowances being paid and these will continue until the end of the minister's current appointment. Requests for new local allowances from September should be made by the end of the preceding April.

Relocation allowance

- 1.18 The Committee recommends that the maximum allowance payable by the receiving Circuit (or other responsible body) to ministers upon moving manse remains at £600. In the case of two ministers sharing the same manse, it is one payment of £800. It is clarified that this payment is in addition to the full cost of travel and removals, as defined in SO 528. Receipts must be provided – otherwise this is a taxable benefit. This amount will be reviewed in 2024/25.
- 1.19 The Committee affirms the decision of the 2015 Conference, through Notice of Motion 103, to the effect that this relocation allowance shall also apply to ministers (in appointments in the control of the Church) upon becoming supernumeraries. The costs shall be met from the Fund for the Support of Presbyters and Deacons (FSPD), as are their removal costs. It is affirmed that this provision may be invoked once only, in situations (increasingly) where supernumerary ministers move and continue in active work before final retirement.
- 1.20 The Committee affirms that this provision applies to the widows or widowers of ministers who die in service upon their removal to their new home, in addition to the payment of their removal costs.

Travel allowances

- 1.21 The Committee continues to recommend that the maximum rates as prescribed by HMRC's 'approved mileage allowance payment scheme' (AMAP) be observed (or equivalent in the relevant jurisdictions). 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. It is emphasised that this should be regarded as a personal liability – involving the individual and the tax authority – and not require handling by the Church's officers, centrally or locally. Any changes to the approved rates will be considered by the Committee and presented to the Conference for approval before implementation, so as to avoid unexpected cost increases mid-year.
- 1.22 The Committee continues to remind the Methodist Church of our commitment to reducing our carbon footprint, and wishes to encourage people to use public transport and share cars wherever possible and use online meetings where appropriate.
- 1.23 The following travel expense rates will apply to ministers, supernumeraries, lay employees in churches, Circuits and Districts and lay volunteers (the non-UK jurisdictions are encouraged to use the rates published by their relevant institutions, where available):

Car:	up to 10,000 miles	45p per mile
	over 10,000 miles	25p per mile
Motorcycle		24p per mile
Bicycle		20p per mile
Additional passenger rate		5p per mile

- 1.24 The Committee recommends that the travel grant (taxable) which can be claimed by ministers during a time of sickness remains at £350 for each complete period of three months. It is further clarified that this grant applies during periods of recuperation from ill health for up to one year.

Sabbatical expenses and levy

- 1.25 The Committee recommends that the sabbaticals annual levy is maintained at £100 and the maximum expense level retained at £1000.

Computers in Ministry scheme

- 1.26 Following the adoption by the 2017 Conference of a revised Computers in Ministry scheme offering financial support to ministers, **the Committee recommends that the allowance be increased to £207 for the year 2024/2025, ie by the same CPI % used in the stipend adjustment.**
- 1.27 Student ministers beginning training, or, if they choose to wait, probationer ministers at the start of their first appointment receive an additional allowance of four times the annual amount. The first annual payment (as per paragraph 1.27) is made in the month of October at the start of ministry.

Initial grants and loans to ministers

- 1.28 In accordance with SO 804(2) in respect of loans and grants to ministers appointed “for the first time to a station in the home work” the Committee continues to offer loans up to a maximum value of £10,000, interest-free, repayable over a maximum of 5 years (ie £167 per month).
- 1.29 The 2015 Conference agreed to the Committee’s recommendation that, as from September 2016, a maximum flat-rate means-tested initial grant be set at the level of £3,000, and this now applies irrespective of the age of the minister. This is instead of, and not additional to, the relocation allowance which applies to subsequent moves (as per paragraph 1.10). Therefore, receiving Circuits do not pay the relocation allowance to ministers in their initial appointment (though they do pay the travel and removal costs as per SO 528(2)). This will be reviewed again in 2024/25.
- 1.30 During their active ministry, loans may be made to ministers but only in the most extreme and exceptional personal and financial circumstances. There can be tax implications from granting loans.

Preaching fees and expenses for supernumerary ministers

- 1.31 Circuits are reminded that it is their responsibility to pay preaching fees and expenses, even if and when churches assist with the preaching plan preparation: the church is only responsible for payment when the supernumerary minister preaches at the church by specific invitation, typically for a special occasion.
- 1.32 The 2023 Conference agreed to increase the preaching fee to £30 with the next review scheduled for 2028.

Lay employees recommended hourly rates

- 1.33 The Committee advises that the latest Living Wage rates, published in September 2023 by the Living Wage Foundation (LWF), are **£13.15 per hour for London and £12.00 for all other regions.** The LWF figures, applicable to employees aged 18 years and over, will always be adopted as the Methodist Church’s recommendations. Methodist employing bodies are reminded of the resolutions of the 2010 Conference regarding the mandatory implementation of these rates. The Committee notes that non-UK jurisdictions may have different rates for the living wage and would expect these to be implemented accordingly.
- 1.34 The Committee reminds the whole Church of the resolution of the 2015 Conference that the implementation of the LWF Living Wage is now mandatory in all but the most extreme and exceptional circumstances, and that all outstanding exceptions must continue to be reviewed by the appropriate District Policy Committee.
- 1.35 Further updated figures, expected to be announced by LWF in the autumn of 2024, will be published on the Methodist Church website, and can also be accessed on the LWF website which gives further relevant details. Methodist employing bodies are reminded that the LWF rates published in the autumn are to be implemented by the following April. However, in light of the cost of living crisis the Committee encourage the adoption of the updated rates at the earliest possible opportunity.

Loss of Earnings

- 1.36 The Committee reviewed the maximum loss of earnings rate that is applied under Standing Order 202 for members of the Conference, Methodist Council and other relevant Connexional committees as agreed by the Council. Using the London Living Wage of £13.15 per hour, equates to £92.05. **Therefore, it is proposed that the maximum amount of loss of earnings is increased from £85 to £95 per day from 1 September 2024.**

2. REPORT ON FUNDS AND TRUSTS WITHIN THE COMMITTEE'S REMIT

2.1 The Committee acts as the Trustees for five funds or trusts which are available to ministers, and may, in some cases, be used to give financial assistance to dependent close family members as well as themselves. The funds and trusts are:

- The Fund for the Support of Presbyters and Deacons (FSPD), previously known as the Auxiliary Fund (of the Ministers' Retirement Fund)
- The Methodist Ministers' Children's Fund (MMCF, otherwise known as the Trinity Hall Trust – THT)
- The Methodist Medical Benevolent Fund (MMBF)
- The Aspinall Robinson Trust (ART)
- The Auxiliary (Special Purposes) Fund (ASPF)

Analysis of grants from funds and trusts

2.2 The Committee gives summary information on the pattern of grant-making in its report to the Conference each year. Any differences between the grant expenditure totals given in this report and the audited accounts of the funds arise from the exceptional cases when grants are refunded or reallocated to different funds.

Fund for the Support of Presbyters and Deacons

2.3 The Church continues to be immensely grateful for the generosity of donations to the FSPD. Whilst the funds remain at a healthy level, donations remain vital in allowing the CAC to respond positively to the increasing demands being placed on the funds.

2.4 The FSPD is by far the largest of the funds and receives substantial income from donations and legacies as well as investments. It is used in a wide variety of ways in pursuit of its objects and in 2022/2023 made grants amounting to £3,066,373. In summary, these were distributed as follows:

Nature of grants	Total amount (£)
Grants to enable ministers to continue in ministry and manse adaptations	102,008
Grants to ministers for acute financial emergencies	81,492
Grants for retired ministers' health needs, nursing and residential care	38,597
Removal costs and relocation grants on retirement	177,192
Other miscellaneous grants	34,286
Gardening grants	33,450
Property adaptations for supernumeraries and grants to MMHS ¹	77,640
Recuperative Years - stipends	229,339
Grants to ministers on first stationing and students	82,349
Reimbursement to circuits for ministerial sickness	110,793
One off cost of living payment	2,059,624
Total	3,066,373

2.5 Christmas gifts amounting to £38,885 were made to widows and widowers, and the Committee is grateful to TMCP for directly funding this.

Methodist Ministers' Children's Fund (Trinity Hall Trust)

2.6 In 2022/23, £32,165 was paid in grants to ministers to help fund costs of educational activities for their children, including the provision of equipment for online educational activities.

Methodist Medical Benevolent Fund (MMBF)

2.7 In 2022/2023, the MMBF made grants of varying amounts totalling £81,167. This fund provides support from within its income, derived mainly from investment, and it is used wherever the need is related to physical and mental health conditions. The Committee continues to highlight to the

¹ This amount includes expenditure on properties owned by the FSPD and occupied by retired ministers and their dependants which the Methodist Ministers' Housing Society manages on the Committee's behalf. It was paid in 2023/24 but related to 2022/23.

Conference the sustained level of expenditure on counselling and related support for ministers, including while they are students and probationers.

Aspinall Robinson Trust

2.8 In 2022/23 29 grants were made to deacons amounting to £54,485. These covered health related needs, initial grants, gardening and retirement grants.

Auxiliary (Special Purposes) Fund

2.9 In 2022/23 there were four grants made from this fund. This fund typically provides for up to 50% of annual stipend to be paid to the spouse when a minister's marriage breaks down or for specific expenditure to be reimbursed if the part-stipend is not requested. The Fund is well endowed to cater for all probable needs.

Methodist Ministers' Children's Relief Association (MMCRA)

2.10 The Committee is grateful for all the contributions to this fund over many years. However, as all the reserves have been spent, the decision was taken in 2022 to close the fund with the MMBF providing grants previously funded from the MMCRA. Therefore, any donations for Children's relief should be made to the MMBF.

3. OTHER MATTERS OF REPORT FROM THE COMMITTEE

- 3.1 The Committee continues to engage in reviews of several topics for which it has responsibility and is grateful for the support of the Connexional Team staff, especially in the Finance, Human Resources, Mission, and Ministries Teams and in the Conference Office, in all that they do.
- 3.2 During the year the Chair of the committee continued to engage with the Oversight and Trusteeship Task Group concerning how the work of the CAC will be taken forward in light of the proposals on Oversight and Trusteeship. A meeting was held with the Chair of the Resourcing Committee to facilitate the smooth transition of responsibilities in the lead up to September 2024.
- 3.3 The Committee keeps a record, for its own guidance and purposes, setting out the policies and precedents for dealing with the wide variety of these special requests for financial assistance. This enables the Committee always to be consistent and fair in the application of criteria for assessing need. In preparation for the establishment of the Resourcing Committee in 2024, the Committee continued to review its policies and precedents to support the smooth handover of responsibilities.
- 3.4 The Committee reviewed the housing allowance policy in relation to ministers living in their own homes. It concluded that given the requirement for itinerant ministry and the provision of manses as housing, it was right not to support the introduction of an allowance for ministers living in their own property.
- 3.5 The Committee continues to liaise closely with the President's Governance Adviser concerning Recuperative Years. The Committee confirms that ministers will only be eligible for a standard stipend during a recuperative year as they will not be fulfilling any of the roles (eg superintendent, Chair) that attract an additional allowance. The Committee noted there were ten Recuperative Years agreed from September 2023 which is a significant increase on the previous average of three to four per annum. This increase will need to be monitored.
- 3.6 The Committee reviewed the position in relation to the payment of local allowances (see section 1.17). It was noted that a number of allowances were in payment that should have been phased out following the decisions of the 2016 Conference. The Committee reviewed the approach adopted in 2016, confirmed no changes were required, and sought assurance from the Stipends team that the policy was now being followed.
- 3.7 Supernumeraries are by definition not in the active work. They can undertake some duties with a letter of understanding as outlined in SO 792(2). Where a supernumerary agrees to take pastoral charge in a circuit under SO 792(3) they would no longer be a supernumerary and would need to apply to return to the active work. The Committee reiterated that in these circumstances an additional allowance to cover housing costs would not be payable, regardless of whether a manse is available or not. It is the circuit's responsibility to agree the terms under which the work is undertaken, including how any expenses are reimbursed. However, the approval of any local allowances remains as outlined in section 1.17.

- 3.8 The Committee also undertook a review of the allowance paid in the Island Districts. Evidence was requested from the affected districts and research was undertaken in to the different costs of living in different parts of the Connexion. As in previous reviews, the situation in different jurisdictions gives rise to a variety of issues that are too complex to be fully addressed in the payment of a stipend uplift. However, having assessed all the information presented, the Committee concluded that the Island District allowance uplift should be increased to 22% from September 2024.
- 3.9 This will be the last report of the Connexional Allowances Committee as its responsibilities transfer to the new Resourcing Committee from September 2024. The members of the Committee have been privileged to serve the Conference and its ministers, and in particular to help people at especially difficult points in their lives. The Chair of the Committee wishes to record their immense gratitude to its members, past and present, who have given unfailing support and attention to the Committee's work at all times. They have brought a rich variety of experience and expertise as well as representing different constituencies within the Church.

*****RESOLUTIONS**

40/1. The Council receives the report.

40/2. The Council adopts the report and the recommendations in sections 1, 2 and 3.