

Connexional Allowances Committee (CAC) Annual Report

Basic Information

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Status of Paper	Final
Action Required	Decision
Draft Resolution	The Council approves the report for presentation to the Conference
Alternative Options to Consider, if Any	None

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 basic 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)	
Consultations	

Summary of Impact

Standing Orders	N/a
Faith and Order	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

Connexional Allowances Committee

Recommendations for Stipends and Allowances 2010-2011

1. The Connexional Allowances Committee 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 average of the increase in the Retail Price Index excluding mortgage interest (RPIX), and the increase in the Average Earnings Index (AEI).

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 basic stipend be £20,364, an increase of 2.65%.

Additional Allowances 2009-2010

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 the Connexional Team or stationed in appointments within the control 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 the Connexional Team or stationed in appointments within the control 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/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 a three month period
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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).

10. NB Although H M Revenue & Customs mileage reimbursement rates were issued as from 6th April 2009, 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 supernumeraries must be offered a minimum preaching fee and travel allowance. The Committee recommends the following:

- i. Preaching fee £25
- ii. Travel allowances as per paragraph 1.4 above.

Lay Employees Recommended Hourly Rates

12. The Committee recommends that the Living Wage, as published from time to time by Church Action on Poverty, be used as the minimum pay rate for lay employees. Changes should be implemented after any update is published. The current hourly rates are £7.00 outside London and £7.45 within London.

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 are being considered elsewhere.

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 financial department 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)
- Methodist Ministers Children's Relief Association
- Trinity Hall Trust
- 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 been depleted. The Committee is in the process of reviewing the criteria of all the funds under its care, in order to bring their limited resources to help those most in need.

16. The extent of financial need amongst ministers is likely to increase as a result of the prevailing economic conditions. The Committee has looked closely at this area and is taking steps to formalise a procedure for helping ministers in financial need.

17. The Committee works closely with the Methodist Ministers' Housing Society and strategic loans have been made in order to smooth out the purchase and sale of properties in their care.

18. Extensive work has been undertaken in advising the Methodist Council in relation to Pension Fund contributions following actuarial valuations.

19. The Committee is aware of the concern raised in some quarters about the fact that SSP recovery is currently available to circuits for quarterly paid but not monthly paid ministers. This is a complex area of payroll processing, but research is underway to see if a way can be found to resolve this matter.

20. The CAC 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 basic stipend, in accordance with SO 801. The CAC 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 CAC 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 CAC 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. We are reviewing the framework of protocols and policies that inform our decisions, and which enable the CAC to make decisions more readily between meetings, in a consistent and equitable manner. Together with the review of funds mentioned above, the CAC seeks to respond positively, wherever possible, to situations of profound need when all other avenues have been exhausted.

22. The CAC 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 were very much out of equilibrium with the salary levels of those in similar posts. However, in the intervening period, given that salaries have increased annually at a level well above RPIX, this is no longer the case. As a consequence, the Committee recommends that it carry out a comprehensive review of the formula and reports on its future effectiveness to the Conference of 2011. We are aware that the 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.

RESOLUTION

24. **The Conference adopts the report.**