

## Connexional Allowances Committee

### Basic Information

<b>Contact Name and Details</b>	Mr Rob Lolley, Chair of CAC
<b>Status of Paper</b>	Final for CAC
<b>Action Required</b>	Information and decision
<b>Draft Resolution</b>	The Conference adopts the Report.
<b>Alternative Options to Consider, if Any</b>	Lay employee minimum rates based on Church Action on Poverty Living Wage to be calculated by reference to (a) latest CAoP rates or (b) 2006 rates increased by inflation.

### Summary of Content

<b>Subject and Aims</b>	Notification of standard stipend for 2009/10 and related allowances, and a report of work done by the Committee.
<b>Main Points</b>	<ul style="list-style-type: none"> <li>• Standard stipend and allowances for 2009/10.</li> <li>• Confirmation of basis of calculation of lay employee rates.</li> <li>• Affirmation of the work done by the CAC.</li> </ul>
<b>Background Context and Relevant Documents (with function)</b>	CAC Report to Conference.
<b>Consultations</b>	John Ellis, Nick Moore and other senior managers at MCH. HM Revenue & Customs

### Summary of Impact

<b>Standing Orders</b>	
<b>Faith and Order</b>	
<b>Financial</b>	Staged increase in supernumeraries and lay volunteers car mileage rate, from present 25p to 40p per mile over three years.
<b>Personnel</b>	
<b>Legal</b>	
<b>Wider Connexional</b>	Effect of the above on Connexional costs, particularly if it is decided to increase all lay staff mileage rates in a similar manner.
<b>External (e.g. ecumenical)</b>	
<b>Risk</b>	Effect of above on circuit and Connexional affordability.

# CONNEXIONAL ALLOWANCES COMMITTEE

## 1 Recommendations for Stipends and Allowances 2009-2010

The Connexional Allowances Committee makes the following recommendations, taking into account the Conference 2002 resolutions on the Stipends Review Report.

### 1.1 Standard Stipend

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 amount by which the Average Earnings Index (AEI) exceeds the RPIX.

The RPIX rose from 203.5 in December 2007 to 209.2 in December 2008, an increase of 2.8%. The Average Earnings Index rose by 3.3% from October 2007 to October 2008. It is therefore recommended that for the year commencing 1<sup>st</sup> September 2009, the basic stipend be £19,836, an increase of 3.05%.

### 1.2 Additional Allowances 2009-2010

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 Team or stationed in appointments within the control of the Methodist Council	20% of standard stipend

The above results in the following allowances for 2009-2010:

	£
President of the Conference	4,959
General Secretary/Secretary of Conference	5,951
Separated District Chair	4,959
Synod Secretary	992
Superintendent	1,488
Principal of a Training Institution	4,959
Staff member of a Training Institution	3,968
Connexional Team Secretary	5,951
Other ministers serving the Team or stationed in appointments within the control of the Methodist Council	3,968

### 1.3 Relocation Allowance

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

### 1.4 Travel Allowances

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.

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.

We accordingly recommend that the following rates apply:

#### **Presbyters/Deacons**

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

**Supernumeraries** 30p per mile (assuming not more than 10,000 miles)

#### **Lay employees in churches, circuits and districts**

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

**Lay volunteers** 30p per mile (assuming not more than 10,000 miles)

<b>Motorcycles</b>	24p per mile
<b>Bicycles</b>	20p per mile
<b>Additional Passenger Rate</b>	5p per mile

#### **Travel Allowance during sickness**

Grant payable (taxable)	£280
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It should be noted that a mileage rate for lay volunteers has been inserted in the list. The Committee believes that HMRC rates should also apply to these essential resources, without whom our church could not function. It is further proposed to increase this rate - for lay volunteers and Supernumeraries - to 40p, in stages, over the next two years (assuming not more than 10,000 miles per year).

The CAC believes that the rates prescribed by HMRC should become Methodist Church policy and we need to end the confusion as to which rates are payable to whom.

**NB Although the HM Revenue & Customs mileage reimbursement rates were issued as from 6<sup>th</sup> April 2009, CAC recommends that the increased rates for supernumeraries and lay volunteers be applied as from September 1<sup>st</sup> 2009, thereby avoiding any retrospective claims for the 5p increase. All other allowances are effective from 1<sup>st</sup> September 2009. Any future changes to the HMRC approved rates will be implemented straightaway without formal Conference approval.**

### **1.5 Preaching Fees and Expenses for Supernumeraries**

In line with the requirements of Conference supernumeraries must be offered a minimum preaching fee and travel allowance. The Committee recommends the following:

Preaching fee	£25 (increased in line with the increase in the level of standard stipend)
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Travel allowances as per paragraph 1.4 above

### **1.6 Lay Employees Recommended Hourly Rates**

The Committee recommends, as minimum rates, the following:

Outside London	£7.15 per hour
Within London	£7.61 per hour

These rates are based upon the latest Living Wage rates published by Church Action on Poverty, increased by 2.1% for 2009-10 in accordance with the average of the increases in the RPI and AEI.

Conference will note that these rates are lower than in 2008-09. CAC has consulted with the Connexional Team as to which of the two alternative bases for these rates is more

appropriate, and recommends that those published in the Lay Employment Pack (circulated to all District Chairs and Superintendents in February 2009) are adopted as the basis for 2009-2010 onwards.

### **1.7 Book Allowance for Ministers**

The Committee has been asked to consider the payment of a book allowance to ministers. We are aware that some circuits already pay such an allowance to their staff. However there can be tax complications if such an allowance is paid. We refer circuits and ministers to the Taxation Dictionary which is available online from Financial Services – Benefits and item 0104 on pages 17 and 18 of that document which clearly sets out the position.

## **2 Response to Notice of Motion 102 Conference 2008**

Headed **Travel Allowances** the Notice of Motion read “Conference directs the Connexional Allowances Committee to consider ways of responding to the higher costs of motoring, to continue to make representation to H M Customs and Revenue regarding the unrealistic current rates, and should the rates not be raised, to bring to Conference 2009 options for realistic reimbursement of car travel expenses.”

The Committee reports that dialogue with H M Revenue and Customs has been maintained and in a letter dated 27 February 2009 HMRC stated “As you may know, the Government carried out a review of the AMAP (approved mileage allowance payment) rates in 2007, but it decided at the 2008 Budget not to change them. The rates have to cater for a wide variety of drivers. They were never intended to reflect the actual costs of motoring for every car, but are still sufficiently high to cover the business motoring expenses of most drivers. The Government believes the rates strike a balance between giving tax relief for amounts that represent fair recompense for car use whilst reflecting its wider environmental aims by discouraging the unnecessary use of cars for business and promoting the use of more efficient, lower-emission cars. It keeps the rates under constant review.”

As indicated in paragraph 1.4 above, any amounts over 40p and 25p per mile will give rise to a tax liability. The CAC, mindful of the present volatile economic situation, does not feel that now is the time to propose the revision of travel allowances above HMRC’s AMAP rates.

## **3. Work Undertaken by the Committee**

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

The committee also deals, as the Trustees, with the management of a number of available funds - The Auxiliary Fund (to be known in future as the Fund for the Support of Presbyters and Deacons), Methodist Ministers Children’s Relief Association, Trinity Hall Trust and Methodist Medical Benevolent Fund. 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”. As Trustees of the funds, the Committee is able to respond to urgent needs.

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

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

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.

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.

### **\*\*\*RESOLUTION**

**??/1** The Conference adopts the report.