

## Connexional Allowances Committee

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<b>Status of paper</b>	Final draft for the Conference
<b>Action required</b>	For approval
<b>Resolutions for the Council</b>	51/1. The Council receives the report. 51/2. The Council commends the report to the Conference.
<b>Resolutions for the Conference</b>	<ol style="list-style-type: none"> <li>1. The Conference receives the Report.</li> <li>2. The Conference adopts the report sections 1 to 3 and the recommendations contained therein, with the exception of that in section 2.3.</li> <li>3. The Conference adopts the amendments to SO 364(1) as outlined in section 2.3, as follows: in clauses 364(1) (iv), (v) and (vi), the phrase 'their spouse or any dependent children' be replaced with the phrase 'members of their immediate household'.</li> <li>4. The Conference directs the Faith and Order Committee to undertake a major review of the theological foundation of all matters of ministerial remuneration and to report to the Conference of 2017.</li> <li>5. The Conference adopts the recommendation in section 4.8.2 that, in view of the overall significant preference expressed for option C, the Committee recommends this as its resolution to the Conference of 2015, noting that the further work to review the qualifying posts and percentages above stipend will be undertaken in 2015-16.</li> <li>6. The Conference adopts the first recommendation in section 4.8.6 that ministers continue to retain any funeral and wedding fees which they are given or claim and that they may return or otherwise disburse them as they wish.</li> <li>7. The Conference adopts the second recommendation in section 4.8.6 that, taking into account local custom and practice, ministers continue to determine whether to claim or waive funeral and wedding fees.</li> <li>8. The Conference adopts the first recommendation in section 4.8.7 that ministers continue to retain fees and payments for teaching, chaplaincy and other activities.</li> <li>9. The Conference adopts the second recommendation in section 4.8.7 that the attention of circuits is drawn to SO 802(3) and SO 802(5) and that they be positively enforced.</li> </ol>

### Summary of Content

<b>Subject and aims</b>	The report covers the Committee's customary topics in sections 1 to 3, with some recommended changes to figures, and in section 4, following a major review, recommendations on allowances above stipend and fees for special services and payments for other activities.
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<b>Main points</b>	<p>Section 1 covers stipends, allowances above stipend and other allowances, fees, rates and expenses for 2015-16</p> <p>Section 2 reports on the funds and trusts managed by the Committee</p> <p>Section 3 summarises other work and activities in which the Committee has been involved and notes changes to its membership</p> <p>Section 4 brings recommendations from the review of allowances above stipend and other fees and payments</p>
<b>Background context and relevant documents</b>	Re section 4, MC/15/17 presented to the January 2015 meeting of Council and MC/14/85 presented in October 2014

### Summary of Impact

<b>Standing Orders</b>	SO 364(1), clauses (iv), (v) and (vi) – the same amendment to each – see Resolution n/3.
<b>Financial</b>	<p>Paragraphs 1.3 and 1.4: the increase in standard stipend and allowances above stipend – these were published in October 2014 to enable budgets to be prepared accordingly.</p> <p>Paragraphs 1.10 and 1.11: this is a separate fund – the increases in the expense levels for sabbaticals and planned re-instatement of levies ensures it remains firmly solvent.</p> <p>Paragraphs 1.12 and 1.13 are newly published, but reflecting practice to date: the increases recommended in both will have an impact on the Methodist Church Fund which has been agreed with the Financial officers.</p> <p>Section 4 has no financial impact in 2015-16.</p>

## Connexional Allowances Committee

The Connexional Allowances Committee's Report to the 2015 Conference covers the customary update on stipends and allowances, and includes progress reports and recommendations on the special projects and reviews that have been undertaken during the year, and is presented with the approval of the Methodist Council.

It is divided into four sections, as follows.

1. Recommendations for stipends and allowances 2015-16
2. Report on Funds and Trusts within the Committee's remit
3. Other work undertaken and planned and by the Committee
4. Recommendations from the review of fees and allowances above stipend

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

### 1. RECOMMENDATIONS FOR STIPENDS AND ALLOWANCES 2015-16

- 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. **The Committee considers that this formula has served ministers and the Church well and recommends that it be continued for a further three years until August 2018.** 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. If there is a dramatic change in the UK economy before 2018, the Committee will review the position.
- 1.3 Therefore the resolutions of the 2012 Conference have been followed in determining the standard stipend for 2015-16. Using the index numbers published in October 2014, the CPI increase for the period September 2013 to September 2014 was 1.2% and the AWEI increase for the period July 2013 to July 2014 was 0.8%: the average of these is 1.0%. **In accordance with the recommendation on the stipend review formula agreed by the 2012 Conference, the annual standard stipend for the year beginning 1 September 2015 is therefore increased by 1.0% to £22,860.**

#### Additional Allowances

- 1.4 The following allowances are applied for ministers:

The President of the Conference	Any existing allowance, or 25% of standard stipend, whichever is the greater
Secretary of the Conference	30% of standard stipend
Separated District Chair	25% of standard stipend

Warden of the Methodist Diaconal Order	25% of standard stipend
Synod Secretary	5% of standard stipend
Superintendent	7 ½ % 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 <sup>1</sup>	30% of standard stipend
Other ministers serving in the Connexional Team or stationed to appointments within the control of the Methodist Council	20% of standard stipend

**The above result in the following allowances for 2015-2016:**

	£
The President of the Conference	5,715
The Secretary of the Conference	6,858
Separated District Chair	5,715
Warden of the Methodist Diaconal Order	5,715
Synod Secretary	1,143
Superintendent	1,715
Principal of a Training Institution	5,715
Staff member of a Training Institution	4,572
Connexional Team Secretary	6,858
Other ministers serving the Connexional Team or stationed to appointments within the control of the Methodist Council	4,572

**Relocation Allowance**

- 1.5 The Committee recommends that the tax free allowance payable by the receiving circuit (or other responsible body) to ministers upon moving manse remain at £600 and, 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 removal, as defined in SO 528.**

**Travel Allowances**

- 1.6 The Committee continues to recommend that the maximum rates as prescribed by HMRC's 'approved mileage allowance payment scheme' (AMAP) be observed. 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 HMRC – and not require handling by the Church's officers, centrally or locally. Any changes to HMRC 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.

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<sup>1</sup> This category comprises the Assistant Secretary of the Conference and the Connexional Secretary (when the post is held by a minister).

1.7 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.

1.8 The following travel expense rates will apply to ministers, supernumeraries, lay employees in churches, circuits and districts and lay volunteers:

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

1.9 The Committee recommends that the travel allowance (taxable) for ministers during a time of sickness remains at £315 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**

1.10 **It is recommended that the maximum amount that may be claimed to cover expenses during a sabbatical be increased to £1000 as from 1 September 2015.**

1.11 **Following the review of the Sabbatical Fund promised in 2014, it is recommended that the sabbatical levy will remain waived in 2014-15 and 2015-16 but its collection will be re-instated at the level of £50 per minister for the year 2016-17 and revert to the original level of £60 for 2017-18 until further notice.** The Committee will continue to monitor the income, expenditures and balance of the Fund and make any further recommendations as necessary.

#### **Initial grants and loans to ministers**

1.12 One of the Committee's tasks is to determine the amounts required by SO 804(2) in respect of loans and grants to ministers appointed 'for the first time to a station in the home work'. It has also exercised oversight of loans to ministers in other circumstances. In respect of loans, the maximum amount permitted has been £5000 for many years, as this was the maximum allowable by HMRC to avoid tax implications. HMRC has increased this limit to £10,000, but **the Committee recommends that, from September 2015, the maximum available to ministers is set at £6000, interest-free, repayable over a maximum of 5 years (ie £100 per month).**

1.13 In 1999 the Committee changed the initial grant of a flat rate of £1850 to a means-tested variable amount comprising £1300 for the minister, £300 for a spouse (or £200 for a single parent) plus £150 per child of 18 years and under. Thus, for a married minister with two children, the grant was £1900. In reviewing the amount, the Committee has also reflected that, if the purpose of the grant is essentially to enable a new home to be set up (in a provided manse), then a flat rate is more appropriate. Moreover, the relocation allowance which applies at subsequent moves is a flat rate. **Taking into account general inflation since 1999, it is recommended that a flat rate means-tested initial grant be introduced at the level of £3000, as from September 2016.** The implementation delay for one year is to recognise that the 2015-16 budgets for the Methodist Church Fund have already been drawn up.

- 1.14 During their active ministry, loans may be made to ministers but only in the most extreme and exceptional personal and financial circumstances. It is recommended that the same policy is used, ie a maximum of £6000 repayable interest-free over 5 years, unless there are specific reasons to offer a greater amount for a short period of time.
- 1.15 All loans and grants under this heading are means-tested and made from the Methodist Church Fund and loan repayments are deducted from monthly stipend at source.

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

- 1.16 In accordance with the decisions of the Conference, supernumerary presbyters should be offered a minimum preaching fee and travel expenses. The Committee advises that the fee will remain at £25 until 31 August 2016, as agreed by the 2013 Conference, and that the standard travel expenses, summarised above, apply. Circuits are reminded that it is their responsibility to pay these fees and expenses, even if and when churches assist with the preaching plan preparation: the church is only responsible for payment when the supernumerary presbyter preaches at the church by specific invitation, typically for a special occasion. **The Committee will review the preaching fee during 2015-16 and bring a recommendation to the 2016 Conference.**

### **Marriage Registration Fees**

- 1.17 The Committee reported to the 2011 Conference that there are moves in Marriage Registration Districts to reduce the administrative costs of paying fees to ministers conducting marriages<sup>2</sup>. Currently all ministers who do so receive a fee of £2 per marriage and thousands of cheques for very small amounts of money (all for £2 or multiples thereof) are prepared and posted. In the event that Registration Districts request the Churches to nominate a central point for collection of payments, the Committee continues to recommend that (1) all local marriage fees be increased by a modest amount to cover the £2 payment to the minister and (2) that the Fund for the Support of Presbyters and Deacons (FSPD) be the nominated recipient of the aggregated fee payments from the Registration Districts.

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

- 1.18 The Committee advises that the latest Living Wage rates, published in November 2014 by the Living Wage Foundation (LWF), are **£9.15 per hour for London and £7.85 for all other regions**. The LWF figures will always be adopted as the Methodist Church's recommendations. Methodist employing bodies are reminded of the resolutions of the 2010 Conference (Agenda pp 153-154) regarding the mandatory implementation of these rates.
- 1.19 **The Committee suggests that the period of adjustment permitted in certain circumstances by the 2010 resolutions of the Conference should now, after five years, have been sufficient and that only in the most extreme and exceptional cases involving existing projects should permission be given by District Policy Committees for lower rates to be paid<sup>3</sup>.**
- 1.20 Further updated figures, expected to be announced by LWF in November 2015, will be published on the Methodist Church website, and can also be accessed on the LWF website:

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<sup>2</sup> It is understood that this arrangement does not apply in Scotland, but the substance of the proposal is not thereby invalidated.

<sup>3</sup> The Committee is aware of at least one significant Methodist Church-led community project which has experienced public authority funding cuts and which would not be sustainable in the immediate future if the Living Wage – which the Trustees had wished to implement – became mandatory.

guidance on implementation timing was given in the Committee's Report to Conference 2012 (Agenda p 130).

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

2.1 The Committee acts as the Trustees for four 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. They are:

- The Fund for the Support of Presbyters and Deacons (FSPD), previously known as the Auxiliary Fund
- The Methodist Ministers' Children's Relief Association (MMCRA)
- The Methodist Ministers' Children's Fund (MMCF, otherwise known as the Trinity Hall Trust – THT)
- The Methodist Medical Benevolent Fund (MMBF)

### **The Fund for the Support of Presbyters and Deacons**

2.2 The objects of the FSPD, i.e. the purposes for which its resources may be used, were widened by the decision of the 2011 Conference to amend SO 364(1). This has continued to prove a helpful move in enabling the Committee to offer financial support to those in need in a variety of circumstances.

2.3 **The Committee wishes to expand the objects of the FSPD again, substituting the words in SO 364(1) (iv), (v) and (vi) 'members of their immediate household' for 'their spouse or any dependent children'. This will enable the Committee to consider grant applications in some exceptional circumstances where the household member is, for example, elderly parent, partner, companion or friend, or (when ministers are incapacitated) carer. The resolution giving effect to this recommendation is set out at the end of the report.**

2.4 While the Church continues to be immensely grateful for the generosity of donations to the FSPD, for some years there has been less emphasis on advocacy as its resources were regarded as more than adequate for its purposes. However, in the light of demands and the widening of its objects, the Committee continues the active advocacy of the fund within the Church.

### **Analysis of Grants from Funds and Trusts**

2.5 The Committee promised, in response to a question at the 2010 Conference, to give summary information on the pattern of grant-making in its report to the Conference each year. We are pleased to do this, as below, for 2013-14<sup>4</sup>.

2.6 Fund for the Support of Presbyters and Deacons

The FSPD is by far the largest of the four 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 2013-14 made grants amounting to £501,676. In summary, these were distributed as follows:

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<sup>4</sup> Any minor differences between the grant expenditure totals given in this Report and the audited accounts of the funds arise from exceptional cases when grants are refunded when they are no longer needed or small retrospective transfers are made between funds when grants are incorrectly allocated.

Nature of grants	Total amount (£)
<i>Grants to active ministers and following death in service</i>	
Grants to ministers with impairment and for other emergency requests	93,378
<i>Grants to retired ministers, widows and widowers</i>	
Annual grants to owner-occupiers (476 grants)	190,790
Nursing, residential and health related (20 grants)	48,374
Removal costs on retirement (83 grants)	92,663
Assistance mainly with gardening and maintenance costs (132 grants)	13,250
Various other requests and Christmas gifts	37,492
Property repairs, maintenance and contributions towards purchases	25,729
<b>Total</b>	<b>501,676</b>

It should be noted that the amounts related to ministers with impairment (which can involve major alterations to manses), emergency requests and property can vary significantly from year to year. The increase in the amount of grants to active ministers reflects the widened scope of the FSPD's remit, as in SO 364(1), and mentioned above.

### Trinity Hall Trust

- 2.9 Income to the Trust comes almost wholly from investments, which partly accounts for its financial problems in recent years. In 2013-14, £13,162 was paid in 41 grants to ministers to help fund costs of educational activities for their children, an average of £321 per grant. The table below shows the pattern of grant amounts, noting that 83% were for £500 or less.

Grant amount in £s	Number of grants
Less than 250	21
251 to 500	13
501 to 750	6
751 to 1,000	1
<b>Total</b>	<b>41</b>

### Methodist Ministers Children's Relief Association

- 2.10 The MMCRA made grants amounting to £8,900 to 18 ministers to give financial help mainly to support the care of adult dependent children. This fund manages to provide limited support from its income which relies wholly on the collections made at District Synods. During the year, a letter was sent to District Chairs reminding them of this tradition (and indeed, dependence) and inviting Synods to sustain such collections each year. Collections were received in 2013-14 from 19 of the 31 Districts. The Committee emphasises the continued need for these collections at District Synods.

### Methodist Medical Benevolent Fund

- 2.11 The MMBF made 28 grants of varying amounts totalling £17,763, an average of £634, and paid a further £36,817 to the Churches Ministerial Counselling Service and other service providers to offer 90+ ministers support through various forms of counselling, an average of £400 per minister. Again, 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 wishes the Conference to note the growing expenditure on counselling and related support for an increasing number of ministers, including when they are students and probationers. The amount spent in 2013-14 is £22,000 more than in any



previous year, though this partly reflects the increased attention paid to ministerial well-being.

### **3. OTHER WORK UNDERTAKEN AND PLANNED BY 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, Development and Personnel, and Governance Support offices, in all that they do.
- 3.2 Many of the requests for financial assistance from the four funds fall well within the defined purposes of the funds and are processed by the Connexional Team. However, a number of special requests are either outside the clearly defined purposes of the funds, are for larger amounts or have unusual features which require special consideration. These are referred for decision to the Chair of the Committee, and, if deemed necessary, to the whole Committee: all such cases are reported for confirmation to the following Committee meeting. In the year 2013-14, there were 121 such cases – a higher number again than in any previous year.
- 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. The Committee is also called upon from time to time to advise on the interpretation of Standing Orders related to circuits' financial obligations and provisions for ministers in a rich variety of circumstances.
- 3.4 The Committee became aware, as a result of the circumstances encountered by a particular minister, of the anomalies which now exist between the UK and its dependent territories (such as the Channel Islands and the Isle of Man) in respect of National Insurance contributions and UK state benefits. The Finance Officers are looking into these matters in respect of all Methodist Church stations outside the UK Government's jurisdiction<sup>5</sup> (ie Channel Islands, Isle of Man, Gibraltar and Malta). These variations will need to be accommodated as part of the 'allowances above stipend' review for ministers stationed in these and other island and distant places.
- 3.5 The Committee continues to work with the Methodist Ministers Housing Society (MMHS) to ensure that our respective policies on common matters are aligned as far as possible and we continue to be grateful to participate in discussions with MMHS on strategic and policy matters.
- 3.6 Discussions continue to take place between the Trustees for Methodist Church Purposes (TMCP) and the Connexional Allowances Committee, to share information about the charitable funds and trusts at the disposal of each body. It is evident that there are occasions when requests for financial support received by one can more appropriately, or indeed only, be met by the other. **The Committee is extremely grateful to TMCP for its donation of £28,560 from one of its trusts to the FSPD in December 2014 to cover the provision of the Christmas gifts given to 714 ministers' widows and widowers.**
- 3.7 Representatives of the Committee have contributed to a group established by the Ministries Committee to review the Standing Orders and Guidelines on the provision of adequate manse accommodation for ministers. Its report is given elsewhere in the Agenda of the Conference.

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<sup>5</sup> The Channel Islands and the Isle of Man are Crown Dependencies, Gibraltar is an Overseas Territory and Malta is an independent state in the European Union. Shetland is part of Scotland and the UK. The Isle of Wight is an English county and the Scilly Isles are part of Cornwall though with a certain independence.

- 3.8 The Committee's offer to give presentations on the availability of various grants has been taken up by several Districts and the MDO Convocation. It had become apparent that, despite publicity in Quarterly Letters, in the Committee's Report to Conference and on the Methodist Church website (now updated), there is still a lack of awareness of the additional financial support on offer to ministers in the active work and to supernumeraries.
- 3.9 **As a result of a specific case brought to the Committee's attention, it is recommended that circuits and employing bodies always accept responsibility for payment of the full Council Tax and water rate for a manse, irrespective of the number of permanent occupants.** The implicit consequence is that circuits and employing bodies do not ask single ministers to claim (on the circuit's behalf) the 25% discount on Council Tax for single-person occupancy. The Committee's argument is that there are many circumstances in which a single minister may be permanently or temporarily accompanied by family members and others (eg children, elderly parents and dependent relatives, companions and friends, carers) and that it is discriminatory to enquire as to a single person's household arrangements.
- 3.10 The Committee has invited other bodies to join in discussions in 2015 about the long-term challenges facing the whole Church in making financial (ie pensions and grants), housing and care provisions for ministers and their dependants into increasingly older age. This is a prominent and nationwide issue from which the Church is not immune. Those invited to share in discussion with the Committee, each with its own role, contribution and view, include the Methodist Ministers Pension Scheme (MMPS), the Methodist Ministers Housing Society (MMHS), MHA, and the Leaders of Worship and Preachers Trust (LWPT).
- 3.11 After several years' service on the Committee, Mrs Carole Booth and Dr Roy Swanston have indicated their wish to step down this year. We are immensely grateful to both Carole and Roy for the particular perspectives, expertise and insights they have brought to our discussions and decision-making. We are delighted to confirm the appointments of Mrs Suzie Long (to replace Carole), Mr John Monkhouse (to replace Roy) and Ms Janet Arthur (to fill a lay vacancy) by the Methodist Council and will welcome Suzie, Janet and John to the Committee as from September 2015.

#### **4. Review of fees and allowances above stipend**

##### 4.1 Origin of the Review

Following a report of the Connexional Allowances Committee to the Methodist Council in early 2012 that a review of fees and allowances above stipend was timely – the previous one having been conducted in 2002 – the 2012 Conference approved two Memorials (M11 and M12) requesting that consideration be given to the proposal that fees for occasional services<sup>6</sup> be remitted to the circuit and that allowances above stipend be abolished. The consequent review was passed through the Methodist Council to the Connexional Allowances Committee. It is important that the Conference recognises that the formal authority for the review came from the Conference itself and that, whilst the Committee was already intending to examine the structure of allowances above stipend (having identified certain anomalies) and was aware of varying practices in respect of fees, it had an open mind as to the outcome on both topics<sup>7</sup>.

The categories of allowance above stipend included in the review cover the following:

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<sup>6</sup> This was taken to mean fees for weddings and funerals and also payments made for chaplaincy, teaching and other related activities and comparable duties.

<sup>7</sup> The Committee does wish to emphasise that, in fulfilling its task, it had no hidden agendas or secret ambitions (other than to promote equality and fairness across the Connexion) as has been suggested.

- a. Posts to which additional allowances are applied, as listed in the Committee's Annual Report to the Conference (see for example, Conference Agenda 2014, section 33, paragraph 1.3 on pages 297-298)
- b. Other posts for which an allowance above stipend is given (noting that where it exceeds 10% of stipend, the Committee's approval is required<sup>8</sup>)
- c. All other discretionary allowances above stipend, whether below or above 10%, agreed by circuits or employing bodies.

There is a steadily declining number of posts in categories b and c, currently about 160 in all: of these just 15 are in receipt of an allowance in excess of 10% above stipend.

#### 4.2 Review process

The Committee prepared a report for the Methodist Council in April 2014 offering various alternative ways forward on both fees and allowances above stipend, and became aware that it had precipitated widespread discussion, and certain concerns, throughout the Connexion. It became apparent that ministers especially held views, particularly on fees, at both ends of the spectrum and at all points in between. The Council agreed that the matter be referred back to the Committee with the request to bring a proposal to conduct a consultation of ministers and lay people on the principles involved to its October 2014 meeting. This was duly done, agreed by the Council and the consultation – by means of an electronically conducted survey – took place in November-December. The survey results and recommendations were presented to and agreed by the January 2015 meeting of the Council and are now brought with the approval of the April 2015 meeting of the Council.

The Committee wishes to record its gratitude to all those who participated in the survey and to the Council for its forbearance, robust debate and support during what has been at times a fraught period dealing with issues which are very sensitive and on which views within the Methodist Church are diametrically opposed and deeply felt. In response to allegations made that the Committee was undervaluing the commitment of ministers to their calling and to the Church, it gives its unconditional assurance that no such inference was meant and that personal integrity, actions or decisions are not being challenged. The Committee was simply seeking to present arguments for and against certain courses of action in realistic terms in response to the task the Conference assigned.

#### 4.3 Informing the debate

There are two strands of arguments which inform the debate on these matters – theological and practical. The Committee is grateful to the Faith and Order Committee for their consideration of the former, partly based on its earlier work, and its present position is set out in section 4.4.

The Committee's reflections on the practical aspects and alternatives are set out in section 4.6 for allowances above stipend and section 4.7 for fees.

The survey results are presented in section 4.8 and are used as the basis for the recommendations which are listed again in the resolutions at the end of the Committee's Report.

However, the option of stipends being based on need – which most accurately mirrors the meaning and intention of the word – was presented to the April 2014 Council and declined: this is discussed in section 4.5.

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<sup>8</sup> See SO 801(1)(b)

#### 4.4 Theological considerations

As this review has evolved since 2012, earlier versions of papers to the Methodist Council have included reflections provided by members of the Faith and Order Committee dating back to October 2012. As the work developed during 2014, it became apparent that a more fundamental theological understanding would be appreciated, and the Faith and Order Committee was asked to engage in further discussions, which came to be informed by the outcome of the survey and the Connexional Allowances Committee's report to the January 2015 meeting of the Council.

At this stage, the Faith and Order Committee acknowledge that they may not immediately have delivered what was hoped for due to concerns about the theological methodology, and have concluded that:

- There is a significant piece of work to be done in order to review the theological foundation of ministers' stipends, allowances above stipend, fees and other payments, other provisions and any related matters of remuneration.
- Such a root and branch review requires a fresh and different starting point, unconstrained by expected outcomes or current practice or policy.
- They would be willing to undertake the task if the Conference decides that it should be done.

The Connexional Allowances Committee accepts this guidance, welcomes their colleagues' willingness to undertake the further work and offers a recommendation to ascertain the view of the Conference. It is recognised that, if the Conference agrees in 2015, this major project (which will require planning and capacity) will probably span two years – with the possibility of a period of widespread consultation built in – and therefore the earliest reporting date is the 2017 Conference.

However, the Committee does need to indicate that the review suggested by the Faith and Order Committee runs much deeper (into the basis of the stipend itself) than was intended, and therefore urges that the recommendations in this Report be sustained as setting out and confirming sound, practical and consistent policies for the foreseeable future.

#### 4.5 Stipend based on need

Ministers inhabit a wide spectrum of personal and family circumstances which mirror the rich variety in their congregations. They may be the sole occupant of a manse, or share it with a spouse or partner (who may also be a minister), children and other family members, some or none of whom may be in paid employment, itself low-paid or lucrative. Some ministers have accumulated savings and property from previous employment or family wealth: some, very often younger, begin their first circuit appointment with too few possessions to furnish a manse and perhaps debt incurred in university study and training: all who so qualify may claim state benefits according to their circumstances, as do members of their congregations.

It is acknowledged that ministers' lifestyle choices vary and they manage their financial affairs in different ways, but overall the Committee judges that the provision of stipend and manse enables all to live reasonably<sup>9</sup>, neither in luxury nor poverty. The stipend in 2014-15 of £22,632 considerably exceeds the living wage of £15,912 outside London and £18,304 in London, adopted by the Methodist Church as the minimum for lay employees, which must also provide for their housing costs. Moreover the formula for adjusting stipend each year keeps pace with both general wage and price movement.

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<sup>9</sup> Enquiries made in 2002 and 2011 indicated that the Methodist Church's provision is comparable with those in the Church of England and the United Reformed Church.

The Committee also draws attention to the availability of grants from the Fund for the Support of Presbyters and Deacons to ministers who are in acute financial need<sup>10</sup> and from the other Trusts under its jurisdiction<sup>11</sup>. The Committee itself is the body responsible for approving such grants and assures the Church that it assesses all requests consistently, fairly and as generously as possible.

The contrasting scenario of ministers whose personal circumstances are such that they do not need to take their stipend, in part or full, is also permitted and is regulated by SO 801(6)(a).

Taking all these factors into account, alongside the monumental administrative task which would be required to introduce and maintain a 'needs-based' stipend structure, the Committee therefore recommended that the standard stipend be retained for all ministers, irrespective of their personal circumstances.

The April 2014 meeting of the Council endorsed this view. However, in the survey conducted later in the year, some support was expressed for the principle of a needs-based stipend.

#### 4.6 Practical considerations – allowances above stipend

##### 4.6.1 Background to the present arrangements

The Committee's 2012 report to the Council<sup>12</sup> rehearsed the reasoning given in its Report to the 2002 Conference as to why allowances above stipend were then paid. It was affirmed that no other reasons could be discerned (except in very special circumstances when ministers given permission to live in their own home are granted an allowance above stipend), and suggested that not all of those claimed still applied. The reasons were as follows:

- 'To reflect additional or extra responsibilities'. The implication seemed to be that this was to mean above normal circuit responsibilities.
- 'To acknowledge the special circumstances pertaining to the post held'. This is not very different from the first, but is administered as a local discretionary allowance rather than one defined in the list of posts in the Committee's Report to Conference each year.
- 'To compensate for loss of wedding and funeral fees'. Even in 2002, the Committee acknowledged that these were less than had been imagined and have generally declined in significance since then. Moreover, loss of such fees hardly constituted justification for variable allowances above stipend based on posts held.
- 'To help with entertaining costs'. This is to blur allowances with expenses: it is clear that any such legitimate costs be reimbursed as expenses from the appropriate body or fund and also should not be taxable.

##### 4.6.2 Reflection on the reasoning for allowances above stipend

The Committee is of the view that the major substantial reason for retaining any allowances above stipend (whatever the structure or amounts) is related to the accountability of the post held. The Supreme Court judgement<sup>13</sup> included the statement 'There is a standard stipend and allowances for extra responsibilities, including those of a superintendent minister'<sup>14</sup>. The Committee assumes this

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<sup>10</sup> See SO 364(1)(iii)

<sup>11</sup> The Methodist Ministers' Children's Relief Association, the Methodist Ministers' Children's Fund (known as the Trinity Hall Trust) and the Methodist Medical Benevolent Fund.

<sup>12</sup> MC/12/26 Part C.

<sup>13</sup> In the case concerning the employment status of Methodist ministers in 2013. The Supreme Court judgment in the case of The President of the Methodist Conference (Appellant) v Preston (Respondent) was given on 15 May 2013.

<sup>14</sup> In paragraph 43.

to be a simple statement of fact and an acknowledgement that allowances for extra responsibilities are not unreasonable if the Church elects to use them.

The Committee feels it is helpful to use the word accountability<sup>15</sup> rather than responsibility in respect of the posts in question. All ministers carry very considerable and diverse responsibilities, which vary with times, places, people and events, and they undertake portfolios of activities which derive in unequal proportions from perceived or agreed obligations (some of which are determined by how resources, ordained and lay, are deployed in circuits, districts and the connexion), external stimuli and their own choices. No two ministers' roles are the same and their roles change. Some, however, carry greater accountability than others: a superintendent more than a circuit minister, a district chair more than a superintendent and certain posts in the Connexional Team more than most. With greater accountability come heavier burdens, higher stakes, widespread consequences and scrutiny (not least of making poor decisions) and the potential for greater personal pressure, as 'the buck stops here'.

There is a practical sense of natural justice which the Church has been content to accept in its structure of allowances above stipend and even the higher percentage allowances pale into insignificance as against the rewards for comparable roles in secular organisations: recognition for additional ministerial burden is extremely modest.

Further, the Committee acknowledges that ministers in all roles may work hard, conscientiously and assiduously and for long hours but it is important not to confuse dedication with accountability. Equally, it may be argued that those in many roles such as district chair or connexional secretary and, increasingly, superintendents and circuit ministers have support to assist them: that does not diminish their accountability either.

Finally, if an allowance above stipend is solely justified as compensation for those posts in which the opportunity to conduct funerals and weddings is denied, then surely it must be at a single percentage to reflect the average potential earnings lost (a calculation of the average number of weddings and funerals multiplied by the average fees).

#### 4.6.3 Policy options for allowances above stipend

The Committee suggested that there are four such policy options, as follows:

- A. Standard stipend for all ministers and no allowances above (ie the suggestion of the Memorial to the 2012 Conference)
- B. Single allowance above stipend for all qualifying posts
- C. Variable structure of allowances above stipend, similar to the present one, but reviewed
- D. Finely-tuned structure of allowances above stipend to reflect specific accountabilities

In urging that the phrase 'parity with clarity' be kept in mind, the Committee offered pros and cons of each option, as set out below.

- A. Standard stipend for all ministers and no allowances above.
  - i. This option recognises the underlying basis for stipend as an allowance in itself (coupled with manse provision) to give a reasonable and consistent living standard to all ministers, whatever their particular role at any time.

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<sup>15</sup> It is acknowledged that all ministers have a direct accountability to the Conference. The word is used here in the sense of 'accountability for' rather than 'accountability to'.

- ii. It might be argued that it would become difficult, bordering on impossible, to fill certain posts without the attraction of allowances above stipend. Some ministers already view the prospect of superintendency accountabilities with fear and regard the 7.5% as meagre recompense. The counter argument is that ordained ministry should not be about extra earning capacity and the observation is made that, by and large, deacons have significantly less opportunity to be stationed in posts with allowances above stipend. It is also doubtful whether offering an allowance above stipend for appointments which are traditionally difficult to fill would persuade ministers to be stationed in them.
- iii. Ministers' pensions are based on standard stipend – if retirement is a leveller, why not active ministry?
- iv. It would be both fair and possible to pool the funds released from paying allowances above stipend to enable all standard stipends to be slightly increased. A very approximate calculation (not to be taken as a promise, but merely indicative) suggests that the increase would be up to 3%. Such a re-distribution would require a considerable amount of budgeting and accounting work in circuits, districts and the connexion to ensure it was fair to all.
- v. It is essential to point out that an increase in the stipend would have a knock-on effect on ministerial pensions, bearing in mind that pension contributions and pensions paid in retirement are based only on the standard stipend, and not on any additional allowances. First, the pensions contributions by both Church (26.9%) and ministers (9.3%) would be payable on the higher stipend for all ministers. Secondly, advice given by MMPS, with input from the actuary, indicates that (to maintain the present financial structure of the Scheme) a 3% stipend increase would require a contribution increase of 0.8%, to be shared between Church and ministers in a proportion which would have to be agreed.
- vi. There is the option that the allowances saved need not be redistributed to increase the standard stipend, thereby reducing the whole Church's stipend bill: this was presented as an alternative option in the survey questionnaire.
- vii. As a radical shift, its implementation would have to be at a single point in time to enable ministers whose total stipend would reduce to make whatever adjustments they needed to accommodate loss of income. Budgets and funds would not permit such a change to be implemented easily in stages.

B. Single percentage allowance above stipend for all qualifying posts.

- i. It would act primarily as a recompense for the wedding and funeral fees foregone by ministers stationed in or appointed to posts with no opportunity to claim them and supports the argument, already expressed, that there is no correlation between fees foregone and allowances above stipend.
- ii. Superintendent ministers, the vast majority of whom retain pastoral responsibilities, continue to conduct weddings and funerals. Would they be excluded or receive a lower allowance, which is rather contrary to the idea of a single allowance? It would be unfair if they received the same allowance as those denied opportunities to receive fees, therefore the suggestion is made that if a single percentage allowance above stipend is introduced, a lower percentage figure would need to apply to superintendents. However, it is acknowledged that some superintendents in especially large circuits may have no (or very much reduced) direct pastoral responsibility, with no or little fee-earning opportunities, and therefore the option is presented that they should

receive the single allowance in full<sup>16</sup>. What is clear is the position of superintendents in this option will be complex.

- iii. The qualifying ministerial posts/roles would need to be clearly defined, on the recommendation of the Connexional Allowances Committee. Ministers stationed in appointments within the control of the Church, but outside the list in the Committee's Report to the Conference and circuit appointments (superintendents and others), such as Pioneer and Venture FX Ministers, ministers in particular appointments which normally offer an allowance above stipend (eg Westminster Central Hall and Wesley's Chapel) would need to be considered.
- iv. It would not be consistent with the principle of recognising a higher allowance for greater accountability, however roughly calibrated.
- v. In order to make the percentage affordable within existing budgets, it seems likely that it would be of the order of 10%, with a lower figure for superintendents, and that there would be no net savings in total costs<sup>17</sup>.
- vi. The implementation conditions are the same as with option A, ie a single fixed future date.

C. Variable structure of allowances above stipend, similar to the present, but reviewed.

- i. If the principle of allowances above stipend to recognise significant extra accountability is accepted, as it has been for several years, but not wishing to introduce a more finely tuned structure based on job descriptions, then the present one, with its broad brush percentages but also with certain adjustments to address perceived anomalies, is most appropriate.
- ii. The Committee urges that, if it is retained, the present structure does need amendment, to achieve consistency and fairness, and therefore this option is effectively the status quo with amendment and rationalisation. For example, it is suggested that the less senior posts in the Connexional Team or under the control of the Methodist Council do not require the 20% above stipend, that the 5% allowance for Synod Secretaries be reviewed, now that the majority are lay and unpaid<sup>18</sup>, that a policy is required for non-separated Chairs and that some emerging roles, eg superintendencies in very large circuits which have no pastoral charge of churches, those demanding distinctive – even unique – gifts which the Church values, be considered for inclusion.
- iii. It is also recommended that the Committee approves all allowances above stipend, whether above 10% or below, thus removing the anomalies which currently exist, often in adjacent circuits where discretionary allowances are paid. The tradition that 'some circuits can afford to pay above the standard stipend' is diminishing and, in the Committee's view, is no longer an appropriate basis for ministerial remuneration.
- iv. In the information published during the annual stationing process about an appointment becoming vacant, there is provision for any allowance above stipend to be disclosed: the Committee is advised that the practice of doing so ceased some years ago, and that it is not now encouraged. [The Committee will invite the Stationing Committee to consider whether this feature should be retained and used, and if so, to ensure that any allowance above stipend is first approved by the Committee.]

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<sup>16</sup> This option would require such appointments to be nominated.

<sup>17</sup> The same comment applies as in Option A, namely, to use only part of the allowances 'pot' and give a lower single allowance.

<sup>18</sup> The Committee was advised that there may be cases of lay Synod Secretaries receiving an honorarium.



- v. This option will involve the least change and is most easily implemented. It is suggested that ministers would continue to receive their allowance above stipend until the date when they move to a new post or their invitation is renewed, and accept the (new) allowance associated with the new or existing post.
  - vi. Any budget adjustments would be accordingly modest and gradual.
- D. Finely tuned structure of allowances above stipend to reflect specific accountabilities.
- i. This option would reflect the lay employment structure of job descriptions and accountabilities which then related to a finely tuned stipend structure with as many scale points as was deemed necessary, taking into account that ministers enjoy the provision of manses and therefore the stipends would be lower than lay salaries. New job descriptions for ministerial-only posts would be compiled and assessed to complete the structure. Care would be taken to ensure that any new structure was, at worst, cost-neutral.
  - ii. It would overcome what may be seen as an injustice when the same posts are equally recognised in terms of allowances above stipend but it is self-evident that they vary enormously in accountability because of the 'size of the patch'. For superintendents, even though the accountability is the same, many circuits are huge, with large numbers of churches covering many miles whereas some comprise two or three churches in the same locality: some districts are very significantly larger than others in all dimensions: ministerial posts in the Connexional Team exist at several levels of management.
  - iii. It would undoubtedly require significantly more work to introduce and administer, not least a comprehensive job evaluation system, and perhaps create division amongst groups of ministers undertaking the same role albeit with differing dimensions, especially those deemed just above or below threshold levels.
  - iv. Such a structure may be perceived as too hierarchical and secular-oriented, and may be in danger of beginning to point too much towards an employment situation, which is not a helpful direction in the light of the Church's position and resolution tested in the courts, and finally judged in the Supreme Court.
  - v. The Committee is aware of the evolution of 'Larger than Circuit' and makes no presumptions about future scenarios. Nevertheless, it would be unwise to engage in a substantial amount of work related to existing roles (superintendents and district chairs) if there is any likelihood of significant structural changes in the next few years.
  - vi. It is suggested that the implementation would be similar to that in option C, ie as individuals reached the end of appointments or invitation reviews.

#### 4.7 Practical considerations – fees

##### 4.7.1 Background

This section addresses the issues of fees for chaplaincy, teaching, other duties<sup>19</sup> and weddings and funerals and the Committee draws attention to the existing provisions of SO 802. In particular clause (5) makes provision for the local oversight of time ministers spend on these activities and the

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<sup>19</sup> Throughout this section, the categories of activities intended are those which generally derive from the minister's ordination and stationing as presbyter or deacon.

associated remuneration and clause (7) can be invoked when that time and remuneration is much greater.

#### 4.7.2 Practical considerations

- i. By way of introductory comments, and taking the baseline as a minister stationed full-time to a circuit appointment (as opposed to an explicit agreement that it is part-time circuit and part-time, say, chaplaincy), the Committee reiterates its reflections made already that circuit ministry comprises richly diverse activities. Some are explicitly undertaken within the Church and others properly engage with local communities and reach out into the world: worship, service, learning, caring, mission, evangelism, and outreach are seamlessly woven into an expression of calling and discipleship in ordained and lay people. There are increasing numbers of ministers stationed in circuits to undertake focussed tasks, eg Pioneer Ministries, Venture FX, who do not have the customary pattern of pastoral responsibilities within a group (or 'section') of churches.
- ii. Some ministers participate in chaplaincy in a variety of settings: some are paid and some unpaid. Some teach a few hours a week, usually for payment. In most instances, such payments are retained by the minister, as a supplement to stipend. These are optional activities in a way that some, but not all, weddings and funerals are not. The Committee is aware that many chaplaincies and teaching posts are contractual arrangements between the employer, eg a prison or hospital or school, and the minister, who is *de facto*, a part-time employee: we accept that, because the minister then declares this income for tax purposes, any pooling arrangement may be difficult. We hear the argument that such activities may further God's mission in the world, but the minister is still receiving a payment in addition to stipend.
- iii. The incidence of weddings and funerals is most uneven, depending often on local community and church tradition, and some ministers express a positive willingness to assist funeral directors whenever possible. Ministers often waive the fees if these services are for church members or frequent worshippers. The pattern of income from weddings and funerals therefore varies enormously. Whilst it is obvious that fee income benefits ministers and their families, the comment by some that such income is essential to their household budgeting is concerning in view of its unpredictability.
- iv. Clearly, preparing for and conducting weddings and funerals takes time and is regarded by some ministers as extra work deserving of financial reward. Some also relate that the time committed to funerals and weddings often, but not always, eats into days off (eg Saturday weddings) and other daily periods of rest, and ministers will resist the suggestion that they neglect other duties because they do not have time for them. Reference has been made by ministers who consider that they are never off-duty, eg preparing funeral addresses late at night, or dealing with pastoral matters in the High Street or at a football match<sup>20</sup>. In essence, this is the justification for ministers retaining fees.
- v. It has been observed that ministers' activities are driven by a combination of perceived obligations, external stimuli and personal choice: together, these prompt what each minister does day by day, week by week, in the finite number of hours available. More time spent in wedding preparation or chaplaincy means less time for something else: one minister wryly commented 'you can't be in two places at once'. Therefore it is what ministers choose to do that matters, as all must be presumed to work with equal commitment to their calling. Consequently, when ministers engage in chaplaincy and teaching, and prepare for and

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<sup>20</sup> To which it may be replied – this is exactly the commitment some lay people freely offer in parallel to their day job, or even in retirement.

conduct weddings and funerals, other work is sometimes left undone. Some ministers have shared their unease at accepting payment for chaplaincy work for precisely this reason, but felt reluctant to raise the matter lest it incur the wrath of colleagues in similar positions. In essence, this is the justification for ministers not retaining any fees.

- vi. Some ministers have commented that it is fees from funerals and weddings that enable them to fund their own and family holidays and therefore it would be unfair or even penal to withhold them: that may be true, but what about ministers without such income? This returns to the issues already raised – the widely different financial circumstances of ministers’ households. There is also a view, which should neither be dismissed lightly nor taken as an assertion that ministers are well-off, that a stipend of £22,632 (the 2014-15 figure), the provision of an ample manse, payment of Council Tax, water rates and certain other infrastructure costs, plus access to charitable funds (eg the FSPD and the Ministers’ Children’s Fund) in cases of emergency, renders ministers in a relatively satisfactory financial position, irrespective of other household income, not least in comparison with many members of their congregations<sup>21</sup>.
- vii. It is evident that the Committee’s suggestion that such fees might be pooled and distributed created enormous waves, though some ministers agreed with the principle. An argument has been put forward by some ministers in favour of retaining the status quo in terms of the disincentive to undertake chaplaincy or to conduct funerals of non-church members if it is unpaid. What is beyond doubt is that there is difference of opinion: the survey reported below sought to find the balance of that opinion.

#### 4.7.3 Fees for weddings and funerals of church members and frequent worshippers

The Committee believes that there is some merit in seeking to achieve consistency across the Connexion by considering that officiating ministers’ wedding and funeral fees are never or always waived<sup>22</sup> in the case of church members or frequent worshippers<sup>23</sup>, whether conducted by the local minister or not. It does not seem fair that some ministers expect the fees whilst others do not. We understand that at least one district has a policy that fees should always be claimed<sup>24</sup>. Further, in such cases where the minister’s fees are charged by the service provider<sup>25</sup> as part of a fixed financial package, irrespective of the minister’s wishes, it might be appropriate that the minister accepts the fee and either offers it back to the family or contributes it to an appropriate fund. We can only leave this to each minister’s judgement.

The question is asked as to whether the introduction of the standard practice of waiving fees under the circumstances given is desirable, acknowledging that the variety of local circumstances may inhibit consistent implementation.

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<sup>21</sup> However, some ministers have expressed the view that manse provision is of greater benefit to the Church than it is to the minister, not least because its benefit value is not reflected in the minister’s pension on retirement. It is noted that the current rates of contribution to the Methodist Ministers Pension Scheme are 26.9% by the Church and 9.3% by the minister.

<sup>22</sup> To be clear, this recommendation applies solely to the fees for officiating ministers, not to those for the church, organists, and stewards.

<sup>23</sup> It is acknowledged that this may be an uncertain definition (e.g. how often is ‘frequent’?), but the Committee is hesitant to be too prescriptive. Ministers may also wish to be guided by the Community Roll concept and need to exercise their judgement. Some wish the Connexion to legislate for every local eventuality and others resist the idea of being dictated to: in all this, it is important to remember that we are a Connexional Church.

<sup>24</sup> There may be other districts, and some circuits may also have such arrangements. Ministers presumably may decide to return the fees if they wish.

<sup>25</sup> Eg funeral director or wedding arrangements firm.

#### 4.7.4 If fees are pooled, then what?

The options in the event that a decision is taken to pool these fees are set out, so that the views of the Church can be ascertained.

The Committee envisaged that all such fees would be collected into funds held in either circuits, districts or the connexion and made available through grants to ministers in financial need in much the same way as the Fund for the Support of Presbyters and Deacons (FSPD) already operates.

The alternative that ministers in a circuit agree to pool their fees and share them out may seem attractive, and indeed may be practised in some circuits, but it may be resisted by those who feel that they earn them when others do not. Nonetheless, this follows the guiding principle of SO 802(5) and is a genuine option.

A suggestion was also made that the fees should be collected in a separate connexional account and shared out equally as a standard stipend increase. This would hardly be practical as the amount collected would be unpredictable, vary year on year and risk the possibility that stipends could fall. It would have an uncertain impact on the Ministers' Pension Scheme too.

The Committee therefore suggested that there are four practical alternatives, as follows. In considering options, survey respondents were asked to reflect on the principles involved before the practicalities: the Church must not just retain the status quo because what may be more principled alternatives would cost more to administer.

##### i. Ministers pool and share fees in a circuit

This would seem to be a relatively simple arrangement whereby ministers pool their fees on a quarterly basis, and the amount is shared equally amongst the qualifying ministers<sup>26</sup>.

##### ii. Ministers pool and share fees in a district

This is the same as i above, but for a district. The same definition of qualifying ministers would be required and the administrative work would all fall to the district rather than be shared among the circuits. It is nevertheless an option.

##### iii. District Funds

Each district would establish a fund for ministers – effectively a district equivalent of the FSPD: some already have them and the income from fees would supplement them. This approach has the advantages that, covering a larger geographic area, it will distribute fee income more generally and be more equitable and that application by ministers for financial support from it will be known less personally than in circuits. It is evident that some districts already operate such funds successfully<sup>27</sup>, though the administration of all ministers' fees would add to the district's workload.

##### iv. A Connexional Fund

It would seem sensible, if the option to collect fees connexionally was adopted, to use the FSPD as the fund, as it already exists and has administrative arrangements in place. That said, it would rely

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<sup>26</sup> If this proved popular, some further definition and/or local agreements would be needed on which ministers qualify, and how part-time appointments were included. It is clear that any ministers e.g. supernumeraries, who retain their fees would be excluded from the pool.

<sup>27</sup> The Committee understands that such funds are administered by the district chair and treasurer on a confidential basis.

on all ministers sending their fees to the Finance Department in Methodist Church House and thereby also add to its workload.

#### 4.7.5 Policy options for fees and their possible distribution

The sequence of options set out in the survey thus became:

- Should ministers retain or share funeral and wedding fees?
- If they are shared, what should the distribution method be?
- Should fees for church members and frequent worshippers be claimed or not, and who should decide – minister, circuit or district?
- Should ministers retain payments for chaplaincy, teaching and similar activities?

### 4.8 The survey and results

#### 4.8.1 Introductory comments

The survey was emailed to all ministers in the active work (1530 presbyters and 145 deacons) and to the senior and other circuit stewards listed in the connexional data-base (about 600 people). Responses were received from 685 presbyters (45%), 46 deacons (32%) and 158 circuit stewards (26%), ie 889 in total. The responses applied to the year 2013-14.

The Committee judges that these are significant levels of response, certainly sufficient to give a reliable indication of facts, practice and opinions and thereby a sound basis from which to draw conclusions.

Moreover, responses came from all districts, as summarised in table 1, as well as from ministers in non-district specific posts, so the results are also widely representative of the whole connexion. At least 12 presbyters responded from all districts except the Islands, Scotland and Cymru, and at least 20 did so from 19 districts. Deacons from 21 districts responded and circuit stewards from all but Cymru, Cumbria, Isle of Man and Shetland. The average number of responses per district was 29.

Table 1: Total number of responses per district<sup>28</sup>

No. of responses	0-9	10-19	20-29	30-39	40-49	50-59	Total
No. of districts	4	5	8	10	3	2	32

Ministerial responses represented the wide variety of posts held, as shown in table 2.

Table 2: Ministerial responses per category of post held

Category of post held	Number
Non-district specific	76
District Chair	17
Superintendent	178
Circuit or appointment in control of Church	379
Part-time circuit + part-time other role	15
Student minister in 2013-14	10
Appointment outside control of Church + others	49
Without appointment	7
Total	731

<sup>28</sup> There are 31 districts plus the non-district specific group.

It is evident from the survey results and accompanying comments that opinion is extremely divided and often deeply felt on most of the issues raised. Ministers, particularly, interpret their calling and discipleship in different ways, which leads to contrasting views in matters of remuneration: and, moreover, (as the Committee noted in its own comments above) their overall household incomes and circumstances vary widely<sup>29</sup>. Some ministers seek consistent guidance – from circuit, district or connexion – on aspects of fees, whilst others prefer to be trusted to their own sound, pastoral judgement and discretion.

However, choices must be made, and it is not possible to please all.

#### 4.8.2 Allowances above stipend

The preferences expressed for each of the main options (listed in section 4.6.3) are give in table 3.

Table 3: Preferences for allowance above stipend policy

	Main option	%
C	Present system of variable allowances with a review of qualifying posts and %s	53
A	Standard stipend only, with or without redistribution of existing allowances	29
D	More finely tuned system than at present, more like the lay salary structure	10
B	Single allowance for all qualifying posts, with or without superintendent's variation	8
	Total	100

Within the categories of respondents:

- Presbyters have slightly stronger than average preferences for options A and C
- 46% of deacons prefer option A and 39% option C, perhaps reflecting a general diaconal understanding and culture and the very few opportunities open to deacons in posts with allowances above stipend
- Circuit stewards have the average preference for option C, but put option D (20%) above option A (15%), perhaps reflecting a lay, secular view of structured remuneration.

What is clear is that there is no enthusiasm for moving towards either options B or D, either overall or within categories of respondents. However, the significant expression of view, albeit still a minority, in favour of option A is not to be lightly dismissed. Many respondents commented that ministers, with varying gifts, are called to and stationed in different appointments, none more or less important than any other, and each deserving of the same stipend. Others, however, felt that greater accountability (with concomitant stress, worry and pressure) justified an allowance above stipend and indeed that the current structure should be reviewed.

[Note: of the 29% in favour of option A, 19% preferred no redistribution of allowances above stipend, ie all ministers would receive only the standard stipend. The other 10% favoured redistributing the pot of allowances above stipend equally to all those in qualifying posts.]

#### **Recommendation**

**In view of the overall significant preference expressed for option C, the Committee recommends this as its resolution to the 2015 Conference, noting that the further work to review the qualifying posts and percentages above stipend will be undertaken in 2015-16.**

<sup>29</sup> It is noted that the April 2014 meeting of the Council did reject the suggestion that stipends be based on an assessment of ministers' financial and family needs. Several comments were submitted suggesting that this nevertheless would be a preferred, if complex, option.

#### 4.8.3 Data on funerals and payment

First, it is useful to note that those who responded to the survey conducted about 7700 funerals in 2013-14: if this sample was typical, multiplying it up to account for all ministers would give about 19,000. The figure quoted in the 2014 'Statistics for Mission' report to the Conference (Agenda page 381) was 21,057, which will include some funerals conducted by lay people. In other words, the statistics gathered through very different means are comparable.

Taking into account that the 10 student ministers (see table 2) did not take funerals in 2013-14, there were 721 presbyters and deacons who may have done. Table 4 shows a summary of how many ministers conducted how many funerals and how many accepted payment. Just to clarify the meaning, for example, in the first line, 89 ministers conducted no funerals and a further 79 never accepted payment (see table 5). The payment column has higher numbers at the top as ministers accept payment for fewer funerals than they conduct.

Table 4: Number of funerals conducted by ministers and number for which payment accepted

Number of funerals conducted	Number of ministers	Number accepting payment
None	89	168
1 to 5	156	246
6 to 10	192	162
11 to 15	133	71
16 to 20	66	34
21 to 30	58	28
31 to 40	15	6
41 to 50	7	3
51 to 120	5	3
Total	721	721

Moreover, the incidence of ministers accepting payment varies enormously, from some who never do to some who nearly always do – this is reported as a matter of fact, not of judgement. Table 5 summarises this variation: remember that 89 ministers are excluded because they conducted no funerals at all (as per table 4).

Table 5: Percentages of funerals for which ministers accept payment

Percentage of funerals for which payment is accepted	Number of ministers
None	79
1% to 20%	24
21% to 40%	85
41% to 60%	123
61% to 80%	130
81% to 100%	191
Total	632

This reveals that, although some ministers choose never to accept payment, there are larger numbers who do so on the majority of occasions.

#### 4.8.4 Data on weddings and payment

This section gives the parallel analysis for weddings as section 4.8.3 does for funerals.

First, those who responded conducted just over 1000 weddings in the year: scaling this up on a proportional basis, this would predict about 2400 in total, whereas the figure in 'Statistics for Mission' (2014 Conference Agenda page 381) is 2751. Again, given the different sources of data and different time periods, these are consistent figures.

Table 6 shows the distribution of weddings conducted and payments accepted, noting that far fewer ministers have such opportunity and 129 accepted no payment for weddings conducted.

Table 6: Number of weddings conducted by ministers and number for which payment accepted

Number of weddings conducted	Number of ministers	Number accepting payment
None	282	411
1	188	156
2	113	72
3	62	40
4	34	22
5	15	9
6	17	6
7 and over	10	5
Total	721	721

Table 7 shows the variation in acceptance of wedding payments, comparable to table 5 for funerals, with the notable exception that, unless no payment is accepted, the overwhelming practice is to accept payment on nearly all occasions. Remember again that the 282 ministers who did not conduct weddings are excluded.

Table 7: Percentages of weddings for which ministers accept payment

Percentage of weddings for which payment is accepted	Number of ministers
None	129
1% to 20%	1
21% to 40%	13
41% to 60%	37
61% to 80%	28
81% to 100%	231
Total	439

There may be several factors at work which explain the difference in patterns of tables 5 (for funerals) and 7 (for weddings). Perhaps the most obvious is that a much higher proportion of funerals relate to church members.

#### 4.8.5 Fees for funerals and weddings

The data in sections 4.8.3 and 4.8.4 reveals the opportunities for ministers to supplement their stipend from payment for funerals and weddings. The survey also asked about the level of such fees and a comprehensive picture, which has been analysed by district, has been compiled.



The data which has been acquired gives a clear picture of the fees normally expected or charged, summarised by the following statements:

- In England, funeral fees are normally between £100 and £160, with some slightly above and some below, even as low as £50 (but very few of those). The average is £120-£130, with some regional variation eg higher in the south-east. The figure for weddings is usually higher, by up to £40 or so.
- In Wales, funeral fees are £60 to £90, with an average of £75-£80 and wedding fees correspondingly higher.
- The evidence from Scotland and Shetland intimates that the practice of the Church of Scotland is not to charge for funerals or weddings (therefore this is expected by funeral directors and also normally observed by the Methodist Church) and that nearly all would be for church members in any event.
- In the Channel Islands and the Isle of Man, the information available from the survey indicates levels of fees comparable to England.

By combining the figures in the above statements with the information in sections 4.8.3 and 4.8.4, a picture can be painted of the additional income ministers can receive from conducting weddings and funerals.

Taking the information from table 4, along with the detail hidden from its summary, it turns out that 52 ministers (of the 721 in the sample) conducted sufficient funerals to generate at least 10% of standard stipend at the 2014-15 level. This is 7.2% of the number of respondents. If this were true of all ministers, it is about 120 out of the total number in the active work. This is lower than the number in receipt of a circuit discretionary allowance above stipend.

Table 6 reveals that a very small handful of ministers are paid even 5% above stipend by way of wedding fees, though some, of course, may benefit from both funeral and wedding fees.

A very small number of ministers are paid a significantly large amount by way of such fees – £10,000 or more. Overall, the impact of the present arrangements is that many ministers choose to forego payment, some retain such fees with modest financial benefit and very few gain large amounts.

#### 4.8.6 Funeral and wedding fees – policy preferences

##### First, retaining or sharing.

The survey asked whether respondents felt that funeral and wedding fees should, in future, be retained or shared (in some way). Table 8 shows the significant wish to retain the present policy, amongst all categories of respondents.

The main reasons<sup>30</sup> for retaining fees were (1) it enables ministers to exercise their discretion<sup>31</sup> as to whether fees are kept personally or returned to the family or donated to the church or a charity, (2) they are earned – why share fees with colleagues who have not done the work? (3) funerals and weddings eat into ‘my own time’ or a day off and constitute extra work (some used the word overtime and regarded fees as compensation for intrusion), (4) especially if the minister’s spouse has

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<sup>30</sup> The Committee wishes to emphasise that the reasoning given in this section is derived wholly from the respondents themselves.

<sup>31</sup> Some ministers responded more robustly that, as they are not employees, the Church may not tell them what to do and that ‘it’s none of your business’.

no or little or low paid employment, fees help fund holidays, car repairs, expensive heating bills in large un-insulated manses, domestic appliance replacement, etc, (5) the incentive for ministers to conduct funerals and weddings for people unconnected with the church would decline and the Methodist Church's reputation would be diminished and damaged, (6) Methodist stipends are lower than those in the Church of England<sup>32</sup>, the United Reformed Church and the Church of Scotland, (7) practically, it simplifies the tax consequences.

However, contrary views were expressed by those opting to share fees: (1) 'I can't be in two places at once', implying that time spent on funerals and weddings is time denied other work in the church and circuit, which leads to (2) some ministers undertake more (unpaid) work in the circuit because their colleagues commit more time to (paid) funerals<sup>33</sup> and weddings, (3) time committed to other optional activities such as taking school assemblies and celebrating Holy Communion in residential homes is unrewarded, but neither is less important.

Table 8: Preferences for funeral and wedding fees policy (percentages)

Preference	Presbyters	Deacons	Stewards	Overall
Ministers retain fees	77	61	68	75
Ministers share fees	23	39	32	25
Total	100	100	100	100

### Recommendation

**It is recommended to the Conference that ministers continue to retain any funeral and wedding fees which they are given or claim and that they may return or otherwise disburse them as they wish.**

### Secondly, claiming or waiving fees for church members and frequent worshippers.

The previous paragraphs deal with the general principle of retaining or sharing fees, but there is the issue of whether the Church should agree a policy or guideline on when fees should be taken or claimed and who should determine it. Table 9 summarises the overall preferences, noting that though the ranking of preferences was the same for each category of respondent – presbyters, deacons and circuits stewards – the percentages varied slightly.

The main reasons for a policy of ministers' discretion were (1) it is practical, pragmatic and enables local custom and practice to be reflected without ambiguity or embarrassment, (2) ministers know best the particular family and circumstances in each case, which includes (3) some church members and frequent worshippers specifically do wish ministers to receive fees, perhaps as a thanksgiving for pastoral support, whereas others expect not to pay, (4) fees can be adjusted as appropriate, rather than an all or nothing policy.

Reasons in favour of waiving fees (either to church members or to all) include (1) these services are privileges, mission opportunities and God's grace is free, (2) a stipend 'means just that' and does not require supplement, (3) there are families in dire situations, especially in inner cities, who cannot afford the cost of funerals, (4) the difficulties of consistently defining and applying who are exempt from fees and who should pay, (5) a church member's funeral is part of a minister's freely offered pastoral care.

<sup>32</sup> The general practice in the Church of England is for active clergy to pool their fees to the diocese but they are then redistributed as a supplement to stipend.

<sup>33</sup> Again, there were robust comments about a few ministers known to offer their services all too willingly to funeral directors, and some who 'poach' funerals from colleagues.

Reasons in favour of claiming fees include (1) there are increasing instances of ‘pre-paid’ and/or insurance-funded funeral packages, which include the minister’s fee – if the minister doesn’t accept it, the funeral director probably profits from it, which is not what the family wish, (2) it removes all ambiguity, (3) it is always a just reward for additional work, (4) has church membership or worshipping frequently become a ‘club perk’ at the end?

Table 9: Policy for claiming funeral and wedding fees and who determines it (percentages)

Policy preference	Overall
Ministers be allowed to decide to claim or waive funeral and wedding fees	43
Ministers should waive fees for church members and frequent worshippers	29
Ministers should always claim or accept such fees	19
Circuits to decide whether such fees should be claimed or waived	7
Districts to decide whether such fees should be claimed or waived	2
Total	100

There is clearly no case to press for a general policy that circuits or districts should determine practice with respect to ministers claiming or waiving fees for church members or frequent worshippers, but that does not preclude them from doing so if they so wish and formally agree. Indeed, there does seem some merit in a consistent local practice.

#### Recommendation

**It is recommended to the Conference that, taking into account local custom and practice, ministers continue to determine whether to claim or waive funeral and wedding fees.**

#### 4.8.7 Fees and payments for other activities

A similar question was asked in the survey regarding fees and payments for part-time teaching, chaplaincy and other activities, acknowledging that the contractual nature of some such activities is a complicating factor (ministers may be part-time employees of an institution).

Not surprisingly, far fewer ministers engage in these activities, as shown in table 10 – just one in six of respondents.

Table 10: Ministers engaged in teaching, chaplaincy and other activities and payment

Nature of engagement	Number	Percentage
All such work was unpaid	65	9
Some, but not all, such work was paid	25	3
All such work was paid	33	5
None undertaken	598	83
Total	721	100

Of the 58 ministers who are paid, 54 kindly gave the amount of income so earned in the year, as summarised in table 11. It is noted that 31% earned less than £500, 57% less than £1500 and 85% £5000 or less. It seems likely that the three in the £11,000-£12,000 bracket are significant part-time posts and the four over £30,000 are full-time posts.

Table 11: Income earned from teaching, chaplaincy and other activities

Income	Number
Less than £500	17
£500-£999	8
£1000-£1499	6
£1500-£1999	1
£2000-£2499	4
£2500-£2999	3
£3000-£3999	1
£4000-£5000	5
£6000-£6999	1
£11,000-£12,000	3
Over £30,000	4
Total	54

As table 12 summarises, the outcome on preference for retaining or sharing these fees and payments was much the same as for funerals and weddings. Some respondents did express concern that there are ministers paid a full stipend who are also employed (with regular payment) as part-time chaplains and questioned whether their stipend should be reduced proportionately: above a certain level, SO 802(5) provides for this.

Table 12: Preferences for teaching, chaplaincy and other activities fees and payments (percentages)

Preference	Presbyters	Deacons	Stewards	Overall
Ministers retain fees	78	65	70	76
Ministers share fees	22	35	30	24
Total	100	100	100	100

### Recommendation

**It is recommended to the Conference that ministers continue to retain fees and payments for teaching, chaplaincy and other activities.**

Attention is drawn to SO 802(5) which states that, if a minister earns more than 25% of standard stipend or spends more than 10 hours per week on teaching, chaplaincy, funerals, weddings and other such activities, then the superintendent, other ministers and probationers and the circuit stewards will consult 'to reach an amicable agreement' which may lead to 'some recompense to be paid to the circuit or colleague'. Some respondents commented on this SO, suggesting it be more vigorously enforced, and one suggested that the figures be reduced. It was also suggested that income<sup>34</sup> from writing books and articles might be included.

The Committee therefore feels it is appropriate that attention should be drawn to these SOs and brings this recommendation.

### Recommendation

**It is recommended to the Conference that the attention of circuits is drawn to SO 802(3) and SO 802(5) and that they be positively enforced.**

<sup>34</sup> SO 802(3) simply states 'other work not within their circuit responsibilities'.

## 4.9 Other allowances to be reviewed

In addition to the work implicit in these recommendations, the Committee proposes to review, in 2015-16, stipends and/or allowances in three geographic groups, as follows.

### 4.9.1 Islands and overseas locations

Although there are not many of them, special consideration needs to be given to the remuneration of ministers stationed in the Islands around the British Isles and in Malta and Gibraltar, because of different tax arrangements (in some) and the cost of living in general.

It is noted that an arrangement is already in place to enable ministers and their families to claim travel costs to mainland Britain for personal visits on a non-taxable basis.

The locations are as follows:

- Shetland Islands: this is the simplest as it is part of the UK and subject to UK HMRC arrangements. The issue is higher cost of living arising from transport costs of goods and supplies from mainland to Shetland.
- Scilly Isles and the Isle of Wight: similar to Shetland – part of UK, with transport costs.
- Isle of Man and Channel Islands: these have similar status, use the pound sterling, but have their own different tax arrangements and the same transport costs issue as Shetland. It is also known that some British universities treat children from the Channel Islands and the Isle of Man as overseas residents, charging higher fees and not eligible for UK grants and loans. However, it is understood that after a period of 5 years residency, students from the Isle of Man may have their fees paid by the island government, and are eligible for means-tested maintenance grants.
- Gibraltar: not unlike the Isle of Man and the Channel Islands, with its own tax regime, and the Gibraltar pound pegged to the pound sterling, but being where it is, has very different cost of living dimensions.
- Malta: this is the most complex as it is an independent country within the EU and has adopted the euro.

### 4.9.2 London

The Committee will include in its 2016 Report a final recommendation as to whether there is a case for a London allowance for ministers. In order that views may be submitted during the year, the following summary is given of its present view.

The Committee has ascertained that the incidence of discretionary allowances above stipend is most common in the London and other districts in the South-East of England. In some preliminary conversations with representatives of the London District in 2011-12, during the previous review of allowances, the Committee found a wide spectrum of views as to whether – given that a manse is provided, thereby removing the main source of London allowances in general employment (and applying to the Church's lay employees in MCH) – there was any residual evidenced additional cost of living in the London region.

The Committee has concluded that, without embarking on the most extensive and expensive survey of regional costs of living, there may be some extra costs in London and indeed other cities (eg car

insurance) but that these are balanced in rural areas by higher petrol costs and longer journeys to supermarkets, education and health services and so on<sup>35</sup>.

Further, the Committee reflected on the usual 'boundary problem' as an added challenge if a London allowance were considered necessary: what about the areas in the South-East and Beds, Essex and Herts Districts located just over the boundary, wherever that was drawn, and indeed the parts of the London District more distant from the centre may not have the same needs as the inner areas<sup>36</sup>.

The Committee's present view, and therefore starting point, is that the introduction of a specific London allowance is not justified.

#### 4.10 Concluding comments

The work which has gone into achieving these recommendations may be perceived as having been a colossal effort resulting in largely maintaining the status quo. The Committee believes that (having been directed by decisions of the Conference) it is essential from time to time to review policies and practices of major importance in the life and governance of the Church, even if the outcome is not significantly different. Moreover, if the Conference decides to adopt the resolution to enable a fundamental review of all matters relating to stipends and allowances, the Church will have a clear operational policy in place for the next few years.

The Committee commends the resolutions to the Conference.

#### **\*\*\*RESOLUTIONS FOR THE COUNCIL**

**51/1. The Council receives the report.**

**51/2. The Council commends the report to the Conference.**

#### **\*\*\*RESOLUTIONS FOR THE CONFERENCE**

- 1. The Conference receives the Report.**
- 2. The Conference adopts the report sections 1 to 3 and the recommendations contained therein, with the exception of that in section 2.3.**
- 3. The Conference adopts the amendments to SO 364(1) as outlined in section 2.3, as follows: in clauses 364(1) (iv), (v) and (vi), the phrase 'their spouse or any dependent children' be replaced with the phrase 'members of their immediate household'.**
- 4. The Conference directs the Faith and Order Committee to undertake a major review of the theological foundation of all matters of ministerial remuneration and to report to the Conference of 2017.**
- 5. The Conference adopts the recommendation in section 4.8.2 that, in view of the overall significant preference expressed for option C, the Committee recommends this as its resolution to the Conference of 2015, noting that the further work to review the qualifying posts and percentages above stipend will be undertaken in 2015-16.**

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<sup>35</sup> As an aside, the Committee also notes that university tuition is free in Scotland, and medical prescriptions are free in both Scotland and Wales, at least for the present.

<sup>36</sup> It is common for employers in the South-East to have an Inner London and a lesser Outer London Allowance, based on housing costs. They also have the problem of where to draw the lines.

6. The Conference adopts the first recommendation in section 4.8.6 that ministers continue to retain any funeral and wedding fees which they are given or claim and that they may return or otherwise disburse them as they wish.
7. The Conference adopts the second recommendation in section 4.8.6 that, taking into account local custom and practice, ministers continue to determine whether to claim or waive funeral and wedding fees.
8. The Conference adopts the first recommendation in section 4.8.7 that ministers continue to retain fees and payments for teaching, chaplaincy and other activities.
9. The Conference adopts the second recommendation in section 4.8.7 that the attention of circuits is drawn to SO 802(3) and SO 802(5) and that they be positively enforced.