

## Connexional Allowances Committee – Report to the 2014 Conference

### Recommendations on stipends, allowances and fees

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<b>Status of Paper</b>	Final draft for submission to the Conference
<b>Action Required</b>	Decision
<b>Draft Resolutions</b>	Several alternative recommendations, as set out.
<b>Alternative Options to Consider, if Any</b>	As set out in the report.

#### Summary of Content

<b>Subject and Aims</b>	A review of allowances above stipend and fees
<b>Main Points</b>	Presents the review of allowances above stipend and fees.

#### Summary of Impact

<b>Standing Orders</b>	Depending on resolutions adopted
<b>Financial</b>	Greater or lesser impact depending on resolutions adopted.

## **Connexional Allowances Committee – Report to the 2014 Conference**

### **Recommendations on stipends, allowances and fees**

#### **1. Introduction**

##### **1.1 Background**

1.1.1 The Connexional Allowances Committee (CAC) brought recommendations for a revised structure of allowances above stipend and fees to the Methodist Council in March 2012 (MC/12/26 part C). The Council welcomed the Committee's initiative in tackling this controversial issue which, it was observed, had 'opened a can of worms' and certainly wished the debate to continue. However, after a robust and informative exchange of views, it was agreed to withdraw the paper as it stood and revisit the subject, mainly on two grounds: (1) that insufficient reflection had been presented on the underlying basis for stipends and therefore allowances above them, and (2) that, at least in the view of some Council members, the proposed new structure was too finely tuned for the purposes of remuneration of ministers.

1.1.2 Since then, several factors outside the control of the Committee indicated that it would be wise to delay resuming the review, not least the Supreme Court case which was concerned with the employment status of Methodist ministers. This was explained to the Council in January 2013 (MC/13/21) and agreed in resolution 21/1 that a further report on allowances and fees would be brought to the Council no later than April 2014. Meanwhile, two Memorials were received by the 2012 Conference (M11 and M12) on the subjects of stipends, allowances and fees. The Conference directed that the CAC would take into account the points raised in the Memorials.

##### **1.2 Further work**

1.2.1 In bringing its recommendations set out below, the Committee believes that it is essential to establish the principles governing stipends, allowances and fees before proposing the detailed numbers or percentages. Depending on the outcome of certain recommendations, it may be necessary to bring further details not later than the 2015 Conference, and the replies to the Memorials will be formally prepared.

1.2.2 And, of course, when all the necessary principles and details are agreed, the required changes to Standing Orders will be made.

1.2.3 The recommendations and options are all outlined in the body of the report, but the order in which they will be taken is given at the end.

#### **2. Scope**

The following categories of ministerial allowances and fees are covered by this review, as in 2012.

- a. Posts to which additional allowances are applied, as listed in the Committee's Annual Report to the Conference (see for example, Conference Agenda 2013, section 6, paragraph 1.3 on pages 57-58)
- b. Other posts for which an additional allowance is often given (noting that where it exceeds 10% of stipend, the Committee's approval is required<sup>1</sup>)
- c. All other discretionary allowances above stipend, whether below or above 10%, agreed by circuits or employing bodies
- d. Fees for chaplaincy, teaching and other duties, and for weddings and funerals
- e. Additional allowances for London
- f. Additional allowances for the Islands and Gibraltar

### **3. Stipends**

#### **3.1 The concept of stipend**

3.1.1 First, the concept of stipend is considered. Its theological foundation derives from ideas of support in kind (eg Matthew 10: 9-10, Luke 10: 7) and financial (eg Luke 8: 3, 1 Corinthians 9: 3-9, 1 Timothy 5: 17-18). But, as the Committee's Report to the 2002 Conference commented, reflecting on the difficulty in applying biblical and historical Methodist theological tradition to concerns about remuneration, 'in both cases, the Churches were different types of institutions and the economic conditions were not the same as those pertaining today'. It may be added that things have moved on since then too.

3.1.2 It is commonly understood that a stipend is a regular allowance paid to those in occupations such as the clergy to give them a reasonable standard of living, free them from basic financial concerns and to pre-empt any need to seek other paid employment. In the Methodist Church, it is set connexionally and accompanied by the provision of a manse in an appropriate location so as to support the principle and freedom of connexional stationing and ensure consistency throughout the Church. Crucially, manse provision removes the main regional cost-of-living variation, namely, housing, not least in the London region.

3.1.3 The 2013 Supreme Court judgement (*The President of the Methodist Conference vs Preston*)<sup>2</sup> stated the following:

'Neither the stipend nor the manse are regarded by the Methodist Church as the consideration for the services of its ministers. They regard them as a method of providing material support to the minister without which he or she could not serve God'.

3.1.4 The judgement also referred to SO 801 which sets out the entitlement of ministers to a stipend, 'including periods of unlimited duration when they may be unable to perform their duties on account of illness or injury'<sup>3</sup>.

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

<sup>2</sup> In paragraph 19.

<sup>3</sup> Again, paragraph 19 and also mentioned in paragraph 20.

It is also noted that standard stipend, excluding any additional allowances paid up to the point of retirement or before, is the financial determinant of a minister's pension.

### 3.2 Stipend based on need?

3.2.1 Before addressing allowances above the stipend which relate to the post held, the Committee wishes to explore the principle of whether or not a stipend should vary according to the minister's personal circumstances. The question of wider family needs and expectations may be invoked by reflecting on Acts 2: 43-46 and 1 Corinthians 9: 3-9.

3.2.2 Ministers inhabit a wide spectrum of personal and family circumstances which mirror the rich variety in their appointments. 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.

3.2.3 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>4</sup>, neither in luxury nor poverty. The stipend in 2013-14 of £22,212 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.

3.2.4 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>5</sup> and from the other Trusts under its jurisdiction<sup>6</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.

3.2.5 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 regulated by SO 801(6)(a).

3.2.6 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 recommends that the standard stipend be retained for all ministers, irrespective of their personal circumstances.

## 4. Allowances above stipend

### 4.1 Background to present arrangements

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<sup>4</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.

<sup>5</sup> See SO 364(1)(iii)

<sup>6</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.

The Committee's 2012 Report to the Council (MC/12/26 part c) rehearsed the reasoning given in its (predecessors') Report to the 2002 Conference as to why allowances above the 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. The Committee's recommendations about such fees are given in section 5.
- '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.

#### 4.2 Further considerations

Before enumerating a series of options for consideration, some preliminary comments are made to set the scene.

4.2.1 The Committee is of the view that the only reason for retaining any allowances above the stipend (whatever the structure or amounts) is related to the accountability of the post held. The Supreme Court judgement included the statement 'There is a standard stipend and allowances for extra responsibilities, including those of a superintendent minister'<sup>7</sup>. The Committee assumes this 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.

4.2.2 But, what are the theological and practical justifications for them? There are three points of view: (1) that there is no theological justification and therefore practical considerations (outlined below) are irrelevant, (2) that there is no theological justification but practical considerations are valid and (3) that there is some theological justification, augmented by practical support.

4.2.3 It may be argued that biblical sources offering theological support may be found in the parables told in Matthew 25: 14-30 and Luke 19: 12-27 – differing versions on the similar theme of reward and recognition for taking responsibility enabled from receiving gifts and abilities. The apparently contradictory message in Matthew 20: 1-16 – that reward is fixed, irrespective of work done – is surely about God's grace, rather than remuneration justice. Then the phrase about workers earning their pay (Luke 10: 7 and 1 Timothy 5: 18) does not rule out unequal remuneration. It cannot be said that theological reflections point unmistakably to one conclusion or the other, so, on balance, it is wise to be guided by practical dimensions.

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<sup>7</sup> In paragraph 43.

4.2.4 Without seeking to engage in pedantic debate, the Committee feels it is helpful to use the word accountability<sup>8</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 comes 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'.

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

4.2.6 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 certain roles such as district chair or connexional secretary have support to assist them: that does not diminish their accountability either.

#### 4.3 Options for allowances above stipend

Turning now to the principles which can determine allowances above stipend, the Committee believes that there are four discrete options, as follows, and offers comments and arguments for and against. The phrase 'parity with clarity' is a sound objective to keep in mind in coming to decisions.

##### **A. Standard stipend for all ministers and no allowances above.**

- i. This option recognises the underlying basis for the stipend, as outlined in the Stipends section above, 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.
- ii. It is the substance of Memorial M12 (2012).
- iii. 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 less opportunity to be stationed in posts with allowances above stipend. It is also doubtful whether offering an allowance above the stipend for appointments

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<sup>8</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'.

which are traditionally difficult to fill would persuade ministers to be stationed in them.

- iv. Minister's pensions are based on standard stipend – if retirement is a leveller, why not active ministry?
- v. 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<sup>9</sup>. 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.
- vi. 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.
- vii. As a radical shift, its implementation would have to be at a single point in time (it is suggested 1 September 2016) 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. Introduce a single % 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 little opportunity to claim them and supports the argument, already expressed, about the lack of connection between lost fees 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?
- 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 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.

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<sup>9</sup> Equally, all the money could be saved, or just some allocated to increase the standard stipend.

- v. In order to make the % affordable within existing budgets, it seems likely that it would be of the order of 10% and that there would be no net savings in total costs.
- vi. The implementation conditions are the same as with option A – a single date, suggesting 1 September 2016.

**C. Retain a variable structure of allowances above stipend, similar to the present.**

- 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 %s but also with certain adjustments to address perceived anomalies, is most appropriate.
- ii. The Committee urges that the present structure does need amendment, to achieve consistency and fairness, and therefore this option is effectively the status quo with such 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, and that some emerging roles, 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 have been 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 invites 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.
- 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. Introduce a finely tuned allowance above stipend structure 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 many see 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, many circuits are huge, with large numbers of churches covering hundreds of 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 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 in be 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 the 'Larger than Circuit' initiative 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. In March 2012 the Council resisted recommendations along these lines, and may decide to do so again: however, they are presented as a legitimate option.
- vii. 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.

## **5. Fees**

### **5.1 Background**

5.1.1 This section addresses the issues of fees for chaplaincy, teaching, other duties<sup>10</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 associated remuneration and clause (7) can be invoked when that time and remuneration is much greater.

5.1.2 It is also noted that Memorial M11 submitted to the 2012 Conference proposed that fees received by ministers for conducting occasional services (weddings and funerals) be remitted

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<sup>10</sup> Throughout this section and in the resolutions which follow, the categories of activities intended are those which derive solely from the minister's ordination and stationing as presbyter or deacon.

to the circuit. This Memorial did not comment on fees from other sources such as chaplaincy and teaching.

## 5.2 Comments and considerations

5.2.1 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.

5.2.2 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. These are optional activities in a way that some, but not all, weddings and funerals are not.

5.2.3 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 regular worshippers. The pattern of income from weddings and funerals therefore varies enormously.

5.2.4 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. The Committee believes therefore that 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 conduct weddings and funerals, other work is left undone. On that basis, there is no justification for ministers retaining any fees and payments for such services.

## 5.3 Recommendations

- i. The Committee accordingly recommends that all fees for chaplaincy, teaching and other work not within their circuit responsibilities, and fees reimbursed for weddings and funerals be remitted to the circuit.
- ii. In parallel to this, the Committee believes that it will achieve consistency across the Connexion by recommending that officiating ministers' wedding and funeral fees are always waived<sup>11</sup> in the case of church members or regular worshippers<sup>12</sup>, whether conducted by the local minister or not. It does not seem fair that some ministers

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<sup>11</sup> To be clear, this recommendation applies solely to the fees for officiating ministers, not to those for the church, organists, and stewards.

<sup>12</sup> It is acknowledged that this may be an uncertain definition (eg how often is 'regular'?), but the Committee is hesitant to be too prescriptive. Ministers may also wish to be guided by the Community Roll concept.

expect the fees whilst others do not. Further, in such cases where the minister's fees are charged by the service provider<sup>13</sup> as part of a fixed financial package, irrespective of the minister's wishes, it is recommended that the minister accepts the fee and either offers it back to the family or contributes it as per paragraph iii below. However, the Committee equally does not wish to discourage fees being charged when it is appropriate to do so, even when the ministers remit them to the circuit.

- iii. It is further recommended that all such fees and payments be deposited in a Circuit Benevolence Fund. The Committee considered whether these fees might be gathered connexionally<sup>14</sup>, but judged this too great an administrative burden and the establishment (or where they already exist, encouragement) of Circuit Benevolence Funds is more appropriate in any event. It is suggested that these Funds should be used as the first call for the financial support of ministers and their families in need<sup>15</sup> and operate as a local equivalent to the (connexional) Fund for the Support of Presbyters and Deacons<sup>16</sup>. It is emphasised that it would not be permitted to be used simply as a means to supplement the stipends of all ministers, as this would amount to a discretionary allowance above stipend, but also because the amount generated would be too unreliable year on year. Further guidance on the governance of Circuit Benevolence Funds will be prepared if this recommendation is accepted.
- iv. It is recommended that supernumerary ministers<sup>17</sup> and ministers without appointment continue to retain any fees acquired through these means, except for weddings and funerals of church members and regular worshippers.
- v. The Committee urges that if this series of recommendations is declined, then SO 802 is most strictly applied so that individual ministers do not benefit disproportionately from their engagement in chaplaincy, teaching and other activities or from excessive wedding and funeral fees. However, the recommendation about waiving fees for church members and regular worshippers is still valid.
- vi. It is suggested that the recommendations on fees can be implemented from 1 September 2014.

## **6. London**

- a) The Committee has ascertained that the incidence of discretionary allowances above stipend is most common in the London District 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.

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<sup>13</sup> Eg funeral director or wedding arrangements firm.

<sup>14</sup> The Committee also considered whether all such fees and payments, if connexionally collected, could be used to fund a general stipend increase, but felt that it would be too unreliable as a source of income.

<sup>15</sup> The Committee envisages that this could include assistance with, for example, excessive winter heating bills in large elderly manses, high car insurance costs in areas of high risk, initial domestic appliance purchase for young ministers who have never owned a home, and so on.

<sup>16</sup> See SO 364(1), especially clauses (iii), (iv) and (v).

<sup>17</sup> For information, the Committee understands that the Church of England?? follows this policy too.

- b) 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>18</sup>.
- c) 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>19</sup>.

It is recommended that there is no case to introduce a specific London allowance.

## **7. The Islands and overseas**

7.1 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.

7.2 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.

7.3 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: similar to Shetland – part of UK, with transport costs.
- Isle of Man and Channel Islands: these have similar status, use the £ sterling, but have their own and 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 £ pegged to the £ 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.

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<sup>18</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>19</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.

- 7.4 The Committee will examine these cases further, once the general policies on stipends and allowances are agreed.

## **8. Recommendations**

It is suggested that the recommendations proceed as follows, to ensure the maximum clarity of thought and decision-making. It is helpful to decide on those dealing with fees first as they affect one of the options relating to allowances above stipend.

### **8.1 Fees**

#### **Recommendation 1** section 5.3 (i):

It is recommended that all fees for chaplaincy, teaching and other work not within their circuit responsibilities, and fees reimbursed for weddings and funerals be remitted to the circuit.

#### **Recommendation 2.** section 5.3 (iii):

It is recommended that all such fees and payments be deposited in a Circuit Benevolence Fund, and be used as the first call for the financial support of ministers and their families in need.

#### **Recommendation 3.** section 5.3 (vi):

It is recommended that these arrangements be implemented from September 1<sup>st</sup> 2014.

#### **Recommendation 4.**

*withdrawn*

#### **Recommendation 5.** section 5.3 (ii):

It is recommended that ministers' wedding and funeral fees are always waived in the case of church members and regular worshippers, and when such fees are charged as part of a fixed financial package, ministers accept the fee and, if recommendations 1 and 2 are passed, first offer it back to the family, and if declined, contribute it to the Fund.

#### **Recommendation 6.** section 5.3 (iv):

It is recommended that supernumerary ministers and ministers without appointment continue to retain payments and fees for services rendered, except for weddings and funerals of church members and regular worshippers.

### **8.2 Standard stipend**

#### **Recommendation 7.** section 3.2:

It is recommended that all ministers continue to receive a standard basic stipend.

*(If this is declined, thereby implying that a 'needs-based' stipend structure is introduced, then the further recommendations should not be considered. A major piece of work will then need to be undertaken by the Connexional Allowances Committee.)*

### **8.3 Allowances above stipend**

#### **Recommendation 8.** section 4.3 A:

It is recommended that there be a single standard stipend for all ministers, and no allowances above it.

*If this is declined, go to recommendation 11: if it is passed, go to recommendations 9 and 10.*

**Recommendation 9.** section 4.3 A(vii):

It is recommended that the implementation date of recommendation 8 be September 1<sup>st</sup> 2016 (or, by amendment, another date).

**Recommendation 10.** section 4.3 A(v):

It is recommended that the money currently committed to allowances be redistributed to give an increase in all stipends of an amount to be calculated.

*The remaining recommendations from section 4.3 do not require consideration: proceed to recommendation 18.*

**Recommendation 11.** section 4.3 B:

Note: if recommendation 1 is adopted, then recommendation 11 is not required and recommendation 13 will be taken.

It is recommended that there be a single % allowance above stipend (of an amount to be calculated) for all qualifying posts, based on a redistribution of the money currently committed to such allowances above stipend.

*If this is declined, go to recommendation 13: if it is passed, then proceed with recommendation 12.*

**Recommendation 12.** section 4.3 B(vi):

It is recommended that the implementation date of recommendation 11 will be September 1<sup>st</sup> 2016 (or, by amendment, another date).

*Now proceed to recommendation 17.*

**Recommendation 13.** section 4.3 D:

It is recommended that there be a more finely tuned, cost-neutral allowance above stipend structure to reflect in more detail the variations in accountabilities of the qualifying posts.

*If this is declined, go to recommendation 15: if it is passed, then go to recommendation 14.*

**Recommendation 14.** section 4.3 D(vii):

It is recommended that implementation occurs at the points of ministers changing posts or being re-invited to remain in their existing post.

*Now proceed to recommendation 17.*

**Recommendation 15.** section 4.3 C:

It is recommended that there be a variable allowance above stipend, similar to that at present, but with adjustments to achieve greater consistency and remove anomalies.

*If this is declined, go to recommendation 17: if it is passed, then go to recommendation 16.*

**Recommendation 16.** section 4.3 C(v):

It is recommended that implementation occurs at the points of ministers changing posts or being re-invited to remain in their existing post.

**Recommendation 17.** section 4.3 C(iii):

It is recommended that the Connexional Allowances Committee approves **all** requests for allowances above stipend, not just those in excess of 10%.

**Recommendation 18**

*Withdrawn*

8.5 Islands and Gibraltar

**Recommendation 19.** section 7:

It is recommended that the Connexional Allowances Committee undertakes further work to prepare a set of specific allowances to take into account the distinctive economic circumstances in the Islands and Gibraltar.

8.6 Further work

**Recommendation 20.** section 1.2:

It is recommended that, in the light of decisions taken, the Connexional Allowances completes the required detailed work as soon as is practical and brings its further recommendations, prepares formal replies to the two Memorials and also ensures that the consequential Standing Order amendments are made.