Draft to Superintendents' Meeting

Lay Worker Salaries

Considerations when setting and reviewing salaries for Lay Employees

Background

The 2015 Conference confirmed that the implementation of the Living Wage (based on LWF rates) is now mandatory in all but the most extreme and exceptional circumstances and that all outstanding exceptions must continue to be reviewed by the appropriate District Policy Committee.

In 2010 the Methodist Conference agreed that the rates of the Living Wage, as published by the Living Wage Foundation, should form the minimum basic salary for people employed by a district, circuit or a local church. This policy also includes young people below the age of 18.

An annual pay review is a contractual requirement for all those employees who have a contract which is based upon the Methodist Written Statement of Terms and Conditions document. The review is required, there is no requirement to increase pay so long as the resolution of 2015 is not contravened.

The Living Wage (LW) has risen more than expected and percentage-wise more than the annual ministerial stipend, over the last couple of years.

This has meant, in three cases of which I have been aware, that salaries which have been increased by the annual Ministerial stipend increase, have actually fallen below the Living Wage. Therefore, the issue has been raised at several LESC meetings and a subgroup has met to consider the issues. Research has involved gathering information from various line managers, other Lay Employment Secretaries, members of the Connexional team, etc. I am particularly grateful to the North Cheshire Circuit who have considered this issue over some time and in some depth and whose deliberations form some of the considerations below.

As a result, the following points are suggested as considerations for a possible way forward.

Idea 1a Increasing the Lay Worker salary in line with Ministerial stipend. While this has been the usual method of annual increase, it has meant that the issue above may continue to be a problem, and that is, that the salary may dip below the Living Wage. *This is not therefore a solution to the problem.*

For the purposes of the following examples, we are assuming a living wage of £12 per hour, based on its current value:

Fred is on 12 per hour and 2 pay points of 50p each. So his salary is £13 per hour. Under 1a therefore, with a ministerial stipend increase of 7.8% his salary would increase to **£14.01**. By separating off the pay points a different calculation is as follows. With 7.8% added to 12 per hour, a total of 12.94 is reached and with 2 pay points added on, the new salary is **£13.94**.

Freda is on the £12 per hour with no pay points. Under 1a therefore with a ministerial stipend increase of 7.8% her salary would be **12.94**. If the LW rise is more than the ministerial stipend rise, the basis of this calculation does not work and Freda will not be properly remunerated.

Idea 1b Increasing the Lay Worker salary in line with Ministerial stipend, reviewing, and possibly increasing again to meet the LW. A further suggestion therefore, if the annual Ministerial stipend continues to be the method used by employers, is to scrutinise the salary once the increase has been applied and compare with the Living Wage. If the salary falls below the LW then a further increase is applied to ensure the LW is at least equalled. *This is therefore a two-stage approach.* Fred is on the LW of £12 per hour and 2 pay points of 50p each. So his salary is £13 per hour. Under 1b therefore, with a ministerial stipend increase of 7.8% his salary would increase to **£14.01**. By separating off the pay points a different calculation is as follows. With 7.8% added to 12 per hour, a total of £12.94 is reached and with 2 pay points added on, the new salary is **£13.94**. Both of these totals are above the LW of £12 per hour. Had the LW been £15 per hour, then under 1b, the second stage would need to be applied.

Freda is on the LW of £12 per hour with no pay points. Under 1b therefore with a ministerial stipend increase of 7.8% her salary would be **12.94**. Had the LW been £15 per hour, then under 1b, the second stage would need to be applied.

2 Locking the salary increase to the Living Wage increase.

2a If a lay worker is on the LW only, this will ensure that with an annual review, the salary does not fall below the LW. *This means that posts without extra responsibility will be paid the Living Wage.*

Freda is on the LW of £12 per hour with no pay points. Under 2a therefore with a living wage increase of 10% her salary would be **£13.20**. So, had the LW been £15 per hour, then under 2a, Freda would be paid £15 per hour.

2b Locking the salary to the LW and then **separately** adding on any pay points. This may be the fairest method because it ensures that the LW is adhered to and also that pay points for responsibilities and experience etc are visible and differentials are maintained. *This seems to be a very clear approach.*
Fred is on the LW of £12 per hour and 2 pay points of 50p each. Under 2b therefore, with a Living Wage increase of 10% and separating off the points, his salary would increase to **£13.20 plus the two pay points equals £14.20**.

2c Put the entire pay up in line with living wage. So if the LW goes up 10% then the whole salary goes up by this amount including any pay points. This is the most generous level of increase, if the LW exceeds the Ministerial stipend. However, the pay points are "invisible*". It is also the simplest but not the fairest as equal work could be remunerated differently depending on length of service.*
Fred is on 12 per hour and 2 pay points of 50p each, =£13.00 per hour. If his entire pay is put up in line with the living wage rise of 10% under 2c therefore, his salary would increase to **£14.30.**

The above examples assume that the LW rises at a greater percentage than Ministerial stipend but this may not continue to be the case.

In all cases, an annual pay review for lay workers is essential. This is the requirement as set out in this document "The Living Wage policy of the Methodist Church" (https://www.methodist.org.uk/for-churches/employees-and-volunteers/lay-employment-resource/7-pay-and-pensions/the-living-wage-policy-of-the-methodist-church/) for employers to pay at least the Living Wage as published by the Living Wage Foundation to all lay employees.

Particular care needs to be taken where the salary is on, or very near to the Living Wage; e.g. where % stipend increases are applied, these may not be sufficient to increase the salary to the Living Wage.

Please note that the Chester and Stoke-on-Trent District LESC strongly recommends a pay point at 50p.
In conclusion, the LESC believes that all of the above scenarios are possible except for 1a where the salary may fall below the Living Wage.
The recommendation of LESC based on fairness is proposal 2b.

Heather Staniland and members of the LESC working group on lay worker salaries, August 2024.