

# Ministry Trainee Programme Set Up Guidance

## Finances

### Vocabulary

The first difficult issue surrounds what to call a ministry trainee/apprentice. 'Apprenticeship' has a technical meaning in relation to HMRC and Apprentices must be paid £7.70 per hour. It is extremely unlikely that ministry apprentices would be enrolled on an official government recognised apprenticeship programme (see [below](#)) but naming the role 'apprentice', particularly in official documents, could lead to confusion. 'Intern' by contrast has no employment status in relation to HMRC and may be preferred by some churches.<sup>1</sup> 'Trainee' is probably also fairly safe to use.

In terms of naming the structure established in a church for the development, care and oversight of the trainee/intern, it has been common to call this an 'apprenticeship scheme' or 'training scheme'. However, in the eyes of HMRC 'scheme' does not have good connotations!<sup>2</sup> So we would recommend calling it a 'programme' – e.g. 'ministry training programme' or giving it a name that makes sense in your church context – e.g. 'Apollos' or 'Timothy Project' or 'Foundry'.

### How much should trainees receive?

Ministry trainees should expect to live at a reasonable standard, but would not normally be expected to be given excess to save during the time of training. In terms of working out the appropriate amount a number of factors need to be taken into account:

- Age and family situation of the trainee
- Extent of prior ministry experience and training
- Accommodation needs
- Standard of living in the locality (e.g. for a student or someone in an entry level graduate position)
- Nature of the traineeship – what is the proportion of ministry/output relative to training/input?

While it is important not to be intrusive, trainees should be encouraged to think realistically about what they will need, considering their current level of savings and debt and the extent of family obligations.<sup>3</sup>

A few principles and issues should be taken into account:

- A well supported gospel worker will be a more productive gospel worker.
- The worker deserves his wages (1 Tim. 5:18). Trainees should not be used as free or cheap labour where the job would otherwise be done by a fully salaried worker.
- Churches need to consider the trainee's future in terms of long term financial provision and employability in the job market.
- Partnership development (where the trainee seeks out their support from friends) can be a helpful, humbling, faith-building discipleship experience for the trainee.
- On the other hand, requiring the trainee to raise their own funding can deter some from applying – particularly those who do not come from churches with a well-established culture of giving to gospel workers.

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<sup>1</sup> 'Intern' can have the advantage of being a more attractive prospect to potential trainees weighing up their options. It looks better on a CV (is more understandable to future employers outside the church) than 'ministry apprentice'. However, some may feel it brings in connotations from the business world that do not sit easily with the nature of gospel ministry.

<sup>2</sup> In fact, biblically it does not have good connotations either!

<sup>3</sup> It may be helpful to refer potential trainees to a resource such as the Stewardship paper, [How much is enough?](#)

## What are the financial and legal practicalities of setting up a traineeship programme?

It is vitally important, whatever approach is taken, that it is legal and honouring to the Lord and the authorities. The arrangement must be within the spirit as well as letter of the law – seeking to fit the nature of the working relationship rather than simply being a mechanism to avoid paying more. If an inspection is made by HMRC, they will make a judgement on the circumstances and procedures in use in that particular church and act accordingly. This is a serious issue. Churches have recently been caught out and fallen foul of the authorities for the way they have handled the support of ministry trainees. The basic principle that the HMRC will be working with is: if someone is receiving a benefit in return for providing a service then this is an employment relationship. NB. HMRC has no category for ‘living’ or ‘maintenance’ grants.

The models which follow are only suggestions and guidelines. Each has advantages and disadvantages. There are quite a few grey areas. This particularly arises from the fact that HMRC does not have a category for ‘ministry apprentices’ and different HMRC officials will take different views. The safest thing will always be to obtain written approval from a tax official or an employment lawyer stating that the arrangement your church is planning to use is acceptable.

### Model 1: Ministry trainees are volunteers.

No grants, allowance or salary payments are made by the church. Instead the trainee is provided for by any combination of the following:

- i) Personal finances.
- ii) Personal support raising. Friends, relatives and trusts may give direct to the trainee or into a [Stewardship Individual Recipient Account](#).
- iii) One or two generous trusts or funders from outside (i.e. not the church at which the trainee is serving). E.g. a church in the US funds the internships at a church in the North of England or an independent UK trust funds the traineeships at a church in the Midlands.
- iv) As a volunteer the trainee may be reimbursed for any expenses (but not given an advance allowance – i.e. a fixed regular amount) that are incurred as a result of the ministry they are doing or expenses that are required for them to be able to volunteer in this way. E.g. they can be reimbursed for rent where they have had to move into the area (not when they already live down the road), travel (e.g. to training) and occasionally meals, where these are more expensive than normal (e.g. when travelling to a conference). Other expenses could include conferences or theological books. However it is important to underline that these should not be an allowance but expenses reimbursed on the basis of receipts.
- v) The volunteer may be provided with free accommodation by the church. The church may even rent a property for a volunteer provided that the church can show that this is required for the volunteer to be able to do the work.<sup>4</sup> Alternatively they may be hosted by a family or single person in the congregation.<sup>5</sup>
- vi) Depending on circumstances the trainee may look to the public authorities for benefits/tax relief.
- vii) It may be possible for a ministry trainee to receive a tax free educational bursary (from the church or others) – *not* for doing the volunteer work but for their *training*. This may be something worth exploring but the tax rules are complicated and churches should certainly get professional legal advice before touching this area. If pursuing this route it would be wisest to have two agreements – one covering the volunteer work as a ministry trainee and a separate agreement covering the educational aspect which the bursary links to – rather than mixing the two together.

<sup>4</sup> In the case of a church renting a property for a volunteer, the best practice is that the rental agreement should be in the name of the church not of the volunteer.

<sup>5</sup> Some churches may wish to reimburse a family for the extra expense of a hosting a trainee or give some kind of financial ‘thank you’. This is a tricky area and churches should seek professional/legal advice before giving to hosts.

## Notes:

- a) It is quite possible (and common) for ministry trainees to be volunteers but it is a tricky area and easy to slip into the realm of de facto employment.
- b) Where trainees are being supported by gifts from individuals and/or trusts, it is important that there is as much distance as possible between those givers and the church where the trainee is placed. Conversely, the closer the givers are to the church where the trainee is serving, the more likely it is that HMRC will see this as the trainee receiving remuneration from those he/she is serving. So, for example, if Miss X grows up in Leeds and goes to university in Sheffield and then goes to serve as a trainee at a church in Devon, then it is quite understandable that she would be supported by gifts from friends and churches in Leeds and Sheffield so that she can offer her services as a volunteer in the church in Devon. Similarly, the example mentioned above of a church in the US supporting an trainee in the UK demonstrates distance. However, in another example, if Mr Y stays at his university church or home church to serve as a trainee and is supported exclusively by members of that church then this looks like he is receiving a benefit from the recipients of his service. Similarly, it is important that the pastor does not get up at the front of the church in Devon and encourage the church members to give to support Miss X. Where a trust is supporting the trainee it is important that the Trust is not a Trust tightly linked to the placement church (i.e. a Trust which almost exclusively supports activities at that particular church) as this then looks simply like an avoidance scheme.
- c) If trainees are volunteering it is important that any agreement they are given or sign must not look like a contract or say anything that takes it outside the volunteer regime – i.e. there is no payment given for work and it is a free arrangement - the volunteer is not bound to a fixed term or to give notice.
- d) Trainees serving on a voluntary basis must not be given any promises (written or verbal) of future employment or future remuneration – this would take it outside the volunteer category into the realm of employment.
- e) Grants, allowances and salary may not be given by the church. One common problem is where gifts (e.g. from outside trusts) are channelled through the church accounts (e.g. a special fund for a trainee) and they pick up Gift Aid (or do not pick up Gift Aid but simply by virtue of going through the church accounts appear to be coming from the church as a payment for services).
- f) Churches are not responsible for the National Insurance or pension contributions of volunteers (indeed they should not be making such payments for non-employees). However they should encourage the trainee volunteer to think about this area and to seriously consider making [voluntary NI contributions](#).
- g) Churches should also encourage trainees to ensure they have a personal tax account with HMRC and register as self-employed. This is a grey area but the best advice is that it is safest for a gospel worker being supported by gifts (e.g. through a Stewardship Individual Recipient Account) to register as self-employed. The likelihood is that they will pay virtually no tax as their income will probably be below the personal tax threshold and/or they will have tax credits, but it will ensure that they are above board and 'in the system' for National Insurance and tax affairs for the future.<sup>6</sup>

## Model 2: Ministry trainees are full-time employees of the church.

In this approach the individual has an employment contract with the church and is paid a regular salary or stipend. This is particularly appropriate where the church wants to give a 'job description' to the trainee and to be able to *require* that they do certain things, participate in particular ways, and stay for a certain period of time (a volunteer cannot be *required* to do anything). If the emphasis is on work in the church rather than

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<sup>6</sup> Some factors that might make self-employment less necessary would be a) the traineeship is heavier on training/input than service/output, b) it is only for one year, c) there is strong likelihood that the trainee will not continue in gospel work but go into PAYE non-church employment. Some factors that might make it more important to register as self-employed would be a) the traineeship has a significant service component, c) it is for two or more years, c) there is a strong likelihood that the trainee will continue in gospel work and continue to be supported (at least partially) by gifts. However, in all cases, a) registering as self-employed is the safer option, b) the decision ultimately falls with the trainee, c) the church is responsible for ensuring they are observing the distinction between volunteering and employment.

training, then you should treat your trainees as employees and pay them at least the minimum wage<sup>7</sup> for every hour worked, or you will be breaking the law.<sup>8</sup>

The money to fund the position may come either from:

- i) The church's normal budget, congregational giving.
- ii) A special fund set up by the church into which church members are encouraged to give as extra giving.
- iii) An outside funder – e.g. a church or trust in another place – channelled through the church.

Notes:

- a) Both the church and the individual are liable to National Insurance (NI), and the individual to tax.
- b) The church is also liable to all the obligations of an employer to the individual. The most significant of these is the minimum wage legislation. This is £8.21 for those 25+ and £7.71 for those 21-24 (April 2019), so the minimum for a standard 37.5 hour week is £289.13 a week for a 21-24 year old. There is no getting round the legislation by agreeing lower figures.
- c) Providing free accommodation makes the minimum wage / HMRC calculations very tricky so it is recommended that churches who wish to provide accommodation charge rent and then pay the trainee sufficiently to pay this rent.<sup>9</sup> In effect giving with one hand and taking back with the other but this relationship (where the church is a rent-charging landlord) actually makes things more straightforward.<sup>10</sup>
- d) The church should use a properly constituted employment contact if going down this route. This can be acquired from Edward Connor, Mark Mason Employment Law, Stewardship Services and many others for the payment of a small fee.

### Model 3: Trainees are part-time employees of the church and part-time volunteers.

This option is **extremely problematic** and legal advice would be highly recommended before proceeding. In this model, the individual has an employment contract covering part-time hours at least at the minimum wage level. E.g. a payment of £9622pa would be the equivalent of about 24 paid hours per week for a 21-24 year-old. The rest of the time is their own and, although they might be doing things in connection with their traineeship programme within that time, the agreement with the individual must explicitly state that this is their own time (i.e. any service to the church in this time is 'volunteering' and they are not bound in any way).

Notes:

- a) For the employment part – all of the points under Model 2 above apply – i.e. the church has the full responsibilities of the employer, must meet NI and tax obligations, and all other employer responsibilities. It is very important to explicitly state that the any time over and above (e.g. above 24 hours per week) is not compulsory and to clearly outline the duties to be done and the number of hours to be worked within the contract.
- b) For the volunteer part – all the points under Model 1 above apply – e.g. there can be reimbursement of expenses but no allowance or grant.
- c) This ensures that the minimum wage regulations are met, but the **serious risk** is that that HMRC might form the view that the hours over 24 are still "working" and that the mixed employee/volunteer economy was a device to get round the regulations.

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<sup>7</sup> The minimum wage is a minimum and churches should refer to the points [above](#) concerning proper support.

<sup>8</sup> A common problem is that an employee may be paid the minimum wage for a 36 hour week but actually be working 50 hours. Without wanting to encourage a culture of 'clock watching' – it would be good for churches to keep careful records of time working in the church building as that these can be shown to HMRC on request.

<sup>9</sup> It may be possible to pay minimum wage inclusive of housing but the safest position (with respect to HMRC) and more generous position would be to pay minimum wage plus extra to cover housing. Legal advice would be advisable here.

<sup>10</sup> It would be advisable to seek professional payroll advice in this area – e.g. whether to have a housing allowance line on wage slips.

- d) In practice the main situation where this mixed model will be appropriate is in the situation where there is a very clear demarcation between the two roles (distinct and separate) and preferably different work places. For example trainee Mr Y may spend Monday and Tuesday serving at a church café (employed) and Wednesday to Friday in training or church activities (volunteer). However if Miss X spends Monday and Tuesday processing Gift Aid in the church accounts office and Wednesday to Friday doing general accounts and payroll in the church accounts office then it is not possible to argue that one is volunteering and one is employed.

#### Model 4: Trainees are enrolled in a state-recognised apprenticeship or study programme

This option is **unlikely to be suitable** for most churches. HMRC-recognised training schemes now almost always require accreditation by the Department of Education. Recognition of a church or regional ministry training course as an educational institution is difficult and costly to achieve. Formal legal apprenticeships (NVQ etc.) are highly specialised and putting in all the required features and options would likely make the programme unwieldy and increase the risk of human error in implementation.

What may be more achievable (as mentioned under [Model 1](#)) is that trainees have an explicit training agreement and receive a training bursary paid by the church in an arrangement which is officially signed off by the HMRC on a church by church basis. For churches with a large traineeship programme, this may be an option worth pursuing.

#### Getting further advice

[9:38](#) can provide, on request, template ministry trainee agreements that have been used by churches to take on trainees as volunteers.

[Stewardship Services](#) offer a range of financial services of use to trainees and churches including excellent [training on personal support raising](#) (costing £60-80) and [payroll services](#). There also a whole host of helpful [resources](#), papers and blog pieces on different areas of support, tax and budgeting, both for gospel workers and churches.

[Mark Mason Employment Law](#) have a lot of experience in legal support to churches in relation to HR. Similarly, [Barlow Robbins Solicitors](#).

[Edward Connor Solicitors](#) have three packs detailing employment and tax law as it touches on the issues of hosting and using employees, volunteers and staff. These are sold directly by EC and are now available for on-line purchase through their website.

Edward Connor	<i>Costs (GBP):</i>		
<i>Pack covering:</i>	FIEC churches	Non-FIEC churches	Non-churches
Employed Staff	200	250	300
Volunteers	50	75	100
Church office holders	75	100	N/A

The first two categories – employed and volunteers – are the most relevant to ministry trainees. It is unlikely that the trainee would be an office holder. Those using these packs appropriately would be HMRC compliant. The volunteer pack is drafted to cover the volunteer ministry trainee situation. At the moment it doesn't fully cover the giving of 'grants' but generally warns against it.

## Stewardship Individual Recipient Account

This account is specially designed for gospel workers to receive support from partners (friends, relatives and trusts). The person wishing to open an account applies to Stewardship, explaining what ministry they will be doing and/or what training they will be receiving and also giving details of their income sources. Stewardship assesses whether they are able to approve their ministry and training as charitable work (most ministry training courses will be perfectly acceptable) and also assesses what would be a reasonable level of income for them to be receiving.

Supporters of the trainee / ministry worker are then able to pay gifts into the Individual Recipient Account. Gifts are being given, in the first instance, to Stewardship so, where the giver is a UK tax payer, Stewardship as a charity is able to claim Gift Aid.<sup>11</sup> Stewardship then makes regular (e.g. monthly) grants to the trainee / ministry worker from their Individual Recipient Account. These come plus Gift Aid (where that has been claimed) but minus a 3% admin charge (e.g. £100 gift might gain Gift Aid to become £125 and then arrive with the recipient net of admin charge as £121). Stewardship determine a maximum level of grant (according to what is reasonable given the nature of the ministry and personal income/needs) but it would be rare that someone would manage to raise in excess of this maximum.

The advantages of such an account include:

- Gift Aid – can be claimed from gifts by non-family UK tax payers, very helpfully boosting the amount.
- Accountability – Rather than gifts coming straight to the trainees account (in which case the church has no idea whether the trainee might be oversupplied while continuing to ask for more support) gifts are channelled through Stewardship who are aware of the individual's income streams and needs and set a reasonable amount and maximum level of support.
- Credibility – in the eyes of givers, who know that the individual and the ministry they are doing has been 'checked out' by Stewardship and they have a secure, professional gateway for giving rather than transferring to a personal bank account.
- Regular grants – The individual receives regular payments into their personal account from the Stewardship account, similarly to a salary, smoothing the ups and downs of giving (e.g. irregular one off gifts) and making budgeting much easier.
- Ease for accounting and tax purposes – If the individual is self-employed (as recommended) then it is much easier for them to fill in their self assessment tax return as they can see much more easily that the regular lump sums from Stewardship rather than having numerous monthly and one off payments of different amounts.

You can find out more about the Stewardship Individual Recipient Account and make an application at <https://www.stewardship.org.uk/receive-funds/christian-workers>.



Serving the local church in the task  
of raising up workers for the harvest field

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<sup>11</sup> Except in the case of gifts from a close relative, which are not eligible for Gift Aid.