Parish
Guide to Recruitment & Employment

Section 2
Employment

Updated 28 October 2025

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INTRODUCTION

Promoting a Safer Church

This Guide should be read in conjunction with the Church of England's "*Safe Recruitment and People Management Guidance",* which outlines the Church's commitment to promoting a safe environment and culture across all Church bodies by setting out safer recruitment/appointment processes and ensuring continued vigilance once someone is in role.

https://www.churchofengland.org/safeguarding/safeguarding-e-manual/safer-recruitment-and-people-management-guidance

We have developed a series of helpful guides including:

Section 1:	**Guide to Recruitment**
Section 2:	**Guide to Employing People**
Section 3:	**Guide to Employing Young People, Internships and Work Experience**
Section 4:	**Guide to Recruiting Volunteers**
Section 5:	**Guide to Pensions & Auto Enrolment**
Section 6:	**Guide to Redundancy** (available on request)

These guides aim to ensure that you are equipped with the information and tools to enable you to meet your legal responsibilities when recruiting and employing someone. Whether you are employing just one person, or many, it is important you have the relevant documentation, policies and procedures in place.

Safer recruitment and people management goes beyond simply obtaining a Disclosure & Barring Service (DBS) Certificate. The reality is that many people who have abused or will abuse in positions of trust do not have a criminal record.

Important!
Between 6 April 2025 to 2027 the new ***"Employment Rights Bill"*** is due to come into force and will introduce a number of changes to employment legislation including contracts, pay, sick pay, parental pay and flexible working. Please ensure that you check on the Gov.UK website for details of current information.

DOCUMENTATION

It is essential that you and your employees/workers have the relevant paperwork to ensure you comply with employment legislation. Where a written contract does not exist, the employee is protected by statutory legislation. It is a legal requirement to provide all employees/workers with a written Statement of Main Terms of Employment within the first month of commencement. By doing so, you will offer protection to the employee, but also you as the employer.

There can be many types of paid workers involved in parish life, including PCC employees, self-employed people and individuals who may help out from time to time. It's not always easy to know whether someone is employed, self-employed, a casual worker, or volunteer, and what action you need to take. However, it is your responsibility as an employer, to verify the correct employment status of each of your workers.

Employment status

A PCC needs to ask the following questions in determining a person's employment status for tax purposes.

Is there a contract?

A contract is an agreement between parties, which may be written, oral or implied, or a combination of these.

There are three main elements of a contract of service (employment) or, for services (self-employment):

- An offer of work and an acceptance of this offer.
- The intention to enter into legal relations.
- Consideration (usually – but not always – payment in return for the services provided).

If there is a contract, is the worker an employee or are they self-employed?

There is no single test which will provide an answer to this question. All the circumstances of the arrangement need to be taken into account. As a general guide, the HMRC guidance suggests that if the answer to all the following questions is 'Yes', the worker is probably an employee.

"Employee"

Someone who works for a business is probably an employee if most of the following are true:

- They're required to work regularly unless they're on leave, for example they're on holiday or on sick leave or on maternity leave.

- They're required to do a minimum number of hours and expect to be paid for time worked.
- A manager or supervisor is responsible for their workload, saying when a piece of work should be finished and how it should be done.
- They cannot send someone else to do their work.
- They get paid holiday.
- They're entitled to contractual or statutory sick pay, or, maternity pay or, to paternity/parental pay.
- They can join the organisation's pension scheme.
- The organisation's disciplinary and grievance procedures apply to them.
- They work at the organisation's premises or at an address specified by the organisation.
- Their contract sets out redundancy procedures.
- The organisation provides the materials, tools and equipment for their work.
- They only work for the organisation or if they do have another job, it's completely different from their work for the organisation.
- Their contract, statement of terms and conditions or offer letter (which can be described as an 'employment contract') uses terms like 'employer' and 'employee.'

If most of the above do not apply, you should work out if the person is self-employed.

"Self Employed"

If the answer is 'Yes' to the following statements, it will usually mean that the worker is self-employed.

- They put in bids or give quotes to get work.
- They're not under direct supervision when working.
- They can substitute someone else to do the work or engage helpers at their own expenses.
- They can decide what work to do, and when, where or how to do it.
- They submit invoices for the work they've done.
- They're responsible for paying their own National Insurance and tax.
- They do not get holiday or sick pay when they're not working.
- They operate under a contract (sometimes known as a 'contract for services' or 'consultancy agreement') that uses terms like 'self-employed', 'consultant' or an 'independent contractor'.
- They provide the equipment needed to do the job.
- They agree to do a job for a fixed price, regardless of the length of time it may take.
- They regularly work for a number of different people.

- They have to correct unsatisfactory work in their own time and at their own expense.

Further useful information is available on the following link:

https://www.gov.uk/employment-status/selfemployed-contractor

Employment rights

If someone is self-employed, they do not have the rights and responsibilities of an employee or the rights and responsibilities of a worker. Employment law does not cover self-employed people in most cases because they are their own boss.

If a person is self-employed, they have:

Protection of their health and safety.
Protection of their rights against discrimination (in some cases).
The rights and responsibilities set out by the terms of the contract they have with their client including confidentiality, data protection, intellectual property etc.

Further useful information available on the following link:

http://www.parishresources.org.uk/people/paye/

Contract of employment

A contract of employment is an agreement between an employer and employee which is legally binding. The term is defined by the **Employment Rights Act 1996* as a contract of service or apprenticeship.

Any employee who has been employed for one month, or more, has the statutory right to a written statement of particulars of employment. However, it is best practice to provide this prior to their start date and ask for a copy to be signed and returned before their first day at work. This way you know everything is agreed and in order before they start, and the employee is also clear on the terms under which they accept the appointment.

Employment contracts consist of a mixture of express and implied terms.

Express terms:

Those that are actually stated in writing and which must meet minimum legal standards in many areas, such as the right to paid holidays and the right to rest breaks.

Implied terms:

Those that are not necessarily written down but still apply. For example: a duty of mutual trust and confidence between the employer and employee.

Legally, there are minimum terms that need to either be included in a basic statement of terms/contract or another document. As a parish you should plan, in advance, what terms you intend to offer your employee.

If you employ more than one person, these terms should be kept as consistent as possible.

Fixed term Contracts

You may want to use a fixed-term contract for a range of different reasons, including:

- To cover maternity leave.
- To cover long-term sick leave.
- For a specific project or short-term period.

Fixed-term employees have the right not to be treated any less favourably than comparable permanent employees. Therefore, they are entitled to the same equivalent benefits. Normally the only difference in the written contract would be in relation to an end date (and any notice required etc) and perhaps a pro-rata holiday allowance and salary.

It is important that fixed term contracts explain whether notice to end the contract is required or not, and whether it can be ended because of a specific event, for example, because of a withdrawal of funding from an outside party.

Where a fixed-term employee's contract is terminated, this amounts to a statutory dismissal, even if this is at the expiry of the fixed term. It is important to remind the employee that the fixed term period will be ending at the expiry date by giving them formal written notice.

Where the employee has more than 2 years' continuous service, they will have full employment protection including the right to claim unfair dismissal. This means that you should follow a statutory redundancy procedure. For advice and support on redundancy process, please contact the diocese HR team for advice and to obtain a copy of the *"Redundancy Guide for Parishes"*.

Any fixed-term employees who have been on successive fixed-term contracts will automatically become permanent employees after four years continuous service.

Statement of Terms and Conditions of Employment

(See Appendix 16 – Template Statement of Terms)

The following information should be included within the written statement of terms. (Supplementary information can also be provided within a staff handbook):

- Name of employer.
- Name of employee.
- Date when employment began.
- Date when continuous employment began.
- Scale or rate of salary (or pay) or the method of calculating pay (perhaps if hourly paid).
- Intervals at which remuneration will be paid.
- Details relating to hours of work (which will include normal hours of work).
- Holiday entitlement (with details regarding accruing holiday pay, for example on termination of employment).
- Job title or brief job description (although the full list of duties is not appropriate as it is better if these are not contractual).
- Normal place of work.
- Terms relating to sickness absence and sick pay.
- Details of pension and pension scheme.
- Period of notice which each party must give to terminate the employment.
- The termination date of a fixed term contract or the likely length of a temporary contract.
- Details of any collective agreements which may affect the terms and conditions of the employment.
- Details of the disciplinary and grievance policy and procedures, including details of the name of the person(s) to whom the employee can raise a grievance or appeal if they are dissatisfied with any disciplinary decision.

Further information about statutory entitlements and best practice with regard to the above employment terms, are contained within this guide.

The employee should be provided with two copies of the contract or Statement of Terms of Employment, each signed by the employer and the employee. Once fully signed by both parties, one copy should be retained by the employer with the other copy being retained by the employee. Usually, these contracts are sent out to prospective employees as part of their offer and are therefore accompanied by an offer letter.

Offer Letter

(See Appendix 17 – Template Offer letter)

The offer letter provides an opportunity to confirm details and provide information such as arrangements for their first day, who they should report to, what they should bring and other general information.

Personal Details

(See Appendix 18 – Template Personal Details form)

You may also wish to include a personal details form asking for any information you need for their employment which you may not already have from the recruitment stage, such as NI number, date of birth and bank details.

Variations to the Contract of Employment

(See Appendix 19 – Template Contract Variation letter)

Any changes to the contract should be made with the mutual agreement of both the employer and employee, and any changes must be confirmed in writing to the employee. It is also recommended as best practice to provide two copies of such letters so that the employee can sign and return one to you which can be place alongside the original contract as a variation to terms.

The example used in the template is for a change of hours but can be altered to reflect other contractual changes.

Self-Employed Contract for Services

(See Appendix 20 – Template Contract for Services)

If an individual is identified as being self-employed, it is always a good practice to provide a contract for services, in writing.

It is recommended you ensure that the following is in place at the point of signing:

- Commencement date and duration of the agreement - clear parameters should be given.
- Purpose of the agreement - a scope of the work required.
- Fees - is it a 'one-off' fee or hourly rate?
- The ability to provide a substitute worker, in the event that the individual is not available.
- Confidentiality and data protection rights.
- Publication of material - who owns the 'intellectual property' rights? Normally this would be the employer/PCC.

- Insurance and liability - the individual should have their own public liability insurance.
- Termination clause.
- Try to avoid employment phrases such as 'line management', 'salary' or 'job description' as this will make the employment status ambiguous.

Remember:

HMRC may want to look at both the written contract and your working relationship with the individual. It is therefore necessary to ensure that regular reviews take place so that the documentation reflects the true situation.

Organists / Director of Music

It is common for parishes to use a self-employed contract for services for organists, however, please carefully consider whether this is the most appropriate form of contract to use. HMRC, or an employment tribunal are likely to use the same employment indicators for determining employment status, listed earlier in this document

STAFF HANDBOOK

(See Appendix 21 – Template Staff Handbook)

Whether you have just one, or many, employees, you should have a means of communicating to your staff any general information of standard practice and various policies and procedures.

The best way to do this would be to produce a Staff Handbook, or a set of key policies and procedures, which is readily accessible to all staff on a consistent basis.

A Staff Handbook provides information on a variety of employment issues, such as sick pay, holiday entitlement, etc. and gives staff one document they can refer to covering the most common employment related questions.

Suggested topics to consider for your handbook include:

<u>Background information</u>:

Brief description of activities; an organisation chart; etc.

<u>Internal policies</u>:

Health and safety; disciplinary and grievance; equal opportunities; or any policy that you find is relevant to your organisation may be included.

<u>Amenities</u>:

Floor plan or map; public transport; parking etc.

Try to keep the information simple and easy to read and illustrate wherever possible with charts or diagrams. As this is usually a long document, you should include an index.

EMPLOYMENT TERMS

Here is some useful information you may need to know about the various employment terms contained within the Statement of Terms:

Probationary Period

Purpose

The purpose of the probationary period is to ensure both the employer and employee are happy with the appointment and that expectations are met on both sides.

Duration

It is common for the initial weeks or months any new employment to be regarded as a *"probationary period"*. The length of the probationary period will be detailed in the Statement of Terms and will typically be between three or six months, depending on the type of position. Usually, the more senior the position, the longer the probationary period.

Induction

It is important during the probation that the employee and line manager meet regularly to monitor and assess performance. This can be supported by having a well-planned induction. An induction checklist should be drawn up setting out the key things a new employee will need to know to enable them to settle in quickly.

Usually, a series of goals or targets are set during their first few months of employment. Conversations around these targets should be documented and recorded. It is also important to raise any performance concerns with the employee as soon as possible, and to clearly explain the expected level of performance, which should give them the opportunity to make improvements or undertake further training. These conversations should also be recorded on the employee's file.

Extensions

Should the employee's performance remain unsatisfactory by the end of the probationary period, the employee's probation may be extended for a further period to allow additional time for the employee to attain the expected standards of performance, or alternatively, the contract may be terminated. Any extension to the probationary period should be confirmed in writing.

Notice period during probation

The contract will usually state a reduced period of notice within the probationary period; often this will be one or two weeks.

Termination of employment during probationary period

Prior to any termination, an evaluation meeting should take place and the issues concerning their unsatisfactory performance discussed. The normal disciplinary code of practice applies, including the right to be accompanied to the meeting and the right of appeal. (Please seek advice from the diocesan HR team if you are unsure.)

Confirmation to permanent staff

Where there are no issues, and the employment is confirmed to permanent, this should be confirmed to the employee, in writing.

It is important to remember that having a probationary period within the contract serves more to set an expectation of how performance will be monitored, and that should the employee not be suitable, their employment could be terminated. However, the process is not contractual, and the normal disciplinary /capability process should always be followed, albeit a shorter version, due to the length of service.

Pay

When considering the rate of pay you intend to offer for a post, it's important to consider the following:

- Is the level of pay sufficient to attract suitable candidates?
- Is the level of pay and room for growth suitable to retain good employees?
- Does the level of pay accurately reflect and reward employees for their loyalty, effort and experience?
- Is the level of pay comparable with similar roles?
- Does it meet the 'real' living wage?

Where funding has been obtained for a particular post, you will need to consider the total cost of the appointment over the period of the project to ensure you have sufficient funds. On top of basic salary costs, you will need to think about: future cost of living increases; training; equipment; expenses; employers National Insurance; pension costs and provision for redundancy payments, if applicable.

Real Living Wage / Legal Minimum Wage

Whilst the National Living Wage and National Minimum Wage are a legal statutory minimum requirement, the Diocese of Rochester encourages the payment of the UK 'Real' Living Wage.

Please see the pay scales below.

UK 'Real' Living Wage

(NB: Please check, as the rates change in October every year):

As of October 2025: £13.45 per hour (£14.80 in London).

Legal Statutory Minimum Wage

(NB: Please check, as the rates change on 1 April every year).

As of April 2025:

National Living Wage (for those aged 21 or over)

National Minimum Wage (for those of at least school leaving age) are set out below:

Age	21 and over	18 to 20	Under 18	Apprentice
April 2025	£12.21	£10.00	£7.55	£7.55

Please see the link below for further guidance and information on pay:

https://www.gov.uk/national-minimum-wage-rates

Holiday Entitlement

Statutory holiday entitlements

The Working Time Regulations state that all employees are entitled to a minimum of 5.6 weeks holiday which may include bank holidays (8 per year).

A full-time employee working 5 days per week would equate to 28 days per year.

To calculate a part time holiday entitlement, you need to multiply 5.6 weeks by the number of days or hours they work which will give you the minimum number of days or hours holiday they are entitled to.

You may choose to offer more than the statutory minimum holiday, or you may opt for a holiday entitlement which increases with length of service.

You can find a minimum holiday entitlement calculator by going to the link below:

https://www.gov.uk/calculate-your-holiday-entitlement

Policy

If you have more than one employee, it is important that you have a fair and consistent policy of allocating holiday entitlements for both full time and part time employees.

Holiday booking process

It is a good idea to have a holiday booking and authorisation process, to ensure that certain employee's holidays do not conflict with one another, and so you have a clear picture of staffing levels and outstanding holiday balances throughout the year.

Setting out these holiday rules in a policy, or staff handbook, will help prevent confusion and conflict arising and help you to remain as consistent and fair as possible.

Carry over

Employees may be allowed to carry over holiday into a new holiday year providing they have taken their minimum entitlement. If you do not offer anything more than the minimum entitlement, you may need to be clear about a 'use it or lose it' policy to encourage employees to take all of their entitlement within the current year.

Restrictions

You may wish to make certain restrictions on the time at which holiday is taken depending on busy or quiet periods. For example: children's workers may need to take their holiday outside of term time only. Should you close the office at certain times, such as Christmas, you make need to specify the number of days employees will need to retain for these days.

Pensions Arrangements

(See Employment Guides/Section 5/Pensions – Guide to Auto Enrolment)

Under the Pensions Act 2008, (Workplace Pensions Law), every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. This is called 'Automatic Enrolment'. If you employ at least one person you are an employer and you have automatic enrolment duties that you must comply with. If you fail to comply with your duties, the Pensions Regulator may take enforcement action and issue a notice and/or a penalty.

Your pension duties in more detail:

Monitor the ages and earnings of your staff

You must monitor the ages of your staff and the amount you pay them, (including new starters), to see if you need to put any of them into a pension scheme. You must put them into a pension scheme and write to them within six weeks from the day they meet the age and earnings criteria.

If you have any staff who meet the following criteria, they must be enrolled into your pension scheme, and both the employer and employee must both pay into it:

Aged between 22 up to state pension *age.
Earn over £10,000 per year, or £833 per month or, £192 per week,

*If you are unsure what the state pension age is you can use the *State Pension Calculator* to find out.

Maintain contributions

Once you have set up a pension scheme and put your eligible staff into it, your legal duties don't end there. You must continue to make the payments that are due into the scheme every time you run payroll. The pensions regulator monitors the contributions that are paid into workplace pensions and can tell if payments that are due are not being made into your staff's automatic enrolment scheme. If you fail to comply with your ongoing legal duties, they will take action, and you may need to backdate any missed payments.

Manage requests to join or leave your scheme

If any of your staff, who can ask to join your scheme write to you asking to do so, you must put them into it within a month of receiving their request.

You will have to pay into the pension scheme if they are:

Aged 16-74.
Earn at least £520 a month or £120 per week.

To find out how much you will need to pay you should ask your pension scheme provider.

Opting out

Any of your staff can choose to leave your pension scheme after being put into one. If they do ask to leave within one month of being put into a scheme, this is known as 'opting out'. Many pension providers will manage the opt out process on your behalf. Speak to your provider if you're unsure. If any of your staff opt out, you need to stop taking money out of their pay and arrange a full refund of what has been paid to date. This must happen within one month of their request.

Keep records

You must keep records of how you've met your legal duties, including:

The names and addresses of those you've put into a pension scheme.
Records that show when money was paid into the pension scheme.
Any requests to join or leave your pension scheme.
Your pension scheme reference or registry number.

You must keep these records for six years except for requests to leave the pension scheme which must be kept for four years.

Re-enrolment and re-declaration

Every three years, you will be required to re-enrol staff back into your pension scheme if they have left it, and if they meet the criteria to be put into a pension scheme. This is known as 're-enrolment'. The pensions regulator will write to you in advance of your re-enrolment date to explain more.

Further useful information can be found at the link below:

https://www.thepensionsregulator.gov.uk/en/employers/new-employers

Expenses

An agreement should be made with the employee in advance, or, set out a policy in your staff handbook so that it is clear what expenses will be paid. Reimbursement should be subject to authorisation and the completion of an Expense Claim Form, with receipts attached so you have records in the event of an audit.

Mileage expenses should be paid at the statutory rate of *45p per mile for the first 10,000 miles.

Please check the gov.uk website on the link below, as rates may change from time to time:

https://www.gov.uk/expenses-and-benefits-a-to-z

Notice Periods

Notice given to terminate a contract of employment or contract for services should always be made in writing. This is to avoid any misunderstandings or claims that may arise from the termination of a contact.

When an employee leaves employment, they will usually be expected to work a notice period. A notice period is the amount of time an employee is legally or contractually required to work for their employer after they resign, are dismissed, or are made redundant.

The length of a notice period depends on the following factors:

How long the employee has worked for their employer.
What is agreed in their employment contract or [written statement of employment particulars].
Whether they have been dismissed, made redundant, or have resigned.

Often, notice period will begin at one calendar month. Some employers choose to increase this with length of service up to a maximum of 12 weeks. Most employers will not require more than 3 months' notice, other than for very senior director level positions.

The notice period you decide upon will be given on either side, which means that the employee must give you this notice if they resign but you as the employer must also give this notice should you need to terminate the employee's contract for any reason, other than gross misconduct.

An employee must receive at least the legal *'statutory minimum notice period'* if they:

Are [legally classed as an employee].
Have worked for the employer for at least a month.

Statutory Minimum Periods of Notice

There are legal statutory minimum periods of notice the employer should give depending how long the employee has worked for the employer:

Length of service	Minimum periods of notice
1 month to 2 years'	1 week
2 years' to 12 years'	1 additional weeks' notice for every full year of employment worked to up a maximum of 12 weeks'
12 years' or more	12 weeks'

*When an employee does not have to work notice

Instead of working their notice period, an employee may:

- Ask to leave during their notice period.
- Ask or be asked to take accrued holiday during their notice period.
- Be offered payment in lieu of notice (PILON).
- Be offered 'garden leave'.

**NB: These options will very much depend on the wording set out in the contract. They cannot be imposed on the individual unless they are already an express term of employment. They may be available options but subject to mutual agreement.*

Leaving during a notice period

The employee can request to leave employment before their notice period ends.

They should seek agreement from their employer in writing. If the employee does not obtain agreement to leave early, they could be in breach of contract. If the employee leaves early, the employer will only have to pay them for the time that they’ve worked.

Payment in lieu of notice (PILON)

A clause in an employee's contract might allow payment instead of working their notice. This is called 'payment in lieu of notice' or 'PILON'. This means they would stop working straight away.

Depending on the wording of the clause, the employer might be able to insist on payment in lieu of notice.

The employer must give the employee full pay for their notice period. The contract will end straight away, so it's unlikely they'll have to provide other contractual benefits.

If it's not in the contract

The employer can ask the employee to agree to payment in lieu of notice.
If the employee agrees, the employer must give them full pay for their notice period. The employer might agree to provide other contractual benefits.

The employer cannot force an employee to agree to payment in lieu of notice if it's not in their contract.

An employee could make a claim to an employment tribunal for breach of contract if they're dismissed sooner than their notice period ends.

If you are an employer considering payment in lieu of notice and it's not in your employee's contract, you should get legal advice.

Final Pay

When someone leaves a job, their final pay will often be different from their usual weekly or monthly pay.

Final pay might change because of things like:

- How much_holiday they've taken.
- Money deducted for training courses.
- Redundancy pay included in final pay.

- Not needing to work their notice.
- An employer must pay their employee 'in lieu' for any untaken statutory holiday entitlement they've accrued when they leave. This means the employer pays the employee holiday pay, instead of them taking the holiday.

If the person leaving has taken more holiday than they have built up (accrued), you may make a deduction from final pay if both the person has taken more holiday than they have accrued up to their termination date, and it' is agreed in the contract, or in writing beforehand.

You should make sure the person leaving understands how their final pay was calculated. For example, it should be clear in the payslip what each payment or deduction is for. To avoid any misunderstandings, it is a good idea to provide the employee with a letter acknowledging their resignation and setting out final payment arrangements.

(Please see Appendix E11 – Response to resignation letter.)

When an employee leaves their job, you must give them a P45.

Garden Leave

‘Garden leave’ (also known as ‘gardening leave’) is the practice whereby an employee leaving a job, (having resigned, or otherwise had their employment terminated), is instructed to stay away from work during the notice period, while still remaining on the payroll.

Employees continue to receive their normal pay (and any benefits) during garden leave and must adhere to their terms and conditions of employment, such as confidentiality, at least until their notice period expires.

The main reason for placing an employee on garden leave will be to protect the business. This could be because the employer does not want the employee to have access to sensitive or confidential information they could use in a new job, or to influence other employees.

PAYING PEOPLE

When you employ someone, you must ask for evidence of their National Insurance Number such as on a P45 or P60. You should enter this number on any communication with the Inland Revenue about that employee. This number will give them the information they need to check that the employee is paying the correct rate of NICs and will allow them to register the person's payments.

PAYE obligations

As soon as you employ someone, you will need to register with the HMRC as an employer if the following applies:

The employee already has another job, or they are receiving a state, company or private pension.

You are paying them at or above the National Insurance Lower Earnings limit (LEL) (For 2024/25 this is £123 per week), or above the PAYE threshold (which is higher than the LEL).

You are providing them with employee benefits.

If you decide to run your own payroll function, you will have a number of legal obligations to comply with:

Pay as You Earn (PAYE) and Real Time Information (RTI)

As an employer you have a mandatory requirement to submit employee payroll information, including payments and deductions to HMRC each month on or before the day they are paid, this is known as Real Time Information, or RTI.

If you have payroll software, this should generate the reports you need to submit payroll information online. Alternatively, you can use the HMRC's basic PAYE tools.

PAYE tools and information are available on the link below:

https://www.gov.uk/basic-paye-tools

Please see the 'Parish Resources' website on the link below for more information:

http://www.parishresources.org.uk/people/paye/

What else is involved in operating a PAYE system?

Calculating and deducting PAYE Income Tax from an employee's pay.
Deducting employee's National Insurance Contributions (NICs) from payment of earnings you make to your employees.

Paying employer's NICs on those earnings to HMRC.
Recording the above deductions on the employee's P11 Deductions Working Sheet or equivalent record.
Showing the deductions of tax and employee NICs as separate items on the employee's pay slip.

NB: You have to pay all of these deductions to HMRC within set time limits.

Income Tax – Paye As You Earn (PAYE)

Tax is cumulative, so a lot depends on where you are in the tax year as to how much to deduct. There are three rates of tax: basic (20%), higher (40%), and additional, (45%). However, the average PCC will not employ anyone earning enough to be taxed at the higher rates.

For the tax year 2025/2026, earnings between £12,571 and £37,700 per annum are taxed at the basic rate of 20% on the earnings that are over the threshold, and earnings above that should be taxed at a rate of 40% to 45%

Example PAYE tax rates and bands:

Tax rate for employees earning
less than £12,570 per year: 0%

Tax rate for employees earning
between £12,571 - £37,700 per year: 20%

Tax rate for employees earning
Between £37,701 - £125,140 per year: 40%

Tax rate for employees earning
over £125,140 per year: 45%

Example:

An employee who earns over the PAYE threshold of £242 per week (£1,048 per month), is liable to pay tax on earnings at the basic rate of 20%. If you have a software package it will make the calculations for you, but to help you see what would be deducted, the table below shows the calculations. The calculations for this employee's PAYE, assuming earnings of £280 per week, are as follows:

£280	-	£242	=	£38	x	20%	=	£7.60
Weekly earnings		PAYE threshold		Taxable pay		Basic rate		Amount payable

For more information on rates and thresholds go to the link below:

Rates and allowances: National Insurance contributions - GOV.UK

National Insurance Contribution (NIC's)

Employees whose earnings fall below the Lower Earning Threshold (LEL) do not need to pay NIC's.

For the tax year (2025/2026) the threshold levels are as stated below:

The LEL is £125 per week).

The primary threshold (employees) is £242 per week/£542 per month/£6,500 per year.

The secondary threshold (employers) is £96 per week/£417 per month/£5,000 per year.

Your software package should calculate the amounts to be deducted and paid over to HMRC.

These rates will vary depending on the applicable tax year and government guidelines. Please check the applicable rates at the time of recruitment.

This can be found by going directly to the information available on the government website on the link below:

https://www.gov.uk/guidance/rates-and-thresholds-for-employers

Working over State Pension Age

You will need to update your payroll records when any of your employees reaches state pension age by changing their National Insurance category to "C" in your payroll software to deducting national insurance from their pay. However, you will still need to pay 'employer' contributions for them (providing their earnings are above the minimum threshold levels.)

Getting Proof

Your employee will need to provide proof that they have reached state pension age by showing you their birth certificate, passport or, a *certificate of age exemption (form CA4140). Please note that *CA4140 forms are no longer being issued so unless they already have one, they will not be able to obtain one.

Statutory Sick Pay (SSP)

NB: Please check: SSP eligibility rules may change with the new employment rights bill.
Statutory Sick Pay (SSP): employer guide: Overview - GOV.UK

Currently, for employees who earn an average of £123 per week or more, you will have to pay statutory sick pay (SSP). This is the minimum level of payment you should make to an employee who is off work through illness, however, you may offer enhanced sick pay benefit depending on your policy.

You must pay SSP to employees who cannot work because of illness or disablement for four or more days in a row. The first 3 qualifying days are called 'waiting days''.

The same rate of SSP applies to all employees, although the amount that you must actually pay an employee for each day that they're off work due to illness, (the daily rate), depends on the number of 'qualifying days' they work each week.

The current (2025/2026) weekly rate for Statutory Sick Pay (SSP) is £118.75. It is payable for the days an employee normally works in a week – these are called 'qualifying days''. An employee is entitled to receive SSP for a maximum of 28 weeks in any one period of sickness, or linked periods of sickness. A linked period of sickness is where the gap between individual periods of sickness is less than 8 weeks. You must deduct income tax and NICs where appropriate.

A useful Statutory Sick Pay calculator is available at the link below:

https://www.gov.uk/calculate-statutory-sick-pay

Alternatively, you can work out your employee's sick pay, or read how to work it out manually by going to the link below:

https://www.gov.uk/guidance/statutory-sick-pay-manually-calculate-your-employees-payments

Statutory Maternity, Paternity, Adoption, Shared Parental, Parental Bereavement and Neonatal Care Pay

Any individual who becomes a parent may be entitled to statutory maternity, paternity, adoption, shared parental, parental bereavement and neonatal care pay.
To qualify for any of these payments, the individual must be employed by you. Please see separate policy guidance on Family Leave contained within the Section 3 – Policies and Procedures.

To work out your employee's benefit rates please use the maternity, adoption and paternity calculator for employers found on the gov.uk website at the link below:

- Statutory Maternity Pay (SMP)
- Paternity, Parental or Adoption Pay
- Qualifying week
- Average weekly earnings

- Leave period

A useful maternity/paternity pay calculator can be found at the link below:

https://www.gov.uk/maternity-paternity-calculator

Type of payment or recovery (2025/2026 rate)

Statutory Maternity Pay (SMP) Weekly rate for first 6 weeks	90% of the employee's average weekly earnings
Statutory Maternity Pay (SMP) Weekly rate for remaining weeks	£187.19 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Paternity Pay (SPP)	£187.18 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Adoption Pay (SAP) Weekly rate for first 6 weeks	90% of the employee's average weekly earnings
Statutory Adoption Pay (SAP) Weekly rate for remaining weeks	£187.19 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Shared Parental Pay (ShPP) Weekly rate	£187.19 or 90% of the employee's average weekly earnings, whichever is lower
Shared Parental Bereavement Pay (SPBP) Weekly rate	£187.19 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Neonatal Care Pay (SNCP) Weekly rate	£187.19 or 90% of the employee's average weekly earnings, whichever is lower
SMO, SPP, ShPP, SAP, SPBP, or SNCP Proportion of your payments you can recover from HMRC	92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year 108.5% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower

Benefits in Kind

If you're an employer and provide expenses or benefits to employees or directors, you must usually:

Report them to HM Revenue and Customs (HMRC).
Pay tax and National Insurance on them.

Examples of expenses and benefits include:

- Company cars.
- Health insurance.
- Travel and entertainment expenses.
- Childcare.

Not all benefits are taxable, and some taxable benefits are treated differently from others.

If you provide a taxable benefit to an employee there are ways to report it to the HMRC.

For more information go to the link below:

https://www.gov.uk/employer-reporting-expenses-benefits/reporting-and-paying

Further information is available using the link below:

Print Expenses and benefits for employers: Overview - GOV.UK

Student Loans

If your employees' earnings are above the earnings threshold you will have to make deductions for student loan and postgraduate loan recovery. Your payroll software will automatically calculate and deduct repayments from their pay.

Payslips

You must provide your employees with a pay statement for each pay period detailing what they have been paid for, any deductions made, including tax and NI.

USEFUL LINKS & CONTACTS

Links

The ACAS employment advice website:
http://www.acas.org.uk/index.aspx?articleid=1461

Government website where you can find out information on statutory entitlements:
https://www.gov.uk/

Tax office online employer services:
https://www.gov.uk/log-in-register-hmrc-online-services/sign-in

Church of England Parish Resources with advice on paying people:
http://www.parishresources.org.uk/people/paye/

Chartered Institute of Personnel and Development
https://www.cipd.gov.uk

Contacts

ACAS helpline (Free impartial advice for employers and employees) https://www.acas.org.uk/advice	0300 123 1100
HMRC employer helpline (Advice on PAYE, RTI, SSP, SMP, SPP) https://www.gov.uk/contact-hmrc	0300 200 3200
Natasha Clement Head of People Natasha.Clement@rochester.anglican.org	01634 560000
Jill Oxland HR Assistant jill.oxland@rochester.anglican.org	01634 560000
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John Jackson Director of Finance John.Jackson@rochester.anglican.org	01634 560000

APPENDICES

Template List

Recruitment Templates (R)

Appendix R1	Template Job Description
Appendix R2	Template CYP Job Description
Appendix R3	Sample Advert
Appendix R4	Sample CYP Advert
Appendix R5	Template Application Form
Appendix R6	Template Equal Opportunities Policy
Appendix R7	Religious Discrimination Legislation (incl. OR)
Appendix R8	Diocese Ethos and Values Statement
Appendix R9	Template Shortlisting Table
Appendix R10	Template Invitation to Interview Letter
Appendix R11	Template Not Shortlisted Letter
Appendix R12	Example Competency Interview Questions
Appendix R13	Template Interview Assessment Form
Appendix R14	Template Regret after Interview Letter

Employment Templates (E)

Appendix E1	Template Offer Letter
Appendix E2	Template Reference Consent Form
Appendix E3	Template Reference Request Letter
Appendix E4	Template Statement of Terms of Employment
Appendix E5	Template Safer Recruitment and Onboarding Form
Appendix E6	Template Health Declaration Form
Appendix E7	Template Personal Details Form
Appendix E8	Template Contract Variation Letter
Appendix E9	Template Contract for Services Agreement
Appendix E10	Template Staff Handbook
Appendix E11	Template Response to Resignation Letter
Appendix E12	Template New Employee (Payroll) Form

Volunteer Templates (V)

Appendix V1	Template Volunteer Application Form
Appendix V2	Template Volunteer CYP Application Form
Appendix V3	Template Volunteer Role Description
Appendix V4	Template Volunteer Agreement
Appendix V5	Template Ending Volunteer Agreement Letter

Other (as required)

CofE	Confidential Declaration Forms https://www.churchofengland.org/sites/default/files/2025-05/cofe-pn-for-cdf-e-manual-may-2025.docx