Lay Employment - FAQs

Contents

1. What resources and support are available to employing bodies regarding lay employment? 2
2. When should an employee be issued with a Written Statement of Terms and Conditions? 2
3. What pay and conditions should a lay employee receive? 2
4. Do we have to provide employees with payslips? 2
5. Do we have to set up a payroll for our employees? 3
6. Can we pay our church employee through the circuit payroll? 3
7. What is the minimum wage rate we have to pay staff? 3
8. When do we have to increase the pay of an employee paid the Real Living Wage rate? 3
9. Do we need to pay the Apprenticeship Levy? 4
10. How do we choose a pension scheme provider? 4
11. Which employees should be offered the opportunity to join a pension scheme? 4
12. For which employees do we have to make an employer's contribution to a pension scheme? 5
13. In what situations must we seek guidance from the District Lay Employment Team? 5
14. Who should be involved in the interview process for a new post? 6
15. What employee records do we need to keep and for how long? 6
16. Do we need to adopt our own employment policies and procedures, or can we use the general Methodist Church ones? 7
17. Do we need to check if an employee has the right to work in the UK? 7
18. How do we end a fixed-term contract? 8
19. How do we extend a fixed-term contract? 8
20. What do we do if we wish to end an appointment? 9
21. Who is entitled to receive redundancy pay? 9
22. Should employees have an annual appraisal? 9
23. How do we calculate part-time holiday entitlement (with or without Bank Holidays)? 10
24. Are staff on casual contracts entitled to holiday pay? 10
25. Is a Medical Report required for a new employee? 10
26. What is the difference between Statutory Sick Pay and Occupational Sick Pay? 10
27. What should we do if a prospective employee is on benefits? 11
28. What do we have to do if we wish to employ an asylum seeker? 11
29. Do we need to take out employers' liability insurance? 11

1. What resources and support are available to employing bodies regarding lay employment?

   Support is available from the District Lay Employment Team via Melanie Walsh, the District Lay Employment Officer:
   Email: layemployment@ywmethodist.org.uk
   Telephone: 01274 442671
   (Melanie works flexibly part-time with core hours of 9:30 am to 12:30 pm on Mondays.)

   The Lay Employment Resource on The Methodist Church website also provides useful information (https://www.methodist.org.uk/for-churches/employees-and-volunteers/lay-employment-resource/) **but please ensure you always contact the District Lay Employment Officer for current template documents**.

2. When should an employee be issued with a Written Statement of Terms and Conditions?

   An employee has the statutory right to be issued with a Written Statement of their terms and conditions of employment **on or before day one of their employment**. The relevant template for employing bodies to use should be obtained from the District Lay Employment Officer.

   The District Lay Employment Officer is available to assist with Written Statements and a draft copy **must** be sent to the District Lay Employment Officer via layemployment@ywmethodist.org.uk **before issue to the employee** so that guidance may be offered and the approval of the District Lay Employment Sub-Committee sought for any new or revised role as appropriate.

   Employment terms and conditions should be regularly reviewed, ideally every year, to ensure that they remain up to date with current employment legislation.

3. What pay and conditions should a lay employee receive?

   Pay and conditions for lay employees are ultimately the decision of the employing body (i.e. the Church Council for church employees or the Circuit Meeting for circuit employees).

   However, the template document for terms and conditions to be presented to employees in line with employment law requirements should be obtained from the District Lay Employment Officer.

   In addition to this, Yorkshire West Methodist District has agreed a District Lay Employment Policy, available from the District Lay Employment Officer on request, which sets out its own recommended pay ranges, as well as terms and conditions of employment, for lay employees in this District.

4. Do we have to provide employees with payslips?

   Employers **must** give all their employees and workers payslips, by law. Workers can include people on zero-hours contracts and agency workers. Agency workers get their payslips from their agency. A payslip must include the following:

- total pay before deductions (‘gross amount’);
- total pay after deductions (‘net amount’);
- amounts of any ‘rolled-up’ holiday pay;
- amounts of any ‘variable deductions’, where the amounts depend on the amount of pay, e.g. tax, National Insurance, Student Loan repayments and pension schemes;
- breakdown of how the wages will be paid if more than one payment method is used, e.g. bank transfer and cash;
- amounts of any fixed deductions, e.g. union subscriptions.

5. Do we have to set up a payroll for our employees?

As an employer, you normally have to operate PAYE as part of your payroll. PAYE is HM Revenue and Customs' (HMRC) system to collect Income Tax and National Insurance from employment.

Usually you do not need to register for PAYE if none of your employees are paid £96 or more a week, get expenses and benefits, have another job or get a pension. **However, as all Methodist employing bodies are required to pay the Apprenticeship Levy (see question 9. below), then a payroll will need to be operated.**

The Methodist Church Payroll Department can provide this service for churches and circuits. Please contact payrollbureau@methodistchurch.org.uk for more information and details of charges.

6. Can we pay our church employee through the circuit payroll?

With the agreement of the Circuit Meeting, an employee working for a church can be paid through the circuit payroll. However, the implications of doing so are that this will make them a circuit employee rather than a church employee, and the employing body will be the Circuit Meeting not the Church Council. This would represent a TUPE (Transfer of Undertakings [Protection of Employment] Regulations 2006) situation which can be extremely complex, involving responsibilities on the part of the 'old employer' and the 'new employer'. Please ensure you speak to the District Lay Employment Officer if you are considering taking this course of action.

7. What is the minimum wage rate we have to pay staff?

The Living Wage Foundation (LWF) and the Methodist Conference promote the concept of the Real Living Wage. The rates are agreed upon by the Resourcing Committee on an annual basis. As long as lay employees' salaries are based on this pay scale, any subsequent uplift to the pay scale on a yearly basis will be the decision of relevant budget holders. However, for those employees whose pay link is the Real Living Wage, the District Lay Employment Policy recommends their salary should be increased by the same percentage as the Real Living Wage increase. **The Real Living Wage rates announced on 15th October 2026 are £14.10 per hour in all regions (including Scotland) and £15.45 per hour in London.** However, following a review, the District Policy Committee has agreed that, with effect from 1st December 2026, salaries for District employees will instead be increased annually in line with the Consumer Price Index (CPI) for the 12 months to August, **subject always to employees receiving at least the Real Living Wage**. Circuits and churches may wish to consider adopting a similar approach. The CPI increase in the 12 months to August 2026 was **3.1%**.

8. When do we have to increase the pay of an employee paid the Real Living Wage rate?

Lay employees paid at the Real Living Wage rate are to have their rate of pay adjusted annually in line with the rate which is usually announced each October. This increase should be applied as soon as possible and at the latest by 1st May. The District recommendation is for pay reviews to be implemented annually on 1st December.

9. Do we need to pay the Apprenticeship Levy?

The Apprenticeship Levy was introduced by the government in April 2017. All employers with a pay bill in excess of £3m pay 0.5% of their pay bill as a levy to HMRC. Further information can be found at https://www.gov.uk/guidance/pay-apprenticeship-levy

HMRC determined back in 2017 that **all** Methodist churches, circuits and districts were a "connected employer" for the purposes of the Apprenticeship Levy. This means that individual churches and circuits cannot avoid the Levy by virtue of having a pay bill of less than £3m. As we are treated as one organisation our total pay bill exceeds £3m and therefore we all have to pay the Levy. The Connexional Team took legal advice on this point back in 2017 (and a second opinion more recently) and the issue was raised in the Payroll Newsletters sent to treasurers in 2018. The legal advice has supported the determination made by HMRC that the Methodist Church is in fact a "connected employer".

If your church or circuit employs people, you are subject to the Apprenticeship Levy. If those employees are paid through the Payroll Bureau at Church House you do not need to take any action as you have been paying the Levy since it was introduced. However, if you have local payroll arrangements in place you need to check that the Apprenticeship Levy is being paid to HMRC. If this is not the case you will need to talk to your payroll provider and make arrangements to do so. The process for payment of the Levy can be found at https://www.gov.uk/guidance/pay-apprenticeship-levy#how-to-pay

Any queries should be directed to the Payroll Bureau 020 7467 3548.

10. How do we choose a pension scheme provider?

Under the Pensions Act 2008, every employer in the UK **must** put eligible employees 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 certain legal duties. The Pensions Regulator has some more information on selecting a pension scheme:

https://www.thepensionsregulator.gov.uk/en/employers/new-employers/im-an-employer-who-has-to-provide-a-pension/choose-a-pension-scheme

Even if you don't have employees who need to be auto-enrolled into a pension scheme, you still have other duties which include completing a declaration of compliance. See the information on the Pensions Regulator website for more information:

https://www.thepensionsregulator.gov.uk/en/employers/new-employers/im-an-employer-who-doesnt-have-to-provide-a-pension-now

NEST (National Employment Savings Trust) is an auto-enrolment pension scheme set up by the Government with a public service obligation to accept any employer who wishes to use it. This is in order to ensure that all employers have access to a suitable scheme to help them comply with their auto-enrolment duties. To find out more about the NEST scheme visit www.nestpensions.org.uk

11. Which employees should be offered the opportunity to join a pension scheme?

Pension provision is offered to lay employees who fall under the Resolution passed by the Methodist Conference of 1999 (Section 2.1) to a defined contribution Scheme determined by the employing body in accordance with the current employer pension duties and other provisions of the Pensions Act 2008.

Depending on the category the particular employee falls under The Methodist Church deems that either **Option 1 or 2** apply:

- **Option 1: For Eligible job holders who must be automatically enrolled into a pension scheme.**

Eligible job holders are aged at least 22 but below the state pension age; and earn above *£10,000 per year.

For Eligible job holders, the employing body will make a contribution of 6% of salary, provided that the lay employee will contribute at the minimum level between 2% and 6% of their salary.

This is effective for employees appointed after 1 September 2017 - For details see: https://www.methodist.org.uk/for-churches/employees-and-volunteers/lay-employment-resource/7-pay-and-pensions/pension-provisions-for-lay-employees/pensions-provisions-for-lay-employees/

- **Option 2: For Non-eligible job holders who can choose to opt into a pension scheme (but will not be automatically enrolled). Non-eligible job holders are aged 16 to 74 and earn over *£6,240 up to *£10,000 per year, or aged 16 to 21 or state pension age to 74, and earn above *£10,000 per year.**

  or

  For Entitled workers who are entitled to join (but will not be automatically enrolled). Entitled workers are aged 16 to 74, and earn *£6,240 or less per year.

For Non-eligible or Entitled job holders, an option of a pension contribution of 6% of salary by the employing body provided a contribution between 2% and 6% is paid by the lay employee is offered as a special term of employment of lay employees under Standing Order 438A (3) (iiA) regardless of the salary level.

*Earning figures are quoted as at April 2026; it is anticipated that these figures will change with each new financial year.

Every three years you must put certain employees who have left your pension scheme back into it. This is called re-enrolment and re-declaration. See the information on the Pensions Regulator website for more information:

https://www.thepensionsregulator.gov.uk/en/employers/re-enrolment

12. For which employees do we have to make an employer's contribution to a pension scheme?

Please see above question. This differs depending on the particular situation.

13. In what situations must we seek guidance from the District Lay Employment Team?

Employing bodies within the District **must** contact the District Lay Employment Officer in the following lay employment situations so that we can provide guidance and support and **obtain the approval of the Lay Employment Sub-committee when necessary**:

a. Creating or advertising a new post (Please liaise with the District Lay Employment Officer to ensure you have current versions of the District approved recruitment template documents);
b. Extension of probationary periods;
c. Advice on any aspect of existing terms and conditions of employment, pay rates, Methodist Church lay employment policies;

d. Any changes to existing terms and conditions of employment including hours changes, extension of fixed term contracts;
e. Church mergers if any of the merging churches has lay employees;
f. Any termination of employment situations, including resignation, disciplinary, redundancy, ending of a fixed term contract;
g. Any employment disputes, such as situations involving a disciplinary, grievance or employment relationship difficulty.

Employing bodies are advised to refer to the District Lay Employment Policy, available from the District Lay Employment Officer on request, for further information.

The contact details of the District Lay Employment Officer, Melanie Walsh, who is the first line of support are as follows:
Email: layemployment@ywmethodist.org.uk
Telephone: 01274 442671

14. Who should be involved in the interview process for a new post?

Recruitment panels should consist of a minimum of three people, normally including the immediate Line Manager for the role, another person who is familiar with the area of work and a third person. Further information is available via https://www.methodist.org.uk/for-churches/employees-and-volunteers/lay-employment-resource/4-advertising-recruitment-and-selection-for-lay-posts/step-1-planning-of-the-recruitment/appointing-the-chair-and-recruitment-panel-members/

15. What employee records do we need to keep and for how long?

The Chartered Institute of Personnel and Development (CIPD) and HMRC recommend that the following employee records should be kept:

- Recruitment details, applications forms, interview notes;
- Salary information including details of pay amounts, deductions, reports / payments to HMRC; tax coding notices, taxable expenses / benefits;
- Personnel files containing correspondence with the employee including training records and formal disciplinary records / working time records;
- Terms and conditions of employment, offers, written statements, variations to employment contracts;
- Termination of employment details e.g. resignation, retirement, early retirement, death in service;
- Redundancy details and calculations;
- Statutory Sick Pay records, calculations, certificates and occupational health reports;
- Right to work in the UK checks;
- Pension scheme details;
- Employment references;
- Statutory leave requests and details (e.g. parental leave, maternity leave, paternity leave etc.) and Flexible Working Requests.

Advice from the CIPD about how long employee records should be retained confirms that data protection legislation and GDPR do not contain specific minimum or maximum retention periods which apply to the personal HR data processed by organisations. Instead, these state that personal HR data should only be kept “as long as necessary for the purpose for which it was collected, and not for any longer”.

Although not mandatory, most organisations will retain data which could be relevant to a contractual claim for a period of six years, as this is the time limit an individual has to bring a civil claim against the organisation. Six years is also the period often used for retention of salary data as this is the maximum period the HMRC can request documents to be provided for.

The exceptions to the six year retention timescale, according to the CIPD, would be: Employment References (one year), Recruitment and Selection details (six months - one year), Pension Scheme details (12 years after the benefit ceases), Flexible Working requests (18 months following any appeal.)

Data protection rules on storing data should be followed. Further information is available from https://www.tmcp.org.uk/about/data-protection and https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/employment/

From 6th April 2026, employers **must** keep records of annual leave and holiday pay. Employers **must** record:

- holiday taken
- holiday carried over from previous years
- holiday pay
- any payments in lieu of holiday - for example, pay for unused holiday when someone leaves a job

For holiday pay, employers must give details of what's included. For example, bonuses or commission.

Employers must keep records for at least six years from the date they were made.

16. Do we need to adopt our own employment policies and procedures, or can we use the general Methodist Church ones?

The Methodist Church's lay employment template policies, available in the Lay Employment Resource on The Methodist Church website, may be used as a basis for local employing body policies.

Please refer to https://www.methodist.org.uk/for-churches/employees-and-volunteers/lay-employment-resource/5-employment-contracts/downloadable-templates-written-statement-of-terms-letters-policies/

It is strongly recommended that the policy templates are tailored to include the name of the employing body and are formally adopted by the relevant Church Council or Circuit Meeting.

In the case of Anti-Harassment & Anti-Bullying, Anti-Sexual Harassment, Disciplinary, Equality, Diversity & Inclusion, Flexible Working, Grievance, Health & Safety, Homeworking, Lone Working, Probationary Period, Sickness Absence & Medical Capability, Use of Email, Instant Messaging & Internet, Use of Social Media and Whistleblowing Policies and Procedures, please contact the District Lay Employment Officer for the District approved templates of these documents.

17. Do we need to check if an employee has the right to work in the UK?

The right to work in the UK of **all** prospective employees **must** be verified prior to employment, via provision of a UK passport or a combination of other acceptable documents.

Further information is available on the Government's website at https://www.gov.uk/check-job-applicant-right-to-work The employing body is required to take and keep copies of **original** documents and the copies must be signed and dated by the person carrying out the check. Failure to comply with this requirement could lead to a civil penalty fine of £45,000 per illegal worker for a first breach and £60,000 per illegal worker for repeat breaches.

Please note that, from 1st October 2026, right to work compliance is no longer limited to traditional employees and has been extended to cover an organisation engaging an individual on a worker's contract, engaging an individual sub-contractor and through an online matching service which provides details of an individual who is a service provider to potential clients or customers.

18. How do we end a fixed-term contract?

How to end a fixed-term contract depends on the reason for the termination: i.e. contract end, termination prior to end, disciplinary situation or redundancy situation. **All terminations of employment by the employing body require the approval of the District Lay Employment Sub-Committee**, so employing bodies should get in touch with the District Lay Employment Officer to seek further advice. In general terms:

- Where a fixed-term contract is coming to its natural end and the employee has under two years' service, it is good practice to meet with the employee to explore the possibility of any other alternative employment within the organisation. A termination letter including the right of appeal (available from the District Lay Employment Officer) should then be sent to terminate the appointment.
- In the event that an employee on a fixed-term contract has employment service of two years or more with the employing body and there is no longer a requirement for the post, a redundancy consultation process will be required and Statutory Redundancy Pay will be payable as a minimum. In this situation you should contact the District Lay Employment Officer to seek assistance.

There is a section in the Lay Employment Resource on The Methodist Church website that covers fixed-term contracts: https://www.methodist.org.uk/for-churches/employees-and-volunteers/lay-employment-resource/5-employment-contracts/information-on-fixed-term-contracts/

19. How do we extend a fixed-term contract?

If an employing body wishes to extend a fixed term contract, it should arrange to meet with the employee concerned to explore whether this is something that the employee is agreeable to. If it is, then the contract may be extended and a new fixed-term contract Written Statement of Terms and Conditions will need to be drafted and issued to the employee.

Please be aware that any employee with over four years' employment service with the same employing body is generally considered to be a permanent employee and should be issued with a permanent Written Statement of Terms and Conditions of Employment.

A template document which covers these eventualities is available from the District Lay Employment Officer.

All variations to employment contracts are subject to approval by the District Lay Employment Sub-Committee so please contact the District Lay Employment Officer for further information.

20. What do we do if we wish to end an appointment?

If you wish to end an appointment, contact the District Lay Employment Officer for advice at the earliest opportunity. The process to follow will depend on the reason for the termination of appointment. **Please be aware that any termination of employment by the employing body requires the approval of the District Lay Employment Sub-Committee.**

21. Who is entitled to receive redundancy pay?

Employees are normally entitled to receive Statutory Redundancy Pay (SRP) if they have been employed for two years or more. SRP is payable at a rate set by the Government which changes each April and is currently capped at £751.00 per week.

Redundant employees receive:

- half a week's pay for each full year they were under 22
- one week's pay for each full year they were 22 or older, but under 41
- one and a half week's pay for each full year they were 41 or older

Length of service is capped at 20 years.

Weekly pay is the average an employee earned per week over the 12 weeks before the day they received their redundancy notice.

Redundant employees are also entitled to receive notice of termination in line with their employment contract (which may be paid in lieu or worked according to the employing body's requirements) and any outstanding holiday pay due.

Further information is available on the Government website at https://www.gov.uk/redundancy-your-rights/redundancy-pay and also on the ACAS website at https://www.acas.org.uk/manage-staff-redundancies/work-out-redundancy-pay

22. Should employees have an annual appraisal?

There is no statutory requirement for an employee to have an annual appraisal. However, regular communication with employees and feedback on performance is good practice.

In accordance with the template Probationary Period Policy, the Methodist Church and the District recommend that Line Managers carry out:

- interim reviews with an employee during their probationary period;
- a probationary period review meeting with an employee at the end of the probationary period.

Following the probationary period, Line Managers are advised by the Methodist Church to carry out:

- monthly supervisions with an employee;
- an annual appraisal with an employee.

A Performance and Development Review template is available on the Methodist Church website: https://www.methodist.org.uk/documents/10763/lay-employee-performance-and-development-review-0417_9BmWcfv.doc

The District has introduced quarterly reviews for its employees and would recommend this practice to circuits and churches too. A template is available from the District Lay Employment Officer on request.

23. How do we calculate part-time holiday entitlement (with or without Bank Holidays)?

Part-time employees' leave entitlement is pro-rata to the full-time entitlement. It is recommended that holiday entitlement for part-time employees is clarified by quoting it in 'hours per annum' in the Written Statement of Terms and Conditions.

The statutory minimum entitlement is 5.6 weeks per annum (including Bank Holidays), which equates to 28 days per annum for a full-time employee. The annual entitlement for a part-time employee is calculated by multiplying their weekly hours by 5.6.

e.g. For an employee working 15 hours a week, their holiday entitlement would be 84 hours (*15 x 5.6*) per annum (including Bank Holidays).

However, the District Lay Employment Policy recommends that lay employees should receive 6.6 weeks per annum (including Bank Holidays), which equates to 33 days per annum for a full-time employee. In the example above, for an employee working 15 hours a week, their holiday entitlement would be 99 hours (*15 x 6.6*) per annum (including Bank Holidays).

A Bank Holiday might fall on a day an employee does not usually work. For example, if someone works part time and does not work on Mondays. In this situation, the employer cannot make the employee use that day as part of their holiday entitlement.

Example of Bank Holidays falling on non-working days:
Employee A works 15 hours over three days a week, including Mondays. Employee B also works 15 hours over three days a week but does not work on Mondays. They are both entitled to 6.6 weeks of holiday, which includes Bank Holidays. They both get 99 hours' holiday per year. Their employer closes the business on Bank Holidays. As more Bank Holidays fall on a Monday, Employee A has to use more of their holiday entitlement for Bank Holidays than Employee B.

24. Are staff on casual contracts entitled to holiday pay?

Employees on casual worker agreements are entitled to take holiday and receive holiday pay. The statutory minimum entitlement is 5.6 weeks per annum which equates to 28 days per annum for a full-time employee. There are various ways in which this holiday pay can be calculated depending on the contractual arrangement in place so we would advise that employing bodies contact the District Lay Employment Officer for further information.

25. Is a Health Assessment Form required for a new employee?

It is good practice for a health assessment form to be obtained and reviewed by an appropriate person/organisation, so that a mechanism can be put in place for any appropriate support if necessary. The health assessment form is available from the District Lay Employment Officer as part of the recruitment template documents.

26. What is the difference between Statutory Sick Pay and Occupational Sick Pay?

By law, employers must pay Statutory Sick Pay (S.S.P.) to employees and workers when they meet eligibility conditions.

Please refer to https://www.acas.org.uk/checking-sick-pay/statutory-sick-pay-ssp for more information about S.S.P.

An employer cannot pay less than S.S.P when an employee is absent due to sickness, unless the employee is not eligible to receive S.S.P. If an employer pays more than S.S.P. it's known

as 'company', 'contractual' or 'occupational' sick pay. The District Lay Employment Policy recommends that employees receive Occupational Sick Pay at the following rates:

i.	After 6 months up to a year:	1 month's full pay
ii.	1 year to 2 years' service:	2 months' full pay + 2 months' half pay
iii.	2 years to 10 years' service:	4 months' full pay + 4 months' half pay
iv.	After 10 years' service:	6 months' full pay + 6 months' half pay

The period should be considered in terms of a rolling year. Extensions of sick pay are made at the employer's discretion.

27. What should we do if a prospective employee is on benefits?

An employee who is in receipt of state benefits should be treated no differently to any other employee by an employing body. The District Lay Employment Team is not aware of any particular actions which an employing body should take in this event.

28. What do we have to do if we wish to employ an asylum seeker?

Asylum seekers do not normally have the right to work in the UK. However, an asylum seeker can apply for permission to work in the UK if the Home Office has not made a decision on their initial asylum claim within 12 months. In contrast, refugees (i.e. those who have received a positive decision on their asylum claim) have full employment rights in the UK and therefore may be employed.

29. Do we need to take out employers' liability insurance?

If your organisation is an employing body in that it employs people, then Employers' Liability Insurance will be required. This is a legal requirement as soon as your organisation becomes an employer. The policy must cover the employer for at least £5 million and come from an authorised insurer. Such insurance will cover the employer in the event that the employee is injured and becomes ill because of their employment. Employers can be fined £2,500 every day they are not properly insured and £1,000 if they do not display an Employers' Liability Certificate or refuse to make it available when requested by an inspector.

The information contained in these FAQs is correct as at 20th October 2026 but may be subject to change.

Please contact the District Lay Employment Officer, Melanie Walsh, with any queries related to the FAQs or with any feedback via:

Email: layemployment@ywmethodist.org.uk
Telephone: 01274 442671