

No: 64/25

2nd April 2025

Dear Colleague,

Salary Sacrifice and Minimum Wage Legislation

Royal Mail have informed us that there are circa 20,000 Royal Mail employees who have voluntary pay reductions which are paid via salary sacrifice.

The combination of this week's increase in the minimum wage to £12.21 per hour, and the fact the Government now reviews the minimum wage after the deduction from salary sacrifice, has meant that some individuals would have been below the minimum wage.

Types of salary sacrifice deductions include the following:

- Purchasing additional annual leave
- Car lease scheme
- Insurance
- Items purchased via My Bundle
- Cycle to work scheme

In addition, specific attendance patterns such as Wallingtons which require individuals to work extra hours on particular weeks to achieve a week off, are also causing some problems as the basic pay remains the same each week despite an individual sometimes working 6 or 7 hours over the standard 37 hours full-time contract.

Royal Mail has advised us that to avoid the business breaching the law they will pay for individuals salary sacrifice items ahead of the pay rise so they are not disadvantaged. This means that individuals who have been written to will not have any salary sacrifice reductions from their pay so that they will be above minimum wage ahead of the pay rise.

Royal Mail has said it is happy for individuals to continue to use salary sacrifice in the future but wish to review the car lease scheme to ensure that this does not result in the company breaching the minimum wage law.

Any enquiries in relation to this LTB should be referred to the DGS(P) department.

Yours sincerely,



Martin Walsh
Deputy General Secretary (Postal)