

No. 033/26

2nd February 2026

To: All Branches

Dear Colleagues,

PURCHASE OF ANNUAL LEAVE (POAL)

As you may know in 2025, the company suspended enrolment and continuation of Purchase of Annual Leave (POAL) due to concerns about possible legal risks under National Minimum Wage (NMW) Legislation. Since that time, our members have continued to receive the benefits of purchasing annual leave without being required to pay or make up associated payments.

The legislation states that, after Salary Sacrifice, your hourly rate in a pay period cannot be below the current rate of £12.21, which will increase to £12.71 in April. The pay package is complex, as we have the basic, plus functional supplements and shift allowances that are added into take home pay but may not be part of the calculation however we believe that they should be as they are paid year-round and in the case of shift supplements only lost after an 8-week sick absence.

We have taken legal advice to seek clarity on whether this can be added to the basic pay rate, as this makes a big difference in the calculation; we have not received clarification either way. As Royal Mail are also awaiting legal clarification, the company have taken the safe route of implementing a NMW check for eligibility before anyone can participate in the normal POAL scheme.

We must ensure our members are not part of any arrangement that reduces their pay below legal limits or breaches legislation. Such actions may result in fines and extra National Insurance and Tax costs of up to £150 per year for members.

As a result of our discussions, we have been pursuing a temporary replacement scheme for those failing the NMW check, ensuring they can enjoy additional leave.

This has resulted in what is called Annual Leave Unpaid (ALU). This is the same as Unpaid Special Leave, with one difference: there is no impact upon annual leave entitlements. If you take unpaid leave, this can reduce your leave entitlement; this scheme will not have that impact.

We are pursuing payment advances and support to mitigate financial difficulties; this work is ongoing.

In the meantime, as we need our members to have clarity on the extra leave they wish to have at their disposal, the system will go live for opting into the scheme on PSP, Robin or via your manager. All managers have been given instructions on how they should support and deploy the new approach. The new system for POAL and ALU is an annual application and you will need to renew it each year.

For those who will use ALU instead of POAL and are impacted financially, we have suggested ways to mitigate the cost in any given week such as:

- Taking less than a full week and supplementing the rest of the leave request with contractual leave i.e. 2 days unpaid, 3 days contractual. This, of course, is your choice and subject to your own finances.
- We have suggested saving the money each week into a separate account, so that you can then draw upon it when you take ALU. This again is your choice. The current POAL scheme runs in a similar way but Royal Mail deducts the money directly and keeps it each week/month to pay for the leave when it is taken.

We are still seeking alternatives to the ALU and will be taking this to the Government to seek clarity on the legislation and should we be successful in our interpretation of the Salary Sacrifice legislation in NMW, the ALU would be removed and we would return to the traditional Purchase of Annual Leave system. Until we achieve this or get the required clarity, we have ensured members have access to additional leave.

Several other routes are also being explored to mitigate the impact of the NMW legislation however these require company agreement.

This situation rises not from any individuals' actions but from the way the legislation is written. While intended to protect employees from exploitation, the legislation has unfortunately resulted in unintended and unwelcome consequences for our members.

Yours sincerely



Martin Walsh
Deputy General Secretary (Postal)