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One | News Special

27 March 2024

Dear all,

Last year, we committed to providing you with an annual update on remuneration increases before the financial year starts in April. Through these annual reviews our aim is to increase, over time, the share of Post Office income going to Postmasters.

We understand that the current economic environment remains challenging, and we are acutely aware of the significant impact that minimum wage increases will have on your costs. Against that backdrop and within the constraints of our overall financial position, we have developed remuneration increases which will have a sustainable benefit to your branch profitability.

Today we are announcing the following improvements which are collectively worth £30 million for Postmasters:

Additional payment for 2023/24 performance
Post Office's online business has performed strongly this year, and we want to share this success given your hard work helping to build the brand and delivering fantastic customer service. You will therefore receive an additional one-off payment, equal to 15% of your variable remuneration for March 2024 trading, which will be paid in April 2024. Across the network, this equates to a nearly £5 million investment by Post Office.

Operational Excellence Incentive
We know that back-office activities, such as cash processing and accounting, take a significant and increasing amount of time for Postmasters. In recognition of this, in August 2022, we doubled the per transaction remuneration rate for banking deposits, and last April we increased all banking deposit remuneration by a further 20%.

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To build on this, we are launching an Operational Excellence Incentive to give you the opportunity to boost your total variable remuneration by up to 5% each month, by meeting existing operational requirements for the running of your branch. These payments will be based on meeting the specific requirements for daily cash declarations, cash pouch remittances, cash holdings and monthly trading period accounting.

The first remuneration payment for the incentive will be made on 30th September 2024. This will be based on activity in the August trading period (5th August - 1st September). Information about your branch performance will be available on Branch Hub from late April.

We have worked extensively with the Postmaster NEDs, Postmaster Regional Forums, the Postmaster Experience Director and the NFSP to get their feedback and to ensure the scheme works for Postmasters. We will continue to adapt and evolve the incentive based on Postmaster feedback.

Supporting information and training
We will be sharing more information and support on the incentive over the coming months. We have put together an information pack including FAQs to support you which **you can access here**.

We are also in the process of updating the Operations Manual to make it more user friendly. The updated online version will provide you with information on everything you need to be able to run your branch on a day-to-day basis, including useful information on cash declarations, cash pouch remittances, cash holdings and monthly trading period accounting. Look out for further news on this in April.

Note counters investment
Today's announcement is complemented by a £3.5million investment, by the Post Office, to roll-out high-grade note counters for our 2,800 largest banking branches. This will help automate this process by streamlining the accurate processing of cash deposits. Further details of the roll-out schedule will be communicated to these branches in the coming months.

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Other Remuneration Increases
Earlier this month we confirmed that Royal Mail volume-based products such as pre-paid parcels and returns will be increased by 4.0% in line with CPI. This is applicable from April trading for May remuneration.

Alongside the Royal Mail tariff increases (which take effect from 2nd April), this is expected to increase mails remuneration by around £12m or 6.7% based on the same volumes and product mix from the last 12 months.

We are also pleased to confirm the following increases:

- DVLA rates will be **increased by 21%** following our successful negotiations to extend the contract for a further year
- There will be an average **increase of 9.4%** on outreach payments to take into account the national living wage increase and changes in fuel prices
- Mailwork payments will **increase by 4.6%** from April remuneration
- The remuneration for Moneygram and Western Union Cash to Account services will **increase to the same level as the Send product**
- We will also continue for a further year the additional support announced last March for critical town and city centre Mains branches which have continued to benefit less in FY23/24 from banking growth.

The specific rates for all changes can be viewed in the remuneration rates booklets found in the remuneration section on Branch Hub. These new rates will apply from April trading (May remuneration) except for Mailwork.

Over the coming months, we will be hosting two Postmaster Listening Groups (22nd April in London & 7th May in Leeds) and our Postmaster Conference on 18th June in London. These will be an opportunity for you to speak with me and other members of the leadership team and tell us your thoughts. Please look out for more details, including how to sign up, in the weekly Postmaster email.

Thank you all your hard work this year. Its been incredible to see the huge impact that Postmasters

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continue to make to their communities across the UK, embracing new services like Evri and DPD and providing customers with fantastic service, every day.

Best wishes,

GRO

Nick Read
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