

Business, Energy and Industrial Strategy Committee

Oral evidence: Taylor Review of Modern Working Practices, HC 352

Tuesday 10 October 2017

Ordered by the House of Commons to be published on 10 October 2017.

[Watch the meeting](#)

Members present: Rachel Reeves¹ (Chair); Stephen Kerr; Peter Kyle; Rachel Maclean; Albert Owen; Mark Pawsey; Antoinette Sandbach; Anna Turley.

Questions 1-200

Witnesses

[I](#): Mick Rix, National Officer, GMB, an Uber worker, an Amazon worker and a Hermes worker.

[II](#): Andrew Byrne, Head of Public Policy, Uber, Hugo Martin, Director of Legal Affairs, Hermes, and Dan Warne, Managing Director UK and Ireland, Deliveroo.

¹ Rachel Reeves declared an interest as a member of the GMB union.

Examination of witnesses

Witnesses: Mick Rix, an Uber worker, an Amazon worker and a Hermes worker.²

Q1 **Chair:** Welcome. I am Rachel Reeves, Chair of the Select Committee on Business, Energy and Industrial Strategy and these are the other members of the Committee. Thank you all very much for coming to give evidence today. I think you already know that this session is in private. Anything that you say will not have your name attached to it, so please do speak frankly about your experiences and work and we will ensure that your names are not associated with anything that you say. Is that okay?

All witnesses indicated assent

Chair: We look forward to hearing your evidence. I will start by asking the three workers—not you, Mr Rix—about your working arrangements? Do you work every day? Do you have other jobs as well as the one that you are talking about today and how long have you worked for the companies that you work for—in whichever order you like?

Hermes worker: I am a Hermes courier. I work on a self-employed basis. I have worked for Hermes for about 10 years and that is the only job I have at the moment.

Q2 **Chair:** How many hours do you do a week, roughly?

Hermes worker: I do about 20 to 30 hours a week. It varies according on the volume of parcels.

Q3 **Chair:** Can you work whenever you like, or are you expected to turn up at the same time every day?

Hermes worker: This is one of our arguments at the moment. We are supposed to be self-employed, but no, we are restricted to times. We have to do am deliveries, mid-day deliveries and pm deliveries.

Q4 **Chair:** Right. What are the arrangements at Amazon?

Amazon worker: I have been working for Amazon for over 10 years. I work 40 hours per week.

Q5 **Chair:** Is that over five days or more?

Amazon worker: Four days, 10 hours per day. That is my job.

Q6 **Chair:** Do you do any other work?

Amazon worker: No, only that. I don't have time.

Q7 **Chair:** Are you self-employed?

² For the purposes of this private evidence session, the term 'worker' is being used to describe someone who is currently engaged by the companies referenced, and is not a judgement on an individual's status in employment or tax law.

Amazon worker: No, I work for Amazon.

Q8 **Chair:** You are on a formal contract?

Amazon worker: Yes; I am not self-employed.

Q9 **Chair:** Are you guaranteed 40 hours every week?

Amazon worker: Yes, I have 40 hours guaranteed every week, and at peak times I have to do an extra 10 hours per week. That is the contract.

Q10 **Chair:** How about Uber?

Uber worker: I work two mornings and one full Saturday a week. Saturday is 10 hours, and in the mornings I work about four to six hours, so I do not work the length of time that minicab drivers normally do, which is about 10 hours a day. I do that because I have other things that I do which are unpaid. I do a fair amount of voluntary work and I am engaged in other things which take up my time.

Q11 **Chair:** So is it quite useful for you that you can choose when you work—that you are not tied to particular times?

Uber worker: Very useful. In between other, more highly paid jobs, I have always gone back to minicabbing. Generally, with the local minicab firms you have to do shifts, even though you are self-employed. They needed drivers on hand to meet customer demand, so you are committed to shifts—either nights or days and so on. With Uber, because of the number of drivers they have, it is much more flexible.

Q12 **Chair:** Let me address a question to the witnesses from Uber and Hermes. You are both self-employed, but one of you—the Uber driver—has suggested that that benefits you, because you have some flexibility. Am I right to say that the self-employment status benefits you? Is that how you want to work?

Uber worker: In my case, yes, but that is not necessarily the issue with Uber from the drivers' point of view. The issue—maybe we will discuss it later—is the amount that you can earn with Uber, along with other practices that Uber have been criticised for in other forums.

Q13 **Chair:** We will come on to those later, thank you. For you at Hermes, is the self-employment status something that you choose or would you prefer to have a permanent contract?

Hermes worker: I chose to be self-employed. The problem now is that *****³ we do not believe we are self-employed, purely because of the time restrictions, the control and the monitoring. Up until about three years ago, I would definitely have said yes, we were self-employed, but in the past three years there has been control down to time restrictions, so we do not believe that we are self-employed.

Q14 **Antoinette Sandbach:** I notice that we have three male workers on the

³ Redactions to the transcript to protect the anonymity of workers are indicated by asterisks.



HOUSE OF COMMONS

panel and no female workers. Do any of you have young children or caring responsibilities?

All witnesses: No.

- Q15 **Albert Owen:** For clarity—this is for the Uber driver—you said it suits you to have the arrangements as they stand. Did you have core hours and then build in the rest of your life—the voluntary stuff—around those hours, or did you choose those hours because you had lots of other things to do? I am not clear how the arrangements came about.

Uber worker: I chose those hours. One of the advantages with Uber, because of the size of their driver pool, is you can come on and work whenever you wish and go off and work and do something else. I chose the hours because those are the ones that will provide me with the greatest income and/or are convenient. I have lots of things I do on Saturdays, but when I'm free, I work those days.

- Q16 **Albert Owen:** Was that easy to negotiate with the company?

Uber worker: There is no negotiation; that is part of the work pattern of the company.

- Q17 **Albert Owen:** It was approved very easily.

Uber worker: Yes.

- Q18 **Chair:** To our witness from Hermes, *****. Compared with conditions at the moment, what difference would it make to you if you were directly employed?

Hermes worker: I think if you talk to any Hermes courier, the one thing that they will say is that we do not get things like holidays. Myself, I have not had a holiday in 10 years. Another courier ***** has worked there for 12 years, and the most she has ever had off in that time is two days consecutively.

- Q19 **Chair:** Is that because they will not let you take holiday, or is it because you cannot afford to?

Hermes worker: Both. They won't let us unless we can provide cover, and there just isn't the cover available. Because the job gets bad press, anybody that you would bring in to cover you just disappears. Hermes have actually claimed that they have 4,500 couriers, but we have yet to see them.

- Q20 **Mark Pawsey:** You said that things changed about three years ago. Can you explain to us what changed and whether it was a gradual change or there was a sudden imposition of new terms and conditions?

Hermes worker: No. I will tell you exactly what it was. It was the imposition of these new handheld terminals that we have to use. Everything had to go through them, basically, and now we are going to be dictated to even more, to again by these terminals. They are actually moving to where the terminal will set our work.



HOUSE OF COMMONS

Q21 **Mark Pawsey:** What happened before? Before you were comfortable with your self-employed status and were able to pick and choose when to do things, so the introduction of this technology essentially is what brought about a fundamental change in the relationship with the company.

Hermes worker: It was also Hermes wanting to get contracts, so they were offering more and more timed deliveries to their clients, and then just enforcing us to do that.

Q22 **Mark Pawsey:** Was that a change in the broad nature of the business that Hermes were doing?

Hermes worker: I think so, yes, because others like DPD were doing it, but they employ their drivers or have them on a franchise, so it is totally different from us. Hermes are just following suit and just have them on with just self-employment, but they are enforcing that on us now.

Q23 **Mark Pawsey:** Do you think Hermes was successful in picking up this additional volume of business because the drivers were self-employed and therefore did not get some of the benefits that employed drivers—employed by competitors—got?

Hermes worker: I do not think it has made any difference from what I've seen on my parcel volumes: no. People like Next have actually moved away from Hermes because they want things that other companies offer that we do not. I think, slowly but surely, Hermes are going to enforce it on us that we will be doing those sorts of things, such as timed deliveries.

Q24 **Anna Turley:** I want to ask about sick leave. Have any of you or your colleagues ever had to take sick leave, and what is the process if you need time off work? It would be interesting to hear the perspectives of all of you because you probably have different systems.

Uber worker: There is no sick leave; no sick provision. The myth is maintained that you are self-employed, which many of us—myself included—want to be, but effectively we are workers. There is no sick leave—no leave of any type. There are no other benefits, apart from the fares that you earn as a driver.

Q25 **Anna Turley:** So if you were unwell one day, you would not log in, you would not drive and you would not earn any money.

Uber worker: That's right.

Q26 **Anna Turley:** Is it the same for the others?

Amazon worker: At Amazon you have up to six weeks of sick pay, which is roughly 80% of your regular wage. After that, you just have statutory sick pay.

Q27 **Anna Turley:** And that is as an employee.

Amazon worker: Yes.

Q28 **Anna Turley:** And at Hermes?



HOUSE OF COMMONS

Hermes worker: Again, I am self-employed. I do not have any sick pay. I would like to tell you a story about a colleague of mine. His child was born prematurely. Under an employment, he could have maybe taken sick leave to go and be with him in the hospital. While he was actually in the hospital, his manager rung me and sacked him because he was not available for work. Even though I had offered to step in and cover his parcels, they sacked him. *****.

Anna Turley: Incredible.

Q29 **Stephen Kerr:** When you say they sacked him, you mean terminated his arrangement with Hermes.

Hermes worker: He would be getting no more parcels.

Stephen Kerr: No more work.

Hermes worker: No more work.

Q30 **Stephen Kerr:** I am interested in the change that you described three years ago. Is there a formal contract between you and Hermes?

Hermes worker: We have a contract of services, but basically that contract of services says we will accept parcels on a morning and deliver them.

Q31 **Stephen Kerr:** So when the change happened three years ago, was there consultation or communication?

Hermes worker: No, no consultation. There has been no consultation on anything that they have enforced on us, which is one of our problems.

Q32 **Stephen Kerr:** How did you learn that you were going to have this more controlled approach to the deliveries?

Hermes worker: They sent a letter on the van that delivered the parcels that morning saying what we would be doing.

Q33 **Stephen Kerr:** With the terminal.

Hermes worker: Yes. They are doing it again now on the Hermes website—what we will have to do. A lot of couriers are left behind because they do not log on to a website or get a letter through the post; they have to pick it up. They sometimes come out and train us. I have had 10 minutes' worth of training in the last 10 years.

Q34 **Antoinette Sandbach:** Obviously, as you are self-employed the contractor pays lower national insurance contributions. I spent 12 years being self-employed. If you are self-employed, you know it is your decision around holidays and so on. Although I understand that you found it difficult to get cover, do you accept that that has been your choice? If it hasn't been, why have you stuck with Hermes and not moved to another company?

Hermes worker: I accept fully it is my choice, but the problem is we just cannot get cover. We have no way of getting holiday. If I was self-



HOUSE OF COMMONS

employed, say, as a joiner, I could inform my customers that I will not be available for a fortnight. I understand the expense is mine.

- Q35 **Antoinette Sandbach:** But have you looked at other companies that might provide that level of flexibility?

Hermes worker: I don't have that facility in the area where I live, unfortunately.

- Q36 **Antoinette Sandbach:** Okay. Can I hand a document to you? We have been provided with a code of conduct by Hermes. Could you look at it and tell me whether you have ever seen that code of conduct?

Hermes worker: Of course.

Antoinette Sandbach: It has been sent to us and I don't know whether it has been provided to you.

Chair: Okay. For now, we will move on now to questions from Mark Pawsey.

- Q37 **Mark Pawsey:** We have spoken about the difference between somebody who is employed and others. Amazon workers who are employed presumably get sick pay, holiday pay and pension provision.

Amazon worker: Yes.

Mark Pawsey: So my questions are directed at those who are self-employed. If you Uber and Hermes workers wanted to cover yourselves—I know the Hermes worker is reading the document at the moment—and if you wanted to take out an insurance policy to cover yourselves personally for sick pay or income during the holidays, are you able to do that? Is that something that you have either been offered or thought about?

Uber worker: You can do that, but the income you earn from driving passengers is set by Uber, and after you have taken out considerable expenses, you are effectively earning something like £6 an hour. If you were to deduct other things from that, such as sick pay provision, holiday arrangements or pension arrangements, you would end up with a very small amount. That leaves the drivers working excessive hours that I think are dangerous to the public. I am in the fortunate situation of having slightly different arrangements, but I do know of drivers that are in that position.

- Q38 **Mark Pawsey:** Do you know drivers who have carried on working when they really were not well enough to, when in another environment they might have taken time off sick but because of what you have just explained to us, they felt it necessary to keep working?

Uber worker: Well it is actually in the law that you should not handle dangerous machinery if you are not in a position to do so. You have some drivers who I know are driving excessive hours. When I do a journey to Heathrow and I go to McDonalds, I see some drivers having a sleep in their car. Maybe they have just had a hard night, but I don't think so. I



HOUSE OF COMMONS

have seen drivers at the side of the road sleeping and so on and I am thinking, "These people are driving." When I was younger I could do the hours, but there were times when I said, "Right, I think I need to give it up now."

- Q39 **Mark Pawsey:** I am thinking less about that than about people soldiering on when they are really not well enough for work, but they are working because there is no sick pay. Does that happen?

Uber worker: Yes. That is also a factor that is pushing this situation.

- Q40 **Mark Pawsey:** With regard to pension provision, you have auto-enrolment now in companies that contribute to people's pensions. What pension provision would drivers have?

Uber worker: There is no pension provision. You are treated as self-employed, yet with the degree of control that Uber has, that is debatable. If you want to make any provision out of the money that you are earning, you are free to do so, according to Uber. There is no provision for the drivers.

- Q41 **Mark Pawsey:** Hermes contractors are also driving. Do you have evidence that people are continuing to work when they really shouldn't be working?

Hermes worker: Yes. We actually have a case coming up now where we are going to be asked to drive or work 21 days without a break because it is the peak period for Christmas which links with Amazon for cyber Monday and black Friday. Couriers will be working 10 or 12 hours a day because it is a busy time anyway. We have to drive. If we can't get cover we lose our jobs; otherwise we have to work for 21 days.

- Q42 **Mark Pawsey:** You would lose the job. It's not a matter of losing the job, because you do not have a job; you are a contractor. You would lose the contract. Are you saying that if somebody advised Hermes that they were not able to drive because they were unwell, that would be grounds for their contract being terminated, even if they got a fit note?

Hermes worker: Yes. That has happened. I actually know cases of where that has happened with my colleagues.

- Q43 **Chair:** Presumably, you have no rights.

Hermes worker: No rights whatsoever.

- Q44 **Chair:** So if they don't give you work the next day, they don't have to explain why.

Hermes worker: That is correct.

- Q45 **Albert Owen:** To our Uber witness, you have answered the question that I was going to ask. Are you saying that if you were to purchase these benefits—pension, national insurance—you would earn less than the minimum wage at £6 per hour?



HOUSE OF COMMONS

Uber worker: Yes. You have to pay national insurance. I don't know about other drivers, but you are liable for tax and national insurance and you have to take out other things of your earnings from Uber.

- Q46 **Albert Owen:** Is that similar for you at Hermes? If you were to buy a pension and have your own private facility, that would take your wage way below the national minimum wage?

Hermes worker: I will be honest with you, I just couldn't afford to. I am on about £5.50 to £5.80 an hour. It just would not be possible for me.

- Q47 **Albert Owen:** Sorry? You are on that wage before these benefits, pension and other things?

Hermes worker: That is after my business expenses. That is what I take home.

- Q48 **Albert Owen:** Can you explain what those are? What would be your normal business expenses?

Hermes worker: Basically fuel, my tax and insurance on my vehicle. What we are disputing is all the unpaid work we have to do. I do roughly two or three hours a day of unpaid work. *****. We can sort parcels, we can scan parcels, all for Hermes. They say they include that in our rate; if you look at my figures, I say they don't.

- Q49 **Albert Owen:** Okay. You said you had not had holidays for 10 years. Is that right?

Hermes worker: Correct.

- Q50 **Albert Owen:** And you have not taken sick leave in that period?

Hermes worker: No.

- Q51 **Albert Owen:** Have you been sick and gone to work?

Hermes worker: Yes—not sick enough where I would be on my deathbed, but flu, like everybody else. You soldier through it. You just have to, or you don't have any work.

- Q52 **Albert Owen:** We understand about the common cold and flu, but are the job itself and the arrangements you have affecting your physical and mental health?

Hermes worker: Yes, at times, because of the stress you are under. Even if sometimes you are slow delivering a parcel, you know you'll have somebody on the phone straight away putting pressure on you. You're tired? Tough. You have to go and do the job.

When my colleague was sacked while his child was in intensive care, that courier manager actually said to me, "Yeah, we know you all get sick and that you need time off, but the parcels come first." I just didn't know what to say to that.

- Q53 **Albert Owen:** You know about the Taylor review and the report. It talks



HOUSE OF COMMONS

about a fair rate. Do you think that would help you?

Hermes worker: Definitely.

Q54 **Albert Owen:** *****?

Hermes worker: *****, [B]ecause of all the unpaid work we do, our hourly rate is obviously reduced, and we are saying that we are not paid the national minimum wage. Hermes say we are because they do not include all the unpaid work. *****.

Uber worker: The use of the term “national minimum wage”, which I earn, is not really accurate because that excludes all of the benefits that an employer who paid the national minimum wage would also be obliged to pay— auto-enrolment, minimum holiday pay and other provisions for the staff. So if you were to say, “Well, you’re on national minimum wage,” I would say, “Yes, that’s true. However, if I was to have to buy all these other things, I wouldn’t be.” Does that make sense?

Q55 **Albert Owen:** Yes. Would you work more hours? I know you indicated that you have a lot of voluntary work. Would you work more hours if you had a decent, fair rate of pay?

Uber worker: When I started, because I had heard the adverts, I had come out of a reasonably well-paid job. I thought, “Right, I don’t fancy staying at home for long periods. Let me work with this new company.” I had done minicabbing before and the offer was that you could earn a lot of money. I realised that you couldn’t earn a lot of money, so why bother working hard not earning a lot of money? I prefer to work hard and just earn a little bit of money. If the rates were much more reasonable, I would increase my hours. Does that make sense? If the rates were more profitable, then yes, I would increase my hours.

Q56 **Albert Owen:** Finally, you said that you work between 20 and 30 hours a week for Hermes. How does that vary? What is your average per week?

Hermes worker: My average will be about the 20 hours a week. The 30 is when I am particularly busy.

Q57 **Albert Owen:** If you were on a minimum fair rate of pay, you would want to increase those hours.

Hermes worker: I do not get that option.

Albert Owen: No, you wouldn't have it.

Hermes worker: Because whatever parcels they send me that day, that is the work I have. I have no control over that.

Albert Owen: Thank you.

Q58 **Mark Pawsey:** Uber are known for what they call “surge pricing”, which is that at times of peak demand the fare increases. Does the driver see any of that?

Uber worker: Oh yes.



HOUSE OF COMMONS

Q59 **Mark Pawsey:** So if they worked harder at times of high demand, the Uber driver would earn more?

Uber worker: Yes.

Q60 **Mark Pawsey:** That's fine. You seemed to be indicating that the figure was static, that there was no opportunity to increase earnings. So the driver would earn more if they chose to work at times of peak demand?

Uber worker: Yes, but you need to understand that surge pricing is based upon supply and demand in a particular area. If I am in Croydon and surge pricing is in Hammersmith, by the time I drive over there, whatever caused the surge pricing may have disappeared—it may be that the tube station was closed, or whatever. If it is raining, then surge pricing is probably everywhere, but I might be at home, and so on.

Q61 **Mark Pawsey:** It is hard to react to.

Uber worker: Yes.

Q62 **Rachel Maclean:** Can I clarify something with our witness from Hermes? You said it is impossible for you to have more hours, even if you wanted them?

Hermes worker: When they send my parcels on a morning, that could be 20, 30 or 40; coming up to peak, it could be up to 100. That is set; I have no control over that. I have actually asked before, "Are there any more hours available?" The answer was no. You just get what you get on a morning. It is outside my control.

Q63 **Rachel Maclean:** You said there is no alternative employment where you live. Are you able to say where you live, roughly? The county?

Hermes worker: *****. It is quite a rural community as well.

Q64 **Rachel Maclean:** You live in a more rural area?

Hermes worker: Yes, my round takes in rural deliveries.

Q65 **Rachel Maclean:** Thank you. Coming on to our Amazon witness, you are employed, aren't you? Are you employed on a regular contract with fixed hours, or is it a zero-hours contract?

Amazon worker: There are no fixed hours; however, agency employees have been asked on many occasions to go home after two hours, because there is no work. For the permanent associate workers, they ask for holidays—if you can take a holiday, paid or unpaid holiday. But people that come for the peak, working through an agency, they have to pay money to the agency to come to work and, basically, they can be sent home after two hours. So they don't even earn the money that they have to pay for the transport to and from the warehouse.

Mick Rix: We have some evidence of this, where temporary and agency workers working for Amazon—because of the influx and the numbers they need to work during the peak period—may be travelling nearly 20 miles because of the locations of the Amazon sites and they can be sent home



HOUSE OF COMMONS

after two hours. They will be charged £8 for that bus journey from and back to where they live. If you look at the national minimum wage, basically, they have earned 80% of two hours' work. They have been charged an incredible amount for what they are actually being paid and it is completely insecure work.

Q66 **Rachel Maclean:** Regarding Amazon again, in terms of your working hours, do you receive the national minimum wage?

Amazon worker: I have been working for over 10 years, so I have much more than the minimum wage. When you work for Amazon, after three months, the money goes up per hour, so you can earn much more.

Q67 **Rachel Maclean:** So you have been working for Amazon for 10 years?

Amazon worker: Over 10 years.

Q68 **Rachel Maclean:** And your pay has progressed in that time?

Amazon worker: Yes, yes.

Q69 **Rachel Maclean:** So currently you are earning more than the minimum wage?

Amazon worker: Yes.

Q70 **Rachel Maclean:** Do you think that people like you should have the right to request a fixed number of hours per week?

Amazon worker: We have something in Amazon that we call flexi, which is something like flexible holiday. You receive 10 hours every three months. We have 40 hours in total per year and you can take it whenever you want. You don't have to ask. Normally, when you are taking holiday, you have to book two weeks in advance, and if there is enough room—because we have 10, maybe 15 spots every day—you can take the holiday. However, you can take the flexi whenever you want. This is the only time when we can be out of work without—this is the only time when we can request time off.

Q71 **Rachel Maclean:** Specifically on the ability to request fixed hours per week, do you think that would be a good thing?

Amazon worker: It could be, because some people have children. Five years ago, there was a situation when they changed from eight hours per day for five days to 10 hours per day for four days—the same number of hours per week, but fewer days and more hours a day. People with children at school had a big problem, because they could not pick up the children from school. Amazon basically said, "You can find another job if you don't like it." So we don't have rights. We have a forum inside Amazon that should help us, but they do what Amazon wants. There is discussion, but at the end of the day, Amazon make the decision and they are doing the decision. There is no—we have no rights.

Mick Rix: One of the issues that you need to be aware of is that a 40-hour contracted person who works for Amazon during the peak period will



HOUSE OF COMMONS

be expected to raise their hours to a minimum of 50 hours—so there will be a fifth day working imposed on them. For people with children, that would be an extra day's childcare, and that would be imposed on them. During that peak period, they are not allowed to take leave.

- Q72 **Chair:** Can I just ask you to clarify something? The Hermes workers says that he does not earn the national minimum wage, but the Amazon worker has made it clear that he earns substantially more than the minimum wage. Do you think that the people who you work with, and perhaps particularly the people who are starting out where you were 10 years ago, all earn the minimum wage?

Amazon worker: Yes, they do. This year, Amazon offered £10.50 for agency employees to join Amazon for the peak. The reason is that in the London region, there are no people—people do not want to work for Amazon. They need 2,000 people and they have only a few hundred, so they offer more money than a permanent associate worker for less than two years would get, just to get them in, because people do not want to work there. They have been in this country for over 15 years now, and we know how Amazon works. During the peak time, it is hell, basically.

- Q73 **Chair:** You say you do earn the minimum wage at Uber. Presumably you have the deductions of car tax, insurance, fuel and depreciation of the car. After those, does everybody at Uber earn the minimum wage?

Uber worker: I don't think so. I have spoken to some of my colleagues. Some have been a bit cagey, because it may be embarrassing for them. Others say they have substantial expenses. You have to have those expenses before you approach Uber and get on to the system, so you are committed to purchasing a vehicle or you have purchased a vehicle in anticipation of working for Uber. You then have to pay for that vehicle.

For the hours I do, my earnings—and I suspect everyone else's—range from about £15 an hour to £20 an hour, at the extreme end. Out of that is the expense of the vehicle, which has to be fairly new to meet licensing requirements; the running cost of the vehicle; and the insurance you have to have. My insurance when I first started cost £3,000 a year. I was quoted up to £5,000 a year. Some drivers I know are paying £6,000 a year in insurance. That means they have to work—they are on a treadmill of having to work. If, after that, you are earning the minimum wage, you cannot pay anything else that a worker or other person would pay.

Chair: Thank you very much. I am mindful of time. We only have less than 10 minutes left, but this is obviously a very useful and interesting session. Peter, we will come on to you now.

- Q74 **Peter Kyle:** I have a couple of formal questions and then some follow-up stuff I want to do, and I will do it very rapidly. You have mentioned different benefits that you would like at Uber but cannot afford, such as pensions. Hermes worker, you mentioned the same. Do you think there is more that Government should be doing? We are talking a lot about your relationship with your employer, but do you believe there is much that Government can be doing to make your working and professional life



HOUSE OF COMMONS

better?

Uber worker: I think Government has a substantial role to play. The particular industry and sector that I work in is different from the Hermes worker's, so we may have different requirements. One of the things that may be required is the amount that minicab firms such as Uber can charge in terms of fares. The fares are very low—I am an Uber user as well—but maybe Government intervention can take a role. The licensing for private hire drivers needs to have some Government oversight, so as to prevent oversupply within that particular industry, because that makes other problems as well.

Q75 **Peter Kyle:** Isn't the Uber model based on the premise of oversupply and undercutting?

Q76 **Uber worker:** Absolutely. The idea is that Uber has an endless supply of drivers who hear the advert, come in and then have to work because they have got this commitment, but eventually they leave, so there is a churn of drivers, I believe. I know drivers who have come and left, and so on. But there is another thing behind that, which is dispute resolution within the arrangement. It is not the case that, as a plumber, I can come to you and say, "Look, I'm going to fix your boiler," and you say, "Blah, blah, blah" and you have a dispute and I go off and do something else. It is a case of, "You are my only employer and I had better do as you say, otherwise..."

Q77 **Peter Kyle:** The report that triggered this session suggests that there is a set of benefits available to people who are in the kind of working relationship that you are in, which includes a bunch of support mechanisms for you, for which you pay in. It also suggests that another possibility is that the Government make paying tax easier for you—it takes less of your time and is more simplified. Are those the kind of things that would meaningfully impact your working life?

Uber worker: Yes, they could, and they could impact the working life of my colleagues as well. If you had a situation where companies like Uber, Deliveroo and others had to provide certain benefits, even though you are "self-employed", that would make it fairer for the worker. It would also make it fairer for other businesses, because other businesses are competing with these firms but have fixed costs, which Uber, Deliveroo and other companies avoid.

Mick Rix: May I follow up on that point? The issue is that the onus is being passed to the individual in respect of the argument that they are self-employed. We absolutely believe that actually the onus should be on the company to prove that people are not self-employed—and the only agency that can properly regulate that argument would be HMRC. There have been a number of issues where HMRC has been involved in looking at companies like Hermes and there has been a lack of transparency over those reports because there is a view that HMRC views these exercises as sometimes too costly for it to investigate.

Q78 **Peter Kyle:** You will have another chance in a second. Could the three of



HOUSE OF COMMONS

you briefly say what your pathway was into this job? If you could say what your level of education is and what you have done since then, that would be helpful. Did any of you go to technical or sixth-form college; did you leave at A-levels or before A-levels; did any of you go to university?

Hermes worker: I have been to university. I have a master's degree and a doctorate.

Amazon worker: I have a degree. ***** .

Uber worker: I have a degree and I was a senior officer in a public service.

Q79 **Peter Kyle:** So all three of you have a degree, and one of you post-degree. You are all in this work that two of you feel is fairly exploitative at times. Why are you not moving into other work?

Hermes worker: At the moment I can't. I decided to come back home to care for my father. That was the work available in my area. Actually getting out of the system can be very difficult, because I haven't got the opportunities in my area. I would have to move away, but I can't afford to do so.

Q80 **Peter Kyle:** You were told that parcels come first, which is a pretty demeaning thing to be told by an employer, yet you still work for them.

Hermes worker: Can I put it like this? I actually enjoy the work; I'm not going to deny that. I enjoy being out in the open and meeting the people, and three years ago that's what I had. But it is all the controls and changes now, and the stress that that's brought with it, and the fact that you can look at the job and say, "No, I'm not self-employed, but you're claiming I am."

Q81 **Peter Kyle:** One second—can you say whether you feel you have an alternative to this job, and what is it?

Hermes worker: At the moment, no.

Amazon worker: Amazon offer a career inside Amazon, they are choosing the people. They say there is an unwritten rule in Amazon: you need to help Amazon save money or make money by a project and this is the way that you can get a better job. Otherwise, you are useless for the system and you are asking, asking, asking, and at some point you will get it. I know a guy who applied 20 times for a manager position and they finally gave it to him, even though he did not have the skills. There is the option, but it is not easy.

Uber worker: After working in the public sector, following a round of severance—as you know, there has been austerity—I attempted to get a job and applied for many jobs of a similar nature, but I could not get one. As I said, I still wanted to be active.

Uber is not evil incarnate. Uber is a bit like Marmite. There are bits of the job that are fairly nice. I like driving, I like interacting with passengers, and I like driving around London and elsewhere. To me, it is enjoyable.



HOUSE OF COMMONS

The other aspect of it—the bits of Marmite that are not so good—is the earnings. Frankly, I am thinking that I am apparently making a lot of people very rich and subsidising the fares of my passengers, so I think I may need to move on. I am thinking that if things do not change, I am going to have to change.

Q82 Peter Kyle: What would you move to? What are the alternatives?

Uber worker: I don't know yet, but I am always looking around. What I will say is that I have been working for two years, but the fares have remained the same and costs have gone up.

Chair: Thank you very much. I am mindful of time. Antoinette's questions next.

Hermes worker: Can I just say to Ms Sandbach that I have not had the document you passed to me earlier? We have seen one online that is about two pages, but not that document.

Q83 Antoinette Sandbach: That is very helpful, because it may be relevant to the session later.

Can I ask the Amazon worker something? You said that there is the opportunity for progression within Amazon but it is quite tough.

Amazon worker: Yes.

Q84 Antoinette Sandbach: You described how your wages have increased over time. Do you feel that even if there is no progression in relation to promotion, there are other incentive schemes to stay loyal to the company?

Amazon worker: In Amazon, there is—I am not sure if this is the correct expression—a rat race. There is always a fight for the target. You need to hit the target, and if you do not, they come in and ask you why. Even though there is no space, and there are lots of peaks, you always have to hit the target. Especially during peak time, there is a lot of frustration between people. You need to understand that in peak times about 5% to 10% of agency workers will stay at Amazon; the rest of them will be gone—they will not stay.

Basically, it is very tough. Almost every year, people are fighting for stupid things like scanners, trolleys or carts to put stuff in. There is a lot of frustration inside Amazon, and it is a race all the time. Also, if you are useful for the system—if you are good at something—you are not going to be promoted, because they keep good people in good positions. So you have no chance; your future is to stay picking and packing.

Q85 Antoinette Sandbach: A recommendation in the Taylor review suggested that dependent workers should receive a statement of their role and their rights when they start. Would receiving that have changed whether or not you started working for your particular company, and how you worked for it?

Amazon worker: I am not sure. The change of worker status—



HOUSE OF COMMONS

Antoinette Sandbach: You are employed, so maybe it is easier if the others answer this one.

Hermes worker: The one thing I would say on the Taylor report is that if we were to receive a statement of what the job entailed—which we don't at the moment, because it is all added and added and added—they should have to stick to whatever they suggest or put down. At the moment, they don't. I have a contract of services that makes me self-employed, but they just keeping adding and adding and adding.

Q86 **Antoinette Sandbach:** Have you actually asked for an employment contract with Hermes?

Hermes worker: No, not for an employment contract, because we are not allowed one. We are self-employed.

Q87 **Antoinette Sandbach:** But have you said to Hermes, "I'd like to become employed"?

Hermes worker: *****.

Q88 **Antoinette Sandbach:** Can I describe a scenario? An employed worker might be earning, let's say, £10.25 gross, on an employment contract and have caring responsibilities and so find in the school holidays that their childcare costs exceed their wages, so in fact they are working for negative amounts. Do you see that as a benefit of being contracted and obliged to go to work under an employment contract? Under a more flexible contract, you might have a choice about whether you work.

Hermes worker: I see your point, but even at the moment a lot of my colleagues are in that situation. They are reliant on benefits. As we have said time and time again, the benefits system at the moment is propping up Hermes's profits, because—

Q89 **Antoinette Sandbach:** No, I asked you a specific question. Someone who is employed is required to turn up for work—they can't not turn up because their childcare costs are going to exceed their wages for that week. Would you see that as a benefit, when potentially they could have a zero-hours contract and say to their employer—

Hermes worker: I will be honest with you: I don't know whether I can answer that, because I don't have children.

Mick Rix: The other issue is, as has already been described, if you were to have that arrangement, you would not receive other work. The parcels would stop. That is what Hermes does. If you do not deliver parcels consecutively, the work stops.

Q90 **Antoinette Sandbach:** I understand the difference between employment and self-employment. What I am suggesting is that there are circumstances where actually being required to turn up for work has negative financial consequences, whereas a more flexible arrangement would allow that individual to avoid those consequences. Do you accept that as a proposition?



HOUSE OF COMMONS

Mick Rix: No, not really.

Q91 **Antoinette Sandbach:** Well, I was in that position, Mr Rix. I am describing my position.

Mick Rix: I am not saying that people are not in that position. On the point about whether I accept that proposition is correct, I do not. There are people who work in good employment in this country where employers provide benefits either because they have been negotiated by trade unions or because the employer is a good, modern employer that believes in treating people fairly. They will make provisions to assist their employees—

Q92 **Antoinette Sandbach:** Can you just answer the specific question? I have asked a specific question: do you see that for some people flexibility in their working arrangements may provide benefits?

Mick Rix: It may do so.

Uber worker: I was going to say yes, but it depends. It depends on the sector and it depends on the circumstances. Obviously, if you are a plumber earning, I understand, maybe £60 an hour, that is great, because with that money you are able to tide yourself over during the summer holidays or during periods of illness of your children or family members. But if you are an Uber driver earning £6 an hour, the flexibility not to work is not of value compared to being, say, a paid person earning £10 an hour not yet having to spend all of that money. It is all on the circumstances of the industry. I don't think it is clear cut; I don't think it's yes or no.

Q93 **Antoinette Sandbach:** What I am trying to see is whether or not there is an appreciation that there are individual circumstances where that flexibility in working, as you eloquently described yourself, may be more beneficial than being required to work under an employment contract where you may be on low pay and your costs of going to work exceed what you may be earning that week.

Hermes worker: I totally agree with you, but from my point of view, if you say you have got flexibility, or the person you work for or are contracted to says you have flexibility, I think you should have it. I don't.

Q94 **Antoinette Sandbach:** I understand what you are saying in relation to that ***** I am interested that you are ***** asking in effect to be treated as an employed worker, because what that means is far reduced flexibility.

Hermes worker: Oh yes, I totally agree.

Mick Rix: It does not necessarily mean reduced flexibility.

People do have flexible rights as employees. You can ask for flexible working. You can ask for reduced hours, so this is all permissible with good employment contracts.

Chair: We will draw it to an end now, so that we can move on to the next panel. Thank you very much, all four of you, for giving evidence today.

Examination of witnesses

Witnesses: Dan Warne, Hugo Martin and Andrew Byrne.

Q95 **Chair:** Thank you very much for coming to give evidence today to the BEIS Select Committee. It would be very helpful if you started by introducing yourselves and the companies you represent, for the record.

Dan Warne: I am Daniel Warne. Thank you very much for having me in to give evidence. I represent Deliveroo; I am the Managing Director for the UK. I have been with the business for about three years. I would like to speak about the riders we offer work to across the country. There are around 15,000 of those in total.

Hugo Martin: Good morning. My name is Hugo Martin. I am Director of Legal and Public Affairs at Hermes Parcelnet.

Andrew Byrne: I am Andrew Byrne from Uber.

Chair: Thank you. There will be a number of questions from Committee members. People will come in on different questions, but we are going to start with Rachel Maclean.

Mark Pawsey: May I make a declaration first, Chair? I just want to put on the record that Hermes has opened a superhub in my constituency in the last few weeks, and I met Mr Martin there a couple of weeks ago when I visited the site.

Chair: Thank you very much, Mark.

Q96 **Rachel Maclean:** Could you each briefly clarify what proportion of the people employed by your organisations are directly employed, and what proportion are temporary workers, agency workers and self-employed? Why have you taken that approach to running your businesses?

Dan Warne: At Deliveroo, we have 921 staff across the country, of whom 717 are full-time employees, 67 are part-time employees, 72 are employed through agencies, 35 are independent contractors and 30 are zero-hours contractors. In addition to that, we have approximately 15,000 riders across the country, who are all self-employed.

The reason why we utilise that model for our riders is flexibility. We know that 85% of our riders will do this alongside something else. This allows them to build their work around their life, rather than vice versa. We are very pleased to see that the Taylor review recognises the value of flexibility for those individuals.

Hugo Martin: Hermes is a traditional logistics and delivery business registered in the UK, and it pays all its taxes in the UK without any offshore financial arrangements at all. We employ about 2,800 employees in 26 depots and hubs around the country, and we have 1,000 of those people in our headquarters in Leeds. We use around 800 agency workers



HOUSE OF COMMONS

in our warehouses in non-peak times. We are a business that has much seasonality, especially towards Christmas, so at Christmas time that number will double, along with our volumes.

We have a network of self-employed delivery drivers and couriers. We have 10,500 who provide services on a day-to-day basis, and we have an additional 4,500 on our books who provide cover services. If a courier with a round is not able to provide services, for whatever reason, and if they are not able to provide a substitute themselves, they can use a cover courier as a second option.

Andrew Byrne: Uber operates in about 40 towns and cities across the UK. We have approximately 50,000 self-employed drivers and around 200 full-time staff across the country. We chose self-employment, if you like, because it effectively fitted in with what exists in the taxi and private hire industry across the UK, where there are, I believe, 370,000 self-employed taxi and private hire drivers. We believe the drivers enjoy some of the same benefits with regard to flexibility and choice in terms of who they work for, when they work and things like that.

The interesting thing about Uber is that, unlike a traditional minicab company where you might pay a depot rent of £200 at the start of the week and then be set shifts over the course of that week, there is no requirement with Uber to work at all. There is no minimum requirement, and a driver can choose when, if, how and where to work.

Q97 **Rachel Maclean:** We have just heard evidence from individuals who work for your companies. I am sure that will be covered later. Hermes in particular, and also the others, what outstanding tribunal cases are you facing? We have heard some criticism of your working practices from one of your workers who gave evidence to the Committee.

Hugo Martin: We have an ongoing tribunal claim. We recently had our case management conference and we expect that to be heard later in the year or perhaps early in the new year. There is a relatively small number of couriers who have brought that claim and are being advised by Leigh Day.

Unlike the other companies that have recently had tribunals, Hermes has defended its business model and its use of self-employment a number of times, most recently in 2014 when Judge King went through our whole model in very close detail in the Yankuma case. He came down very clearly that the courier in that case was self-employed: he was not subject to the level of control that would mean that he would be an employee, and he had an unaffected right of substitution. It was recognised that that unfettered right exists and is used on a day-to-day basis throughout our business.

Q98 **Rachel Maclean:** Control and substitution were the issues raised by the worker. What would be the impact if, in fact, the workers were able to prove that they were employed and you had to move them all to employment status or some kind of regular contract?

Hugo Martin: If the couriers are deemed to be workers—we believe they will not be—it will be for the individual courier to assert their right through the tribunal. We would wait to see the take-up of that.

I know from talking to the CEO of CitySprint, for example, that the courier there was found to be a worker and they have had virtually no take-up of any further tribunals from the other couriers. In our case we would think the same: actually, the couriers do not want to be workers. In the vast majority of cases they are very happy being self-employed.

The self-employment model creates a flexible framework, which allows us to provide these opportunities in the first place. The work fits around the life of the couriers and their life is such that they would not be able access traditional PAYE employment. We believe that in the event that the couriers were deemed to be workers, there would be very little take-up of any further tribunal cases.

Q99 **Rachel Maclean:** I ask the same question to the other members of the panel: what tribunal cases are you facing and what would be the impact on your business?

Andrew Byrne: We are currently appealing a single employment tribunal that was heard two weeks ago. We expect a judgment in that case probably around Christmas time, or possibly before or just after. That is the second stage of the appeal, so is being heard in the employment appeals tribunal. There are 19 individuals involved in the case at the moment, with two individuals having their evidence heard as main claimants, and I believe around 30 or 40 individuals are also participating in the case. If they are found to be workers, obviously we will have to redress the situation for those individuals, and that will continue to be heard and directed by the employment tribunal.

There is a more general point about if we are forced to switch all our self-employed drivers over to a worker contract: I think that is absolutely something that the business could cope with. I think it would change the nature of the relationship that we would have with the drivers, and that would probably mean that we would exert more control over the relationship between us and the driver, which would mean something looking a bit more like a traditional private hire company. That would involve the setting of shifts, possibly the paying of what would look more like a salary, rather than the keeping of fares, and things like that. That is how we would try to balance supply and demand.

Dan Warne: Similarly, we have had a minority of cases that have been brought by Leigh Day, where riders are asking to be workers. I must concur with Andy that the issue is that it runs against the flexibility that we currently offer through our platform.

To explain that in some more detail: a rider will be able to log in whenever they like, wherever they like. Not only that: they can work concurrently with Deliveroo and other third-party platforms. We know from recent surveys that 60% of our riders will actually do that. They also have the



HOUSE OF COMMONS

right to substitute; so they may ask someone else to fulfil work on their behalf. Beyond that, they also have the right to substitute; so they may ask someone else to fulfil work on their behalf.

If we were to offer worker status across all of our riders, we would have to significantly sacrifice that flexibility and we would have to, as Andy just alluded to, offer shifts to riders, which restricts flexibility and moves away from a model that we know is very popular.

So, just to put this into context, at Deliveroo we have close to 10,000 riders applying to work with us on a weekly basis. One of the things we were very happy to see from the Taylor review is that, in speaking with riders from Deliveroo and people doing comparable work, he recognised the value of that flexibility, and felt that it would be a real loss if for any reason we tried to force that type of work into traditional employment models.

What we favour is ending the trade-off between flexibility and security. So, unfortunately, with an independent contractor model today we are unable to offer some of the benefits that we think companies like ours should be offering. So what we have said to Matthew Taylor, and what we say to the Committee today, is we want to find a way where potentially we can offer some of the benefits and security that our riders want, while still maintaining the flexibility that we know is of most value to them.

Q100 Stephen Kerr: You each gave an indication of the numbers of riders and drivers you have. I am interested to know: you have indicated 10,000 of the 15,000 are active, for example; what is your level of churn in terms of riders and drivers, and what is your optimum number in your business model?

Dan Warne: We run a business that has grown exponentially over the last year. Specifically, we have grown 600% across 2016; in order to maintain that level of growth, it is very important that we have a business model that works for the maximum possible amount of people. To put that into perspective, the vast majority of our riders work alongside doing something else; in fact, 50% of our riders we know to be students, so this is ideal work for people that have commitments, running studies, and then outside of that want to earn some additional income. We know that 66% of our riders work fewer than 15 hours a week, so this is very much the type of casual work that complements a lifestyle elsewhere. That is what we want to ensure we can maintain into the future.

The biggest impact on our model, if we moved the status to worker, would be that we wouldn't be able to attract the same volume of riders that we need in order to perpetuate the growth that we have experienced. I will give you an example, if you don't mind: my brother works for a start-up full time, on a salary in London, but wants to top up that income at times where he can—so on weekends, on evenings when potentially he is able to finish work a little earlier. Were it a worker model he would not be allowed by his existing employer to do that, for one; but also he would need to

commit in advance to specific shifts, which would prevent him from having the flexibility to truly run this alongside the rest of his life.

Q101 Stephen Kerr: So what is your churn?

Dan Warne: The churn in this model is comparably very high, based on the fact that these are individuals that choose to work when they wish; so you may have a rider who works for a couple of months with us and then spends two or three months travelling—

Q102 Stephen Kerr: So it is very high.

Dan Warne: The churn is very high in this model, yes.

Hugo Martin: The Hermes model is very different from the typical gig economy model that Dan has outlined of a “use and leave” sort of mentality. Hermes drivers are long serving. Two thirds of our career base are providing services for over two years, and half of those for over five years. We have some very long service; 12% of our career base provide services for over 10 years. So our couriers use the services that they provide to Hermes to supplement—further income, or additional income—or actually fit it in among their lives so it works on a long-term basis.

Q103 Stephen Kerr: So your churn is quite low.

Hugo Martin: It is very low, yes. Part of the reason is that they have very stable earnings. They know on a day-to-day basis the number of parcels that they will have to deliver and the earnings that they will get. That sort of volatility of income is not there with Hermes at all, because we know that we can provide a fixed number of parcels per day.

Andrew Byrne: I do not have a specific figure for churn, but I am happy to provide that to the Committee. I do know that it is very low. It is something that we are quite proud of. It also reflects the regulatory barriers that you have as a private hire driver. If, in Manchester, for example, becoming a private hire driver costs £600 or £700 and can take upwards of six months, that is an investment that somebody chooses to make in work. Also, you need to have a car. So, if an individual has a car, you will often find that lots of people use their vehicle for other things, but some people will have a car dedicated to private hire.

Q104 Chair: Thank you very much. You have spoken about the impact on your business model if you had to move to worker status. Can I ask about the impact on your costs? If those people who are currently self-employed became directly employed, what would that mean in terms of additional national insurance for your business? We will start with you, Dan Warne.

Dan Warne: The biggest impact, as I mentioned previously, would be in not being able to attract the volume—

Q105 Chair: I have asked about the impact on your costs.

Dan Warne: On the impact on costs, I should stress that the average wage per hour across our riders is currently £9.50.

Q106 **Chair:** The impact on your costs.

Dan Warne: On the impact on our costs, we have said before that on some of the benefits that workers would be entitled to we would favour—

Q107 **Chair:** How much would you have to pay in national insurance if those self-employed couriers were directly employed, Mr Warne?

Dan Warne: You would have to pay a substantial amount in addition.

Q108 **Chair:** What would that be? I am aware it would be substantial.

Dan Warne: Upwards of 10%.

Q109 **Chair:** How much would that be in pounds?

Dan Warne: Depending on where we pay our current riders, you would be looking at around an additional £1 per hour.

Q110 **Chair:** The cost on your business, Mr Warne. How much would you pay in national insurance if they were directly employed compared with what you pay now? What is the additional amount that your business, Deliveroo, would pay in national insurance?

Dan Warne: If you don't mind, I will write to the Committee with that. I can't do the maths in my head, unfortunately. I will come back to you in writing.

Q111 **Chair:** Perhaps you could also tell me how much the additional cost would be in terms of entitlements to holiday pay, sick leave, and maternity and paternity pay.

Dan Warne: Absolutely. I will come back with that. I stress again that that is something we favour doing even within a self-employed model.

Q112 **Chair:** Mr Martin, could you tell me the costs for Hermes?

Hugo Martin: Yes. If we were to keep the same number of couriers in place now and employ them, it would increase our costs significantly, obviously. Holiday pay would equate to about £24 million and sick pay another £2 million to £3 million. If you added national insurance on top of that, the total bill would come to about £58.8 million on current numbers of couriers.

Q113 **Chair:** So just over £30 million for national insurance.

Hugo Martin: Circa £32 million, yes.

Andrew Byrne: I do not have precise figures, either, but I'm certain it would be in the tens of millions.

Q114 **Chair:** And will you get back to us with an accurate figure for that? As Rachel Maclean mentioned earlier this morning, we met some people who work for your businesses. It would be good if we could clarify with you some of the things that they said to us. We have heard that some workers at both Hermes and Uber, after deductions, are not paid the national minimum wage. Does the law need clarifying in this respect and



HOUSE OF COMMONS

are your workers paid the minimum wage for every hour that they work, Mr Martin and Mr Byrne?

Hugo Martin: Absolutely. I can categorically say that if a courier believes that they are earning less than the minimum benchmark of £8.50 an hour, they are perfectly entitled to tell the field manager that looks after them and their services and instigate a rate review. We will then look into that and if they are found to be below the minimum of £8.50, we will rectify that immediately.

Our clear position is that couriers earn a minimum of £8.50 and on average £12.20 gross, £10.60 net of expenses. We use a calculation of 46p per mile in accordance with HMRC's guidance, which I think is a relatively conservative estimate because that assumes a new company car, or a new car, whereas our couriers use their own vehicles and have a large amount of depreciation involved already.

Q115 **Chair:** So you could be paying less than the minimum wage, but you can come back to Hermes and say, "I'm earning less than the minimum wage" and get it increased.

Hugo Martin: We model courier earnings very closely. We have put out very clear public statements of intent in our code of conduct to ensure that—

Q116 **Chair:** It's just that if I was working for a company, starting at 8 o'clock in the morning and finishing at 12 o'clock, and the wage was £8.50, I would expect to take home at the end of the day £34. Does it not work like that at Hermes? If somebody comes in and collects their parcels and it takes them four hours to deliver them, would you not just pay them £34?

Hugo Martin: They could do it quicker and at a higher rate.

Q117 **Chair:** But you are not paying them for the number of hours or minutes that they are working?

Hugo Martin: No, Hermes pays on a per-parcel basis. It allows couriers to earn at a good rate and provides an incentive for good performance.

Q118 **Chair:** What I am trying to get at is this: if I was setting off from here and I had 10 parcels to deliver and I had 10 addresses, even in Westminster it might take me an hour—it might take me five hours, who knows? It depends on what the traffic is like. I would expect to be paid for the number of hours that I work. You are saying that if I happen to be unlucky that day and somebody wasn't in, or none of the people were in, and I had to deliver twice, or there was a lot of traffic, as is often the case in London and other cities, and on motorways if people are having to travel long distances, you would have to go back to Hermes and ask to have a top-up pay or a rate review?

Hugo Martin: Hermes couriers are self-employed, so they are free to choose when they provide the services during the day. It is not the case that we would require them to provide services within a fixed period of



HOUSE OF COMMONS

time during that day. They are able to understand where and when they can provide those services during the day.

Q119 **Chair:** Yes, but even if you are self-employed, you can't magic away the traffic. You said at the beginning, Mr Martin, that you could categorically say that no one earns less than the minimum wage at Hermes. But from what you are saying, it does not sound like anything of the sort.

Hugo Martin: I can categorically say that we pay rates that give couriers the ability to earn at £8.50 per hour, based on the time at which we know couriers start and finish the day and the route modelling that we do using our software to determine the most likely route and therefore their costs.

Q120 **Antoinette Sandbach:** It has been said to us that since 2014—which coincidentally appears to be the last tribunal judgment that Hermes faced—the degree of control has changed substantially in Hermes and that you now set targets in relation to morning, afternoon and deliveries. Is that correct?

Hugo Martin: No, the morning, afternoon and evening deliveries that I think you are referring to were in place in 2014. They apply to one specific client and a very small percentage of their volume. You are talking about under half a per cent of actual volume attaching to having those targets.

Q121 **Antoinette Sandbach:** So your evidence is that you do not apply to any driver any times of the day in which their parcels have to be delivered by. That is up to the driver.

Hugo Martin: It is up to the courier, yes. We say, if they can, try to have their deliveries completed by 8 o'clock in the evening. If they don't, there is no consequence to the courier; it just means that our tracking updates are a bit out of skew for our clients. But ultimately there is no penalty or no measurement of how late couriers deliver their parcels.

Q122 **Antoinette Sandbach:** In relation to scanning parcels, are couriers required to scan their parcels as they turn up to collect them using new hand-held kits and, if so, are they paid for the time that they are required to undertake that work?

Hugo Martin: They are required to scan on collection to provide a tracking point that, yes, they have received the parcel and it is in their custody. Our modelling assumes a time for that scanning process, so our modelling does include time for that part of the services.

Q123 **Antoinette Sandbach:** Does that include payment for the time for that part of the services and is that included in the £8.50 rate?

Hugo Martin: We believe so, yes.

Q124 **Antoinette Sandbach:** Could you provide a bit more detail to the Committee about how that is dealt with? In other words, if it is paid on a per-parcel rate, are you including the scanning time in that per-parcel rate, or are you paying people your £8.50 an hour rate for the time that they are scanning?



HOUSE OF COMMONS

Hugo Martin: We have carried out time and motion studies to assess the time it takes a courier to scan and load a parcel into their vehicle and that is included in the model. The impact of late vehicles coming into sub-depots is well known in our business and we are working very hard to ensure that couriers are given advance notice of when a vehicle is delayed, for whatever reason, so that they are not sat waiting for parcels at a sub-depot. I think that is the core issue at play here.

Q125 **Antoinette Sandbach:** I just wanted to raise the specific concerns, bearing in mind evidence that we heard earlier. Finally, Hermes sent us a code of conduct. When was that code of conduct created? To whom is it supposed to be provided and what is it supposed to achieve?

Hugo Martin: The code of conduct was put in place just over a year ago, in response to Frank Field's "Wild West Workplace" report, which highlighted some working practices that we were shocked by and did not realise were taking place.

Hermes has grown year-on-year by 15% over the past five years. That level of growth puts significant pressure on people, processes and technology. We had to reset and recommunicate what our standards and beliefs are as a business. So, the purpose of that code of conduct is to articulate clearly what we believe is right as a business. It is handed to every courier and has been issued to every employee. It has been sent out to our most significant suppliers. We've embedded this code into our business in a number of ways. We have an ombudsman who is an external expert who assists us in embedding it.

We have rolled out a number of standard operating procedures to our field teams, who embed the principles of that code of conduct. Where a courier asks for holidays and can't provide services if they are sick, they are treated with dignity and respect, and we provide a process to ensure that they are not unduly pressured in any way.

Chair: I think Peter Kyle wants to come in on that point. Mr Byrne, don't worry, I have not forgotten about asking you about the minimum wage.

Q126 **Peter Kyle:** It is kind of you, Chair, to let me in on that specific point; it saves me coming back to it. Mr Martin, you have just talked about respect and dignity at work and people taking holidays and being supported when sick. You also said earlier that the work of your couriers fits around life, but the evidence we have seen is that the life has to fit around the work. We had a witness who has not taken a single day's holiday in 10 years and once, while working when sick, was told on the phone that the parcel is more important than he is. Where does that fit into your code of conduct?

Hugo Martin: That is obviously news to me and, if true, is not something we would approve of. I'm not sure how long ago that incident took place. I would be surprised if it were after the embedding of our code of conduct. If it happened before, there clearly was pressure within the business due to the growth that we had sustained.



HOUSE OF COMMONS

Q127 **Peter Kyle:** He had had a glancing look at the code of conduct. Clearly, it was not followed up; it was not embedded, although maybe it was distributed. But there is a chasm between what you are saying and the life you are describing of the couriers and the one that we are hearing about—a complete chasm.

Hugo Martin: With respect, that is one courier's testimony that you heard. There are 10,500 to 15,000 couriers providing services on a day-to-day basis for Hermes and have done so for a number of years very happily. I am very sorry to hear of this one instance.

With regard to the holiday, if a courier wants to take holiday, we pay a premium above the national minimum wage that we believe allows couriers to be able to save for holidays. If they want to take that, all they have to do is simply find another person to provide the services for them.

If they cannot do that, we will use our list of cover couriers to assist. In most—all—cases, that holiday can happen. If the courier is let down by their substitutes or the cover courier, then Hermes will step in for the period of that holiday to ensure that the courier comes back and can resume services. That is clearly set out in our SOPs, which we rolled out post code of conduct, to fully embed those principles.

Q128 **Chair:** Mr Martin, if you go on holiday, do you have to find someone to substitute for you?

Hugo Martin: I am an employee, so no.

Q129 **Chair:** Just wondered. Mr Byrne, let's come back to you on the national minimum wage. Can you assure the Committee that everybody who works for Uber—sorry, that everybody who drives the cars that deliver people under the Uber banner—is paid the national minimum wage?

Andrew Byrne: We keep a very close eye on that. The average earnings for an Uber driver across the UK have been pretty much consistent over the past four years; they are about £15 an hour after Uber has taken its service fee. Any driver who is concerned about their earnings can absolutely come and talk to us about that. We also recognise that there is more that we can do here, and we are thinking through ways at the moment around how we can be more transparent about earnings profiles, along the lines of Matthew Taylor's idea about the publication of what people are earning on the app, the distribution curve and things like that. We recognise that that is something we can do better.

Q130 **Chair:** You obviously have a huge amount of data on the people who are driving for you. From those data, can you tell us the number of people who are earning, say, more than £15 an hour, more than £10 an hour or more than £7.50 an hour? Could you give us those percentages?

Andrew Byrne: We absolutely could. The thing that we can't deliver is an exact profile of costs; when you take the £15 an hour, you have to take fuel and things like that out.

Q131 **Chair:** So people aren't actually earning £15 an hour, because that is

before costs?

Andrew Byrne: That is all that we know about. But yes, we could provide exactly that information. That is what we are looking at here.

Q132 **Chair:** So you couldn't guarantee that somebody who drives for Uber earns more than the minimum wage every hour?

Andrew Byrne: We cannot guarantee that because we don't know their cost profile. One of the things we are working on is looking at making sure that every driver who uses the app has the ability to get the best possible deal for a vehicle and things like that. That is one of the things that we work very hard at.

Q133 **Chair:** Do you know the number of people who work more than 10, 20, 40 or 60 hours a week?

Andrew Byrne: Yes. The average number of hours a week that people across the UK work is just under 30. A quarter of people work fewer than 10 hours a week, and a quarter of people, broadly, work more than 40, and the rest are in the middle.

Q134 **Chair:** I am interested in numbers. What percentage work more than 40 hours a week, for example?

Andrew Byrne: About 25%.

Q135 **Chair:** And what percentage work more than 50 hours a week?

Andrew Byrne: I do not have information any more granular than that, but, again, I can provide that to the Committee.

Q136 **Chair:** If you could, provide it for those working more than 50, 60, 70, and maybe even 80, if anybody works that number of hours. One thing we heard this morning is that a lot of drivers for Uber are working too many hours to really be safe, and that people were sleeping in their car or working when they were ill. As a business, you obviously want to ensure that passengers who are booking taxis through Uber are safe and secure. What do you do to ensure that people aren't driving either for excessive hours or when they are not fit and well to do so?

Andrew Byrne: At the moment, we call people and remind them when they drive for long hours. At the moment, we are developing and testing a solution that effectively logs someone off when they work over a certain number of hours within a 24-hour period.

Q137 **Chair:** How many hours would it take for somebody to be logged off?

Andrew Byrne: At the moment we are not sure, but it looks like something like 10 or 12; those are the things we are testing at the moment.

Chair: It would be good to know that.

Andrew Byrne: We will absolutely let the Committee know as soon as we introduce it.



HOUSE OF COMMONS

Q138 Chair: Would you do it, say, over a week? If someone works eight hours a day for 14 days without taking a break, would that signal anything?

Andrew Byrne: We have thought about that. At the moment, we are looking at doing it over a rolling 24-hour period, so drivers will always effectively not be working more than that. We also want to make sure that people take significant breaks within a 24-hour period, because, according to most safety research, that is the determining factor over how safe someone is on the road.

Q139 Chair: What about if someone is sick? If a normal employee like you is ill, you would phone up and not come in but you would still get paid. Obviously an Uber driver would not get paid, so there is a lot of pressure on people to work even when they are ill. Even if not from you, for their finances. Is that something that you have got a policy on?

Andrew Byrne: There are two things to clarify there: there is no requirement for substitution with Uber. There is no obligation to work, so there is no obligation to find someone else. Something else we launched six months ago is that we worked with IPSE, the association for the self-employed in the UK, to provide drivers with a heavily subsidised insurance scheme that provides them with sick pay, life insurance, jury service cover, a small maternity and paternity benefit as well as one other thing that I cannot quite remember. So Uber heavily subsidises the contribution to that and drivers can choose to pay in for that for £2 a week.

Q140 Chair: I would call it the welfare state. On the issue of safety and Hermes, we heard evidence earlier today that people are being required to work for 21 days without a break at Christmas. Is that correct?

Hugo Martin: No. Couriers are free to provide substitutes and get other people to provide a service if they would like a break at any time. Hermes operates a network that has six days per week for a courier and we have a Sunday network as well, which some couriers also take use of. The Christmas period, in terms of days worked, is very similar to any other part of the period; the difference is in number of parcels.

Clearly, we will work with couriers to understand how many parcels a courier can manage and if they are going to be bringing other people to assist them. If not, we help them manage that volume and we will bring in other couriers for a very short period of time, typically students home for Christmas. That makes up a large part of our couriers at Christmas.

Q141 Mark Pawsey: I want to ask some questions about what we would understand as the status of a traditional self-employed worker. As a Committee, we have picked on a plumber. So, for example, if we need some work doing on our homes we can go and employ a plumber and the employer can quote the price for the job and decide whether or not he wants to do the job. In the first instance, what influence do your contractors have on the price they receive for the service they are providing?

Dan Warne: The market dynamics in the case of a plumber will, to some extent, dictate how they will price their services and so too with Deliveroo,



HOUSE OF COMMONS

whether we pay a different rate for riders across the country according to what demand looks like and how many deliveries they can be expected to do in a given hour. As regards all the other components of traditional self-employment, namely, a lack of control—

Q142 Mark Pawsey: But to what extent are riders able to influence the price they are paid for the job? Or is it a “Here’s the price, take it or leave it” situation?

Dan Warne: Riders can choose to work when they like, where they like, for whatever duration they like. So if the price is not at a level that suits them they can leave it, and we leverage several things to increase their fees at times where demand is highest. So we will use surges and incentives so that they can make more money if we know that there is significant demand on the road.

Hugo Martin: Hermes couriers have a face-to-face relationship with the business and the field managers in particular. They negotiate their rates on a face-to-face basis, individually. Our rates are not set by a pitiless app or algorithm. We have a true face-to-face negotiation in each case.

Andrew Byrne: Yes, the Uber price does change depending on the dynamics of supply and demand and drivers also have a choice about the type of service they provide, in terms of the car. But no, it is absolutely one of the areas where we have made a decision that the price to the customer should be relatively consistent, so there is no system where an individual driver can set their own price.

Q143 Mark Pawsey: What is the short- and long-term impact on your contracted workers if they do not take up work? In the case of Uber, how long would they have to not work to no longer be considered an Uber driver?

Andrew Byrne: There is no period.

Q144 Mark Pawsey: So it could go on for years?

Andrew Byrne: As a private hire driver, you have to have a licence for private hire driving and then you have a certain number of documents that Uber needs to hold as part of our function as a licence operator. They include valid insurance, valid MOT. As long as we have those documents, you are effectively free to log in and drive at any point, as long as you want.

Q145 Mark Pawsey: So a driver could lapse, effectively, and failure to renew one of those documents would, essentially, be tantamount to saying—there is no form or situation.

Andrew Byrne: They do not tell us, though, no. If an individual decided not to renew their commercial insurance then they would lapse from our system—so when they log into the app and try to go online to receive bookings, they wouldn’t be able to. The app would say, “You need to come in and show us your insurance certificate”, or something like that.

Q146 Mark Pawsey: So you are verifying that the drivers are fit for the job?

Andrew Byrne: Exactly—but there is no requirement to tell us that they are leaving or joining.

Hugo Martin: Couriers contract to provide services six days a week typically. As I said, there is a Sunday network and couriers can contract to provide services on a Sunday. Those services are contracted and need to be performed on a daily basis, either personally or through a substitute or friend, or somebody they share the round with. In the event that a courier doesn't turn up, for whatever reason, steps are taken to find out why.

If it is a personal crisis, that will be a reason that is totally legitimate, but if there is a failure to perform services then we will issue an improvement notice and give a period of a couple of weeks for that issue to be rectified. If the service still isn't being provided in accordance with our contract we will issue another improvement notice. So you have a period of about four to five weeks in which the courier is on notice that we believe their services are not good enough and not being performed in accordance with our contract. In the event that they continue, the contract will be terminated.

Dan Warne: Deliveroo does not manage or control our riders, so people are working broadly in the on demand economy. That is the case with us as well; they can choose to work when they wish, for however long they wish, wherever they wish. If there is a period when you stop working with us, we do not take you off the books until such a time that you probably don't want us to engage with you anymore. There is a question of checking documentation: we do CRB checks for every one of our riders. We also do right to work checks. So if you haven't worked with us for a period—forgive me, I will write to the Committee about exactly what that is, but I believe it is three to four months—we may ask you to go back through the process of those checks, to ensure you are fit and proper to work with us.

Q147 Mark Pawsey: So you assume they have lapsed and are no longer interested?

Dan Warne: Indeed. We double-check that they still want to work with us, but there is no sanction there.

Q148 Mark Pawsey: You are all in service industries with no direct control over your employees. Does that in any way impact on the quality of service you are able to deliver, compared to whether the people delivering the service were employed by the company, where you would be able to have a greater degree of control by issuing more direct instructions to your staff?

Andrew Byrne: Yes it does. We could control the vehicles that people drive and the standard of service they provide. Possibly the difference between Uber and the other two panellists is that we operate in a very heavily regulated industry, so individuals who want to be private hire

drivers have to jump through a series of hoops to get there anyway. That is probably a bit different if compared with parcel and food delivery.

Hugo Martin: Hermes accepts that it can't leverage the level of control that it would be able to if the couriers were employed. Typically, couriers provide services and we have service propositions based on those services, which are a standard two-day delivery service to home or a next day delivery service. If we wanted to launch and go with the market, and provide tighter or customer-chosen time windows, or same day delivery, that would require a level of control that we believe would be inconsistent with self-employment. We would have to employ couriers to be able to do that.

Q149 **Mark Pawsey:** But is that not the way your market is going? Isn't it a service that your competitors are offering? We heard evidence from a Hermes employee that things changed about three years ago, when a new IT system was introduced that indicated there were more timed deliveries, which led to less control by the individual. Do you see a change—is the business you are in changing?

Hugo Martin: The market and the business is changing and demanding more personalisation and more convenience for customers. With regard to the time windows in place at the moment, it is important to say that the couriers are in total control of those time windows. They set them, and they can change them if they have to do something during the day that was unplanned, without penalty. They are in control of setting those time windows themselves. If we were wanting to set specific time windows ourselves and require the couriers to deliver within them, that would be inconsistent with self-employment, and we would employ them.

Q150 **Mark Pawsey:** Are there some suppliers wishing to deliver goods and tie down the delivery times that Hermes either is not able to or chooses not to pursue?

Hugo Martin: Yes. We recognise that there are limits to the model we have in place, but to be fair, the vast majority of the market at the moment is happy with next-day delivery and two-day delivery services to home. The very premium products of same-day delivery and customer-chosen time windows is a very niche market and one that Hermes is not there to service.

Q151 **Mark Pawsey:** Mr Warne, would you be able to give a better service if you had greater control over your riders?

Dan Warne: The biggest impact on service for our customers and service for the 20,000 restaurants we work with is ensuring we have enough riders to meet demand. If you do not have enough riders, you cannot deliver the food hot and in good condition for the customer. By far the biggest impactor in being able to drive as many riders on to the road as possible is having a model that gives them the flexibility they need. We have seen that not just in our surveys and discussions we have had with our riders, but also Matthew Taylor himself has come to that conclusion, having spoken to them.



HOUSE OF COMMONS

We ask, through this review and you kindly having us here today, that we can begin to end the trade-off between the flexibility that comes with self-employment and some of the security that comes with worker status. We believe that certain riders, in the event that they commit to a lot of work with us over time, should have the opportunity to accrue benefits, and we believe those benefits should be accrued according to deliveries undertaken, rather than hours worked, because our riders do not commit to working hours; they commit to working on those deliveries themselves. They do not commit specifically to working with us; 60% will work with us and simultaneously may have another app open so that they can derive more income. We want to really lean in and change the way the status looks today for our riders, and we are very excited to continue discussions with Government and with Matthew Taylor.

Q152 Mark Pawsey: Would that change involve working exclusively for Deliveroo?

Dan Warne: It wouldn't—not if they were still deemed as self-employed, as long as the accrual of benefits was associated with the deliveries rather than the hours worked. Otherwise it is very hard to say who should pay the benefit for that hour, if you know an individual is working for multiple parties.

Q153 Anna Turley: I want to pick up on a point that you made at the beginning, Dan. You said that one of the benefits of your model is that people can work and then top up their income by working with you. Andrew, I think in the advert that Uber took out in response to TfL's decision, you had someone who works full time and drives with Uber in the evening.

Given that all three of you are on the road—bikes, vans and cars—do you feel a sense of responsibility in terms of the potential risks that could be undertaken? We have already heard about issues of tiredness. Capping the number of hours that people drive with you at Uber will not affect the fact that they may have already done a 10-hour shift somewhere else. Is there anything you are going to do about that, and do you feel any sense of responsibility to the broader community for safety on the roads?

Dan Warne: That sense of responsibility, for me personally, comes from the fact that I have worked for three years with a business that, when I joined, had only 12 employees and approximately 80 riders, most of whom I knew by name. I used to fulfil a lot of deliveries myself back then. As a business, over the last several months, we have invested heavily in aiding the security of our riders. That investment has included hiring 40 staff across the country who we call operations liaison officers, who work with our riders to understand what is important to them, so that we can derive some of our policy and strategy moving forward from that.

On the safety point, recently there were some issues in London for our riders—they were publicised—where they may have felt unsafe in certain areas. We listened to that. We ensured that we developed our technology to reflect that, so that if at any time they felt unsafe, they could communicate via the app why they felt unsafe. We would understand that



HOUSE OF COMMONS

that area was potentially more unsafe and communicate with the Metropolitan police so that they could potentially take action off the back of it. We also commissioned cameras for our riders, so that when they were working in areas where they felt unsafe, they could videocam those particular incidents.

We are hugely committed to the safety and security of our riders. That is why, when it has come to discussions with Matthew Taylor, we have been vocal about ending that trade-off between the flexibility that we know our riders love, and the security that we believe a number of them should have. We want to change the existing regulation so that we can do more; that doesn't mean that we rest on our laurels and don't do more within the existing framework, because we have been.

Q154 Anna Turley: I have not really heard anything there about addressing tiredness, which is quite a serious issue. Is that something that Uber is looking at? In our earlier evidence, we heard about people sleeping in cars, pulling over for pausing. If you have done a 10-hour shift and then you are driving around the streets of London.

Andrew Byrne: Yes. In addition to the things I have talked about in terms of capping the number of hours, we are trying to use technology to make people drive more safely. We use telematics, effectively using the phone as a sensor in the vehicle. Drivers get a report every week indicating how safely they are driving. That looks at whether you are accelerating or braking quickly. The app will now not let you interact with it, and will indicate if it is ever taken out of its cradle whilst the car is moving. There are four or five indicators providing different driver feedback.

I would say that we do not know when people have done other things outside of Uber. That is something that we do not have a solution at the moment, I guess. We are happy to discuss whether there is more we can do there.

Q155 Anna Turley: I want to focus on Hermes next. Building on that, I know you don't know the background of every single one of your drivers, but the gentleman we had in this morning had worked for your 10 years, enjoyed his job, was happy to do so. But in 10 years he had had 10 minutes' training—nothing on health and safety; that was all he had had in 10 years. Are these kinds of risks for drivers on the road something you take seriously?

Hugo Martin: We do. There are a number of points I would make. First, with the rates we pay couriers, they are sufficient that they can earn a living without having to work extremely long hours. The average number of hours for a courier is about five a day. We cap our parcels on each round at about 80 to 90. So we are able to provide sustainable, stable earnings, but within a framework of not overworking couriers.

Q156 Anna Turley: How long would it take to deliver 90 parcels?



HOUSE OF COMMONS

Hugo Martin: It all depends on the courier's location. If it is an urban area, typically you can do 30 to 40 in an hour, in a highly urban area. In a rural area, of course, that cap would be lower, but on average it is about 80 to 90 per round.

Q157 **Anna Turley:** The question I was really wanting to raise, specifically with Hermes, was the issue of the right to substitution. Could you say a little more about it? Aren't you just subcontracting your responsibility to your drivers to find contingencies when they are sick or have family issues?

Hugo Martin: Couriers have an unfettered right of substitution and exercise that right throughout the network on a daily basis without any issue at all. We ask that couriers are able to train the substitute in the use of the hand held terminal. The hand held terminal has been updated in the last 12 months. Following feedback from the courier network, the company spent £18 to 20 million updating the hardware and software to make it more user-friendly and reliable. Our view would be that it is not an overly onerous process to learn and to train. If a courier feels that they need more training, they are free to request it at any time from a field manager, and it will be given.

Q158 **Anna Turley:** If they are unable to find somebody? You say that "in a family emergency, such as bereavement, a sick child, or extreme weather, the field team should make every effort to assist the courier and to ensure that cover for the round is arranged." We heard a scenario this morning about someone's colleague. Their baby was born prematurely so they were rushed to hospital, and the boss essentially said, "That's it. Your contract is cancelled. We are not using you any more". The words were: "parcels come first".

Hugo Martin: That conduct is unacceptable and would be a breach of the code of conduct, which is now embedded, by the field manager or whoever it was who had said that as an employee of Hermes. That would be a disciplinary matter. The standard operating procedures that have been rolled out to all the field managers, who have been trained very carefully, would stop that from ever happening today.

If it has happened in the past, all we can do is apologise and say, as I said before, that a vastly expanding business puts pressure on people. We had assumed that couriers were being treated fairly throughout the network. It turns out that actually in some cases they were not. We accept that, and have taken real, meaningful steps to address it and ensure that it will never happen again.

Q159 **Anna Turley:** But if that happened today, would he still be expected to find a substitute to cover for himself?

Hugo Martin: If they had had a premature baby, then no.

Q160 **Chair:** Let me push you briefly on this issue of substitution. If I was ill and unable to deliver the rounds today, presumably the last thing that I would want to do if I was genuinely sick would be to ring around and try to find a substitute. Even if I was going on holiday, if I worked for



HOUSE OF COMMONS

Deliveroo or Uber I would not need to find somebody to drive my taxi or deliver that pizza that day, but Hermes are requiring self-employed people to find substitutes if they cannot work. Would it not make more sense, and be fairer, for the business to find somebody to cover a shift if someone is ill or taking a holiday?

Hugo Martin: The courier knows the services that they are taking on when they take them on—surveying that we have done is very clear on that. They know the work that they are doing and that they are self-employed, so from the beginning they know that if they are sick they should have someone available to step in and perform the services. In a lot of cases, that happens without any issue at all.

In the event that they cannot do that or they are too poorly, all they have to do is ring the field manager and say, “Listen, I am terribly ill. I haven’t been able to find a substitute. Can you step in for me?” We would take it from there. We would find a cover courier that we have, and that cover courier would perform the services for the period of the illness.

Q161 **Chair:** So they do not have to find a substitute; they can phone up the field manager?

Hugo Martin: We ask that they take the initiative to look for the substitute themselves first, and in the event that they have exhausted that, we will look.

Q162 **Chair:** If they go on holiday are they allowed to ask the field manager to find somebody, or do they have to find a substitute themselves?

Hugo Martin: Again, if they have not been able to find a substitute themselves, we will arrange for a cover courier to perform services for the period of time that they are on holiday.

Q163 **Chair:** Would there be any risk to them getting that work back if they were not able to find cover?

Hugo Martin: Our SOP on this point is very clear that in the event that we find a cover courier or the substitute that the courier has found lets the courier down and services are not performed on that round while the courier is on holiday, that will not have an impact on the courier. The round will be available for them when they come back.

Perhaps there have been some instances in the past when that has not been the case. That really should not have happened, but per the code of conduct, given the processes that we have gone through to embed it throughout our business, I would really like to say, hand on heart, that I think that would not happen again.

Q164 **Stephen Kerr:** Is there a “no recriminations” approach?

Hugo Martin: Correct, and there are no fines either. We do not do any of that.

Q165 **Antoinette Sandbach:** Can you provide that cover across the country?

Hugo Martin: On the whole, yes we can.

Q166 **Antoinette Sandbach:** I want to move on to the recommendation from the Taylor review about a right to request employment for agency workers, or minimum hours in relation to zero-hours contracts. I am not certain that Deliveroo or Uber have many agency contracts in their business model, so I am afraid I turn to Hermes. You told us that you had 800 agency workers. What impact would that request for employment have on your business?

Hugo Martin: Very little. We would support this recommendation. We use agency in our depots on an 80-20 split—80% of our depots are employee and 20% are agency. We do that to manage weekly shifts in volume and seasonal fluctuations. We recruit our full-time employment in our depots from the agency, so we are doing that in any case. The agency that we use in the ramp-up to our peak period at Christmas is there for a very short period of time, so that right would not kick in.

Q167 **Antoinette Sandbach:** Given that there are particularly uncertain hours for those who work on zero-hours contracts, what impact would a premium have on your business if you were paying those workers a premium over the national minimum wage?

Hugo Martin: It would not have an impact at all. We don't use zero-hours contracts in our business.

Q168 **Antoinette Sandbach:** Deliveroo, do you use zero-hours contracts?

Dan Warne: A very small minority. We have 30, so overall the impact would be negligible if we had to pay a premium on that.

Q169 **Antoinette Sandbach:** Not relevant to Uber.

Going back to Hermes, Taylor recommends a "reasonable right" to decline a request for an employment status, effectively, or the right to request employment status from agency workers. What would you view as reasonable grounds to turn down that request?

Hugo Martin: I have not really thought about it before because, as I said, we would support the recommendation. It happens in most of the cases anyway.

Q170 **Antoinette Sandbach:** So why not just offer your agency workers employment? Why have you not done that already?

Hugo Martin: We use agency in a very legitimate way to manage seasonal and weekly variation within the operation. That is what agency employment is there for: to manage those kind of short-term fluctuations. In the event that they are longer term, we do employ them at the time.

Antoinette Sandbach: Sorry to interrupt you but you had 800 people on that contract. You are saying that it is going to make no difference to switch them over to the employment model, and it is a recommendation that you support.



HOUSE OF COMMONS

Hugo Martin: I think the recommendation is where they have been providing agency services for 12 months or more, and I am saying that, in that case, if an agency worker is providing services for 12 months the chances are that we would be employing them because there would be a role that would come up for employment. In the seasonal fluctuations that period is a lot shorter. So that 12-month period would not apply.

Q171 **Antoinette Sandbach:** Actually, your evidence to us was that you had 800 agency workers in your warehouses which would then double, to 1600 presumably, at peak times. That would suggest that you have in effect 800 core agency workers who are not in fact employed, and who are not getting that employment status. Do you want to change your evidence to us?

Hugo Martin: I think I have given evidence to say that we support the recommendation and I don't think I need to change that.

Q172 **Chair:** Of those 800, how many have been there for more than 12 months, Mr Martin?

Hugo Martin: I do not have that data, I'm afraid.

Q173 **Chair:** Can you come back and give us that data please?

Hugo Martin: Absolutely.

Q174 **Antoinette Sandbach:** In relation to Uber and Deliveroo: if your couriers and drivers continue to be self-employed and if they wanted to have a minimum level of work what could you do to assist them in having that minimum level of work, and would that be something that you would be prepared to do?

Andrew Byrne: The way it works for us is essentially that a driver can log on whenever they want to. The choice about the hours they work—minimum or maximum at the moment—is totally within the driver's control. So there is no sense that a driver would log on and be told that he is not required or anything like that.

Q175 **Antoinette Sandbach:** Do you cap the number of drivers that you have in London?

Andrew Byrne: We keep a close eye on supply and demand. At the moment, we have three and a half million customers in London, for example. The problem is less capping the number of drivers than having enough drivers to service the level of demand. That is constantly the issue.

Q176 **Antoinette Sandbach:** And Deliveroo? If one of your Deliveroo drivers came to you and said, "I would like a guarantee from Deliveroo that I get x number of hours per week," would that be something that you would consider?

Andrew Byrne: It is a very similar scenario to Uber. Across many of the areas in London, for example, riders are free to log in where they wish whenever they wish. With the huge demand that we are experiencing,



HOUSE OF COMMONS

particularly during this time of year, there will be more than enough work for all of our riders and they will be earning a very significant wage. In less established areas—more nascent areas, where perhaps demand is a little more volatile—we may introduce caps to ensure that riders can earn at the level that they would expect to earn at, and that we want them to earn at. In those scenarios we also give riders who perhaps are a little more committed the opportunity to book in advance, in the same way that one might reserve a restaurant table in advance, rather than showing up at the time. That does not mean you cannot show up at the time; it just means, were there to be a cap, some of those riders that wish to book in advance will have that guaranteed period when they can work.

Q177 Antoinette Sandbach: So that is effectively a loyalty premium, where drivers that show that commitment to you get a preferential position.

Dan Warne: Indeed. It is a preference for those that can commit in advance, yes.

Q178 Antoinette Sandbach: You spoke about wanting to offer drivers more. I was very interested in the subsidised model from Uber. You say you offer, in effect, sickness benefit—or some sickness benefit.

Andrew Byrne: Through a third party, yes.

Q179 Antoinette Sandbach: And that that costs the driver £2 a week.

Andrew Byrne: Yes, and we wholly subsidise that.

Q180 Antoinette Sandbach: And how much does that cost you in subsidy?

Andrew Byrne: Certainly comfortably over £1 million, and that will rise—

Q181 Antoinette Sandbach: Sorry—per driver taking that option.

Andrew Byrne: Oh, sorry. I think for us it is between £6 and £8.

Q182 Antoinette Sandbach: So it is quite substantially subsidised.

Andrew Byrne: Absolutely; I mean one wants to make it as competitive as possible. We have to a certain extent used the Taylor review as a guide to where the gaps are, and where we can be going further in addressing things. So sick pay is one area. In skills training, we now offer free skills qualifications and the ability to train online for drivers. That is all free. We offer them the ability to save at a very competitive rate for an ISA and a pension. We have looked at ratings portability and the ability for drivers to take their rating—

Q183 Antoinette Sandbach: Could you write to us with more details on that?

Andrew Byrne: Of course, absolutely.

Q184 Antoinette Sandbach: Deliveroo, you said you wanted to offer more benefits to your drivers. Uber have done it without any issues; why haven't you?

Dan Warne: On the insurance side we believe we could do something comparable to what Uber have done. The challenge is the majority of our



HOUSE OF COMMONS

riders are cyclists and there is no insurance product in the market readily available for cyclists. We are currently in conversations to try to put something in place. That is a little more complicated than we probably anticipated, but we are getting there with it.

What we have said on the Taylor review, and what we have leant into heavily, is being able to actually directly offer sick pay, for example; so rather than just subsidising something, actually offering through the accrual of work done with us the opportunity, should you be sick or injured, to have some kind of protection there, which we believe is a lot more than anyone else is currently doing in the industry, but something that, unfortunately, with the existing level of the law on self-employment, is not something that we can do.

Q185 Antoinette Sandbach: Again, could you provide us with some more details about what legal aspects prevent you from doing that, at the moment?

Dan Warne: Absolutely, of course.

Q186 Stephen Kerr: My question is very straightforward. The Taylor report is entitled *Good work*. There are a number of recommendations contained in the report. I would really like to hear which ones you would really like to see implemented, and which ones you would have genuine concerns over.

Dan Warne: We were very pleased to see in the report that Taylor recognises the value of flexibility and fears that if we sacrifice that flexibility that is sacrificing the work that a number of these riders want to do. We were thrilled to see that. He also recognises the importance of control in the relationship with an individual who works with a company. We as Deliveroo are very confident that the level of control that we exert over our riders is non-existent: they work when they like, where they like, for whatever duration they like—so we were pleased with that.

Regarding Taylor's recommendations around offering benefits with a dependent contractor model: there are aspects of that that we favour, but we are slightly concerned that a dependent contractor model may really just mean a worker, but with perhaps a little more specificity around what a worker is. Our concern with that is because of the nature of how our riders work with us: they don't work specific hours; they work for specific deliveries at times when they wish, and they work for other companies simultaneously. It is very hard to accrue benefits over an hour. We would favour accruing benefits—we really like that idea; it is something that we believe companies like ourselves should be doing—but we think the accrual needs to be linked to the delivery, because that is the nature of the work, not working by the hour.

Hugo Martin: There is much to commend in Taylor's report. The particular point that we thought was very good was a code of conduct on a sector-by-sector basis. Hermes would put forward its code of conduct as being best practice in the delivery and logistics sector and we are happy to work with Taylor and the Low Pay Commission in this regard.



HOUSE OF COMMONS

With regards to concerns, for us it is the cost that the dependent contractor would put on a business. I do not see the dependent contractor actually being used in practice because of the prohibitive cost. The cost of a dependent contractor would include holiday pay, sick pay, national minimum wage and would likely be taxed as an employee. So you would have businesses faced with the cost of an employee but without the ability to control them. Businesses would therefore look at that and say, "Well, we are not going to use that. We will employ these people instead, or have self-employment." I think that is an area for consideration.

The way in which a dependent contractor is defined is strange, in that Mr Taylor recognised the importance of exclusivity and zero-hours contracts, but doesn't apply that logic to self-employment. Dependency in self-employment is where you have an exclusivity clause in your contract and require them to be exclusive providers to you. That is dependency. We would say that should be looked at in more detail.

Andrew Byrne: There are two really big issues that we think are hugely important in Taylor and we would love to work with people further on. Lifelong learning becomes extremely important. We have tried to deliver with our drivers through a third-party called FutureLearn and the ability for them to get Open University qualifications for free and work with skills courses—everything from coding to Japanese literature—and things like that. That is something we are trying to do, but I think that as the economy changes over the next 20 or 30 years, that will be increasingly important.

The other big area that we would love to see more on is tax. In other places, such as Estonia, we have a link up within the app to their equivalent of HMRC so that drivers can pay their tax. One of the biggest feedbacks we get from drivers about self-employment is that their obligations around paying their tax are very complicated. We also give them a free tax advisory consultation through another third party. That is something that could be made simpler and more effective, which would benefit the state and the people who are self-employed and use the app.

Q187 **Stephen Kerr:** Any concerns?

Andrew Byrne: We have really tried to use Taylor as a guide for what constitutes a responsible business operating in the sector. We have concerns around things like ratings portability and how that would work in the future. For example, it is difficult to see how a rating for somebody who drives for a living would compare to someone who might be a cook or something like that or who has access through a different platform. We think we can work together on those areas and come up with a way of providing resumés and things like that. Whether straight ratings, portability and things like that work is one of our questions.

Stephen Kerr: All three of you have given lots of answers here and lots of conversations could be spawned by what you have said, but I will pass it over to Peter.



Q188 Peter Kyle: Both Deliveroo and Hermes have said that you would want to give more in terms of support or benefits to what we would call workers and people working in the frontline of your businesses, but you are prevented—there are barriers there to your doing so. To give credit to Deliveroo, you came to see me last year and lobbied me about this very issue. The specific thing there was about giving bonuses to members of staff or frontline workers. You were prevented from doing so because it would change the legal status of the worker. Is this still an ongoing issue for you? If you are pushing to give more to your staff, but you are prevented, precisely what is the barrier to your doing that, and do you think the recommendations in the Taylor review are going to solve that?

Dan Warne: Within the existing framework of the law, if you were to offer benefits and entitlements that would typically be offered to workers or employees, you run a significant risk of reclassification. That is one of the things that would get looked at in a court case: if you offer those benefits, or things like additional training or career development, all of which a company might potentially want to do, you run that risk and therefore do not. For us, because of our level of engagement with our riders, we have a very good understanding of what is valuable to them and the type of security that they would like. Unsurprisingly, things like sick pay and insurance tend to be most important to them because of the type of work that they do.

That is very much still a barrier, but we have been happy to be part of the conversation with Matthew Taylor and the conversation today, and we hope that whatever the new legislation looks like, and whenever it comes, there will be an opportunity for companies like ourselves to do more. That said, as I alluded to earlier, there are opportunities to do things right here and now in terms of the safety and security of our riders. We take that extremely seriously and will continue to engage them regularly and to try to make them feel more secure, which in turn will help our business and help our continued development.

Q189 Peter Kyle: Anything to add, Mr Martin?

Hugo Martin: Uber and Deliveroo have a real interest in this area, but for Hermes it is a little different. Couriers provide services for a long period of time and are happy to do so. If they want to progress within logistics and their circumstances change so they can access full-time PAYE employment, there are opportunities to be employed by Hermes. We have field managers and senior operational people who started life as couriers. Their circumstances changed and they wanted to find employment in the company.

Q190 Peter Kyle: But they have to move out of being a courier.

Hugo Martin: Yes, and they can do that with Hermes. We offer that level of progression within the business, and there are couriers throughout our operation. At the moment we signpost in a large amount of cases—most cases. We offer a very limited insurance product for couriers, primarily on a third party liability basis so that the public are protected—that goes to



HOUSE OF COMMONS

Anna's point on safety. We signpost good deals on insurance, MOTs and tyres. We use our buying power to give access to good deals.

Q191 **Peter Kyle:** Dan, I represent a constituency in Brighton, which was one of the early cities for Deliveroo. I remember very well that in the early days it was almost exclusively students. You speak a lot about students now, because I guess it is in the DNA of the start-up of your company.

Dan Warne: It certainly is.

Q192 **Peter Kyle:** One of the pools where your deliverers or riders gather is right outside the gym that I use, so I see them fairly often. Over the two years, I have seen the evolution. To start with it was all students on bikes, but now, overwhelmingly, it is migrants and mopeds. The people who are your riders are changing, aren't they?

Dan Warne: What we know is that 50% of the riders still are students and more than 65% are working fewer than 15 hours a week, so I don't believe it really is fundamentally changing. Of course you will get some migrant workers, as long as they have the right to work in the UK, which is something we go above and beyond to check. But because of the nature of the markets in which we are particularly successful, many of which are student-heavy markets on the consumer side, we also find that we have many students determining that being a courier for us is the type of work that they want to do alongside their studies, because it is highly flexible and because often they may well be a consumer of Deliveroo. It has this network effect, which helps to build the business up overall.

Q193 **Peter Kyle:** Andrew, do you regret the aggressive nature of your response to the TfL decision?

Andrew Byrne: If you have seen the open letter from our CEO that was published in the *Standard*, you will have seen that the business absolutely accepts that in lots of places it has had the wrong attitude and needs to change, and I think—

Q194 **Peter Kyle:** Why were you so belligerent to start with?

Andrew Byrne: There was a very high strength of feeling from people within the business and things like that, but we have got to a place where we accept that we need to do more to address TfL's concerns and—

Q195 **Peter Kyle:** But your reaction was that "TfL is putting 40,000 people out of business." You are going to court denying any responsibility for those people in the first place, so the word on everyone's lips was "hypocrite", wasn't it?

Andrew Byrne: I don't know. We are very conscious of the fact that 40,000 people do use and earn money through Uber in London, and that fact weighs very heavily on our response, but hopefully we can see a path forward now with TfL whereby we can address their concerns and continue to operate.

Q196 **Peter Kyle:** Your business plan is very well known around the globe and it ultimately relies on automation, so soon—as soon as you possibly can—



HOUSE OF COMMONS

the people backing your company want to get rid of all the drivers anyway and replace them with automated vehicles. Will you be crying then?

Andrew Byrne: There is a serious obligation on companies like ours to really think about the safety benefits that come with autonomous vehicles. Two million people die every year—

Q197 **Peter Kyle:** I am not talking about safety. I am talking about putting people out of business.

Andrew Byrne: Well, that is how we tend to think about it. Two million people die every year in road traffic accidents, and if there is something that technology can do to reduce that number—

Q198 **Peter Kyle:** I have asked you about the workers—the people driving—and you respond with road safety. When TfL withdrew your licence, you responded with, “You are putting 40,000 people out of business”. When I ask you about putting those same people out of business, you evade the question. As a business, will you be as upset with yourselves about putting them out of business—bearing in mind that that is your stated objective—as you are with TfL for doing it now?

Andrew Byrne: There is no suggestion that how we plan to move forward is total replacement of individuals by automation. We do think that a fleet with lots of human drivers will be the norm for 10, 20 years and that will continue to be the case in the UK. Our investment in the research into automation is something that we do as a business, and we are proud of the fact that it might have big safety implications. We absolutely recognise that we have responsibilities to the people who use the app when that time comes, but that time is not coming for a very significant amount of time.

Q199 **Chair:** Following on from what Peter said, a lot of people have contacted me about issues of sexual harassment by Uber drivers. In London and across the country, since you started operating, how many allegations have you had of sexual harassment? How many of those have you reported to the police?

Andrew Byrne: On the reporting issue, we are currently engaged in a working group with the police to address exactly what the policy for us going forward should be. We previously came up with a policy that said that the choice for anyone who wants to make an allegation is that they report it or not. Clearly the police have said to us that that is not good enough, and we are working with the police to change it. On the precise figures, I will have to write to you with the exact information.

Q200 **Chair:** Would you be able to do that within quite a short timescale?

Andrew Byrne: Yes.

Q201 **Anna Turley:** On that, we have heard about the lack of training. What protection do you put in place when your drivers sign up to become an Uber driver? What do they go through in terms of training and protection



HOUSE OF COMMONS

education? What do you put in place to prevent things like that?

Andrew Byrne: Every single driver has an enhanced Disclosure and Barring Service check, in the same way that a cabbie would or anyone working in care services would. That is then analysed by Transport for London, who look at exactly whether that person is fit and proper to remain a licensee. And we absolutely do believe that, using our technology, we deliver far greater transparency about who the individual you are getting into the car with is and where that car is. Every single bit about that trip is recorded and tracked by Uber. We are able to be far more helpful and hold people to account with any police investigations than a traditional private hire operator or taxi company, where you might not even know the person whose car you got into. We do believe that our technology can bring a very large net benefit in terms of public safety to taxi and private hire in the UK, and we are absolutely working with the police to make sure that that full benefit is realised.

Chair: Thank you very much, all three of you, for coming to give evidence to our Committee today.