

Business and Trade Committee

Oral evidence: Make Work Pay: Employment Rights Bill, HC 370

Tuesday 14 January 2025

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Watch the meeting

Members present: Liam Byrne (Chair); Antonia Bance; John Cooper; Alison Griffiths; Sonia Kumar; Gregor Poynton; Mr Joshua Reynolds; Matt Western.

Questions 431 - 494

Witnesses

[II](#): Paul Bedford, Group Director of Policy and Sustainability, Deliveroo; Hugo Martin, Director of Legal and Public Affairs, Evri; and Alessandro Dudech, UK Chief Operating Officer, Uniqlo.

Examination of witnesses

Witnesses: Paul Bedford, Hugo Martin and Alessandro Dudech.

Q431 **Chair:** Welcome to this second panel of the Business and Trade Committee's session investigating the Government's Employment Rights Bill and the state of industrial relations in the UK. Thank you so much to our witnesses for joining us this afternoon. We know it has been an incredibly busy period for you over the Christmas period and we are grateful to you for your time in joining us today.

Mr Martin, perhaps I could start with your good self. The UK obviously has a range of employment options. You have employees; you have workers; you have self-employed. Is that flexibility a good model in your eyes?

Hugo Martin: First of all, thank you for inviting me to talk to you this afternoon on this important topic.

We believe that the flexibility offered by the middle status, this limb (b) worker status, has great potential and could be used more. It was created to give more rights to self-employed people as opposed to weaker rights for employees. The status as it is defined at the moment is quite restrictive. It applies to people who do not have an employment contract but the relationship is such that it is close enough so it is not actually a true client and supplier relationship. That is usually because of the level of control exerted over the worker and, crucially, because that worker gives personal service. They do not have—or have a very limited—right of substitution, which is the ability to bring in someone to provide the services for them if they are unable to carry that out themselves.

Q432 **Chair:** Do you think that the basic structure and system of employee, worker and self-employed is good?

Hugo Martin: I think if you could reform the middle status to make it more accessible, it would be used far more greatly and would provide a more meaningful level of flexibility in the labour market.

Q433 **Chair:** In 2022 you rebranded to Evri and you refreshed your core values. The first of those core values says, "Do the right thing for our people." Do you believe a word of that?

Hugo Martin: Absolutely.

Q434 **Chair:** We have been inundated with feedback from whistleblowers ahead of this session. Let me just read you some of what we have heard. Let's start with wage discrepancies. One person has written in to say that the figure of £15.61 per hour that was stated to the Committee three and a-half years ago is, "completely unrecognisable to most couriers. Parliament has been misled several times by this company". Another wrote to say, "Rates vary vastly in couriers doing the same sort of rounds. One courier's parcel rate could be over 15% higher than another". Another says, "New couriers are not always told their rates



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when they start. In reality, the majority of parcels are packets and paid at 75% of the standard rate." Another wrote in to say that one of the persistent practices is to agree a round rate, then change the goalposts. Another wrote in to say, "Evri is renowned for their computer system that never gets anyone's wages correct and robs thousands of pounds off couriers every month. There is no telephone contact system to fix things." Is that doing the right thing for your people?

Hugo Martin: I have to say that I do not recognise that evidence. We do pay couriers per parcel. Those rates are calculated according to the geography of the area in which they are delivering. It is basically the number of parcels they are able to deliver in an hour. We model that to make sure that couriers earn well above national minimum wage because we want our couriers to continue to deliver parcels for us. So 60% of couriers have provided services for more than two years, 20% more than five years, and 13% more than 10 years. We believe that evidences a model that is fair and sustainable, and that couriers enjoy and are well remunerated for working within it.

Q435 **Chair:** Let's move on to another bit of evidence that we received, which says, "In calculating the hourly rate the company doesn't take account for the courier's extra costs or for the time spent scanning, sorting and loading times of parcels, the time taken to repair damaged parcels, and the time waiting for late vans." How confident are you that you are actually honouring minimum wage legislation?

Hugo Martin: Our model is audited annually and reviewed by our trade union, GMB.

Chair: It only represents some of your workers.

Hugo Martin: It is a recognised trade union for our couriers. All our couriers can join and be represented by the GMB. It looks at the model with us. We do model for time taken scanning and delivering the parcels. The time will start when a courier first scans their first parcel to receive it, and it will end on the last delivery. We measure that time and we know the number of parcels delivered in that time period. We are able to calculate their earning per hour.

Q436 **Chair:** Let's move on to what some couriers described to us as the "packet racket". They said to us that the mislabelling of parcels issue appears to have resulted in several million pounds being siphoned off courier pay over the last eight years. Another said, "I find that 10% of the parcels I have to deliver are incorrectly banded." Another said, "We are allowed to claim for missed bands but a proportion of our claims get rejected. We are not allowed to appeal rejections, despite photographic evidence. Most couriers don't claim as it is time consuming or too much hassle." Another said, "Evri claim their volumetric scanners are accurate. Nothing could be further from the truth." Is that doing the right thing by your people?

Hugo Martin: The term "packet racket" has been used for a long period of time. We have done a lot—



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Chair: It sounds like it is still in force.

Hugo Martin: We have really done a lot over the years to improve the accuracy of—

Chair: These emails came in at the end of last week.

Hugo Martin: I have to say that we work hard to measure and capture the volumetric and the weight of all our parcels. Couriers are able, if they think they are wrong, to take a photo and we will pay out and upgrade where it is an incorrect parcel if the client has articulated or given us the wrong data. We will weigh and capture the volumetric data of 80% to 90% of our parcels, so we are paying on that audited rate where it is higher than that notified to us by our clients.

Q437 **Chair:** It sounds like there are some flaws in the system, but let's move on to unachievable targets and wage reductions. Another whistleblower said to us, "Evri sets targets that penalises couriers who are working efficiently. For example, if a courier delivers more parcels than expected, the pay rate is reduced, creating a cycle of underpayment." Is that doing the right thing by your people?

Hugo Martin: As I said, we are very careful to model the number of parcels that are delivered by our couriers and the time in which they deliver them. We ensure that those rates will have earnings far greater than the national minimum wage. That is a model that is reviewed annually with our trade union, so I do not recognise those statements.

Q438 **Chair:** Okay. Let's move on to the allegations we received about unfair competition and practice. The focus of this complaint was, and I am quoting again, "Evri's 27 pence per mile allowance for couriers is insufficient to cover the cost of vehicle ownership and maintenance." Is that rate doing the right thing for your people?

Hugo Martin: That is a rate that is modelled on HMRC's per mile expense rate. We thought that was the fairest rate to use.

Q439 **Chair:** Okay. Another set of complaints was around the poor treatment of workers and the health and safety at various facilities. One person wrote in to say, "Over the peak period of December many couriers are forced to work 27 days without a day off". Another said if they do not work on these "Super Sundays" they have to deliver the Sunday parcels on the Monday and Tuesday. This is "physically impossible". Another has spoken to couriers who said they were already working from 8.30 am to 8 pm non-stop delivering Monday to Saturday. When they informed their manager that they were physically unable to do the Super Sunday, they received an improvement notice for being unable to take the Sunday parcels on the Monday. We were told that at one depot fire exits are frequently blocked and cages with metal wires and spikes were projecting dangerously. Some depots have no toilet facilities or access to hot water. Is that doing the right thing for your people?

Hugo Martin: We have a set of requirements for all the delivery units into which we will deliver the parcels and the couriers will collect them.



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All those require operational toilets and hot water facilities. We do audit and check those delivery units, so I am confident that that statement around health and safety and blocking of fire exits is not accurate. We do check that. Our employees are in these sites regularly throughout each week, so we would know about it. Our health and safety teams go and audit these sites as well. I have to say I am afraid I just do not accept that.

Concerning Super Sundays and working long hours, parcel volumes will double over that Christmas period. We took on 10,000 extra couriers to be able to handle that extra parcel volume. Where couriers are unable to collect all the parcels, the delivery units are kept open to allow them to come back and deliver them throughout the day. They are, of course, able to bring in other people to support them.

Q440 **Chair:** Well, let's then look at unfair use of self-employment. Another set of complaints that we received into the Committee's team was that Evri has main depots that employ sorters to sort the parcels but they are then transported out to sub-depots. When it comes to the sub-depots, these are contracted out, so each sub-depot has its own local contractors, which treat the sorters as self-employed rather than employed. Is that doing the best thing for your workers?

Hugo Martin: We have not used the terminology "sub-depots" for a long period of time. They are, though, in the main contracted suppliers who will run the site and have their own people carrying out the sortation of the parcels for the couriers.

Q441 **Chair:** Okay. There are then further complaints around the exploitation of vulnerable workers. Subcontractors were reported to be using those in the country illegally and people who were claiming benefits to cover delivery rounds. They were told that Evri allegedly turns a blind eye to these practices. Another talked to us about lack of proper courier checks, not currently checking the background or insurance status. Then there were many complaints around couriers who were raising issues with Evri management and basically being given a cold shoulder. Is that a good way to put people first?

Hugo Martin: I am sorry to hear those statements. We have—

Chair: Well, I have lots of them. I have literally got pages of whistleblower complaints that have come in as soon as people found out that we were running this session.

Hugo Martin: We do have a code of conduct, which is on display in all these delivery units where the couriers will collect the parcels from. It clearly has an anonymous whistleblowing number on it as well as my email address as the company secretary. They can write directly to me and my team will investigate. Our employees are on the sites. If they have any issues, they can raise it with them, and they can raise it with the GMB representatives within these sites as well. We have lots of ways in which we can gather in these claims, and I have to say these are not



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things that I recognise or are brought to me directly from couriers or the GMB trade union.

Q442 **Chair:** When I put the list together: wage discrepancies and inaccurate payments, unfair use of self-employment, unfair practices in parcel bundling, unachievable targets and wage reductions, unfair competition practices, poor treatment and health and safety issues, bullying and intimidation, exploitation of vulnerable workers, lack of proper courier checks, and failure to address couriers' concerns. What workers and couriers describe to us is not a partnership agreement with Evri. They describe a slave driver's contract. I am curious as to how you are not picking this up when our inboxes have been flooded ahead of this session.

Hugo Martin: I am also curious about that. As I have mentioned, we have numerous ways in which couriers can flag any issues to us. In addition to that, we survey our couriers twice a year to find out what their sentiment is and to take any feedback.

Q443 **Chair:** None of these 10 issues came up?

Hugo Martin: Not that I am aware of, no.

Chair: Something appears to be going very wrong on the shop floor.

Hugo Martin: Our couriers will have frustrations around the services that they provide, things like—

Q444 **Chair:** It is their fault; it is the couriers' fault.

Hugo Martin: No, it is things such as parcels not being delivered or being available for them when they arrive at our delivery units for collection. That is the typical issue that they will face, which we work with them to try to solve. However, we do not always get it right. As I said, there are numerous ways in which our couriers can tell us how they are being treated, and I have to say I just do not have those emails flooding my inbox.

Q445 **Chair:** Well, we do, I am afraid. With the new Employment Rights Bill, how will your model need to change? What will this conversation feel like in 12 months' time once the Bill has gone through, do you think?

Hugo Martin: We have supported the employment Bill virtually in its entirety. We work hard with our trade unions, the GMB and USDAW so that we are supportive of the trade union elements of the Bill. We are supportive of flexibility from day one. We have that already within our employee network. Day one rights we are supportive of, as we are with a single enforcement body. We are very supportive of that. The Bill at the moment we do not have any concern about at all.

There will be a consultation on employment status, which we will feed into. We gave some written evidence to your Committee about it as well, which we were invited to give you some evidence today on. We believe that our model, which is based upon the flexible limb (b) status and grants paid holiday, union recognition and pensions, has rights that our



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couriers have today and which we think can be rolled out more widely to organisations that use self-employment at scale.

Q446 **Chair:** Do you think that your couriers have strong enough rights today?

Hugo Martin: Our couriers have numerous ways for their voices to be heard.

Q447 **Chair:** But do they have strong enough rights in the workplace today?

Hugo Martin: They have paid holiday, union recognition, pensions, and are soon to have a sick pay scheme—an insurance-backed sick pay scheme—which has been approved by our trade union.

Q448 **Chair:** But do they have strong enough rights at the workplace today?

Hugo Martin: I believe so, yes. Coupled with the level of flexibility that couriers like to have, to be able to access work and provide—

Q449 **Chair:** I have just read you out a long list of 10 whistleblower complaints but you think that they have strong enough rights in the workplace today.

Hugo Martin: I am unsure as to how those whistleblowing complaints could be enforced. If we heard about them, we would investigate them, of course, and if their pay rates were paying less than our model, we would take action. Where couriers find parcels that are an incorrect size for what we are paying, they can tell us about it and we will change the rate that they are paid for that parcel.

Q450 **Antonia Bance:** Turning now to Mr Bedford, there have been reports that Deliveroo riders are subcontracting their accounts to workers who do not have the right to work in the UK. Do you have any concerns that substitutions are being used to exploit vulnerable workers?

Paul Bedford: Thank you for having me here today. The issue about substitution being used to allow people without the right to work in the UK has been flagged to us both as a company and as an industry. You may have seen that we met with the Home Office almost a year ago now to discuss the issue where immigration enforcement officers talked to us about the issue that they had started to find within the sector of substitution potentially being used to allow people without the right to work on to platforms. Last year, we committed to introduce measures to prevent people without the right to work from being able to access the platform and, as Deliveroo, we have led the industry in introducing the sorts of technical changes that will prevent people without the right to work from accessing the platform.

Last April, we introduced registration accounts for substitutes. Substitutes for the first time needed to register in advance before they could complete deliveries. That also allowed us to undertake the right-to-work checks directly on those substitutes. To police that system, we have also improved our facial recognition check technology where now every single day that you log into the platform you are required to take a video selfie as the rider. That means that every day, we can check the video selfie



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that is provided with the documentation we have for the main account holder or for the substitute.

In essence, this had been flagged as a small problem for the industry as a whole. We have then led the way as a company by introducing these measures and I think that has been recognised by the Home Office and is something that we are very keen for our competitors to also introduce at the same pace and scale that we have.

Q451 Antonia Bance: Why do you continue to allow substitutions of riders when it has been so very well publicised that it is open to abuse? Surely it would be easier just to take away the right for people to nominate a substitute and then you would be confident that you were not contributing to an illegal market in inappropriate working.

Paul Bedford: First off, it is worth saying that substitution is just a normal, regular part of self-employment in the UK. It is not specific to our company or our sector. There are a lot of different parts of the economy where self-employed people have the right to substitute. I would also say that simply just removing in law the right to substitute will not prevent people who want to break the law from abusing it. We are dealing here with people who are trying to sell their accounts to people without the right to work, so they are already doing something that they know is wrong. I do not think making it illegal would be something that would necessarily deter them.

The way to stop people trying to abuse our system is to introduce robust technical measures, as we have done, to stop them doing that and to destroy that secondary market of people trying to sell accounts to people without the right to work. Now they must register their substitutes and there are facial recognition checks taking place daily to make sure that the person who is registered is the person on that account. That is the way to solve it and in doing so, people who are legitimately using substitution, which again is a normal part of self-employment in the UK, can carry on using that and you do not take away the rights that they enjoy as a self-employed individual.

Q452 Antonia Bance: The other way, of course, to deal with the issue of inappropriate use of substitution is for the employing company to recognise that its workers are in fact workers rather than self-employed. Why do you continue with this idea that these workers are self-employed rather than workers with a responsibility to your company and who are under the direction of your company?

Paul Bedford: I am happy to set out how our model operates and why it is self-employment and why the Supreme Court has found our riders to be self-employed. It is worth stating up front that our model has been through the courts and the Supreme Court was clear that this is a model of genuine self-employment. It is not a case where we have reclassified them as workers as is the case with other companies you may have seen in the gig economy broadly.



I can set out how we work with our riders, how they operate and why that is self-employment, and contrast that with worker or employee status. The first thing to say is that once you have registered and are online on the platform as a rider, there is absolutely no obligation for you whatsoever to hold yourself out for work at all. There is no requirement set by Deliveroo that people must be available for work at any period of time. Our riders can choose when they want to log in and they can choose where they want to log in. I can contrast that with a worker or an employee where clearly the company they work for determines when they start their shift and where they have to turn up. There might be some negotiation about whether they get certain days off or can start late, but ultimately the company has the final say on when they start and where they start. For Deliveroo, that is not the case at all. It is entirely in the hands of the genuinely self-employed rider.

Once riders log on, if I take the second part, they will be offered work and they will see when they are offered work where the collection point is—the shop or restaurant—where the customer is they need to drop it off to and they will see the fee that they will get paid very clearly up front. They then have the choice to accept or reject that offer of work and they can reject every single piece of work you ever send them and that has absolutely no consequence whatsoever on their standing. There is no requirement for them to accept a certain number of offers that we make them. They can just go through rejecting every single piece of work we offer.

I can contrast that with an employee or a worker. Clearly, they cannot refuse the task that they are being given as an employee or worker. If I were working in a supermarket, I could not say to my manager, “I do not want to stack that shelf but I am happy to go off and stack that one.” Again, I could negotiate about the tasks I do, but the final say is with the company about the tasks that are being performed by the worker in that case.

The final point to talk about and to draw your attention to is that our riders can work with competitors at the same time as working with Deliveroo. You will find that when our riders are working they will quite often have competitor apps open at the same time and choose and select between different jobs that are being offered across multiple platforms. I can contrast that with employees or workers. Clearly they cannot work with competitors at the same time. We could not expect a McDonald’s chef to think, “Service is too heavy. I am going to go down the road and go into Burger King and start cooking.” That is the very clear difference between our self-employed model and the models that exist in the employed or worker status parts of the economy and why the Supreme Court were very confident to find that our model was genuine self-employment.

Q453 Mr Reynolds: On substitutions you said that you have introduced this selfie verification to ensure that people are not substituting when they should not be. Do you think a selfie is enough to stop criminal gangs from exploiting people on your platform?



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Paul Bedford: I think it is a very robust control. It is a video selfie.

Q454 **Mr Reynolds:** Do you really?

Paul Bedford: I do, because I think you are required to take a moving selfie that is then compared against the documentation that is held on file. Yes, we have introduced market-leading robust controls. If you go into the rabbit warren of online rider chat forums you will see—we can happily send examples of these discussions—people talking about the fact that our controls are having an impact and are robust.

Q455 **Mr Reynolds:** Your rider website says that if you allow substitutes to complete orders on your behalf before the verification then the rider account will be terminated. How many rider accounts have been terminated because of something like this?

Paul Bedford: I will give you the numbers and put them in the context of our overall active fleet. Since we introduced the substitute registration feature we have had around 6,000 substitute accounts registered. That is about 5% of the total number of riders that we have, to give you some context. That is the number of substitutes. We have stopped around 2,500 substitute accounts from being finalised. That number, and we do not have the breakdown internally, will include people who started the application process and did not complete it because they just decided they did not want to. It will also include people who failed the right to work checks. Some examples I have seen are where people were applying with the wrong visa type that was not permissible under the self-employed scheme. Therefore not all of the 2,500 are people who have failed the right to work checks but it will include a proportion of them.

Q456 **Mr Reynolds:** That might be the case, but how many accounts have you terminated because the rider has allowed somebody else to go and take their app or log into their app and deliver on their behalf?

Paul Bedford: Where we find people abusing it, we will terminate. I do not have the specific number beyond that 2,500 figure where people have started that substitute registration process and have failed and therefore that has been stopped but, again, we can take that point on the specific numbers of accounts that have been terminated if they are found to be breaking the law.

Q457 **Mr Reynolds:** What is to stop me for example, if I was a Deliveroo rider, from giving my app or giving my phone to somebody else and saying, "You can complete my orders today."?

Paul Bedford: I would not recommend giving your phone to other people but if you were doing that to try to get around the facial recognition checks or the software, again I think you will find that you will be required to take a selfie within every 24-hour period.

Q458 **Mr Reynolds:** I could do that, couldn't I? If I lived with somebody that did not have the right to work in the UK, I could log in at 9.00 am. I could do my video selfie and give my phone over to somebody else for the day.



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They could complete shifts on my behalf, work illegally and then give it back to me that evening, and I could do the same again the next morning.

Paul Bedford: I think that would be difficult to achieve with the timing of when our facial recognition checks would take place. I think it would be complicated but if we think about where we were as a—

Q459 **Mr Reynolds:** How would it be complicated? If a facial recognition check came up, for example, could I not just close the app and go home for the evening?

Paul Bedford: Until the facial recognition check has been completed you will not be able to complete delivery. I suppose logistically you would have to—

Q460 **Mr Reynolds:** I could do that—

Paul Bedford: Logistically for that example you would need to be with the person clearly or you would need to be in very close contact for that sort of thing to happen. If you were trying to sell this to someone else because you wanted to make money it would be challenging because you then clearly need to be in close proximity to them every 24 hours.

Q461 **Chair:** People could be living together in a caravan camp outside Bristol, for example.

Paul Bedford: If we look at where we have moved as an industry and as a company, we have introduced these checks and they are significantly more robust in addressing the problem of substitution. We will happily take away that point around whether they can be made even more robust. We are introducing additional controls this quarter to make our process even more significant. It will also trigger a facial recognition check if the app detects a different device is logging into it. In the example, if you were to do the facial recognition check, log out, and then someone else tries to log in on their phone, it will trigger a second facial recognition check to try to prevent that sort of abuse. Those are the checks that we continue to roll out.

Again if we were to step back as a company, we have moved significantly far in clamping down on this problem. There is evidence online in rider forums that shows these are having a positive impact. We have gone further than our competitors in the UK and would want our competitors who are not on the panel to introduce the same sorts of measures that we have taken. I take your point that if criminals really want to get around stuff they will find ways and we need to be vigilant about that. There are things that we can and should continue to do. The device ID log in change is something that we are introducing and of course we will take away the point about how else we can make this as robust as possible.

Q462 **Chair:** I think you were about to say that you were not 100% sure that your competitors had the same kind of robustness to their checks.



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Paul Bedford: They do not have the same robustness of checks as I currently understand it and in our conversations with the Home Office and as recognised with the Home Office, Deliveroo had gone further and had led the industry in introducing these sorts of measures.

Q463 **Chair:** If the Employment Rights Bill was amended in ways that began to introduce a different kind of regulation to self-employment, perhaps changing the balance between some of the definitions of when somebody was self-employed and when they were an employee and a worker, how would you respond to that?

Paul Bedford: It depends entirely on the terms in which status changes were being discussed. The point we tend to make in this is that we are offering a form of work that is incredibly attractive to a lot of people and is drawing a lot of people to the labour market who otherwise would not participate because this form of fully flexible work allows them to work, earn and pay tax. I think our position generally is that that flexibility needs to be protected. Of course there is a debate to be had, and a genuine debate, around the sorts of protections and benefits that genuinely self-employed people get and I think we would welcome a discussion in the course of the consultation on status that looks at the benefits and protections that genuinely self-employed people have. If that were the discussion and the way it was framed, I would welcome that and think that would be a good step forward—something that we support and something that the GMB, which represents our riders, would also support.

Q464 **Chair:** In that consultation on single status, where do you think there could be, from your company's point of view, room for improvement in today's regulatory regime?

Paul Bedford: This is not necessarily linked to single status because that is clearly merging worker status and employee status that, on the face of it, would not affect our riders who are genuinely self-employed but, as part of that discussion, if there were steps that could be taken to allow companies such as us to provide additional benefits and protections on top of the things that we already provide, it would be a very good first step. We unilaterally as a company provide insurance-backed sick pay and parental payments and that is not something that self-employed people get as a right, but it is something that we offer because based on discussions with our riders it is something that they find valuable and makes our proposition more attractive on top of the flexibility. Doing more things such as that would be a good step for the Bill to allow us to go further.

Q465 **Gregor Poynton:** Mr Dudech, what motivated Uniqlo to hire freelancers over agency workers to manage your Christmas period?

Alessandro Dudech: Thank you very much for having me here. Perhaps not everyone might know Uniqlo, so allow me to give some context. We have been in the UK since 2001. We have 20 stores—

Chair: We are fully briefed on Uniqlo. You can cut straight to answering



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the question.

Alessandro Dudech: To put it in perspective, 99.5% of our workforce is directly employed and all those colleagues have guaranteed hours. To answer directly your question of why we have gone that route, it was a trial and the main purpose was that we were struggling to staff some of our regional stores. That trial totalled three weeks from 26 November to 15 December. It was a total of 22 shifts for 165 worked hours. In context, our colleagues in Uniqlo last year in the UK worked 1.7 million hours. I want to make sure that I stress that it was very short in time and also in length, and it was coming out of a need for fulfilling some staff shortages that we identified in some of our regional stores outside of London where the accessibility of talent is not as readily available, but we stopped.

Q466 **Gregor Poynton:** That does not answer the question because the question was why freelance over agency. We understand that you need to manage busy Christmas peaks. There are staff shortages in certain parts of the country. But why freelance over agency?

Alessandro Dudech: As a business, we are always trying to find new ways to bring people into our company. Specifically for the areas where we trialled—I want to emphasise this trial was not for all the stores in the UK; it was specific to areas where we were struggling to find talent with our existing channels, which is obviously direct, but also we are working with a normal agency—we could not find sufficient talent to fill the gap. It was peak season.

Q467 **Gregor Poynton:** You could not get enough people through agencies so you tried freelance?

Alessandro Dudech: Precisely.

Q468 **Gregor Poynton:** What were the pay and conditions for those freelance workers? How do they compare to the permanent staff you talked about?

Alessandro Dudech: Exactly the same. The salary that we offer to the freelance workers is the same salary that we offer to our own employees that are directly employed from us. That is the real living wage both in London and in suburban areas. Did that answer your question?

Gregor Poynton: It did.

Q469 **Antonia Bance:** Sorry, what was their entitlement to holiday pay? If their terms and conditions were the same as your directly employed workers what was the entitlement of your freelance workers to holiday pay?

Alessandro Dudech: Sorry, perhaps I misunderstood. The question was about the wage amount.

Antonia Bance: No, the question was about wage conditions.

Q470 **Chair:** We are interested in understanding from the full range of benefits that are offered to full-time employees what was the package that was



offered to freelancers? Was it 100% the same or were there differences?

Alessandro Dudech: When we hire directly, we offer a plethora of benefits, specifically maternity and paternity leave. We offer holiday entitlement. We offer bonuses. The reason why we stopped this trial is because we want to make sure that we focus on our talent internally and that we can offer the full plethora of our benefits to the people that we employ. Once again, we decided after the short trial that it is not for us. At this point we will not use this method of employment anymore. Again, I want to stress that that was very limited in time and something that we do not wish to continue and that is why we stopped.

Q471 **Gregor Poynton:** So if I have it right, the pay was the same but the other elements that we talk about—the full plethora of benefits—they did not get those. They got the pay, but they did not get everything else.

Alessandro Dudech: Specifically when we talk about agency workers, they do enjoy the same benefits we offer for the freelance workers. For the details I would like to follow up in writing as I do not want to give incorrect information.

Q472 **Gregor Poynton:** You had the trial. It was a three-week trial.

Alessandro Dudech: We stopped it.

Q473 **Gregor Poynton:** You stopped it. What went wrong?

Alessandro Dudech: From our perspective, the difference with the freelance worker option versus hiring directly and also the agency workers is the availability of talent. The freelance worker does not guarantee hours for specific shifts, which is defeating the purpose of the entire enterprise because we started this trial to fulfil specific gaps. At the same time we were also receptive to input from stakeholders and we decided that based on the values that we have as a company, which is to nurture talent internally and promote development within our company, this was not the right fit for us at the moment.

Q474 **Gregor Poynton:** I will just read a little bit from your statement. “Uniqlo no longer sources freelance workers for temporary store-based roles. We instead recruit for our temporary and permanent positions directly or through other channels to ensure all our staff are eligible for applicable employment benefits. We are committed to treating our employees fairly while maintaining our high service standards.” This all sounds good but that does sound to me as if in that period those high standards were not being met.

Alessandro Dudech: I think perhaps, if you will allow me to rephrase, these freelance workers were not utilised on the shop floor. They were utilised in tasks such as restocking and the main purpose of this exercise was to allow our employees to serve the customers and maintain those operational standards and customer service that we pride ourselves on.

Perhaps to summarise once again, we do not believe that this model works for us. That is why we decided to discontinue it and at this moment



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in time we do not wish to work in such a way and that is why we stopped it.

- Q475 **Gregor Poynton:** I suppose that more broadly that model, as you say, does not work for you, so I would be interested in your views. Do you think we need clearer regulation around the gig economy given the experience that you have had?

Alessandro Dudech: As a global business we operate in 26 countries, specifically 11 countries in continental Europe where some of the proposals of this legislation are already in place. I have managed the Italian business and the German business. We have successfully been operating in those legislative frameworks. I believe that the suggestions that are included in this Bill will, as the Chair mentioned, make work work for the people here. To answer your question, whatever the decision of the Committee will be, we welcome it and will ensure to stand by that legislation and be fully compliant. At the same time, as I mentioned earlier, already in the UK we go above and beyond the statutory framework. We pay a real living wage. Just last summer we passed six months' paternity leave for our internal employees. Again, whatever the Committee decides we will ensure to adhere to.

- Q476 **Mr Reynolds:** One of the benefits that Temper claims on its website for using their platform is that as an employer you can cancel a shift 24 hours before the start of that shift. When you were using their platform, did you take advantage of that feature?

Alessandro Dudech: I would have to check. Apologies. I do not want to give incorrect information. I am not aware of it, but once again let me come back to it. Because of the very small nature, 22 shifts, I would not imagine so but let me get back to you.

- Q477 **Mr Reynolds:** This trial was quite a big thing for your business, I am assuming, to see if it could potentially work. It was a big ordeal for you to go through that trial, which took a long time, I am assuming, to get right.

Alessandro Dudech: It was not a strategic choice. English is not my first language so perhaps I have not explained myself. It was a way to try to fill the gap in some of the stores. Outside of London we were struggling to find talent and as a business, and again I heard in the session before that you also worked in retail, we are constantly looking for opportunities to bring in new people. We are trying new things. This particular experiment came to an end because it just was not—

- Q478 **Mr Reynolds:** You have been the chief operating officer since 2019. Were you involved in the experiment at all? Were you as chief operating officer personally involved in the decision to use Temper?

Alessandro Dudech: As every decision we make in business, it is a collegial effort and we decided to trial as a way to—

- Q479 **Mr Reynolds:** I get that, but were you specifically involved in the decision to make the trial? Yes or no.

Alessandro Dudech: I was involved, yes.



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Q480 **Mr Reynolds:** You were involved, so you obviously made the decision to say that you struggled to find employees at the right salary so you thought you would go via this company to try to find them. I am looking at one of the jobs that you have online at the moment. They are paying £14.15 per hour in one of your stores. Temper takes £3 an hour as the fee that they add on that you pay them. Did you try recruiting staff at £17.15 per hour before you tried going with Temper?

Alessandro Dudech: Honourable Member, I am not very familiar with the details of what you are mentioning. I apologise.

Q481 **Mr Reynolds:** Looking at their website, it says that if you are using Temper as a platform, you as an employer pay £3 per hour as a fee for every hour that is worked. You are currently recruiting staff at £14.15 per hour. Before you decided to use this company of freelancers did you try recruiting staff for that elevated salary?

Alessandro Dudech: Again, if you do not mind, if I can have the specifics of what you mention and then I can assess the full situation.

Q482 **Chair:** We can follow up in writing with you. The point is: did you ever try to recruit people at £17.15 per hour before deciding to use Temper?

Alessandro Dudech: Is this hypothetical or is this specific?

Chair: This is real.

Alessandro Dudech: On the specific question, we have different salary grids, meaning that when you enter the company you are paid at the real living wage and that is the threshold. As you progress, and I believe that is the same situation in every business, you gain more seniority and so your salary levels increase. Are you asking me if we would hire people at a higher rate for the same job that they would do somewhere else?

Q483 **Mr Reynolds:** Yes, because that is what you are paying to. So rather than paying a middle man the £3 per hour that you had to pay as a company through Temper, which I am assuming as you said you were involved in the process you probably knew that you had to pay them as a company to find these people for you, rather than giving that money to them as a freelance agency, why did you just not give it to the employees?

Alessandro Dudech: Chair, honourable Member, this £3, I apologise, this is—

Chair: We will set this out in writing.

Alessandro Dudech: I really do not want to mislead anyone but I just have not heard of this information.

Q484 **Antonia Bance:** When I worked in retail, both in the back room and when serving customers as a directly employed employee, I was expected to follow the instructions of the store manager. Were these workers employed through Temper expected to follow the instructions and complete the tasks assigned to them by the store manager or



another manager in that facility?

Alessandro Dudech: Specifically these workers, as I mentioned earlier, were working in the back of house, working on shelving. For all intents and purposes just putting products on the shop floor to allow our customer advisers, as we call them, to then be able to directly interact with our customers. The directions throughout the day would be something that the store manager on site would then allocate to the workers.

Q485 **Antonia Bance:** If there was a store manager on site who was performing task management and allocating tasks to these workers in what sense were these workers self-employed?

Alessandro Dudech: Perhaps when it comes to evaluating the worker status, this is something that is left to an expert. This is beyond my remit. As I mentioned before, the trial with Temper is something that we decided to try to fill a gap, but we also decided to stop because it was not working for us and that is why we decided to discontinue it. I think the reason that we are here today is because we want to find new ways to ensure the flexibility that workers but also companies want in a way that still protects their rights.

To answer your question, I do not feel I am the right person to comment on worker status, and I apologise for that, but I want to reiterate the fact that in Uniqlo we are committed to making sure that our staff feel supported, that they have a clear career path to success and that they can grow inside the company, which is once again why I want to reiterate that 99.5% of our team members are directly employed. They are guaranteed hours and they see a path to success.

Chair: We appreciate that point.

Q486 **Antonia Bance:** So you are not totally sure whether you were in compliance with relevant employment law when you engaged these workers via Temper? I am very happy for you to write to me with the results of your compliance on that point.

Alessandro Dudech: Thank you. I think we will avail ourselves of that.

Chair: The challenge is that, from your description, it does not sound like they were genuinely self-employed. That is the problem we have.

Alessandro Dudech: Chair, for the specifics of these questions—again, I want to apologise if perhaps I have not understood fully the content of these questions—I would like to follow up in writing.

Q487 **Antonia Bance:** Thank you. So do you feel that you made a mistake working with this app?

Alessandro Dudech: I think as a business—I think many Members here worked in a business—it is only natural to look for opportunities to continuously bring new talent into the company. We realised after the trial that it was not working for us, and that was why we decided to stop. Again, it is our opportunity to continuously try to find new ways to have



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that talent, and this conversation also helps us to guide our actions and understand how we can best contribute to the workplace here in Great Britain.

Q488 Antonia Bance: Did it become clear that it was not something you wished to pursue before or after there was media coverage of the reputational impact on your company for using bogus self-employed workers employed through an app?

Alessandro Dudech: The trial, again for transparency, ran from 26 November until 15 December, so the duration of the trial was always established and the locations of the stores were selected, as I highlighted before. It was always meant to be a trial and then we were able to reassess. That trial only ended up in 165 worker hours and 22 shifts. Once again we decided that that was not the right fit for us, which does not mean that it cannot be the right fit for other businesses, but for us specifically we believe in fostering the growth of employees directly and that is again why 99.5% of our employees are employed directly.

Q489 Antonia Bance: Sorry; you took the decision not to continue with the trial before or after the media coverage?

Alessandro Dudech: Perhaps if we know exactly when the article was published? I do not have that information to hand.

Q490 John Cooper: Temper is a strange sort of outsourcing. I do not know if you can tell me—I do not know; I am not familiar with this—if there are many of these sorts of apps. Is this a thing that is growing? Is Temper the only one in this market or are there several like this? Do you know?

Alessandro Dudech: I can only comment on what I personally know. I am not very familiar with the other options that are out there with freelance workers. Apologies, I do not have any further comments on this particular topic.

Q491 John Cooper: You were involved in the decision to try to go down this route. How did you come across Temper? Did you seek them out? How did it work? How did you come across them?

Alessandro Dudech: For the specifics of selecting this particular supplier, I would like to follow up in writing as I do not have the specific details of that search. Please allow me to follow up in writing.

Q492 John Cooper: Okay. Again, I do not know if your background is particularly in the law, but did you run the rule book over this? Did you look at the legality of this? Obviously the company appears to be a legitimate company, but there do seem to be grey areas here. Would I be right in saying that?

Alessandro Dudech: As a company we only work with certified suppliers and we also have a code of conduct to which they must adhere. Again for the specifics and for the purpose of being clear in this Committee, allow me to follow up with concrete answers.

Chair: Very briefly, Mr Reynolds.



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Q493 **Mr Reynolds:** Thank you, Chair. Something does not quite add up for me. You are the chief operating officer of this organisation and you do not know the specifics of a trial that you have told us already you helped to introduce. I am confused. Help me to make that make sense.

Alessandro Dudech: If you can help me understand, what are the specifics of this question?

Q494 **Mr Reynolds:** You are the chief operating officer of Uniqlo. I would imagine that as an individual that meant that you were all over your business—that you knew exactly what was happening in your organisation. You told me earlier that you were part of the decision-making process to start this trial with Temper, but you are now telling us you cannot tell us the specifics because you do not know them. Do you not know what is happening in your business?

Alessandro Dudech: Chair, with all due respect, I think that for the specifics and for the sake of clarity, I want to make sure that whatever information we provide here is fully accurate. Again, I do not want to mislead anyone and I want to be clear that we are very happy for the opportunity, but I just want to ensure that we provide accurate answers. So please allow me to follow up.

Chair: We are slightly out of time so that concludes this panel. We are very grateful to you for your time and the candour of your evidence. Thank you very much indeed. That will help this Committee get its recommendations to Parliament right. That concludes the panel and that concludes the session.