



HOUSE OF COMMONS
LONDON SW1A 0AA

Darren Jones MP
Business, Energy and Industrial Strategy Committee Chair
House of Commons
London, SW1A 0AA

28 May 2021

Dear Mr Jones,

I am writing to you in advance of the forthcoming 'Future of the UK Labour Market' inquiry that the House of Commons Business, Energy and Industrial Strategy Committee intends to undertake later in the year under your chairmanship.

I wish to raise an issue of great concern relating to the exploitation of Hermes drivers and Delivery Unit Controllers (DUCs), to be further investigated as part of your committee's inquiry.

My office has received a number of testimonies from those working as Hermes drivers and DUCs, which I have attached as an appendix to this letter, detailing the exploitative practices that they have been exposed to at the hands of the company.

It is an outrage that working people are receiving no recompense for hours of their labour, or seeing enforced reductions to their pay with the threat of redundancy. Furthermore, the number of hours that Hermes drivers are made to work to make ends meet is not only a moral outrage but a very dangerous safety concern for the wider public as well as the drivers themselves.

It is clear that bogus self-employment, inadequate employment protections and a lack of enforcement action are enabling these exploitative employment practices. With many drivers across the gig economy, along with other key workers, having spent the past year putting their lives on the line to keep our country going through the Covid pandemic, whilst the companies that they work for have raked in vast profits, it is only right that we ensure that we do all that we can to put an end to such unfair and pernicious practices.

I look forward to the Committee's forthcoming inquiry. Should there be a need for additional evidence or if the Committee wishes to receive submissions in person, my office would be happy to assist if possible.

Yours sincerely,

Andy McDonald MP
Shadow Secretary of State for Employment Rights and Protections

Appendix - Anonymised Testimonies from Hermes drivers

Testimony 1

I have recently lost my round/job with Hermes as I would not accept an enforced pay reduction.

I am now unemployed despite working with Hermes since 25th January 2020 without issue and providing great performance data.

I do feel this is a profit and greed related action in response to any possible stealth tax to be enforced by the Treasury regarding delivery companies and the increase they have seen in their profits.

I, like many other key workers, worked tirelessly throughout lockdown to keep the nation moving, and then get treated like this.

This is simply not acceptable.

Hermes needs to be held accountable for their actions towards workers, many of whom have no choice but to accept this decision.

Testimony 2

I work for Hermes, and have done for 7 years now.

We were tortured into joining the se+ at the end of last year because we were told if we did not join we would most likely lose our rounds.

My parcel rate went from 85p average down to 65p. Then in the past 4 months this packet/parcel racket kicked in. On the average day my ratio used to be 70/30 in favour of the parcels. It's now down to 80/20 packets. I would say I have 20 a day down as packets in which they are parcels.

We have been told we are not allowed to refuse them as it will result in me losing my rounds. I feel that we are being held to ransom now and as I'm now 60 years old I know a job will be hard for me to get.

Testimony 3

Would just like to have my say on how I've been treated by Hermes.

This time last year we were being hailed as key workers and our army of couriers were going to be vital to saving jobs and keeping the economy moving, letting families send each other birthday gifts, delivering veterinary medicines to keep pets healthy and everything else in between.

Obviously seeing the videos of hospitals being overcrowded and hearing the death toll in Italy was worrying, as I've got a young family myself and was afraid of catching it and getting seriously ill or worse again, I could potentially bring this virus back into my home with me and make my

family sick. Although I was worried I still got up 6 days a week and delivered record amounts of parcels for Hermes, most days I would leave home around 7am and not get back until after 9pm. When I got home I would strip at the back door and go straight into shower to minimise risk to my children. Although it was a long busy day I honestly thought I was helping out in my own way and was willing to do what was asked of me and was appreciative that I still had a job whilst so many others were losing theirs.

Fast forward a year and after Hermes made record profits and their couriers have basically put their personal lives on hold and worked with the stress and relentless nature of the job, we have just been informed that we are all receiving a pay cut. I was told that mine would be 25% and if I didn't accept it then they had couriers lined up who could take my runs. On top of this I would also have to sign up to a new Hermes scheme "se+" which would then take another 11% from my wages. I feel really let down by the company as we didn't know how deadly this virus was at the start but we still went out 6 days a week and done our jobs in the community, all while the fat cats at Hermes sat at home working on schemes to deduct money from us while their bonuses got bigger and bigger.

Now we are getting changes almost daily whether it be taking photos of every parcel we deliver, taking photos of front doors even when customers are not home, I'm not even sure if that's legal. We have also had our work scanner taken and told that we must provide our own. We are waiting hours to get into the depot to get our parcels because of social distancing, all unpaid. When we do get into the depot, staff refuse to wear masks along with our field manager. Couriers in our depot have had covid-19 and the depot stayed open and wasn't sanitised, just went on as if nothing had happened. I've complained about this numerous times which have all been ignored and I feel this could be the reason my pay has been cut by 20p per parcel whilst most couriers have had 2-3p taken from them. It seems to be a really aggressive way to get rid of good long serving couriers and replace us with low paid replacements. I've never seen morale so low between us all as we feel that all the hard work and sacrifices we've made for our job over the last year has been thrown back in our faces. My courier rating is 98 out of 100 which is rated by Hermes customers and shows that the job I've done since I've been there is in the top 1%, and my customers are appreciative of the work I've put in. Just wish I could say the same for Hermes and I would be very interested to see how much bonuses management have received whilst the ones doing all the work are having money taken from the and expenses added.

Testimony 4a

As a Delivery Unit Controller myself, I am responsible for the sortation of parcels early in the morning, which drivers will then come and pick up to deliver to customers on the same day. This daily operation requires several people each morning to complete the sortation process, and the budget set for each Delivery Unit should be able to pay for the fixed costs of running the DU (rent, rates etc), with enough left over to pay sorting staff. This budget is also supposed to pay me a wage, but I have had to forego this to bring another sorter in to make sure the operation does not grind to a halt. Essentially, I am running a DU for Hermes with no benefit to me whatsoever. I am in no better position financially as a DU controller, and would be far-better off just as a driver, without the stress of having to run a DU on a very limited budget.

I informed Hermes management that I was not currently making a wage for my work as a DU controller - their solution was for me to reduce the number of sorters I had - which would be impossible given the volume of parcels, and would only force more people to sort for free.

Hermes initially paid us additional money on top of our budget to cope with the hugely increased volumes brought on by the pandemic, but this stopped in September last year. I have not been able to bring in all the staff required to complete the sortation of parcels since then because ultimately, I would be going way over budget which would mean I would have to use my own money to pay for the DU operation. This has meant that drivers have had to volunteer each morning to help out with the sortation process, otherwise they would have to wait considerably longer to get their days' work started.

It is worth mentioning also that at Christmas, we were told in early November what our additional Christmas DU payment would be, which contrasted from previous years as we used to be able to negotiate a fair rate. Hermes calculated the additional payment using a Cost Per Unit (CPU) rate, and we were told we would be getting an additional 5p per parcel sorted, but it turned out that this was capped and we were not informed of this - in reality, we got nowhere near that. Additionally, this was paid based on what Hermes' prediction model said we were going to be sorting that day - on many occasions, this figure was 500/600 parcels less than what we actually sorted, which saw us underpaid once again.

I have also been told by Hermes management that the higher-ups are, quite unbelievably, looking to cut DU budgets, because they have a 'model' which lets them calculate how much each depot should cost to run.

With regards to driver parcel rates being cut, this is also true. My depot has seen management dipping in and out over the past couple of months and telling drivers they will be getting their rates cut 'as the parcel volume is increasing'. With this, Hermes are saying that their growth as a business means that drivers have to take a pay cut, which is completely unacceptable. Hermes pays drivers for each parcel based on its size, and many drivers are not aware that when Hermes cuts the 'standard' parcel rate, the driver sees their packet/postable rates cut as well.

Testimony 4b [A message that was received by the Delivery Unit Controller and author of Testimony 4a from the Director of Delivery at Hermes]

An update for you - All delivery unit controllers received this email today -

I want to remind all DUCs that if engaging couriers to help with the sort then those couriers must be paid at least National Living Wage.

It is clearly stated in our Code of Conduct that any service provider must pay the people they engage at least National Living Wage.

Failure to follow our Code of Conduct will result in us terminating our contract with you.

If you allow couriers to provide services to you (even if they do so voluntarily) and do not pay them National Living Wage then you are running the risk of legal action by the courier against you.

Of course, there is nothing to stop you coming to an arrangement with a courier that they help you with the sort, providing that they receive National Living Wage for this and the courier is free to decline/withdraw from this arrangement at any time without suffering any adverse consequences.

The below comms will be issued to couriers later today. In this comms we reference an ad-hoc payment to couriers for assisting with the sort in exceptional circumstances. Should this apply then the CDM/RDM will discuss this with you.

Please speak to your RDM in the first instance if you have any queries in relation to the above.

*Conor Ormsby
Director of Delivery*