

Darren Jones MP
Chair, BEIS Select Committee
House of Commons
London
SW1A 0AA

1 June 2021

BY EMAIL

Dear Mr Jones

I have been sent a copy of a letter that Andy McDonald MP, Shadow Secretary of State for Employment Rights, sent you on 28 May regarding his concerns about employment practices at Hermes in advance of your committee's forthcoming inquiry into the 'Future of the UK Labour Market'.

I am disappointed that Mr McDonald chose not to share his concerns with Hermes directly and allow us the opportunity to provide some clarity on the points made by some couriers, which would be normal practice. It is also disappointing that his letter has been leaked to The Guardian newspaper, which has contacted us for our response.

I share below the response to the specific points put to us by The Guardian, which I have also shared with Mr McDonald. I would also like to make some general comments on about the area of self-employment and the gig economy.

In 2019 we introduced Self-Employed Plus (SE+), a new contract for couriers which provides guaranteed earnings and paid holiday and additional payments for time couriers spend on administrative tasks. This was an industry first and is underpinned by a recognition agreement with the GMB Union and upheld by them as an example of good practice in our industry. Over 63% of our eligible couriers are now on SE+ contracts and we expect the vast majority to be SE+ the end of the year.

The SE+ contract is reviewed each year with the GMB and in March we announced the results of our annual negotiations which resulted in further benefits for all SE Plus couriers. This included increased payments for the services that they provide, including increased rates for parcel collections and a doubling of the maximum daily admin payment.

The GMB has the right to collectively represent all Hermes couriers and our senior managers meet weekly with the GMB to ensure that all issues can be raised and dealt with promptly. In the GMB couriers have a powerful collective voice that is listened to and the allegations that have been made are matters that should be have identified, investigated and resolved through the normal union channels.

It is disappointing to hear Mr McDonald use the phrase 'bogus self-employment' without ever having engaged directly with Hermes. In 2020 we conducted independent market research to understand couriers' views on SE Plus and the message was clear, that couriers valued the flexibility being a self-employed courier offered them. Some were reluctant to sign up to SE Plus as they thought it was a step towards being an employee and they would lose the flexibility of self-employment.

Around a third of our couriers are women and often choose self-employment to fit in around school hours or caring responsibilities, so it is disappointing to hear Mr McDonald rely on these unhelpful and incorrect phrases, especially as a shadow employment rights minister.

We are not alone in believing in our model of self-employment. Recently, after lengthy investigations, HMRC concluded that courier earnings are above minimum wage and that our model is genuine self-employment.

Response to the points made in couriers' testimonies:

Some Hermes couriers were told they had to accept lower rates in the most recent renegotiation or face losing their rounds to other couriers. In at least one instance, a courier says they refused and ultimately did lose their work

As part of regular supplier negotiations, we continuously review some courier rates to ensure that they are in line with local markets and our fair pay commitments. From the start of 2017 a courier's average rate per hour (based on a rolling 12-month period), using the methodology agreed with the GMB Union, has increased by 14.41% and is currently £15.61 per hour.

In at least one instance, there were positive Covid cases at a depot but it "stayed open and wasn't sanitised, just went on as if nothing had happened

We strongly refute this claim. Throughout this pandemic we followed strict protocols at all sites including in the introduction of weekly audits, timed collection slots for couriers to pick up their parcels, social distancing and regular deep cleans undertaken by specialist companies. We also provided all couriers with PPE. Our processes have been praised by the HSE and recognised by the as being COVID-secure.

Strict self-isolation rules were followed in line with government guidance. Where couriers were required to self-isolate, we committed to keeping rounds open for them and provided financial support through the introduction of a £1 million-pound fund to provide financial help for couriers who needed to self-isolate. This payments for those couriers needing to self-isolate was commensurate with Statutory Sick Pay. We announced the fund on 5 March 2021, well in advance of any support for self-employed people being set out by the government.

There is a so-called "packet-racket" going on, in which Hermes sometimes charges a customer for sending a large item, but only pays the courier for delivering a small one

This is not correct. The size of a parcel is pre-advised by the retailer and they are charged accordingly. If this pre-advice is incorrect it is often identified through Hermes' regular audits and the charge to the retailer and payment to the courier rectified. Couriers can claim for a 'mis-banded' parcel with a simple online form and the balance will be paid. SE plus couriers can also claim for the admin time this takes - up to £10 a day as negotiated and agreed with the GMB Union.

The practice of couriers working unpaid on parcel sorting is driven by Hermes not providing sufficient money to the contractors who run the depots to hire enough sorters

We have taken strong action to address the small number of cases where couriers were allegedly not being paid. We do not believe this was due to insufficient funds as the sub-contracted Delivery Unit Controllers (DUC) are paid according to the parcel volume they sort and have received

additional payments of £2 million during the pandemic, in addition to the regular increase during the peak period. However, any Delivery Unit controller who feels they are not being paid sufficiently can raise it with the team and there is an independent appeal process available.

We have also launched a programme to help Delivery Unit Controllers to understand how they can maximise the efficiency of their sortation services, to increase their profit. At one site recently, this resulted in an increase from 180 parcels per hour to 300 parcels per hour.

Some couriers have had to work 14-hour days during the pandemic, with worry about the inherent risk of infection that goes with going door-to-door, to make ends meet

At the start of the pandemic parcel volumes increased by around 60% overnight, but at no time were couriers made to work longer hours. However, some couriers chose to both for financial reasons and because they were aware of the vital nature of their work in ensuring that essential items reached some of the most vulnerable in society.

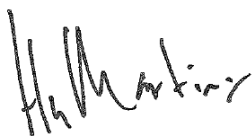
Hermes' priority is and remains the health and safety of its staff and couriers and measures were quickly introduced to facilitate 'contactless' delivery using both existing and new technology such as geolocation, doorstep photos and digital calling cards. This was agreed with the GMB Union.

We also quickly onboarded another 10,000 couriers and, in many cases, made the geographic area that each courier covered much smaller, thereby further increasing their efficiency and earning ability. Currently an average round takes just over 4 hours to complete and a courier can choose to take on more than one round if they choose.

I hope our responses to the points above provide a more rounded view than the one presented to you by Mr McDonald. I would be very happy to discuss in more detail.

In addition, as you know, we have a depot located in your constituency and I would be delighted to show you around, so you can see our operations first hand and meet some local couriers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hugo Martin', with a stylized, cursive script.

Hugo Martin
Director, Legal and Public Affairs