

Written evidence submitted by Deliveroo (COV0086)

About Deliveroo

Deliveroo, founded and domiciled in the UK, is one of the country's fastest growing companies and one of the few UK tech Unicorns outside of the financial services industry. We are an example of how the UK can lead the world in creating the next generation of tech companies.

Since Deliveroo launched in the UK in 2013 we have grown rapidly. We now work with 80,000 restaurants and 60,000 riders across 500 cities in 12 markets to deliver amazing meals straight to customers' front doors. We currently partner around with 35,000 restaurants in the UK alongside 30,000 self-employed riders. We are proud to be a British company headquartered in London, with 2,500 employees around the globe of which 1,500 are based in the UK.

Introduction

Deliveroo is pleased to offer evidence to the Environment, Food and Rural Affairs Select Committee's inquiry into the impact of COVID-19 on the food supply chain. The Coronavirus has had a significant and ongoing impact on the restaurants that we work with and we have been working closely with our restaurant partners to support them at this difficult time. Our response to the inquiry focuses primarily on three of the questions posed in the Committee's call for evidence:

- Have the measures announced by the Government to mitigate the disruptions to the food supply chain caused by the pandemic been proportionate, effective and timely?
- What further impacts could the current pandemic have on the food supply chain, or individual elements of it, in the short to medium-term and what steps do industry, consumers and the Government need to take to mitigate them?
- How effectively has the Government worked with businesses and NGOs to share information on disruptions to the supply chain and other problems, and to develop and implement solutions? How effectively have these actions been communicated to the public?

Takeaway food is an incredibly important part of the current food supply chain. The use of delivery services, such as Deliveroo, are important for three key reasons:

1. The availability of food delivery services helps to reduce the number of people who need to leave their homes to shop for food, meaning fewer people at risk of failing to comply with social distancing rules.
2. For the most vulnerable people, or those who are required to self-isolate entirely as a result of the virus, food delivery provides a food source at a time when many supermarkets' grocery delivery services are at capacity and unavailable to new customers.

3. The availability of delivery services means that restaurants can continue to provide food, reducing the pressure on supermarkets to act as the sole source of food, which puts pressure on their supply chains.

We are therefore strongly supportive of the Government's decision to designate restaurant staff and food delivery riders (including self-employed riders such as those with whom Deliveroo works) as "key workers", as well as the Prime Minister's comments that people should use delivery services where possible.

We also appreciate the work that the Department for Environment, Food and Rural Affairs (DEFRA) has done to highlight the work being done by those across the food supply chain, including restaurant staff and food delivery riders, and to make clear that there is currently no evidence of people contracting COVID-19 through food. These messages are incredibly important for building public trust and remind people that they can rely on restaurants and food delivery services.

The impact of COVID-19 on the customer behaviour

COVID-19 and the self-isolation restrictions have significantly impacted the way customers behave in relation to food. We have already seen supermarkets deal with significant stockpiling issues, however, the restaurant takeaway and delivery sector is also seeing changes in the way people order that have a direct impact on this part of the food supply chain.

Food safety

One of the biggest current impacts on the restaurant sector is the public's ongoing concerns about the risks surrounding COVID-19.

The NHS and the Food Standards Authority have said that it is "very unlikely that you can catch coronavirus from food".¹ However, other authorities have been more unequivocal in their advice. Both the European Food Standards Authority² and the American Food and Drug Administration³ who have stated that there is "no evidence of food or food packaging being associated with the transmission of COVID-19". Indeed, given that supermarkets have been identified as "an ideal setting" for the spread of the virus, it has been suggested that delivery, which reduces social contact with multiple people is likely safer than visiting supermarkets.⁴

However, it is clear that consumers remain concerned over food safety, which is affecting their use of restaurants. As made clear above, there is a direct risk to both restaurant businesses trying to remain open, and to pressure on supermarkets' supply chains of this perception.

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<https://www.gov.uk/government/publications/covid-19-guidance-for-food-businesses/guidance-for-food-businesses-on-coronavirus-covid-19>

² <https://www.efsa.europa.eu/en/news/coronavirus-no-evidence-food-source-or-transmission-route>

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<https://www.fda.gov/food/food-safety-during-emergencies/food-safety-and-coronavirus-disease-2019-covid-19>

⁴ <https://www.bbc.co.uk/news/science-environment-52040138>

Companies like Deliveroo have an important role to play in reassuring people that food and food delivery is safe, that is why Deliveroo has put in place a number of measures to ensure the safety of deliveries, including:

- **Contact-free pick up & delivery:** We have introduced mandatory [contact-free pick up and delivery](#), which means that riders should not have direct contact either with those preparing food or customers during the course of a delivery.
- **Deliveroo's Rider Support Fund:** We have introduced a fund for riders who regularly work with Deliveroo so that if they experience symptoms of COVID-19 or are told to self-isolate by a medical authority, they can receive financial help in addition to the Government support being made available to self-employed people.
- **Free safety products:** We have secured our own supply of hand sanitiser and face masks, and riders can order a bundle of these items for free through Deliveroo and have them sent to their home address.
- **Up-to-date guidance:** We have and continue to produce extensive hygiene guidance for riders.
- **In-app reminders:** We have created new regular prompts within our rider app to remind riders of the importance of contact free delivery, social distancing and hand washing.
- **Restaurant guidance:** We have produced Best Practice guidance for restaurants on how to run a takeaway only service, including measures to ensure safe social distancing.

However, there is also an important role for Government, and politicians across all Parties in highlighting the food safety message. We strongly welcome DEFRA's efforts through their #FoodHeroes campaign, which has been supported elsewhere in Government, but further activity on this issue will be important in reassuring the public and we would encourage DEFRA and other Government departments and bodies to be more strident in making clear that food delivery from restaurants is safe and an important way of accessing food during this crisis .

The impact of COVID-19 on restaurants

The changes outlined above on customer behaviour have had a direct impact on restaurants themselves. The Government has rightly recognised that restaurants are an important ongoing part of the food supply chain and one that can be a lifeline for many people during the COVID-19 crisis. Deliveroo believes that it is therefore important that Government works to ensure that restaurants are able to safely remain open wherever possible.

The Government has already taken a number of steps that have had a direct beneficial impact on restaurants ability to remain open. In particular the decisions to waive business rates, and the work the Government has done to prevent evictions by commercial landlords, has had a significant bearing on a restaurant's ability to avoid collapse.

However, there remain a number of areas where restaurants see challenges, As a result significant numbers of restaurants, including some of the largest chain restaurants in the UK

remain closed. This is putting additional strain on those restaurants which are open, and means that people's food choices have been reduced.

Deliveroo believes the Government should seek to provide greater support for restaurants to remain open in order to continue to provide services that reduce the pressure on supermarkets as the sole source of food.

Job Retention Scheme

The Coronavirus Job Retention Scheme is a very welcome intervention that has avoided restaurants being forced to lay off staff. However, it has created some challenges for restaurants to remain open.

Restaurants often have high fixed costs to operate their kitchens. Importantly the payroll costs of kitchen staff do not materially differ for most restaurants depending on how busy their kitchen might be. These fixed costs contribute to a high break even point for many restaurants that means serving close to capacity in order to generate profit.

COVID-19 has had a material impact on a restaurant's ability to meet this break even point. In normal circumstances most high street restaurants are reliant on their dine-in offer (where customers eat in the restaurant) to generate the majority of their revenue. We understand from restaurant partners that, in normal times, around 80% of revenue is generated through dine-in, compared to 20% from takeaway. As COVID-19 has closed dine-in services, restaurants are currently solely reliant on their takeaway and delivery services for revenue. For many restaurants, even if their revenue from takeaway increases significantly, it is unlikely to replace all revenue from dine-in services.

If a restaurant is unable to meet their break even point, the Job Retention Scheme as currently operating incentivises a full closure, furloughing all staff, rather than to remain open to serve only takeaway orders. This is because the scheme does not provide support for staff to work either reduced hours, or to support businesses with the cost of paying staff who continue to work. Deliveroo therefore believes that changes to the Job Retention Scheme are required to enable restaurants to bring staff back into work while receiving Government support. For example, this could enable restaurants to access the 80% of support for a person's salary, providing that they commit to paying the additional 20%, or enable people to return to work part time while still receiving some form of support from the Job Retention Scheme.

This issue is likely to become even more important during attempts to reopen the UK economy. Staff are likely going to need to return to work, but dine-in capacity will be limited due to ongoing social distancing requirements.

Food safety and guidance

As made clear above, consumer concerns around food safety are impacting on the restaurant sector. However, these concerns are not limited to customers. Many restaurants have seen staff raise concern over safety during the COVID-19 crisis.

It is therefore important that Government continues to be vocal about the safety of food to this group of people as well as just to the public at large. In addition, it is important that Government provides clear information on issues that affect food workers. For example, there remains a great deal of confusion around the use of gloves for those involved in food preparation - specifically whether wearing gloves reduces risks of COVID-19 or actually increases risk of transmission. Government technical guidance, including rapid response will be very important to enabling restaurant businesses to provide guidance to their staff with confidence.

What is Deliveroo doing to support the food supply chain during the COVID-19 crisis.

Deliveroo recognises the important role we and our delivery network can play in supporting food supply chains during this crisis. As made clear above, we have made a number of changes to our service to provide safe delivery, including, for example, contactless delivery. However, we are also doing a number of things aimed at supporting restaurants, consumers and other groups during this time. These include:

Onboarding restaurants

The COVID-19 crisis has meant many outlets that have not traditionally used delivery services such as ours have been seeking to do so for the first time. We welcome the Ministry for Housing, Communities and Local Government's decision to allow businesses, including pubs, to use permitted development rights to operate a takeaway service without a change of use application during the current period.

For all forms of restaurants who are opening as delivery-only for the first time (including those who did not do any delivery via platforms such as Deliveroo previously) we have produced best practice guidance on how to operate safely as a takeaway only business.⁵

Supporting our NHS and other vulnerable groups

Early on we heard stories from NHS staff who were unable to get hold of food during, or at the end of their shifts, because many of the restaurants they would normally go to have closed. We therefore have been working hard with our restaurant partners to support those at the front line of tackling this crisis.

As a result of this work our restaurant partners have committed to provide 500,000 free meals to NHS staff and to vulnerable groups affected by the crisis. We are providing free bulk deliveries from restaurants including Pizza Hut, KFC, German Donor Kebab, Itsu and many more large and independent restaurants directly to hospitals across the country, enabling NHS staff to be sure of a hot meal.

In addition to providing directly to hospitals we have been supplying food to a number of hotels where NHS staff have relocated away from their families to avoid spreading the virus.

⁵ <https://help.deliveroo.com/en/articles/3798790-operating-as-a-delivery-only-restaurant>

We have also provided 50,000 £20 vouchers directly to NHS staff to enable them to order via our platform.

Alongside our work with the NHS, we have also been supporting other vulnerable groups. For example, we have been working closely with the Mayor of London and St Mungo's homelessness charity to provide food to homeless people being housed in hotels across the capital as part of self isolation measures.

This work highlights the importance of the restaurant and delivery sector to the food supply chain. Many NHS staff are working shifts that prevent them meeting supermarket opening times, while others have stayed away from these locations due to risk of spreading the virus. When thinking about the future of our food supply chain, particularly should the impact of the pandemic continue, it is important that the challenges to accessing food for all parts of society are considered.

Conclusions

Deliveroo believes that it is important that the role of restaurants and delivery services are recognised as part of the food supply chain response to the COVID-19 crisis and that support for restaurants is put on an equal priority footing to other food outlets, such as supermarkets, in Government policy and decision making.

We have been encouraged by the level of communication from Government, at all levels, during the pandemic and their willingness to address concerns brought to them by the restaurant sector, as well as by platforms like us. This was particularly noticeable during the early period of the crisis when numerous decisions were having to be made at very short notice.

However, the impacts of the crisis are ongoing, and continued, clear communication Government remains vital. In particular around the issue of food safety. We are confident that the Government recognises this fact, and are keen to continue to work with them to support strong communication on these issues both to businesses and the public.

Finally, we believe that, given the recognition of the importance of restaurants providing takeaway services, greater focus needs to be given to enabling restaurants to reopen, including by looking again at the Job Retention Scheme and what support can be given to businesses who need to keep staff working but may be seeing significantly reduced revenues.