

UBER

Submission to the Taylor Review on Modern Employment Practices

The last decade has seen a growing demand for more flexible forms of work, as well as the emergence of technologies that enable people to more easily find work that meets their needs. So now is a good moment to take another look at the world of work to ensure that our social institutions, and the regulatory framework surrounding employment, are fit for purpose in the twenty first century. Uber welcomes the government's decision to hold an independent review of modern employment practices, and the opportunity to feed into the process.

ABOUT UBER IN THE UK

Uber is a technology company with a simple mission: to make affordable transportation available everywhere, for everyone at the touch of a button. Since we were founded eight years ago, we have worked to improve mobility in cities all around the world, and continue to invest heavily in technology that can help get more people (and goods) into fewer cars. Our goal is to make it so easy for people to push a button and get a ride that car ownership becomes the exception, not the rule. By replacing individual car ownership with shared modes of transportation we can reduce congestion and pollution in our cities, making access to transportation more affordable and reliable for everyone.

Uber launched in London in 2012, and today connects riders and drivers in more than 25 towns and cities across the UK. Over 40,000 drivers in the UK use the Uber app to make money each month. All these partners are fully licensed private hire drivers, who undergo the same enhanced DBS checks as taxi drivers, teachers and care workers.

There's much that is new about Uber - not least our technology and the complete freedom for drivers to decide if, where, when and for how long to drive. But Uber's model follows the same basic approach that has been used in the taxi and for-hire industry for generations: the drivers who use the Uber app are self-employed. As the Work and Pensions Select Committee recognised "Taxi drivers in the UK are usually self-employed. Uber's employment model is therefore not new"¹. Similarly, according to the ONS, taxi and private hire is the second biggest self-employed occupation in the UK after construction.²

In 2016 we also launched uberEATS in London, an on-demand food delivery app and website that helps bring millions of people around the world the food they want, at the touch of a button. As well as partnering with local businesses, allowing restaurants to reach more people, EATS provides additional opportunities for those who want to make money and work flexibly. We don't set shifts, scheduled hours or delivery zones; couriers can simply log in or out when and where they choose just as they can when using our rides app.

Drivers choose to partner with Uber for many different reasons. But research has shown that independence and flexibility are the main reasons: 94% say they "joined Uber because I wanted to be my own boss and choose my own hours"³.

Andrew, Uber partner since June 2014

"Technology is the future and I embrace it. Using the Uber app as a driver gives me the confidence to

¹ Work and Pensions Select Committee, Self-employment and the gig economy, 1 May 2017, ([link](#))

² http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171776_374941.pdf

³ ORB International, Quantitative Poll of 1,000 drivers on behalf of Uber, October 2016, ([link](#))

be able to work as a self employed person and earn a decent living. I am retired and the extra income I can earn affords me the extras in life that my pension cannot provide. As a self employed driver I find that using the Uber app provides me with the platform to be able to get work hassle free. For me this is invaluable."

Helal, Uber partner since October 2014

"We love uber because of the freedom and flexibility we get. Before joining uber I used to work in a local mini cab office. And life was not easy. Every driver had to pay rent in advance regardless of how much you earned. And be on a 12 hour shift, even if it wasn't busy we had to stay. Plus there was lots of bullying and favouritism going on. The company can choose who gets what job, they would always give big jobs to their friends and families.

"Uber don't control the jobs. It's all transparent. We are much happier nowadays with uber. We don't want anything to change. We will lose our flexible freedom and will be tied up like the old days.

"If uber had to employ us as drivers, then of course they will tell us, when and where to work for how many hours. We won't have control over our lives anymore. Now if I don't feel well, I don't have to tell uber I'm not well, just switch off and go home.

"I feel like I'm the boss."⁴

This preference for independence is also revealed in how drivers use the app, which allows drivers to log in or out when and where they choose. Just 21% of drivers say they set themselves a fixed amount of hours each week, while 34% decide how many hours to drive depending on what else they have going on. Another 32% of these drivers set an earning goal for a given day, week or month and drive until they hit that goal. And 12% decide to drive on the spur of the moment.

Internal Uber data also illustrates the variety of ways people use the app, showing that 23% of drivers in the UK are logged into the app for 10 hours or less each week, and 25% are logged in for 40 hours or more each week.

And because drivers are able to turn on and off the app at any time, as well as decide when to take requests, an hour logged into the Uber app is not the same as an hour of work in, for example, a department store. This is because drivers may be at home, doing other work or simply on a personal trip across town while driving with the app on. They may also be working elsewhere, including for a competitor. Uber has no problem with this activity and makes this clear to drivers.

Driver earnings

Most drivers say that their earnings have increased or remained the same since they started using Uber: one in two (51%) drivers say that since using the app their income has increased, with a further 37% saying it has remained the same⁵. And those who drive at busier times (for example after the pubs have closed) and in high-demand areas are likely to earn more than those who choose to drive in quieter areas or at off-peak times, such as in the middle of the day.

Average fares after payment of Uber's service fee in London were £15.00 per hour during 2016. For drivers who spent the majority of their time in central London, average earnings rose to over £16 per hour.

⁴ Case studies edited slightly for clarity.

⁵ ORB International, Quantitative Poll on behalf of Uber 2016, ([link](#))

Looking back over time, average earnings per hour logged in to the app have been largely stable at around £15 per hour for uberX drivers in London. Similarly, we find that the amount of time that drivers choose to spend logged-in to the Uber app is also stable at around 30 hours per week in London (with seasonal periods of lower average hours during the Christmas period). In other words, contrary to some claims, we do not see evidence in the data that drivers are either earning less over time, or are driving more hours as a result of lower earnings.

Drivers have control over if, when and where to drive, as well as whether to buy, rent or lease a vehicle, its fuel efficiency etc; all of which impact their earnings potential. And when using Uber, drivers are also entirely free to work elsewhere at the same time, for example delivering parcels, or to use Uber while also working with another private hire operator.

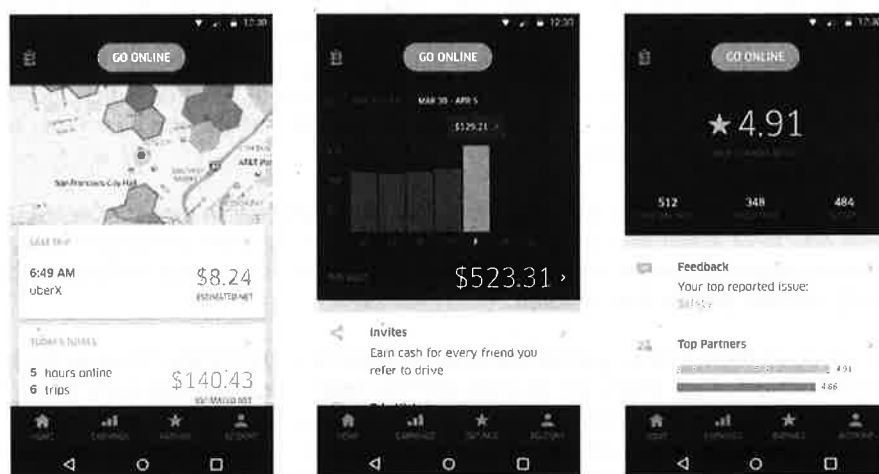
That being so, we don't have a full picture of the costs drivers face. Ultimately it's up to them to make decisions about what sort of car they want to drive and the insurance policy that suits them. This is, of course, true for all self-employed people. It's also true that in many cases not all of the costs drivers face are directly attributable to their time using Uber - for example if someone chooses to rent a car for their work as a PHV driver, they can also use it for the school-run, or for other work.

Many of the costs and habits associated with driving are also at least partly a function of regulations. For example, some licensing authorities place restrictions on vehicle colour, which can significantly increase the costs for people who wish to become private hire drivers, as it can cost up to £3,000 to respray a vehicle. In Manchester, private hire vehicles must be bright silver or white, in Portsmouth they cannot be silver, while in Bristol they cannot be blue.

While there is no typical driver, and earnings and costs will vary depending on the choices made by drivers themselves, based on our estimates of likely costs - we expect a typical driver in London to earn approximately £9.50 per hour if they own their vehicle outright, approximately £9 per hour if they own and finance their vehicle, and over £8 per hour if they rent their vehicle.

Helping drivers earn more

We understand the desire from drivers for more detailed information about earnings and are working on new product features to improve clarity and context on earnings. We already give drivers advice on which parts of a city are busier (and where fares are likely to be higher as a result) than others at a given time, and share information that makes it easier for drivers to track their progress and earnings in real-time. We are investing in and developing new ways to improve the clarity of earnings to driver in our app.



We have also introduced 'Earnings Advice Sessions' which mean that every driver in the UK has the right to come and talk to us about their earnings and receive information, including advice from others drivers, about how to maximise their time and the money they make on the app. We also proactively identify individuals who we think could be earning more and invite them to the sessions.

Supporting drivers

We've designed the driver app to help drivers easily access information they need to make the best decisions for themselves about when, where and for how long to work.

Many features of the app are also designed to enhance both rider and driver safety. For example, before taking a trip request, a driver is shown a rider's rating and vice versa. And at the end of a trip, both rider and driver rate the experience. We then make it easy in the app for drivers to see how riders have rated their service, and tips for how to deliver a 5-star experience to their riders.

The app also links to a number of [partnerships](#) we've established with third parties, that provide drivers with access to exclusive discounts and services. These include discounts on cars, phone subscriptions, car washes, vehicle services and more—the things drivers need in order to do their work.

We do not think it is enough to simply provide the app, and instead do many things to help drivers with their experience of Uber. Our business will only be successful if drivers want to drive with us. We also know that platforms like Uber have a role to play in supporting independent workers, and helping fill gaps where they exist in the social safety net. Uber cares about the quality of work, as it is only through this that it becomes a sustainable choice for private hire drivers.

That's why we've spent the last few months talking to thousands of drivers about how we can make their lives easier and more productive. We have announced⁶ a number of new partnerships and initiatives based on feedback from drivers:

- **Illness and injury cover:** We have partnered with the Association of Independent Professionals and the Self-Employed (IPSE), giving drivers access to a range of benefits and protections. Thanks to this partnership, drivers using the Uber app in the UK will now be able to get access to a range of benefits including illness and injury cover. Uber is making a significant contribution

⁶ Uber, Helping partner-drivers get the most out of Uber, 15 February 2017, ([link](#))

towards the cost, with drivers who choose to join the scheme paying just £2 a week (the package is worth £8 a week)⁷. The cover will provide:

- **Sickness and injury cover of up to £2,000** if unable to drive for two weeks or more
- **Jury service cover of up to £2,000**
- **Access to free advice and support** on paying tax as well as personal finance issues such as mortgages, pensions and saving for the future.
- **Occupational accident cover of £300 per week** for up to 52 weeks – if an accident takes place during a trip or while logged into the Uber app.
- **Accidental death or permanent total disablement cover of £50,000** – if an accident takes place during a trip or while logged into the Uber app.
- **Drivers will become members of IPSE** – the largest organisation representing the interests of the self-employed community.
- **Savings & pensions:** we're partnering with online investment provider [Moneyfarm](#) to offer discounted products from ISAs to pensions, to help individuals prepare for the future. This deal will also come with enhanced access to financial education.
- **Free skills courses:** we'll pay for drivers to complete one qualification on online learning platform, FutureLearn, in 2017.
- **Free English Language Course:** we are offering a free and optional language course for drivers which includes speaking, listening, reading and writing exercises. The app, Busuu, has new content developed for drivers.
- **Uber's Community Guidelines:** we've created a set of Community Guidelines - giving riders clear and simple expectations of behaviour. Riders who break these guidelines can be blocked from using the app. You can find these new guidelines [here](#).

This is just the beginning, and we will continue to explore further tools and products to help support drivers. As well as this, we regularly hold roundtables and events with drivers to discuss their issues, host podcasts to update partners, and provide regular updates.

Representation and preventing exploitation

With Uber, and much independent work more broadly, there is no exclusivity. Partners can choose to log-on or off at the touch of a button - this means drivers will choose to use the work options that best meet their needs. As a result, companies offering economic opportunities compete to attract and retain independent workers, who face low barriers to changing their work arrangements. It's easy to switch work arrangements, especially in independent and platform work, and in fact many people around the world who drive with Uber simultaneously use other apps.

We believe that independent workers can benefit from organisations that can provide them with a voice. For example, organisations like the Freelancers Union in the US, or IPSE in the UK. These organisations advocate on behalf of independent workers to policymakers (eg for tax reforms), provide advice and support (eg on how to set up a business), as well as negotiate preferential rates for their members (eg for insurance).

In some industries, it may make sense for there to be independent organisations to help individual workers advocate on these issues in relation to their clients or the platforms they use to find clients. At Uber, this can largely be solved directly, for example through better engagement with our partners, better customer support and mechanisms such as partner appeals panels. Uber has also sought to empower drivers and to be even more transparent when it comes to taking decisions to end the partnership with some drivers. This has taken the form of a driver appeals panel, where a driver can

⁷ Uber, Uber partners with IPSE to announce illness and injury cover offer for drivers, 27 April 2017, ([link](#))

appeal the decision to end the partnership to a panel of their peers. Other drivers will hear the appeal, as well as Uber's reason for taking the decision, before making a recommendation on whether they should be allowed to access the app.

More broadly, we recognise that independent workers may have complaints or suggestions in regard to their clients or the apps they use to find work and that there may be bad actors. We are supportive of measures to lower the barriers that people face when seeking recourse, including through the courts. There may also be a case for platforms to set out more clearly the principles on which they engage with customers.

A path back to work

Services like Uber can play a role providing a path back to work, or offering additional work for those who need it, including for under-represented groups, the unemployed, women, stay-at-home parents, retirees and students. For example, in Newcastle, Jobcentre Plus and Profound Services - a third party employment agency - are helping people apply for a private hire licence, sign up to use the Uber app and provide for their families (for more details see Annex).

Working as a private hire driver can be a good opportunity for people looking to make money and join (or rejoin) the labour market. However, significant upfront costs⁸ before someone can get their licence and get on the road also make it harder for those out of work to be able to access these work opportunities. The New Enterprise Allowance is intended to help jobseekers start their own business and begin earning. We believe DWP should issue clearer guidance to ensure that the NEA can be used to support jobseekers who wish to become private hire drivers, and help them defray these start up costs.

Uber can also help people with disabilities, and other groups who have traditionally struggled to find meaningful, reliable work. For example, even in times of high employment nationally, the unemployment rate among the deaf and hard-of-hearing in the UK can be up to four times higher than the national average⁹. But thanks to technology, for example the ability to communicate by text, Uber works just as well for these drivers as anyone else¹⁰.

To take advantage of these technological developments, we have recently begun working closely with Lingoing on a national project to attract a greater number of deaf and hard of hearing partners onto the Uber app. As part of our work with Lingoing, a number of British Sign Language interpreted 'onboarding' sessions have already taken place with more planned for future months. We are also undertaking a joint effort to launch online adverts specifically targeted at people who are deaf or hard of hearing and could access economic opportunity through becoming private hire drivers and joining the Uber app.

Tax

Just like the vast majority of self-employed taxi and private hire drivers, drivers who use the Uber app are responsible for paying their own taxes. Uber partners have their own online dashboard, which shows all the fares that they have earned while using the Uber app. And every seven days, they get an email update setting out their earnings for the week. In the UK we also have partnerships with third-party tax experts, such as Crunch, who partner-drivers can turn to for advice. Because these earnings are electronically tracked and recorded, it's easier for drivers to declare them than the cash given/taken in traditional black taxis and minicabs.

⁸ Including fees for private hire licence, private hire vehicle licence, topographical test, medical test, CRB check, English language test

⁹ RNID, Opportunity Blocked, 2007 ([link](#))

¹⁰ Uber, Uber Teams Up with Communication Service for the Deaf to Expand Work Opportunities for Deaf Drivers, 19 April 2016, ([link](#))

We are interested in exploring how technology can further support tax compliance. For example, through our API we enable third party developers to build services that can help partner drivers. In the US, we worked with third parties and built a tax calculator that makes it simple for drivers to ensure they pay the right amount¹¹.

Similarly, in places like Estonia we are working with the tax authority to explore a system that would allow self-employed drivers registered with Uber to easily declare their income online, at the push of a button. In Sweden we have implemented a solution, where reporting happens automatically, when the partner-drivers opt in.

Barriers to independent work

With more than a million drivers using Uber around the world, we have experience with the impact that regulations have on economic opportunities. We see this in London for example, where TfL licensing proposals for a *written* English language test would cost up to £200, making it harder for people to start working and make money, and could also discriminate against communities¹².

Outdated regulatory requirements help explain why in the UK relatively few drivers spend less than 10 hours per week logged in to Uber – just 23% – compared to cities where the regulatory barriers to entry are lower. In places where it is relatively straightforward for drivers to get going, with relatively low financial and time costs, Uber enables greater independence and flexibility – for example in the US around 60% of drivers who use Uber spend less than 10 hours per week logged in to the app.

THE FUTURE OF WORK: INDEPENDENCE

Uber set out with a simple mission of helping people get from A to B at the touch of a button. Along the way we've learned a lot about the motivations people have for choosing independent work; and the barriers they face pursuing these kinds of work opportunities, whether using online apps or in the offline economy.

From self-employed GPs and barristers to freelance writers, from construction workers and cleaners to taxi drivers, millions of people in the UK have been choosing to work independently since long before the mobile phone. In fact self-employment in the UK has been growing since around the year 2000, when 12% of the workforce classified themselves as self-employed. Since then it has grown to around 15% of the workforce¹³, but even that understates the demand for this type of work. McKinsey estimate that over a quarter of the UK workforce engage in some form of independent work, meaning work with a high degree of autonomy; payment by task, assignment, or sales rather than a fixed salary; and a short-term relationship between the worker and the client.¹⁴ New RSA research considered the numbers of 'gig workers', more narrowly defined, and estimated that that up to 1.6 million people had tried what they called 'gig work' in the UK, with only 11% of these in the driving sector¹⁵. The RSA's survey also found that 62% of gig workers are supplementing other forms of income, that 80% work fewer than 16 hours per week, and that nearly two thirds (63%) agreed that the work provided more freedom and control.

¹¹ Uber, Stride + Uber: Helping driver partners get the most out of every mile, 1 March 2017, ([link](#))

¹² For example, equality think tank, The Runnymede Trust said "It is unclear why the new TfL test requirements for private hire drivers are higher than for bus or train drivers. Employment requirements should be in line with the skills that are necessary to successfully fulfil the role. Anything else would be indirect discrimination." ([link](#))

¹³ ONS, Trends in self-employment in the UK: 2001 to 2015, 13 July 2016, ([link](#))

¹⁴ McKinsey Global Institute, Independent work: Choice, necessity, and the gig economy, October 2016, p. 4 ([link](#))

¹⁵ RSA, Good gigs: A fairer future for the UK's gig economy, May 2017, p. 13, ([link](#))

Work that is flexible to people's schedules - in particular family life or studies - has traditionally been hard to find. This has shut some people out of the workforce altogether. For example personal commitments, in particular childcare, can make full-time or even traditional part-time jobs difficult. Independent work offers an alternative because people can tailor it around their lives. With Uber, people decide if, where, when and for how long to drive. They are free to turn off the app and stop driving at any moment. In other words, their needs determine their work schedule — and nothing else. By a margin of almost five to one drivers say that being self-employed and being able to choose their own hours is preferable to having things like holiday pay which come with being employed¹⁶.

It's for the same reason that McKinsey's research found that for every independent worker who wanted a traditional job, more than two traditional workers hope to shift to more flexible work¹⁷. They also found that those who choose to work independently are happier and more satisfied in their work than those in traditional jobs¹⁸. The ONS similarly found that the self-employed are "*broadly content with their labour market status*" and that "*many respondents report that they would prefer not to work full-time*".¹⁹

Whilst the growth of digital intermediaries like Uber, Airbnb, TaskRabbit, Deliveroo, Etsy, Upwork and others has become a focus for policy attention, digital apps are only used by a minority (15%) of independent workers²⁰. In Europe, only 4% of all independent workers who offer labour services have used a digital app. And as the Resolution Foundation has observed, the growth in self-employment in the UK has been driven primarily sectors like advertising (100% growth), public administration (90%), and banking (60%) experiencing the greatest growth since 2009²¹ - driving on the other hand has only grown by 7%.

In other words, the challenges faced by the self-employed stretch far beyond the small proportion who use apps like Uber to find work. And while platforms can have a role to play in providing additional support to users - like our illness and injury partnership with IPSE, or savings partnership with Moneyfarm - ultimately it is for the government to reform the tax and benefits system to remove the barriers to independent work.

While digital apps only make up a small fraction of independent work, they can bring significant benefits, including through their ability to better match skills to needs, and offer value-added services for users. This can also have a positive macro-economic impact, including boosting participation in the labour market, reducing unemployment and raising productivity, which McKinsey estimates could add as much as €350 billion to European GDP²².

Recent employment tribunal

Given the publicity around the recent preliminary ruling of an employment tribunal, which ruled that two claimants (both former Uber partner-drivers) were "workers" at all times when the app was switched on, we wanted to briefly set out our views on this case which will be subject to an appeal hearing later this year.

As we have already explained, drivers who use Uber are not required to be logged onto the Uber app at any time: they have complete freedom to choose *if* to use the Uber app, and *when, where* and for *how long* they want to log in. And once logged in, a driver does not need to take the trips sent to them and

¹⁶ ORB International, Quantitative Poll on behalf of Uber 2016, ([link](#))

¹⁷ McKinsey Global Institute, Independent work: Choice, necessity, and the gig economy, October 2016, p. 7

¹⁸ Ibid, p. 10

¹⁹ ONS, Trends in self-employment in the UK: 2001 to 2015, 13 July 2016, ([link](#))

²⁰ McKinsey Global Institute, Independent work: Choice, necessity, and the gig economy, October 2016, p. 4 ([link](#))

²¹ Resolution Foundation, A tough gig? The nature of self-employment in 21st Century Britain and policy implications, 20 February 2017 ([link](#))

²² McKinsey Global Institute, Digital Europe: Realizing the continent's potential, July 2016, p. 30 ([link](#))

can be doing any number of other things. One driver, for example, logged onto the app for 91 hours over one week but took only 18% of the trips that were sent to him. What he did during the other time, Uber cannot know: he may have been working for another minicab company; he may have been at home working on something else; or, he may have been asleep and simply forgotten to switch off the app. Whatever he was doing, he was taking advantage of the flexibility the app creates to work only when it suited him.

If this same driver were classified as a worker, Uber would be required to compensate him on an hourly basis for his time. Like almost all other companies that pay hourly wages, Uber would likely have to schedule predefined shifts for him, and require that he take all trip requests that came his way during that shift. As a result, he would lose the flexibility and independence that drivers say they value so much today. It would also raise questions as to which 'employer' should be responsible for paying this hourly wage if the 'worker' used Uber while also working for another company at the same time. For example someone driving with Uber may also have parcels in their car that they are delivering throughout the day. It would be an odd result for both to be required to pay the minimum wage.

Of course we want passengers (as well as drivers) to have a consistently high quality experience when using Uber. It's why we focus on certain minimum standards of service, for example once drivers have confirmed they can take a trip, we expect them not to refuse to take a rider where he or she wants to go. And we do remove access to the app (temporarily or permanently) for drivers whose passenger ratings fall below a certain threshold. As a licensed private hire operator, there are also certain standards that must be enforced as a matter of regulation. Working to ensure that all our riders and drivers have a great experience when using the app does not change the absolute freedom a driver has to log onto the app each time they choose to do so. It is also certainly not the case that a driver may lose access to the app following a bad rating alone. Ratings are assessed over a prolonged period of time and a large number of trips, and Uber will provide numerous notifications as well as offer support and suggestions to help a driver improve their rating over time. Ending the partnership due to low ratings is very much a last resort.

However, the tribunal found that the standards Uber expects when drivers use the app were indicative of those two drivers being workers of Uber. This is despite the fact that it's been long commonly-accepted that taxi and minicab drivers (many of whom have far less control over their work than drivers using Uber) are self-employed, and is subject to an appeal hearing later this year.

ANNEX: NEWCASTLE

Despite steady improvements, the unemployment rate in the North East remains near 6%. There are clear structural unemployment challenges in the region: many jobs are temporary and offer little security for those looking to provide for their families.

Meet Andrzej, uberX partner-driver in Newcastle



"I was unemployed for half a year due to a back injury that meant I couldn't work – before that I was a chef. I have a partner and two kids. I chose to go on the Profound course as I had considered being a taxi driver before but I wanted to be flexible. This partnership sounded perfect for me. One of the main things that attracted me to Uber is that you are the boss and can do the hours you want."

Andrzej earned £715 for his first week on the road.

New skills and training for long-term economic independence

Together, Jobcentre Plus and Profound Services - a third party employment agency - are helping people apply for a private hire licence, sign up to use the Uber app and provide for their families.

Applicants enroll in a 2-week JobCentre-sponsored BTEC Level 2 Introduction to the Role of a Taxi and Private Hire Driver and apply for their private hire licence. The licensing process after the course takes 1-2 weeks, after which successful applicants become licensed Newcastle Private Hire drivers. (Newcastle City Council has shortened the licensing process from 4-6 weeks to just 1-2 weeks, without cutting corners any corners on safety or medical checks. This has significantly improved the speed with which industry job seekers can start driving and making money.)

In addition to accessing sponsored training, new Uber partner-drivers also receive a £300 joining reward once they have completed their first 20 rides using the Uber platform. Many use to cover the costs of getting their private hire licence (£170-210 in total in Newcastle).

Continuing our work

So far, over 50 partner-drivers from non-driving backgrounds have joined the Uber platform in Newcastle. As yet, only a minority are graduates of the JobCentre Plus-sponsored BTEC, in partnership with Profound Services, but their story is one of success: they're doing well on the platform, regularly receiving 5 star ratings from their customers and taking home payments above the weekly average of £650.

We hope to work together with the council to find prospective applicants and provide them the access to complete this programme successfully and start providing for their family.