



Deliveroo submission to the Scottish Expert Advisory Panel on the Collaborative Economy

July 2017

Deliveroo's Story

Deliveroo is a British tech success story, launched in February 2013 in London by Will Shu and his childhood friend and Co-Founder, Greg Orlowski. Our mission is to bring the world's best local restaurants to everyone's home or office. We deliver orders in 30 minutes on average, and provide the fastest, easiest way to order great food. Today we work with thousands of restaurants and riders to deliver millions of meals around the world. We believe Deliveroo is a great company for the following reasons:

First, we create great work. Today, we directly employ over 1,000 people and the company works with almost 15,000 riders in the UK alone. In January 2017, we announced plans to create a further 300 new high-skilled engineering and technology jobs in the UK. We are proud of our role in bringing more people into the workforce and we are even more proud that Deliveroo riders come from all different parts of society. From students to parents, thousands of people have found a fulfilling way of making money by working with Deliveroo - and over 10,000 more apply to ride with us every single week, including up to 750 people per week in Scotland.

Second, we support great local restaurants. We are proud of the fact that our growth has benefited other businesses and allowed them to grow in turn. Restaurants who use Deliveroo see their revenue boosted by up to 30% and, as a result, are able to hire more people and provide more work to existing staff. Our platform has even led to the creation of Deliveroo Editions, delivery-only kitchens that allow restaurants to take their menus nationwide without the need for a high street premise. This Deliveroo platform is creating yet more jobs in the hospitality and restaurant sectors.

Third, we are socially responsible. We operate an environmentally friendly delivery method of bicycles and scooters which are used by the vast majority of riders. This helps to reduce congestion and pollution, when compared to cars and other delivery vehicles at the scale of our business.

Fourth, we are growing - not just in Scotland, but around the world. Since our launch, Deliveroo has enjoyed rapid expansion. We now operate in over 100 towns and cities across the UK, as well as many more globally.

The impact of Deliveroo on the Scottish labour market



Today we work with thousands of restaurants and riders to deliver millions of meals around the world. Across the UK, we operate in over 100 towns and cities. Scotland is a very important part of our UK business, with Edinburgh being one of the first areas to which we have expanded beyond London. In Scotland, we now operate in eight cities. This includes Edinburgh, Glasgow, Aberdeen, Dundee, Stirling, St Andrews, Inverness and Perth.

We work with over 870 riders in Scotland with up to 750 people applying to work with us every single week. On average, riders across Scotland make **over £8.50 per hour**, which is **significantly more than the National Living Wage**.

On average, riders in Scotland work with us for about 15 hours a week and work with Deliveroo in addition to other commitments - such as a full or part time job, working with other online platforms, caring responsibilities and for many studies, which is why over 60% of our riders are under 25.

We know that working with Deliveroo is popular. In a recent study, the RSA found that 21% of respondents in Scotland would be likely to consider some form of work in the gig economy.¹ In February 2017, the Scottish Government commissioned YouGov to find out more about Scottish consumers' experiences and views about the collaborative economy - it found that 35% of Scottish adults had used a collaborative economy platform.²

In Scotland, we work with over 450 restaurants who we have helped to secure new customers who not only order food at home via Deliveroo, but who will also eat-in at their venue at a later date. Recent independent research has found that across the UK, Deliveroo has created over 5,000 jobs in restaurants, and a further 1,300 in the restaurant supply chain. Deliveroo is helping to inspire a new wave of food entrepreneurs in Scotland. Edinburgh restaurant BURGER has substantially increased its business since the Deliveroo launched in 2015. Since opening its first restaurant in Edinburgh three years ago, BURGER has tripled its space – now operating three restaurants throughout the country - with a second site in Edinburgh and a third in St Andrews.

Citing Deliveroo as a key growth driver, the restaurant chain has plans to continue its rapid expansion for the foreseeable future. Evan Wells, Director of Operations at BURGER, has said:

“Our partnership with Deliveroo has played an integral hand in helping us to increase the exposure of our brand, as well as massively contributing to the revenue growth across all of our restaurants. We’re looking to rapidly grow over the next 3-4 years, with an aim for 30 units across the North of England and Scotland with the help of Deliveroo.”

¹ RSA, *Good Gigs*, April 2017, [link](#)

² Scottish Government, *Collaborative Economy*, April 2017, [link](#)



We also plan to launch a delivery only kitchen in Edinburgh later in 2017 as we roll out our Deliveroo Editions programme across the UK, creating even more jobs across the UK restaurant industry.

Flexibility and the on-demand economy

Central to our popularity with riders and our success as a business is the **flexible** nature of the work that we offer. Unlike conventional companies, Deliveroo is a platform not a traditional employer, allowing our riders to be their own bosses. Our fully flexible fee per delivery payment model means that riders choose when they ride, can work with other companies - including competitors - at the same time as they are riding with Deliveroo, and can decide how often they work with us. The vast majority of our riders want this arrangement.

Providing additional security

We also want to offer riders more security. **We believe everyone - regardless of their type of contract - is entitled to certain benefits**, but we are constrained in offering these at the moment. This is because, at present, companies in the UK - including Scotland - are forced to class the people they work with as either 'employees', 'workers' or 'self-employed'. Our riders are 'self employed'. This gives them full flexibility - but the quid pro quo is that they are not entitled to certain benefits. On the other hand, 'employees' and 'workers' can more easily be offered benefits, but don't have full flexibility. Our worry is that, should Deliveroo unilaterally introduce certain types of benefits for our self-employed riders, a court would - based on case law across both Scotland and England - be more likely to reclassify riders as 'workers', as the level of risk assumed by the individual is an indicator of employment status. This, in turn, would mean riders would lose much of their flexibility around working hours. This is because workers' entitlements are calculated based on days or hours worked, or on "output work" which cannot be sensibly calculated in a business like Deliveroo's. In our case this would require riders to work in compulsory sessions arranged with us in advance and working exclusively for us during those sessions.

We would welcome changes to the legal framework to allow companies to offer benefits to self-employed contractors. The question is how benefits should be accrued. Given that there is no such thing as a typical day or week for riders, it would seem sensible to provide benefits as an uplift on fees. This would of course need to take into account the fact that those in the on-demand economy can work for multiple companies simultaneously.

How to square the circle

In short, there is currently a **trade-off between flexibility and security**. It is not up to Deliveroo to define classes within employment law - and nor is it our place to do so. But as the Scottish



Expert Advisory Panel on the Collaborative Economy looks into this, we believe it is important that the changing nature of the economy is recognised. The way certain entitlements are currently calculated needs to be adjusted in such a way that it *complements* the flexible nature of on-demand work, rather than undermining it.

One potential solution is to provide **additional rights to the self-employed**. Allowing companies to offer entitlements to the self-employed would end the current trade-off, and would allow us to offer riders greater security, without having to alter the highly flexible and valued nature of our agreements. Another potential solution to this problem would be to create a wholly **new category of employment** which would provide more rights, and allow companies to calculate entitlements based on an accrual basis. In this way, whether riders remain self-employed and get benefits or whether there is a new classification, riders should only get benefits based on deliveries completed not hours worked. **Accessing work through Deliveroo**

We are proud of our role in bringing more people into the workforce and we are even more proud that Deliveroo riders come from all different parts of society.

A recent report from Reform³ found that many jobseekers, such as older and disabled people, have a demonstrable preference for flexible work, such as the work created by the on demand economy. The National Autistic Society recently profiled a rider who works with Deliveroo in York in a video hosted by The Guardian. After trying to get back into work for two years, the flexible work available through Deliveroo has given him opportunity to begin earning again which still fits within his lifestyle and requirements. The full video is available to watch [here](#).

Our delivery method of bicycles and scooters, which are used by the vast majority of riders, also provide a low-cost route to work for those applying to ride with Deliveroo. This means it is easy for people from many different backgrounds to start work with us - all you need to do is be able to travel and log-on.

Conclusion

Deliveroo wants to work with the Scottish Government and the Scottish Expert Advisory Panel on the Collaborative Economy to make sure we combine the flexibility of on-demand work which people want, with the security they deserve. Companies should not have to be forced, as they effectively are now, to choose between offering workers a relationship with a great deal of flexibility and fewer benefits or a relationship with much less flexibility and more benefits. Companies should be able to offer the best of both worlds.

³ Reform, *Gainful gigging: employment services for the platform economy*, July 2017, [link](#)



The on-demand economy has changed the way people work and eat. The policy challenge is working out how to make sure that employment law and benefit entitlements fit with this new economic framework. While it is not up to us to define classes within employment law, we believe we need current classifications to change so that either: the self-employed can receive benefits; or a new class of employment is introduced which allows a company to offer benefits, on an accrual basis.

We hope this submission is helpful to policy makers when it comes to the motivations people have for choosing to work in this way and for working out a way forward to create a framework that is fit for modern Scotland, supporting the growing on-demand economy and those who work in it.