

UBER

20th February, 2017

Dear Mr Feld.

Thank you for inviting us to address your Select Committee. This letter answers the Committee's supplementary questions and provides an update regarding a [series](#) of new products and features we have announced since the last session.

With Uber, people decide if, where, when and for how long to drive. It's drivers themselves who determine their schedule—not anyone else. 94% of UK drivers say they "joined Uber because I wanted to be my own boss and choose my own hours".¹

This hasn't just reshuffled people already working as drivers - but has created new opportunities, some for people often shut out of the labour market.²

There's much that is new about Uber, but our relationship with drivers isn't. It follows the same basic approach that has been used in the industry for generations. According to the ONS, taxi and private hire is the second biggest self-employed occupation in the UK after construction.³

Where Uber is different is that in the past, even where self-employed, drivers had to plan their lives around the schedule of their operator or employer. Uber has changed that and returned a lot of control to the drivers.

Our business will only be successful if drivers want to work with us. 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.

All the initiatives listed have come directly from discussions with hundreds of drivers about what would make their lives easier and more productive. Some of them are product changes, but some have a wider policy relevance. All are included here for completeness:

1. *Earnings advice sessions:* every driver in the UK will have the right to come and talk to us about their earnings and receive information, including advice from other drivers, about how to maximise their time and the money they make on the app. We will also proactively identify individuals who we think could be earning more and invite them to the sessions.
2. *Free skills courses:* we'll pay for drivers to complete one qualification on online learning platform, FutureLearn, in 2017.
3. *Partner appeals panel:* from this week we're launching an appeals panel and giving partners whose accounts have been deactivated the ability to appeal certain decisions to a panel of other drivers.
4. *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.

¹ <http://www.orb-international.com/article.php?s=quantitative-poll-on-behalf-of-uber-2016>

² http://www.oxfordmartin.ox.ac.uk/downloads/academic/Uber_Drivers_of_Disruption.pdf

³ http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171776_374941.pdf

5. *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](#).
6. *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.

This is just the beginning. We are currently exploring a number of further tools and products to help support drivers.

Yours sincerely,



Andrew Byrne
Public Policy, UKI

Annexe 1: Responses to committee questions

Costs for drivers:

Drivers have a lot of choice and exercise a high degree of control over 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. But it's also true that in many cases not all of the costs are directly attributable to their time using Uber -eg if a driver rents a car, they can also use it for the school-run, or for other work.

We also find that many of the costs and habits associated with driving are at least partly a function of regulations. For example, TfL require drivers in London to hold hire and reward insurance for the full term of a private hire licence, even for the periods when the vehicle is not being used for private hire. This means that licensed drivers who wish to only work for limited times (e.g. students during their holidays) are forced into more expensive long-term insurance contracts.

Licensing regulation mean that costs vary significantly around the UK, with the barrier to entry to the private hire profession significantly higher in some places compared to others too. The highest cost in the UK is in Southampton, where to get started as a PHV driver would typically pay £1,591.⁴ At the lower end, by comparison, in Newcastle the same licences cost £490.

Some examples of regional variation in licensing include:

- *Bristol* - requirement to pay £400 for a four day customer service qualification, in addition to a World Host training Certificate, a local knowledge Test and a practical driving test. Estimated total cost is £700, excluding vehicle licence costs.
- *Sheffield* - requirement to pay £300 for a five day Taxi driver qualification, as well as Driving Test, and Knowledge test. Estimated total cost is to £850, excluding vehicle licence costs.

⁴ This figure includes costs of driver and vehicle licence applications and all associated tests.

- Certain cities also have stringent vehicle requirements in place, which can significantly add to driver costs (e.g. *Southampton* - CCTV requirement, costing at least £750; *Manchester* - requirement that cars are specific colour of silver; *Portsmouth* - requirement that cars are no older than 3 years).

Higher costs or longer wait times can lead to private hire drivers working longer hours to recoup those costs. High barriers to entry also reduces the ability of local residents to use private hire as a flexible income, with a particular negative impact on those most likely to choose to drive part-time, such as parents or those who are studying.

The core costs for private hire drivers across the UK are as follows:

- Vehicle cost (either owning, financing or renting the vehicle).
- Hire and reward insurance (if owning / financing; typically included in rental agreements).
- Maintenance, servicing & repairs (if owning / financing).
- Fuel.
- Road taxes (if owning / financing).
- MOT test (if owning / financing).
- Phone cost (although vast majority of drivers use a pre-existing phone and contract).
- Private hire licence costs - driver and vehicle (if owning / financing).
- Licensing cost (driver (all) & vehicle licence (if owning / financing)).

Provision of discretionary items:

Uber has, on occasion, suggested to drivers that customers may value a bottle of water or some mints while on their journey. This advice is primarily given to drivers on UberExec and UberLux. The decision to provide these items is entirely down to the driver.

Late last year we asked drivers how much they spend on water, mints etc. for riders per week and the majority said it was between £0-£5 per week. Just over a quarter placed the figure between £5-£10 per week.

Driver hours:

Uber partners are self-employed. They control their hours, when and how often they work.

It is also important to note that the average number of hours drivers spend logged into the Uber app in London is 30 per week. 23% of uberX partner-drivers log into the app for 10 hours or less a week with just 25% logged in for 40 or more hours per week.

That said we do take steps to ensure that partners are aware of their responsibilities to drive safely and take breaks. We regularly advise drivers who use our app to take rest breaks and not drive while tired. In August 2016 in the UK we launched an in-app feature that proactively reminds drivers throughout the day of the importance of taking time to recharge when they need it. This is on top of telematics technology we use to help raise awareness about other universal road safety challenges, ranging from harsh braking and phone handling to excessive speeding.

In London we also monitor partners who drive work more than 56 hours on trips over the course of a week. If any partner exceeds this threshold they are contacted by the team and reminded about their responsibilities to the safety of their passengers.

We are also planning to introduce a limit to the number of hours that partners are able to drive in the UK. We are still considering the parameters and the engineering work required, but we expect to be able to introduce the solution by Summer 2017.