



EMPLOYMENT TRIBUNALS

Claimant: Mr C Gascoigne
Respondent: Addison Lee Ltd
Heard at: Central London Employment Tribunal
On: 24 and 25 July 2017
Before: Employment Judge JL Wade (sitting alone)

Representation
Claimant: Ms T Burton (Counsel)
Respondent: Mr R Leiper QC (Counsel)

RESERVED JUDGMENT

The judgment of the Tribunal is that:

- (1) The claim for holiday pay brought under section 24 of the Employment Rights Act 1996 and regulation 30 of the Working Time Regulations is well founded and the Tribunal makes a declaration to that effect and
- (2) The respondent unlawfully failed to pay the claimant for holiday taken between 1 and 16 March 2016 and is ordered to pay him the appropriate sum. Should the parties require a remedy hearing they may apply to the Tribunal.

REASONS

1. The claimant was a cycle courier for Addison Lee from 2008 until March 2017. He argues that he was a worker within the meaning of Regulation 2 of the Working Time Regulations, otherwise known as a “limb (b) worker” who:

“has entered into or works under.... Any other contract, whether express or implied and (if it is express) whether oral or in writing, whereby the individual undertakes to do or perform personally any work or services for another party to the contract whose status is not by virtue of the contract that of a client or customer of any profession or business undertaking carried on by the individual”.

2. His claim is for one week's pay in respect of holiday between 1 and 16 March 2016 which he took but has not been paid for.

Litigation history

3. The ET1 was filed on 22 March 2016. The claimant argued that he was both a worker and an employee, but the latter argument had been withdrawn. The case was set down for hearing at a Preliminary Hearing on 9 June 2016.

The evidence

4. I heard evidence from the claimant and, for the respondent, from Mr Kevin Valentine the Head of Couriers. He runs the courier fleet which mainly consists of taxi and motorcycle couriers although the number of cycle couriers is growing. He has never been a courier or a controller of couriers himself.

5. I read the pages in the bundle to which I was referred.

The issues

6. The issues are:

1. Is the contract of 20 October 2015 the true agreement between the parties?
2. If not, "what was the true agreement between the parties" (as expressed by Lord Clarke in *Autoclenz v Belcher* [2011] ICR 1157)?
3. Is the claimant a "limb (b) worker" under the true agreement? The respondent concedes that the claimant was obliged personally to perform the work he did.
4. If so, when was the claimant a worker?

I set out below the findings of fact relevant to these issues.

The relevant facts

7. Addison Lee is a household name, providing private-hire taxis to businesses and individuals. It "works with" around 4,000 drivers. It also runs a small courier business of around 500 couriers of which 30-40 are currently cycle couriers, the remaining being motorbikes, cars and vans. Cycle couriers operate within a small geographical area where pedal power is more likely to get a letter or parcel delivered quickly. Addison Lee offers speedy delivery, usually within an hour, to its customers (although it claims that some of its customers are in fact the courier's customers). This means that its couriers need to be responsive and work quickly during a tightly controlled working day.

8. In 2008 the claimant, who was thinking about working as a cycle courier, was introduced to Addison Lee by a friend. He went to their offices and met the Driver Recruitment team who conducted a short interview, he remembers

meeting a controller for about 10 minutes. Controllers, as the name suggests, control the couriers who are at work that day, they carry out the tricky task of allocating jobs, track progress by radio and GPS and deal with queries. Each courier has a call sign allocated by the business.

9. After a brief induction of about 20 minutes the respondent told the claimant that he could start working on 5 August 2008, presumably after they had completed a DBS (as it now is) check for him. As far as the claimant was concerned he was offered a job, “worked for” Addison Lee and got paid accordingly and his 2008 contract reflects some of this, unlike the most recent version.

10. In March this year the claimant stopped working for the respondent because of problems with his back.

The contract

11. The claimant signed his first contract on 5 March 2008 and latterly the respondent introduced a requirement for it to be re-signed every three months in order to “refresh the relationship”. As he rarely went to the office, driver liaison would usually sign it for him with an electronic signature and the claimant was content for them to do this.

12. There are three contracts in the bundle and the claimant agrees that the last, dated 20 October 2015, is the one which bound the parties at the material time. The respondent agrees that some of the content is not relevant to the claimant because it is aimed at drivers of taxis. What it says about worker status is not a repeat of previous contracts:

1. Your relationship with Addison Lee

You agree that you are an independent contractor and that nothing in this agreement shall render you an employee, worker, agent or partner of Addison Lee and you shall not hold yourself out as such. The nature of our relationship with you is dependent upon whether you are fulfilling an Account Booking or a Non-Account Booking:

1.1 in the case of Account Bookings, you act as our sub- contractor for the purposes of fulfilling our Customer Contract with the relevant Customer for private vehicle hire.

1.2 In the case of Non-Account Bookings, we act as your disclosed agent for the purpose of arranging and agreeing Non-Account Bookings between you and the relevant Customer. This means that you enter into a contract for Services as principal with Customers that make Non-Account Bookings....

5. Provision of Services

5.1you choose the days and times when you wish to offer to provide the Services in accordance with the terms of the Driver Scheme [this relates to taxi drivers] but unless we are informed otherwise, you agree that if you are in possession of and logged into an Addison Lee XDA you shall be deemed to be available and willing to provide Services.

5.2 For the avoidance of doubt, there is no obligation on you to provide the Services to Addison Lee or to any Customer at any time or for a minimum number of hours per day/week/month. Similarly, there is no obligation on Addison Lee to provide you with a minimum amount of, or any, work at all.

13. The contract also contains a clause apparently designed to put people off challenging their employment status:

15.3 You shall be fully responsible for and indemnify Addison Lee against any liability..... for:

15.3.2 any employment-related claim or any claim based on worker status (including but not limited to reasonable costs and expenses) brought by you against Addison Lee arising out of or in connection with the provision of the Services.

14. Mr Gascoigne had no choice as to the terms of his contract, which he knew he had to sign to carry on working. It is probable that he never read his most recent contract; there is no evidence of his having done so and if he had, it would not have made sense to him. Whilst both sides agree that it is a concluded contract its complexity and the claimant's lack of engagement illustrate that there was an acknowledged inequality of bargaining power. His working practices did not change despite the introduction of new terms and the way he worked did not reflect a distinction between account and non-account customers.

How the respondent presents itself to clients and couriers

15. The arm's-length relationship emphasised by the contract is not reflected in the public material on the website. Customers are told of "*Our dedicated fleet.....*" The sole point of contact for customers was the Addison Lee call centre and so the customer would expect a member of the Addison Lee fleet to get to work on their assignment. Within the many pages of the general terms and conditions the distinction between accountant and non-account work is pointed out but there is no suggestion that there were any practical consequences for customers.

16. The section for couriers says:

"we .. want people on our team who reflect values of outstanding service and utmost reliabilityto join our growing fleet. We offer excellent pay rates, outstanding work conditions and the chance to be part of London's premier courier service. We are proud of our couriers – we'd love you to be part of that".

The website also says that Addison Lee has "*experienced handlers at HQ to help guide and direct you, flexible working hours*" and "*every job recorded electronically - so you never miss out on payment*". It also offers help completing tax returns.

17. This material must be on the website because these are the messages which will attract people like the claimant to be couriers for Addison Lee, in other words people who want to work *for* a company and be directed by it. This is patently not language addressed to workers looking for a good agent who choose to run independent small businesses. Mr Valentine, who was very open and helpful, agreed that Addison Lee was offering "*services to help them make a successful career at Addison Lee*" and then realised he should have put it differently and said "*to help their successful self-employment*". I think he was more accurate the first time!

18. It should be noted that the claimant has no website, does not market himself and cannot see the point of working elsewhere as a courier even though he could do so.

Equipment

19. For the claimant to work, the respondent supplied the technology he needed: a radio and palm top computer/ XDA and latterly an App. The claimant paid a deposit for the radio but no weekly rent.

20. When working (and it is difficult not to use that phrase since it is cumbersome to say “when working as a subcontractor or principal depending on the customer”) the claimant was provided with company materials such as a book of receipts and a branded bag and T-shirts, but he did not use them all the time and this was not enforced. At minimum, he carried an Addison Lee ID which he was sometimes required to show to customers.

21. Addison Lee also provided insurance for the claimant against loss or damage to parcels and he paid for this via a small weekly charge which was still levied whether he was working or not. In practice this claimant would not have sourced alternative insurance for himself, or certainly not at such a good rate, and it was in both his interests and Addison Lee’s that it was in place.

22. The claimant provided and maintained his own push bike which did not display a company logo.

The work

23. When Mr Gascoigne was ready to work, he would contact the controller on duty by radio or phone and log on to the system. From then on, they were constantly in touch and the controller could see his whereabouts as he carried a GPS tracker.

24. In his ET1, he said he worked Monday-Friday 10-6 and was expected to work from 10 am. The respondent disagreed with this and when he was taken through his evidence Mr Gascoigne was unable to show that his working patterns were regular. From October 2015, for example, he often started work after 10 and regularly worked a short day and a short week.

25. Mr Valentine had done some careful analysis and showed that the working pattern was very variable. He explained that the company had relaxed requirements on couriers in order not to jeopardise their self-employed status but also because courier work was tiring and dangerous and couriers needed to take time out to rest. This is consistent with both the contract, which says that there are no set working hours, and the website which advertises flexible working hours.

26. The claimant took full advantage of the flexibility available. He was a member of a band and sometimes went on tour (he says not profitably) and did some gardening work for a neighbour.

27. Further, the claimant said he was meant to tell the office by phone if he could not work that day or was unable to start by 10 and that, if he did not, he would be penalised by not being given work. The respondent disagreed and said that this rule, referred to in earlier contracts, had been relaxed although there was no evidence that the riders had been notified. The claimant had no recent examples of being penalised but reiterated that the respondent had expectations of him. It cannot be said that at the material time the claimant was expected to log on at a particular time.

28. I note the major inconsistency in the claimant's evidence. He told the tribunal that he had been helped to write his statement and it was a pity that those who helped him did not do a more careful job. It may be that his patterns had been more regular in previous years, but he was not able to articulate this. However, he does not argue that he was a worker except during the times that he was logged on.

29. In relation to holiday, there is evidence that the claimant would pre-book holiday, as required in earlier contracts, and to make sure that there was always a job to return to. If, as was sometimes the case, he did not tell a controller of his absence, there would however be no formal consequences. This was partly because cycle courier work would be picked up by motorbike riders or taxi drivers if there was a surplus. Far from the claimant letting his customer down, the efficient Addison Lee team would make sure there was no drop in the level of service provided. This was the same whether the claimant was theoretically a subcontractor for the respondent or the respondent was his agent.

30. When the claimant was logged into the Addison Lee system he generally completed 15-20 jobs a day. There is always work as the size of the fleet is limited. The order in which jobs are done is decided by the controller, who had an overview of the work coming in and its urgency, but the route he took was largely up to him. The claimant said that couriers were told off if they did not deliver within the hour and that they were expected to report in if there was a delay; this is not surprising because the Addison Lee customers expected speedy delivery. The claimant did not need to deal with angry customers himself.

31. In between jobs he was on standby and kept in touch with his controller by radio, phone and app. When on standby he was expected to be in an area approved by the controller, usually near to the last drop off, so the next assignment could be plotted. He agreed that he had never been told off for not doing so, but also that he had never given cause.

32. Once a job had been sent through to him electronically the claimant contacted the controller to refuse it in exceptional circumstances only, for example if the parcel was too heavy to carry or he had a puncture. The expectation on both sides was that if he was given a job he would do it. There was no "decline" button on the computer and Mr Valentine said that if a job was not picked up as expected, and the courier went silent, the controller would ring to find out what was going on. No doubt, when under pressure, some controllers could be quite demanding if the courier did not do as expected.

33. If a courier does turn down a job he is not left with the problem of how to deliver the parcel, which could be the case if he was the subcontractor

responsible or had been marketed to the client by his agent. Instead, the controller would hand the job over to another member of the team who could be a motorbike or even a taxi courier. A courier is never marketed as an individual by name to a customer and it is very rare for a customer to request a particular courier; the model is that the Addison Lee fleet as a whole provides the service.

34. If the parcel could not be delivered, because for example there was nobody in at the delivery address, the controller would tell the claimant what to do. It was for the controller to decide although the claimant would sometimes try to contact the customer direct, and could get told off for doing so.

35. It is difficult to assess the significance of some of these points, for example the claimant might always accept a job because he wanted the money not because he was obliged to do so. As Mr Valentine agreed, there was a perception among couriers that they would be refused future work if they did not do as they were told and also couriers wanted to keep their controller sweet by being cooperative, so the extent of the control exercised over them was rarely if ever tested. Suffice to say that from the time the claimant logged in, room for manoeuvre was, literally, limited and both sides expected that he was available for work, would be provided with it and that he would carry it out as directed by the controller.

Pay

36. The claimant and all his courier colleagues were paid weekly for the jobs done at a piece rate of around £3.25 per job. This averaged out to above the minimum wage. The rate was universal and decided by the respondent. It was not open to him to set his own rate, even for customers for whom Addison Lee was allegedly only his agent, or negotiate for more lucrative work. He could only maximise his earnings by working longer or faster.

37. The respondent deducted (1) an “admin fee” which was a percentage of the total and (2) a payment of £2.58 for insurance. The deductions were made whether or not the customer had an account. If the courier had been paid cash by a non-account customer the charge would be made against other receipts collected in by the company, he would not be invoiced by his agent.

38. Whether a job was account or non-account it would still count towards the total number of jobs done by the rider for the purpose of qualifying for a bonus, he qualified if he did 70 or more jobs in a week.

39. The claimant was also paid waiting time if he had to wait for a job, at £8 an hour for account customers and £20 an hour for non-account customers.

40. If the job was cancelled, or the customer did not pay, the claimant would usually still get the job payment, and Addison Lee would still pay the waiting time irrespective of whether it was an account or non-account job. Mr Valentine was a little vague about the policy with cash non-account customers, saying at one point that at the very least Addison Lee would not take its admin fee if the client failed to pay but at another that they would generally pay the full rate. Mr Valentine said this was a goodwill gesture but the effect was that the claimant

could expect payment from the respondent, even when the customer did not pay, which would be unusual if Addison Lee was indeed only his agent.

41. If the customer paid in cash the claimant gave them an Addison Lee receipt from the receipt book. He was not aware that he was entitled to use his own receipts although Addison Lee says he was. The expectation was that they were in control of the payments system.

42. Each week a “Combined Invoice/Statement” was generated by Addison Lee. The claimant had no input or control over the figures which were based on the respondent’s data and this meant he did not have to worry about keeping his own records. The claimant was not paid by the hour but his work was akin to piecework and the statement was akin to a payslip in that the respondent had calculated what he was due and communicated this to him. The statement was chronological and included account and non-account work alike, there may be a code or something to identify the difference but I could not work it out when I looked.

43. It is agreed that the claimant paid his own tax and NI (no VAT) and was registered with HMRC as the self-employed. As we know, this is not incompatible with his being a worker.

Conclusions

44. The respondent’s recruitment material on its website says:

“we are proud of our couriers – we’d love you to be part of that”

It does not say:

“We want to find couriers who are independent and work on an ad hoc basis – if you do account work you to be a self-employed sub-contractor and for non-account work we will be your agent so you carry the risk”.

Not only is this confusing and wordy, it is not the way the business ran, or could run, as the respondent well knew. This is why it employed its “armies of lawyers” to do the best job possible to ensure that the claimant and his colleagues did not have “limb b” worker status. Sadly, they even resorted to clause 15.3.2, see paragraph 13 above, which was designed to frighten him off from litigating and suggests that they knew the risk of portraying the claimant as self-employed.

45. Website verbiage can be dismissed as advertising puff but when it differs so starkly from the contractual wording, alarm bells must ring. I find the true relationship to be closer to the wording of the website in that:

- a. The respondent and the claimant worked together in a team and under a contract whereby the claimant was expected to carry out work for the respondent, under its direction, when logged into the system.
- b. He performed the work personally, and not because Addison Lee was his client or customer.

Applying *Autoclenz*, I do not consider that the contract of October 2015 portrays the relationship correctly and it is just one source of many to be taken into account.

The limb (b) test

46. It is difficult to disentangle the various strands which lead to the conclusion that the claimant was a worker of the respondent. This is because they are all interrelated.

47. In paragraph 6 of the recent judgement of the Supreme Court in the *UNISON* case, [2017] UKSC 51, Lord Reed said:

“Relationships between employers and employees are generally characterised by an imbalance of economic power. Recognising the vulnerability of employees to exploitation, discrimination, and other undesirable practices, and the social problems which can result, Parliament has long intervened in those relationships so as to confer statutory rights on employees....”

The Supreme Court has played its own role too. In *Autoclenz* Lord Clarke said:

“... the relative bargaining power of the parties must be taken into account in deciding whether the terms of any written agreement in truth represent what was agreed and the true agreement will often have to be gleaned from all the circumstances of the case, of which the written agreement is only a part. This may be described as a purposive approach to the problem. If so, I am content with that description.”

This purposive protection for employees and workers would not need to apply to those who run their own business and have an entrepreneurial approach to their work as they intentionally sacrifice protection for independence and the chance to make their millions. The very fact that the claimant worked under a contract which was not a reflection of his actual working relationship, and which he had not even read, let alone negotiated, illustrates that he was vulnerable to his employer and in need of that protection. When identifying the vulnerability, we need go no further than clause 15.3.2 of the contract.

48. Thus, in concluding that the true contract was not as signed by the claimant on 20 October 2015 I am already part of the way to deciding that he was a worker.

49. The journey continues with the fact that any obligation that the claimant had to Addison Lee was to be performed personally. Not only is this uncontested, it is an indication that the claimant was working for the respondent directly and that it was not his customer or client. Had the latter been the case, it would have been more likely that he would sometimes have sent a substitute or, at the very least, found an Addison Lee colleague to fill in himself rather than passing a job back to a controller.

50. It is of course possible to think of a small business consisting of one person only, for example a solicitor, who relies mainly on one client and is beaten down in the contract negotiations so that their rates are set according to the customer's wishes. This person might well agree with their “employer” that they

were a contractor although in practice they might be a worker. This is why none of the points made in these conclusions is individually determinative.

51. The theme of vulnerability and dependence is also relevant when deciding whether the claimant was in business on his own account. Holiday is a key right derived from the Working Time Directive and given to workers to protect their health and safety. The right is extended to workers because, says Mr Recorder Underhill *Byrne Bros (Formwork) Ltd v Baird* [2002] ICR 667 at paragraph 17(4), quoted with approval by Lady Hale in *Bates van Winkelhof v Clyde & Co LLP* [2014] UKSC 32:in

“... The essence of the intended distinction must be between, on the one hand, workers whose degree of dependence is essentially the same as that of employees and, on the other, contractors who have a sufficiently arm’s-length and independent position to be treated as being able to look after themselves in the relevant respects.”

52. The other side to this is that once any working relationship is analysed in too much detail, including that of employer and employee, the precise reason why the job gets done is complex. For example, given that employees are not slaves, they do as instructed to keep their boss happy as well as because they are contractually obliged and they may refuse to do something out of contrariness or because it is not in their job description. An employee is rarely penalised for not doing their job as expected, for example being searched for if not at their desk, or offered coaching if working too slowly, as opposed to being disciplined. Therefore, it is important not to drill down too far in the hope of being able precisely to diagnose the relationship.

Was there a contract whereby the claimant undertook to do any work or services for Addison Lee?

53. The claimant does not argue for an “umbrella” contract but says that there was a contract that he was logged onto the respondent’s system. The respondent says that there was no such contract because at every stage the claimant had the choice not to work or to refuse work which he was offered. I disagree with the respondent for the following reasons:

53.1 One of the few parts of the contract of October 2015 which does ring true is the final phrase of clause 5.1 which says *“unless we are informed otherwise, you agree that if you are in possession of and logged into an Addison Lee XDA you shall be deemed to be available and willing to provide Services”*. That was indeed how the claimant and his controllers operated. His willingness had to be more than theoretical because, if he had logged in when not actually available, his whereabouts would have shown up on the GPS tracker and, if he was not in central London, he would have taken longer to do the job and therefore earned less per hour.

53.2 The threshold required of alleged employees when establishing a contract of employment is higher than that required of a worker, Lord Justice Underhill’s “lower pass mark”. In *Fennoll*, [2016] IRLR 67 CJEU said that the essential feature of employment relationship is that:

“for a certain period of time a person performs services for and under the

direction of another person in return for which he receives remuneration”.

This is an accurate description of this relationship. It may be more light-touch than an “enforceable obligation”, which is not an appropriate description of an employment contract anyway in that it is never specifically enforceable. As the name suggests, when logged on he was controlled by the controller!

53.3 The documentary evidence shows that the claimant almost continuously did cycle courier work for the respondent when logged on and I am satisfied that, if there was a quiet period, he was waiting at a pre-agreed place for the next job.

53.4 The claimant did work variable hours but the job was advertised as flexible and Mr Valentine agreed that cycle couriers needed a degree of flexibility because of the demands of the job. Of course, people can be employees on flexible contracts and the claimant is not arguing that he had continuity of employment across the years.

53.5 The respondent suggested that somebody who worked such varied hours could not be under a contract as a worker because their holiday pay could not sensibly be calculated. There has been a practice of paying rolled up holiday pay, for example in the building industry, for many years and this was the subject of the litigation in *Robinson-Steele v R-D Services Ltd* [2006] IRLR, 386.

53.6 The claimant was put under pressure, albeit gentle pressure, from his controller if he did not pick up a job when logged on and he was not expected to decline it; his XDA had no “decline” button. When he declined the job this was akin to him saying “this is not in my job description” although not in an obstructive way because if a parcel was too heavy it was not safe for him to carry it. No one can seriously argue that if the claimant had a puncture and told the controller he could not carry out the job, this was evidence of there being no contract.

53.7 Once the claimant had accepted the job there was no way that he would not complete it unless, again, circumstances such as a puncture got in the way. He was subject to a classic wage/ work bargain.

53.8 The claimant was not running his own business, see below, and had no contracts with the Addison Lee customers he was working for. Since he was under an obligation to work it must have been that he was obliged to the respondent, it would be odd indeed if he was not working under a contract. This last point is another example of how the test is one of interconnected elements.

The claimant was under the direction of another and was not running his own business

54. I reach this conclusion for the following reasons:

54.1 The claimant did not negotiate a contract with the respondent, and particularly did not agree to different status depending on whether he was

delivering parcels for account or non-account customers. Indeed, he did not even know about, let alone understand, the terms that he was working under. It is possible to envisage a contractor who was chronically bad and at business agreeing to terms blind, but this is rare. I saw no sign at all that Addison Lee behaved like the claimant's agents towards non-account customers.

54.2 As advertised on the respondent's website, having a controller was a benefit to the claimant and his colleagues. The wanted to be supported and assisted in the difficult planning decisions that needed to be made when travelling around various customers in central London.

54.3 Similarly, having full accounts backup, even to the extent of assistance with tax returns, was hugely beneficial as the claimant would probably have characterised himself as a musician who had to work as a courier to earn money. He showed no sign of being someone who was inclined to run his own courier business and took no steps towards doing this. Presumably the respondent knew that this was a common characteristic which is why they advertised these incentives on the website for recruiting riders.

54.4 Whilst deliberately not being called payslips, the statements the claimant received, and the way they were generated, were payslips in all but name. Whilst the claimant carried some theoretical risk with non-account customers, this was substantially mitigated by the actions of his employer who cushioned him against loss.

54.5 Also, the pay structure showed no sign that the claimant was in business on his own account. He had no leverage with account or non-account customers to charge outside the Addison Lee tariff and both he and the customers would have been utterly confused if that had been an option.

54.6 The claimant was held out to the outside world as being part of the Addison Lee fleet and Addison Lee held itself out to the claimant as an employer who would provide him with direction and look after his needs, to include accounting and tax even though he was not on the PAYE system.

54.7 The claimant worked flexibly, sometimes to the point of being erratic, but because he was not running his own business this did not affect his income while at work nor did it effect Addison Lee's because they could fill in for him with other couriers. Erratic behaviour from an employee could lead to dismissal and from a small business would jeopardise sales.

55. The small contra-indications such as the fact that he supplied his own bicycle and paid for insurance at the rate of £2.58 per week are relatively insignificant.

Personal service

56. The respondent has admitted that due to the need for DBS clearance personal performance was required and the contract does not state otherwise.

57. I therefore conclude that the claimant was a “limb b” worker. This was a working arrangement which did not lend itself to the interpretation which the armies of lawyers tried to promote. The claimant was part of a homogenous fleet and a homogenous operation which promoted Addison Lee to customers and looked after its own. There is nothing wrong or bad about that, it simply does not fit with the employment status for which the respondent contends.

**Employment Judge Wade
2 August 2017**