

## **Scottish Expert Advisory Panel on the Collaborative Economy**

### **1. INTRODUCTION**

**1.1** On the 24<sup>th</sup> of April, the Scottish Government, Scottish Expert Advisory Panel on the Collaborative Economy opened its consultation on the Collaborative Economy. As stated in the consultation portal, the collaborative economy has revolutionised the ways in which goods and services are purchased, consumed and provided. This has accelerated in recent years with advances in technology. The collaborative economy allows access to the sharing or provision of goods and services, assets and resources without the need for ownership. Prominent examples of this include Uber, Airbnb, Deliveroo, Hassle, Kickstarter and Task Rabbit.

### **2. CONSULTATION**

**2.1** The panel's consultation aims to collate advice and expertise in this area to make recommendations to Scottish Ministers in regards to policy and regulations. The Panel seeks to take advantage of the opportunities that the collaborative economy has to offer, while understanding its potential economic and social challenges.

**2.2** Scottish Government work to date has identified that the Panel should consider how to:

- Ensure that regulation is fit for purpose and that an appropriate balance is struck to allow competition to flourish;
- Protect and empower consumers and identify clear routes to redress;
- Support Scotland's business base to digitally transform and compete in the evolving market place; and
- Ensure that the wider economic, social and community impacts, including taxation, social inclusion and employment conditions, are understood.

**2.3** The Expert Advisory Panel on the Collaborative Economy will be considering a number of areas, including:

- Balancing competition and regulation
- Peer to Peer accommodation
- Implications for taxation
- Workers' rights

- Transportation & logistics
- Collaborative financing
- The changing role of consumers (to also being providers)
- Implications for creating social value and supporting public services

### **3. CONCLUSION / RECOMMENDATIONS**

- 3.1 Responses are invited by 26<sup>th</sup> of May 2017. It is proposed that SEStran will respond to the consultation following any comments from the SEStran Chief Officers meeting received on the 25<sup>th</sup> of May.

Lisa Freeman  
**Strategy and Projects Officer**  
15<sup>th</sup> May 2017

**Appendix 1** – Draft SEStran consultation response to the Scottish Expert Advisory Panel on the Collaborative Economy

## **1. What are the key opportunities that you see for the collaborative economy in Scotland?**

The 'collaborative' or 'shared economy' has great potential to unlock underused capacity. In Scotland, we are lucky to already have well established initiatives and innovation that supports this ideology and could be used to support the collaborative economy moving forward.

The transport network of the South East of Scotland can at peak times be close to capacity and a lot of this demand is underutilised individualised vehicles travelling on the network imposing social, economic and environmental externalities on communities. The value of the collaborative economy in this space is to use underutilised assets, such as under-occupied cars relative to their capacity, to reduce congestion on road networks and to offset the need for further capacity expansion of network based on non-collective motorised modes of transportation. This could reduce the need for the introduction of demand restraint policies such as workplace parking charges and also reduce negative outcomes from irresponsible parking of vehicles if the overall number within an area could be managed through collaborative measures.

In our Business Plan for 2017-18<sup>i</sup> we have committed to measure progress towards the corporate SEStran target, that will contribute towards reducing traffic congestion, carbon emissions and encouraging the use of sustainable modes of transportation, which is: "By 2022, to reduce the percentage of people commuting to Edinburgh by single occupant car from each local authority area in South East Scotland by 10% compared to a 2001 base. For Edinburgh residents working out with the City Council area, to reduce their reliance on the single occupant car for commuting by 10% also over the same period."

SEStran in recent years have been directly involved in a number of projects which seek to mainstream the benefits of the collaborative economy and achieve the target stated above, these are listed below:

[TripshareSEStran.com](http://TripshareSEStran.com)

Link: [www.TripshareSEStran.com](http://www.TripshareSEStran.com)

In terms of Transport, a notable example is TripshareSEStran.com. TripshareSEStran.com is South East Scotland's Regional Car Share Portal. Set up in 2006, the scheme now hosts over 8,600 car share members. The scheme is comprised of SEStran's eight constituent Local Authorities and four Health Board areas. Partnership working and links to individual Travel Plans has been key to the continued success of Tripshare. Car sharing, as part of a wider Travel Plan or Transport Strategy, has the ability to significantly reduce the number of single occupancy vehicles on Scotland's road network.

Within the SEStran Regional Transport Strategy (RTS), SEStran identifies Car Sharing as an 'high priority'. As an action, the RTS states that SEStran should continue to promote the scheme and engagement with European Car Sharing projects. SEStran has continued to do so and has been successful in attracting funding for the following car share projects that are also relevant to this consultation:

## SHARE-North

Link: <http://share-north.eu/>

The 'SHARE-North' project (funded through Interreg North Sea Region) addresses the concept of 'Shared Mobility' and looks at the development, implementation and promotion of Car Clubs, Bike Sharing and Car Sharing. The planned living labs will integrate modern technology with activities to support changes in mobility behaviour. The objectives are: resource efficiency, improving accessibility (incl. non-traditional target groups), increased efficiency in the use of transport infrastructure, reduction of space consumption for transport, improving quality of life and low carbon transport.

Our partners in Belgium, Auto Delen.net and Taxi Stop, have introduced a 'Green Deal' Initiative. The aim of the Green Deal is to accelerate the growth of shared mobility (car-sharing, carpooling and bike-sharing) in Flanders. The Green Deal is a partnership of many different organisations who are keen to assist in the removal of barriers to the alternatives of car ownership.

The Green Deal, launched the 27th of March 2017, is an agreement between several parties and the Flemish government. 80 organisations have already signed the deal with three Flemish Ministers: Bart Tommelein (Energy), Ben Weyts (Transport and public works) and Joke Schauvliege (Environment). The signing organisations have chosen their own actions to contribute to the 4 objectives of the green deal by 2020.

Which are as follows:

- Increasing the number of Car-Sharers (Car Club members) to 80,000
- The number of employers undertaking actions to support carpooling (aka Car Sharing in the UK) to 1,000
- Increase the number of bike sharers to 40,000
- Increase the number of shared electric cars by 5 times the amount recorded today, and ensure there is an offer of shared electric bikes.

Link: <http://gedeeldemobiliteit.be/english/>

## CHUMS

Link: <http://chums-carpooling.eu/>

The 'CHUMS' (Changing Habits for Urban Mobility Solutions) project (funded through Intelligent Energy Europe) demonstrated that carpooling is a viable and convenient option that overcomes traditional social, behavioural, and cultural barriers associated to sharing. CHUMS has helped many people already to change their travel habits to and from work.

The aim of CHUMS was to attract individual car drivers, match them with suitable sharers, and retain them and their interest in carpooling, creating an environment where carpooling is habit.

CHUMS combined three simple measures which, when combined, have shown to have a greater impact than other schemes on carpooling success in organisations

across Europe. The three elements that when combined generate the CHUMS approach were: Car Pool Week, Personalised Travel Planning and a Mobility Jackpot Lottery.

## SocialCar

Link: <http://socialcar-project.eu/>

The 'SocialCar' project (funded through Horizon 2020) aims to integrate public transport information, car-pooling and crowd sourced data to provide a single source of information for the traveller to compare multiple options/services. SocialCar will provide a 'one-stop shop' planning, booking and payment service for multimodal and multi-service journeys, via web and a mobile app. The project responds to the challenge of matching travel requests with the integrated public-private transport supply. The design of SocialCar is based on open source software, and the user experience is complemented by a reputation-based social mechanism. The SocialCar innovation is twofold: technological (the potential of open data and GNSS, the electronic payment services for transport) and economic (new mobility service models, public-private partnerships in the passenger's transport domain)

## **2. What are the key challenges that you see arising for the collaborative economy in Scotland?**

'Disruptive services' is a term that is often used to describe such shared or collaborative initiatives. Scotland's largest challenge is how it enables these initiatives but, not to the detriment of public services. From a transport perspective, these schemes could be in direct competition with the more traditional modes of public transport delivery. The challenge is to enable such schemes to enhance or improve the current provision of services where there are mobility or accessibility negative outcomes currently without impacting on the core public transportation network.

For example, the current draft Scottish Energy Strategy and Climate Change Plan (RPP3) focus on reducing the emissions impact of individualised modes of transport and we recognised that the collaborative economy can play a key part in achieving this outcome. However, we were also clear that interaction between these sectors must not implicitly or inadvertently be allowed to strategically over-promote greater use of individual motorised modes over collective or active modes and so potentially contribute to the further decline of regulated bus or rail modes of transport. There is a potential equity impact on those who in the future, can't afford or access for other reasons collaborative economy based modes of transport.

However, a positive result of these challenges is that it addresses the issue of access and ownership of vehicles. Shared modes can enable communities to overcome gaps in provision. The collaborative economy could help to connect people to access goods and services that aren't normally available to them. This could also address the issue of ownership, which could in turn break barriers and or access to employment. The emerging findings of the recent RSA Inclusive Growth Commission report highlighted that there are numerous communities across the UK within a few miles of improvements to transport opportunities that do not always benefit, through either an

ingrained mind-set or the cost of travel. Shared Transport services and accessibility can be a preventative measure against low skilled or economically inactive areas becoming further excluded.

There is clear evidence that a lack of accessibility to transport options has a limiting effect on opportunities and that those who are least skilled, or remote from the labour market have the least location flexibility in seeking new job or training opportunities. Therefore, SEStran views transport and accessibility/affordability of transport as integral to an inclusive economy

The RSA Inclusive Growth Commission argues that “social and physical infrastructure should be on a par when it comes to investment appraisal. This is one of the central means through which social and economic policy can be brought together. High quality physical infrastructure – such as railways, roads, local transport, new developments and broadband – is essential in building economic connectivity, maximising the efficiency of productive activity and connecting labour markets to areas of economic opportunity. But the value of physical infrastructure is diminished when particular places or neighbourhoods are unable to connect to its benefits, for example because the skills base is too low to take advantage of job opportunities, or health and complex social issues act as barriers to participation. It is therefore just as important to invest in ‘social infrastructure’ that develops the capacities and capabilities of individuals, families and communities to participate more fully in society and economic growth: early years support; education, skills and lifelong learning; Early intervention and prevention-oriented, rather than reactive, public services; and community development and capacity building. There is for SEStran clear potential benefits from the sharing economy in relation to the delivery of these objectives and outcomes

**3. Are contributors (consumers, providers and businesses) to the collaborative economy suitably protected by existing legislation?**

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Consumers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Businesses	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
If not, what are the gaps/how could it be improved?					

The gig economy is often a supplementary income for most of people providing these services. There has been a significant amount of political discussion regarding zero hour contracts and the support for employees within this area. For example, with

regards to ride hailing apps such as Uber and Lyft, each driver is considered an independent contractor, and is not directly employed by the business. After overhead costs, such as insurance and vehicle payments, drivers could potentially earn well below the minimum wage. In addition to this, rating systems within these apps could hold a negative or unfair weighting over individual drivers, diminishing their opportunities to earn. More should be done to protect and ensure workers' rights within the gig economy. There must be some consideration in policy between those who are considered a direct employee and those who are considered self-employed.

With regards to consumer protection, additional legislation could be used to enhance background checks and training for drivers/providers. In addition to this, further collaboration with these businesses could be done to assist customers with mobility impairments. Uber are currently addressing this with 'UberAssists' (cars with drivers who have received additional training on helping seniors and people with disabilities) and 'UberWAV' (Wheelchair Accessible Cars), however globally, only a small number of Uber vehicles are wheelchair accessible. Due to drivers being considered self-employed, mandatory driver training or other measures to prevent disability discrimination could imply its drivers are employees and undermine Uber's ability to argue otherwise.

There is also the related issue of the new powers devolved to the Scottish Government concerning consumer protection and the proposal outlined in the Strategic Assessment of Markets in Scotland for a Consumer Scotland taskforce. It would be useful to consider how shared economy transport and specifically mobility share user's consumer experience could be considered in setting new performance outcomes for sector in terms of regulation to enhance consumer experience and prevent consumer detriment. The Scottish Government's recent statement in December 2016 on consumer protection highlighted the need to deliver better outcomes for consumers and business and to take action to better measure impact of outcomes

#### **4. Do you think that the collaborative economy is suitably regulated whilst still allowing competition and innovation to flourish?**

With an ever-increasing growth in popularity, the sharing economy has grown exponentially in a very short period of time. However, the question often asked is whether this is being done in an ethical way. A recent report by Price Waterhouse Cooper states that:

*'By 2025, we estimate that many areas of the sharing economy will rival the size of their traditional counterparts, with platforms in five sectors generating Europe-wide revenues worth over €80bn and facilitating nearly €570bn of transactions'.*

Regardless of this impressive growth, regulation should be reasonable and should come from government, and not from organisations using their weight and influence to steer policy.

<http://www.pwc.co.uk/issues/megatrends/collisions/sharingeconomy/future-of-the-sharing-economy-in-europe-2016.html>

## **5. What do you think are the barriers which are constraining growth of the collaborative economy in Scotland?**

In general, there has been a slow reaction, in terms of Policy, towards the collaborative/shared economy. It will be those who react the quickest, who will stand the best chance of creating opportunities and utilise the value of this dynamic sector. Scotland has been proactive to the increasing demand in digital skills within the sector and has started to invest in this area, of which CodeClan (Edinburgh's digital skills and coding academy) is a good example. Further investment in incubators and skills academies in 'STEM' (Science, Technology, Engineering and Maths) fields, specifically for underrepresented groups, could a long way to encourage competition and further sector specific opportunities.

Many outcomes of the collaborative economy require preventative spend and long lead-in times to deliver tangible results and the required behavioural change. There is also a need to develop a strategic model of co-production of such transport collaborative policies and proposals to enable benefits to be realised and enable commitment to policies for the long-term which utilise a collaborative economy approach. SEStran has recently actively benefited from co-designing active travel projects with communities through partnership with Young Scot and Sustrans. SEStran has found through work with Young Scot on a project called X-Route and its co-design is a useful method to support and collaborate children and young people in planning of policies and proposals.

Certainly, an eye-catching result of the survey was that 75% of respondents had not heard of the term "active travel", which highlighted the need to manage our messages to young people better when seeking to initiate behaviour change and deliver long-term place-based solutions which lead to habitual behaviour and use of space. This support and direct engagement of children and young people has raised significant insights into the delivery of current plans and policies, and it is suggested such methods could be useful to the delivery of planning related outcomes. The positive engagement we had from young people highlights the positive outcomes which can emerge from supporting Children and Young People. Also, for SEStran such support is integral to the delivery of our statutory Equality Outcomes 2017-2021 and actions to increase participation in public life of currently under-represented groups such as Children and Young People as part of our Public Sector Equality Duties. The collaborative economy approach could have for us these wider benefits across society.

## **6. What role do you think government should play?**

The Government should provide a structured supporting role, both through policy and funding opportunities. Access to incubator initiatives and funding should be used to drive innovation and encourage collaboration across different sectors.

For example, as part of the previously mentioned 'SocialCar' project, SEStran, in collaboration with Product Forge and CodeBase, hosted a Transport 'Hackathon' (marathon of information analysis or hacking marathon) on Thursday 4th May – Sunday 7th May in Edinburgh.



The aim of the Transport Hackathon was to promote the themes of SocialCar and to understand how people currently use transport services in the South East of Scotland. The event aimed to understand how, through digital methods, we could make services better for everyone in the future.

The event consisted of a room full of entrepreneurially-minded data scientists and analysts, designers, software engineers and transport industry professionals. These participants spent 3 days and 3 nights developing product prototypes to improve transport services within Scotland. Participants from this wide range of backgrounds and skills formed teams to work on a product prototypes with support from industry experts in the transport sector and the wider technology community.

Providing this open, innovative and collaborative space, SEStran were keen to see participants use this event to bring their digital expertise to challenges faced by the transport industry in Scotland, expand professional networks, fix problems within the sector or even launch a new product or start-up. Highlights of this event can be viewed via this link: <https://www.youtube.com/watch?v=Wfdb65eyL1g>

In addition to policy support, the Government should be encouraged could host more of these collaborative events to drive innovation in the Collaborative economy. The open data strategy produced by the Scottish Government can be used to enhance this opportunity. However, more could be done to improve the access and quality of data produced by both the gig economy and the public sector. Ultimately looking at a minimum of a 3\* quality rating from the universally recognised 5\* schema proposed by Sir Tim Berners-Lee for the deployment of Open Data (<https://www.w3.org/DesignIssues/LinkedData.html>).

This would drive both innovation and competition. Not only is this good for consumers, it is also good for employees. Multiple service options can influence competitive pricing for consumers and workers will have enhanced professional mobility.

## **7. Do you have any general comments about the collaborative economy?**

Whilst the predominant focus of the collaborative economy in transport is towards Ride hailing apps and car clubs, such as Uber, Lyft and Enterprise Car Club. Bike sharing schemes also fall under this heading and are considerably overlooked. With the current Scottish Government target of one in ten journeys being made by bike by 2020. Considerations must be made towards ownership and access. To emphasise this, the recent Scottish Household survey (2015), shows that within the most deprived areas within the SEStran Region, 78.6% of households in these areas did not have access to a bicycle. By facing the issue of ownership and access to alternative modes of transport, could not only help Scottish Government work towards its own ambitious targets, it could go a long way in addressing social mobility across the country.

## Availability of Bikes in SeStran area

No bikes available for private use by households: 2015 (%)							
Household type:							
Single adult	Small adult	Single parent	Small family	Large family	Large adult	Older smaller	Single pensioner
72.6	56.9	70.4	43.6	38.7	43.9	74.7	91.2
by annual net household income:							
up to £10,000 p.a.	over £10,000 - £15,000	over £15,000 - £20,000	over £20,000 - £25,000	over £25,000 - £30,000	over £30,000 - £40,000	over £40,000 p.a.	
83.0	83.6	74.3	67.0	59.4	49.4	37.7	
Scottish Index of Multiple Deprivation:							
1 - Most Deprived	2	3	4	5 - Least Deprived			
78.6	73.4	63.3	55.1	53.0			
<b>SEStran</b>	64.3						
Clackmannanshire	East Lothian	Edinburgh, City of	Falkirk	Fife	Midlothian	Scottish Borders	West Lothian
67.0	54.9	64.8	65.5	67.4	53.7	63.0	66.0

Scottish Household Survey 2015, Transport Scotland

SEStran would also like to highlight the role of collaboration in the delivery of public services. This view seeks to promote for discussion a position where public authorities are consumers as well as service providers within a collaborative economy and to discuss how they could collaborate between each other and with others to deliver benefits to communities. For example, we are currently continuing discussions with our constituent councils about how collaboration or intelligent centralisation of current individual local authority functions could provide a greater capacity, resilient and opportunity for growth of all sectors of the economies within the South East of Scotland.

The Board of SEStran has previously highlighted the increasing disaggregation of strategic transport planning across Scotland. Identifying that, with the expected growth of Edinburgh City Region up to 2050, there should be active consideration and evaluation of some form of strategic integrated authority involving service aggregation from more local tiers of governance currently. This is the type of collaboration advocated by the 2014 Commission on Strengthening Local Democracy in Scotland.

Currently SEStran is a Model 1 Regional Transport Partnership (RTP), with a primary duty to produce a regional transport strategy. A Model 3 is an enhanced method of partnership delivery and potentially but not necessarily a collaborative decision making framework. Considering the City Region Deal proposals relating to transport and infrastructure, active consideration has been given in 2016/17 to utilising the provision in the Transport (Scotland) Act 2005 for the Regional Transport Authority to become a Model 3 authority. In effect this would mean assuming the powers of a Passenger Transport Executive or simply providing a mechanism for councils to collaborate and share resources whilst retaining local decision making. These continuing discussions have been underpinned by research<sup>ii</sup> and advice from Professor Tom Rye at Edinburgh Napier University.

SEStran in their our response to the recent Planning Review consultation<sup>iii</sup> observed that there is no doubt that economies of skill and scale in Scotland could potentially

be gained by integrating some currently separately managed and governed services under one roof, joining together with other areas to commission or share larger scale services and staff where appropriate, and aggregating functions into regional shared support services. As well as strengthening local democracy, this may be a necessity if, politically, local communities wish their representatives to protect services of public interest in the current fiscal context. The Commission on Strengthening Local Democracy in 2014 concluded that intelligent collaboration and sharing was a necessary element of fundamental subsidiarity and for SEStran these would seem key tenants in drawing up legislative change proposals on the future of the Scottish regional planning systems: land-use, transport, economic development.

SEStran would also argue that there is a clear and expanding role potentially for regional transport agencies in terms of public service collaboration. SEStran believe that in order to ensure the delivery of a functional and accessible labour market, allow all to access training opportunities, provide skilled workers for enterprises and efficiently deliver products and services to new and existing markets we need clear consideration of efficient transport network for inclusive growth and how we can collaborate to deliver positive outcomes.

The joint RTP/COSLA/Transport Scotland “Develop to Deliver” report highlighted that transport and accessibility is a significant and frequently raised issue within the Community Planning system especially around access to training, jobs and other development opportunities. The Royal Town Planning Institute in their recent “Poverty, Place and Inequality” report highlight the significant severance effect of area-based disadvantage for individuals. Those living in certain less affluent areas are from evidence less mobile, more reliant on public transport and less able to commute to job opportunities given expensive and/or fragmented transport networks. Previous studies have highlighted that those who are least skilled or most remote from the labour market have the least locational flexibility in seeking new job or training opportunities and that this rather than lack of skills or training has particularly afflicted some communities and individuals within them in terms of receipt of positive outcomes.

RTPs could be a key collaborative mechanism for addressing these gaps and delivering the outcomes required across several Local Outcome Improvement Plans (LOIPs) on the strategic and cross-boundary issue of transport infrastructure and services in tandem with enterprise, development and skills agencies and perhaps through the emerging proposals for Regional Economic Forums. SEStran was aware that in their pre-election manifesto Scotland’s Independent Regeneration Network highlighted, as one of two important overarching contextual elements the importance of adequately accessible, efficient and affordable transport infrastructure, especially around the need to link within and between communities.

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<sup>i</sup> [http://www.sestran.gov.uk/wp-content/uploads/2017/05/2017\\_18\\_BP-1.pdf](http://www.sestran.gov.uk/wp-content/uploads/2017/05/2017_18_BP-1.pdf)

<sup>ii</sup> <http://www.sestran.gov.uk/publications/pta-models-of-organisation-for-regional-transport-governance/>

<sup>iii</sup> [http://sestran.gov.uk/wp-content/uploads/2017/03/17\\_03\\_17\\_sestran\\_planning\\_consultation\\_response.pdf](http://sestran.gov.uk/wp-content/uploads/2017/03/17_03_17_sestran_planning_consultation_response.pdf)