

**SCOTTISH EXPERT ADVISORY PANEL ON THE COLLABORATIVE ECONOMY**  
MEETING 27 SEPTEMBER 2017: DISCUSSION PAPER ON PARTICIPATION:  
CONSUMERS, PROVIDERS, BUSINESSES & DIGITAL SKILLS

**Purpose of this paper**

This paper has been drafted to *aid discussion* at the 'Participation: consumers, providers, businesses & digital skills' evidence session for the Scottish Expert Advisory Panel on the Collaborative Economy. *Recommendations cited in this paper that were made by respondents do not constitute endorsement.*

The paper has been informed by a call for evidence which was open between 24 April and 29 May 2017. It asked seven questions to gather views and experiences from Scotland's citizens and businesses on the collaborative economy, 52 responses were received. A full analysis of the call for evidence responses, by Craigforth, social research consultants, can be [found here](#). **It contains a mix of evidence and data and opinion.**

Based on information and evidence solicited through the call for evidence this paper highlights the key issues around **participation in the collaborative economy**.

These findings are based on a range of responses including those from businesses, business representatives, public sector respondents, other organisations and individual respondents. The job for the expert panel is to interrogate the evidence and opinions and to reflect on the key issues of debate.

**Chair's Comments**

This session explores consumer, provider and business participation in the collaborative economy. We know it is important that all consumers are able to access or contribute to the opportunities offered by the collaborative economy and should be suitably empowered and protected. As a panel, I think we all also recognise the potential for a broader business base to seize these opportunities too. That necessarily leads to questions about supporting digital innovation and transformation both within existing and emerging businesses.

Bringing out the consumer/citizen voice is also key to informing our conversations - so the results of the YouGov poll summarised below and the attendance of Citizens Advice and Citizens Advice Scotland at our session on the 27 September is very welcome. Industry responses to building trust with consumers and providers alike, such as 'Trust Seal', will be explored and debated alongside input from the Federation of Small Businesses and the Society of Chief Officers of Trading Standards.

In many ways, this session builds on previous sessions. There are issues around participation that cut across finance, transport and tourism that we have discussed before. I hope our sessions next week will really begin to crystallise some of the recommendations we might make to Scottish Ministers later this year.

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**PARTICIPATION: CONSUMERS, PROVIDERS, BUSINESSES & DIGITAL SKILLS**

Background

The lines between consumers and business are changing. Traditionally, a business produced a good or service and a consumer purchased these. The collaborative economy is changing this with people now acting as consumers as well as providers, across a variety of platforms. Trust has been described as the cornerstone of the collaborative economy<sup>1</sup> and facilitating trust is critical to its operation.

The collaborative economy offers significant opportunities to grow the Scottish economy. However, to realise these opportunities, there is a need to ensure that Scotland's existing business base is effectively supported to compete and participate and to ensure that the right conditions are created to allow emerging business models to be developed. The panel identified that Scotland needs to develop digital leadership skills to enable its business base to digitally transform and compete in the evolving market place and prepare its current and future workforce for the digital workplace by ensuring they can access courses to gain or update skills.

In February 2017, the Scottish Government commissioned YouGov to find out more about Scottish consumers experiences and views about the collaborative economy<sup>2</sup>. The survey found that 35 per cent of Scottish adults had used a collaborative economy platform. It also found that most Scottish consumers have had good experiences when using collaborative economy platforms with 64 per cent of those using the collaborative economy reporting the level of service received as good or very good. However, it found that if Scottish users of these platforms were to have an issue with poor service, just 43 per cent would know how to make an official complaint.

Opportunities

The changing role of consumers was highlighted in relation to opportunities for the collaborative economy by a range of respondents to the call for evidence. Key points raised included:

- Several respondents, across most respondent types, noted the extent to which the collaborative economy **offers individuals the opportunity to become service providers** – indeed this was referred to by one respondent as 'at the heart of the sharing economy'. This included specific reference to enabling individuals to generate income from under-used assets such as homes and cars. A small number of respondents also referred to the collaborative economy as providing a platform for individuals to become more active participants in the provision of public services, and in democratic processes or social movements. For example, a public sector respondent

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<sup>1</sup>Rachel Botsman, "[The currency of the new economy is trust](#)", TED Talks, June 2015

<sup>2</sup> All figures, unless otherwise stated, are from YouGov plc. Total sample size was 1,007 adults. Fieldwork was undertaken between 28th February and 2nd March 2017. The survey was carried out online. The figures have been weighted and are representative of all Scottish adults (aged 18+).

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noted potential opportunities for use of the collaborative economy in relation to public assets – in terms of individuals supporting maintenance or running of public assets, and/or public sector services making use of under-used assets.

- The **diversity and flexibility of opportunities** was highlighted as a significant factor in growing numbers of individuals using collaborative platforms to provide goods or services. This included reference to the extent to which individuals can balance these opportunities with other work or caring commitments, and that collaborative platforms enable individuals to become providers with minimal capital outlay. A small number of respondents also noted that improvements in digital connectivity had been particularly significant for individuals in rural areas, in terms of providing access to platforms to sell goods or services.
- A business representative respondent suggested that the increasing numbers of individuals becoming collaborative economy providers on a hobby basis, **could lead to growth in entrepreneurial activity and business start-up**. This included reference to evidence on the proportion of individuals who start businesses while still in regular employment, and a suggestion that this casual use of collaborative platforms could also be translated into full-time business activity.

### Challenges

Few respondents to the call for evidence made specific reference to the changing role of consumers as a challenge for the collaborative economy. The issues raised by these respondents focused around the issue of **regulation of individuals entering the collaborative economy as providers**. In this context, several respondents referred to challenges around the blurred distinction between consumers and providers. It was suggested that clarity is required in relation to how regulation can be used to ensure equality of opportunity.

A small number of respondents also noted that **individuals providing goods or services via collaborative platforms should be subject to the regulations which apply to existing businesses**. Respondents also noted that new entrants (individuals and small businesses) using the collaborative economy may be unaware of the legal and regulatory frameworks in which they operate. It was suggested that additional support or guidance may be required to ensure that these providers understand their obligations, and appreciate the costs associated with compliance.

### Protection of contributors

Relatively few respondents made specific reference to protection of contributors in the context of the changing role of consumers within the collaborative economy. Several of these respondents referred to the prevalence of individuals entering the collaborative economy as providers, and the **extent to which these individuals may balance this with other employment or commitments**. Some referred to the potential for these individuals to be unaware of the regulations with which they are

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expected to comply. This was seen as having the potential to undermine protections for consumers.

A public sector respondent suggested that **consumers may have fewer rights when transacting directly with other consumers**, rather than with a business or platform.

Respondents also noted that these **individuals may gain an unfair advantage over established businesses** if they are not complying with the full range of regulations. Reference was made to a lack of information on the number of individuals using collaborative platforms who may not be in compliance with regulations.

Several respondents also saw a **need for clarity on the regulatory framework** and the definitions that support enforcement of regulations. This included a suggestion that the blurring of the distinction between consumer and provider means that it can be difficult to authorities to assess which is the more vulnerable party requiring protection.

Balancing regulation with competition and innovation

A small number of respondents to the call for evidence made specific reference to balancing regulation and innovation in the context of the changing role of consumers.

Several respondents referred to **potential risks of individual service providers being unaware of or failing to comply with regulations**. However, others wished to see a regulatory approach that distinguishes between individual and business collaborative economy providers. A business representative respondent suggested that consumers can feel that there is an equal exchange where the service provider is also an individual. This equality was highlighted specifically for genuinely collaborative transactions such as sharing resources, although respondents also appeared to draw a broader distinction between individuals providing services on an occasional basis, and businesses acting in a professional capacity. In this context, a small number of respondents suggested that genuinely collaborative exchanges should not be subject to the level of regulation applied to other parts of the collaborative economy.

A small number of business representative respondents highlighted that individuals providing goods or services via collaborative platforms should be subject to the regulations which apply to existing businesses. In this context, it was noted that individuals entering the collaborative economy may not have prior experience as providers of services; some saw this as increasing the risk of non-compliance with existing regulations. Reference was also made to a lack of information on the number and profile of individuals providing goods and services via collaborative platforms.

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Barriers to growth

A small number of business representative, public sector and other organisation respondents referred to the changing role of consumers and barriers to growth of the collaborative economy. The key points raised by these respondents were:

- A small number of respondents referred to a **lack of knowledge of opportunities for individuals** to engage with the collaborative economy, including as providers. It was suggested that raising awareness of new business models and opportunities could support further growth for the collaborative economy.
- A business representative respondent referred to **existing tax exemptions, such as the rent a room scheme, as encouraging individuals to engage in occasional peer-to-peer sharing** of assets to supplement their income. It was suggested that similar schemes could encourage growth of peer-to-peer sharing across other sectors, such as transport.
- A public sector respondent suggested that **full enforcement of existing regulation may discourage individuals from entering the collaborative economy as providers**. This respondent saw a potential need for clearer guidance for prospective service providers, and suggested that a gradual adaptation of existing legislation to suit these new business models may be more effective.
- A shortage of digital skills was seen as a significant barrier for collaborative businesses, although another organisation respondent suggested that this had been exacerbated by a lack of investment from employers.
- Several respondents referred to limited broadband and digital infrastructure as a significant barrier, including suggestions that Scotland trailed the rest of the UK in this regard. This was seen as a particular problem for individuals and small businesses in rural settings, including reference to some businesses relocating due to the slow pace of change.
- Reference was made to the significant cost of software and equipment required to enable visually impaired people to engage with the collaborative economy – as consumers or providers.

The role of government

A small number of respondents referred to the changing role of consumers and the role of government. These responses focused on the **potential role of government in improving awareness of opportunities** for consumers to become providers, and in removing barriers to the public sector engaging with providers:

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- Respondents referred to a potential role for government in raising public awareness of opportunities for individuals to engage with the collaborative economy as providers of services.
- A public sector respondent referred to a potential role for government in encouraging and enabling public sector bodies to support greater community input to use of and management of public assets.

Digital skills- Background (updated from the key considerations paper)

The Scottish Government's economic goal is to see Scotland ranked in the first quartile of countries in the world on productivity, wellbeing, equality and sustainability. Figures show that approximately 91,000 people are employed in ICT and digital technologies occupations in Scotland and that the sector in Scotland requires an estimated 12,800 new entrants per year to meet both replacement and growth demand (Ekosgen Labour Market Intelligence Report: 2016). To help achieve this the Scottish Government committed<sup>3</sup> that Scotland would be at the forefront of the digital economy. Part of this included the launch of a "Business Excellence Partnership" which to date has invested £8.7 million in initiatives promoting the digital maturity of Scotland's businesses. These included;

- DigitalBoost, a national programme of workshops, one-to-one support and online advice, designed to show how digital approaches and capability can help businesses improve and grow, a Digital Vouchers scheme that invested almost £2m and helped over 500 companies meet costs of investing in digital technology, and
- #hellodigital,<sup>5</sup> a state-of-the-art centre in Inverness, showcasing digital technology to SMEs.

£9.5 million was made available through the Partnership to support a programme, managed by Skills Development Scotland, to tackle shortages in digital skills across Scotland which supported:

- The launch of CodeClan, -Scotland's first industry-led digital skills academy. Backed with over £3 million of SG funding, CodeClan offers students an intensive 4 month training programme with direct access to employers and an opportunity to attain a professional developmental qualification at SCQF level 8.
- Digital World,<sup>7</sup> a marketing campaign designed to promote careers in the technology sector and with over £1 million of SG funding, the campaign recently started its second burst of activity.
- Digital Xtra which has so far invested £400,000, through two rounds of funding, to fund digital technology-related extra-curricular activities in Scotland's schools.

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<sup>3</sup> Scottish Government, Realising Scotland's full potential in a digital world: a digital strategy for Scotland, March 2017.

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There has been an increase in the number of students undertaking computing and digital technology related qualifications. However a significant gender gap remains at all levels of qualification<sup>4</sup>. 26 per cent of businesses in Scotland currently undertake activities to develop employees' digital skills, with a further 18 per cent planning to do so in the future<sup>5</sup>. There is a demographic divide in digital skills, with those in social housing, those with incomes between £10,000 and £20,000, and those over 60 consistently being less confident in performing a variety of online activities<sup>6</sup>.

**Key considerations for discussion during evidence session**

A number of stakeholders have been invited to provide additional evidence at the fifth meeting of the Expert Advisory Panel on the Collaborative Economy. Invited stakeholders have been asked to consider any of the following questions and will be given ten minutes to outline their responses.

1. Research continually shows that usage of collaborative economy platforms is most used by young, tech savvy adults in urban areas. What are the opportunities to expand engagement in ways that could have positive benefits for a wider section of the population?
2. What are the best mechanisms for building trust and protecting consumers within the collaborative economy?
3. Statistics show that just 43 per cent of Scottish consumers know how to make an official complaint if they had an issue with poor service whilst using a collaborative economy platform. How can we best ensure that redress is available if something goes wrong and consumers are clear how to access it?
4. Health and safety has been a key concern of some respondents to our call for evidence. How can we ensure consumers are appropriately protected in a way that is enforceable?
5. What should the thresholds be to define the differences between someone is an occasional provider versus an established business?
6. How can we best ensure that new & existing providers of services and assets through collaborative platforms are aware of their legal obligations or regulations they must adhere to?
7. What role does self-regulation via ratings systems or accreditation systems such as TrustSeal play within the collaborative economy? What evidence is there to show its efficacy?
8. Have you seen a rise of businesses expanding on making better use of their idle assets and making them available in business to business relationships?
9. What are the opportunities and activities that could encourage development of socially inclusive & economically successful collaborative economy platforms?
10. How can we ensure that Scotland has the right digital leadership skills to enable Scotland's business base to digitally transform and compete in the evolving market place?
11. How can we ensure that Scotland's current and future workforce have access courses to gain or update skills for the digital workplace?

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<sup>4</sup> SQA Annual Statistical Reports Higher, Skills Development Scotland 2016. /

<sup>5</sup> Scottish Government, Digital Economy Business Survey, 2014.

<sup>6</sup> Scottish Household Survey, 2015.