

**Scottish Expert Advisory Panel for the Collaborative Economy**  
**Participation: Consumers, Providers, Business & Digital skills**  
**27 September 2017**

The following questions are being considered by the Scottish Expert Advisory Panel for the Collaborative Economy at the Participation: Consumers, Providers, Business & Digital skills evidence session on 27 September.

As there is a range of attendees could you please choose the questions you feel you are best placed to respond to, ideally limited to four pages, by close on 13 September.

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?

*Policymakers could expand the use of collaborative economy platforms by improving Scotland's digital infrastructure and focussing on developing the country's digital skills. Ofcom data shows that currently Scotland lags England on every measure of digital connectivity – with a particularly pronounced problem associated with mobile coverage in rural Scotland.*

*Research including Lloyds Bank UK Business Digital Index and the Scottish Government Digital Maturity Index shows the extreme variation in the digital capacity of small and medium sized firms. We would highlight that a large swathe of those that run their own business, don't found their enterprise until middle age. While many will have excellent digital skills, others will not.*

*FSB in Scotland has argued that an audit should be conducted to assess whether there's sufficient part-time and on demand training available for those looking to improve their digital skills while in full-time work or running a business. Many Scottish digital skills interventions are focussed either on basic skills (such as digital inclusion initiatives) and specialist skills (such as CodeClan).*

*We have also supported the development of Scottish firms' digital capacities through initiatives such as DigitalBoost – run by the Business Gateway network. Scotland's enterprise and skills enterprise agencies, we expect, will increasingly focus on the digitisation of Scotland's economy.*

*In our initial submission, we suggested six key policy priorities for the review:*

- 1) Urgently review the most out-dated business regulation and improve policy development processes to take account of the substantial variety in modern business models*
- 2) Consider the implications of more commercial activity being conducted in domestic premises*
- 3) Consider the implications of Scotland's patchy digital infrastructure provision on the growth of the collaborative economy as well as Scotland's digital economy*

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*4) Consider whether the Scottish Government should facilitate a pilot initiative to help a group of self-employed people collectively mitigate the risks they face individually*

*5) Ask the Scottish Government to re-evaluate its labour market strategy to take account of the self-employed, as well as look to its new social security powers to help those who work for themselves*

*6) Investigate whether there's sufficient support available for the self-employed to improve their skills – and specifically their digital skills*

2. What are the best mechanisms for building trust and protecting consumers within the collaborative economy?

*The best mechanism for building trust would be for as many buyers and sellers as possible participating in the collaborative economy to be satisfied with the transaction.*

*Ideally, we would argue that both producers and consumers should be offered protections in the collaborative economy – with the platform provider using a share of their commission to protect both ends of the transaction.*

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?

*FSB has little evidence that issues regarding consumer redress are particularly pronounced in the collaborative economy, as compared to the 'traditional' economy. Addressing consumer concerns should perhaps be considered in the wider context of a changing economy, for example, the increase in transactions where a platform provides the link between producer and end consumer. As part of this, we should also consider the role of smaller businesses, particularly in their role as consumers of services e.g. use of platform but also when considering their role as end producer of goods and services. It is worth considering that evidence suggests these businesses have far more in common with domestic consumers than with larger businesses.*

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?

*As highlighted in our earlier submission, in most, though possibly not all, instances, the existing regulatory framework helps provide a basis from which we can understand what basic compliance (the minimum required to keep people safe e.g. safety of the building, including basic risk management, insurance) might look like. However, this approach assumes a limit to our tolerance of risk, suggesting that all operators should meet a level of regulatory compliance, similar to that expected of all businesses (regardless of size). Understanding where the balance of risk should lie, in relation to protecting both operators and consumers is, of course, a matter of judgement for the review.*

*In relation to enforcement, the shortage of frontline regulatory staff has been highlighted, and broadly ignored, for many years – this is not a problem which is exclusively caused by the rise of the sharing economy.*

*However, if we are to adapt our regulatory review because of the increasing size of the sharing / digital economy, we would argue for a consistent, risk-based approach which utilises similar technologies to the sharing economy. Indeed, we would highlight that much of Scotland's regulatory system – specifically licensing – is unacceptably out of date.*

5. What should the thresholds be to define the differences between someone is an occasional provider versus an established business?

*FSB has regularly argued for government systems and processes which are easy for smaller operators to navigate. We would argue that many very small operators – though established – share many of the characteristics of an occasional provider. Therefore, we would make the case for systems which work for all size of operator and where such thresholds are unnecessary.*

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?

*Scotland's regulatory approach has long required businesses to seek out the regulations which apply to their operations. The country's enterprise agencies do not support businesses' compliance efforts – nor advise which regulations apply to each operator.*

*In our view, it would be helpful for all economic operators to be advised of all of their regulatory duties in, say, an online portal (similar to access to finance information which is provided by the government to business) which would foster multi-agency working, encourage compliance and reduce administrative burden. Such a system would work for both sharing economy providers and traditional firms.*

*We understand that work is underway to introduce a digital assessment as part of the amend Business Regulatory Impact Assessment (BRIAs) process, to ensure that new regulations don't advantage either digital upstarts or traditional operators. We support this work, but would argue that progress needs to be made more quickly. Further, we are of the opinion that the realities of the digital and collaborative economy should be considered at the start of the policy formulation process, and not the end. This would enable more serious discussion about the merits of proceeding with regulatory approaches not adapted to interact with the new economy.*

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?

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*FSB feels that it would be up to the individual platform providers to talk to the efficacy of their rating systems. FSB would highlight regular complaints from members regarding the fairness of such rating systems.*

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?

*Anecdote suggests:*

- *More businesses are using co-working spaces, or selling space or facilities in their premises (e.g. coffee sales in bicycle repair shop)*
- *This has been combined with ongoing sharing activity (e.g. taxi drivers sharing a cab) and traditional businesses using collaborative platform as a channel to market (e.g..a traditional BnB using AirBnB)*

9. What are the opportunities and activities that could encourage development of socially inclusive & economically successful collaborative economy platforms?

- *See question 1*

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?

- *See question 1*

11. How can we ensure that Scotland's current and future workforce have access courses to gain or update skills for the digital workplace?

- *See question 1*

At the session you will have ten minutes to present your responses to the Panel. You are welcome to listen to all the other presentations as an observer and other stakeholders will be invited to observe your session too. There will then be an opportunity for the panel to ask questions and seek further information from presenters, before beginning their discussion.