

Briefing for Expert Advisory Panel

**The collaborative economy: a co-operative perspective**

October 2017

**1 Where have you seen the best examples of a collaborative economy servicing a social challenge or achieving direct social impact?**

- 1.1 The growth in the collaborative economy creates significant opportunities for citizens, communities and businesses to build a genuinely inclusive economy, where power, opportunity and wealth are shared more broadly. This has the potential to address some of the key challenges of our time: inequalities in opportunity, income, wealth and economic power; environmental crisis; pockets of long-term economic decline and persistent deprivation; fragmented communities and socio-political disillusionment and discontent. This is mostly about market-located, for profit collaboration, though it also includes civic collaboration as well.
- 1.2 This work on the collaborative economy should contribute to the government’s Inclusive Growth and Fair Work agendas.

What is a collaborative economy?

- 1.3 A global charity for the promotion of collaborative economics very usefully defines the collaborative economy as follows:  
*“The collaborative economy is defined as initiatives based on horizontal networks and participation of a community. It is built on distributed power and trust within communities as opposed to centralised institutions.”<sup>1</sup>*
- 1.4 In practice examples of collaborative economics include many types of network, marketplace, club, consortium, association and co-operative, where the participants enjoy significant agency and autonomy. Within the specific context of the Scottish Government’s Advisory Panel we believe we are asked to consider those forms of collaboration that are facilitated through online platforms. We consider online platforms to be those that facilitate and coordinate activity between otherwise dispersed agents to buy, sell (or otherwise exchange) labour, goods and services.
- 1.5 From this we consider examples of varied platform-based collaboration to include Airbnb, eBay, Farmdrop and Lift Share. None of these are co-operatives, because they are not owned and controlled by their users and do not have corporate objectives that are primarily to create mutual value for their users. But they have created online platforms that facilitate decentralised interactions wherein their own agency is generally rather limited. While these businesses can certainly contribute to a more inclusive economy as discussed in paragraph 1.1, we intend to make the case for co-operative approaches to

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<sup>1</sup> [http://ouishare.net/en/about/collaborative\\_economy](http://ouishare.net/en/about/collaborative_economy)

the collaborative economy, where the platforms are jointly owned and controlled by key participants, and where the objectives behind the platform are to meet economic and social needs and aspirations.

1.6 Examples of collaborative platforms run along co-operative lines include:

- TaxiApp – a new London-based cab-hail app owned and controlled by the drivers themselves
- FairMundo – a UK-based ethical consumption online marketplace, owned and controlled by its users (buyers and sellers)
- CycleLand – a bicycle share platform in Oxford

#### Analogue collaboration

1.7 It is important to remember that this type of economic collaboration pre-dates the advent of platform technology. The Scottish co-operative sector boasts hundreds of collaborative ventures similar to those discussed above that bring together autonomous agents for mutual advantage but without the use of platform technology. Powerful platforms have huge potential to make many of these co-operatives work better. Examples include:

- Glasgow Taxis – a co-operative of more than 600 self-employed taxi drivers that allows them to own and control their livelihoods, combine independence with scale and decide together on prices, conditions and what to do with the profits
- Ayrshire Bed & Breakfast Association – a co-operative of independent bed and breakfasts through which members promote best practice and collaborate to help attract more people to Ayrshire
- Care and Wellbeing Co-operative - a co-operative of self-employed homecare and wellbeing practitioners in Perthshire that allows them to win work and public sector commissions, and coordinate complementary service offerings more effectively
- Tay Forth Machinery Ring – a co-operative through which farm businesses share machinery and equipment, creating greater efficiency while accessing technologies that drive greater farm productivity
- SHRUB – an Edinburgh-based community co-operative through which people collaborate to reduce consumption and waste

#### Our economic and social objectives

1.8 Co-operatives UK is currently developing strategies to promote and develop platform co-operatives. Key outcomes we are targeting are:

- Workers in the platform economy gaining greater ownership and control of their livelihoods and the money they earn, while also providing one another with solidarity and mutual support
- Citizens collaborating with one another to achieve shared economic, social and environmental aspirations, with communities wielding greater economic power

- Small businesses working together to strengthen local economies, drive up standards and capture more value in supply chains

## **2 *What are the challenges to these platforms operating at scale? That might be about access to finance, but there will be other challenges – what are they?***

2.1 For existing co-operatives that were facilitating collaboration prior to the advent of platforms, the challenges are:

- Change management
- Filling gaps in digital understanding and capability
- Raising finance to invest in effective platform solutions, without giving away overall ownership and control to outside investors

2.2 Meanwhile the development of new platform co-operatives is marked some different challenges:

- Organising communities of interest (self-employed couriers for example) into effective groups able to form functioning co-operatives
- Developing viable business models
- Raising finance to invest in effective platform solutions, without giving away overall ownership and control to outside investors
- Growing to an effective scale without losing a culture of community, trust or good co-operative governance

## **3 *Where could these platforms be most effective? (Transport, care...?) & Where do you see the most potential in Scotland to advance this agenda?***

3.1 We see potential for platform co-operatives to develop in the following areas:

- Taxi hire, courier hire and other on-demand labour hiring services, with platforms owned and controlled by those working on them
- Homecare and wellbeing platform agencies owned and controlled by those working on them, and perhaps also by service users using a multi-stakeholder co-operative model
- Other freelancer platform agencies owned and controlled by those working on them
- Small business co-operation, in areas like marketing and complementary service offering in particular
- Smarter collaboration in farming and food supply chains to use data, technology and resources more efficiently, to develop more sustainable food chains and to maximise commercial opportunities
- Platforms to help citizens collaborate with one another to achieve shared economic, social and environmental aspirations

## 4 *What might/can the government do?*

4.1 Broadly speaking government can create the right conditions for platform co-operatives to develop while also making some more targeted interventions to support that development in key strategic areas. In brief, government can:

- Provide broad access to digital technology and offer citizens, communities, workers and businesses genuine opportunities to develop new digital skills and knowledge relevant to platform-based collaboration
- As a more digital government generates a huge amount of very valuable data, release it open source and thus increase the opportunities for citizens and businesses to use it collaboratively for shared economic and social advantage
- Incentivise collaborative uses of digital intellectual property (IP), including co-operatively owned IP and the expansion of the 'digital commons'
- Include support for platform co-operative development in the recently announced Community Wealth Building agenda, with co-operation by communities, small businesses and the self-employed all in scope
- Ensure plans in the Programme for Government to explore the development of social care co-operatives include a significant focus on the opportunities presented by platform technology
- Help people in or transitioning to self-employment to understand their co-operative options and the benefits of platform collaboration; and help them to pool support such as the New Enterprise Allowance and Start-up Loans to help develop new and existing platform co-operatives
- Take up a recommendation in the UK-wide 'Taylor review of modern working practices' that government support the development of a 'WorkerTech Catalyst' to help self-employed workers pool risk and resources and organise<sup>2</sup>; Co-operatives UK is currently bringing together partners able to develop co-operative forms of 'WokerTech' (i.e. platform co-operatives) in response to this
- Develop a post-Brexit food and farming strategy that incentivises and supports farmers, food business and consumers to collaborate through platform technology

### **About Co-operatives UK**

Co-operatives UK is the network for Britain's thousands of co-ops. We work to promote, develop and unite member owned businesses across the economy. From high street retailers to community owned pubs, fan owned football clubs to farmer controlled businesses, co-ops are everywhere and together they are worth £35.7 billion to the British economy.

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<sup>2</sup> <https://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices>