SCOTTISH EXPERT ADVISORY PANEL ON THE COLLABORATIVE ECONOMY
MEETING 26 OCTOBER 2017: DISCUSSION PAPER ON WIDER IMPLICATIONS INCLUDING PUBLIC SERVICES AND SOCIAL VALUE

Purpose of this paper

This paper has been drafted to *aid discussion* at the wider implications including public services and social value 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 <u>found here</u>. **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 and opportunities for achieving greater public benefit and social impact through the Collaborative Economy. These findings are based on responses mainly from businesses, business representatives and public sector respondents.

This paper also includes an extended commentary from the panel Chair;, a contribution from panel member Jonathan Coburn, founder and Director of the Social Value Lab on the Scottish Ecosystem for supporting an inclusive collaborative economy, and background on the Scotland's Social Enterprise Strategy. 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

In many ways, this is one of the most important sessions for this panel to debate. Much of what we have discussed as a panel has focused on seizing the potential of the collaborative economy. You have consistently brought a sense of positivity to the conversation, and expressed a desire to shape the collaborative economy in a way that works best for Scotland, its economy and people. That is quite a big challenge when the landscape is shaped by a small number of quite large platforms. Yes, we can make recommendations to the Scottish Government that seek to optimise the best of what these major platforms have to offer and to minimise their unintended, or less positive consequences. And we will make clear recommendations on these issues.

But the real power of this panel, I believe, comes from supporting the growth and success of collaborative economy platforms that have inclusion and sustainability at their heart.

This session will therefore highlight examples of different kinds of platforms that generate social value, demonstrate new business models and platforms that augment and support public service delivery in useful and efficient ways. We will also hear from intermediaries, practitioners and funders to give a greater sense of the

existing infrastructure that could support the growth of collaborative platforms to achieve both social and environmental impact.

Background

The commercial sector has been highly successful in exploiting the power of digital technologies to enable people to participate in the collaborative economy. We've seen massive investment in new marketplaces to share homes and cars, enabling people to make and save money.

Meanwhile, where there has been debate about the social - rather than economic - value of the collaborative economy, it has largely focused on how these commercial platforms impact on issues such as workers' rights, affordable housing or tax collection.

There is no doubt these are important issues to resolve, but very little attention has been given to how peer-to-peer platforms could be harnessed to deliver public benefit. If we know that the collaborative economy can lower costs, increase the pool of people providing a service and make visible previously invisible and under-used assets - why hasn't this been seized as an opportunity by the public, social enterprise and third sectors?

Last November, a survey of UK adults found that while just nine per cent of Brits used a 'sharing economy' platform for 'a good cause' in the last year, and nearly a quarter (22 per cent) would be interested in using one in in the future[1]. This shows that there is an appetite for digital platforms that do more than just get you a cab ride or a bed for the night.

There are some inspiring examples out there, including GoodSAM, a service that alerts nearby first-aid responders automatically when the emergency services are called to a cardiac incident. GoodSAM saves lives by shortening the time that life-saving treatment can be administered and there is potential for expanding this service to cover other kinds of emergency.

We also see a rise in the number of collaborative platforms focusing on the provision of care. This is a crucial issue in a time of an ageing population when families often live far away from ageing relatives and there has been a reduction in state provision of care - alongside a scarcity of quality in-home care workers. One pioneer in this space is TrustonTap - a platform that bypasses the traditional care agency model and connects self-employed care workers with people in need of care in Oxfordshire. ShareSomewhere applies the 'AirBnB' model to sharing underused community spaces. This initiative is hosted by Youth United, a network of the UK's largest and most established voluntary and volunteering youth organisations. This group are developing a platform that makes it easy for voluntary and community groups to hire out low cost and under-used spaces on a one-off basis. It is running pilots initially across Manchester and Cheshire and is planning to expand UK-wide. With many

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[1] http://www.nesta.org.uk/news/younger-generation-adopting-sharing-economy-platforms-social-benefit-not-just-profit

community spaces highly reliant on renting out their space to remain open, making it as easy to book a community space online as it is to book a bed for the night, feels like a pretty good ambition to have.

Transport is another area where the commercial collaborative economy has seen a wave of disruption; with platforms like Uber and Lyft mainstays in the market.

LiftShare, however, looks at this from a very different angle and is now testing how a variety of Community Transport services in the Norwich area can collaborate; working together to fill empty car seats, serve more routes and, in doing so, help make more journeys available; reducing social isolation felt by vulnerable people.

There are also some very niche platforms out there, supporting quite specific kinds of demand. Hearts Milk Bank has developed app for their existing breastmilk donation service, which will simplify and expand the donation of safe, screened breast-milk to premature and sick babies in UK hospitals. This is an example of an existing, much needed service that can be expanded and made many times more efficient through a digital platform.

These are just a few of the examples. There is no shortage of creative thinking around alternative ways to approach social challenges.

The Scottish Ecosystem for supporting an Inclusive Collaborative Economy

Scotland has a rich and proud tradition of collaboration at community level although has not yet fully realised the potential of new technologies in support of this.

Over many decades, enterprising communities in Scotland have helped to pioneer new models of social and economic co-operation. These have enabled local people to come together to co-operate, pool and collaboratively consume resources, and in doing so make life better for each other.

This innovation has taken many forms, from early action through rural community co-operatives housing co-operatives and credit unions in the 1970s, through to Local Exchange and Trading Systems (LETS) and Timebanks, and more recent innovations in community food co-operatives, toy libraries, community transport initiatives, shared care schemes, community co-operatives and co-working spaces.

The principles and potential of co-operation at the community level runs deep, and has been accelerated by provisions made in the Community Empowerment (Scotland) Act 2015 and activity funded through the Scottish Government under its responsibilities and programmes for Community Empowerment, Regeneration, the Third Sector and Equalities.

This has given rise to an extensive ecosystem of support for community-led enterprise and community co-operative activity. By way of illustration:

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There are firmly rooted community sector networks. The Scottish Community Alliance[2] comprises 18 independent, national community networks connecting and supporting over 2,000 local groups – movements working towards shared goals in social housing, community transport, community energy, voluntary arts, community woodlands, development trusts, community food and growing activity, and the management of community resources.

There is a publicly funded network of support for the voluntary sector. Nationally the lead body is SCVO, the Scottish Council for Voluntary Organisations[3]. There is also a network of 32 local Third Sector Interface organisations, which provide a source of local representation and support to voluntary organisations, volunteer centres, and social enterprises. This network is supported by Voluntary Action Scotland[4].

There is a well-developed ecosystem of support for social enterprises. This includes support from three national representative bodies - Social Enterprise Scotland[5], Social Firms Scotland[6] and Senscot[7] (which itself supports 24 local and thematic Social Enterprise Networks across Scotland[8]). The sector also enjoys support from a national social enterprise start-up agency (Firstport[9]), a national leadership and learning academy (Social Enterprise Academy[10]) as well as a long-standing national programme of specialist business support (Just Enterprise[11]).

There is also excellent support available for employee-ownership, collaborative business models and a growing number of community co-operatives. Principally this support rests with Co-operative Development Scotland[12].

This supportive ecosystem is fuelled by responsive forms of finance from a network of social investment intermediaries (e.g. Social Investment Scotland[13]), specialist and mainstream lenders, and enterprising grant-making foundations. Scotland is generally recognised to be a model of good practice in relation to the availability and deployment of social finance.

More recently, there has been an emerging interest in how best to support socially responsible and mission-led business activity, although any movement is still nascent.

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[2] http://www.scottishcommunityalliance.org.uk/
[3] http://www.scvo.org.uk
[4] http://www.vascotland.org
[5] www.socialenterprisescotland.org.uk
[6] https://socialfirms.org.uk
[7] http://www.senscot.net
[8] http://www.se-networks.net
[9] http://www.firstport.org.uk
[10] https://www.socialenterprise.academy/scot/
[11] https://www.justenterprise.org
[12] https://www.scottish-enterprise.com/services/develop-your-organisation/co-operative-development-scotland/overview
[13] http://www.socialinvestmentscotland.com

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Despite strong roots, inspiration from proven online models, and the availability of investment and support, there has been relatively limited experimentation in the collaborative community economy. There are of course exceptions, with notable activity from the ALLIANCE (ALISS platform), Community Enterprise Ltd (various platforms), Community Shares Scotland, and others.

At the same time the evidence suggests that social enterprises (and the wider community and voluntary sector) are becoming increasingly stretched and financially fragile[14]. Intuitively, we might suspect that assets and resources within the sector could be more effectively deployed: putting the idle capacity of vehicles, land, equipment, buildings etc. into collective use (where these are used infrequently, the costs of purchase or maintenance are high, and outright ownership isn't essential); and pooling or exchanging resources such as staff skills, time, money, and services (where these are relatively easy to share or distribute).

There may also be many ways to build on existing networks and co-operation to unlock resources, drive down costs, and stimulate innovation while keeping money circulating within the community economy.

Despite these opportunities there does not yet appear to be a collective understanding of the possibilities, a sufficient breadth of vision, or an evidence base to frame understanding or drive action.

Scotland's Social Enterprise Strategy 2016-26

The Scottish Government has been involved in supporting social enterprise activity for over a decade. More recently, however, the Scottish Government, alongside sector leaders, developed a ten-year strategy, entitled, 'Scotland's Social Enterprise Strategy 2016-26', which set into writing, policy objectives that would see the social enterprise sector in Scotland properly supported and provide a framework of support that would see the sector thrive within the Scottish economy.

The framework of this policy document specified key policy areas for concentration: business support, innovation and sector collaboration, incubation and acceleration and leadership development. Commitments were also made in the area of social finance: unlocking and supporting new ways for social enterprises to access sustainable financing to scale their businesses. Moreover, social finance also targeted support for organisations who provide means to affordable credit for those otherwise excluded or disadvantaged from traditional means of credit.

The Scottish Government also developed a strategy targeting international development. Chiefly, its main role is to incubate social enterprises who might wish to expand into global markets, and provide scaling support who want to either, increase their volume of export, diversify their markets, or a combination of both.

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[14] See Social Enterprise in Scotland Census 2017: http://www.socialvaluelab.org.uk/wp-content/uploads/2017/09/Census-2017-Main-Report.pdf

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The latest document published by the Scottish Government, in early 2017, was the
Social Enterprise Action Plan. This is the first of three action plans scheduled until
2026. This document developed 92 actions which would ambitiously achieve the
policy points of the Strategy, whilst paying homage to the overarching international
ambitions of the international strategy. The Strategy includes a specific action to
bring forward new approaches to support peer-to-peer connections between social
enterprises using collaborative technologies and will accompany the push to ensure
that more social enterprises benefit from digital business support.

A sector-wide census was also conducted in 2015, and again in 2017. Notable
results are indicated below:

- There are 5,600 social enterprises in Scotland;
- Contributes £2.04 billion to the economy (values include credit unions and
  housing associations);
- Employs 80,000 full-time equivalent people;
- 7% of social enterprises trade internationally;
- Average wage distribution ratio from highest earner to lowest was 1:2.5;
- 64% of social enterprises have a woman as their most senior official;
- 72% of social enterprises pay their employees at least the Living Wage;
- Strong rural base: 1,908 rural social enterprises, 3,692 urban.

CREATING SOCIAL VALUE AND SUPPORTING PUBLIC SERVICES – CALL FOR EVIDENCE

Relatively few respondents to the call for evidence referred specifically to the
creation of social value or supporting public services; findings presented are based
primarily on responses from a small number of business, business representative
and public sector organisations.

Opportunities for the collaborative economy

Several respondents referred to **potential for the collaborative economy to
support broad societal benefits**. This included a number of areas referenced
under other themes such as reducing waste by exploiting under-used resources,
reducing the environmental impact of transport, diversifying employment
opportunities, and helping to connect remote rural communities with population hubs.
However, respondents also referred to a range of specific opportunities where they
saw the collaborative economy as having a role in providing social value:

- **Providing transport for health and social care, non-emergency patient
  transport and community transport**. Several respondents noted that
  various networks and projects are already in place to support asset sharing in
  relation to transport, and suggested that the collaborative economy provides
  an opportunity to build on this work. Respondents also referred to potential to
  improve access to employment and services in rural areas where public
  transport is limited.

- **Enabling individuals and communities to play a stronger role in the design and development of public services**, and in the provision of public services and management of assets. Respondents also referred to opportunities for the collaborative economy to support more cross-sector working in the provision of services. This included specific reference to provision of social care services, and to enable sharing of assets by third and social enterprise organisations.

- **Enabling those on lower and middle incomes to use assets** that they may not be in a position to purchase outright.

- Potential for greater **collaborative working to build social capital across Scotland's communities**. This was linked to suggestions that the collaborative economy could enable communities to play a stronger role in shaping public service provision and economic strategy.

Challenges for the collaborative economy

Several potential challenges were highlighted by respondents in relation to using the collaborative economy to create social value and/or support public services were:

- A business respondent referred to **potential challenges for businesses which meet a social need**, such as vehicle sharing schemes. It was noted that where businesses are effectively filling gaps in public service provision financial subsidy may be required to ensure that schemes are sustainable.

- A business respondent noted the challenge of **ensuring that regulation of profit-making elements of the collaborative economy should not disadvantage the pure sharing economy** which may be providing social value.

- A small number of public sector respondents referred to **potential for collaborative platforms to support public services** – such as enhancing or extending public transport provision, and improving connectivity of rural or disadvantaged communities. However, these respondents also noted the potential for these collaborative services to compete directly with public transport, and suggested a need for regulation to ensure that this does not undermine or reduce investment in essential public services.

- Another organisation respondent noted a **potential role for public procurement in encouraging collaborative economy models**, and saw a challenge in adapting public procurement processes to support new business models.

- A business respondent highlighted **potential issues for the collaborative economy's use of self-employment**, and scope for collaborative businesses to deliver public services. This respondent suggested that the flexibility and autonomy of self-employment may not be appropriate for the delivery of essential services.

Protection of contributors

Only one respondent made specific reference to protection of contributors and creation of social value and supporting public services. This was a public sector respondent highlighting a **need for new procurement models** to enable public sector organisations to procure services from the collaborative economy.

Balancing regulation with competition and innovation

A small number of respondents made specific reference to balancing regulation and the creation of social value and supporting public services. The key points raised by these respondents included:

- A business respondent referred to the **potential for the collaborative economy to generate broad benefits for communities**, such as reducing the environmental impact of transport, and providing a more effective alternative to public transport.

- A business respondent saw an **opportunity to engage more citizens**, as a means of dispersing power but also to help develop fairer practices across the collaborative economy.

- A small number of respondents highlighted potential **barriers to use of the collaborative economy to support public services**. These included a potential to adapt public procurement processes to enable use of collaborative learning and training, and to recognise the potential value of spreading public spending across a larger number of small providers. Another organisation respondent also suggested a need to introduce a fair wages resolution to public procurement, particularly in relation to the potential for procurement through the collaborative economy.

Barriers to growth of the collaborative economy

A small number of respondents directly addressed issues around social value in relation to barriers to growth – including business, public sector and individual respondents. Some of these respondents **questioned whether the collaborative economy had achieved the desired balance** between genuine collaboration which has potential to deliver social value, and effectively replicating traditional commercial transactions. An individual respondent also saw potential for the collaborative economy to do more to address the urban-rural divide in connectivity and access to opportunities.

The role of government

Several respondents commented on the role of government in relation to social value and public services. The key points raised by these respondents were:

- **Information sharing was highlighted as a vital element for innovation** and the creation of greater social value through the collaborative economy. It

was suggested that government should ensure that data sharing takes place to support research and innovation.

- Several respondents referred to the **need for change to enable public sector services to engage with and use the collaborative economy**, and saw a role for government in encouraging and supporting this. This included reference to the potential role of public procurement in supporting new business models, and a need to update procurement guidance to enable this. Respondents also referred to existing barriers to public bodies engaging with collaborative finance, or enabling greater community input to use of and management of public assets.

- A public sector respondent made a specific suggestion that **longer term budget settlements for the public sector** (for example of three years or more) could enable public services to make greater use of collaborative approaches in purchasing and asset management.

- A business respondent recommended that the **government should help to nurture collaborative platforms** with a specific commitment to social value, for example through the creation of a fund to provide long-term investment.

Key considerations for discussion during evidence session

A number of stakeholders have been invited to provide additional evidence at the sixth 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. Where have you seen the best examples of a collaborative economy servicing a social challenge or achieving direct social impact?

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?

3. Where could these platforms be most effective? (Transport, care…?)

4. Where do you see the most potential in Scotland to advance this agenda?

5. What might/can the government do?