Public perspectives on the Collaborative Economy

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involve

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EXECUTIVE SUMMARY

This report presents the findings of two public engagement workshops commissioned by the Scottish Government to complement and inform the work being undertaken by the Scottish Expert Advisory Panel on the Collaborative Economy.

The collaborative economy, as defined in the remit of the Expert Advisory Panel, connects 'individuals or communities via online platforms enabling the sharing or provision of goods and services, assets and resources without the need for ownership'. The purpose of the workshops was to use a deliberative approach[1] to explore public perspectives on five topics related to this growing marketplace, specifically:

1. What is the public's overall impressions of the collaborative economy?;

2. When does providing goods or services through collaborative economy platforms shift from feeling like 'sharing', to feeling like the provider is trading or operating a business?;

3. Consumer protection and expectations;

4. Preferred options for regulating standards and competition and/or limiting supply, focussing on the peer-to-peer accommodation sector;

5. Conditions for workers, including the self-employed.

The workshops were designed, delivered and reported on by Involve, a company that specialises in working with governments, and other decision makers, to harness the potential of public participation and provide opportunities for people to influence the decisions that affect their lives. 50 members of the public took part in the workshops, 28 in Edinburgh and 22 in Glasgow.

ENGAGEMENT WITH THE COLLABORATIVE ECONOMY

All of the participants had stated, during the recruitment phase, that they had interacted with at least one of a list of peer-to-peer platforms in the last year. In the workshops we identified that:

- Over half of the workshop participants had used a peer-to-peer sales platform to both buy and sell goods;
- Approximately half of the participants had used peer-to-peer accommodation or transport platforms;
- 16 per cent of participants identified as providers within either the peer-to-peer accommodation or transport sectors;
- At least four per cent indicated that they had provided services through a peer-to-peer household or professional services site.

Overall **participants were very positive about their experience of using peer-to-peer platforms**, spontaneously identifying a range of potential benefits to consumers, including: convenience, ease, range of products, value for money and immediacy. They were also generally quite **optimistic about the continued growth of this marketplace** and the opportunities that this gave individuals to get involved as providers in flexible ways.

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[1] A deliberative approach is a particular form of qualitative public engagement in which participants are supported to develop informed opinions about a topic through a process of learning, discussion and public reasoning (i.e. deliberation).

They did however also **identify a number of areas of potential risk relating to consumer protection** within this market including redress against fraud or false advertising, misleading reviews, personal safety when you don't really know who people are when you arrange a transaction and an overall lack of transparency and consumer understanding about how these platforms work. Further there was also concern that platforms could help enable tax avoidance, be used to exploit vulnerable workers or lead to market flooding where established providers lose out.

WHEN DOES 'SHARING' BEGIN TO FEEL LIKE 'BEING IN BUSINESS'?

One of the key questions that the workshops set out to explore was: When does providing goods or services through collaborative economy platforms shift from feeling like 'sharing' i.e. making the best use of spare time and/or resources to supplement your income, to feeling like the provider is trading or operating a business (and potentially should be registered and regulated as such)?

When the factors identified across the two workshops are combined the results give a clear indication of what participants felt was the *'tipping point'* between supplementing your income through participating in the collaborative economy and acting like a business/trading.

- **When the provider is making a financial investment in order to be able to deliver the service** e.g. purchasing items to sell or rent, buying materials, or employing a third party**: 72 per cent;

- **The amount of time the person is investing into the activity** e.g. making things to sell, managing bookings: 56 per cent;

- **Motivation** i.e. when the intention is to make a profit, rather than share a hobby or passion: 56 per cent**;

- **The amount of money earned**: 46 per cent;

- **Regularity of providing the service** e.g. how often a room or flat is let out, or how many dinner parties are hosted, or tours are led: 44 per cent;

- **When the service is 'offered' on more than one platform**: 32 per cent.

REGULATION IN THE PEER-TO-PEER ACCOMMODATION SECTOR

Whether there was a need to introduce regulations in the peer-to-peer accommodation sector was another question that was specifically explored during the workshops.

Two issues relating to this were investigated during the workshops:

1. How to appropriately classify peer-to-peer rental (as distinct from running a business) and the standards that should apply e.g. health and safety in order to protect consumers and ensure fair competition with traditional providers – i.e. regulating competition and standards.

2. The need to address issues that arise in specific areas where high density prevalence of short-term accommodation may be affecting communities, i.e. regulating supply.

In general, participants were very supportive of this form of peer-to-peer letting as an activity that offered consumers a different experience to hotel accommodation, particularly when it was hosted within someone's own home, and offered communities a way to attract more tourist

business to their areas. They did however overwhelmingly agree that there was a need for greater regulation within this sector to support principles of fair competition, ensure minimum standards to protect consumers and minimise negative impacts on communities in high demand areas.

- When explicitly asked at what point a peer-to-peer accommodation provider should be registered, and therefore regulated as a business, **the preferred 'tipping point' was that it should be based on the amount of income that was being earned by the host from this activity** (although there was no consensus regarding what this level should be).

- The second most favoured option was that a provider should be registered as a business **if they were listing more than one property**.

- A significant portion of participants, particularly in the Edinburgh workshop, also felt that **when a property was being listed on a peer-to-peer site as an un-hosted rental** then it should be registered as a business.

- There was also however concern that **any new regulation needed to be proportionate and flexible** enough to allow providers to supplement their income by utilising their properties on an occasional basis without undue bureaucracy or demands to change the fabric of their home.

When the question of regulating supply was raised the results were more split, as it was argued that this was only necessary in some high demand areas where it may lead to disruption within communities and/or have impacts on available housing stock for residential rental.

- In this case 18 per cent of participants in the Edinburgh workshop (although none in Glasgow) expressed the view that there was 'No need for regulation' to address this.

- Across both workshops however the preferred option was the suggestion put to participants that **one way to manage potential problems was if a provider had to register and receive Council approval before being able to list a premises**. This was because it seemed to many participants as best able to be responsive to the needs of different areas.

- **Placing a limit on the amount of nights a property could be used for peer-to-peer rentals** if it was not registered as a business (as in London) was also favoured by a significant proportion of participants as a way of controlling supply. However this was not seen as a particularly effective way to address the problem of 'peak demand' seasons in places like Edinburgh, and was also seen as having potentially negative effects on people providing accommodation in smaller communities where there was little or no competition from other suppliers.

CONSUMER PROTECTION

It was evident from participants' responses in the workshops that **consumer expectations when purchasing goods or services from a peer-to-peer site were very similar to those they had when making transactions with any other source**. Further, the majority of participants were also unaware that there are different sets of rules and protections that cover business-to-consumer and consumer-to-consumer transactions.

It also appears to be the case that the majority, despite being users of these platforms, did not necessarily distinguish between the platform's role in connecting an independent provider with a consumer and the type of company responsibilities they would expect when using another type of online service.

When considering the types of tools that platforms across the collaborative economy (and in other marketplaces) use to help inspire consumer confidence in their offer participants responded differently to each.

- Despite claims that the widespread practice of presenting **user reviews and ratings** within the collaborative economy increases consumer confidence, this was found to be **the 'quality assurance' mechanism that most participants reported they relied on the least** – although they overwhelmingly admitted to reading them!

- Despite only 43 per cent of participants reporting that reviews increased their confidence in the quality of a product or service, they did note that the greater the number of reviews that were visible, and the more consistent the reviews were, did have an impact on their confidence in purchasing a product or using a service.

- When a site offered **insurance or guarantees** over half of the participants in the workshops reported that this made them more confident to enter into a transaction, as it was seen as **a sign that the platform had faith in the quality of the products it was brokering**.

- **Kitemarks and adherence to industry standards** however was identified by participants in the workshops as having the most influence on encouraging confidence in using a site: with 66 per cent reporting it made them 'confident' or 'very confident'. This was because it suggested a level of **independent verification** of standards of good practice and customer service.

WORKERS' RIGHTS WITHIN THE 'GIG ECONOMY'

The final aspect of the collaborative economy discussion related to how the proliferation of online platforms designed to connect those who want to provide a service, with those who want to buy a service, has contributed to the expansion of 'gigs' i.e. task based working.

Participants in the workshops were generally unaware that workers within this sector, particularly within the delivery sector, were classed as self-employed and that someone could make themselves available for work for a set shift and actually receive no income if there were no deliveries to be made. While recognising that this was a risk with any form of self-employment there was a general feeling conveyed across the workshops that, unlike a zero-hour contract, if you actually were 'working' a shift then there should be the **expectation of being paid at least minimum wage for the time you made yourself available** to the company.

There was also a lack of awareness that there was no limit to the amount of providers that could 'sign-up' as available at a particular time, and also that a provider had no way of knowing how many other providers were 'available' in their area, and therefore whether it was a potentially 'profitable' decision to make themselves available at any given time.

Participants were also very concerned about the fact that a driver's rating could affect their eligibility for future work – especially when the cut-off point appeared to be so high. Many participants in the workshops felt that consumers needed to have a greater awareness of this as it would be likely to impact upon how ratings were given.

Overall it was felt that **the balance of power/control lay with the company providing the platform rather than the self-employed person directly providing the service – and that this seemed contrary to the principles of flexibility and choice that should underpin self-employment within a 'fair work' environment.** There were also concerns raised that, in the

current employment market, the decision to be 'self-employed' and available to work within this growing sector of the economy, was not so much a choice but a necessity for many of the more vulnerable people within society who did not have otherwise marketable skills.

PARTICIPANTS' KEY MESSAGES TO THE EXPERT ADVISORY PANEL

At the end of the workshops each group was reminded of the overall purpose of the day and the role of the Expert Advisory Panel. Starting in small groups they then reflected over all of the things covered in the session to collectively identify the key messages that they wanted to send to the panel for consideration.

The five key messages identified across both of the workshops are listed below.

1. **There is a need to ensure fair working conditions for people 'working' within the collaborative economy**: 96 per cent of participants in the workshops prioritised the need to ensure that people 'working' through collaborative economy platforms have 'fair working conditions' and do not face undue restrictions upon earning at least the minimum wage from working a standard 35 hour week.

2. **That any regulatory response needed to be measured and not over constraining**: so as to still allow for the flexibility for people to engage as occasional providers, to supplement their income and make use of their spare time and under-used resources, without being subject to disproportionate amounts of regulation. 76 per cent of workshop participants indicated in their final votes that, retaining flexibility and the ability for individuals to engage as providers, was a feature that they particularly valued about the opportunities presented by collaborative economy platforms.

3. **There is a need to ensure consumers are protected**: 50 per cent of participants prioritised the need to ensure basic consumer rights are maintained during interactions with platforms in the collaborative economy, alongside the need to ensure that consumers are better informed about their rights – but also their individual responsibilities – when making transactions within this new market.

4. **When people are using these platforms to operate what would otherwise be seen as a 'business' then there is a need for regulation to ensure minimum standards and fair competition**: The importance of the collaborative economy not becoming an enabler for unregulated businesses and undeclared income was seen as very important in both workshops, prioritised by 46 per cent**.** Participants however recognised that a key challenge for the panel will be establishing a shared understanding of the borderline between making use of underused resources and operating a business in some aspects of this economy.

5. **Split the sectors when considering regulation**: In both workshops there was a clear message expressed that the collaborative economy is too complex a marketplace to have one 'blanket' policy that attempted to regulate peer-to-peer transaction platforms. Instead 42 per cent of participants prioritised the need for different regulations for different sectors as one of their key messages to the panel. The timing of implementing regulations was also seen as vital, as from the discussions it appeared to participants that while some sectors, particularly the accommodation and transport sectors, may require immediate attention, other sectors should be perhaps left to find a natural equilibrium before considering regulatory responses.

THE WORKSHOPS

In September 2017 Involve, an organisation that specialises in giving the public opportunities to influence the decisions that affect their lives, were commissioned to design and deliver two deliberative public engagement workshops focussed on the collaborative economy.

The purpose of these workshops was to complement and inform the work being undertaken by the Scottish Expert Advisory Panel on the Collaborative Economy. For this reason a deliberative approach was chosen which would enable the workshops to explore in detail some of the issues and questions that had emerged through the panel's discussions. The intention of the workshops therefore, was not only to gain a better awareness of the opinions of the public, but more specifically to understand the reasons behind these opinions.[2]

The workshops took place from 10am-4pm on consecutive Saturdays at the beginning of October 2017 in city centre locations in Edinburgh and Glasgow. The decision to run these workshops in these two city locations was made on the basis that this is where opportunities for the offer, and the uptake, of goods and services through collaborative economy platforms are currently most prevalent and varied.

OVERVIEW OF PARTICIPANTS

Participants for the workshops were recruited using a face-to-face (door-to-door and in street) free-find approach by Ipsos MORI's team of recruiters. Using a pre-recruitment questionnaire quotas were set to ensure participants were selected to represent a cross-section of the population within these cities. The primary criteria used however was that they had engaged, as a user or provider, with platforms that are part of 'the collaborative economy'. Participants in the workshop however were not informed of the topic of the discussions in advance of attending in order not to sway their decision to take part.

While evidence presented to the Expert Advisory Panel suggested that only 35 per cent of the adult population in Scotland has interacted with the collaborative economy over the last year[3], for the purposes of these workshops it was seen as important that all of the participants had some level of experience with these platforms. This recruitment decision was made in order to ensure a level of informed discussion around the opportunities, issues and challenges relating to the collaborative economy among people who has engaged with, if not necessarily fully appreciated the unique factors, this growing marketplace.

50 members of the public took part in the workshops, 28 in Edinburgh and 22 in Glasgow, and a demographic breakdown of participants can be found in Annex 1.

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[2] Deliberative engagement is a particular form of qualitative research in which participants are supported to develop informed opinions about a topic through a process of learning, discussion and public reasoning (i.e. deliberation). Deliberative engagements events will enable participants to gain new information, discuss the implications of this new knowledge in relation to their existing experiences and in light of the opinions of others, and form a considered conclusion, which may (or may not) be different from their original view. It should be noted however, that as participant's views are developed through the act of deliberation, the outcomes cannot necessarily be expected to be consistent with polling results from the wider public who have not experienced the deliberative process. https://www.involve.org.uk/knowledge-base/deliberative-public-engagement/

[3] Scottish consumers' use of the collaborative economy YouGov Plc March 2017

ENGAGEMENT WITH THE COLLABORATIVE ECONOMY

The 'collaborative economy' is not a term that is familiar to most people. In the workshops the collaborative economy was described to participants as follows.

> **The collaborative economy connects individuals or communities via online platforms (apps or websites), thereby enabling the sharing or provision of goods, services, assets and resources without the need for ownership.**
>
> The collaborative economy offers individuals the opportunity to become service providers:
>
> - to generate income from under-used assets such as homes and cars;
> - to use their 'spare time' to provide services;
> - to use their hobbies to supplement their income;
> - to sell unwanted items directly to other members of the public.

As already noted, as part of the selection process all of the participants had self-identified as having engaged with at least one of a list of peer-to-peer platforms. During the workshops a simple matrix was used to find out more about the different roles participants had played within the collaborative economy and to understand which sectors they had engaged with most. Figure 1 below shows the combined results from both workshops.

Figure 1 - Previous engagement with the collaborative economy

	User	Occasional Provider	Regular Provider[4]
Peer-to-peer sales platforms e.g. Ebay, Shpock, Etsy, Gumtree	72%	48%	4%
Peer-to-peer accommodation e.g. Airbnb, Home Away	46%	10%	2%
Peer-to-peer transport / delivery e.g. Uber, Deliveroo, EasyCar Club	54%	0%	4%
On demand household services e.g. Handy, Task Rabbit, Bizzby	8%	2%	0%
On demand professional services e.g. Get your Guide, Fiverr, People per hour	4%	2%	2%
Crowd Funding e.g. Indiegogo, Kickstarter, LendingCrowd	18%	4%	0%

It indicates that:

- The majority of participants had engaged with peer-to-peer sales platforms, as both users or providers;

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[4] In the workshops 'occasional provider' and 'regular provider' were not defined numerically, due to how the wide range of different types of platforms are likely to be used. Instead participants were asked to indicate they were an 'occasional provider' if it was something they had tried or did irregularly, and as a 'regular provider' if it was something they considered to be an ongoing part of their lifestyle/way of life.

- Approximately half of the participants had used peer-to-peer accommodation or transport platforms, although there was a proportionally higher use of accommodation platforms reported in Edinburgh and a higher use of transport platforms reported in Glasgow;

- Over half of the participants had previously interacted with one of the platforms as a provider, although most identified as a provider in peer-to-peer sales;

- At least 12 per cent of participants had previously interacted as a provider on platforms other than peer-to-peer sales (although the figure could be over 25 per cent if we were to assume that people operating as providers were not engaging as such across multiple sectors);

- At least 4 per cent of participants considered themselves to be 'regular providers' of goods or services through these platforms. (This figure could however be as high as 12 per cent if we assume, as discussions in the workshops seem to suggest, that those who identified themselves as regular providers were only operating as such in one sector);

- It is however worth noting that the percentage of participants who identified as providers outside peer-to-peer sales platforms was notably higher at the Edinburgh workshop than in the Glasgow workshop (36 per cent compared to 14 per cent) as this may account for some of the difference in opinions expressed in some of the later sections of the discussions.

PROS AND CONS OF THE COLLABORATIVE ECONOMY

At the outset of the workshop participants worked in small groups to share their experiences of engaging with the collaborative economy and identify the key benefits and opportunities, as well as any concerns they may have, about this new, and potentially disruptive marketplace.

The points listed below were all spontaneously raised by participants before any information about the collaborative economy (other than a definition and a list of examples) was provided.

Benefits to Consumers

- **Ease:** platforms tend to be quite easy to access and easy to use – saves time;

- **Convenience**: you can access them from everywhere / anywhere;

- **Bargains:** many people commented that you could secure good deals or items for cheaper than in other places through these platforms;

- **Range**: you can find someone, somewhere offering anything you need;

- **Variety:** it was also seen as a way to access unique or unusual products;

- **Recycling**: resources are recycled and re-used, reducing waste - it was also noted that this has sparked platforms offering free services/items and genuine sharing based on trust and community;

- **Reviews:** *"reviews give an idea of quality and let you know what to expect"*;

- **Connects people**: direct peer-to-peer sales or rentals give transactions a personal touch;

- **Immediacy**: makes a whole range of goods and services pretty much available instantly to consumers e.g. food delivery.

Opportunities for Providers

- **Income:** can be a good source of income for people, or an effective way of supplementing income for minimum outlay;

- **Reach**: as a provider you can reach a wider range of people, even a worldwide market if you want to;

- **Flexibility**: easy to engage as a provider and offer as much, or as little, as you want;

- **Market growth**: has the ability to drive economic growth by making everyone a potential investor / provider.

Concerns regarding these platforms

- **Tax avoidance**: are people paying the tax liable on different income streams?;

- **Consumer Protection:** who is monitoring standards and the quality of services being offered? Do consumers know their rights and who to contact for redress;

- **Personal Safety:** not really knowing who people are when you arrange a transaction;

- **Social impacts:** for example, demand for peer-to-peer accommodation properties can contribute to the housing crisis by taking properties out of the housing market – *"Communities suffer from Airbnb – neighbourhoods become soulless"*

- **Rights for workers:** there were fears expressed that workers in these sectors can be easily exploited;

- **Fraud:** there were considerable concerns about fake goods and false advertising;

- **Reviews:** reviews might not be accurate or honest and *"unconfirmed or cruel reviews can destroy businesses before it gets off the ground"*

- **Monopolies:** some of the big companies are monopolising web searches so that it is only their platforms that comes up;

- **Market flooding:** where demand cannot keep up with supply and providers lose out;

- **Discrimination:** that people that don't have access to the internet are perhaps suffering because they are having to pay more for services;

- Transparency: that there is a lack of consumer clarity about how these platforms work.

WHEN DOES 'SHARING' BEGIN TO FEEL LIKE 'BEING IN BUSINESS'?

One of the key questions that the workshops set out to explore was: When does providing goods or services through collaborative economy platforms shift from feeling like 'sharing' i.e. making the best use of spare time and/or resources to supplement your income, to feeling like the provider is operating a business (and potentially should be registered and regulated as such)?

FEELS LIKE 'BEING IN BUSINESS'

To inform these discussions participants were given a range of scenarios depicting provider behaviours across a range of platforms to consider and were then asked to identify the key factors that made something feel more like trading/running a business than 'sharing' or making use of your spare time and resources. Nine factors were identified in the Edinburgh workshop and participants were then given up to four votes to identify those factors which they personally felt were the most significant considerations.

Figure 2 - 'Feels like business' - Edinburgh workshop

		Votes
a.	When providers are investing money into the service.	21
b.	When there is an intention to expand.	20
c.	The amount of money being earned.	19
d.	When delivering the service involves engaging a third party – e.g. a host or a cleaner.	15
e.	Regularity of providing the service e.g. how often a room is let or how many tours are led.	14
f.	When the service is advertised on more than one platform.	13
g.	Where there is the ability to expand e.g. just selling your kids' toys or renting out empty room during term-time vs actively buying things to sell or having a separate property.	13
h.	The amount of time the person is investing into the activity e.g. making things to sell, managing bookings.	13
i.	Motivation e.g. sharing a passion/hobby or making ends meet vs being driven by the intention to make a profit.	11

In the Edinburgh workshop it was clear that opportunities for growth, either by investing directly into the activity or the intention to expand, were central to making something feel like it had crossed the line from being an activity that made the most of underused resources or assets into 'feeling' like operating a business. In these discussions, where the activity was limited by practical considerations (e.g. only letting out a room during term time to keep it available for family returning from university) or perceived as finite (e.g. selling the toys and clothes your children had grown out of), it was generally seen as a casual way to supplement income, regardless of the amount of money earned[5] or the time invested.

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[5] In both workshops it was made clear to participants that any income earned from providing goods or services through a collaborative economy platform, with the exception being the £7500 people could earn per year under the 'rent-a room' allowance, was taxable income and should therefore be declared as such. These discussions therefore took place within an understanding of that context.

Eight key factors were identified during the Glasgow workshop and each participant was again given up to four votes to show which they personally thought were the most significant. Here motivation, which ranked lowest in the previous workshop, was prioritised by over two thirds of the workshop participants as a key indicator that something should be viewed as being a business.

Figure 3- 'Feels like business' - Glasgow workshop

		Votes
a.	Motivation i.e. when the intention is to make a profit.	17
b.	When the provider is making a financial investment into the activity, including employing others.	15
c.	The amount of time the person is investing into the activity e.g. making things to sell, managing bookings.	15
d.	Regularity of providing the service e.g. how often a room is let or how many dinner parties are hosted.	8
e.	The amount of money being earned.	4
f.	When the service is advertised on more than one platform.	3
g.	How much they are inconveniencing themselves or organising their life around the activity e.g. moving out of their own flat to rent it out.	2
h.	When they are providing a service that would otherwise be a recognised job e.g. tour guide.	1

'TIPPING POINTS' BETWEEN SUPPLEMENTING YOUR INCOME AND ACTING LIKE A BUSINESS

When the factors identified across the two workshops are combined, particularly if focus is given to criteria that emerged in both workshops, the results give a clear indication of what participants felt was the *'tipping point'* between supplementing your income through participating in the collaborative economy and acting like a business/trading.

The six factors prioritised most frequently by participants are listed below.

1. **When the provider is making a financial investment in order to be able to deliver the service: 72 per cent**[6] of participants across the workshops saw this as a key factor in something moving from a hobby, or a way of supplementing your income by using your under-used resources, into operating as a business. This included purchasing materials/stock, maintaining a premises specifically to let and/or employing others to enable you to provide a service e.g. a cleaner or accommodation hosting service.

2. **The amount of time the person is investing into the activity** e.g. making things to sell, managing bookings: **56 per cent** of workshop participants prioritised this as a factor in transforming something into a business, noting that if someone is investing hours that would equate to significant proportion of a working week into an activity that they are earning income from, then this 'feels like working'. They did however acknowledge that this aspect would be difficult to monitor or regulate.

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[6] All percentages in this section of the report have been calculated on the basis of the total number of participants in the workshops i.e. 50.

3. **Motivation:** i.e. when the intention is to make a profit. Across all of the discussions there was a strong sense that motivation and intention mattered when determining if something felt like it was operating like a business, and **56 per cent** of participants identified this as within their top four considerations. If the principal motivation appeared to be to 'share a passion with others' or 'make ends meet' then it was generally considered to be an example of someone using their time or resources casually, in ways that may also supplement their income. If however the motivation was assessed as profit driven then participants were generally more likely to see this as operating a business.

4. **The amount of money earned**: **46 per cent** of workshop participants identified this as a primary factor in determining whether something felt like 'business/trading'. It should however be noted that these were almost all participants in the Edinburgh workshop. In Glasgow the participants were much less convinced that this was a deciding factor in whether something felt like being a business, reasoning that you could very clearly be operating within a business model and 'just not doing very well'. They also noted that, particularly in the case of providing peer-to-peer accommodation, it was quite possible that a very occasional provider with a nice apartment in the centre of Edinburgh could earn significantly more from using this resource casually than a host offering out multiple rooms continuously in another part of the country.

5. **Regularity of providing the service**: e.g. how often a room or flat is let out, or how many dinner parties are hosted, or tours are led. **44 per cent** of workshop participants prioritised this as a deciding factor, with their reasoning focusing around the idea that, once something was being provided regularly, it had a significant impact on the life of the individual i.e. something that became a regular commitment ('like work') rather than a causal activity or opportunity.

6. When the service is 'offered' on more than one platform: while 32 per cent of participants did select this as one of their top four indicators that something was crossing the line into being a business it was not something that featured significantly in the discussions. Instead it was more often just seen as being a logical way to attract customers within this type of market.

REGULATION IN THE PEER-TO-PEER ACCOMMODATION SECTOR

Whether there was a need to introduce regulations in the peer-to-peer accommodation sector was another question that was specifically explored during the workshops.

To put the question in context for participants the growing economic value of tourism to Scotland was highlighted alongside the upswing in tourist arrivals (something which is predicted to increase dramatically over the next 10-15 years). It was also pointed out that, while the level of visitors previously would have been capped by the number of licensed hotels in any given city or region, the growth of peer-to-peer accommodation platforms offering an expanded pool of providers of short term accommodation means that this is changing.

Two issues relating to this were investigated during the workshops:

1. how to appropriately classify peer-to-peer rental (as distinct from running a business) and the standards that should apply e.g. health and safety in order to protect consumers and ensure fair competition with traditional providers – i.e. **regulating competition and standards.**

2. the need to address issues that arise in specific areas where high density prevalence of short-term accommodation may be affecting communities i.e. **regulating supply.**

OPPORTUNITIES FOR REGULATING STANDARDS AND COMPETITION

Peer-to-peer accommodation rentals are sometimes perceived to be within a 'grey area' in relation to letting activity, due to a lack of awareness of regulations, and there are also concerns about how well existing regulations are enforced. Established commercial accommodation providers have also argued that they can face unfair competition from peer-to-peer providers if they are not obliged to abide by the same business standards (e.g. health and safety) or pay business rates.

A number of options were presented to workshop participants to determine which, if any, they thought was the best way of regulating this market. Participants discussed the pros and cons of each option in their table groups to try and negotiate a collective preference, before voting individually for their preferred options.

> What is best going to help regulate this problem, if indeed it is a problem?
>   A. Income levels – i.e. when the provider earns above a certain amount they must register as a business
>   B. Frequency of occupation – i.e. when the premises is occupied over a certain amount of nights per year they must register as a business
>   C. When the property being let is an un-hosted rentals in a vacant property it must be registered as a business
>   D. When a single provider lists 2 or more properties on a site they need to be registered as a business
>   E. No regulation needed
>   F. Something else….

Figure 4 below shows the outcome of the vote taken in the workshops on these options when only first preferences are taken into account. It is significant to note that nobody, in either of the workshops, voted for Option E: that no regulation was needed.

"Regulation done well is a good idea."

"Regulation is needed, but not too much red tape."

"Over-regulation leads to inertia!"

While all participants appeared to agree that some form of regulation would be beneficial in this sector, many were however concerned about over-regulation limiting opportunities for genuine peer-to-peer provision on a flexible basis.

Figure 4 - Options for Regulating Standards - 1st preference votes
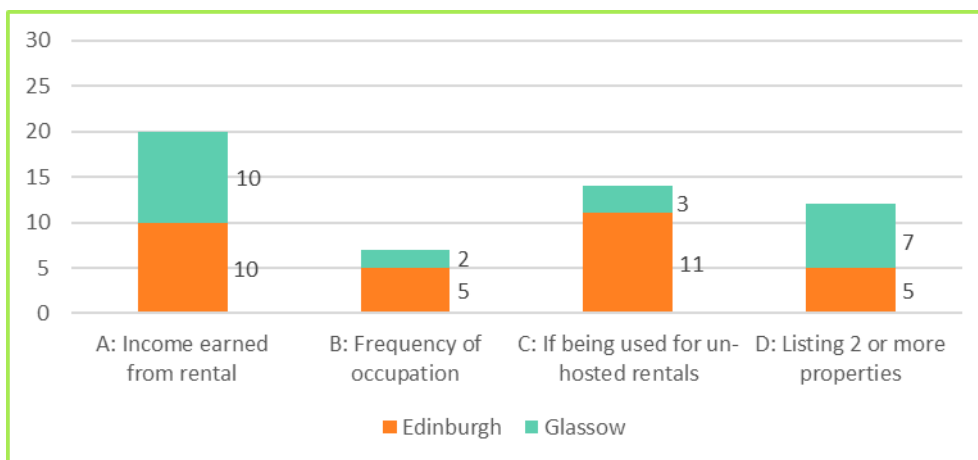
Option A was clearly the preferred option, receiving 40 per cent of participants' first preference votes.[7] For many in the groups this idea, i.e. that once a certain level of income was being earned from peer-to-peer letting in a year then the provider needed to register as a business and be subject to the same regulations that applied to others in the accommodation sector, seemed to be a clear and simple way of introducing regulation. Further it was an approach that many felt was proportionate and should be relatively easy to introduce and monitor.

"As with all other areas of the economy, income should be the measure of the 'size' and 'success' of the business."

"Setting the level however will be the challenge!"

Another point made in regard to Option A was that it appeared to be fair to all providers and did not discriminate against those with different types of properties or in different areas of the country. At the same time however, this was also raised as a specific reason for not favouring this option by some participants in the Edinburgh workshop, as it was felt to place an undue regulatory burden on people in areas where higher rates could be charged for accommodation, enabling significant money to be potentially earned by quite casual and occasional hosting.

Option C, that a provider must register as a business when a property is being used for un-hosted rentals (regardless of whether it was the provider's main residence), was the second most preferred option across the workshops, receiving 28 per cent of first preference votes.

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[7] All percentages in this section of the report have been calculated on the basis of the total number of participants in the workshops i.e. 50.

"Un-hosted rentals suggest the motivation is solely to make money."

"When it is un-hosted it is a lot more similar to a hotel – and that is direct competition. When it is hosted the host living in the house is providing a different experience and diverts it from being in competition with hotels."

Alongside perceived intent, a number of participants also raised the fact that bringing in regulation for un-hosted lets was a way of ensuring that the security and health and safety of guests was protected. This was something that people were generally much more concerned about regarding un-hosted rentals than when a room was offered within the host's own home.

"It needs to be a business to protect the health and safety of tenants."

"This is important as it protects both the guests and the provider."

It is however interesting to note that this option received a much higher proportion of the votes in Edinburgh than it did in Glasgow. From the discussions that surrounded this vote it appears that may have been because Edinburgh residents have more direct experience of the disruption that can be caused to neighbourhoods when properties, particularly properties maintained specifically for this purpose, are regularly let out on a short-term basis, especially when they become 'party flats' or let regularly for hen and stag weekends.

"Maybe OK for when you go on holidays or something, but over a certain time period it should be regulated."

"Depends on the length of time they plan on letting property – if long term then it's a business."

It appears therefore that the frequency of letting, rather than just the fact of a stay being un-hosted was also a key consideration here. This however was the option that received the least votes in both workshops as a point at which regulation should be introduced, and only 14 per cent of the first preference votes overall. That said, those who did vote for it, had clear rationales for their preference.

"Frequency is a good indicator of economic success but, less reliable than the others."

"I believe this is most important as this will determine the level of commitment to earning money."

Figure 5 - Options for Regulating Standards - Preferential voting results

16
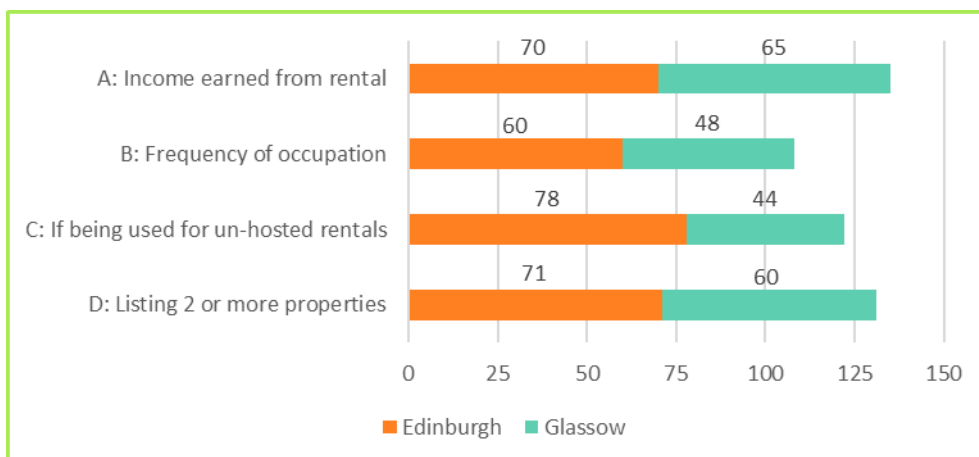
Several participants in the workshops felt that the best form of regulation may need to be a combination of several factors. When the full range of preferences expressed by participants were taken into account, as illustrated by Figure 5 above, the results provide some additional insight into the way people balanced the merits of the different options.

While the preferred option overall remained Option A, to introduce the requirement to register as a business based on the income earned, Option D, relating to when two or more properties are listed by a single provider, moved into second place (capturing the highest number of second preference votes across both workshops). Further it is worth noting that the preferential difference between these two options also closed significantly.

"This to me clearly shows a growing business rather than just sharing resources."

"If you have more than one property to let, then that is a business and should be regulated."

From the results above it is clear that if an individual was listing two or more properties then the vast majority of people felt this was a business venture that should be regulated. Participants did however acknowledge that this would be a much more difficult regulatory framework to monitor and impose. While it was felt that some of the responsibility for monitoring this could, and should, be passed on to the hosting platforms themselves it was also recognised that providers may simply attempt to avoid notice by listing properties on different platforms.

OPPORTUNITIES FOR REGULATING SUPPLY

To set a context for this discussion participants were informed that in parts of Scotland peer-to-peer accommodation rental in some specific locations is seen as having unintended social impacts. While this issue had already been spontaneously raised in discussions during the Edinburgh workshop it had not yet featured in the discussions in Glasgow.

The following options, based on existing examples outwith Scotland, were presented to workshop participants who were asked to determine which (if any) they thought was the best way of regulating this market. Participants discussed the pros and cons of each option in their table groups to try and negotiate a collective preference, before voting individually for their preferred options.

> What is best going to help regulate this problem, if indeed it is a problem?
> A. A 90 day limit per year, like in London
> B. Registration and council approval before being able to let, based on concerns about over-supply in a given area
> C. Limiting peer-to-peer rental to a single room per premises
> D. No regulation needed
> E. Something else……

Figure 6 below shows the outcome of the votes cast in the workshops when only first preferences are taken into account. It clearly indicates that, while in the Edinburgh workshop first preference votes were split across all of the options presented, in Glasgow Option B received almost all of the first preference votes.

The reasons given for choosing Option B mainly related to the fact that it seemed an effective way of limiting negative impacts on communities and housing stocks. In Glasgow particularly, it was also identified as being a more flexible and area based approach, and something that would not impose unnecessary restrictions on people operating in parts of the country where over-supply was not an issue.

Figure 6 - Options for Regulating Supply - 1st preference votes
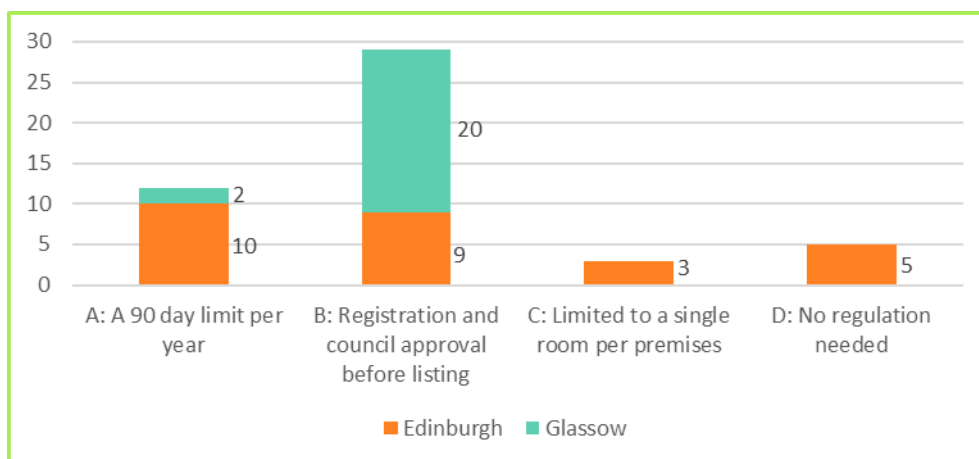
"Some kind of regulation is required to protect communities and housing for residents."

"So that there isn't over pressure in some areas."

"Makes it easier for all parties to have a focus point for complaints arising to be verified."

A number of participants did however raise concerns about the administrative burden processing and enforcing this would place on Councils. However it was also suggested that the need to register with the Council might also be something that people may judge as 'not being worth the effort', and that this in itself would contribute to regulating supply.

"Having to register with an official body might deter people who are just trying to make quick money, and this would naturally limit supply."

The key reason given for people selecting Option A as their first preference was that limiting the amount of nights a property could be let would limit disruption to neighbours and communities, particularly if it was let as an un-hosted premises. This option was seen as a way of still allowing people to make use of their property to supplement their income in flexible ways, but also restricting the likelihood of short or long term negative impacts on others.

*"A good way to control over-supply which isn't overly restrictive."*

"It would save houses being bought just for short term rental purposes and give more housing supply for living."

For some people however, the key benefit of limiting the amount of days that a single property could be let through peer-to-peer platforms was that it allowed space for other providers to play a part in the market.

"Limiting the days will allow for other hosts and other businesses to benefit."

Although option A received less than a quarter of the first preference votes, when the full range of preferences were taken into account, the results are somewhat different, as illustrated by Figure 7 below. Here it is clear that Option A and Option B are far closer in terms of the overall levels of support they received from participants than the initial graph suggested.

Figure 7 - Options for Regulating Supply - Preferential voting results
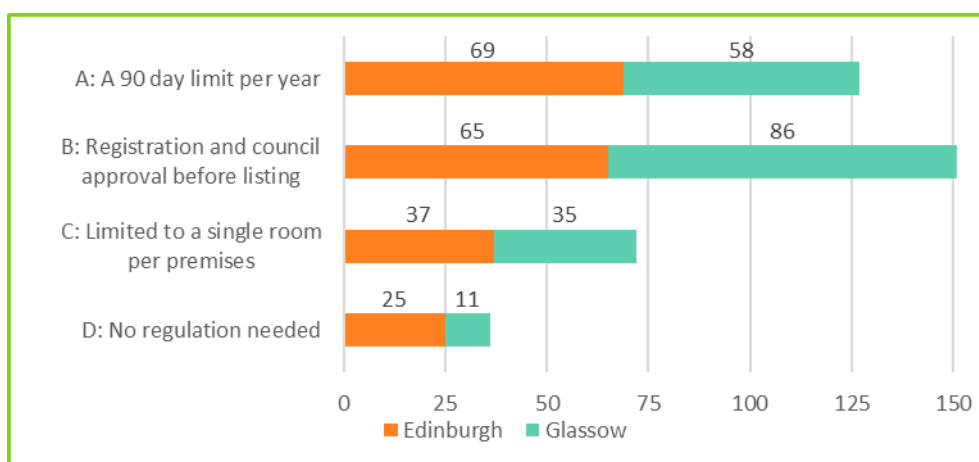
While Option B remained the groups' overall preference, Option A (which suggested imposing a limit on the number of days a property could be rented for short-term accommodation) is shown to be supported by a significantly higher proportion of participants than first preference only votes suggest (receiving more than half the second preference votes from Glasgow participants).

There was however also some very clear opposition expressed in the workshops about the effectiveness and/or desirability of using an Option A type model to limit supply, particularly in cities like Edinburgh.

> *"You would need to have a days per month limit within this for it to work. Otherwise everyone in Edinburgh will make their 90 days over festival and that doesn't solve over-saturation in peak periods."*

> *"You can't advertise Edinburgh then not provide the resources that people want…– there is a strong market for more, so leave it to supply and demand."*

Also, while option C limiting rentals to a single room per property, received only six per cent of the first preference votes, it received almost 20 per cent of the preferential vote. This meant that it moved above the option of 'No regulation needed' when preferential votes were taken into account. The principle reasons for supporting this option seemed to relate to what people perceived to be *'the spirit'* of peer-to-peer accommodation provision.

> *"This ensures the original concept of peer-to-peer and collaborative remains – people make friends, learn from each other and exchange experiences / knowledge."*

> *"Good way of keeping it peer-to-peer and leave it to other sites to let self-catering apartments."*

There were however concerns raised about the limitations this placed on the market for families, both as hosts and guests.

"If just renting a room it should just be about one room rather than different strangers coming and going from lots of rooms – but what about a family who want to rent a whole house or need multiple rooms."

"Not practical as it prevents people letting out their house when they go on holidays etc."

It is also worth noting that, unlike in the previous section where no-one cast a first preference vote against the need for regulation to ensure standards and that peer-to-peer operators were in fair competition with the established business sector, here ten per cent voted that there was 'no need' to regulate supply. This option also picked up a number of second and third preference votes, although remained the least preferred option. Participants' reasons for voting for no regulation are reflected in the quotes below.

"Let it self-regulate. Market forces and consumer choice are strong factors that haven't yet run their course."

"People should be able to rent their property to whom they like, and for how long they like, without any restrictions."

These suggest that, alongside a preference from some people for homeowners to be allowed to use their property as they choose, there was a sense from some participants that over-regulating at this stage of the market's development could stifle opportunities and may, in fact, be pre-emptory.

KEY POINTS RELATING TO REGULATION IN THE PEER-TO-PEER ACCOMMODATION SECTOR

- Most workshop participants agreed that there was a need for greater regulation within this sector to support principles of fair competition, ensure minimum standards to protect consumers and minimise negative impacts on communities in high demand areas.

- There was however concern that any new regulation needed to be proportionate and flexible enough to allow providers to supplement their income by utilising their properties on an occasional basis without undue bureaucracy or demands to change the fabric of their home.

- They also were generally very supportive of this form of letting as a 'sharing' activity that offered consumers a different experience to hotel accommodation, particularly when it was hosted within someone's own home, and offered communities a way to attract more tourist business to their areas.

- When explicitly asked at what point a peer-to-peer accommodation provider should be registered, and therefore regulated as a business, the preferred 'tipping point' was based on the amount of income that was being earned by the host from this activity (although there was no consensus regarding what this level should be).

- The second most favoured option was that a provider should be registered as a business if they were listing more than one property.

- A significant portion of participants, particularly in the Edinburgh workshop, also felt that when a property was being listed on a peer-to-peer site as an un-hosted rental then it should be registered as a business.

- When the question of regulating supply was raised the results were more split, as it was argued that this was only necessary in some high demand areas where it may lead to disruption within communities and/or have impacts on available housing stock for residential rental. This led to the option that involved receiving Council approval before being able to list a premises being the most preferred option as it was seen as best able to be responsive to the needs of different areas.

- Placing a limit on the amount of nights a property could be used for peer-to-peer rentals if it was not registered as a business was also favoured by a significant proportion of participants as a way of controlling supply. However this was not seen as a particularly effective way to address the problem of 'peak demand' seasons in places like Edinburgh, and was also seen as having potentially negative effects on people providing accommodation in smaller communities where there was little or no competition from other suppliers.

CONSUMER PROTECTION

Citizens Advice Scotland (CAS) presented a number of consumer protection principles in their submission to the Expert Advisory Panel in August. These are outlined below and were used to introduce this section of the discussion to participants.

	Description
Access	Can people get the goods and services they need or want?
Choice	Is there any?
Safety	Are the goods and services dangerous to health or welfare?
Information	Is it available, accurate and useful?
Fairness	Are some or all consumers unfairly discriminated against?
Representation	Do consumers have a say in how goods or services are provided?
Redress	If things go wrong, is there a system for putting them right?

In their submission CAS further highlighted that there are a number of reasons why there may be particular consumer issues in the collaborative economy, especially in relation to the dimensions of safety, information and redress. These included that:

- Consumers are often unaware that there are different sets of rules and protections that cover business-to-consumer and consumer-to-consumer transactions;
- Smaller providers may be new to the role and may not be aware of the regulations and health/safety rules that they should be following;
- Less is likely to be known about the provider, in terms of their background and suitability, and they may be less likely to have had formal training;
- There is often a lack of clarity about whether it is the platform or the individual provider who is responsible if 'something goes wrong'.

The workshops therefore explored participants' awareness of the differences in consumer rights and protections that may be relevant to transactions within the collaborative economy, and also what types of measures would increase consumer confidence when interacting with these platforms.
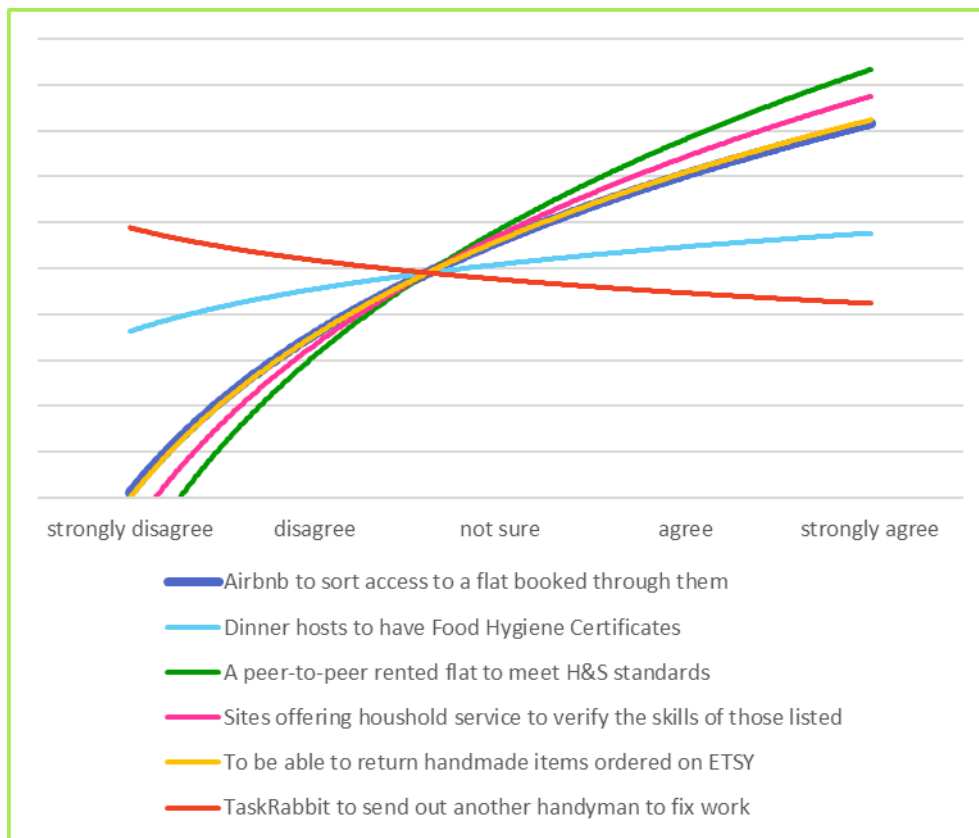
CONSUMER EXPECTATIONS

Before presenting any information about consumer rights or protections in relation to peer-to-peer platforms, participants in the workshops were asked to record their expectations relating to a number of different scenarios that could present when using these types of platforms[8].

Figure 8, below, shows the overall trendlines from the results of the series of the six 'scales of expectation' explored in the workshops. It shows that, while there was considerable variation among participants in response to most of the examples, in general consumers' expectations when purchasing goods or services from a peer-to-peer site were very similar to when making transactions with any other source.

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[8] It should be noted that, while specific platform names were used in the examples, this was simply because by this stage of the workshop these platforms were familiar to all participants. The responses therefore should not be read as referring to a particular platform, but rather to the type of sector they represent.

Figure 8 -' As a consumer, I would expect…'

Airbnb to sort access to a flat booked through them
Dinner hosts to have Food Hygiene Certificates
A peer-to-peer rented flat to meet H&S standards
Sites offering houshold service to verify the skills of those listed
To be able to return handmade items ordered on ETSY
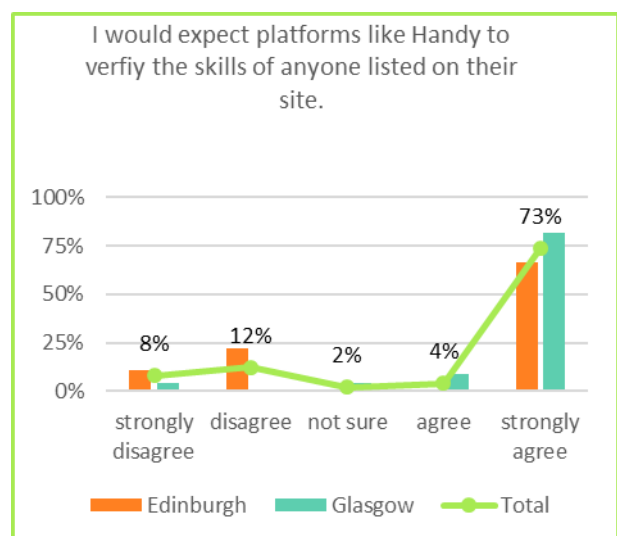TaskRabbit to send out another handyman to fix work

Expectations were also shown to be particulary high regarding the health and safety standards expected from accommodation booked on a peer-to-peer site. It was also clear that people generally expected on-demand household service platforms and peer-to-peer letting platforms themselves to take resposibility for ensuring the quality of the services offered through their platforms.

EXPLORING EXPECTATIONS IN MORE DETAIL

There was very little awareness among participants of the different levels of responsibility for the quality of an offer of service that apply in relation to peer-to peer sales. Participants generally assumed that platforms offering household services would vet the skills and qualifications of the people offering services on their site. As Figure 9 shows, an average of 73 per cent[9] of workshop participants strongly expected platforms to verify the abilities of people offering services.

Overall workshop participants were typically unaware when it was pointed out that platforms
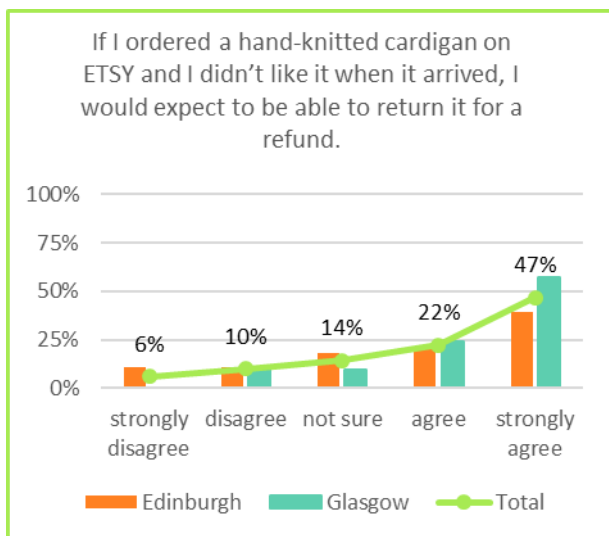
Figure 9

I would expect platforms like Handy to verfiy the skills of anyone listed on their site.

Edinburgh   Glasgow   Total

[9] All percentages in this section of the report have been calculated on the basis of the number of responses received to each question, rather than the number of participants in the workshop. On average 49 (of a possible 50 participants) provided a response during this round of questions.

like this would typically class themselves as technology companies that match self-employed contractors with consumers, and thus that the responsibility to assess competence lay with the person contracting the individual provider.

Figure 10

If I ordered a hand-knitted cardigan on ETSY and I didn't like it when it arrived, I would expect to be able to return it for a refund.

Expectations were more widely spread in relation to the ability to return a handmade product ordered directly from an individual supplier, as illustrated in Figure 10. That said, most participants were also unaware that, while purchases from a business are protected by the Consumer Rights Act 2015 (which determines that any goods sold must be fit for purpose and sets out clear rules about when consumers are entitled to repair, replacement or refund), when buying from a private individual their obligations only extend to the fact that the item must as described and the supplier has the right to sell it.

Participants' expectations were also particularly high where health and safety matters were concerned (Figures 11 and 12), although not in all cases – as exemplified by responses to the question of whether they would expect hosts offering a dinner through platforms like Share my Meal to have a food hygiene certification. Here expectations were much more widely spread, reflecting the understanding that as this is an 'experience' offered within an individual's own home, expectations may need to be different than they would be when purchasing food from another type of vendor.
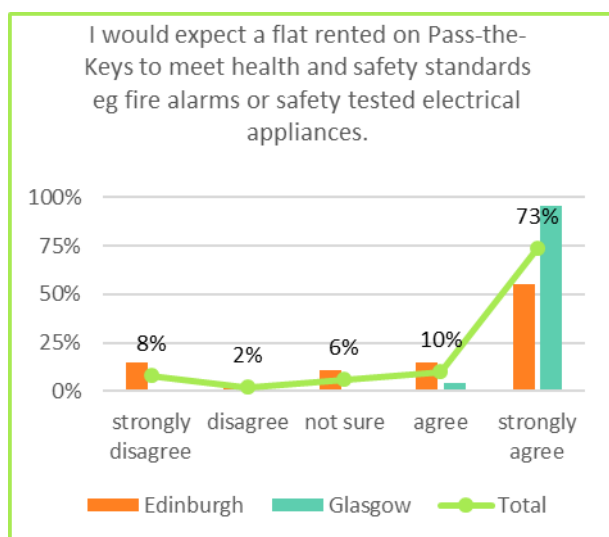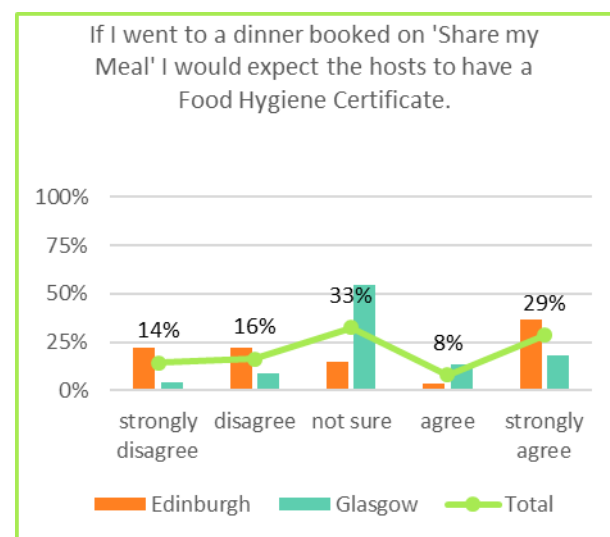
Figure 11

I would expect a flat rented on Pass-the-Keys to meet health and safety standards eg fire alarms or safety tested electrical appliances.

Figure 12

If I went to a dinner booked on 'Share my Meal' I would expect the hosts to have a Food Hygiene Certificate.

There was also considerable variation in the expectations that participants held regarding the responsibility of a platform to 'put things right' if something was to go wrong (Figures 14 and 15). The vast majority of participants (83 per cent) expressed the expectation that they should be able to contact the host site to sort out a problem if they were left 'stranded' in relation to an accommodation booking, despite the fact that peer-to-peer rentals are an agreement between an independent supplier and a customer. By contrast only 37 per cent of participants expected an on-demand household services site to take responsibility if the job was unsatisfactory.

Unfortunately, within the context of the workshops there was not scope to explore the reasons behind this apparent discrepancy in expectation.
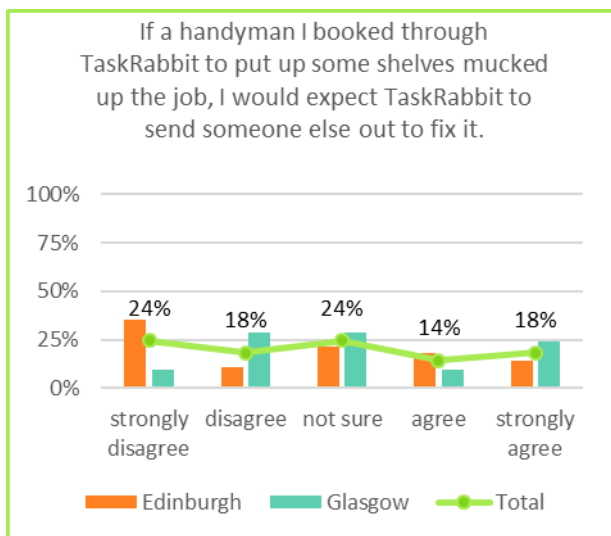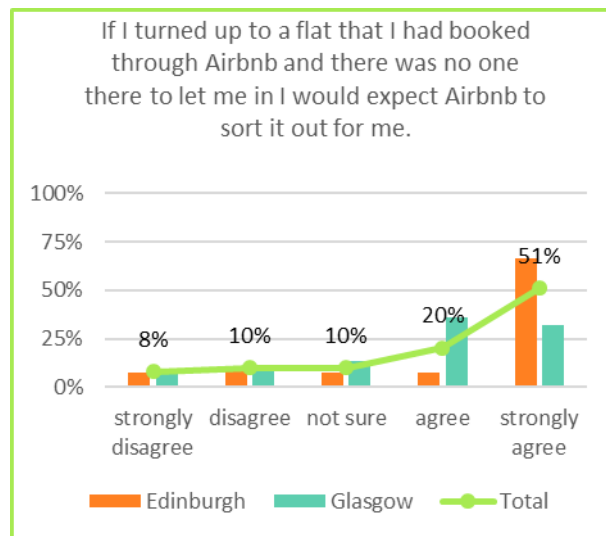
Figure 13

Figure 14

MEASURES TO INCREASE CONSUMER CONFIDENCE

Some proponents of the collaborative economy claim that traditional forms of regulation are not needed in this market, as the market possesses the capacity to self-regulate and address market failures more efficiently than traditional top-down regulations. Furthermore many have argued that it is a market based on choice and reputation. Trust, therefore, has been described as the cornerstone of the collaborative economy, and many believe that facilitating trust is critical to its operation.

There are a number of measures that platforms operating in the collaborative economy can choose to employ to use to build trust and consumer confidence in their services and reassure consumers that their purchases will be protected. Four such mechanisms for promoting consumer trust were presented at the workshops.

- **User reviews and ratings** - Peer reviews are designed to build trust by providing feedback on the quality of goods and services offered by a provider. The idea is that negative customer feedback means that providers offering a poor product are pushed out of the market and vice versa.
- **Kitemarks or industry Codes of Practice** - To be awarded 'kitemark' or comply with industry codes of practice platforms have to meet minimum standards in relation to a variety of consumer protection principles.
- **The promise they have verified/vetted providers listed on their platform** - Verification processes for sellers are currently very varied. In some cases verification can be as simple as providing an email address and a bank account while other platforms, particularly those offering skilled service, thoroughly vet a provider before taking their listing
- **Insurance and guarantees for redress if things go wrong** - Some platforms provide guarantees or insurance in the event of a user being dissatisfied with a transaction on the platform, however guarantees come in different forms.

At each of the workshops participants were asked how much these various mechanisms for encouraging consumer confidence in the services that were being offered made a difference when using these platforms.[10]

Figure 15 - How much do the following factors effect consumer confidence?
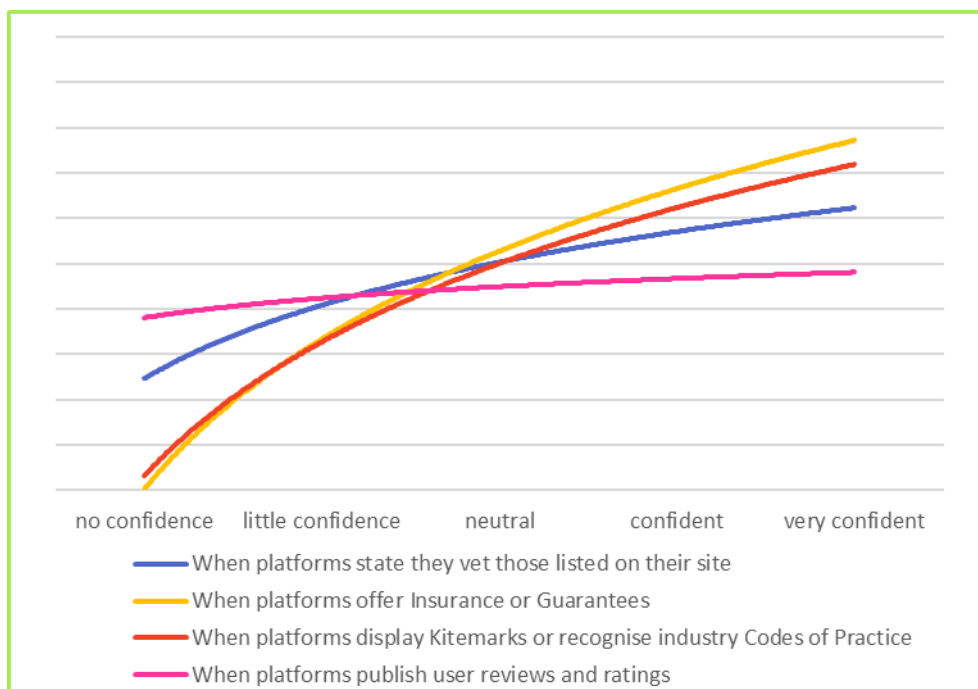

Figure 15 above, which illustrates the trendlines resulting from polling at the workshops, shows that each of these measures improve consumer confidence, although to differing degrees. Further it shows that Kitemarks and adherence to industry Codes of Practice, alongside offers of insurance or guarantees have the greatest impact on consumer confidence. Publishing reviews, although widely consulted by consumers, appear by contrast to have the least impact on consumer confidence in the quality of the goods or services they will receive.

"While reviews are probably the thing that I look at most, they are also the thing that I place least stock in when actually making a decision."

HOW MUCH DO USER REVIEWS AND RATINGS INSPIRE CONSUMER CONFIDENCE IN THIS MARKET?

Figure 16 below, shows that across the workshops confidence in user reviews and ratings was very mixed, although on the whole participants in the Glasgow workshop appeared less trusting of them. 43 per cent of participants reported that being able to read opinions from other consumers boosted their confidence in the quality of a product or service, and there were many comments made that showed people found reviews helpful when determining whether to purchase goods or services, particularly if there were a high number of consistent reviews.

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[10] It should however be noted that this poll, and the discussion around it, took place in a context wherein many participants had just been informed that their expectations about consumer rights and responsibilities when dealing with these platforms were incorrect. Thus more negativity and scepticism may well be apparent than would be the case if the question had been presented in a different context.

Figure 16 - Confidence in User Reviews and Ratings
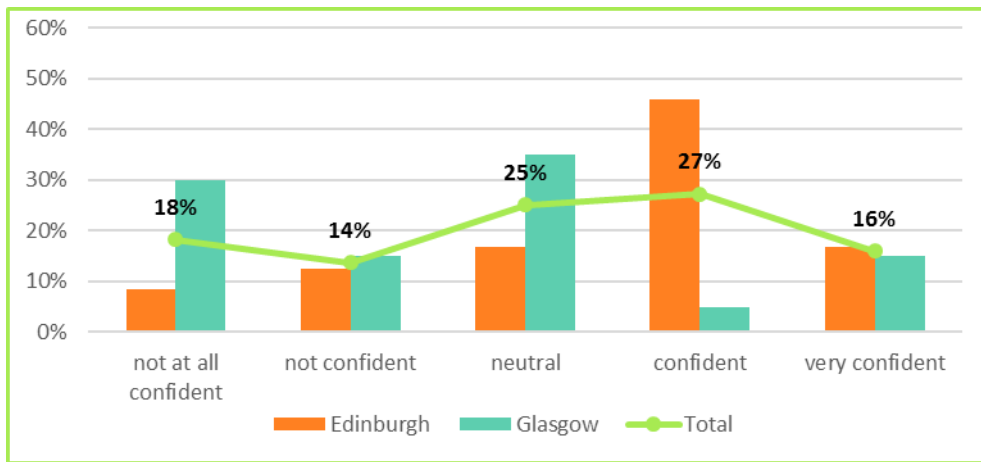
"If the user reviews are consistent, then that would make me more confident."

"The volume of reviews helps build confidence in them."

"Bad reviews are useful, more so than good ones."

32 per cent of participants however reported that reviews did little to improve their confidence in a product, and there were equally as many comments that showed people did not trust or respect user reviews. One of the most regularly raised concerns was to do with a general lack of faith that reviews were genuine.

"Anyone can give good or bad reviews – could be rivals or friends. Not genuine."

"I am not so confident in user reviews as I feel they can be submitted by people with a vested interest, and equally negative reviews by people who are extremely difficult to please."

One other specific concern raised was that when platforms have the capacity to review both the service provider and the user then people may feel pressured to leave a good review in order to ensure that they too are rated favourably.

HOW MUCH DO PROMISES THAT PEOPLE LISTED ON THE SITE HAVE BEEN VETTED OR VERIFIED INSPIRE CONSUMER CONFIDENCE IN THIS MARKET?

Figure 17 - Confidence when platforms verify or vet those listed on their site
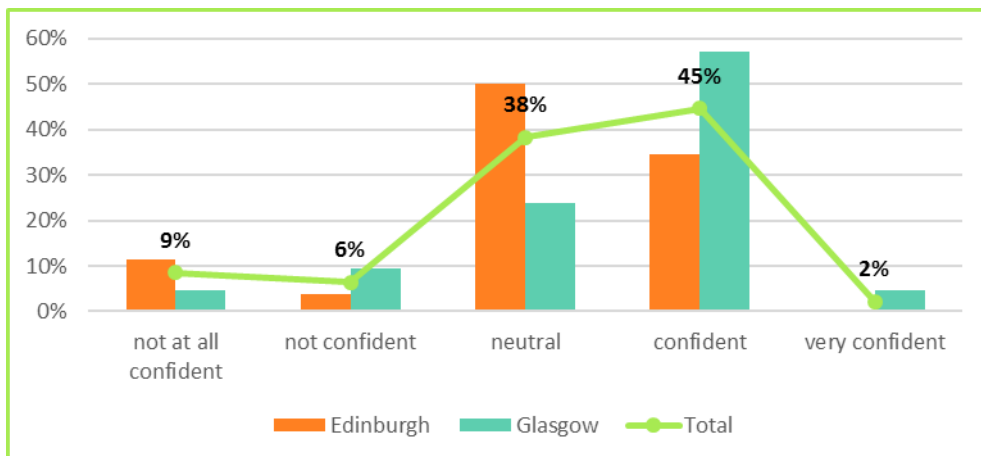
While the promise that a platform has vetted providers and/or verified the skills of people listed on their site did appear to be a significant factor in boosting consumer confidence, it is worth noting that only two per cent reported that this made them 'very confident'. This appears to have mainly related to concerns about the veracity of a platform's vetting process.

"Vetting might just prove that they are who they say – not the quality."

"It's difficult to vet on a global scale. People can forge credentials."

Despite this, for many of the participants the promise from a platform that they have vetted or verified those they listed was seen as an indication that the platform was willing to take some responsibility for the quality of the goods or services they were marketing.

"I would be confident that the platform is confident in what they are doing."

HOW MUCH DO OFFERS OF INSURANCE OR GUARANTEES BY A PLATFORM INSPIRE CONSUMER CONFIDENCE IN THIS MARKET?

Over 50 per cent of participants in each workshop reported that when a platform offered insurance or guarantees this gave them confidence in using the site, and 30 per cent reported it made them 'very confident'.

"Insurance would make me feel I had some support if things went wrong."

"Insurances and guarantees show that the company is willing to take some liability."

"Platforms wouldn't do it if they didn't have faith in what they were offering."

Figure 18 - Confidence when platforms offer Insurance or Guarantees
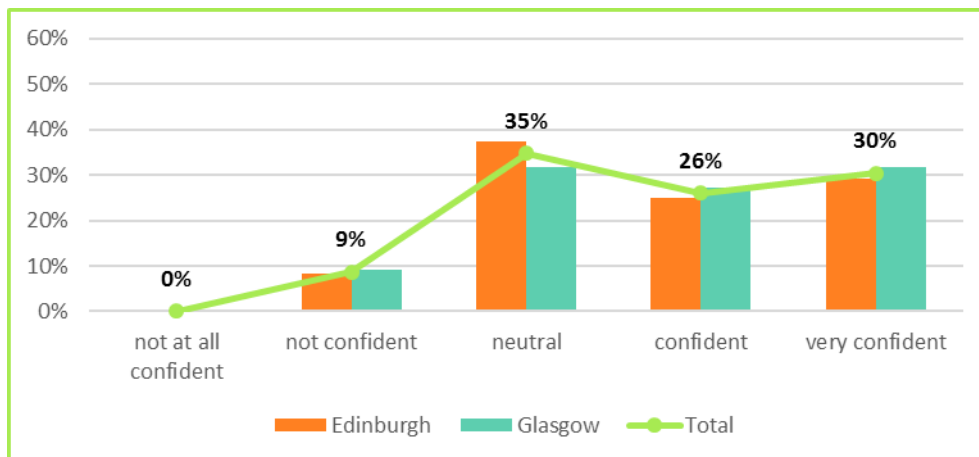
There was still however some scepticism about how much insurance and guarantees offered by a platform may actually benefit consumers, with over a third of participants expressing a neutral position regarding the level of confidence they inspired. Some of the comments regarding this seem to relate negative experiences people have had when trying to claim on similar policies.

"Guarantees are just words and might take a fight to have them actioned."

"Depends if they published the details of the insurance (i.e. level of cover) and the insurance provider."

HOW MUCH DO KITEMARKS AND ADHERENCE TO INDUSTRY CODES OF PRACTICE INSPIRE CONSUMER CONFIDENCE IN THIS MARKET?

Overall the display of Kitemarks or evidence of adhering to industry Codes of Practice generated the highest level of confidence among workshop participants, with 66 per cent indicating that this made them 'confident' or 'very confident' in using a platform (although this percentage was much higher among participants at the workshop in Glasgow at 81 per cent).

"Kitemarks make me feel that certain standards have been met."

"I like this idea best as it is verified by an independent organisation."

Figure 19 - Confidence in Kitemarks and Industry Codes of Practice
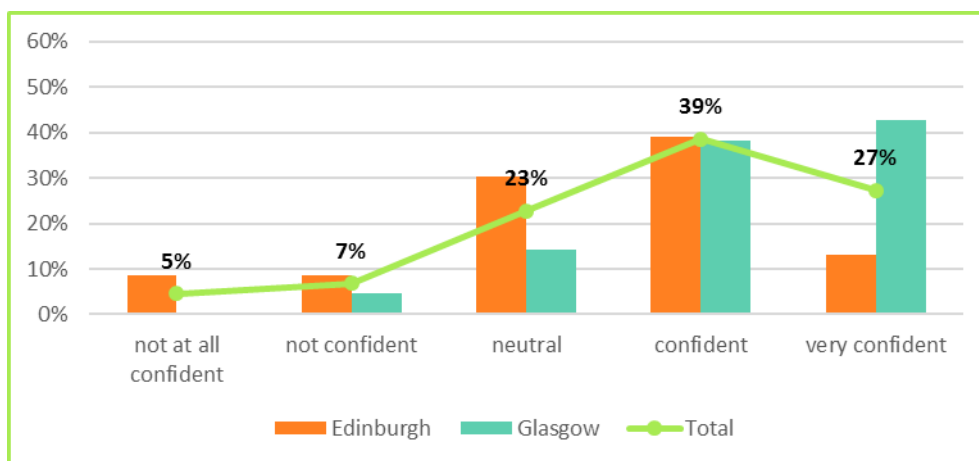
The concerns that were expressed about Kitemarks and other statements of quality were generally related to the fact that something can 'look official without really meaning much' and the problems associated with ensuring that levels of quality are maintained over time for example:

"Industry codes can't always be trusted as they have to be kept up to date and adherence monitored."

"You'd have to know it was genuine to put much trust in it."

KEY POINTS RELATING TO CONSUMER PROTECTION IN THE COLLABORATIVE ECONOMY

- Participants' responses from the workshop suggest that consumer expectations when purchasing goods or services from a peer-to-peer site were very similar to when making transactions with any other source.

- The majority of participants were also unaware that there are different sets of rules and protections that cover business-to-consumer and consumer-to-consumer transactions.

- Further, it was clear that they did not necessarily distinguish between the platform's role in connecting an independent provider with a consumer and the company responsibilities they would expect from using another type of online service.

- Despite claims that the widespread practice of presenting user reviews and ratings within the collaborative economy increases consumer confidence, this was found to be the

'quality assurance' mechanism that most participants reported that they relied on the least – although they overwhelmingly admitted to reading them!

- That said, the greater number of reviews that were visible, and the more consistent the reviews were, did have a positive impact on consumer confidence in purchasing a product or using a service.

- Over half of the participants in the workshops reported that when a site offered insurance or guarantees it made them more confident when entering into a transaction. This measure was seen as a sign that the platform had faith in the quality of the products it was brokering.

- Kitemarks and adherence to industry standards were identified by participants in the workshops as having the most influence on encouraging confidence in using a site as this suggested a level of independent verification of standards of good practice and customer service.

WORKERS' RIGHTS WITHIN THE 'GIG ECONOMY'

The final aspect of the collaborative economy discussed at the workshops related to how the proliferation of online platforms designed to connect those who want to provide a service, with those who want to buy a service, has contributed to the expansion of 'gigs' i.e. task based working. It was highlighted to participants that key sectors for the gig economy include transport and courier services, storage, property, finance and marketing.

As noted earlier, a key element of the collaborative economy is the flexibility that it provides, enabling people to earn extra income and have flexible working patterns. To enable this many of the workers supplying services through these platforms are classed as self-employed under UK employment law and, as such, basic employment rights that workers and employees enjoy such as holiday pay, sick pay and the right to the national minimum wage do not apply.

While this has been standard practice in many sectors long before the advent of collaborative economy platforms (e.g. for cleaners, handymen, household trades and personal services) there has been ongoing debate, along with extensive media coverage, about the extent to which the classification of providers as self-employed accurately reflects their status in some sectors of this new marketplace i.e. the extent to which providers may be subject to substantial controls from collaborative platforms while lacking the benefits associated with employment. This appears to be a particular concern in relation to people working in the delivery and transport sectors and therefore this sector was the focus for this discussion within the workshops.

Three particular aspects of the way people working through these platforms were identified as prompts for the discussion. These were:

- The struggle to earn minimum wage;
- The lack of control providers have over how they will provide a service or what price they will charge;
- The restrictions and conditions some platforms place on providers.

THE STRUGGLE TO EARN MINIMUM WAGE

When participants in the workshops discussed the potential difficulties a food courier, for example, could have earning minimum wage they were generally unaware that they were paid only a fee per delivery, as most had assumed couriers like this were paid an hourly rate. They were generally also very concerned about the low rates paid per delivery, and the fact that someone could make themselves available for work for a set shift and actually receive no income if there were no deliveries to be made – although they did recognise that this was a risk with any form of self-employment.

> *"It seems unfair that income per shift is always unknown as it is based on how many deliveries – it's like a zero hour contract but worse because you actually have to 'go' to work and still might not get paid."*

> *"Seems exploitive as the company does not need to pay them anything if they don't have any deliveries for them to do."*

> *"The rate per delivery should increase OR they should be paid a minimum set amount per shift if there are not enough deliveries for them to make."*

In general people's suggestions for what should be done to allow people in these sectors the opportunity to earn at least minimum wage from the hours they were signed in to work involved limiting the number of drivers 'available' at any one time.

"Put a cap on the number of workers per day. Lower supply = higher pay therefore can earn a fair wage."

"There should be a limit to how many drivers on per shift so people can make money and earn a living."

"Put a rota system in place to ensure workers can receive a decent wage."

Other suggestions included:

- Find a way of allowing drivers to see how many others are already signed on as available in their area before they agree to be available.
- That there should be an option to tip the driver on the app when making the initial payment
- And that *"Drivers should unionise and vote with their feet (bikes/cars…) i.e. leave."*

LACK OF CONTROL FOR PROVIDERS

Workshop participants were generally unaware of some of the lack of controls that can exist for providers within the gig economy, such as drivers/couriers not being given their destination before accepting a job or the potential for them to be refused work due to a slightly lower star rating, even if they were signed on as available. This was described variously within the workshops as *"exploitation", "bullying"* and an *"abuse of power".* The power imbalance that these controls seem to suggest resonated strongly with workshop participants and seemed counter-intuitive to these drivers being classed as 'self-employed'.

"This is employer subjugated control in a so called 'free employment' platform."

"Self-employed should mean CONTROL – not total lack of it."

Suggestions of what should be done focussed on the rating system for drivers and the perceived unfairness of the impact a small drop in rating could make to an individual's ability to earn a livelihood.

"Star system needs to be explained to customers – many will give 4 stars if service was good and 5 stars if excellent. But if too many 4s they can lose their job."

RESTRICTIONS AND CONDITIONS ON PROVIDERS

Despite being classified as self-employed, many of the workers in the transport and delivery sector are given strict guidelines to work within. For example, some platforms dictate the routes, the prices, the shifts available to workers or require the driver to wear a company uniform. Most of the participants felt that conditions or restrictions like this made the relationship feel distinctly like that between an employer and employee. They felt that in most case any advantages to the driver from flexible working arrangements appear to be outweighed by the disadvantages.

"This doesn't seem like self-employed at all if dictating a lot of rules."

"It seems that companies like this want to have it all. No responsibility to employees yet workers are subject to rules similar to those employed."

It was generally held by participants in the workshops that if a platform want to have that much control over its workers it should classify them as employed and offer at least minimum wage and benefits. Further, that if they want to continue to operate on the basis that drivers are self-employed, then they must offer workers greater freedom to make the most of the flexibility this should offer.

KEY POINTS RELATING TO WORKERS' RIGHTS WITHIN THE PEER-TO-PEER TRANSPORT SECTOR

- Participants in the workshops were generally unaware that workers within this sector, particularly within the delivery sector, were classed as self-employed and that someone could make themselves available for work for a set shift and actually receive no income if there were no deliveries to be made.

- While recognising that this was a risk with any form of self-employment there was a general feeling conveyed across the workshops that, unlike a zero-hour contract, if you actually were 'working' a shift then there should be the expectation of being paid at least minimum wage for the time you made yourself available to the company.

- There was also a lack of awareness that there was no limit to the amount of providers that could 'sign-up' as available at a particular time, and also that a provider had no way of knowing how many other providers were 'available' in their area, and therefore whether it was a potentially 'profitable' decision to make themselves available at any given time.

- Participants were also very concerned about the fact that a driver's rating could affect their eligibility for future work – especially when the cut-off point appeared to be high. Many participants in the workshops expressed the belief that consumers needed to have a greater awareness of this as it would be likely to impact upon how ratings were given.

- In all of the situations discussed it was felt that the balance of power/control lay with the company providing the platform rather than the self-employed person directly providing the service – and that this seemed contrary to the principles of flexibility and choice that should underpin self-employment within a 'fair work' environment.

- There were also concerns raised that, in the current employment market, the decision to be 'self-employed' and available to work within this growing sector of the economy, was not so much a choice but a necessity for many of the more vulnerable people within society who did not have otherwise marketable skills.

- Overall, there was a feeling that many platforms like this were potentially taking advantage of a loop-hole in employment law: because it felt like any advantages to drivers provided by flexible working arrangements could easily be outweighed by the controls/limitations that a company could impose.

PARTICIPANTS' KEY MESSAGES TO THE EXPERT ADVISORY PANEL

At the end of the workshops each group was reminded of the overall purpose of the day and the role of the Expert Advisory Panel. In small groups they were then asked to reflect back over all of the discussions they had been part of, and all of the things they had learnt throughout the session, to collectively identify the key messages that they wanted to send to the panel for consideration.

KEY MESSAGES

In Edinburgh 13 distinct messages were identified by participants who were then given up to six votes (i.e. just under half the number of options) to use to show which they personally thought were the most important.[11]

Figure 20 - Key messages from the Edinburgh workshop

		Votes
a.	If it feels like 'working' then people should have fair working conditions - minimum wage, sick pay etc.	28
b.	There is a need for Health and Safety regulations / minimum standards (particularly in relation to the accommodation sector).	15
c.	Split the sectors and do not try and regulate collectively.	15
d.	Do not overregulate, otherwise you could kill the entire market – still allow us flexibility.	15
e.	There needs to be more protection for workers, but particularly self-employed to allow for real choice.	13
f.	Protect low skilled and more vulnerable workers – big business is not always good for society.	12
g.	There is a need to review existing regulation in light of the sharing economy – not just create more.	12
h.	The onus needs to be on the platforms to make sure providers meet any standards set.	11
i.	Embrace the new technologies but protect the rights of the workers and the customers and society.	9
j.	Timing is important for the implementation of regulation. Some sectors require immediate attention, some don't.	8
k.	All peer-to-peer accommodation earnings should be taxable (not just over £7500) – Why is there a loophole for this and not for other sectors?	7
l.	People who work for Uber etc. should be able to earn the living wage from working full time hours (at minimum).	5
m.	Prevent market saturation to maintain quality/value of products or services.	3

Ensuring that platforms within the collaborative economy support workers providing service through these platforms to have fair and flexible working conditions, should they choose to be self-employed, was something supported by all participants in the workshop.

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[11] As in the similar previous exercise, participants were only allowed to vote once for any single option and did not have to use all of their votes. Instead they were encouraged to only vote for up to 6 'messages' that they personally felt were important.

One aspect of the discussion that only came up in the Edinburgh workshop, although here it was prioritised by a quarter of participants, was the question of why there was a tax-free threshold for earnings made by sharing accommodation but not for other ways of interacting with the collaborative economy. A notable number of participants in this workshop felt that this entitlement should be spread across the range of resources that a provider was able to share – particularly in relation to car hire.

In Glasgow nine distinct messages were identified and each participant was given up to four votes (i.e. again, just under half the number of options) to use to show which they personally thought were the most important. Workers' rights, fairness and flexibility in any regulatory approach and consumer rights were again key priorities, supported by more than half of the group.

Figure 21 - Key messages from the Glasgow workshop

		Votes
a.	Workers' Rights! Workers in the collaborative economy should expect fair treatment, reasonable working conditions and to be able to earn at least minimum wage if they're not getting employee benefits.	20
b.	Fairness in regulation – in ways that continues to allow opportunities for people to engage as providers.	18
c.	Protect consumer rights – by taking a considered approach to the needs of consumers and prioritising what needs regulated in order to protect them.	16
d.	Regulations need to be structured for self-employed / providers in ways that reflect the scale of their operation.	8
e.	The collaborative economy is too complex to have one 'blanket' policy – needs to be different for different sectors!	6
f.	There is a need to protect the rights of providers to engage with these sectors in new ways.	5
g.	Regulation needs to take into account the social impact on communities.	5
h.	Providers making significant financial gain from providing services through these platforms must be paying taxes and should be registered as businesses.	4
i.	Any regulation must protect opportunities for innovation.	2

Although not top of the priority list, an interesting aspect of the discussions in Glasgow related to the impact that platforms like this have on the social fabric of communities, and not only in terms of accommodation as was the focus in Edinburgh. In Glasgow participants also spoke far more about the impacts these platforms can have on local small businesses and also the social impacts of these changing patterns of interaction. For example, whereas people may previously have gone to a local restaurant for a meal the ease of having virtually anything you want delivered to your door reduces this need, as does the opportunity to have products delivered and people carry out day-to-day tasks on a paid basis.

KEY MESSAGES FOR THE EXPERT ADVISORY PANEL

When the key messages identified across both of the workshops are combined, particularly if focus is given to themes that emerged as important in both workshop, five key messages to the panel emerged.

1. **There is a need to ensure fair working conditions for people 'working' within the collaborative economy**: **96 per cent** of participants in the workshops prioritised the need to ensure that people 'working' through collaborative economy platforms have 'fair working conditions' and do not face undue restrictions upon earning at least the minimum wage from working a standard 35 hour week. While throughout the workshops there was a growing understanding among participants that most of these platforms operate on the basis of workers being self-employed, it was widely felt that the restrictions, controls and penalties some platforms (particularly in the transport and delivery sectors) imposed on those working with/'for' them, were fundamentally imbalanced and unfair: given that workers were generally not receiving employee benefits e.g. sick pay or paid holidays, although in some case could actually be penalised for taking time off (something that to many appeared to be profoundly antagonistic to the principle of flexible self-employment).

2. **That any regulatory response needed to be measured and not over constraining**: so as to still allow for the flexibility for people to engage as occasional providers, to supplement their income and make use of their spare time and un-used resources, without being subject to disproportionate amounts of regulation. **76 per cent** of workshop participants indicated in their final votes that, retaining flexibility and the ability for individuals to engage as providers, was a feature that they particularly valued about the opportunities presented by collaborative economy platforms. This was despite being quite unequivocal in their earlier opinions that there was a need for regulation when people were using these platforms to run an unregistered 'business'.

   "Do not overregulate, otherwise you could kill the entire market."

   This confirms the importance of finding a publicly acceptable 'tipping point' about what counts as casual provision and what counts as 'business', and therefore the point where regulations apply.

3. **There is a need to ensure consumers are protected**: Fundamentally this came down to the need to ensure basic consumer rights are maintained during interactions with platforms in the collaborative economy, alongside the need to ensure that consumers are better informed about their rights – but also their individual responsibilities – when making transactions within this new market. **50 per cent** of workshop participants prioritise this when considering their overall messages to the panel and urge them to consider the expectations of consumers when considering where there is a need for regulation.

4. **When people are using these platforms to operate what would otherwise be seen as a 'business' then there is a need for regulation to ensure minimum standards and fair competition:** The importance of the collaborative economy not becoming an enabler for unregulated businesses and undeclared income was seen as very important in both workshops, prioritised by **46 per cent.** Participants recognised that a key challenge for the panel will be establishing a shared understanding of the borderline between making use of underused resources and operating a business in some aspects of this economy (particularly in relation to peer-to-peer accommodation provision). The concern here was not simply about ensuring that tax is paid on income but also that once consumers perceive that they are transacting with a 'business' they do have different expectations relating to standards and responsibilities. It was however also seen as very important that

regulation was scaled to reflect the size of the business that was being run, so as not to impose undue administrative burdens on small business operators and sole traders.

5. **Split the sectors when considering regulation**: In both workshops there was a clear message expressed that the collaborative economy is too complex a marketplace to have one 'blanket' policy that attempted to regular peer-to-peer transaction apps. Instead **42 per cent** of participants prioritised the need for different regulations for different sectors as one of their key messages to the panel. The timing of implementing regulations was also seen as vital, as from the discussions it appeared to participants that while some sectors, particularly the accommodation and transport sectors, may require immediate attention, other sectors should be perhaps left to find a natural equilibrium before considering regulatory responses. The discussions also noted that they felt that there was a further need to review and revise existing sector regulation in light of the sharing economy rather than just create more on top.

DEMOGRAPHIC PROFILE OF PARTICIPANTS

	Edinburgh	Glasgow	Overall
Number of participants	28	22	**50**
Gender			
Male	13	10	**46%**
Female	15	12	**54%**
Age			
18-24	5	6	**22%**
25 - 54	14	13	**54%**
55+	8	4	**24%**
not disclosed	*2*		
Working status			
Working (full-time)	14	18	**64%**
Working (part time)	6	3	**18%**
Not Working (including retired and full-time students)	6	1	**14%**
not disclosed	*2*		
Social Grade			
ABC1	12	9	**42%**
C2DE	14	12	**52%**
not disclosed	*2*	*1*	
Ethnicity			
Identified as BME	2	2	**8%**