Partnership report

SPT

Scottish Expert Advisory Panel on the Collaborative Economy – Call for Evidence – SPT response

Date of meeting   23 June 2017   **Date of report**   2 June 2017

Report by Senior Director

1. Object of report

To recommend approval of SPT's response to the Scottish Expert Advisory Panel on the Collaborative Economy's Call for Evidence. SPT's draft response is attached at Appendix 1 and was submitted within deadline on 2 June 2017.

2. Background

2.1   There are various definitions of the 'collaborative economy' – sometimes also known as the 'sharing economy'. Sharing Economy UK[1], the UK trade body for the sector defines it as *'using internet technologies to connect distributed groups of people and organisations to make better use of goods, services, capital and spaces, sharing access and so reducing the need for ownership'*. The European Commission[2] has recently defined it as: *'the collaborative economy refers to business models where activities are facilitated by platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals – these transactions generally do not involve a change of ownership and can be carried out for profit or not-for-profit.'* There are more definitions of the sector, but this apparent lack of certainty or consistency on what it actually is perhaps reflects its relative youth and the speed at which it is growing.

2.2   Possibly the best known examples of the collaborative economy in the UK are Uber and AirBnB which have now firmly established themselves in the public consciousness as options to consider for travel and accommodation respectively. There are other examples of what could be called public or third sector collaborative economy transport initiatives such as SPT JourneyShare, Glasgow's Co-Wheels Car Club, and the Community Transport Public Social Partnership (PSP), a partnership between SPT and the West of Scotland Community Transport Network.

3. Outline of proposals

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[1] http://www.sharingeconomyuk.com/

[2] file://draco/BDK$/Downloads/COM_2016_356_F1_COMMUNICATION_FROM_COMMISSION_TO_INST_EN_V9_P1_851616.PDF

3.1 In early 2017, the Cabinet Secretary for the Economy, Jobs and Fair Work, Keith Brown MSP, asked Helen Goulden, Executive Director of Nesta[3], an innovation foundation, to chair the Scottish Expert Advisory Panel on the Collaborative Economy[4]. The Panel will be examining the following areas as part of their work:

- How to ensure that regulation is fit for purpose and that an appropriate balance is struck to allow competition to flourish;

- How to protect and empower consumers and identify clear routes to redress;

- How to support Scotland's business base to digitally transform and compete in the evolving market place; and

- How to ensure that the wider economic, social and community impacts, including taxation, social inclusion and employment conditions, are understood.

The first stage of their work is to gather views from interested parties through this Call for Evidence.

3.2 SPT's draft response is attached at Appendix 1. The key points of our draft response include:

- The collaborative economy is already having a significant impact on the way transport is designed, delivered and paid for, and this is likely to grow considerably in future;

- There appears to be huge potential to utilise collaborative economy initiatives (such as a "Mobility as a Service" initiative) for improving access in rural areas, for those without access to a car and for other societal groups who have transport issues, as well as in other sectors such as freight transport;

- A key challenge will be the step-change in travel behaviour required to convince people to use a collaborative economy transport initiative when, for example, they are used to having a car available for their own use all day, every day;

- There are concerns that the sector does not have enough regulation at present, although there are various industry-led initiatives in that regard (e.g. the Sharing Economy TrustSeal) and the apparent embracing of the industry by insurance companies has led to added confidence;

- SPT believes that the Scottish Government should provide a framework for growth of the industry in Scotland, and should make funding available for those wishing to explore opportunities in the sector; and

- SPT would be keen to explore further pilot project opportunities, building on such initiatives as the Integrated Transport Hub, the Bramble smartcard and the Zonecard.

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[3] More information on Nesta is available at http://www.nesta.org.uk/
[4] More information on the Panel's remit is available here: https://consult.scotland.gov.uk/digital-communications/collaborative-economy/

4. Conclusion

Without doubt, the 'disruptive' nature of collaborative economy initiatives has the potential to fundamentally change transport demand and supply in future. The sector is growing quickly, and SPT has recently become one of the first members of Mobility as a Service Scotland (MaaS Scotland) to ensure we remain at the forefront of any dialogue on such initiatives. It is likely that the collaborative economy will be a key part of any future RTS (which is covered in another paper to this Partnership meeting) and officers will continue to liaise with industry, monitor development of the sector, and will advise the Partnership of any future developments as necessary.

5. Partnership action

The Partnership is recommended to:

- Note the contents of this report; and
- Approve SPT's draft response to the Scottish Expert Advisory Panel on the Collaborative Economy's Call for Evidence attached at Appendix 1.

6. Consequences

Policy consequences	*The collaborative economy has the potential to fundamentally alter the way transport is designed, delivered and paid for in the future, which will have impacts for all transport organisations.*
Legal consequences	*None at present.*
Financial consequences	*None at present.*
Personnel consequences	*None at present.*
Equalities consequences	*Collaborative economy transport initiatives have the potential to reduce transport inequality for excluded groups.*
Risk consequences	*None at present.*

Name	**Charles Hoskins**		**Name**	**Gordon Maclennan**
Title	**Senior Director**		**Title**	**Chief Executive**

For further information, please contact *Bruce Kiloh, Head of Policy and Planning* on *0414 333 3740.*

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Scottish Expert Advisory Panel on the Collaborative Economy – Call for Evidence – SPT response

Strathclyde Partnership for Transport (SPT) is the Regional Transport Partnership and Public Transport Authority for the west of Scotland. Our area covers 12 council areas – the Helensburgh and Lomond area of Argyll and Bute, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire – with a population of 2.14m people.

SPT has a range of planning and operational responsibilities including the development and delivery of the statutory Regional Transport Strategy, owning and operating the Subway, project development and delivery, supporting socially necessary bus services, managing infrastructure such as Buchanan Bus Station, school transport, and much more. Further information on who we are and what we do is available at www.spt.co.uk.

What are the key opportunities that you see for the collaborative economy in Scotland?

The impact of the 'collaborative' or 'sharing' economy on transport is already considerable and has the potential to fundamentally alter the way transport is designed, delivered and paid for in the future.

According to PWC[5], in 2016 in the UK, peer-to-peer transportation services accounted for 13% of transaction volumes and for 38% of revenues – the highest of any sector. Companies such as Uber and the service they provide are already well established as an option to consider in any travel decision (particularly in metropolitan areas at present).

In addition, within the transport sector, the concept of 'Mobility as a Service' (MaaS) is firmly gaining traction as a future model to be considered in any strategy development and indeed, the recent establishment of MaaS Scotland – of which SPT is one of the first members – demonstrates the mainstreaming of such ideas in the transport profession, all within a relatively short timeframe.

The so-called 'disruptive' nature of the opportunities afforded by the collaborative economy in transport could have a seismic effect on what could be called 'perennial' transport problems. For example, a key advantage would be maximising the use of available capacity across public, personal and freight transport: current examples include HiyaCar, JustPark, and Uber Freight. Crucially, in terms of the public viability of such initiatives, the common thread in all of these is the potential to generate income for the individual willing to 'share' their service or infrastructure. A key selling point of such initiatives is that a person's car is usually their 2nd most expensive asset after their home, yet it can often lie unused for up to 20+ hours a day. The idea that you can utilise that asset to generate an income through a peer-to-peer transport service could be very attractive.

There are already various 'sharing economy' transport initiatives established in Scotland such as car sharing and bike hire programmes (SPT JourneyShare, NextBike in Glasgow) which, while relative small scale, have proved popular and demonstrate evidence of demand for such services which future initiatives could build on. In England, the West Midlands Combined Authority in partnership with MaaS Global Ltd, National Express, SilverRail and

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[5] See *https://www.pwc.co.uk/issues/megatrends/collisions/sharingeconomy/outlook-for-the-sharing-economy-in-the-uk-2016.html*

Birmingham City Council are soon to launch a pioneering MaaS service for the region called WHIM[6]. This pilot initiative will be monitored very closely by transport authorities and providers across the UK to assess the potential for similar initiatives in their areas.

SPT, through Nevis Technologies – our joint venture company with Rambus[7] - has led the way in commercial transport smartcard ticketing in Scotland, and the "Bramble" smartcard is now the most successful in the country. Bramble has the potential to utilise account-based ticketing for collaborative economy transport initiatives, so there are platforms on which this sector could grow in Scotland.

From a wider policy perspective, the collaborative economy in transport has the potential to improve access for deprived areas or where car ownership is low, and in rural areas, where public transport service provision may be limited. Furthermore, SPT has been promoting greater sharing of transport resources within the public sector of the west of Scotland for many years – the principle being more effective and increased utilisation of transport assets – and we can see significant opportunities within transport for health and social care, non-emergency patient transport, community transport, MyBus (SPT's Demand Responsive Transport service) and socially necessary subsidised bus services. SPT has, with support from the Scottish Government, established an Integrated Transport Hub and Public Social Partnership to turn our idea into action, and progress so far has been good. Similarly we have set up the West of Scotland Community Transport Network to help co-ordinate "third sector" transport in our region. Concepts such as this are the basis on which the collaborative economy within the wider public sector in Scotland could grow.

Without doubt, there is also a commercial motivation to adopt collaborative economy transport initiatives – businesses saving money, time, and being more efficient. This will be a key factor in wider adoption in future.

What are the key challenges that you see arising for the collaborative economy in Scotland?

As noted above, there are various Scottish collaborative economy transport initiatives underway, so the principle has been established but it is still far from mainstream in society. Indeed, the adoption of such initiatives at a significant level within people's lives will require considerable behavioural change to occur. Are the people of Scotland ready to let a person they don't know use their car, even if it is for monetary recompense, and appropriate background checks have been carried out? In London, where peer-to-peer car sharing services have grown significantly in recent times, the answer would appear to be 'yes', although such services are rarely used for commuting, more for weekend/leisure trips. There may also be a generational factor at work – are the younger generation more open and amenable to such initiatives? – meaning, over the long term, the potential for steady increase.

A further issue to consider is how the collaborative economy will impact on 'traditional' public transport services (bus, rail, subway, taxis) in future and how organisations operating within this sector will adapt to change. As the collaborative economy grows (as is predicted), will there be less investment in traditional public transport services, will areas become less accessible, will certain societal groups become more isolated? At the moment, the momentum behind collaborative economy initiatives means the answer appears to be 'no', but it remains to be seen how that sectors growth will impact in the longer term on society and how transport is delivered. The challenge for decision-makers will be the need to find a

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[6] http://whimapp.com/uk/2016/12/15/transport-for-west-midlands-and-whim-set-to-pioneer-maas-in-the-uk/
[7] https://www.rambus.com/

way to stimulate and encourage the shared economy where it works and is beneficial, but still provide a traditional public transport network where it is deemed necessary and needed.

There are also concerns that the collaborative economy in transport could actually increase the number of cars on the road, generating additional congestion and pollution – although it should be noted that there are many who argue that this won't happen and that such initiatives as MaaS will actually ease those issues as problems. Nevertheless, similar to the previous point, the actual effects will need closely monitored as the sector grows.

Do you think that the collaborative economy is suitably regulated whilst still allowing competition and innovation to flourish?

As with any existing or 'new' industry or sector, it is essential that there is appropriate legislation, regulation, and controls in place – for reasons such as public safety and security, data use, Disclosure Scotland clearance, for example. Concerns have been raised that there is not enough regulation in place for some collaborative economy transport initiatives and that, indeed, some organisations are actively exploiting this lack of regulation to grow their business. Interestingly, the insurance industry appear willing to embrace the collaborative economy transport sector – for example, HiyaCar have partnerships with AXA and the AA – and so this is providing a level of regulation to the sector, who will have to satisfy terms, conditions and regulations set by the insurers. There is also an element of self-regulation within the sharing economy sector – through Sharing Economy UK's Code of Conduct[8]. There is also a 'kitemark' available for such companies – the Sharing Economy TrustSeal[9] - which, if awarded, gives users and other partner businesses the confidence and knowledge that the company in question will operate to a certain standard.

On the other hand, it could be argued that the current lack of regulation of the sector has allowed it to develop organically and grow to its current position. In this regard it is difficult to 'retrospectively regulate' as custom and practice may have already been established without major incident. Nevertheless, the potential extent and reach of collaborative economy initiatives across many aspects of our lives make it necessary for Government and other bodies to monitor the development of the sector closely and step in to regulate as the industry grows.

What do you think are the barriers which are constraining growth of the collaborative economy in Scotland?

As noted above, any growth in the collaborative economy's transport initiatives will need to go hand in hand with behaviour change to enable that growth - Are people ready to let other people use their car during its downtime even if they are getting paid?

In addition, while people are aware of such big names as AirBnB and Uber, overall public awareness as a 'daily use' future business model are still at an early stage and thus could be limiting growth. Indeed, there is evidence from London that peer-to-peer transport services are not suited for commuting purposes and are utilised more for leisure trips or short one-off business trips.

At a more practical level, the availability of start-up funding for such initiatives may be holding back development; this is always an issue in any developing industry. The risk for investors may be too high to commit to invest in small start-ups at this stage, although the success of such companies as Uber and AirBnB in attracting significant investment will be addressing this.

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[8] See http://www.sharingeconomyuk.com/code-of-conduct
[9] See https://sharingeconomytrustseal.com/about/

What role do you think government should play?

The Scottish Government should provide a clear national framework for growth, provide appropriate regulation and legislation (a Scottish Digital/Collaborative Economy Act?), and potentially provide funding for assistance with development – this could potentially come through regional or local partners; in the instance of transport, Regional Transport Partnerships. Some form of forum – such as MAAS Scotland – for promotion of the collaborative economy could also be a helpful government intervention.

Do you have any general comments about the collaborative economy?

As noted above, SPT has been involved in a form of 'collaborative economy in initiatives such as the Integrated Transport Hub, West of Scotland Community Transport Network, JourneyShare, and Bramble smartcard. SPT also operates and administers the region-wide multi-modal Zonecard ticket – again a model for the transport collaborative economy as it involves most public transport operators in our area.

SPT would be very interested in pursuing some form of pilot project in relation to a transport-related collaborative economy initiative and would be happy to elaborate on our response to the Panel as necessary.