

Unlocking the sharing economy

An independent review

by Debbie Wosskow

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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses, income, and transfers between accounts.

Next, the document outlines the process of reconciling bank statements with the company's internal records. This involves comparing the bank's record of transactions with the company's ledger to identify any discrepancies. Common reasons for these differences include timing issues, such as deposits in transit or outstanding checks, as well as potential errors in recording or bank-side mistakes.

The document then provides a detailed guide on how to properly record transactions in the general ledger. It covers the use of debits and credits, ensuring that the accounting equation remains balanced. Specific instructions are given for recording sales, purchases, and various types of expenses, highlighting the importance of using the correct accounts and amounts.

Finally, the document concludes with a summary of the key principles of accurate record-keeping. It stresses that consistent and thorough documentation is essential for the success of any business, as it provides a clear and reliable picture of the company's financial health. The document also includes a checklist of items to verify when reviewing the records, such as ensuring all transactions are supported by proper documentation and that the books are balanced at the end of each period.

Foreword by Minister of State for Business, Enterprise and Energy

The sharing economy is an exciting new area of the economy. Digital innovation is creating entirely new ways to do business. These new services are unlocking a new generation of microentrepreneurs – people who are making money from the assets and skills they already own, from renting out a spare room through Airbnb, through to working as a freelance designer through PeoplePerHour. The route to self-employment has never been easier.

The sharing economy is also about new ways of doing things. For some, owning a car is no longer the status symbol it once was – membership of a car club means they can still drive when they need to, but don't have to worry about MOTs or finding a parking space. Others are meeting their neighbours for the first time through platforms that help people share their gardening tools in their local areas. And many, particularly young people, are finding that staying with someone in their home is an entirely different way to see a new city.

The sharing economy is already transforming many sectors, including accommodation, skills and transport, as Debbie Wosskow has set out in this report. It is spreading across new sectors, including food, fashion and consumer electronics, and changing the way businesses work with each other.

The UK is embracing new, disruptive business models and challenger businesses that increase competition and offer new products and experiences for consumers. Where other countries and cities are closing down consumer choice, and limiting people's freedom to make better use of their possessions, we are embracing it.

I welcome Debbie Wosskow's report and the ambition it shows. The government will respond to her recommendations in full in early 2015.



Rt Hon Matthew Hancock MP
Minister of State for Business,
Enterprise and Energy

The first part of the document discusses the importance of maintaining accurate records of all transactions. This includes not only sales and purchases but also any other financial activities that may occur. It is essential to ensure that all entries are properly documented and supported by appropriate evidence.

In addition, the document emphasizes the need for regular reconciliation of accounts. This process involves comparing the company's internal records with external statements, such as bank statements or supplier invoices, to identify any discrepancies. Regular reconciliation helps to prevent errors and ensures that the financial data is up-to-date and accurate.

Another key aspect of financial management is the timely payment of bills and invoices. Failure to pay on time can lead to strained relationships with suppliers and potential penalties. Therefore, it is crucial to establish a system for tracking due dates and ensuring that payments are made promptly.

Finally, the document highlights the importance of maintaining a clear and organized system for storing financial records. This can be achieved through the use of digital accounting software or a well-structured filing system. Proper record-keeping not only facilitates the preparation of financial statements but also provides a clear audit trail for all transactions.

Chapter 1:

Introduction and summary of recommendations

In September 2014, Matthew Hancock MP, the Business Minister, asked me to write a report on the sharing economy – and to make recommendations as to how the UK could become a global centre for this fast-growing sector.

The sharing economy allows people to share property, resources, time and skills across online platforms. This can unlock previously unused, or under-used assets – helping people make money from their empty spare room and the tools in their sheds they use once a year. It allows people to go from owning expensive assets, such as cars, to paying for them only when they need them. Individuals can make more from their skills, and work more flexibly.

There has been tremendous growth in the sharing economy in recent years, and this is set to continue. This is a huge opportunity for the UK, and our ambition should be to be the world's leading sharing economy.

As with all disruption, we also need to be careful. Sharing economy businesses and traditional operators need to be treated fairly, particularly in terms of regulation. Consumers must be protected, and trust must be strengthened in online transactions. However, a degree of caution should not stop us from embracing the potential sharing offers for a new, more efficient and more flexible economy.

Much needs to happen if we are to realise this ambition:

- The government should embrace the opportunities offered by the sharing economy, both to make its own operations more efficient, and to make better use of public resources
- Regulations must be examined to ensure they are still fit for purpose and meet people's expectations – particularly for accommodation and online task-sharing platforms
- We need to support start-ups in the sharing economy – by encouraging experimentation and innovation – and sharing what works
- The sharing economy itself needs to come together – to have a single voice on common concerns, and to set benchmarks and standards of service in order that consumers know what they can expect when they use these services

Recommendations

General recommendations

Fostering innovation in the UK

- An Innovation Lab for the sharing economy should be created as an incubator and research centre. This should be led by private sector investment and supported by Nesta and Innovate UK. It should:
 - provide targeted financing for sharing economy services
 - help these services learn from each other and share best practice
 - support research into how sharing models can improve the delivery of services to the UK public
 - work with cities and local areas to see how sharing economy approaches can help areas to work better together and use resources more efficiently
- The Innovation Lab and Office for National Statistics should work together to measure the size and economic impact of the sharing economy in the UK.

Trust and Identity

- Helping to build consumers' trust in online transactions in the sharing economy is critical for its future development. The government already has in place an identity verification system, GOV.UK Verify. I recommend that this is opened up to private sector services, including sharing economy businesses, in 2015.
- In the same vein, the Disclosure and Barring Service should fully digitise criminal records checks, so they can be done quickly, more cheaply, and be integrated into third party services such as sharing economy platforms.

Government procurement – opening up options

- The government should update its procurement frameworks, so that sharing economy platforms are an option when travelling, alongside the more traditional services. This should include ride-sharing and carpooling as alternatives to trains and taxis, and accommodation sharing as an alternative to hotels and short-term lets.
- All public bodies that maintain car fleets should investigate whether they can save money by sharing their vehicles with the public when not otherwise in use, or by replacing their fleets with membership of an existing car club scheme.

Insuring the risks

- I welcome the British Insurance Brokers' Association's new guide to insurance and the sharing economy, which is published alongside this report, as well as their recommended list of insurance brokers keen to work with the industry. This is a valuable output from this review process and a global first for the sharing economy sector.
- Sharing economy companies need to pool their resources to jointly negotiate insurance coverage. Collectively they represent a large and quickly growing market. This can be best done by the creation of a trade body to represent the sharing economy sector (see below).

Digital inclusion – reaching new audiences

- The government should continue to help the digitally excluded get online, so that they can access the opportunities offered by the sharing economy. Older people have much to gain from the sharing economy – through sharing assets that they own and participating in services like ride sharing. The government could help to make them aware of the potential benefits through offline communications, for instance through their mobile phone or landline providers, including the partners of the Go ON UK digital inclusion initiative.

Tax – making it easier

- HMRC and HM Treasury should create a guide to tax in the sharing economy, and an online tax calculator to help users of sharing economy services to easily work out how much tax they are liable to pay.

Sharing government assets

- The government should simplify the registration process for Space for Growth to remove the requirement for security vetting in buildings where this is not necessary. The online booking system should also be improved – making it as easy as possible to book government space.
- Local authorities should follow the example set by central government and share their spare spaces with local residents, communities and businesses. This could either be through the existing Space for Growth website, or through their own online presence.

Sharing economy industry representation

- Sharing economy businesses should join together to create a **trade body**, representative across all sectors. The UK is ideally placed to house an organisation that could represent the interests of the sector across Europe. This would:
 - Represent the sharing economy to the government, and lobby on shared areas of interest for businesses and consumers
 - Help attract inward investment into sharing economy services into the UK
 - Make use of the collective buying power of its members – for example in negotiating with insurers (see above)

This should be voluntary, and funded by contributions from members, at a sliding scale according to their size. It is critical that this covers off the broad church of the sharing economy – with large and small players represented in the membership base.

- The sharing economy trade body should establish a **kitemark** for responsible sharing platforms. This should set out minimum standards around:
 - acting with integrity and maintaining professional standards, e.g. by respecting users' data privacy
 - having a dispute resolution service and a right of redress for when things go wrong
 - providing insurance for users
 - ensuring users are given clear, impartial information on what regulations they need to comply with, and what taxes they need to pay
 - ensuring user reviews and ratings are unbiased, and that abuses (such as fake reviews) are identified and dealt with

There may also be specific standards for subsectors within the sharing economy, such as accommodation sharing or ride sharing.

Sector recommendations

1. Shared space and accommodation

- Regulations for those providing accommodation should be proportionate to the scale of operation – someone renting out a spare room a few nights a year should not be subject to the same level of regulation as a business renting out 100 rooms year-round. Regulations should apply in the same way to businesses that see themselves as part of the sharing economy and to traditional hospitality providers.
- The government should set clear minimum standards for health and safety, including fire safety, for all providers of accommodation. For example, there should be a working smoke alarm on every floor, and guests must be made aware of the escape plan. Platforms should make these rules clear upfront to their hosts.
- Home sharing platforms should proactively help their hosts to comply with regulations by offering clear information and pointing to applicable government guidance.
- Egregious breaches of regulation – for example, letting out a large number of rooms through sharing economy platforms, but not complying with tax and regulatory requirements – must be dealt with firmly. The government, local authorities and sharing economy platforms should work together to ensure that all legal requirements are met.
- The standard tenancy agreement template should be updated to remove the current explicit ban on subletting – tenants should be able to ask their landlords to sublet parts of their property for a period of time.
- The government should issue guidance to local authorities to allow non-residential properties to rent out their existing parking spaces without requiring explicit planning permission.
- It should be possible for landlords to sub-let unused business space on a temporary basis without automatically giving tenants security of tenure. This will help to incentivise landlords to make better use of their property without tying it up indefinitely.

2. Sharing tasks, time and skills

- Skill sharing platforms should agree to ensure workers are paid at least the Living Wage. This should form part of the kitemark for sharing economy platforms.
- Government departments should embrace time banks as a way of giving their staff the opportunity to volunteer with local charities and services, and to access new training and development opportunities for civil servants.
- JobCentre staff should be given clear guidance on how to promote both time banking and task-sharing platforms. They should actively point job-seekers towards these platforms as a way to build up their experience and earn money.
- Government schemes to encourage entrepreneurship, such as Start-up Loans, and the New Enterprise Allowance for people on benefits, should actively promote the use of task-sharing sites for starting a business.
- The government should clarify the employment status of people who use online platforms to find freelance work.

- The government should make clear the legal status and responsibilities of task-sharing platforms. In particular, it should be detailed that platforms which play a passive role in matching users (where there is no human intervention by the platform) are neither employment businesses nor employment agencies, but instead are a new form of service with lighter regulatory needs.

3. Shared approaches to transport

- Drivers that have undergone appropriate safeguarding checks should be allowed to make a profit from ridesharing. This should only apply for journeys where taking paying passengers is not the primary reason for the journey.
- The Greater London Authority should be given powers to coordinate car club parking bays across London, to ensure there is a consistent approach that allows one-way trips.
- The government and regional transport authorities should work with car clubs to integrate them into public sector transport systems. For instance, in London, car clubs should be integrated into the Oyster ticketing system.
- The government should promote the adoption of more HOV (High Occupancy Vehicle) lanes in high congestion areas, e.g. across major northern areas such as South and West Yorkshire and Lancashire.
- The government should run a competition to find a technological solution to the enforcement of HOV lanes, through the Small Business Research Initiative and Innovate UK.
- The DVLA should open up access to driver and vehicle licensing data to car and ride sharing platforms through an Application Programming Interface (API) in 2015. The cost of accessing this data should be kept to a minimum.

4. Verticals of the future

- BIS and Defra should closely monitor the development of innovative and developing sharing business models, to both to ensure regulations keep pace with new ways of doing things, and to ensure that the UK is at the forefront of the development of new, more sustainable business models.
- The government should pilot a UK 'sharing city' – where transport, shared office space, accommodation and skills networks are joined together and residents are encouraged to share as part of their daily lives.

The first part of the document discusses the importance of maintaining accurate records in a business setting. It highlights how proper record-keeping can help in identifying trends, making informed decisions, and ensuring compliance with legal requirements. The text emphasizes that records should be organized, up-to-date, and easily accessible to all relevant personnel.

Next, the document addresses the challenges of data management in a digital age. It notes that while technology offers powerful tools for data collection and analysis, it also introduces risks such as data breaches, loss of information, and information overload. The author suggests implementing robust security protocols, regular backups, and employee training to mitigate these risks.

The third section focuses on the role of data in strategic planning. It argues that data-driven insights are essential for understanding market dynamics, customer behavior, and operational efficiency. By leveraging data, businesses can identify new opportunities, optimize their processes, and gain a competitive edge. The text encourages a culture of data literacy and collaboration across departments.

Finally, the document concludes by emphasizing the ethical implications of data collection and use. It stresses the importance of transparency, consent, and data privacy. Businesses should ensure that their data practices align with applicable laws and regulations, and that they respect the rights and privacy of their customers and employees.

Chapter 2:

Overview of the sharing economy

I am defining the sharing economy as online platforms that help people share access to assets, resources, time and skills. It encompasses a broad church of businesses and business models: peer-to-peer marketplaces such as Etsy, which allows anyone to sell their craftware; services like City Car Club, where people can share access to a car without having to own one themselves and time banks like the Economy of Hours which allows you to trade your skills, an hour for an hour. Indeed, Nesta has estimated that 25% of the UK adult population are sharing online in some way.¹

PwC has calculated that on a global basis, the sharing economy is currently worth £9bn – with this set to rise to a massive £230bn by 2025. The same piece of research details how five sub-sectors of the sharing economy in the UK are worth around £500m now, and could be worth up to £9bn a year by 2025.² 70% of the UK population would share their idle assets if it were easy or convenient.³ The opportunities for business and for entrepreneurs are huge – indeed already Airbnb is valued at over \$10bn.

The opportunities within the sharing economy are not just for big businesses, and many – particularly young people and women – are already making the most of these opportunities.

They have the potential to turn the UK public into a nation of microentrepreneurs – making money through the assets and skills that they already have, and saving money by accessing goods and services rather than buying them outright. For example:

- 20,000 property owners in the UK are renting out their driveways through JustPark, making an average of £465 a year (£810 in London)
- People renting out their own cars through easyCar Club earn an average of £1,800 a year⁴

¹ <http://www.nesta.org.uk/publications/making-sense-uk-collaborative-economy>

² http://pwc.blogs.com/press_room/2014/08/five-key-sharing-economy-sectors-could-generate-9-billion-of-uk-revenues-by-2025.html

³ What We Know About the Sharing Economy, unpublished report by Compare and Share

⁴ <http://s3.easycar.com.s3.amazonaws.com/easycar-club/Life%20For%20Rent%20-%20FINAL%20-%20250314.pdf> and <http://s3.easycar.com.s3.amazonaws.com/easycar-club/Wheels%20of%20Fortune%20-%20FINAL%20-%20280514.pdf>

- Zipcar members save around £300 per month compared to owning a car⁵
- 63% of hosts reported that Airbnb income helped them pay bills they would otherwise struggle to pay, and a typical Airbnb host in London earns around £3,000 by renting out for 33 nights a year.⁶

People are not just making and saving money; many users of sharing economy services have reported that the experience itself is made better using shared models of consumption compared to traditional services. 97% of users of sharing economy services responding to the call for evidence survey reported having a positive or very positive experience.

For women within the UK, the sharing economy represents a real opportunity to work flexibly and to be 'microentrepreneurs', particularly when they have a family. 44% of economic inactivity in women of working age in London is due to caring responsibilities such as being a mother⁷ – for these women the sharing economy can offer a lifeline back into work. With around a third of sharing economy businesses having been founded or co-founded by a women,⁸ the sector seems set to have a real impact on why and how British women work in the future.

Summary of terms of reference

The aim of this review is to assess the social and economic potential of the sharing economy for the UK, and to make recommendations on how this potential can be reached. It also considers risks to consumers and concerns of established businesses.

The focus has been on three sectors where the sharing economy is increasingly well-established:

- personal and commercial space
- transport (eg car clubs and ride sharing)
- time and skills

It also looks at sectors where there is significant growth potential, such as:

- fashion
- food
- personal items (eg power tools)

The full terms of reference are on GOV.UK.⁹

⁵ <http://www.zipcar.co.uk/london/rates/savings>

⁶ <http://blog.airbnb.com/airbnb-economic-impact/>

⁷ http://www.ons.gov.uk/ons/dcp171778_383092.pdf

⁸ Analysis of Collaborative Lab list of sharing economy businesses at <http://www.collaborativeconsumption.com/directory/?locations=UK>

⁹ <https://www.gov.uk/government/publications/sharing-economy-review-terms-of-reference>

Methodology

I have actively sought to listen to the views of as many people as possible from all sides of the conversation: people using sharing economy platforms already; sharing economy operators; businesses that are facing disruption from these new business models; and trade bodies that look across sectors and industries.

I have held roundtable discussions for each of the four sectors detailed above: space and accommodation; transport; time, tasks and skills; and future sectors including fashion, food and goods. I have also hosted a roundtable looking at the cross-cutting issue of trust and the sharing economy – looking at both trust in the platforms themselves, and between users of peer-to-peer models.

I have met or spoken with over 100 people during the course of this piece of work. I have also put in place an open call for evidence, hosted on the BIS website. Over 1,000 people have responded and given their views, all of which have fed into my report. I've engaged with policy makers around government. And I have used sharingeconomyreview.uk, mainstream media and social media to connect directly with people with views on the sharing economy.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every receipt, invoice, and bill should be properly filed and dated. This not only helps in tracking expenses but also provides a clear audit trail for tax purposes. The author notes that many small businesses struggle with this, often losing receipts or failing to record them in a timely manner.

Next, the document covers the topic of budgeting. It suggests creating a monthly budget that accounts for all income and expenses. This helps in identifying areas where costs can be reduced and ensures that the business remains profitable. The author provides a simple template for a budget, highlighting the importance of sticking to it as closely as possible.

The third section focuses on managing cash flow. It explains that cash flow is the lifeblood of any business, and it's crucial to monitor it regularly. The author advises on how to manage receivables and payables, suggesting that invoices should be sent out promptly and that payments should be received as quickly as possible. Additionally, it's recommended to maintain a reserve fund to cover unexpected expenses.

In the fourth part, the document discusses the importance of marketing. It outlines various marketing strategies, from social media advertising to direct mail campaigns. The author stresses that marketing is not just about selling products but also about building a strong brand identity and customer loyalty. Regular marketing efforts can help a business stay competitive in a crowded market.

The final section of the document provides a summary of the key points discussed. It reiterates the importance of record-keeping, budgeting, cash flow management, and marketing. The author concludes by encouraging business owners to take proactive steps to manage their finances and marketing efforts, rather than reacting to problems as they arise.

Chapter 3:

Unlocking the sharing economy

Fostering innovation in the UK

People have always shared the things that they own – the digital sharing economy now allows them to do this with people they have never met before and can connect with online. The existing sharing economy platforms are only scratching the surface of what might be possible. New businesses are springing up all the time.

The full potential of sharing models is only just starting to become clear, and more research is needed to show how local areas can benefit from embracing these models. Social care, transport, and makerspaces are all areas where sharing economy models are starting to transform communities and services, but we need to do more to understand these benefits and share best practice.

Nesta has expressed their support for the creation of a sharing economy Innovation Lab in their submission to this review.¹ Innovate UK, a government agency that promotes innovation, can also help to support and develop the sharing economy's potential.

As a new and rapidly growing part of the economy, there is also a role for such a Lab to work with the Office for National Statistics to produce more robust statistics and figures on the sharing economy.

Recommendation:

An Innovation Lab for the sharing economy should be created as an incubator and research centre. This should be led by private sector investment and supported by Nesta and Innovate UK. It should:

- provide targeted financing for sharing economy services
- help these services learn from each other and share best practice
- support research into how sharing models can improve the delivery of services to the UK public
- work with cities and local areas to see how sharing economy approaches can help areas to work better together and use resources more efficiently

¹ <http://www.nesta.org.uk/publications/nestas-response-bis-review-sharing-economy>

Recommendation:

The Innovation Lab and Office for National Statistics should work together to measure the size and economic impact of the sharing economy in the UK.

Trust and Identity

Trust is a key component of the sharing economy, and is critical for all peer-to-peer businesses. As the sharing economy grows, online reputation and identification are becoming increasingly important assets. People – consumers and workers – need to trust both the platform they are using, and the people they are connecting with.

Sharing economy platforms take trust very seriously. Many peer-to-peer platforms include rating systems – for example, on Airbnb both hosts and guests can leave public reviews about each other. Some check their members' ID using third party ID verification tools. Where security is particularly important, some platforms will also do a criminal record check.

Reputation aggregators such as eRated allow people to collect and share their ratings across multiple sharing platforms – so that a strong eBay rating can help users to build trust on Etsy.

ID verification and criminal records checks

Currently, most sharing platforms use social media profiles as a rudimentary form of ID verification. Companies such as Veridu and Jumio provide more sophisticated ID verification, helping to build trust among users and reduce fraud.

The government is also building its own ID verification scheme, GOV.UK Verify, which allows citizens to create a secure ID with which they can login to online government services. The Government Digital Service is creating this using open standards, and intend to eventually open up the scheme to other services – possibly including sharing economy platforms.

Some services need to go further than simply checking identity – they need to check whether a user has a criminal record, through the Disclosure and Barring Service. For example, services involving contact with vulnerable people or children (such as babysitting) may require this. But the current system is outdated – it can take weeks to apply for a check, it is costly (£25 for the basic check), and the end result is a paper certificate, rather than a digital certificate that can be integrated into an online profile.

Recommendation:

Helping to build consumers' trust in online transactions in the sharing economy is critical for its future development. The government already has in place an identity verification system, GOV.UK Verify. I recommend that this is opened up to private sector services, including sharing economy businesses, in 2015.

Recommendation:

In the same vein, the Disclosure and Barring Service should fully digitise criminal records checks, so they can be done quickly, more cheaply, and be integrated into third party services such as sharing economy platforms.

Government procurement – opening up options

Travel and accommodation

The public sector spends millions of pounds a year on travel and accommodation for its employees. Many public sector organisations have inflexible procurement frameworks and contracts that mean employees have to make reservations through booking management systems. By default, this means employees can choose from a limited set of hotels, and can travel only by train or taxi.

Sharing economy platforms offer a real opportunity to save money and make better use of public servants' time. The nearest hotel to a conference might be a taxi ride away, but there could be a shared accommodation host within walking distance for less money. Civil servants from different organisations might be taking the same journey, some by car and some by train, where carpooling could save them all time and money.

Recommendation:

The government should update its procurement frameworks, so that sharing economy platforms are an option when travelling, alongside the more traditional services. This should include ride-sharing and carpooling as alternatives to trains and taxis, and accommodation sharing as an alternative to hotels and short-term lets.

Publicly owned vehicle fleets

Like other employers, many public bodies own fleets of vehicles – such as cars used by social workers, and vans used for maintaining parks. But as with consumer-owned cars, for much of the time these vehicles are un-used – particularly in the evenings and at weekends, when the majority of public sector employees are not working.

The sharing economy could help these organisations exploit this spare capacity – by renting their vehicles out to local residents and businesses when they are not being used. Alternatively, they could decommission their own fleet entirely, and buy their employees car club memberships instead, so they are only paying for vehicles when they are actually used. Croydon Council took this approach in 2010, when it piloted a partnership with Zipcar that gave it exclusive access to vehicles during working hours, and allowed local residents to rent them out for the rest of the time. They reported a 42% reduction in travel costs, and a 36% reduction in CO2 emissions.²

Recommendation:

All public bodies that maintain car fleets should investigate whether they can save money by sharing their vehicles with the public when not otherwise in use, or by replacing their fleets with membership of an existing car club scheme.

Insuring the risks

For many people, and for many activities, insurance is vital. Whether inviting someone into your home, or sharing a lift with them, people want to know that they are covered if something goes wrong. 75% of users of sharing economy services that responded to the Review's call for evidence reported that being insured is 'important' or 'very important' to them when using these services.

² <http://www.zipcar.co.uk/press/releases/croydon-council-cuts-employee-car-usage-in-half-with-zipcar>

However, at the moment people's existing insurance policies often do not cover them when they engage with the sharing economy. Often this can be resolved by simply phoning your insurer and asking for an existing policy to be amended – but in practice this might be a large barrier for many people who are unaware of this, and so miss out on the benefits of sharing their assets through a concern that they will not be protected in the event of something going wrong.

Many sharing economy platforms have tried to resolve this by working with insurers and brokers to offer their own bespoke, insurance products. But a number of platforms have struggled to engage with insurers for an array of reasons, including:

- a lack of awareness of sharing business models
- platforms are operating at too small a scale to be 'worthwhile' for insurers to work with
- platforms do not always have enough data to accurately price the risk of sharing activities

Earlier this year the government convened a group of sharing economy businesses, insurers, and insurance brokers to discuss and try to resolve these issues. As a result of these conversations, the British Insurance Brokers' Association has produced a guide to insurance for sharing economy businesses, which is being published alongside this report.³

I strongly welcome this and applaud their efforts. At least 10 insurance brokers are now between them offering products suitable for businesses across the sharing economy.

Recommendation:

Sharing economy companies need to pool their resources to jointly negotiate insurance coverage. Collectively they represent a large and quickly growing market. This can be best done by the creation of a trade body to represent the sharing economy sector (see below).

Digital inclusion: reaching new audiences

The new wave of sharing economy platforms described in this report are primarily accessed digitally – online or through smartphone apps. This accounts for a huge part of their success and growth – they are easy to access anywhere and at any time.

In 2014, nearly 8 million adults or 14.5% of the adult population do not have access to the Internet.⁴ Those who are not online could benefit from using sharing economy platforms: elderly people are more likely to have under-used assets they could make money from, such as spare rooms and cars they are not driving regularly; or single parents using tasking platforms to earn money on a schedule to suit them.

The government has published a Digital Inclusion Strategy⁵ and works with partners such as Go ON UK, the cross-sector digital skills charity, to reduce the number of people who are offline or who lack the basic skills to use the internet by 25% every two years. This is an admirable goal.

³ <http://bit.ly/1zeh3l9>

⁴ <http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/whatwedo/learning/audienceresearch/basic-online-skills-nov-2014.pdf>

⁵ <https://www.gov.uk/government/publications/government-digital-inclusion-strategy/government-digital-inclusion-strategy>

Recommendation:

The government should continue to help the digitally excluded get online, so that they can access the opportunities offered by the sharing economy. Older people have much to gain from the sharing economy – through sharing assets that they own and participating in services like ride sharing. The government could help to make them aware of the potential benefits through offline communications, for instance through their mobile phone or landline providers, including the partners of the Go ON UK digital inclusion initiative.

Tax: making it easier

Users of sharing economy services have reported that it can be difficult to calculate exactly how much tax they need to pay when they make money from the sharing economy. For people sharing their primary home, the Rent-a-Room Allowance can apply – and some activities may be entirely exempt. For people in receipt of benefits or tax credits, declaring income from task-sharing sites can be complex and even result in them losing their benefits.

Recommendation:

HMRC and HM Treasury should create a guide to tax in the sharing economy, and an online tax calculator to help users of sharing economy services to easily work out how much tax they are liable to pay.

Sharing government assets

The public sector owns a vast range of assets – from the government and local authority property portfolios to hospital medical equipment to vehicle fleets.

In many cases these are already being shared. However, there is still much more that could be done. Unlocking more public sector assets could have huge benefits for communities and taxpayers.

Property portfolio

The UK's total public sector property portfolio (including central and local government) is worth £370bn, and costs over £20bn to run each year.⁶

The government has taken a lead in sharing underused office space through the Space for Growth programme, which I commend. This allows start-ups, SMEs, charities and social enterprises to use empty government-owned space for free. This makes the most of what would otherwise have been wasted space, at the same time as helping businesses and social enterprises cut costs and grow.

However, registering for the scheme is costly and time-consuming: potential users must pass two security checks, which can take several weeks and costs £25. While for some government spaces in sensitive locations this may be necessary, for most this is overly bureaucratic and unnecessary.

Local government should learn from central government's example, and make their own empty spaces available to local businesses and community groups.

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209484/Government_s_Estate_Strategy_-_June_2013_v1.pdf

Recommendation:

The government should simplify the registration process for Space for Growth to remove the requirement for security vetting in buildings where this is not necessary. The online booking system should also be improved – making it as easy as possible to book government space.

Recommendation:

Local authorities should follow the example set by central government and share their spare spaces with local residents, communities and businesses. This could either be through the existing Space for Growth website, or through their own online presence.

Sharing economy industry representation

There are common issues that affect all or many of the organisations and platforms working across the sharing economy. As a relatively new sector, it is often (unjustly) characterised by the press as an unregulated ‘wild west’.

A trade body for the sharing economy can both help platforms to work better together on common issues, and build consumer confidence.

Such a body would also be in a position to create a new kitemark for sharing economy platforms. With so many platforms out there, consumers often find it difficult to know which they can trust, and what would happen if anything went wrong. This was flagged very clearly in the responses to the Review’s call for evidence. A voluntary kitemark would guarantee certain minimum standards that consumers expect – around issues such as insurance or a right of redress.

Recommendation:

Sharing economy businesses should join together to create a **trade body**, representative across all sectors. The UK is ideally placed to house an organisation that could represent the interests of the sector across Europe. This would:

- Represent the sharing economy to the government, and lobby on shared areas of interest for businesses and consumers
- Help attract inward investment into sharing economy services into the UK
- Make use of the collective buying power of its members – for example in negotiating with insurers (see above)

This should be voluntary, and funded by contributions from members, at a sliding scale according to their size. It is critical that this covers off the broad church of the sharing economy – with large and small players represented in the membership base.

Recommendation:

The sharing economy trade body should establish a **kitemark** for responsible sharing platforms. This should set out minimum standards around:

- acting with integrity and maintaining professional standards, e.g. by respecting users' data privacy
- having a dispute resolution service and a right of redress for when things go wrong
- providing insurance for users
- ensuring users are given clear, impartial information on what regulations they need to comply with, and what taxes they need to pay
- ensuring user reviews and ratings are unbiased, and that abuses (such as fake reviews) are identified and dealt with

There may also be specific standards for subsectors within the sharing economy, such as accommodation sharing or ride sharing.

The first part of the document discusses the importance of maintaining accurate records in a business setting. It highlights how proper record-keeping can help in decision-making, legal compliance, and financial management. The text emphasizes that records should be organized, up-to-date, and easily accessible.

Next, the document addresses the challenges of data management in the digital age. It notes that while digital storage offers convenience, it also introduces risks such as data loss, security breaches, and information overload. Solutions like cloud storage, encryption, and regular backups are suggested to mitigate these risks.

The third section focuses on the role of technology in streamlining business processes. It describes how automation and software tools can reduce manual errors, save time, and improve overall efficiency. Examples of such technologies include accounting software, project management tools, and customer relationship management systems.

Finally, the document concludes by stressing the need for continuous learning and adaptation. As technology and market conditions evolve, businesses must stay informed and be willing to adopt new practices to remain competitive. Regular training and updates are essential for long-term success.

Chapter 4:

Sharing economy sectors

1. Shared space and accommodation

Overview

Space is one asset where supply is completely fixed. Yet it is often used inefficiently. Over 635,000 homes are empty in England – around 216,000 have been empty for more than six months.¹

The sharing economy can help us make better use of this fixed asset: matching people with spare space with those that can make use of it, and sharing access to space where ownership is unnecessary or unaffordable. Space sharing is already taking many forms in the UK, including:

- **personal accommodation** – platforms such as Airbnb that connect people with spare rooms to those that need somewhere to stay
- **office space** – from services that let you rent a desk by the hour (such as NearDesk), to co-working spaces and start-up incubators such as Tech Hub
- **makerspaces, hackerspaces and fablabs** – shared spaces, often run as not-for-profit clubs, where people can use equipment such as 3D printers, and share ideas with like-minded people
- **pop-up commercial space** – services such as We Are Pop Up that help retailers, bars and restaurants find empty spaces for short-term ventures
- and many other areas, including sharing your **driveway** (e.g. JustPark), loft space (e.g. Sharemystorage.com) and even fields (fieldlover.com)

Accommodation and tourism

The tourism accommodation sector is already very diverse – from family-run B&Bs with just a few beds, to global hotel chains with hundreds of thousands of rooms. Home sharing platforms add further to this complexity, by giving anyone with a spare room the means to rent it out to a guest, and by allowing home swaps between people who have never met.

¹ <https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/empty-homes>

Home sharing platforms themselves are also diverse. Within a single platform, the range of customers can be from small scale to the very large – from people renting out their spare room for a few weeks a year to owners of multiple properties renting them out to travellers throughout the year. Existing commercial providers such as B&Bs are also increasingly using these platforms to advertise and rent out their spaces.

Many of the small B&B operators that submitted evidence to the Review felt that regulations that have always applied to them – for instance around fire safety, food hygiene and payment protection – neither apply to nor are enforced for hosts using home sharing platforms. Some operators also felt that the burden of regulation for their sector is very high, and therefore costly to comply with.

At the same time, home sharers are often unclear on what regulations actually do apply to them. Some users who wish to use these platforms on a more professional basis would be happy to undergo more rigorous checks – for example fire safety inspections – to give them and their guests more peace of mind. And many individuals who do have spare space are put off sharing it by the fear that they may be forced to undergo inspections.

The level and enforcement of regulation should correspond to the activity that is being undertaken – a commercial landlord who rents out five properties year-round through a home sharing platform should be subject to the same regulations as a small B&B chain doing the same thing. On the other hand, there is a difference between someone renting out a spare room for a few weekends a year (whether online or through local classified ads) and a commercial enterprise providing room and board, bringing in tens of thousands of pounds of revenue.

I propose the regulatory landscape for accommodation providers should be simplified and clarified, based on two principles:

1. There should be fair terms of entry into the accommodation market. Regulations should apply in the same way to businesses that see themselves as part of the sharing economy and to traditional hospitality providers
2. The level of regulation should depend on the level of activity – whether that is defined in terms of revenue, number of beds let, or days per year they operate.

To an extent this is already the case. For instance, the government's guide to fire safety for accommodation providers² makes it clear that there will be a difference in risk and the required approach for someone sharing a family home to a larger operation. But other regulations are less clear, and all are enforced differently by different local authorities.

As well as the government updating the regulatory landscape, home sharing platforms themselves should do all they can to help their hosts meet regulations – and to ensure they are offering their guests the safest possible experience. Operators should offer clear guidance – and could even offer services such as fire safety checks and the provision of fire safety equipment to their customers.

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11085/payingguests.pdf

Recommendation:

Regulations for those providing accommodation should be proportionate to the scale of operation – someone renting out a spare room a few nights a year should not be subject to the same level of regulation as a business renting out 100 rooms year-round. Regulations should apply in the same way to businesses that see themselves as part of the sharing economy and to traditional hospitality providers.

Recommendation:

The government should set clear minimum standards for health and safety, including fire safety, for all providers of accommodation. For example, there should be a working smoke alarm on every floor, and guests must be made aware of the escape plan. Platforms should make their hosts aware of these rules.

Recommendation:

Home sharing platforms should proactively help their hosts to comply with regulations by offering clear information and pointing to applicable government guidance.

Case study: Kevin Smith, Airbnb

Kevin and his family were introduced to the sharing economy via Couchsurfing.org. Then, prior to the Olympics they decided to convert their newfound interest in hospitality into a paying activity. Now renting on Airbnb subsidises them being able to continue offering free accommodation on other sites.

As both Kevin and his wife work from home, Airbnb hosting fits well with their schedule. They have complete control to determine when and for how long they have guests. Naturally hosting fluctuates based on time available, seasonal demand but most importantly their own financial needs.

The Smiths also use Airbnb when travelling locally and abroad as it's more affordable for them, and allows them to have meaningful contact with local hosts.

With fluctuating income (both Kevin and his wife don't have salaried jobs) the Airbnb income provided a much needed boost of funds during a difficult patch in 2013. They enjoy the exposure to foreign travellers and the Airbnb setup allows them to host people in a way that compensates them adequately for the overheads incurred.

Planning

The planning system is crucial in any understanding of sharing and making better use of space.

Planning laws are also vital for ensuring residential areas are protected. There is a distinction between hosts sharing their primary residence – e.g. a spare room, or their whole house but for a short period – and those using platforms to permanently let out a secondary property. Some hosts may even be operating mass properties – and avoiding planning permission, tax and other regulations. This decreases the available stock of residential housing, which is particularly problematic in places where this is already in short supply, such as London.

Recommendation:

Egregious breaches of regulation – for example, letting out a large number of rooms through sharing economy platforms, but not complying with tax and regulatory requirements – must be dealt with firmly. The government, local authorities and sharing economy platforms should work together to ensure that all legal requirements are met.

Standard tenancy agreement

The government provides a template for a standard tenancy agreement for landlords to use. This specifically bans tenants from sub-letting, which means they are technically in breach of contract if they let out a spare room through shared accommodation services. This no longer serves a useful purpose. Whilst it is at landlords' discretion whether they adopt the standard agreement, it is a powerful 'default' and many will adopt its clauses automatically.

Recommendation:

The standard tenancy agreement template should be updated to remove the current explicit ban on subletting – tenants should be able to ask their landlords to sublet parts of their property for a period of time.

Parking

The government recently updated its guidance to local authorities to clarify that homeowners do not need planning permission to rent out their driveways. This has meant that driveways can be used much more efficiently – allowing homeowners to make extra money, and providing much-needed parking to visitors, particularly in areas where there is a shortage.

However, local authorities often do not take the same approach to non-residential parking spaces, such as those owned by small businesses and churches, and will insist that planning permission is sought before allowing it. The same arguments in favour of allowing driveways to be rented out should apply here – these are existing spaces that would otherwise be under-used, and can provide much needed parking options (as well as income to their owners).

Recommendation:

The government should issue guidance to local authorities to allow non-residential properties to rent out their existing parking spaces without requiring explicit planning permission.

Case Study: Revd. Graham Hunter, JustPark

Revd. Graham Hunter joined St. John's Church, Hoxton, in 2011. The Georgian building was falling into disrepair and its congregation was shrinking. Graham realised that the church would have to innovate to survive.

Graham signed the church up to JustPark, making 8 of its parking spaces available for drivers to book through the website and app.

Situated in the heart of Hoxton, in a densely populated area just minutes from London's Square Mile and outside of the congestion zone, the church's parking spaces are extremely popular with local residents and commuters alike.

Through JustPark, the church makes an average of £500 per month from a previously untapped asset. These earnings have enabled the church to fund some amazing community projects, including a local night shelter and the building of a playground.

The revenue the church makes through its parking spaces has also allowed the church to employ a youth counsellor, whose work helps to keep young people in a notoriously problematic part of Hackney engaged in the community.

St. John's Church is now thriving. With hundreds of parking bookings bringing visitors through its gates, Graham says that JustPark has been instrumental in making St. John's a central hub of the local community once again.

Co-working

Co-working spaces are changing the way businesses think about office space. Instead of entering into a long-term lease on a large property, co-working spaces allow businesses to rent individual desks, often by the hour. These services mean businesses can work much more flexibly, by only paying for the space they actually need. In addition, they can help like-minded businesses meet each other and share ideas and skills. This flexibility is particularly useful for start-ups and small enterprises, and can significantly lower the cost of starting a business.

Some co-working services operate dedicated spaces. Others, such as Spacious, connect businesses with spare space to those who need it.

However, there is more potential to share un- or under-used spaces. Office space sharing services often find it difficult to persuade landlords and tenants to sub-let space, even on a very temporary basis, as under current legislation tenants immediately gain security of tenure.

Recommendation:

It should be possible for landlords to sub-let unused business space on a temporary basis without automatically giving tenants security of tenure. This will help to incentivise landlords to make better use of their property without tying it up indefinitely.

2. Sharing tasks, time and skills

The sharing economy is not limited to sharing physical things – people are also sharing both their time and their skills. As with other parts of the sharing economy, this is not new – but the rise in digital, mobile and social networking technologies is making it ever easier for people to find each other.

This ranges from the purely philanthropic (e.g. Do-it, a platform that connects people to volunteering opportunities), to marketplaces where you can buy and sell ‘tasks’.

Wages and working conditions

Some have expressed a fear that online skill- and task-sharing platforms could lead to a ‘race to the bottom’ in terms of both wages and workers’ rights. In the UK at least this does not seem to be happening. Instead, these platforms are offering new opportunities for work that would not otherwise have existed, and are helping people work more hours when they want to do so. However, both platforms and the government have a responsibility to ensure workers’ rights are maintained.

Recommendation:

Skill sharing platforms should agree to ensure workers are paid at least the Living Wage. This should form part of the kitemark for sharing economy platforms.

Time banking

Time banks allow people to trade their skills, an hour for an hour. This creates a new form of ‘currency’, where everyone is valued equally. Some time banks are hyperlocal, aimed at serving a particular community. Others, such as Echo, are national.

Activities that are ‘traded’ in this way are very diverse – they can include spending time with elderly people who would otherwise be alone, language tuition, gardening, meditation, and interior design.

Businesses and charities alike are embracing this trend. Entrepreneurs are saving money by teaching programming in exchange for a desk in a co-working space. Larger businesses are helping their employees volunteer as part of their corporate social responsibility work. And charities are finding a new source of volunteers.

The government and local authorities are also starting to use time banks, both to build up their employees’ skills, and to exchange expertise and experience between organisations.

Recommendation:

Government departments should embrace time banks as a way of giving their staff the opportunity to volunteer with local charities and services, and to access new training and development opportunities for civil servants.

Opportunity for the labour market

Task sharing platforms can help make the labour market more flexible, by matching excess supply (people looking for work) with demand (those who need work to be done). By extension, they can help un- (and under-) employed people find more work.

However, at present, the government is not making the most of these platforms. JobCentres will rarely point unemployed people towards them, and some people have even reported that they

have lost their benefit entitlement by earning even a small amount of money. The introduction of Universal Credit should help to resolve this by ensuring all recipients are never worse off by earning money. The government should embrace its potential to help unemployed people find work and to start their own business, and under-employed people to increase the number of hours they work.

Recommendation:

JobCentre staff should be given clear guidance on how to promote both time banking and task sharing platforms. They should actively point job-seekers towards these platforms as a way to build up their experience and earn money.

Recommendation:

Government schemes to encourage entrepreneurship, such as Start-up Loans, and the New Enterprise Allowance for people on benefits, should actively promote the use of task-sharing sites for starting a business.

Case Study: Ahmed, Hassle.com

Ahmed is Hassle.com's busiest cleaner. He works on average 40 hours a week and travels all over London to his customers' homes.

He left his home country, Sierra Leone, five years ago to start a new life in the UK, not knowing anything about Britain other than it had good football teams.

Sierra Leone was still recovering after the brutal 11-year civil war and a new wave of violence flared up in 2009. Ahmed's home was bombed, his father sadly died and his family had to try to rebuild their lives. He arrived in Britain and moved in with some of his brother's friends in Hackney. "I could feel the opportunity, says Ahmed. "This was a chance to make a new start for myself and to help my mother to restore the house."

Ahmed used to be a bank clerk in Sierra Leone but struggled with written English when he first came to Britain, which meant he had to look for alternative work. He began cleaning and found it was something he enjoyed and was very good at.

When he first started working for Hassle.com he didn't sleep some nights waiting for text alerts for new jobs to come in. He says: "My phone didn't leave my hand as I wanted to be the first to get the work."

Through hard work and determination Ahmed has managed to build up a base of regular clients who are delighted with the job he does and he's made enough money in the UK to rebuild his mother's home. He said: "She is so proud of me. It's the best feeling in the world. She's 79 now and is still living in Sierra Leone."



Employment status: The employment status of people using sharing platforms to find work is unclear – are they volunteers, workers, self-employed or employees? This has implications for defining the rights of people using the platforms, and determining the responsibilities of the platforms themselves. The government has launched a review of the law around employment status, which in the longer term should lead to more clarity.

Recommendation:

The government should clarify the employment status of people who use online platforms to find freelance work.

Employment agencies: There is a significant body of legislation that regulates the activities of ‘employment businesses’ and ‘employment agencies’. This exists to protect workers. However, both categories are materially different to task-sharing platforms, which (in general) passively match freelancers offering their services to people that want them. The law as it stands is not clear, and these platforms may be operating in a grey area.

Recommendation:

The government should make clear the legal status and responsibilities of task-sharing platforms. In particular, it should be detailed that platforms which play a passive role in matching users (where there is no human intervention by the platform) are neither employment businesses nor employment agencies, but instead are a new form of service with lighter regulatory needs.

3. Shared approaches to transport

Overview

Car ownership is no longer necessary for more and more individuals. Instead, millions of people are now sharing cars or journeys – saving and making money by reducing the impact of car ownership and travelling on household budgets. This also has wider benefits in terms of reduced travel times, congestion and pollution.

There are various models of transport sharing, which include car rental, car clubs, ridesharing, car rental and bike sharing.

Ridesharing and carpooling

Ridesharing is an increasingly popular travel option. For drivers, it is a way of sharing the cost of petrol and having some company. For passengers, it can be cheaper and more convenient than other travel options – travellers can save 75% by ridesharing compared to the cost of a last-minute train fair. The average occupancy rate for car journeys is 1.6 people, but for BlaBlaCar rides it is 2.8.³

At present, you are not allowed to make a profit on ridesharing – drivers may only charge passengers an amount that covers a share of the petrol and running costs for the journey. The idea here is that when ridesharers start making a profit, they are becoming taxi drivers (and so would need a licence as such). But there is a clear distinction between a taxi and someone who fills empty seats for journeys they would have taken anyway.

Recommendation:

Drivers that have undergone appropriate safeguarding checks should be allowed to make a profit from ridesharing. This should only apply for journeys where taking paying passengers is not the primary reason for the journey.

³ <http://www.blablacar.com/blog/blablacar-about>

High Occupancy Vehicle lanes

One way of incentivising people to share their journeys is to introduce High Occupancy Vehicle (HOV) lanes, which are only open to vehicles with two or more people. For instance, Leeds has had an HOV lane scheme in operation since 1998, which has helped to reduce pressure on the road network. In the US, Washington state has over 300 miles of HOV lanes.

HOV lanes should be used more in the UK. But the success of HOV lanes depends on how they are enforced, and there is an opportunity for innovation in more effective HOV enforcement technologies, such as cameras and algorithms to detect the number of occupants in a vehicle. The government should support a competition for a working solution to be developed that supports this form of travel.

Recommendation:

The government should promote the adoption of more HOV (High Occupancy Vehicle) lanes in high congestion areas, e.g. across major northern areas such as South and West Yorkshire and Lancashire.

Recommendation:

The government should run a competition to find a technological solution to the enforcement of HOV lanes, through the Small Business Research Initiative and Innovate UK.

Car clubs

Car clubs are a form of car rental whereby users pay a subscription that gives them access to a vehicle for as long (or short) a time as they want. Most car clubs own the vehicles themselves corporately, but with peer-to-peer models such as easyCar Club, members are giving each other access to their own vehicles. There are three established car club models:

1. round-trip, where a car is returned to the same base
2. fixed one-way, where a car club member can leave a car at another designated parking bay
3. floating one-way where a car can be parked within a geographic area, and not designated bays

Car club membership stands at over 150,000 in the UK, with the majority being London based. Research from Zipcar estimates that each car club car removes around 14 privately owned cars from the roads. The average Zipcar user saves £300 per month, reduces their carbon footprint and eases local parking.⁴ Transport for London and Carplus forecast that London could have one million car club members by 2020, taking some 120,000 cars off the roads.⁵

⁴ <http://www.zipcar.co.uk/car-lite-london-reports>

⁵ <http://ww2.frost.com/news/press-releases/frost-sullivan-vision-2020-sets-framework-exponential-growth-car-sharing-market-london/>

However, to realise this potential a number of issues need to be addressed:

Parking

Parking is a key issue for car clubs, which rely on special bays provided by the local authority. The majority of car clubs in the UK operate on the roundtrip model – the car must be returned to the place from which it was originally hired. In many circumstances, this is less convenient than a one-way option, where a customer can leave the car at their destination. However, this approach is much harder to achieve in London, where each of the 33 boroughs has a different parking policy. Parking must become more joined-up across the capital if car clubs are to reach their full potential.

Recommendation:

The Greater London Authority should be given powers to coordinate car club parking bays across London, to ensure there is a consistent approach that allows one-way trips.

Integration with public transport

Car clubs are particularly useful for the ‘last mile’ of a journey – for instance, when someone arrives in a town by train, their best option may be to then use a club car to get to their destination. Increasingly, train stations and car clubs are working together to provide this facility. But more could be done to make this work even better – for instance, allowing customers to buy a single ticket that includes both parts of the journey.

Recommendation:

The government and regional transport authorities should work with car clubs to integrate them into public sector transport systems. For instance, in London, car clubs should be integrated into the Oyster ticketing system.

Case Study: Antoinette, Zipcar

Antoinette, 36, married with two kids, lives and works in London – and is a self-confessed sharing fan.

As a Career Coach, Antoinette lives and breathes sharing as a way of life: it simplifies her life, saves her time and allows her to get the best price for everything she needs. She and her husband have ditched their family car and are now members of their local car club, Zipcar. They use Zipcar for ferrying the kids to activities, trips to the supermarket, visiting friends, emergency trips to her elderly in-laws, and family days out. She also uses Zipvan for collecting furniture – it’s often cheaper than the delivery charge!

As a result, they have saved money on car insurance and maintenance costs, to the tune of £2,000 a year.



Driver and vehicle licence data

For both car clubs and many ridesharing services, checking the users' driving licence and record is crucial. For ridesharing services, establishing that the car itself is licenced is also important. But at the moment, services rely on manual checks, sometime involving three-way phone calls during the registration process between the user, service provider and DVLA. This is costly, time-consuming, and a poor user experience.

DVLA is developing two new digital services that will allow third parties (such as car clubs or ride-sharing platforms) to check driving licence information, providing permission is provided by the driver. These services are expected to go live in mid-2015. This is a welcome development, but the government must ensure the services are priced at an appropriate level that allows smaller services and new market entrants in this growing space to access them affordably.

Recommendation:

The DVLA should open up access to driver and vehicle licensing data to car and ride sharing platforms through an Application Programming Interface (API) in 2015. The cost of accessing this data should be kept to a minimum.

4. Verticals of the future

The previous three sections look at sectors where the sharing economy is already having an impact and disrupting sectors of the economy. This section looks at where the sharing economy is growing – and where the next wave of innovation may come from.

This is not intended to be exhaustive, and new sharing models are being adopted across the economy. For instance, DogVacay, a US-based peer-to-peer service to look after dogs while the owners are on holiday, has just raised \$25m.⁶ Bike sharing is increasing in popularity, with Spinlister now available in 40 countries. And services such as RiseArt allow people to rent works of art they would not be able to afford to buy.

An interesting trend that I think we will see more of is more traditional businesses starting to use sharing models to complement their existing services. For instance, B&Q have launched a skill- and tool-sharing platform called Streetclub, which at first glance would appear at odds with their core business, by encouraging people to share rather than buy. But instead these models are making it easier than ever to do DIY in the first place, and so can help drive sales up.⁷

Recommendation:

BIS and Defra should closely monitor the development of innovative and developing sharing business models, to both to ensure regulations keep pace with new ways of doing things, and to ensure that the UK is at the forefront of the development of new, more sustainable business models.

⁶ <http://techcrunch.com/2014/11/10/dogvacay-airbnb-for-dogs-nabs-25m-in-funding/>

⁷ <http://blogs.wwf.org.uk/blog/green-sustainable-living/streetclub-and-the-sharing-economy/>

Clothes and fashion

People have always rented, swapped and re-sold their clothes. Online platforms mean people are now connected to a huge range of people with items they might want, or that might want something they already have.

Individuals increasingly want to do something more with the old clothes they no longer wear than just throw them away. Initiatives such as Uniqlo's Clothing Recycling Initiative and M&S's Shwopping encourage retail customers to bring back their old clothes for re-use or recycling.

Higher value clothing, such as dresses costing hundreds or even thousands of pounds, may be worn once then just sit in a cupboard. WRAP research⁸ has found that the average UK household owns around £4,000 of clothes, but that around 30% have not been worn in at least a year. The total cost of this unused clothing in the UK is around £30bn. Sharing models are ideal here: either so people can borrow or hire the item rather than buying it in the first place, or so they can make money from the items they already own.

In addition, there are a range of businesses, such as Girl Meets Dress, where the 'sharing' of designer clothing enables shoppers to wear high price items by renting them at a fraction of the cost of a complete purchase.

Although there are clearly examples of the sharing economy working well for clothes and fashion in the UK, it is still at an early stage. The market in the US may give an indication of the potential growth of this sector – Rent the Runway's users rented \$300m of clothes in the first half of 2014.

Food

Sharing models now exist at all stages of production and distribution for food – from the field to the plate. Examples include:

- Platforms that connect people with spare land to those that want land to farm, such as Hugh Fearnley-Whittingstall's Landshare project
- Food distribution services such as FarmDrop and the Food Assembly that allow people to buy direct from the farmers that produce their food – an evolution of farmers' markets
- Popup restaurant platforms such as Grub Club that put gourmet chefs in temporary restaurants
- Supper clubs and meal sharing platforms such as Casserole Club that allow people to share their meals with elderly people that can't cook for themselves

These new ways of producing, distributing and consuming food and drink can help us live more sustainably and connect people and communities.

One of the main barriers faced by a range of these platforms is the inconsistency of health and safety regulations for food production, which makes it difficult to comply. It can also be unclear where the liability lies if something goes wrong between the platforms and food producers.

⁸ <http://www.wrap.org.uk/content/valuing-our-clothes>

Case Study: Adha, Grub Club

Adha launched Quinto Quarto London in summer 2011. The restaurant opened successfully but due to issues beyond his control with a gas and electrics company he ended up losing the restaurant. Adha was irrepressible though and started from scratch, opening a Gnocchi stand in Brick Lane. Adha found Grub Club through Twitter and realised this was a way for him to help him build his dream again. He had the concept but needed a venue and needed a solution which didn't involve any prior investment, as he'd lost everything the first time round.



Grub Club found a venue for Adha and helped him to market to an audience who immediately loved him. Grub Club also helped Adha refine and position his brand in a way that would enable his audience to engage with him. And thus The King of Gnocchi started getting back on his feet and reaching a new audience in order to rebuild his brand.

Adha held an incredibly successful first grub club which was an immediate sell-out. He then put on another, then another, and people couldn't get enough of him.

After 6 months of successful one-off grub clubs, Adha got help from Grub Club to secure a premise which would enable him to get to the next stage, with a 4-day pop up of 75 covers a night. It sold out almost every night.

This provided invaluable learning on logistics and setting up a well-trained team to handle double volume.

Thanks to the extra cashflow provided through the grub clubs, as well as the added exposure to a much larger audience, Adha has now set up a second premise for his streetfood stall in Brick Lane, which is just as successful as the first.

His vision is to be able to reopen the Quinto Quarto restaurant, thanks to all the extra promotion he's received over the past year, as well as everything he has learnt. This will put him in a better position to raise investment, with a tangible, proven track record and a good following, as well as a better understanding of menu, staffing and logistics planning. So next time he opens up his restaurant, he will be in a much better position to be successful.

Items

Sharing possessions is an increasingly popular part of the sharing economy. Models include:

- Community groups such as Freecycle that allow people to give away their unwanted items
- Platforms such as RentMyItems.com, ecomodo, StreetBank and Streetclub that allow people to share items such as power tools with local people, either for free or for money

These models can be effective for items that people need to have access to, but don't use very often – and particularly so for more expensive purchases such as power tools.

Consumer research by WRAP⁹ suggests there is significant latent demand from consumers to use their electrical goods more sustainably, by trading-in or selling-on old products, or renting products rather than owning:

- only 5% of consumers currently trade-in or sell-on DIY and gardening products, but 78% are willing to consider doing so
- 80-90% of consumers would be willing to consider trading-in or selling-on consumer electronics such as TVs and laptops.
- 19% of consumers already rent DIY and gardening products, but 69% would be willing to do so if this model were available

B2B and Logistics

Much of the innovation in the sharing economy so far has been about consumers. However, the sharing economy also offers opportunities for businesses to share with each other. Public sector organisations have started finding efficiencies by sharing back-office functions such as HR – but this is only the beginning. Businesses such as BrandGathering demonstrate what can be achieved here. BrandGathering is an online platform that connects businesses to undertake joint marketing and branding activities – helping them to save money, but also to capitalise on each other's networks and customers.

Logistics is another area where the sharing economy is likely to be increasingly important. Sites such as Nimber (not yet in the UK) take a peer-to-peer approach to delivery, unlocking a significant potential for efficiencies and savings.

Sharing Cities

On an international level, there are also some great examples of cities and communities embracing sharing at the core of how they operate. Seoul and Amsterdam are good examples – and great work is being done in parts of Australia, such as Victoria. The idea of a 'sharing city' is a new concept, and the possibilities are only just becoming real. They can include: sharing the local council's buildings with community groups; building new housing developments with car club bays incorporated and integrated into the local transport network and creating local online hubs where residents and businesses can share their skills and possessions with each other.

This 'sharing city' concept is full of exciting possibilities – and I hope the UK can be a pioneer in building the sharing cities of the future.

Recommendation:

The government should pilot a UK 'sharing city' – where transport, shared office space, accommodation and skills networks are joined together and residents are encouraged to share as part of their daily lives.

⁹ <http://www.wrap.org.uk/content/resource-efficient-business-models-consumer-research>

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses, income, and any other financial activities.

The second part of the document provides a detailed breakdown of the accounting process. It starts with the identification of the accounting period, followed by the collection and classification of data. The next steps involve the recording of transactions in the journal, the posting of these transactions to the ledger, and the preparation of trial balances to ensure that the debits equal the credits.

The third part of the document focuses on the preparation of financial statements. It explains how the data from the ledger is used to create the income statement, the balance sheet, and the statement of cash flows. Each statement provides a different perspective on the company's financial performance and position.

The fourth part of the document discusses the importance of internal controls. It outlines various measures that can be implemented to prevent errors and fraud, such as the separation of duties, the use of checks, and the regular reconciliation of accounts.

The fifth part of the document covers the topic of auditing. It explains the role of an auditor in verifying the accuracy of the financial statements and the effectiveness of the internal controls. It also discusses the different types of audits and the standards that auditors must follow.

The sixth part of the document discusses the importance of tax compliance. It explains how the accounting records are used to calculate the company's tax liability and how the company can take advantage of various tax deductions and credits.

The seventh part of the document discusses the importance of financial reporting. It explains how the financial statements are used by various stakeholders, such as investors, creditors, and management, to make informed decisions.

The eighth part of the document discusses the importance of financial analysis. It explains how the financial statements are used to evaluate the company's financial performance and to identify areas for improvement.

The ninth part of the document discusses the importance of financial planning. It explains how the financial statements are used to develop a budget and to make strategic decisions about the company's future.

The tenth part of the document discusses the importance of financial risk management. It explains how the financial statements are used to identify and measure the company's financial risks and to develop strategies to mitigate these risks.

Chapter 5: Conclusion

This report has been written following consultation with as many people as possible from all sides of the sharing economy conversation: people using sharing economy platforms already; sharing economy operators themselves; businesses facing disruption from these new business models; and trade bodies that look to represent sectors and industries.

I look forward to the government response to my report over the coming months.

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Debbie Woskow biography



Debbie Woskow is an entrepreneur, investor and sharing economy expert. CEO of leading peer-to-peer travel club, Love Home Swap, Debbie is also the founder of the influential Collaborative Consumption Europe network.

A former management consultant, she launched her first business, marketing and communications consultancy Mantra, at the age of just 25. Building Mantra over a decade, Debbie sold to the Loewy Group.

Debbie is a regular commentator on travel, collaborative consumption and entrepreneurship on TV and in print and sits on a number of advisory boards, as well as being a Trustee of the Hampstead Theatre.

She graduated with an MA in Philosophy and Theology from New College, Oxford University and lives in London with her two children.