

Briefing Note:

The Enabling Role of the Council

1. Background to Digital Wireless Strategies

The strategy of metro wireless networks is not a new concept but has been in existence with the United Kingdom for a number of years with varying degrees of success. In its early manifestation the commercial deployment of town centre wireless networks was based on the delivery of public internet access via laptops with the user paying either a monthly, weekly or daily subscription.

This model was very prescriptive and in most cases was relatively unsuccessful, to the extent that whilst access to the internet now via mobile handsets and PDA'S as well as laptops still remains an integral part of the justification of any business case to deploy a town centre network, the wireless market has increasingly moved away from a chargeable subscription model for internet access towards making internet access a value added free service with revenue being derived from sponsorship, advertising and other digital services, with additional charges only being levied for specific downloads such as games and music. Whilst noting this evolution towards free access it must be recognised that wifi in its own right will not support a long term investment from any private sector model.

In addition to this significant change and as both the public and private sectors moved towards the adoption of an IP strategy to deliver services, the business case for such Metro Wireless Networks in the latter part of the last decade did increasingly embrace requirements from local authorities in which city wide networks became subject to public tenders with the local authority becoming the main tenant on such a network guaranteeing to the infrastructure provider a sustainable revenue stream. Whilst such an approach had merit and received interest this model was faced with many challenges in particular existing contractual relationships and contract terms.

Most recently in the last two years the potential availability of wireless (wifi) zones in town centres has been utilised by the MNO's (Mobile Network Operators) in migrating demand from or the iPhone from a 3G Network, which could not meet the demands of the end user to a wireless network when available.

Whilst such an approach is still being validated what has now emerged is a growing interest from the Mobile Operators in delivering enhanced localised 3G coverage and future localised 4G coverage through the deployment of Small Cells at a street level using street furniture assets. This interest is due to increasing demands on the operators network (amount of data that we as consumers are accessing and downloading) where 3G is evident (five bars on your phone suggesting maximum coverage) but connectivity is very slow (highlighted by the revolving wheel on your screen).

It is in this context that a succession of concession based agreements have been successfully implemented which has seen the provision of public wifi access backed by a longer term and sustainable Small Cell commercial model.

For the likes of a number of London Boroughs (Camden, Islington and Hammersmith and Fulham), Glasgow, Carlisle, Manchester, Cardiff, and Plymouth revenue was derived from their concession agreements, however the market has evolved to a point where guaranteed revenue from an upfront fee is now very unlikely and has been replaced by Councils seeking to ensure that the concession is cost neutral with the value being derived from social and economic value. It is this scenario which is more likely to apply in Guildford.

Beyond this normal concession route of councils enabling through street furniture assets, what has recently emerged are other local authorities now seeking to commercially exploit other council owned assets such as ducting infrastructure through a concessionary model. A strategy successfully adopted by the London Borough of Hammersmith and Fulham and now being considered by other local authorities.

Despite this relative success the market again is evolving respond to new requirements and models. However what still remains at heart of all these approaches is how public wifi can be delivered.

2. The Market - Commercial Models:

Various commercial and funding models are being enabled or implemented by Local Authorities and other Partnerships, including Business Improvement Districts, to deliver Wi-Fi within Towns and Cities as well as a more general wireless delivery capturing Business Parks.

1. Local Authorities Metro Wireless Concessions

Over the last four years a succession of local authorities have embraced and actively implemented a strategy of beneficial use of council owned assets to realise commercial, economic and social aspirations.

In each instance the local authority, by adopting this cost neutral approach, has engaged with the market through a concessionary procurement process to ensure best drive to secure a concession with a private sector company, who will utilise subject to a commercial agreement council owned street assets to deliver a wireless network.

What has been evident during this period is the continued interest of the market in progressing such opportunities but also an evolving expectation from local authorities, with a move away from a purely commercial opportunity, as was evident in Westminster, to a more balanced approach which also focuses on social and economic development issues and opportunities, as exemplified by Glasgow, Brighton and Hove, Carlisle, Plymouth, Leeds/Bradford and the London Borough of Camden.

Such concessions remain very popular with the public sector, however this should be tempered by potential bidders being more selective in their key targets, and that direct commercial opportunities through asset rental have diminished.

2. Wi-Fi – Advertising and Sponsorship

Following the recent award of concession contracts in Edinburgh and Watford a further model supporting the provision of a more socially orientated Wi-Fi model has now emerged. This model is based on the provision of free Wi-Fi but is commercially sustained by sponsorship and advertising through an App.

In such cases a community focused App funded by the company concerned and sustained by local advertising and sponsorship provides a platform for the delivery of local community

Although in terms of implementation this model is still in its infancy and will need to demonstrate its sustainability in the coming months, this is the model which will emerge in the first instance in both Edinburgh and Watford.

3. CCTV

As recently demonstrated with the announcement by Gloucester City Council to co-incide with the hosting of the Rugby World Cup in Gloucester of the delivery of free public space Wi-Fi by BT Wireless <http://www.securitynewsdesk.com/gloucester-kicks-off-free-wi-fi-service-for-rugby-world-cup/> other models are starting to emerge to realise the W-Fi aspirations of local authorities.

In this instance the City Council leveraged their Wi-Fi aspirations through the procurement of their cctv backhaul contract and the provision of social value in the guise of public Wi-Fi. The outcome to this strategy as detailed in the attached link was the award of an extended cctv contract with in return provision by BT of free Wi-Fi within the City Centre.

Whilst there is merit in this approach it should be noted however that this strategy is dependent on the scale and scope of the Council's existing contract and the number of lines delivered through such a contract. Without sufficient scale this option may not be feasible.

4. BID (Business Improvement Districts)

Whilst certain BID's have adopted a strategy of seeking funding from its members to pay for the capital investment required to deliver a Town Centre Public Wi-Fi provision and with it the inherent problems of ensuring that sufficient funding or revenue is generated to fund opex costs, the Lincoln BID has recently secured a commercial agreement with a third party where the third party has at its own risk and investment delivered a public Wi-Fi network in Lincoln by deploying Wi-Fi Access Points on buildings owned by members of BID. Apart from BID members paying for the power costs, this service has been delivered at no cost to the BID or Council.

5. Local Authorities District Wide Wireless Rooftop Access

What has recently emerged through a concessionary approach is the appetite of the market to use the concession/lease model to implement a separate rooftop opportunity as a springboard into business parks, with a view to investing in the deployment of wireless point

to point and point to multi point wireless connectivity into poorly served business parks providing cheaper and faster broadband for businesses.

In this respect, apart from a wireless concession for street furniture, a separate rooftop engagement with the wireless and mobile market through non-exclusive leases with individual operators would from Chelmsford Borough Council's perspective realise some immediate added value and support the Council's wider business related agenda including the enablement and promotion of the Business Voucher Scheme.

6. Council Owned Wireless, Ducting and Fibre Infrastructure – Concession

Whilst still in its infancy a number of local authorities are exploring commercial opportunities based on commercialising council owned networks. In terms of network infrastructure this has embraced both carrier class wireless networks deployed to deliver operational services to ducting infrastructure built primarily to support the provision of public space cctv.

What has been at the heart of this exercise for local authorities has been the opportunity to engage with the market and realise potential revenue by providing at a market rate and based on a wholesale model a facility to deliver alternative broadband services primarily for business.

An example of this model has been the successful commercialisation through a concessionary model of ducting infrastructure owned by the London Borough of Hammersmith and Fulham. In this instance a concession was secured with the private sector with a result that the ducting facility is now driving a wider digital agenda as well as generating revenue for the Council.

7. Smart City/Town Extended Concession

Whilst still in their infancy there is growing evidence that commercial models which adopt the fundamentals of a concessionary approach, but also seeks to embrace a council's wider smart city vision and agenda, are starting to emerge in the market.

This would entail the council identifying ways in which they would utilise the wireless network to deliver smart city applications and services, on the basis of realising cost savings, as well as the network playing an enabling role to deliver through wifi coverage social and economic benefit.

As indicated, such an approach is still in its infancy however discussions surrounding this opportunity are starting to take place in the likes of Glasgow and Brighton.

3. EVOLVING MODELS

Beyond these commercial models as outlined a number of legislative changes and innovative approaches to procurement are now emerging to offer new opportunities for local authorities in considering how they can develop an enabling role to drive a wireless digital agenda and improve connectivity and access.

1. The Social Value Opportunity – Application of the Social Value Act 2012

Both public and private sectors are looking at how The Public Services (Social Value) Act 2012, which became effective at the end of January 2013, could apply to wireless and wifi in urban areas.

In respect to the provision of wifi a local authority could put a CCTV contract out to tender asking what private sector suppliers can offer in terms of social value. A higher priced bid may include the provision of free public wifi using CCTV columns. Under the Act the local authority could choose the higher cost bid because of the social value it brings. Another example of social value may be that a particular contract offer will create a number of local jobs to service the contract, rather than using existing employees or those based outside the local area. Again this provision of social value means the local authority can opt for this bid if it believes the social value it brings is worth a monetary higher cost.

To date there has been no wireless-related procurement in which the Act has been applied, but councils are actively employed in considering this opportunity and understanding how it could be successfully realized. However in terms of leveraging social value councils are becoming increasingly aware of its potential through procurement opportunities and case studies will start to be published in the very near future.

2. Smart City Agenda

With the emergence of Smart City/Borough Visions there is growing interest in the telecom market in understanding how the Smart City Agenda and the potential need for upgrading existing or deploying new wireless orientated networks to support this agenda could become a key component in creating a sustainable commercial model to support the delivery of public wifi and other less commercial services.

3. Planning and CCTV Policy Safer by Design:

In this instance the Council are well placed to leverage the provision of ducting and other infrastructure (columns) to support the deployment of public space cctv in new developments. Infrastructure which can remain in the ownership of the Council but has been paid for the developer. By adopting such a strategy which has been already successfully implemented in the likes of the London Borough of Hammersmith and Fulham, this does provide a capability for the Council to extend the provision of public wifi and Small Cell as well as creating a ducting infrastructure which has the potential of driving a wider digital agenda.

4. Planning Community Infrastructure Levy:

Application of the Community Infrastructure Levy (CIL) to drive the Council's digital agenda.

In terms of its definition and how it forms part of Camden' Council's planning policy, the Community Infrastructure Levy (CIL) is a charge enabling local authorities to collect funds from new developments in their area. The charge applies when planning permissions are implemented and is based on a formula relating to the type and size of development. In this respect CIL applies to all proposals which add 100sqm of new floor space or an additional dwelling. Once the CIL has been collected, it can used to fund infrastructure such

as roads and other transport facilities, schools and other educational facilities, medical facilities, sporting/recreational facilities and open spaces.

In this instance the opportunity does exist to explore and identify how CIL could support the delivery of further infrastructure including ducting and street furniture which could extend the capacity of the Council to enable through the provision of infrastructure better connectivity for residents and businesses within the Borough.

4. Enabling Role

Through describing all these opportunities what remains at the heart of this approach is the Local Authority seeking to enable additional value whether through council owned infrastructure, policy, procurement or engagement as opposed to direct investment or funding and in doing so realise benefits for residents and businesses alike.
