

## PLYMOUTH CITY COUNCIL

**Subject:** Concession for a wireless network in Plymouth  
**Committee:** Cabinet  
**Date:** 3 September 2013  
**Cabinet Member:** Councillor Evans  
**CMT Member:** Anthony Payne (Director for Place)  
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**Ref:**  
**Key Decision:** No  
**Part:** I

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### **Purpose of the report:**

This report sets out the business justification and contracting strategy for a concession contract which will enable the delivery of a core wireless network in public spaces within Plymouth. The concession will enable Plymouth City Council to engage a commercial provider to roll out a wireless network across the city to realise wider social and economic benefits. The holder of the concession contract will be authorised, under strict conditions, to use Council owned street furniture including street lighting and CCTV columns, for a period of between 5 and 10 years. Potentially subject to further due diligence, rooftops could be used for deploying hardware. This model will create a network which will initially focus on high demand (footfall) areas, with a view to using network surpluses to extend the network and invest in aligned digital initiatives in order to contribute to the achievement of the City Council's Corporate Plan.

The concession process has been selected in order that Plymouth City Council can ensure maximum value and innovation from the private sector. The market will be challenged to exceed the expectations of Plymouth City Council and for this reason an exact specification for the network will be determined through the process. However, based on similar recent networks it is the objective of Plymouth City Council that the City Centre and some of the Waterfront should be covered by the first phase of the network. Also, as a further objective Plymouth City Council will be seeking innovative solutions which can address ease of access for the end user including the option for free (but limited by speed, time, and data) access to the internet for anyone inside the network area and ways in which such access could support other Council digital initiatives including access to public services. The network will therefore have the potential to benefit local residents and also improve facilities for the growing number of people visiting the city and contributing to the visitor economy.

Plymouth could have an operational free to use wireless network as early as Summer 2014.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:**

**Corporate Vision:** The wireless network will potentially offer an internet landing page which will enable Plymouth City Council to work with its concessionary partner to deliver a vibrant and modern means of access to information on the City. The page will focus communications to address the needs of: tourists, shoppers, residents and businesses and will therefore improve "the Plymouth offer" and the potential for inward investment and growth.

At its heart this project will be designed to tackle social exclusion in disadvantaged communities within the city and enable more people to participate in the digital revolution that has now become critical to our everyday existence (see section 1).

**Pioneering:** By increasing the ability to communicate with citizens the network will enable the delivery of a step change in democracy, transparency and service/information delivery. If the City Council can enable reinvestment in the network to allow it to grow sufficiently, it may be possible in future to deliver, subject to the future concession procurement process, cheaper and improved public services across the network such as e-learning, adult social care, healthcare, CCTV, smart metering and other integrated infrastructure services. This could become a significant asset for the Council, particularly as pressure on Local Authority budgets increases.

**Growing:** An effective wireless network will potentially enable mobile working and learning and act as an asset for inward investment into the city. The network will add to the already very strong digital infrastructure in Plymouth. If a surplus can be generated from the network it also has the potential to fund investment in the skills necessary to exploit this infrastructure in order to create jobs in high value, digitally enabled industries.

**Caring:** The wireless concession will potentially become a critical tool in helping the 50,000 Plymouth residents who currently have no home internet connection obtain a minimum level of access to the internet. By doing this the network will be a critical tool in reducing health and social inequality.

**Confident:** The network will enable Plymouth City Council to communicate what is great about the city in addition to being a visible symbol of modernity. The concession will put Plymouth among a small group of cities with this type of infrastructure offer.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

The wireless concession will require no funding from Plymouth City Council. On the contrary the project has the potential to generate a surplus which Plymouth City Council would reserve the ultimate right to access.

The process is being led by Economic Development and an operational team has been assembled to deliver the concession with staff from Transport and Infrastructure, ICT, Planning, Legal, Finance and Procurement.

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### **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

- Child Poverty – the project will have a positive impact on child poverty by potentially assisting those currently without internet access to have a minimum level of access.
- Community Safety – the network could potentially be used to enable CCTV and services such as blue light services in future by providing additional capacity for cross city communication.

- Health and Safety – there have been well documented but ill-proven concerns regarding wireless transmitters in public spaces. However as part of the concessionary process all potential bidders will be required to demonstrate a pass/fail compliance with national and international regulations relating to health and safety. In respect of planning, planning regulations will be applied with the same rigor as have been applied to similar schemes nationally. The model through the sharing of street level assets could also arguably reduce the total number of transmitters deployed in the city.

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## **Equality and Diversity**

Has an Equality Impact Assessment been undertaken? Yes

The project will potentially have a positive effect on equality and diversity by increasing access to the internet. The wireless network would therefore complement the work of the three year, £330,000 project called Plymouth Get IT Together which the Council is the lead partner on.

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## **Recommendations**

1. That the progression of a concession to utilise Plymouth City Council assets (street furniture) in order to deliver a wireless communications network is approved.
2. To request authority for the portfolio holder for Economic Development (Cllr Tudor Evans) to make the key decision to award a contract to deliver said network to the winner of the concession process.

### **Reasons for recommended action:**

By following the proposed concession model:

- A wireless network of appropriate quality can be delivered to the City at no cost to the Council.
- The network will enable increased connectivity for more citizens, and ultimately enable economic growth.
- Plymouth City Council will be able to create a network which will initially focus on high demand areas with a view to using surpluses to grow the network and aligned digital initiatives for social and economic benefit to the City.
- By using a concession model the Council will stimulate competition in the private sector to create the best possible network for the city and therefore increase opportunities for innovation in service delivery.
- The concession model removes the risks associated with operating and maintaining a Council owned and led network. The telecoms market is extremely fast moving and complex. By exploiting previously under-utilised City owned assets Plymouth City Council can generate surpluses whilst shifting investment risk and technical responsibility onto the private sector that have the specialist expertise.
- The concession model shifts responsibility for the maintenance and upgrading of the network onto the private sector.
- The Digital Plymouth steering group has worked over the last 18 months to assist in the development of the proposed wireless concession strategy for the city taking into account expert advice from market specialists. The proposal has wide support from city partners including: Destination Plymouth, The Plymouth Chamber of Commerce, The Plymouth Growth Board and the two city Business Improvement Districts.

- A number of other cities already have wireless networks and others are planning to implement them. If Plymouth does not act it could lose competitive advantage and become a second tier backwater.
- By combining great digital connectivity with an outstanding quality of life Plymouth can create a strong inward investment business case to attract digital businesses from elsewhere.

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**Alternative options considered and rejected:**

A number of options were assessed in relation to the delivery of the services.

**Option two: Do nothing**

For:

- There is no statutory requirement for the proposal.
- Avoids risk of under-utilising assets and the other risks associated with deploying wireless networks in general.
- Without Council intervention there will be an increasing proliferation of free wireless networks being implemented by private and public organisations but these may not address some of the fundamental digital aspirations of the Council

Against:

- Missed opportunity to provide added value to citizens: notably in terms of attracting inward investment, tourism and crucially to enable digital inclusion.

**Option three: Invest Plymouth City Council controlled funds to create a Council owned and run network**

For:

- The Council could fully mandate the coverage of the network to areas with high social need for free internet access.
- The Council could fully mandate the added value services.

Against:

- The Council does not have necessary funds to pay for such a network

**Option four: Collaborate with other neighbouring areas and organisations to form a larger single customer for a Wireless concession.**

For:

- Potential to create more market interest in the overall concession.

Against:

- No increase in negotiating power.
- Reaching an agreement on specifications could be difficult and time consuming.
- Reaching a strategic agreement on how and where to grow the network would be difficult.

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**Published work / information:**

None

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Equality impact assessment Concession for Plymouth wireless network	I									

**Sign off:**

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Originating SMT Member: David Draffan													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

**1.0 Introduction**

This report sets out the business justification and contracting strategy for a concession contract for a street and open spaces wireless provision. The aim is to let a concession contract which will enable the delivery of a core wireless network in public spaces within Plymouth. It is expected that this network will generate surpluses with which to grow the network and to reinvest in similar digital initiatives in support of the Plymouth Corporate Plan.

**1.1 Context**

Over the last decade the internet has revolutionised the way we live and work. This revolution shows no signs of slowing. This rapid change brings with it opportunities and also threats for Plymouth. The proposed wireless network concession is critically important to the Digital Plymouth strategy because it offers the potential to enhance connectivity for all and with it the potential to create revenues to stimulate and enable wider digital initiatives.

1.2 Plymouth’s remote location often acts as a barrier to the production of many physical products and services but the same barrier does not apply to digital products and services. In fact Plymouth’s great existing connectivity, excellent quality of life and strong existing creative/digital and ICT base provide a significant strategic opportunity for the city to exploit high value global digital markets and attract inward investment from individuals and businesses who seek a better lifestyle.

1.3 In order to get ahead of the competition Plymouth will need to work hard to improve digital skills. According to Go On UK, “90% of all jobs will require at least basic IT skills by 2020”. A 2009 PricewaterhouseCoopers report stated: that people with good ICT skills earn between 3% and 10% more than people without such skills.

- 1.4 Currently in Plymouth approximately 50,000 people have no hard wired home internet connection. The Council is currently leading on the largest digital inclusion project of its kind, Plymouth Get IT Together in the UK which will aim to get at least 2,500 people to use the internet regularly however more will be needed going forward.
- 1.5 If the City is to build a successful, vibrant, inclusive economy then more must be done to address this skills deficit and capitalise on the opportunity that the digital economy presents to the City. The wireless concession provides a means for Plymouth City Council to seize this opportunity for the City by utilising surpluses from the concession in order to:
- attract inward investment and home grown talent in the high value digital economy
  - improve the ICT skills base and the ability for the City to exploit high value global markets
  - enable web based public services to save money and improve service
  - increase access to the web

## 2.0 How will the wireless network benefit Plymouth?

- 2.1 **Act as a catalyst to address social and digital inclusion:** The network will create a channel through which digitally excluded communities can start to be enabled (with training and education). Whilst difficult to quantify at this stage there is strong evidence to suggest that digital inclusion can start to have a financial benefit in terms of reducing social funding to support individuals and communities. In this respect this has become a key driver for local authorities in challenging and addressing the “digital divide”.
- 2.2 **Enable cost savings and innovation in public service delivery:** Public spending reductions, increasing costs and an ageing population will impose particular pressure on service delivery in Plymouth. Wireless has the ability to drive improved and more cost efficient services in addition to ‘smart city’ innovations such as smart metering and improved integration of infrastructure.
- 2.3 **Support economic development and regeneration with the consequent link to non-financial benefits:** With an increasing need for modern and flexible infrastructure to support modern business the instigation of a City wide wireless strategy by the local authority will send a positive signal to business, attract inward investment and deliver a network which could support training, education and other Council and community services.
- 2.4 **Enable tourism:** By delivering a platform (a landing page with links to the Destination Plymouth website) which will support retail and tourism and enhance the visitor’s experience to Plymouth, this will enable Plymouth City Council to deliver a co-ordinated digital experience.
- 2.5 **Enable retail:** As a key sub regional shopping centre the provision of a digital platform within the centre of Plymouth would offer a unique selling point for retailers with a view to attracting new visitors, retailers and increasing footfall.
- 2.6 **Act as an enabler for community engagement:** As the internet now constitutes such an important means of engagement at both a local community and local authority level, the availability of a network which potentially will offer a degree of free access offers the opportunity for the effective delivery of local government information and a platform for sharing community related content. As more end users start using smartphones with a wireless capability this type of strategy will become increasingly relevant.

2.7 **Create revenue** which can be used to build demand for digital technologies and grow the network into new areas. Without conducting the concession it is difficult to estimate how much if any surplus the commercial demand in Plymouth could generate but in a difficult funding environment any initiative which can self-fund is extremely valuable.

### 3.0 **Details of the proposed service concession model**

3.1 The services proposed will consist of a public wireless provision across significant areas of the City, these areas are expected to primarily be in areas of “high footfall” as these provide the maximum potential income generation for the suppliers. Any chosen supplier will need to develop and sustain a commercially viable business model so, based on existing similar networks to date it is expected that there will be innovative approaches to enabling ease of access including free internet access. All such models will be subject detailed clarification and discussion prior to contract award. These proposals and solutions will vary depending on the supplier chosen and may include, but not confined to, limitations on:

- Times when the network is available
- Speed of the network connection
- Geographical coverage of the network
- Services available on the network
- Type of wireless technology to be deployed

3.2 It is anticipated that this will be treated as a concession contract with the successful bidder expected to be solely responsible for installation, operation and maintenance of the wireless network and the supplier will own all costs, risks, liabilities and responsibilities of operating such a service.

3.3 Market research undertaken indicates that the wireless service offer is likely to vary between suppliers in what remains a fast moving and rapidly evolving market. The aim from the procurement process will be to find the optimum level of benefits commercial and social. Competition and a process akin to competitive dialogue will maximise the opportunity to the Council.

### 4.0 **Financial factors, market assessment and proposed contract terms**

4.1 There is no revenue or capital expenditure anticipated for providing the services in this proposal. No fee will be paid to the provider. The provider will be required to ensure the maximum creation of value for their own benefit and for that of the Council and City.

4.2 It is expected that the service concession will result in a cost neutral or surplus generating contract that will fully support delivery of the services for the life of the contract in addition to growing the network footprint and the related digital offering of the city. Surpluses generated will be allocated by Plymouth City Council with the expert guidance of the Digital Plymouth Steering Group in order to grow the network and related digital initiatives in order to achieve the City Council’s vision for the city. All costs associated with implementing and operating the concession are to be covered by the chosen supplier. Plymouth City Council will through the concession agreement retain control revenue secured as part agreement.

- 4.3 The market for wireless services is characterised by keen interest from the telecom and mobile market to build public space wireless infrastructures. This interest appears to be driven by:
- advances in consumer demand for access to content (for example Netflix and BBC iPlayer) and technology as well as competition and business innovation in the sector.
  - delivery of Wi-Fi: access to content/social media based on a consumer expectation that Wi-Fi is available.
  - requirements for 3G offload: where mobile data networks (3G) are being pushed to capacity and require additional capacity from other wireless data networks such as the wireless model proposed.
  - 4G Deployment: following the award of the 4G licences in March 2013 there will be a need over the coming years for the 4G Operators to look at street level coverage in high footfall urban areas.
- 4.4 Numerous locations including Leeds and Bradford, Brighton, and a number of London Boroughs have recently awarded contracts for similar concessionary services to what Plymouth has proposed. Numerous other cities including Edinburgh and Cardiff are also in the process of initiating similar concessions.
- 4.5 Based upon the assessment of the market and the strategic direction of the Council, it is proposed that the proposed contract term is no shorter than 5 years and no longer than 10 years with options for exclusivity and break clauses based on the advice by consultants within the market.
- 4.6 As the technology and consumer/business demand changes in this sector the contract should provide a guarantee of provision for the full term and extensions and also incorporate appropriate review and break clauses within the contract if demand for this service or the technology provided becomes obsolete or requires upgrading within the duration of the contract.
- 5.0 **The procurement process**
- 5.1 The full rigour of EU procurement regulations are not applicable to concession contracts; however, the principles of equality, fairness and transparency as set out in the EC Treaty are applicable. The contract will be advertised in the Official Journal of the European Union (OJEU).
- 5.2 A process akin to Competitive Dialogue will be followed and an adequate number of days to hold dialogue sessions with bidders will be factored into the timetable. A supplier day will be held to engage with the market to demonstrate Plymouth's commitment to taking this concession forward and to explaining the procurement process to potential suppliers. This model will stimulate competition and innovation and ensure an optimal solution to Plymouth's individual requirement.
- 6.0 **Contract Management Strategy**
- 6.1 The eventual contract will be managed by the Council's Economic Development Department. An operational team has been assembled to deliver the concession with staff from Transport and Infrastructure, ICT, Planning, Legal, Finance and Procurement. The Council has also



sought the expert guidance of consultants who have advised on the delivery of similar projects elsewhere in the UK.

- 6.2 Works will not commence until a project and resource plan are set in place and agreed by all parties. Quarterly or monthly liaison meetings will take place between the key Council representatives and the supplier's representatives during the implementation and operational phase or more frequently if required.

## 7.0 **Timetable**

- 7.1 The expected timetable for the procurement is set out below.

<b>Indicative Timeframe</b>	<b>Date</b>
Cabinet Approval Procurement process (see below)	Sept 2013
<u>Phase 1: Preparation</u>	
Technical Due Diligence Document preparation and asset audit	Aug 2013
<u>Phase 2: Tender Process</u>	
Advertise opportunity and commence procurement	September 2013
Receive submissions and evaluate	January 2014
Contract commencement	March/April 2014

## 8.0 **Responsible procurement**

- 8.1 The network will be required to comply with all relevant legislation and government recommendations covering such networks.
- 8.2 In respect of ethical concerns the Council will retain the right to veto organisations at its discretion from advertising on the network. Specifically the advertising of payday loans companies or similar enterprises shall be prohibited in compliance with stated Council policy. In addition to this access to payday loan websites will be blocked from public access through the network.

**REPORT ENDS**

