



COMMUNITY WEALTH BUILDING



CBN working with Tameside Council

Building Cooperative Network Infrastructure through Cooperation, not Contracts

Using an innovative, cooperative approach, local councils and partner organisations have built new, advanced digital infrastructure, serving public sector, businesses and citizens.

The 'thin layer model' - pioneered in Tameside in Greater Manchester - facilitates rapid deployment of new digital infrastructure, avoiding the complications and downsides associated with other public-sector interventions. A 'thin-layer' cooperative provides a set of shared rules which govern trade between its members – in this case private sector companies paying public sector asset holders for the use of their assets.

The thin layer model is pragmatic. Councils and their public sector partners have invested in new infrastructure assets where an internal business case can be made, repurposing service expenditure to build new infrastructure with long-term savings.

Using the thin layer model, the assets of different organisations are sewn together to form a coherent, integrated infrastructure that is shared using a neutral co-operative: Cooperative Network Infrastructure (CNI). CNI brings together public agencies with infrastructure that can be shared. This includes local authorities, NHS trusts, college groups and social housing

providers. These contributor members share digital infrastructure assets, while retaining ownership and without needing to invest in complex SPV or JV structures.

The model allows the benefits of collaboration to be shared with the private sector telecoms operators and ISPs as well. Private-sector members of the cooperative can access the shared infrastructure on equal, non-exclusive terms.

By sharing key spine infrastructure using a neutral vehicle, investing network operators can concentrate on connecting homes and businesses. That's why private sector telecoms operators and ISPs have joined CNI, including innovating investors like ITS Technology, Telkom, euNetworks, Neos, Zayo, City Fibre and Virgin Media O2, along with smaller ISPs and digital businesses. Smaller, local providers have an opportunity to access infrastructure that would otherwise be beyond reach, helping to develop local digital sector economies. Private-sector members like City Fibre, Zayo and euNetworks are also contributing assets, understanding that they can collaborate to mutual benefit.

The co-operative neutral host is built on three key principles:

- Asset aggregation: members contribute passive assets - for example ducting - that they own or have built. They retain ownership and charge a market rate to the co-operative to make use of these assets.
- Pragmatic opportunism: the alliance takes advantage of opportunities to construct infrastructure at low cost, for example installing duct in developments and new road schemes ('dig once'), sharing capacity with urban traffic control, and installing fibre in spare ducting alongside tramways.
- Neutrality lock: the co-operative model guarantees the neutrality of the shared infrastructure, ensuring open competition and helping smaller and local firms to capture more of the digital value chain

This innovative collaborative model supports rapid and rational deployment of new digital infrastructure. The 'thin layer model' provides a neutral, cooperative framework to support both public sector and private sector collaboration and asset sharing.

The cooperative maximises leverage of publicly held assets and public sector demand, avoiding exclusive concessions and complex joint ventures - eliminating the need for complex clawback and subsidy control provisions.

The focus on collaboration and neutrality helps smaller businesses to access infrastructure that would otherwise be unavailable to them, and so promotes competition and innovation and helping stimulate the growth of local digital-tech ecosystems.

What does this mean for public services?

The example of CNI has far reaching implications for any scenario calling for collaboration between public, private and community organisations in pursuit of a shared purpose.

As Cliff Mills, Anthony Collins Solicitors, has pointed out, the arrangement provides a way out of a fundamental problem with contracts and contract law, namely that they *“are not interested in fairness; they are all about certainty, specifying precisely what happens in different situations. And that is determined at the point the contract is made, and that’s the problem: people entering into obviously, profoundly unfair contracts [...] out of necessity.”*

“Contracts are all about private rights – protecting mine against yours. It locks the parties into arrangements that they can only get out of if both agree. Contracts take an unequal bargaining position and crystalise that inequality into the future.”

“[CNI uses] a cooperative as the mechanism for the trade itself, and uses the rules of the cooperative and secondary regulations or arrangements to govern the transactions, rather than individual contracts with members.

“This is cooperation providing a different legal solution to the simple activity of buying and selling; providing an alternative to a market economy. This is, in truth, the recognition of cooperative law; not just as a system of registering a particular type of corporate structure; but as a framework for facilitating trade for the benefit of human beings today and for future generations.”

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