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| To: | City Executive Board |
| Date: | 20 June 2017 |
| Report of: | Interim Assistant Chief Executive for Regeneration and Economy |
| Title of Report:  | Super Connected Wireless Concession Award Authority |

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| Summary and recommendations |
| Purpose of report: | Request to award - CEB to award a contract for a Wireless Concession, this being part of the Super Connected City project approved by CEB in October 2013. |
| Key decision: | Yes |
| Executive Board Member: | Councillor Bob Price, Board Member for Corporate Strategy and Economic Development |
| Corporate Priority: | Vibrant Sustainable Economy |
| Policy Framework: | None |
| Recommendation: That the City Executive Board resolves to: |
| 1. | **Approve** the Wireless Concession contract referred to in this report to the supplier selected in accordance with the procurement process undertaken.  |

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| Appendices |
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| Appendix 1Appendix 2 Appendix 3Appendix 4 | Oxford Wireless Concession Benchmark Report – Exempt from publicationConcession WiFi CoverageEqualities Impact 2013Wireless Concession Raid Log V78 |

# Introduction and background

# Super Connected City Project

In 2013, Oxford City Council was awarded £4.83 million from the Urban Broadband Fund (Phase 2) for the Super Connected Cities Programme to deliver ultrafast (100mb/s +) broadband and wireless infrastructure, for businesses and residents. The key elements of the project included:

* Broadband connection vouchers for businesses
* Wireless public transport provision
* Wi-Fi Hotspots in public buildings
* County Council Better Broadband programme – in progress
* Wireless Concession – in progress

This paper deals with the wireless concession project which is the final project to be delivered within the programme.

Wireless Concession Project

The project comprises a wireless concession model that covers as much of the city area as possible with Free-to-use Wi-Fi – with priority coverage of the city centre area, Cowley Road, Headington (Hospital and Brookes sites) and Banbury Road / Summertown area. Maps were included in the Invitation to Tender that covered the whole of the City Council boundary,

The concession model being pursued is based on the Westminster City Council and O2 partnership. In Westminster O2 have access to street lights and other public sector assets and have used them to install the equipment required to deliver a wireless network which has been made available free of charge to members of the public.

The project team has engaged with a wide range of stakeholders and conducted an audit of public sector assets that can be used for the Wi-Fi equipment (City Council, County Council, Universities and NHS).

**Procurement Process**

An OJEU compliant procurement process was undertaken and a preferred supplier has been selected. The supplier is named in appendix 1.

The evaluation process was carried out to ensure that the quality of the bid received was satisfactory to both the City Council project team members and the external technical expert.

The bidder passed the selection evaluation, though a low Delphi score has been received, a Delphi score is an analytical tool to highlight the strength, performance and ultimately the creditworthiness of a company to a single score. Further research was conducted on the proposed Concessionaire and the accounts demonstrated the Delphi score is not a true reflection of the company’s current standing. Despite this a Parent Company Guarantee will be requested for greater security.

The submission was evaluated on with the weightings being defined as 60% quality and 40% price.

Tenderers were required to complete a pricing schedule contained within the Invitation To Tender (ITT) document. The pricing schedule required the tenderer to demonstrate a quantum of guaranteed revenue for the Council/s and also a quantum of non-guaranteed revenue for both the tenderer and Council/s.

**Evaluation Result**

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| **Evaluation**  | **Max Possible Score** | **Score Achieved by preferred supplier** |
| **Qualitative total** | **60%** | **42.6%** |
| **Pricing Score** | **40%** | **40%** |
| **Total** | **100%** | **82.6%** |
| **Pricing Confidence Factor (Non-guaranteed Income)** | **100%** | **62%** |

# Concession Contract

The Council will not be liable to pay any money to the supplier. The supplier will be required to pay the City Council to gain access to assets to install wireless technology and provide a free-to-use Wi-Fi service. The contract will be for 10 years in the first instance with the City Council reserving the right to extend this by a further 5 years.

At the end of the contract the Concessionaire shall remove at its own cost any and all equipment from the specified assets owned by the Councils and make good damage caused as a result 30 days prior to the Contract End Date.

The ownership of all Equipment remaining on the Specified Assets shall transfer automatically to the Owning Council at nil cost to the Owning Council at 5pm on the Contract End Date and the Owning Council retains the right to collect as debt any amount spent by the Owning Council in the removal of such Equipment as is subject to Asset Transfer.

# Financial Implications

This Project will be financially beneficial to the Council for the term of the contract. The table below demonstrates the pricing breakdown submitted by the potential concessionaire. The value of the opportunity to the market is not known (nor can it be reliably calculated) but is estimated to be between £600K - £1.8M.

Guaranteed revenue from the contract is calculated by the number of rented assets and the rental amount attributed to each asset. The rental value per asset has been set by the concessionaire at £200 per asset. Based on expert advice this rental value is deemed to be satisfactory and compares favourably with current market rates

Non-guaranteed revenue is generated by the concessionaire through various potential revenue streams the most important of these being advertising. Advertising conditions set out by the Council have been agreed by the potential concessionaire.

Evidence of generated non-guaranteed revenue will be provided to the Council on an open book basis, the non-guaranteed total will be based on gross revenue generated from the concession.

A confidence factor was applied to the non-guaranteed revenue share proposal of the concessionaire. The non-guaranteed revenue share is based on revenue streams pursued by the concessionaire e.g. advertising opportunities. The confidence factor was calculated from the pricing response answers that the proposed concessionaire submitted.

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| **Length of Contract** | **Concession Fee (guaranteed Income)** | **Non-guaranteed Revenue Share** | **Confidence Factor** | **Concession Total Guaranteed + Non-guaranteed With Confidence Factor Applied**  |
| **10 Years** | **£108,800** | **£227,640** | **62%** | **£249,936.8** |
| **15 Years (additional 5 year extension)** | **£56,000** | **£135,600** | **62%** | **£140,072.0** |
| **Potential Contract Total**  | **£164,800** | **£363,240** | **62%** | **£390,008.8** |

The project has been led by Oxford City Council in partnership with Oxfordshire County Council. Any monies received from the concessionaire will be split between the City and County Councils. The City Council will receive the first £90,000 of income from the concessionaire to cover project costs. Further monies above £90,000 will be split 50:50 between the City & County Councils.

The concessionaire will have access to and install wireless equipment onto street furniture with an electrical supply, this will predominantly be street lights owned by the County council. The cost of the electricity will be at a cost to the concessionaire.

# Legal issues

In order to ensure the contract is properly awarded, delegated authority is required due the size of opportunity this presents to the market. The opportunity to the market has been estimated at between £600K - £1.8M .The opportunity has been advertised in accordance with the European Procurement Regulations, and any resulting contract would be let on terms and conditions prescribed by the Council.

# Level of risk

A Risk Register has been prepared and appended

# Equalities impact

Original Equalities Impact Assessment attached.

# Conclusion

The project will provide an income to the Council and will provide a useful service to the community.

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| Background Papers: None |