

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

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.	

Appendices	
Appendix 1	Oxford Wireless Concession Benchmark Report – Exempt from publication
Appendix 2	Concession WiFi Coverage
Appendix 3	Equalities Impact 2013
Appendix 4	Wireless Concession Raid Log V78

Introduction and background

Super Connected City Project

1. 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
2. This paper deals with the wireless concession project which is the final project to be delivered within the programme.

Wireless Concession Project

3. 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,
4. 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.
5. 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

6. An OJEU compliant procurement process was undertaken and a preferred supplier has been selected. The supplier is named in appendix 1.
7. 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.
8. 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.

9. The submission was evaluated on with the weightings being defined as 60% quality and 40% price.
10. 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

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

11. 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.
12. 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.
13. The ownership of all Equipment remaining on the Specified Assets shall transfer automatically to the Owing Council at nil cost to the Owing Council at 5pm on the Contract End Date and the Owing Council retains the right to collect as debt any amount spent by the Owing Council in the removal of such Equipment as is subject to Asset Transfer.

Financial Implications

14. 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.

15. 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
16. 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.
17. 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.
18. 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.

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

19. 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.
20. 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

21. 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

22. A Risk Register has been prepared and appended

Equalities impact

23. Original Equalities Impact Assessment attached.

Conclusion

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

Report author	Oliver Collins
Job title	Project Support Officer
Service area or department	Business Improvement
Telephone	01865 252845
e-mail	ocollins@oxford.gov.uk

Background Papers: None

This page is intentionally left blank