

DECISION-MAKER:	CABINET		
SUBJECT:	*AWARD OF A WIRELESS NETWORK SERVICES CONCESSION		
DATE OF DECISION:	20 AUGUST 2013		
REPORT OF:	LEADER OF THE COUNCIL		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

The appendix attached to this report is considered confidential in regard to category 3 of paragraph 10.4 of the Access to Information Procedure Rules. This is required as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is not considered in the public interest to release this information.

BRIEF SUMMARY

To help enable Southampton to become a first class WiFi and next generation enabled wireless city, Cabinet is recommended to award a service concession for the use of council-owned structures and assets, mostly street lights, to facilitate the installation and operation of infrastructure for a "limited free to user" and publicly accessible wireless network.

RECOMMENDATIONS:

- (i) To award a Wireless "limited period free to user" services concession within the City of Southampton to Arqiva for an initial 5 year period; and
- (ii) To delegate authority to the Head of Contract Management to determine whether the contract should be extended up to a further period of 5 years.

REASONS FOR REPORT RECOMMENDATIONS

1. A publicly accessible wireless network in the city that is free to use for a limited period will provide economic and social benefits to residents of, and visitors to Southampton. The evaluation panel agreed that Arqiva's tender, the only tender submitted for the wireless services concession, meets the requirements outlined in the specification and will help meet council priorities and generate revenue.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. To not recommend Arqiva be awarded a Wireless "limited period free to user" services concession. This was rejected because Arqiva's proposal meets the requirements set out in the specification and the proposal will help Southampton become a first class Wi-Fi and next generation enabled Wireless Network city which will help to promote social inclusion and

economic development. Rejection of the proposal would also result in the loss of a new income opportunity for the Council.

DETAIL (Including consultation carried out)

3. The Council recognises that having a free to use, publicly accessible wireless network available in Southampton would help make the city more attractive to residents and visitors and promote social inclusion. To maximise the potential social and economic benefits to Southampton, the Council, on 17th May 2013, advertised that it was seeking to award a service concession to provide a Wireless Network Service within the City of Southampton. The tender documents outlined the following:
 - The Council is seeking a publicly accessible wireless network available in, but not limited to: Southampton City Centre, Southampton waterfront and the key transport corridors in and around the City of Southampton;
 - It is anticipated that “free to use” shall be time limited with charges applying for use after the initial “free to use” period;
 - The council will require an annual guaranteed fixed rental plus a share of the profits of the network from the successful bidder in exchange for granting 5 years exclusivity, with extension options of up to a further period of 5 years, of use by the network of council-owned structures and assets;
 - The successful bidder will be required to have commenced installation of the network within 3 months of contract award;
 - Bidders must have a proven track record in the delivery of similar services to those specified by the council and be able to provide evidence of successful implementations achieving real benefit to local authorities and/or other similar organisations;
 - Bidders shall also be required to evidence their relationships with the wholesale market, demonstrating how they can support the council to achieve its aims; (*The more mobile operators that pay for access to the network the greater the financial return to the Council*)
 - All proposals must be commercially viable, self-financing and where possible maximise income streams to the council, whilst achieving the desired social and public benefit.
4. Five companies registered on the council’s e-tendering portal, enabling them to obtain directly all relevant tender documentation. At the closing date a single tender was received from Arqiva.
5. Arqiva is an experienced and credible provider of WiFi services, including the new free to public WiFi network currently being rolled out across Manchester City centre. The proposal submitted by Arqiva offers the following:
 - Within 6 months of award of contract, at no cost to the City Council, WiFi coverage in high footfall locations across the city, focussed primarily on the city centre and district centres, utilising the City Council’s street furniture;
 - An opportunity to extend coverage of the WiFi network following negotiation with Arqiva;
 - 30 minutes free internet access (Freemium) per device, per calendar day with a paid for service thereafter;

- Freemium service branded as per the City Council's requirements and unrestricted access to 3 Council nominated websites without registration;
 - Unlimited usage by devices provided by SCC for use on Council business - Arqiva will provide a login page on the branded Freemium service for Council staff. The staff would login with the same username and password as they would on their corporate office desktop;
 - A guaranteed annual revenue and a twenty percent share of gross revenue generated by Arqiva, after the guaranteed sum has been deducted, through their ability to sell wholesale access to the WiFi network to mobile phone operators. The confidential revenue proposal is attached as Appendix 1.
6. Following a meeting of the evaluation panel it was agreed that the proposal submitted by Arqiva met, and in parts exceeded, the specifications set in the tender document and the Panel recommended that Arqiva be awarded the contract.

RESOURCE IMPLICATIONS

Capital/Revenue

7. There will be no one-off or ongoing cost implications for the Council as the successful bidder will be responsible for paying all capital expenditure and installation costs. However the contract will generate an annual income to the Council based on the higher figure from either a guaranteed annual revenue sum or twenty per cent share of gross revenue generated. The detailed income projections over the life of the contract are set out in Confidential Appendix 1 and will be effective from 2013/14 (part-year). The minimum income guarantee will be built into the future budgets of the Communities, Change and Partnerships Division from 2014/15 and ongoing, within the Environment and Economy Directorate.

Property/Other

8. Arqiva's proposal seeks to utilise the Council's street furniture, predominantly street lighting to site WiFi technology. Arqiva are aware that they would be the responsible for obtaining any planning permissions required, and to liaise with the Council's street lighting PFI partner, SSE.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

9. Powers to undertake this are contained in Section 1 Localism Act 2011.

Other Legal Implications:

10. The procurement of this service has been conducted in accordance with the Council's Contract Procedure Rules.

POLICY FRAMEWORK IMPLICATIONS

11. This development would directly contribute to the following priorities identified in Council Plan 2013-16:
- Promoting Southampton and attracting investment
 - Implementing better ways of working to manage reduced budgets and increasing demand.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Revenue Generation Proposal - Confidential
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Documents In Members' Rooms

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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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