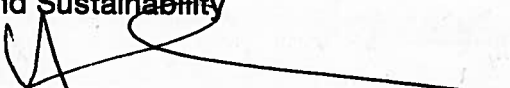


Haringey Council

Report for:	Cabinet Member Signing by the Cabinet Member for Finance and Carbon Reduction	Item Number:	
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Title:	Award of a concession contract for the provision, installation and maintenance of equipment enabling the provision of a wireless network in streets and open spaces in the borough using specified assets
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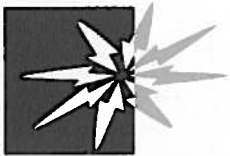
Report Authorised by:	Lyn Garner, Director, Place and Sustainability 
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Lead Officer:	Kate Dalzell, Head of Director's Office
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Ward(s) affected: all wards	Report for Key/Non Key Decisions: Key decision
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1. Describe the issue under consideration

- 1.1 The council has been engaged in a cross-borough procurement process to let a concession contract which allows suppliers of wireless services to attach networking equipment to specified council owned assets such as street lighting columns.
- 1.2 This report outlines the process undertaken and the outcome of the final tender evaluation, and requests approval to award the contract to the highest scoring bidder.
- 1.3 A collaborative procurement involving 17 local authorities was run by Camden Council, although each authority was considered as a separate lot. As the contract was for a concession, the full remit of the procurement regulations did not apply. However the council followed a formal competitive dialogue procurement process including a dialogue phase.
- 1.4 A collaborative process was pursued to maximise interest from the market, however the evaluation process, the contractual terms, and the decision on whether to award contract have been determined by each borough individually.



2. Cabinet Member introduction

2.1 Wireless services are increasingly available to businesses, residents and visitors across the country's high streets and transport networks. They are becoming part of the basic offer in a competitive town centre, offering opportunities for residents and visitors to access online information about events and local attractions and to experience the level of connectivity they have come to expect.

2.2 This concession contract offers the council an opportunity to leverage its assets, generating income from the street lighting column network, at the same time as delivering on our commitment to make Haringey's town centres successful and connected places with thriving local economies.

3. Recommendations

That the Cabinet member:

3.1 Notes the results of the procurement process, as set out in the evaluation summary below and in the Part B, Exempt section of this report.

3.2 Awards the services concession contract for the provision, installation and maintenance of equipment enabling the provision of a wireless network in streets and open spaces in the borough using specified assets to Arqiva for a period of ten years, at no cost to the council, and generating a guaranteed concession fee and income of £478,000 over the ten year period. (Figures quoted are at current prices).

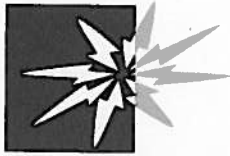
3.3 Agrees that Arqiva is awarded exclusive rights to the specified assets for the provision of a wireless network for a ten year period, but that after five years the concessionaire will lose this exclusive right in relation to all undeployed assets, allowing the authority to enter into other arrangements at its discretion.

4. Alternative options considered

4.1 The council has the option to not award a wireless concession contract. This would prevent the council from accessing the benefits set out in Section 5 below and therefore this option is not recommended.

4.2 The council has the option to repeat the procurement process and award a wireless concession contract at a later date.

4.3 Technology and consumer/ business demand changes rapidly in this sector, and it is possible that market conditions could result in a stronger offer at a future date. Market research undertaken by boroughs prior to the procurement indicated that the wireless service offer was likely to vary between suppliers, and that an approach combining inter-borough collaboration and competitive dialogue would



Haringey Council

maximise the opportunity to find the best possible balance of benefits and income levels. By engaging in a joint procurement exercise and by limiting the concessionaire's exclusivity after five years, the council has sought to counter this risk without delaying the borough's ability to access the benefits set out below. The benefits of joint procurement would not necessarily be available at a future date. The level of interest expressed in the concession (with three bidders submitting initial tenders, and two tendering at the final stage) suggests a reasonable level of market competition. As a result the option to retender at a later date is not recommended.

5. Background information

5.1 The cross-borough procurement project was initiated through the London Procurement Strategy Board. The London Borough of Haringey participated as one of seventeen local authorities led by the London Borough of Camden.

5.2 The collaborative approach was intended to maximise interest from the market. A cross-borough team short-listed bidders at the PQQ stage and coordinated the initial schedule of competitive dialogue discussions. Each borough conducted dialogue in its own right, and the evaluation process, contractual terms, and decision on whether to award a contract have been determined by each borough individually.

5.3 The proposed concession has the following characteristics:

- Offers the concessionaire the ability to attach networking equipment to specified council owned assets in streets and open spaces in Haringey
- Requires the concessionaire to be solely responsible for the installation, operation and maintenance of the wireless network, and to own the risks and responsibilities of operating the service and the costs associated with the service
- Requires that any equipment complies with the recommendations and requirements of the International Commission on Non-Ionizing Radiation Protection and any other relevant statutory authority
- Requires the concessionaire to provide the council with a minimum guaranteed sum in consideration of its occupation of council assets, and a percentage share of the income generated from any equipment installed
- Offers a contract term of ten years. The concessionaire would have the exclusive rights to use specified council assets for the provision of wireless services for five years. At the end of five years the council would have the right to enter arrangements with other wireless service providers using any assets not yet deployed by the concessionaire.



Haringey Council

- Requires that installation and maintenance works are planned and conducted in consultation with the council, that the concessionaire obtain all necessary consents, approvals and permissions, including planning consents, and that the concessionaire complies with Haringey's public realm design guides and standards.

5.4 Section six below sets out the criteria against which the bids were evaluated. Characteristics of the highest scoring offer, in achieving the scores set out below, are as follows:

- Includes provision for a limited free wifi service for residents and visitors outdoors in high footfall areas
- Proposes a revenue model based on income from a number of sources across the life of the contract including:
 - sponsorship/ advertising banners on the free wifi site
 - wholesale wifi capacity, selling wifi capacity to other mobile network operators and internet service providers to give them additional capacity to use with their own customers under their own brands
 - wholesale small cells. Small cell technology is currently at developmental stage, however increased demand for small cells is anticipated in future years to provide capacity to 4G devices.

5.5 In the event that the contract is awarded, contract monitoring and liaison with the concessionaire will be overseen by the Traffic Management Service in Single Frontline in the Place and Sustainability Directorate.

6. Procurement process

6.1 The procurement was tendered in the EU under the Public Contract Regulations 2006 following the publication of an OJEU notice by Camden, acting as the lead authority.

6.2 PQQ responses were evaluated by a cross-borough evaluation team. Six organisations were short-listed for the lots, of which five expressed an interest in bidding in Haringey.

6.3 An Invitation to Participate in Dialogue was issued in November 2012. Haringey received three responses. At this stage one bidder withdrew from the process. Haringey opened a competitive dialogue process with the remaining two bidders, Arqiva and one other, in January 2013. The dialogue was used to refine the borough requirements, and an invitation to submit final tender was issued to bidders in March 2013.

6.4 The evaluation criteria were set out in the initial bid documents issued by Camden, which stated that a 60% weighting would be given to price considerations, and



Haringey Council

40% to quality considerations. Weighting was further broken down at a second level, using the criteria set out in the table below.

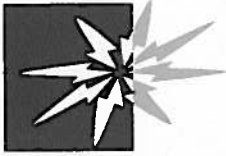
Level one criteria	Level one weighting (%)	Level two criteria	Level two weighting (%)
Quality	40%	Operational	30%
		Technical	20%
		Health and Safety	15%
		Working with the Authority	15%
		Customer Engagement	10%
		Social Inclusion	10%
Price	60%	Minimum Annual Guarantee. (Fixed annual fee)	50%
		Annual Revenue share (% share of Gross Revenue)	50%

6.5 In relation to quality, a score (of 0-5) was awarded for each level 2 criteria and multiplied by the weighting to give the total score. The calculated scores for each sub-criteria were then added together to give a total Quality Score.

6.6 In relation to price, bids were scored against a series of measures to calculate a Confidence Factor in relation to the revenue projections bidders set out, and this Confidence Factor was applied to figures in generating a final Price score for each bid.

6.7 Evaluation of the final bids was undertaken by a mixed Haringey team comprising officers from Single Frontline, Finance, and Communications and Consultation and advised by Procurement and Legal Services as required. A summary of the final scores is set out in the table below

Criteria	Weighting (%)	ARQIVA score	BT score
Quality	40%	29.6	24
Price	60%	60	3.7
Total Score		89.6	27.7



6.8 The Arqiva bid scored more highly on the basis of both quality and price. In relation to price, as set out above evaluation gave consideration to both fixed income and projected revenue share. Details of the evaluation of Arqiva and Bidder B are set out in the Part B Exempt report.

7. Comments of the Chief Finance Officer and financial implications

7.1 The recommended option would generate a guaranteed income of £478,022 over a period of ten years. In addition there is the possibility of additional income in the form of a share of additional revenue generated by the contract. As there is no existing budget for this activity, the resulting income would be available to support wider Council priorities.

7.2 All costs associated with this activity are expected to be met by the winning bidder.

8. Head of Legal Services and legal implications

8.1 The council has power to enter into a concession contract for the provision of a wireless network under the general power of competence (Localism Act, section 1). The procurement of service concessions are not subject to the provisions of the Public Contracts Regulations 2006 (Regulation 6(2)(m)). However, in the interests of transparency and fairness and in order to get best value this procurement was advertised in the Official Journal of the European Union (OJEU) and the council has voluntarily followed the procedure for competitive dialogue as set out in the Regulations. The tenders were subject to evaluation in accordance with the tender evaluation model and Arqiva received the highest overall rating. Accordingly, the contract may be awarded to Arqiva as recommended.

9. Equalities and Community Cohesion Comments

9.1 The proposed contract will have no adverse effects on services or on employment and therefore will not impact adversely on persons or groups who share any of the characteristics protected by section 4 of the Equality Act 2010 nor has it any implications for any aspect of the Council's public sector equality duty.

9.2 The wireless infrastructure will increase connectivity in the borough and enable a limited free wifi service in outdoor spaces in high footfall areas: in this way it will support economic regeneration, add value to the existing town centre offer, and support digital inclusion.

10. Head of Procurement Comments

10.1 Whilst concessions are intended to generate income they nevertheless fall under Public Contract Regulations. With regards this particular project, Camden is the lead authority and has ensured the necessary procedures are complied with.



Haringey Council

10.2 A monitoring system has been put in place to ensure that the service is compliantly run and the income is achieved.

10.3 The Head of Procurement supports the recommendations.

11. Policy Implication

11.1 The wireless concession will contribute to Council objectives by supporting the economic vitality of town centres and promoting digital inclusion.

12. Reasons for Decision

12.1 The evaluation carried out at the end of the procurement, managed under the OJEU process, indicates the preferred bidder recommended in this report.

12.2 The evaluation and the procurement exercise ensures that the Most Economically Advantageous Tender is selected.

13. Use of Appendices

13.1 Not applicable

14. Local Government (Access to Information) Act 1985

14.1 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The information is exempt under the following category (identified in the amended Schedule 12 A of the Local Government Act 1972); information relating to financial or business affairs of any particular person (including the authority holding that information)

