

## \*PART A

**Report to:** Cabinet  
**Date of meeting:** 1<sup>st</sup> December 2014  
**Report of:** Jane Custance, Head of Regeneration and Development  
**Title:** WiFi Connectivity Project

### 1.0 **SUMMARY**

1.1 This report gives an overview of two opportunities for WBC, firstly to deliver street level WiFi connectivity to the town centre and other specific community areas across Watford on a cost neutral basis, and secondly to deliver business quality wireless broadband connectivity from WBC rooftop locations and generate an income for the council.

#### 1.2 Street Level WiFi

The opportunity for WiFi was initially identified within the town centre because of the benefits that WiFi access could bring to visitors and businesses. However, after further investigation there is also a case for introducing connectivity to deprived community areas within the borough because it could support Channel Shift initiatives, and enable the residents to use devices like smart phones to access key services. Improved connectivity would therefore deliver both economic and social benefits. The mechanism to achieve this a service concession contract, an established model which means that WiFi could be implemented without capital or revenue investment from WBC.

#### 1.3 Rooftop Concession

A service concession contract is also the mechanism recommended to deliver business quality broadband connectivity from rooftops. This model enables WBC to generate an income, and risk resides with the infrastructure provider.

### 2.0 **RECOMMENDATIONS**

2.1 To progress to procuring both a WiFi service concession and a rooftop service concession in January 2015. Procurement for the two concessions would run in parallel, but as separate procurements. The preferred bidders detailed proposals would be returned to Cabinet for approval prior to awarding any contracts. If successful it is estimated that a WiFi service could go live in October 2015.

- 2.2 A Procurement Exemption has been agreed to engage the services of specialist consultants Regional Network Solutions to support the project. RNS assists with feasibility studies, soft market testing, asset and requirement capture, assistance in drafting contracts, and procurement evaluation. They bring in-depth technical and commercial knowledge of this market. Details are in the Appendix.

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**Report approved by:** Jane Custance, Head of Regeneration and Development

3.0 **DETAILED PROPOSAL – Street Level WiFi**

- 3.1 A service concession model is a proven model used by local authorities across the UK to implement WiFi. A consortium of 17 London Boroughs utilised this approach successfully in 2012. The project lead for the London consortium, Terry Brewer, Director Commercial Contracts and Procurement Harrow Borough Council who is also the ICT lead for the LGA, is sharing best practice with WBC.
- 3.2 The service concession approach is based upon the Local Authority offering street furniture assets (lampposts, CCTV buildings etc) to the market, enabling a wireless infrastructure provider to use these to create a wireless network, potentially in return for a fee. This, therefore, switches the model from cost based to at least cost neutral, and potentially to income based, and also transfers the risk from the local authority to the provider. However, this model is only possible if the market deems the area in question commercially viable.
- 3.3 This project is being undertaken by WBC in partnership with stakeholders across the town in order to maximise both economic and social outcomes. These are Watford Community Housing Trust, Watford Town Centre Partnership, West Herts College, Safer Watford, and Herts County Council and Herts LEP are supportive of this initiative and approach.
- 3.4 These partners collectively engaged Regional Network Solutions, specialist consultants, to carry out a feasibility study in Summer 2014, to determine whether there was interest from the market in investing in Watford. This involved capturing what all partners need from a WiFi solution, high level asset audit to establish whether Watford has the right types of asset to offer the market, and a soft market testing exercise. This brought confirmation that HCC are happy for streetlamps under their ownership to be offered as assets in the concession; a MoU is being drafted between WBC and HCC to support this. The soft market testing engaged 7 companies, ranging from local firms to major infrastructure providers like BT. This exercise concluded that there is limited, but definite interest to invest in Watford, primarily because of our location inside the M25.
- 3.5 The model that the market would use involves creation of a WiFi network, but also the installation of what are termed ‘small cell’ devices which boost 3G/4G connectivity. These small devices are fitted to the side of buildings or onto CCTV columns or streetlamps. WiFi provision no longer generates the income it once did, as users now

expect WiFi access free of charge, so the wireless network infrastructure provider generates income by selling 3G/4G capacity to the mobile network operators. The mobile operators are struggling to cope with the explosion in demand for capacity, so this is of great benefit to them. Watford gains by having both WiFi access and improved 3G/4G connectivity, and a cost neutral implementation.

- 3.6 The suggested areas for coverage from an economic development perspective are the town centre, reflecting the proposed BID area so within the ring-road but also including Watford High Street Station in anticipation of CRL, and also including the civic area and West Herts College. It would also be desirable to have coverage across central Watford between the ring road and Watford Junction, Market Street, and Vicarage Road to the football club and hospital. Also proposed for inclusion is Cassiobury Park at Café Cha Cha Cha and the paddling pools in anticipation of the HLR funded regeneration project.
- 3.7 The model also enables the inclusion of community areas that would benefit from improved connectivity, to help them engage with key services, for example improving access to benefits and work opportunities. This can be achieved in two ways, firstly through the requirement for Social Value to be applied within the contract, but also community areas may now prove commercially viable in their own right, because mobile operators require more network capacity in areas where, despite a level of deprivation, there is still relatively high smart phone usage. The proposed areas for coverage are focused around the towns community centres, which correspond to areas where Watford Community Housing Trust has a presence and where WBC would perceive there to be a higher level of social and economic need.
- 3.8 It should be noted that whilst these are the areas recommended for coverage, the exact areas to be included will be established during the procurement phase based upon what the market deems viable.
- 3.9 Any supplier will need to maintain the commercial viability of the network. They will be wholly responsible for the network, its installation, maintenance and operation. The duration of the contract will to some extent be determined by the market, but is likely to be between 5 and 10 years, to allow for a refresh cycle. The benefit to WBC is not only the cost neutral financial basis, but also that the onus to ensure a good quality of service resides with the provider in order to maintain commercial viability.
- 3.10 Procurement of a service concession involves providing the market with the exact detail of assets available along with the requirements specification. A detailed asset register needs to be compiled, including street furniture, CCTV and property assets. The requirements are being captured in conjunction with partners, and will incorporate a wide range of considerations including:
- Content filtering
  - Security
  - Data management
  - Speed and capacity
  - Geographical coverage
  - Availability
  - Services available on the network
  - Application integration

- Integration with Intu WiFi
- How advertising is managed
- Asset management

This is an indicative list, other requirements are likely to be identified as partners are consulted in more detail.

- 3.11 It is anticipated that the branding of Watford WiFi and its welcome pages will be in line with Watford For You branding to represent a cohesive image of the town. A communication plan will also be produced to inform businesses and residents about the new WiFi and how to get the most from it.
- 3.12 An application strategy is also being considered, so that partners and stakeholders are prepared to utilise this new infrastructure when it arrives, and ensure that any integration issues have been considered and mitigated where possible.
- 3.13 RNS are supporting WBC and partners in these projects as discussed earlier. Autumn 2014 will involve detailed planning, producing a full asset register and requirements specification, and the preparation of the service concession contract, in readiness to go to procurement at the end of January 2015.
- 3.14 Indicative time frames are:
- January 2015: Procurement  
 Early Spring 2015: Cabinet review / approval  
 April 2015: Award contract  
 May 2015: Licenses signed  
 October 2015: WiFi service go-live
- 3.15 Evaluation of tenders submitted during the procurement process will be seeking best fit with requirements specification, delivery of maximum economic and social benefit, and the most advantageous cost model.

### **DETAILED PROPOSAL – Rooftop Concession**

- 3.16 There is a second opportunity for WBC and partners to seek a ‘rooftop concession’. This involves rental of rooftop assets to the market to enable a far higher capacity wireless network to be created. This model could generate income for WBC and partners (eg WCHT), and has the potential to build an infrastructure upon which high speed business quality broadband could be delivered to Watfords main business and employment areas. These areas, particularly Watford Business Park, are struggling with poor connectivity which is not likely to be improved through the HCC Connected Counties programme. The potential for a rooftop concession is being explored in parallel to the street level WiFi opportunity because there are likely to be different market providers interested in bidding for a rooftop concession than for a street level WiFi concession, and potential rental values and income generated are potentially far higher for rooftops than for street level assets.

There is the potential to generate income for WBC through the rooftop concession, although the level of potential revenue cannot be predicted until early stages of the procurement process, based upon market feedback.

- 3.17 The rooftop assets that can be offered to the market to create a wireless broadband network are being identified and audited in parallel to the street level assets. So a concise register of rooftop locations will be prepared by January.
- 3.18 RNS is supporting WBC in creation of the concession contract, requirements specification and other procurement documentation. This should also be ready in January. Therefore it is recommended that the two procurements run in parallel in order to maintain momentum within the market, partners and locally, and secure both the connectivity improvements and income streams for WBC in 2015.
- 3.19 As stated earlier, the detail from the proposals of preferred bidders on both the WiFi and rooftop concessions, will be returned to Cabinet for approval prior to any contract being awarded.

## 4.0 **IMPLICATIONS**

### 4.1 **Financial**

- 4.1.2 If WBC succeeds in procuring a WiFi service concession this will enable a cost neutral option for WiFi implementation. There will be no revenue or capital expenditure.
- 4.1.3 It is possible that a small income may be derived from rental of the street level assets to the market. The potential for this will be established through the procurement process as the market feeds back on their view of commercial viability. It is recommended that any income generated could fund resources to create and manage the WiFi welcome page and integration with partner applications.
- 4.1.5 The rooftop concession has the potential to generate income for WBC and partners, although exact levels cannot be defined until feedback is gathered from the market in the early stages of procurement.
- 4.1.4 The £8,450 cost for RNS services detailed in the appended Procurement Exemption will come from Economic Development budget, although partner contributions are being sought towards this cost.

### 4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Head of Democracy and Governance comments that the legal implications are contained within the body of the report. The Council will need to ensure that any landowners where Wi-Fi assets are to be attached have given their approval.

### 4.3 **Equalities**

- 4.3.1 None

### 4.4 **Potential Risks**

The feasibility study undertaken during summer 2014 enabled detailed due diligence

to be carried out to assess the viability of the project. This also enabled mitigation of many of the risks, which is why the likelihood of the risks occurring is low in the table below. A brief more fully outlining risks and mitigation is included in the appendix.

Potential Risk	Likelihood	Impact	Overall score
There is no market interest in Watford at the procurement stage, or no longer interested in a concession model	1	4	4
Assets required by the market to create the network are not available	1	4	4
Procurement and legal issues related to OJEU	1	3	3
State Aid challenges	1	3	3
Ragged End Request	1	3	3
Planning issues – planning policy deters bidders	1	3	3
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

#### 4.5 **Staffing**

4.5.1 Alongside economic development resources to manage these projects, resources will be required to create and manage the WiFi welcome page and future application integration. It is proposed that this is funded from any income generated through the service concessions.

#### 4.6 **Accommodation**

4.6.1

#### 4.7 **Community Safety**

4.7.1

#### 4.8 **Sustainability**

4.8.1

### Appendices

- Appendix A - RNS Procurement Exemption October 2014
- Appendix B - Watford WiFi Concession Risk Assessment October 2014

### Background Papers

- The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Watford Borough Council Executive WiFi Report Final – Produced by RNS, September 2014.

### File Reference

- None