

Cabinet 27 June 2017	 TOWER HAMLETS
Report of: Corporate Director of Place	Classification: Unrestricted
Public Wifi for All programme	

Lead Member	Councillor Joshua Peck, Cabinet Member for Work and Economic Growth
Originating Officer(s)	Fiona Crehan, High Street & Town Centres Manager
Wards affected	All Wards
Key Decision?	No
Community Plan Theme	A fair and prosperous community

1. Executive Summary

- 1.1 The delivery of the Public Wifi for All Programme is a key part of the broader Mayoral priority to provide free public Wifi network across the borough and to tackle poverty and increase economic prosperity. As part of the 2017-18 budget process, a growth bid was approved by Council on 22nd February 2017 to provide the funding resource required to support delivery of this priority.
- 1.2 The Council's approach to addressing digital exclusion and connectivity capacity and coverage issues in Tower Hamlets and creating a free public Wifi network across the borough, focuses on enabling Connectivity Providers access to Council owned assets on a non-exclusive basis, and giving them permission to deploy technology and fibre, at their own cost and in return for a fee to the Council, thereby improving local connectivity capacity and coverage.
- 1.3 The proposed approach to achieving a free public Wifi network across Tower Hamlets will deliver a number of social and economic benefits for residents and businesses including: investment in the local digital infrastructure, improved mobile and connectivity capacity and coverage across the borough and a free public Wifi network in locations across the borough, particularly town centres. The use of a concession arrangement will also enable the Council to generate revenue from allowing Providers access to our assets.
- 1.4 The Council has been developing the scope and delivery plan for the Public Wifi For All Digital Inclusion project (funded by a growth bid), which will test out approaches to effectively helping digitally excluded local residents and

businesses to get online and migrate to using digital platforms. The Digital Inclusion project will be delivered alongside the deployment of Wifi technology on Council owned street furniture assets. The Digital Inclusion project will promote take-up of the free public Wifi network offer among local businesses and residents who are unlikely to do so without proactive engagement and support.

- 1.5 The investment by Providers in Wifi technology and fibre will expand the local connectivity infrastructure, thereby increasing local capacity and coverage while also enabling the delivery of free public Wifi network across the borough. The deployment of technology will start in three pilot locations and then roll out across the borough. The pilot locations include: Brick Lane, Watney Market and Chrisp Street.
- 1.7 This work will be taken forward in two phases under separate Invitations To Tender (ITT) to Wifi and Connectivity Infrastructure Providers:
 - Phase 1. access to Council-owned street furniture assets; and
 - Phase 2. access to Council owned Fibre & Ducting assets
- 1.8 The Street Furniture ITT will result in the appointment of a Provider that installs technology on Council owned street furniture, including lamp posts and CCTV columns, which improves mobile coverage and capacity across the borough and creates a free public Wifi network, particularly in areas of high footfall such as town centres. The Connectivity Provider under the Fibre & Ducting ITT will have access to Council owned ducting and fibre and will invest fibre in our ducts to improve connectivity coverage and capacity in the borough and enable the deployment of free public Wifi in social housing.
- 1.9 This report seeks authority to initiate Phase 1, the timetable for which is set out in section 3.35 of this report, and sets out the work that will be carried out to enable Phase 2. Phase 2 will be the subject of a further report to the Executive at the appropriate juncture.

2. Recommendations:

The Mayor in Cabinet is recommended to:

1. Authorise the procurement of a Provider for the provision of free public Wifi network in the borough through the deployment of technology on Council-owned street furniture via a concession agreement;
2. Authorise Corporate Director Place, following consultation with the Lead Member, to award a concession contract and approve other ancillary or related contractual documentation, on the basis of the most economically advantageous tender following a compliant procurement exercise;

3. Authorise Corporate Director Governance, following consultation with Corporate Director Place, to enter into and execute all necessary documents to give effect to recommendation 2;
4. Note that a further report will be presented to the Mayor in Cabinet regarding the proposed Fibre and Ducting concession agreement to be procured; and
5. Note that the delivery plan and outcomes for the Digital Inclusion Training programme and Project Manager role will be agreed with the Lead Member.

1. REASONS FOR THE DECISIONS

- 1.1 The Public Wifi For All programme will deliver the Mayoral priority to provide free public Wifi across the borough, by leveraging investment in local connectivity infrastructure and thereby supporting economic growth by addressing local connectivity capacity issues and barriers to digital access.

2. ALTERNATIVE OPTIONS

- 2.1 Consideration has been given to the potential for Providers to invest in the local fibre infrastructure on their own.
- 2.2 Consideration was given to joining an existing connectivity framework set-up by London boroughs and Public bodies.
- 2.3 Consideration was given to the Council setting-up its own Wifi network and selling access to mobile phone and connectivity businesses.
- 2.4 These options are not being recommended as providers have limited commercial appetite for investing in the local connectivity infrastructure, current regional and national frameworks would not offer best value and the Council does not have the resource or experience to set-up its own Wifi network and sell services to mobile and connectivity businesses.

3. DETAILS OF REPORT

- 3.1 Tower Hamlets Digital Strategy and Action Plan 2015 to 2018 sets out the Mayor's commitment to address digital exclusion and make Tower Hamlets an online Borough. Digital Exclusion is identified as 'the lack of skills, confidence and opportunity to get on-line'. In Tower Hamlets there are particular groups who are disadvantaged in this area, including: people aged 50+, those with a disability, those from some ethnic minority backgrounds, particularly Bangladeshi, social housing tenants and low income households. The

strategy sets out actions to address digital exclusion including: setting-up Wifi zones, helping more residents get online by working with big IT providers and setting-up free or low-cost Wifi locations across Tower Hamlets.

This report sets out two proposals –

- i. the deployment of technology on Council owned street furniture assets and
- ii. providing access to Council-own fibre and ducting assets to enable the deployment of additional fibre in Council-owned ducting.

This report seeks approval to proceed with the former and sets out information on the latter, which will be the subject of a further report to the Mayor in Cabinet.

Digital Inclusion considerations

- 3.2 One of the key drivers for the provision of free public Wifi network across the borough is to increase the levels of digital inclusion among local residents and businesses. In developing the approach to achieve this goal, Officers have been considering lessons learnt from areas that benefited from a public Wifi offer, e.g. Glasgow and the social benefits achieved with 33 community centres securing free Wifi over the duration of their concession agreement.
- 3.3 Officers recommended a phased roll out of the free public Wifi offer, starting in 3 locations to test effective approaches to enabling residents and businesses, including market traders, to get online. Proposed locations for the first phase of the roll out are: Brick Lane, Crisp Street and Watney Market. These locations have street lighting and CCTV columns owned by the Council, which will host technology for a free open access public Wifi and improve mobile connectivity. These pilot locations are very likely to appeal to Providers bidding for the concession as they have either high footfall or high concentrations of Pay as You Go (PAYG) customers.
- 3.4 Officers recommended a digital inclusion training programme be delivered in the pilot locations for residents and businesses that would not take-up this public Wifi offer without proactive engagement. The Digital Inclusion project will build on the Digital Champions training project led by the Corporate Strategy and Equality Team and learns lessons from successful digital inclusion projects delivered in cities with free public Wifi offers.
- 3.5 Organisations working with digitally excluded community members, will be invited to quote to deliver training and motivating activities and acting as 'Digital Champions', working with people who, without proactive support, are unlikely to use technology and take advantage of the free public Wifi offer. People to be targeted include: older people, some women from Bangladeshi backgrounds, some disabled people, some social housing tenants and low income households.

- 3.6 Poplar HARCA confirmed they would like to be a Digital Champion and will support delivery of the digital inclusion work with businesses, market traders and residents in the Chrisp Street area. The Idea Store in Watney Market will host delivery of digital skills training and support with residents, businesses and market traders in the Watney Market area. There are a number of community organisations in the Brick Lane Regeneration programme that could be Digital Champions and quote to deliver digital skills training with residents, businesses and market traders needing support to get online.
- 3.7 Officers in the Communication Team are preparing a Communications Plan to promote awareness of the free public Wifi offer and the Digital Inclusion training support offer and the phased roll out of the public Wifi offer etc.
- 3.8 The visitor, resident and business engagement work will be tested in the Brick Lane, Watney Market and Chrisp Street, taking into account the regeneration plans for Brick Lane and Watney Market and the proposed redevelopment programme in Chrisp Street.

Summary of financial, economic and social value benefits

- 3.9 The delivery of the Public Wifi for All programme will achieve financial, social and economic benefits for the borough, including helping to improve connectivity capacity and coverage for the benefit of local residents, businesses and visitors. The experience of other Local Authorities that set-up public Wifi offers and provided access to their street furniture and fibre and ducting network, has informed the following benefits Tower Hamlets can expect to secure.

Economic benefits from concession agreements

- 3.10 The Provider awarded the **Street Furniture** concession will, at their cost, source fibre to support technology deployed on street lighting and CCTV columns, which enables an public open access Wifi network and better mobile coverage and capacity. Lighting and CCTV columns located in high footfall areas, particularly local town centres, will be the most attractive locations for Providers to invest in an open access Wifi network. People living, working and shopping in town centres will benefit most from this investment. The availability of a free public Wifi network in our town centres will appeal to customers; helping to boost footfall and support local businesses. Also, as Tower Hamlets has the highest concentration of PAYG mobile customers in the UK, all of the borough will be an attractive location for the Provider under this concession, to deploy technology to boost mobile capacity and coverage by attaching technology on the Council's street furniture. This investment will increase mobile connectivity capacity and speeds experienced by local customers, including: local residents, businesses and market traders operating in the borough and visitors to Tower Hamlets.

- 3.11 The Provider that wins the **Fibre and Ducting** concession will have permission to access Council-owned ducts to deploy fibre, at their cost, which will enable the provision of data storage services to Wifi and Mobile Providers and businesses. Access to Council-owned ducting to deploy fibre is more cost effective for Providers than digging-up pavements to lay new ducts and fibre. The Council and a Provider could jointly invest in deploying fibre in our ducts to enable connectivity and in-turn, create a public Wifi network serving our local Social Housing. The joint investment in fibre would make the Council's funding go further and enable fibre to be deployed in locations that are less commercially attractive and which may require additional CCTV coverage. Once the fibre is in place, it would then enable free public Wifi to end users to be provided in the social housing blocks. Where the Provider contributes towards the cost, the fibre would be jointly owned by the Council and the Provider. The Council would retain ownership of all existing and new ducting and existing fibre and any new fibre it paid for.
- 3.12 The Council's Public Wifi For All growth bid, which was approved in February 2017, has a total £1.75m funding, including £1.5m capital and £0.25m revenue funding to enable the roll out of free public Wifi in public spaces and the Council's social housing. The £1.5m capital funding will be used to invest in the Council's fibre infrastructure, which will enable a free public Wifi network in public places and in the Council's social housing where the fibre is deployed. The Council could fund the deployment of this fibre from the £1.5m fund or use the funding to lever additional investment from the appointed Provider for the Fibre & Ducting concession. Such a joint agreement would be a partnership and not a concession and the fibre would be jointly owned by the Council and the Provider. In this way the Council's resource combined with that of the appointed Provider will increase both local connectivity capacity and Wifi coverage, in areas where there is digital exclusion and the locations are less commercially attractive to Providers.
- 3.13 The investment in fibre under both the Street Furniture and Fibre & Ducting concessions, including the Council's investment in its own fibre network, will increase our local digital infrastructure, ease pressure on existing fibre capacity and customer demands and improve coverage across the borough. This investment in the fibre network in the borough will also enable the Council to support London's Smart City agenda and create the opportunity to bid for some of the Government's £750m innovation funds to pilot Smart City initiatives. Smart City initiatives require high speed connectivity in order to operate and enable real time collection of data. Ideas that could be explored include: monitoring air quality and traffic and capturing intelligence that can help reduce pollution, support independent living and health, enhancing the visitor experience and way-finding to drive footfall to our town centres.

Financial benefits from concession agreements:

- 3.14 The financial benefits to the Council of progressing with the Street Furniture and Fibre and Ducting concessions include generating income from Providers:

- i. Council-owned Street Lighting concession, based on similar schemes in other areas, could generate £1m to £3m for the Council over 10 years, including: with an upfront payment in year 1 being typically offered, a rental per asset taken-up by the Provider per year and a % share of the gross income generated by the Provider when they sell mobile connectivity services to Providers in the mobile services supply chain. (Providers do not generate income from the open access public Wifi network).
 - ii Council-owned Fibre and Ducting concession, based on similar schemes in other areas, could generate £2m to £3.5m income over 10 years, including: with an upfront payment in year 1 typically being offered, a rental per asset taken-up by the Provider per year and a % share of the gross income generated by the Provider in selling connectivity services to the market. (These figures are provided by RNS and based on other similar schemes).
- 3.15 The appointed Connectivity Provider for each concession agreement may decide to use the Council's appointed maintenance contractor for Street Lighting and for CCTV ducting and fibre network, to carry out any installation work and all future maintenance of their technology. If the appointed Provider decides to procure their own maintenance contractor to maintain their technology on Council-owned assets, they will be required to work to the Council's required standards and protocols. If the Provider chooses to use the Council's appointed Contractor to carry out maintenance of their technology, this could enable the Council's Street Lighting and CCTV Teams to align their respective maintenance work streams with that of the appointed Providers, enabling savings to be achieved under the Council's respective maintenance contracts.
- 3.16 The Concession Agreement with Connectivity Providers will require them to offer an open public access Wifi network, which will be available to local residents, businesses, market traders and visitors to the borough. The free public Wifi service will be 'open access', which means that it does not matter which mobile provider the customer is with and they can use the network. If the Council set-up a free public access Wifi service it would cost over £2m and cost about £100K per year to operate. The assessment of bids from Providers that want to access Council-owned assets will include scoring the level of coverage across the borough offered by the free public Wifi network as part of social benefits package in their submission.

Social benefits from concession agreements

- 3.17 The delivery of the Public Wifi Programme will make access to free internet more accessible for vulnerable and excluded groups, including social housing tenants, people aged over 50, low income households and others experiencing digital exclusion. Lack of affordability is one of the main reasons for digital exclusion along with the lack of skills and access to equipment.
- 3.18 Delivering digital skills training with digitally excluded residents, businesses in premises and traders on street markets as part of the roll out of the first phase

of Street Furniture Wifi programme will ensure that people who would not take-up and benefit from the free public Wifi offer are motivated to do so. Working with Community Champions trusted by digitally excluded groups, has been an effective way to engage digitally excluded groups in other UK cities.

- 3.19 The investment in local digital infrastructure and the set-up of a public free Wifi service will support the Council's roll out of electronic payments by businesses and customers. E.g. Most market traders have no online presence and in a social media training project delivered by the High Streets & Town Centres team, market traders asked for help with learning how to make online payments and create an e-Bay selling platform for their business. Motivation to change is a key factor in helping digitally excluded residents and local businesses get online and use digital platforms. This in-turn will support the Council's aim to revolutionise its customer relationship management arrangements with residents and businesses and promote a channel shift to digital platforms.

Summary of market research carried out by RNS

- 3.20 In 2015, the Council engaged Regional Network Solutions (RNS), a specialist IT and connectivity consultancy that works only with Public Sector clients, to advise the Council on how to address connectivity capacity issues in the borough, in order to support economic growth and address digital exclusion.
- 3.21 RNS prepared a report setting out the market context and opportunity to improve connectivity capacity and digital access in Tower Hamlets, by allowing Connectivity Providers access to Council owned assets, so that they can invest in the local digital infrastructure, at no cost to the Council and in return for an upfront and annual fee. RNS has worked with over 60 Wifi and connectivity concession projects across the UK and have drawn on lessons learnt from this experience to advise Tower Hamlets on how to improve local connectivity capacity.
- 3.22 The report also sets out details of the types of assets that could be offered to the market, estimates of income for each type of asset and how social benefits could be leveraged from Providers granted permission to access Council assets e.g. Glasgow City Council secured free Wifi in 33 community buildings for the duration of their Wifi concession agreement.
- 3.23 A key issue raised in RNS's report was the poor level of connectivity and coverage in the borough, with Tower Hamlets ranked 2nd on a list of 430 Councils for poor quality coverage. The report highlighted that Wifi was mainly offered in buildings and there was a lack of coverage in public spaces. Also Tower Hamlets has the highest concentration in the UK of Pay-As-You-Go (PAYG) contracts among mobile phone customers, which is a characteristic of low income households. This concentration of PAYG mobile customers creates a challenge for Providers to meet their connectivity needs.
- 3.24 RNS's market testing with Connectivity Providers found that 3G mobile phone coverage was extensive. However, high customer demand means speeds

experienced by customers are slow, including in high footfall areas like Whitechapel. The Wifi market is developing. The 4G mobile phone is being rolled out currently and Providers are finding it increasingly difficult to meet consumers' expectations and demand for higher speeds.

- 3.25 Also, from 2019 Providers are rolling out 5G to customers, which will offer speeds of 100GB/Sec, (1,000 times faster than 4G). This level of speed will not only benefit mobile customers but will also enable real time monitoring and support 'big data' capture. For example once Wifi technology is attached to street furniture, it could support sensors used to monitor: air quality, traffic movement, health factors to support independent living and improved connectivity capacity for businesses, customers and visitors.
- 3.26 RNS undertook soft market testing with Connectivity Providers: Virgin Media, BT Group, Intechology, CTIL and Aquiva, who are the top tier of suppliers in the connectivity market. They own fibre and connectivity assets and sell connectivity services to mobile phone retail providers (EE etc.), that in-turn sell services to customers on the high street.
- 3.27 These top tier Providers are currently looking for ways to meet current customer demand for connectivity services and preparing for future demand. They want to work with organisations that own street furniture and building assets and secure their permission to deploy Wifi technology, called 'small cells', on their assets. The 'small cells' are small boxes, which are placed at a height of 5 metres on street lighting and CCTV columns and also on top of buildings. These small cell boxes provide a signal with a reach of up to 500 metres depending on the height of neighbouring buildings and other obstructions.
- 3.28 In the past 5 years top tier Providers have been working with Local Authorities in London, including Westminster, Hackney and Camden and also Glasgow City; securing concession agreements under frameworks with groups of and individual local authorities and other public bodies. These agreements have given Providers permission to access street furniture and other assets and thereby improved local mobile connectivity capacity and coverage.
- 3.29 Consideration has been given to the opportunity of offering Providers access to the Council's rooftops to host Wifi technology. At present this is not a significant revenue generating opportunity. Also the Council needs to control access to these locations and, while the Council owns and manages a large number of buildings, some of them may not be retained in the future. The Council is therefore not intending to pursue a rooftop concession opportunity at present, as the Council needs to ensure future options are not limited by granting agreements to third parties for access to rooftops.

Connectivity market context and opportunity

- 3.30 London is ranked in 26th place on a league table of connectivity in Europe's capital cities, with download speeds three times slower than in Paris, and

twice as slow as Reykjavik. Tower Hamlets has one of the slowest broadband speeds in London along with Westminster and Southwark.

- 3.31 Workspace providers in Tower Hamlets shared in September 2016 that long-running issues with poor data speeds in their business hubs is an issue for their tenants and is holding back business growth and productivity. This is also an issue experienced by self-employed people who work from home and who cannot get access to high speed broadband. To support the retention and growth of Tower Hamlets' business base, broadband connectivity speed and capacity in the borough needs to be improved.
- 3.32 Top tier connectivity Providers, such as City Fibre, Metronet, Hyperoptic and Optimity, provide connectivity services for businesses and other Providers that service the mobile connectivity market. They also sell access to fibre to Providers (listed in 3.8) that manage Wifi networks and mobile phone transmitters serve retail providers of broadband, that sell mobile services to customers on the high street.
- 3.33 Tower Hamlets Council owns and maintains around 30 kilometres of fibre running through its own ducting network. This fibre is commercially valuable to the Providers listed above. The proximity of the Council's fibre and ducting network to Tech City, the City of London and business centres in neighbouring boroughs including Stratford, adds to the Borough's locational benefits and the commercial value of the Council's assets. Securing access to the Council's ducting and fibre network would enable Connectivity Providers to deliver data storage services to customers in these areas.
- 3.34 RNS also advised that local regeneration projects could support digital infrastructure investment for the benefit of residents and businesses by encouraging developers to install ducting and fibre at build stage rather than wait for BT or Virgin etc. to do so once the development is finished. Also, when giving permission to utility and other companies to work on streets and highways, the Council can require them to install ducting for the Council as the cost would be £10/metre compared to £110/metre if the Council carried out this work. This approach would lever investment in the local fibre infrastructure and reduce costs to the Council for its ducting and fibre network.
- 3.35 The following approaches are proposed for the implementation of the Wifi Strategy and leases/costs related to these approaches will need to be identified as follows.

Phase 1 Progressing the Street Furniture Concession

- 3.36 The Council's street lighting columns are suitable to host technology to enable a public Wifi network and improve mobile connectivity. The Street Lighting team confirmed that the Street Furniture concession would work with the planned replacement of lighting columns, including new street lighting columns under the Brick Lane Regeneration programme, and the LED energy efficient lighting replacement programme.

- 3.37 RNS is working with the Street Lighting Team and Procurement Officers to prepare the technical and operational specification for the ITT documents for the Street Furniture Concession. The documents will include:
- an assets register providing details of the street lighting and CCTV columns across the borough that are suitable for Wifi technology,
 - the Council's request that Providers consider work with their appointed maintenance contractors
 - technical and operational requirements specific to each asset
 - the Council's social benefits aims and aspirations for a free to end user public Wifi network,
 - the scope of the Customer Access pilot projects and
 - a Communication Plan.

The ITT documents will be prepared by end of June 2017.

Timeline for progressing this Street Furniture concession:

- i. RNS working with Street Lighting, CCTV and Procurement Officers to prepare the Street Furniture ITT documents – end June 2017
 - ii. Street Furniture ITT launched (following approval) - early July 2017
 - iii. Bidders (<10 potential Providers) submit responses – within 6 weeks
 - iv. Score responses 60% Quality and 40% price - Mid-August 2017
 - Operational requirements (design, implementation, operation and maintenance of the network)
 - Technical requirements (system spec. protocols & compliance)
 - Coverage (how much of the borough will they cover)
 - Customer engagement (communication plan and approach to promoting take-up among residents, businesses and visitors)
 - Social value (free to end user public Wifi offer and enabling access for digitally excluded groups)
 - Price (40% weighting) offered: (Upfront fee + guaranteed income (£/column/year) + % of non-guaranteed income from assets)
 - v. Recommend Provider to be appointed – end September 2017
 - vi. Concession agreement with appointed Provider starts – October 2017
 - vii. Appointed Provider starts deployment (3 months)
 - viii. Roll out in pilot areas goes live (January 2018)
- 3.38 The terms of the Street Furniture concession agreement will require that the maintenance contractor used by the Provider to maintain their technology on Council owned assets works to the Council's standards and protocols. This will ensure consistency in the management of Council-owned assets. If the Provider decides to use the Council's maintenance contractor to carry out maintenance on their technology, this could offer the opportunity to align Council and Provider maintenance work streams and achieve savings on maintenance contracts for the Council.
- 3.39 Once the digital infrastructure is in place to support free public Wifi network and improve mobile connectivity coverage and capacity, the Council can

explore how this technology can help drive a borough-wide Smart City initiative with e.g. smart lighting and noise and air quality monitoring.

Phase 2 – Progressing Fibre & Ducting Concession

- 3.40 In order to progress with Phase 2 Fibre & Ducting concession, the Council will first need to carry out an audit and survey of the Council's ducts and fibre network. This work will:
- determine condition of ducts and fibre using plans and surveys
 - assess the condition of fibre in the ducting network
 - identify where there is spare capacity in the ducts for additional fibre.

This will allow the Council to assess the commercial value of our actual ducting assets and qualify the soft market testing carried out with Providers by RNS with Providers interested in bidding for the Fibre & Ducting concession opportunity. This work will result in a report to inform content of Fibre & Ducting ITT documents.

The cost of the audit and survey of fibre and ducting assets is £25K (paid for from Public Wifi Growth bid).

The timescale – 4-6 weeks and completed by mid-August 2017.

A further report will be produced setting out a proposed way forward, including the procurement of a concession contract, based on the outcome of this report. This report will also set out the outcome of a strategic review of the Council's CCTV infrastructure needs and seek approval of a business case for expenditure to meet that need.

- 3.41 The Council will balance the opportunity for maximising revenue generating opportunities from the concessions agreements with maximising social value and economic benefits for residents and businesses arising from the free Wifi offer. The Council will meet its best value duties with such agreements giving access to its assets. This would normally mean charging a market sum for the use of the Council's assets, including street furniture, CCTV ducting, fibre and properties. The Council's finance section is preparing a commercial evaluation of the concession opportunities, which will provide a baseline against which to evaluate the ITT submissions from Providers.

3.42 Costs associated with the proposal.

A. Potential income generation:

RNS have estimated that a Street Furniture concession agreement could generate a revenue stream, for the Council, of £1m to £3m over a recommended ten-year period. (10 year period is based on similar schemes).

The revenue stream from the Fibre and Ducting concession is dependent on the capacity of the existing network and so, subject to the outcome of the audit and survey, could yield £2m to £3.5m over a recommended ten-year period. (10 year period is based on similar schemes).

B. Expenditure:

The following table sets out costs that have been identified as funding requirements for the Public Wifi For All programme, drawing on funding from the Growth Bid for 'Free Wifi for all', which was approved by Council in February 2017, and secured a total of £1.75m, including £1.5m capital funding and £0.25m revenue funds, to be spent over 2 years from 2017/18.

It is proposed that expenditure set out in Table 1 below is made available to the Public Wifi for All programme from this approved funding.

As part of the on-going discussion with the Wifi Working Group, the Council may explore the upgrading of the CCTV system from an analogue to digital system as this will release capacity in the Council's duct and fibre network. If this is proposed, and supported by a business case, the report to the Executive will set out the proposal and include the implementation cost.

Table 1

Expenditure	Revenue Cost £
Project Manager to manage delivery of the Concession (to be procured)	54,600
Visits and research activity (Travel costs, officer time)	7,500
Condition survey of fibre and duct network assets. Develop a business case for analogue to digital upgrade	50,000
Training courses for local residents (pilot only at this stage) – estimate 200 residents accessing training	20,000
Training courses for local businesses (pilot only at this stage) – estimate 200 businesses accessing training	20,000
Marketing and communication related costs	25,000
Total revenue expenditure required (from total £0.25m revenue in Wifi for All Growth bid)	£ 177,100

4 **COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 This report outlines the opportunities that are available to the Council to address digital exclusion by enabling providers to access Council assets to locate Wifi technology, and follows previous approval for the procurement of a provider for the 'Small Cell Wireless Concession Agreement for Street Furniture' element of the project.

- 4.2 The report seeks approval to procure providers for the next two stages of the initiative – street furniture, and building and Council owned ducting and fibre.
- 4.3 An initial revenue savings proposal of £50,000 per annum was approved as part of the 2016-17 budget process in respect of a review of opportunities for income to be derived from the utilisation of Council assets for the provision of Wifi and mobile communications. It was anticipated that further income would be generated in future. The service provision options have subsequently been assessed by an independent organisation (Regional Network Solutions) which advises that potential income is anticipated to significantly exceed this. The options are outlined in section A of paragraph 4.14, with the report indicating that the Small Cell Wireless Concession Agreement for Street Furniture will generate estimated income of between £1m and £3m over a ten year period, with the Ducting Infrastructure Concession agreement having the potential to realise income of between £2m and £3.5m over ten years.
- 4.4 The income will take the form of fees payable to the Council, and will be credited to either the General Fund or the Housing Revenue Account depending upon the location of the asset that will host the technology. In addition to the fee income, savings are also likely to be achieved through cost sharing of the on-going maintenance costs of the Council's assets with the external provider.
- 4.5 A Mayoral Priority Growth Bid was approved by Council on 22nd February 2017 as part of the 2017-18 budget process. This bid, 'Providing Free Wi-Fi in Tower Hamlets for all' (MGRO/RES/01/17), proposes that free Wifi is rolled out in public places across the borough and within housing estates to enable residents and visitors to have easy access to the internet and the Council's digital services. The bid proposed capital investment of £1.5m over a two year period, with on-going revenue costs of £250,000 per year.
- 4.6 The table in Section B provides the latest analysis of the various items of expenditure associated with the project. This indicates that the costs of undertaking the procurement proposals contained within this report are £117,000, with these costs being met from within the revenue element of the growth bid. The financial implications of upgrading the current analogue CCTV system will need to be assessed and will be subject to future spending approvals when a comprehensive assessment of the capital costs has been undertaken, together with a more accurate analysis of likely income and savings that will accrue from the initiative.

5. LEGAL COMMENTS

- 5.1 This report discusses the opportunities that are available to the Council to address digital exclusion and approval is sought for a competitive tendering exercise in respect of a concession contract for small cell technology (SCT) requirements.

- 5.2 By virtue of section 111 of the Local Government Act 1972, the Council may do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. Under section 1 of the Localism Act 2011, the Council has the power 'to do anything that an individual may do' 'for the benefit of the authority, its area or persons resident or present in its area'. It should be noted that the Council has the enabling power(s) to initiate the SCT procurement.
- 5.3 The projected value of SCT as stated in paragraph 3.42 is between £1m and £3m and as such, falls outside the threshold remits of the Concession Contracts Regulations 2016 (Concession Regulations) which is currently set at £4,104,394. For the avoidance of doubt, the valuations should be calculated on the basis of the total turnover of the concessionaire generated over the duration of the contract, net of VAT. Therefore, strict compliance with the Concession Regulations and an advert in the Official Journal of the European Union (OJEU) will not be required. However, the Council must still comply with EC Treaty Principles and subject SCT to a level of competition to ensure compliance with the principles of transparency and equal treatment. In light of this and given the infancy of the Concession Regulations, the procurement of SCT should mirror the principles stipulated within it.
- 5.4 However, given that the maximum SCT projected value is close to the Concession Regulations threshold and the very nature of concession contracts are less precise when referenced against regular lettings of works, services and goods, it is advisable to consider whether an OJEU notice should be placed in any event mitigating the risks of projections exceeding the threshold during the tender award stage. If that were to occur, the Council would be required to cancel any intended contract awards and retender pursuant to the Concession Regulations. The result of which would derail the programme in addition to wasted costs, effort and resources.
- 5.5 It should be noted that a 10 year contract duration has been recommended at paragraph 3.42 in respect of SCT. The Concession Regulations dictate that contracts exceeding 5 years must not otherwise be longer than the time a concessionaire could reasonably be expected to take to recoup investments. It is suggested in this report that the projected durations (together with the projected values) have resulted from soft-market testing primarily through consultants and as such, it may be considered acceptable to position the contract durations pursuant to those calculated efforts. Alternatively and for reassurance, this point could be investigated further with a view taken accordingly so as to prevent assumptions that the Council is seeking to avoid competition.
- 5.6 It should be noted that in respect of concession contracts, the Council's letting procedures (Procurement Procedures) do not detail the internal governance processes which must be followed. However, given the values anticipated together with subject matters being a part of the Mayoral Priority Growth Bid, it would be advisable for the SCT procurement to follow the Council's 'tollgate' process to provide the proportionate level of scrutiny and transparency.

- 5.7 It is noted at paragraph 3.40 that a further report will be presented to Cabinet in due course concerning fibre and ducting (FD) requirements. At that juncture, further legal advice should be sought accordingly in respect of the FD activities and any ancillary matters. However, the audit and survey services sought in relation to preliminary work for FD should be in compliance with the Council's Procurement Procedures.
- 5.8 The Council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." It should be noted that compliance by the Council with its own internal governance processes in tendering for SCT together with adherence to the requirements of the Concession Regulations should assist to satisfy these requirements. However, the Council would also need to be satisfied that entering into the contracts with the successful contractors will also provide best value.
- 5.9 The Council is required by the Public Services (Social Value) Act 2012 to consider how its procurement activities might secure the improvement of the economic, social and environmental well-being of Tower Hamlets (Well Being). The report author at paragraphs 3.10 and 3.17 has provided examples of Well Being benefits SCT could achieve. In light of this and at the conclusion of the SCT procurement; the Council will need to be satisfied that these exercises collectively will likely achieve sufficient Well Being benefits in order for these duties to be satisfactorily discharged by the Council.
- 5.10 When considering its approach to contracting, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). Officers are expected to continuously consider, at every stage, the way in which procurements conducted and contracts awarded satisfy the requirements of the public sector equality duty. This includes, where appropriate, completing an equality impact assessment which should be proportionate to the function in question and its potential impacts.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The recommendations in this report will result in Wifi and Connectivity Providers investing in fibre infrastructure and deploying digital technology, this in-turn will improve connectivity capacity in the borough for the benefit of residents, businesses and visitors.
- 6.2 Providers submitting bids to access Council owned assets to install fibre and Wifi technology at their cost will be asked to set out how they will help address digital exclusion in the borough and offer free connectivity to low income and disadvantaged groups in the borough and make public Wifi available to residents, businesses and visitors.

- 6.3 This work will help address digital exclusion, particularly among low income and digitally excluded households and older people with limited capacity to get online. This work will support delivery of the Council's Digital Inclusion Strategy.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The report proposes that the procurement of Connectivity Providers should be approved. The procurement of Providers will follow the Council's agreed procurement processes and will ensure that best value is obtained using a Most Economically Advantageous Tender assessment process.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 Allowing Wifi and Connectivity Providers to invest their fibre and install digital technology in Council assets will increase the local digital infrastructure and increase connectivity capacity. This will enable more residents and businesses to migrate to digital platforms as a 'paperless' option for transactions, engagement and communication and improve local speeds. This investment will enable the consideration of Smart City approaches to monitoring environmental factors such as air quality, particularly when 5G goes live in 2019.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 A risk management plan will be prepared for the delivery of the Public Wifi Project and associated digital inclusion engagement pilot projects to ensure successful delivery and identify effective ways to engage with digitally excluded groups as delivery rolls out. This risk management plan will identify any risks associated with technical and operational deployment on street lighting etc, with risk owners and actions required to mitigate the impact of risks.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 The delivery of the Public Wifi Programme includes 2 separate procurements, i Street Lighting and buildings and ii Council owned ducting. Subject to a further report, access to Council owned ducting will be offered to Providers on a non-exclusive basis. Providers will invest in additional fibre, which will be used to support their commercial services and will also enable the expansion of CCTV coverage in the borough. The investment in CCTV coverage will in-turn support crime and anti-social behaviour prevention in the borough.

11. SAFEGUARDING IMPLICATIONS

- 11.1 Providers interested in securing a concession agreement to access Council owned assets will be required to show how they will ensure appropriate safeguards are in place to prevent customers accessing harmful websites and content when they go online including e.g.: gambling and payday loan sites.
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Linked Reports, Appendices and Background Documents

Linked Report

Providing Free Wi-Fi in Tower Hamlets for all' (MGRO/RES/01/17)

Appendices

None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None