

IMAGINE THE EXPERIENCE



28 August 2020

Planning Committee
Strategic Development Directorate
Manchester City Council
PO Box 532
Manchester
M60 2LA

Dear Sir or Madam

Application reference: 126431/FO/2020 – Erection of a multi-use arena with ancillary retail / commercial uses in Eastlands (“the Application”)
Applicant: OVG Manchester Limited (“OVG”)

I refer to the Application which is currently listed to be determined at the Planning Committee meeting at 2pm on Thursday 24 September 2020.

ASM Global

By way of introduction, I am the Executive Vice President for Europe at ASM Global, based in our European Head Office in Manchester. ASM Global was formed following a merger between two venue management companies; SMG and AEG Facilities in October 2019. ASM Global is the operator of the Manchester Arena which, as the UK's largest dedicated live entertainment venue, is absolutely integral to ASM Global's portfolio and commercial offering.

ASM Global has submitted a full and reasoned objection to the Application. The Applicant has also made certain false and misleading statements about ASM Global, in particular the origin, reasons for, feasibility of and commitment to, ASM Global's redevelopment plans in respect of the Manchester Arena. Because of the importance of the Manchester Arena to our organization, I wanted to write personally to correct those misleading comments so that you have a true and clear picture of ASM Global's significant redevelopment plans and its commitment to the implementation of those plans to the benefit of Manchester City Centre.

Origin of the plans

ASM Global (at that time, SMG) first engaged in discussions with its landlord about its plans to redevelop the wider site in May 2018, and started work on detailed plans to transform the Manchester Arena in early 2019 with a view to announcing the redevelopment this year to coincide with its 25th anniversary celebrations.

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Following a series of productive meetings and discussions with its landlord (managed by Prestbury Investment Holdings) in the early part of 2019, ASM Global appointed international architectural firm HOK and engineers ARUP to work on plans to transform the Manchester Arena, in a way which would complement Prestbury's plans for the wider site. I understand that Prestbury had met with representatives of the Council in January 2019 to discuss its vision for redeveloping the Victoria Exchange complex (of which the Manchester Arena is a part) and shortly thereafter had appointed a world renowned and innovative architect to work on the designs.

Commitment to the redevelopment plans

Since the appointment of HOK and ARUP, ASM Global has continued to apply significant resources to the development of its plans:

1. Just seven days after the merger which formed ASM Global took place (in October 2019), we presented a feasibility study prepared by HOK in respect of the Manchester Arena redevelopment plans to the new President of ASM Global (based in the US) for consideration. The President was enthusiastic about the transformative plans to one of our flagship venues and keen to support the team in Manchester in progressing those plans further.
2. Between October and December 2019 the team in Manchester (supported by external consultants), continued work on the project. They instructed surveyors, Gardiner & Theobald LLP, to obtain a costs analysis of the scheme designed by our architects, HOK, and developed a full design programme and budget.
3. In mid-December 2019, the proposals were presented to the ASM Global leadership team (based in the US) and were met with support both at an executive and board level.
4. Since the plans were considered, my colleagues in Manchester have appointed planning consultants, Avison Young, and undertaken a series of pre-planning application consultation exercises with the City Council's planning officers, key stakeholders (including Network Rail, Chethams, Manchester College, and Historic England) and neighbours.
5. A public consultation was launched in respect of our redevelopment proposals and in excess of 6,800 responses were received, of which 94% were positive. I believe the overwhelming response demonstrates the importance of the Manchester Arena to the people of Manchester, and we are committed to seek to deliver our exciting transformational plans to create an Arena the city can be truly proud of for the next 25 years.
6. Consistent with that commitment, ASM Global intends to submit a planning application (under reference number PP-08997980) to Manchester City Council early next week. I very much hope that the Council will be supportive of our ambitious plans and, provided permission is granted ASM Global would aim to commence work shortly thereafter with the work expected to be completed in the fastest programme time available allowing for the Arena to remain open as much as possible to ensure that the city centre continues to be supported. The majority of the works have been designed to be capable of completion during the summer months when there are typically very few Arena events held due to festivals taking place. This would ensure the Manchester Arena did not have to close for a prolonged period of time and Manchester would not miss out on events which would otherwise be held at the Arena.

The position misrepresented by OVG

Regrettably, OVG has made a series of false and misleading statements which cannot go uncorrected. I address these briefly in turn below.

1. OVG claims that ASM Global's plans to redevelop Manchester are "*undeveloped*" and are "*more speculative than real*". It is said that "*the concept proposals have not been subject to any public consultation and are not supported by any technical due diligence whatsoever*". The City Council is, of course, aware from recent pre-application discussions with ASM Global, and my comments above demonstrate, that there is no reasonable basis on which OVG can maintain these assertions. ASM Global has well-advanced plans, carefully developed in conjunction with ASM Global's consultants and through consultation with the City Council and other key stakeholders.
2. OVG asserts there are unfounded "*practical questions*" over ASM Global's plans:
 - a) OVG claims wrongly that Manchester Arena has only a practical capacity of "*no more than 15,000*". This is simply factually incorrect and based on a misrepresentation of relevant event attendance data to suggest, falsely, that the Manchester Arena is capacity constrained¹. Manchester Arena regularly hosts events over 15,000 capacity. In 2018, there were 22 such events, and in 2019, there were 21.
 - b) OVG has asserted that ASM Global's plans will not "*generate anything other than a modest increase*". Again, this is actually incorrect. ASM Global's plans include proposals to increase the floor capacity of the Arena from circa 3,600 to 7,000.
 - c) It is said by OVG that ASM Global's proposals do not appear to work because of "*constraints of the rail platforms to the south and service yard height requirements in the west*". The Manchester Arena is situated above rail lines and the consequences of its location for its plans have, of course, been considered within the proposed designs by HOK, ARUP and a tier 1 Building Contractor. The scheme is fully developed and has been worked up with the benefit of pre-application consultation with Network Rail who are supportive of the plans.
 - d) OVG have also claimed that '*hospitality provisions appears to remain compromised by the apparent shared concourse to the south and west, and the likely requirement for additional vertical circulation from the main south west entrance*'. This is also incorrect. The new hospitality provision will include a new dedicated access and egress route to VIP guests.
 - e) OVG also claims that '*Artists' areas, back of house and production areas are likely to have to be reduced significantly to increase exit widths and to provide the increased capacity on the event floor*'. Whilst it is correct that there will be a reduction in the backstage space, this will not have a detrimental impact on the artist or back of house areas. The Manchester Arena was originally designed to accommodate locker rooms of resident hockey teams and is therefore larger than the dressing room space available in most entertainment Arenas in the UK. In fact, as part of our plans we intend to upgrade the dressing room areas, without compromising on the space available to artists.

¹ Economic analysis of Manchester Arena Market, Charles River Associates, June 2020, Part 4

- f) OVG note that *'Some M&E provision is to be removed to make way for the new concourses without showing where this alternative provision is to be made'*. As part of the project ARUP have undertaken a full M&E survey and Lidar scan to evaluate existing and future MEP requirements. As part of the project we will be replacing certain M&E items with new, smaller, lighter, quieter and more energy efficient alternatives which will reduce space requirements with certain items being retained and replacement components being housed both locally and on the Arena roof, as part of a reconfiguration.

OVG also assert that *'Considerable structural changes are required to the building, which are not detailed, possibly requiring a new roof to accommodate the changes reflected in the concept design'*. The roof will not require replacement as part of the project, however, the design does include the provision of additional structural supports and column widening to support the new upper concourse. In addition, new steel and concrete decks will be required in order to support the new level one concourse.

Contrary to OVG's assertions, the designs are well thought through, fully costed, independently reviewed and viable.

3. OVG claims that ASM Global's proposed investment of up to £100m is *'unviable'* as ASM Global *'only has a 25 year lease'*. As set out above, the costs of the redevelopment works have been subject to independent scrutiny by Gardiner & Theobold LLP. The project itself is supported by ASM Global's board and the landlord of the Manchester Arena. The board support plainly would not have been given unless there was a good business case for the investment. Our proposed investment has been carefully considered and is based on realistic forecasts based on historic growth trends. Investment based on the wildly optimistic growth projected by OVG could not, and would not, be supported by the board. It is not appropriate for me to set out here the business case for the investment in detail, but we are confident that the revenue generated by the additional event floor space (which translates into additional ticket sales), together with new and improved hospitality facilities, and overall improvements to the venue's attractiveness (with impact on sponsorship opportunities) will generate a return on our investment over the course of the lease. However, these proposals would not be viable if there were two 20,000+ capacity Arenas in a market which can only support one such venue. It is plain that were another Arena to be built in Manchester, the Manchester Arena's current business would necessarily be divided between the two venues. This has significant adverse consequences not only for the viability of any investment in Manchester Arena, but also the ability of the Manchester Arena to continue to operate in the long term as its rental commitments are not predicated on the market being shared with another venue. Finally, and as you will appreciate, ASM Global has already spent a considerable amount of time, money and effort developing its transformative plans in respect of the Manchester Arena; resources which quite simply would not have been committed unless there was a credible case for the project.
4. OVG claims ASM Global's objection is to protect the market position in London. It is said that, *"the pattern of arena ownerships in the UK, notably London, is driving the arguments presented"* and *"a similar approach had been taken by ASM Global in respect of the MSG proposals for a third arena in London"*. I comment as follows:
 - a) It is evident from these comments that OVG either has scant understanding of the arena market in the UK, or is deliberately trying to misrepresent what interests ASM Global has in the London market.

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- b) First, ASM Global was formed in October 2019 following a merger between two venue management companies; SMG and AEG Facilities. This merger was cleared by the Competition and Markets Authority who were satisfied that the merger would not create an anti-competitive environment (and, accordingly, I note that OVG's suggestion that "observers in the UK were concerned about the merger" as an allusion to anticompetitive behavior is entirely unfair).
 - c) Whilst not expressly stated, it is implied throughout the Response that ASM Global is the operator of the o2 Arena in London. That is entirely false; ASM Global operates the 12,500 capacity SSE Arena in Wembley and has no interests in the o2 Arena.
 - d) Notwithstanding the fact that it operates the SSE Arena, Wembley, at no time has ASM Global objected to the MSG proposals for a third arena in London. OVG has sought to rely on this false assertion as evidence of a pattern of behavior by ASM Global that is anti-competitive. This accusation and the assumptions as to ASM Global's motives that OVG has extrapolated from it has no foundation in truth and is clearly likely to mislead the Council without this correction.
 - e) I would also comment that the suggestion ASM Global is motivated by London protectionism is particularly odd given that, whilst ASM Global has interests in venues across the UK, its flagship UK venue is the Manchester Arena and Manchester is the center of its European operations. Manchester is central to ASM Global's operations, hence our commitment to a transformative redevelopment of the Manchester Arena.
5. OVG also suggests that ASM Global's redevelopment plans were devised solely to seek to frustrate its Application. That assertion is plainly untenable in circumstances where ASM Global started discussions about transformation of the Manchester Arena with its landlord in May 2018 and its landlord discussed those plans with the Council in early 2019, prior to the publication of the Eastlands Regeneration Framework 2019 Update. Whilst it clearly suits OVG to suggest ASM Global's plans are a reaction to its proposals, it is clear that ASM Global's plans have been in the making for over two years and ASM Global has invested heavily in developing those plans as I have explained above.

Plans in jeopardy

The economic analysis undertaken by Charles River Associates and Grant Thornton, respectively, indicates very clearly that the market cannot support two large, indoor arenas in Manchester and, if the proposed arena is built, that poses very significant risks for the ongoing viability of the Manchester Arena.

Unfortunately, if a resolution to grant planning permission is made, that will cause ASM Global to have to reconsider both its planned investment in redeveloping the Manchester Arena and its continued commitment to annual capital investment in the Manchester Arena. Where the economic analysis suggests there can be no expectation for any viable return on ASM Global's planned investment, it is very unlikely that investment would be made and there is even a serious risk that Manchester Arena may have to close.

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I understand why OVG might seek to present mis-information to bolster its claims about the merits of its scheme, or to undermine confidence in ASM Global's commitment to its redevelopment plans, but I hope this letter has gone some way to correct those false impressions and claims.

On a personal note, I am genuinely excited by the redevelopment plans that have been progressed by my team based in Manchester and I will truly be saddened if it is not possible to make those plans a reality if OVG's scheme is approved.

If you would like to discuss any aspect of our redevelopment plans in more detail, I'd be delighted to do so.

Kind regards,

Yours sincerely,



John Sharkey
Executive Vice President, Europe ASM Global