

Ms J Atkinson
Strategic Development Directorate
Manchester City Council
PO Box 532
Manchester
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Date: 1 September 2020
Ref: 073-004
Email: j.atkinson@manchester.gov.uk

Dear Ms Atkinson,

Oak View Group Planning Application Reference 126431/FO/2020
Erection of a multi-use arena with ancillary retail/commercial uses in Eastlands

We act on behalf of ASM Global, operator of Manchester Arena (MA), and write to present additional representations to Manchester City Council (MCC) for consideration ahead of the determination of the above application.

This letter and attachments supplement and should be considered alongside the ASM submission in June 2020. They have been prepared in response to the further documentation submitted by Deloitte on behalf of Oak View Group (OVG) earlier in August in support of the proposal.

The latest OVG submission does not satisfactorily address the objection made in ASM's June submission. ASM maintains that:

1. There is available capacity in existing sequentially preferable venues in the city centre to accommodate market growth
2. There is no credible evidence to claim that market growth will double by 2035, let alone treble, as the latest OVG submission claims, so as to justify the substantial volume of ticket sales and additional capacity which is proposed
3. The entire OVG case is thus predicated on this unrealistic market growth forecast
4. Without such growth, the current large events market will be split between two venues and the OVG proposal will therefore impact on MA, on the vitality and viability of city centre and on planned investment, contrary to national and local planning policy
5. MA's planned investment is real and initial discussions about that investment predate any knowledge of the proposal to develop a second 23,500 capacity arena. ASM is wholly committed to delivering its proposals for the MA and is progressing currently with the required planning processes.

6. Manchester currently has a city centre retail and leisure economy that is fragile, which would be supported by investment in the city centre which will underpin and accelerate economic recovery
7. Constructing a major city centre use 3 km outside of the city centre that will compete for and draw trade from the city centre, requiring customers to walk on routes which divert them away from the city-centre's retail and food and beverage offerings, will not secure these benefits and will have a detrimental impact on the city centre economy, contrary to national and local planning policy
8. Such a facility, with relatively limited public transport accessibility and reliance on customers walking from the city centre, will attract a higher split of car borne customers adding highways impacts and congestion
9. This will have related greenhouse gas emissions which have not been considered as a part of the applicant's Environmental Impact Assessment contrary both to the requirements of the EIA Regulations and MCC's commitment to zero carbon emissions by 2038
10. There are various statements, inconsistencies, and errors within the OVG submission, including about ASM and MA (which are clarified in the attached letter from ASM Global)

The importance of the market analysis is clearly paramount - because all predictions and outcomes follow from it. OVG and ASM's respective experts are so far apart in their forecasts and the potential implications are of such importance that ASM maintains this requires detailed independent scrutiny and, if contrary to the submissions put forward by ASM and other significant city-centre stakeholders, MCC is minded to resolve to grant planning permission, preferably cross examination of expert witnesses at a public inquiry convened as a result of an appeal or a call in of the application.

The remainder of this letter summarises ASM's key points made in response to the latest OVG submission and the overall planning case. Attached are the following supporting documents which provide further detailed responses to the latest OVG submission:

- ASM Global letter rebutting various false claims and further demonstrating its rationale and commitment to major investment at Manchester Arena
- CRA technical response to PWC, Ekosgen, Deloitte and Amion reports, including an explanation as to why the market forecast presented is a significant over-estimate of the realistic likely growth projections and the knock-on implications for market share and impact
- Blacc Transport / Mott Macdonald technical response to Deloitte and Buro Happold reports, including why the modal split under-estimates car borne traffic and the consequential knock on implications in terms of highways capacity, congestion and parking
- AQC note, including flagging that the OVG submission has inexplicably omitted to account for transport related emissions in their Environmental Impact Assessment and does not comply with the Council's commitment to zero carbon by 2038

Market growth

The market growth required has the added dimension of the operating models and capital structures of both buildings. As well as covering the operating overheads and events costs of both venue management companies, the market would need to enable the £350m capital investment by OVG to be repaid along with the ongoing rent at MA (which is not predicated on the Arena hosting half the number of events it currently does) as well as repayment of capital maintenance and up to £100m on the proposed redevelopment investment at MA in the city centre.

In simple terms, the market has to be big enough to support operating costs, capital maintenance and significant capital expenditure at a level not previously witnessed in this sector, which is not realistic or possible for the reasons set out below.

MA operates in a competitive market which, for large arenas, works at a regional level with competing facilities in other regional cities. In their original submission, the applicant claims that the market for large arena events will grow so significantly that all impacts on the city centre will be positive (PWC/Ekosgen forecast the market will double by 2035).

By comparison, CRA has indicated that historic growth has been very limited and, based on *actual* past trends, would project a far lower trajectory of growth (circa 5% by 2035), such that the market would need to be split if a second large arena were built serving broadly the same catchment, with resultant impacts on the existing facilities and planned investment in the city centre.

Seeking now to validate the PWC/Ekosgen forecast, OVG has commissioned a survey and a new consultancy (Amion) which has undertaken a separate projection drawn from the results of the survey which forecasts growth at even higher rates - now claiming the market will *treble* in size by 2035.

CRA's technical note (attached) sets out in simple terms why this approach is not credible or reliable. This growth trajectory is however essential to underpin the applicant's case as, without it, a second large arena will generate significant adverse impact on MA and thus have an adverse impact on the city centre.

CRA sets out why the criticisms of the ASM June submission are unfounded. For example, it explains that:

- because population grew in the past, the CRA projection based on past trends *already accounts* for population growth in the future. Moreover, ONS anticipates that population growth will *slow down* in the future
- the past four years was selected as the basis for reviewing past trends to be consistent with the period taken by PWC/Ekosgen when selecting its growth sectors which underpin the forecast of a doubling of the market
- if the past 10 years were taken as the basis to project market growth forward, it would in fact slightly *reduce* the market growth forecast by 2035 as, over the 10 year period, the market has been flat

Against this background, inexplicably, PWC/Ekosgen has forecast accelerated market growth, such that the market will double by 2035 (adding 1.27m additional ticket sales).

Amion's forecast, drawn from a survey undertaken in June which, as CRA explained in the attached note, uses a flawed methodology and makes unjustified assumptions, predicts the market for ticket sales will *triple* by 2035, adding 2.29m additional ticket sales by 2035.

Neither take account of the impact of Covid 19 on growth forecasts and the potential for market *contraction*, at least in the next one or two years.

Whilst there is potential for some market growth in the future, there is no credible basis for such bullish forecasts and, as set out in the ASM June submission, there is already capacity in existing city centre venues in sequentially preferable locations, to meet the forecast growth to 2035 and beyond.

The Manchester Arena catchment area is already better served in terms of arena seats per population than any other UK catchment as set out in CRA's initial report submitted in June (see part 4, slide 46).

As set out in MCC's original EIA scoping report response (Deloitte EIA Volume 3, Appendix 2.2), the applicant must undertake a robust assessment of impact on the existing Arena and city centre and, in accordance with NPPF paragraph 89a, on planned investment.

For the reasons set out in ASM's representations to the application in June and in this submission, the submitted information is not robust and, through significantly over estimating market growth, the applicant significantly under-estimates likely trade draw and therefore impacts on the city centre and threatens planned investment.

Impact on City Centre

In June 2020, the ASM submission referred to the changing nature of retail and the challenges that high streets across the country face from changing consumer trends, uncertainty relating to Brexit and the devastating impact caused by the coronavirus pandemic.

As set out in our June submission (P4 3.12-3.24), the retail and leisure economies in the city have clearly been detrimentally affected through markedly reduced footfall and spending which, in 2020, has been a fraction of previous years. The city centre will inevitably be particularly sensitive to additional competing development that will draw trade and footfall out of town, especially in the next few years.

CRA's forecast for market growth based on actual past trends represents a valid and potentially optimistic position as it includes no adjustment down for the impact of the pandemic. On this more credible forecast basis, the proposed OVG arena will operate 3 km away from the city centre and need to share the existing market for large events and will therefore simply add more pressure on the city centre retail and leisure economy, just as it seeks to recover.

OVG state, through the latest Amion survey, that customers attending events at Eastlands in the new arena will spend broadly as much in the city centre as customers attending events at the existing MA (see table 1, page 21 of Deloitte volume 1, August 2020) - yet this bears no consistency with OVG's transport strategy, a key part of which is to draw customers out up to three hours before the start of an event and hold them back later for up to an hour to reduce congestion at peak times as set out in the EIA (technical appendix 12.1, section 6.3 - spectator profiles).

If an event were to finish at 10.30pm and customers retained for an hour, by the time they got back into the city centre it would be around midnight, by which time restaurants would be closed, there would be fewer bars still open and public transport connections would be missed.

At paragraph 9 of the executive summary, Deloitte claims that *'it would not take significantly longer to walk from Piccadilly Rail Station to the Etihad Campus as it does from Piccadilly Station to the existing MA.'* However, a simple review of the most direct walking routes to both the OVG site and MA from Piccadilly Station on Google maps demonstrates that the distance to the proposed OVG arena is 2.9 km compared to 1.6 km to MA - a 1.3 km difference.

We are not suggesting that East Manchester is wholly disconnected from the city centre and clearly, the city core will continue to grow, but there are stark contrasts between the accessibility by sustainable travel options of MA and the proposed OVG Arena site, as set out in the accompanying note by Blacc/Mott Macdonald (page 25).

The walking routes are also markedly different to those used to access MA. In particular, the longer walk from Piccadilly Station to the proposed OVG Arena is out through the city centre fringe with little active frontage. It leads customers directly away from the city centre. By comparison, the route from Piccadilly Station to MA is *through the city centre itself*, enhancing the propensity for linked trips, thereby supporting the city centre retail, F&B and leisure economies.

The same conclusion can be drawn through considering customers arriving at Victoria Station or at Shudehill Interchange (bus and coach station). In each instance, the walking distance and route to the proposed OVG Arena is significantly longer heading *away* from or skirting the city centre, whereas MA's location in the heart of the city centre ensures that customers can readily benefit from and will patronise the wider city centre offer, as demonstrated by the clear trading links between facilities including Printworks and Corn Exchange when there are events at MA.

There is also a marked difference in the qualitative character between the routes out to the OVG Arena site and the routes passing through the city centre to MA as set out in the accompanying note prepared by Blacc/Mott Macdonald. The routes to Etihad cross busy roads, have narrow footways / canal towpath and less illumination, raising safety concerns for young concert goers late at night.

In addition, if utilising the city centre bars or restaurants before an event at Eastlands, customers would need to leave the city centre earlier to make it to the venue in time for the start of a show. Indeed, OVG's own transport strategy is predicated on actively *encouraging* this, to attract customers out up to three hours before the start of a show to reduce peak hour congestion, all of which will reduce the propensity for linked trips and benefits to the wider city centre, contradicting the claims in the latest submission that the new arena will benefit the city centre in a similar way to MA.

OVG speculate that in 2035 circa £3m could be drawn from the city centre in terms of lost trade from city centre bars and restaurants, but this is a figure without evidential basis and is manifestly far too optimistic, given the points set out above.

The applicant's projection of the market doubling (or indeed tripling) in size is a forecast position by 2035, which is fully 12 years after the proposed opening date for the new arena. The online Planning Practice Guidance (PPG) for applying the impact test for out of centre development, however, sets out that the

applicant should focus on impact in the *first five years*, as this is when most of the impact will occur (paragraph 018 Reference ID: 2b-018-20190722).

This guidance applies equally to leisure and retail development, yet the applicant has not provided any analysis of impact before 2035, nor has it followed the PPG relating to matters including:

- The design year for impact testing, which is conventionally taken as the second full year of trading (so 2025 according to OVG's timeframe for opening)
- examining the 'no development' scenario
- the need to consider a range of plausible scenarios in assessing the impact of the proposal on existing centres and facilities (which may require breaking the study area down into a series of zones to gain a finer-grain analysis of anticipated impact)
- setting out the likely impact of the proposal clearly, along with any associated assumptions or reasoning, including in respect of quantitative and qualitative issues
- consideration of the health of the retail and leisure function in the city centre

MA is an important *existing* anchor within the city centre and its events provide considerable support to other retail, leisure, food and beverage outlets as set out in the Grant Thornton report submitted with the ASM June representation (P4 Appendix 2). OVG portrays the MA's contribution to the city as eroding over the years (page 30 of Deloitte Vol1) and, whilst ticket sales have broadly been flat over the last 10 years, this is reflective of the UK and Manchester markets for large events over that period and, as set out by CRA in the attached note (figure 1, page 4/5), MA nevertheless makes a significant economic contribution to the city centre.

Furthermore, the planned investment of up to £100m by ASM in MA will provide a critical boost *in the city centre*, precisely where and when investment is needed most, repurposing and maximising its contribution to the city centre economy just as the city seeks to recover from the current pandemic.

Manchester Arena Planned Investment

MA's capacity is 21,000 but, taking into account typical staging requirements, has an existing practical maximum capacity of 20,480 and hosts about 140 shows per year. It has the flexibility to operate a diverse and very wide range of events and, as set out in our June submission (P4 Section 4), about 50% of events attract crowds of 12,000 or less.

There is considerable existing capacity within the city centre, therefore, to tap into potential future market growth in terms of increasing the average number of tickets sold and/or the overall number of events. The planned investment will further increase this capacity and deliver a comprehensive overhaul of the MA which will provide a step change improvement in facility to attract more events and footfall into the heart of the city centre in the most accessible, sustainable and sequentially preferable location.

In their response, the OVG team dismiss the planned investment at MA as a spoiling tactic to frustrate their application (page 24 of Deloitte Vol 1). This is simply not the case for the clear reasons set out in the attached letter from ASM Global.

The planned investment is a statement of intent from ASM in Manchester, which is their European headquarters yet, as ASM explain, this planned investment in the city centre cannot proceed if the market is split between two similar size venues reliant on the same catchment area and with the realistic market forecast based on past trends as set out by CRA.

The investment at MA has been planned since 2018 to coincide with the 25th anniversary of the venue, which was before the proposal for a potential second arena at Eastlands was confirmed through the publication of the draft Eastlands Regeneration Framework in March 2019. It is not, therefore, a reaction planned to frustrate OVG's proposal.

Nor are the ASM plans ill conceived, as alluded to in Deloitte Vol1 (page 18), where OVG's architect questions if the proposal is based on any due diligence. The proposed investment at MA has been thoroughly considered and fully costed. It is designed by global architects HOK which has a strong international reputation in stadium and arena design, assisted by ARUP and costed by Gardiner & Theobald. The plans are supported by ASM Global's Main Board and have been the subject of formal pre-application discussions with MCC.

There has also been consultation with neighbouring stake holders including Network Rail, Chethams School of Music and other adjacent stake holders who have expressed their support.

It has also been subject to online public consultation over the last few weeks (givemyview.com). This has generated 6,833 responses at the time of writing, with 94% registering their support for the plans. Other than the music, the second highest factor of importance for respondents attending live gigs was 'close transport links' (61%).

When asked what other experiences in and around venues would enhance your night out, 'great bars/food/coffee' (72%) scored just above 'onsite public transport links' (67%). Public transport links also ranked highest in terms of initiatives in regard to sustainability (above renewable power sources).

These are all factors which MA already delivers in its established city centre location, underpinning and critical to the very heart of the wider city centre evening economy.

In stark contrast, the OVG Statement of Community Involvement (SCI) submitted with their March 2020 planning application identifies that, despite distributing 8,628 consultation postcards *twice* ahead of two public consultation events, this resulted in a total of only 114 responses following both events.

It is not clear how many (if any) of these responses were in support, but the SCI identifies various concerns raised through the consultation around investment needed in public transport and concerns about parking, indicating that a proportion at least, were not.

We have asked MCC to see the consultation responses to the planning application itself but were advised that these would not be available to public view until five days before planning committee. It therefore remains to be seen whether OVG benefits from the same degree of public support as the existing MA and ASM's planned investment.

The plans for this investment at MA have now been finalised and an application is due to be submitted today (1 September) to MCC, seeking permission for those elements that require consent and which,

unlike the out of centre OVG proposal, fully accord with the statutory development plan and national planning guidance.

When implemented and complete, the rejuvenated and expanded MA will strengthen and further anchor the leisure and retail economy in the city centre. It will enhance the adjacent Cathedral quarter and better integrate with the Manchester College site.

In addition, it will help facilitate, complement, and act as a catalyst for further investment in the wider Victoria Exchange complex planned by MA's landlord and act as a platform for future investment. Any such investment, with MA as its anchor, could provide essential sustainable links to several major regeneration schemes, including Northern Gateway, Boddingtons, Strangeways and Cheetham Hill, helping these areas to prosper.

As set out in the attached letter from ASM, however, the investment in MA is directly threatened by the OVG proposal. If approved and built, with events shared across two large arenas serving the same catchment, it would not be possible to generate a return on this critical investment in the city centre.

If ultimately the shared market rendered MA unviable and forced it to close, it would create a long-term white elephant and block the city centre's growth to the surrounding regeneration areas. There could be no short-term reinvention of the arena site as it is committed to a 25 year lease which underpins the value of the wider complex and, with the anchor removed, there would be no economic justification for the landlord to progress a redevelopment scheme. Closure would lead to a major reduction in footfall to this part of the city centre and would have a significant impact on the city centre. It would frustrate ASM's Landlord's plans for development of the Victoria Exchange and could also deter the wider potential investment outlined above, potentially for years to come.

ASM is committed and contributes very significantly to the vitality and viability of Manchester city centre as summarised in our June submission (P4 Section 2). It already supports over 2000 jobs in the city and the further investment will deliver a further significant boost and ensure that this key Manchester institution remains at the heart of the city, contributing to its maximum potential for the next 25 years and beyond.

Regional Centre

The Regional Centre is acknowledged as an important growth platform for the City Region and ASM fully supports regeneration at Eastlands on the basis that it *complements* the offer provided in the city centre as set out in the 2017 version of the Eastlands Regeneration Framework (page 22), which remains the current Framework following the cancellation of the 2019 update.

As set out in our June submission (P4 paragraph 7.14) the Core Strategy identifies the importance of the city centre as the economic focus of the city region. It recognises the city centre as providing '*the most sustainable location for significant concentrations of employment uses and retail and leisure attractions*' (paragraph 2.35).

The Core Strategy identifies the opportunity for regeneration at East Manchester (including major commercial, leisure and residential uses) playing a key role in the development of a '*competitive city region*' (paragraph 2.56). But we do not interpret this as a city competing within itself. The Regional Centre does not obviate the need to comply with national and local planning policies which place the clear emphasis on the city centre, or those relating to the sequential approach and impact.

Nor does the Media City analogy hold water. This was a relocation of existing city centre businesses (BBC/ITV) out to a new location in Salford following the BBC's decision to relocate from London to Salford Quays ahead of Manchester (which had launched a competing bid as MCC was naturally keen to retain those industries in the city centre). However, the vacant former ITV and BBC sites are now reinventing themselves as high density residential led mixed-use developments, adding to the offer in the City Centre.

Manchester Arena is not proposing to relocate out to Eastlands. The credible market evidence demonstrates that, if the proposed OVG Arena is approved and built, the existing events would be shared between the two arenas and one or both would become unviable.

Rather than a relocation away from the city centre, leaving behind development opportunity, OVG is proposing a large competing facility in an out of centre location that will draw footfall and trade away from the city centre, contrary to the statutory development plan and national planning guidance in the NPPF and PPG.

Unlike the former television sites, the existing MA has a 25-year lease so there is no comparable short-term opportunity for reinventing the existing site if it were forced to close. This could result in the Victoria Exchange and the areas immediately surrounding it becoming a desolate part of the city centre to the significant detriment of the site and its surroundings.

Transport

The cornerstone of the strategy for growth at Etihad Campus (para 9 Deloitte executive summary) is about reducing the need for car travel yet, for the reasons set out in the attached response by Blacc, the submission relies heavily on travel by car. It ignores the related carbon emissions altogether and over-estimates the modal split expected by customers using public transport.

These factors undermine the impacts on the wider highway network (there is still no assessment of impact on the north east quadrant of the M60 for example), on likely congestion in East Manchester, on car parking and on greenhouse gas emissions, contrary to MCC's zero carbon commitment by 2038.

The scheme is heavily reliant on encouraging public transport use but, as set out by Blacc, there is little available capacity and so the majority of customers would need to walk circa 3 km from train stations or car parks in the city centre out to the proposed site, a particular difficulty for customers with accessibility requirements.

The submission includes no analysis of whether car parking is available in the city centre or outside of the proposed controlled parking zones either generally or on nights when the city hosts multiple events (ie football + 2x arena etc). Neither is it clear how the CPZs would be delivered or their likely effect.

To reduce peak hour congestion, the OVG strategy is to stagger arrival times over a three-hour period and hold customers back for up to an hour after a show, but this contradicts the suggestion that customers will be spending in other restaurants and bars in the city centre.

Furthermore, the clarification that the 17,451m² of retail space in the original submission is in fact 3,032m² (to be tied by S106), with the balance being hospitality and back of house space (page 24 of Deloitte Volume 1) would appear likely to reduce the success of the strategy to draw customers out early to reduce the peak hour congestion.

Either the customers are drawn out early, to reduce peak hour congestion at the expense of reducing the propensity for linked trips with other city centre bars and restaurants (contrary to Amion and the survey results), or the access strategy is not effective and the congestion at peak hours is under-estimated.

The clarification as to the scale and nature of the proposed retail content is therefore not reassuring, and to suggest to city centre businesses they should not be worried because there is no plan to create an alternative F&B / retail destination when there is no event on misses the point. The key concern relates to when an event *is* on because that is when most people are in the surrounding bars and restaurants and the application has not addressed this important issue in any detail because of the overly optimistic forecast projections.

Overall planning judgement

In its response, Deloitte Vol 1 (Section 8) seeks to justify the OVG proposal against policy, on the basis that it claims to have undertaken a robust analysis of market demand and sequential test. As set out previously and as attached in the CRA note, for many reasons their analysis cannot be considered robust and, as the basis for their entire planning case, should be subject to independent scrutiny or, preferably, testing through cross examination at a public inquiry.

This is warranted because of what is at stake - the anticipated detrimental impact of the proposal on city centre businesses that are seeking to compete in a challenging market, with the major added impact of Covid 19 the recovery from which, the MCC Executive suggested in their meeting on 6 May 2020, could take between three to five years.

Deloitte is reliant on Policy EC7 and its reference to the suitability of Eastlands as a location for a major sports and leisure destination of national significance but, for the reasons set out in detail in our submission in June (P4 Section 7), the proposed development does not accord with the statutory development plan when read as a whole. In line with the NPPF, the plan seeks to protect the city centre and focus major development within it. In relation to regeneration at Eastlands, it promotes major development that *complements* the offer in the city centre.

The OVG application is for a second large arena of similar size, configuration and attributes that will compete directly with the existing arena in the city centre for broadly the same regional catchment. OVG forecasts that this second large arena will be wholly beneficial in terms of economic growth at Eastlands for the city centre and for the wider city region, forming a critical component for economic recovery following the coronavirus pandemic.

Yet this is reliant on a market growth forecast that lacks evidential credibility and must be thoroughly and independently tested, because the trajectory drawn from past activity over the last ten years forecasts a relatively flat growth for events of circa 0-5% over the same timeframe and, without doubling or trebling the size of the market, large events will essentially be split between the two venues with resultant impacts in a scenario which the OVG team has not assessed.

There has been no assessment of the ability of the existing capacity in existing venues (including at MA) to accommodate market growth in more sustainable city centre locations and, for the reasons set out above, the implication of splitting events between the venues will therefore lead to trade being drawn away from the city centre to a far less sustainable location and impacting on the city centre and planned investment.

Through its greater reliance on car born customers, the OVG proposal has a detrimental impact in terms of carbon emissions although, inexplicably, the impact of transport related greenhouse gas emissions has been ignored in the submission documents and the latest response. There is a clear conflict on this basis between the application and with Manchester City Council's commitment to zero carbon by 2038.

As set out in the attached letter from ASM Global, the planned investment in MA is clearly threatened by the OVG proposal and, in accordance with NPPF paragraph 90, it will have a significant adverse impact on this planned investment and should therefore be refused.

The city centre needs a strong and healthy leisure economy and MA is an integral component of the existing offer, in the most sustainable location and on which, to a significant degree, many surrounding outlets rely. This is a widely held view of many major city centre stake holders.

ASM fully accepts the need to invest in MA and has been planning a major overhaul since before MCC identified an opportunity for a second arena at Eastlands and before OVG's proposals were revealed. MA's plans have now been subject to public consultation and we understand that an application will be submitted today that fully complies with the development plan in terms of the key focus on the city centre.

Overall, the OVG application and latest response to ASM's June submission have not addressed the previous concerns and objections raised. There is no credible evidence to support the view that market growth will exponentially expand in the next 12 years, wholly contrary to past trends. The proposal will therefore impact significantly on the city centre and is contrary to planning policy set out in the development plan and NPPF.

There is available capacity within existing venues in more sustainable city centre locations to meet the likely future growth and planned investment in MA is directly threatened by this application, contrary to NPPF paragraph 89a. As such, we respectfully ask that officers recommend the application be refused.

Yours sincerely,



Bill Davidson
Director

enc: As listed

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.

IMAGINE THE EXPERIENCE



- 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,

A black rectangular box redacting the signature of John Sharkey.

John Sharkey
Executive Vice President, Europe ASM Global

Economic analysis of the proposed new arena in Manchester

Response to PwC, ekosgen, Deloitte and Amion reports

Prepared for

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INTRODUCTION

Oakview Manchester Limited (OVG) has submitted a planning application for permission to build a new 23,500 capacity venue in Manchester (the “New Arena”). We have been asked by ASM global to provide an economic assessment of whether Manchester can sustainably support a venue of this size alongside the existing Manchester Arena (MA). This report builds upon our previous report on these issues (CRA 1)¹ and responds to two new reports, commissioned by OVG and prepared by Deloitte² and Amion³, and including a short annex prepared by ekosgen.⁴

To recap, CRA 1 assessed the validity and robustness of the assumptions made in two previous reports by PwC⁵ and ekosgen⁶ submitted in support of OVG’s application. Both of these reports argued that there will be significant market growth in Manchester that would support the New Arena. This material market expansion was argued to be driven both by general trends in the entertainment market and by “supply-led growth” (i.e. that opening a new, modern venue in Manchester will draw more events to the city). Our assessment in CRA 1 was that:

- At current levels of demand, Manchester cannot support two venues of this size. Very significant (most likely unrealistic) growth of between 4-8 times the attendance levels in 2018 (growth of 300-700%) would be needed if both venues are to operate profitably and make a return on investment.⁷
- PwC and ekosgen vastly overestimated future growth in Manchester: they used a combination of inconsistent assumptions and cherry-picked data to project attendance to increase 2.4 times by 2035 despite actual historic growth in attendance in the UK and Manchester being essentially flat.
- Manchester is already better served (in terms of Arena capacity per capita) than any other UK geography including London and Birmingham.

1 See CRA report “Economic analysis of Manchester Arena Market – Response to PwC and ekosgen reports” dated June 2020.

2 Deloitte report “OVG Manchester, Proposed New Arena Response to Representations – Application Ref. 126431/FO/2020. Volume 1: Main Report” dated 29 July 2020.

3 See “Appendix B, Robust Scenarios, ekosgen” of Deloitte report “OVG Manchester, Proposed New Arena Response to Representations – Application Ref. 126431/FO/2020. Volume 2: Appendices” dated 29 July 2020.

4 See “Appendix C: New Arena in Manchester – Assessment of Demand Report, Amion” of Deloitte report “OVG Manchester, Proposed New Arena Response to Representations – Application Ref. 126431/FO/2020. Volume 2: Appendices” dated 29 July 2020.

5 OVG Manchester, Due diligence report Volume I: UK Arenas and Manchester market overview, PwC, 2 March 2020.

6 UK Large Arena Market and Growth Scenarios 2018-2040, ekosgen, February 2020.

7 See CRA 1, Part 1, slide 11.

- The claim that a new venue would draw in new events which currently play London, but not Manchester was unconvincing given Manchester already does better than any other UK city outside of London in attracting events and the remaining “London only” events are typically London centric, one-off events or played Manchester in subsequent years such that the scope for drawing further events to Manchester was limited.
- PwC’s claim that the Manchester Arena is “at capacity” was based on a misunderstanding of the available data (it compared the number of tickets sold to the number of tickets put on sale without recognising that promoters can adjust the arena layout to put more tickets on sale if they anticipate there being sufficient demand). Once corrected, the data shows substantial spare capacity at the MA in terms of both available dates and ability to accommodate more eventgoers.

The new reports by Deloitte, Amion and ekosgen make some criticisms of the conclusions above. They also present some new evidence, most significantly a survey analysis presented in the Amion report, which is used to back up the ekosgen forecasts. We note that the focus of the Amion report is not to defend ekosgen’s existing methodology, but rather to present a completely new approach, essentially hinging on asking questions to people as to whether they are “interested” in the OVG New Arena and, based on the reported level of interest, making assumptions about future attendance growth.

Our main findings are as follows:

- All our critiques made in CRA 1 are valid and our conclusions hold. The new evidence provided by OVG focuses on an entirely new assessment of market growth potential (the Amion report) rather than defending the previous ekosgen methodology, consistent with the latter indeed being non robust or reliable.
- The growth potential predicted by Amion is in fact *more aggressive* than that forecast by ekosgen. It implies that attendance will be more than triple in Manchester by 2035. As with ekosgen, this forecast contrasts starkly with historic growth of the past 10 years which indicates at best a 5% increase by 2035. While one might foresee some acceleration in growth, a 207% increase is unrealistic based on facts and lacks credibility.
- These latest reports argue that our extrapolations of past attendance growth are inaccurate as they fail to account for population growth. This is misconceived: it is true that the UK population is expected to grow but it also grew in the past. Projecting past growth in attendance would only be problematic if one expected UK or Manchester population growth to increase *more* in future years, but in fact the Office for National Statistics predicts the opposite. In which case, our predictions are already (conservatively) accounting for the effect of population growth on arena attendance trends. Similarly, CRA 1 is criticised for using a four-year time window to make forecasts (notwithstanding that this was not our decision, but rather the window used by both PwC and ekosgen), but using a longer time window actually shows lower – even negative – trend attendance growth rates (see Figure 1 below) and makes the ekosgen and Amion forecasts look even more implausible.

- Both ekosgen's and Amion's estimates result from a flawed survey methodology. Amion's growth estimate relies on a consumer demand survey that is not adapted for the purpose of predicting demand growth. Survey responses can be easily manipulated. The one used by Amion provides unprecise answers from which additional questionable assumptions are made. The survey suffers from what the Competition and Market Authority ("CMA") calls an "*acquiescence bias*" which is "*where the customer thinks they should agree with a statement included in the question and therefore does so*".⁸ One example is when the survey asks "how interested" people would be to visit the New Arena. "How interested" suggests you should be interested. Another good example it is assumed that people who did not attend an event in the past five years will attend events at the New Arena if they declared in the survey they were "interested" in attending certain types of events in a given venue. We note from the Amion report that "*survey respondents were shown visuals of the new arena and given a description of the proposed offer*".⁹ We have not seen those visuals or description of offers, but it is clear that these will strongly influence the respondents' answers.
- Unjustified assumptions are made on top of survey responses to calculate the "growth potential". Continuing with the same example: for those people who usually do not attend events but are "interested" in the New Arena, it is further assumed they will attend once a year every year. There is no basis for that frequency of visit. Declaring that you are "interested" in a venue does not imply that you will attend that venue once a year every year. You might actually not visit at all, or may just be "interested" enough to visit it once, as a "one-off", especially if you do not usually go to concerts or entertainment events. Similarly, Amion assumes that the frequency of visit will increase by 3 visits every 5 years for those who already visited an arena. This is a pure speculation – the number is not estimated from the survey responses and no evidence is provided to support this assertion. Put differently, the growth is assumed/constructed combining responses from a questionable survey and arbitrary assumptions.
- The Manchester Arena area is already better served than other venues in the UK. This is due to the presence of many arenas surrounding the Manchester Arena, as we have explained in CRA 1.¹⁰
- Our break-even analysis is sound. None of the critiques presented by Deloitte invalidate our findings that at the current level of demand, Manchester cannot support two venues of this size. Unrealistic levels of growth would be needed for both to break even and cover investment costs.

⁸ CMA guidelines on "Good practice in the design and presentation of customer survey evidence in merger cases" available at <https://www.gov.uk/government/publications/mergers-consumer-survey-evidence-design-and-presentation>. See para. 3.11.

⁹ Amion report page 9.

¹⁰ See CRA 1, Part 4 slide 46.

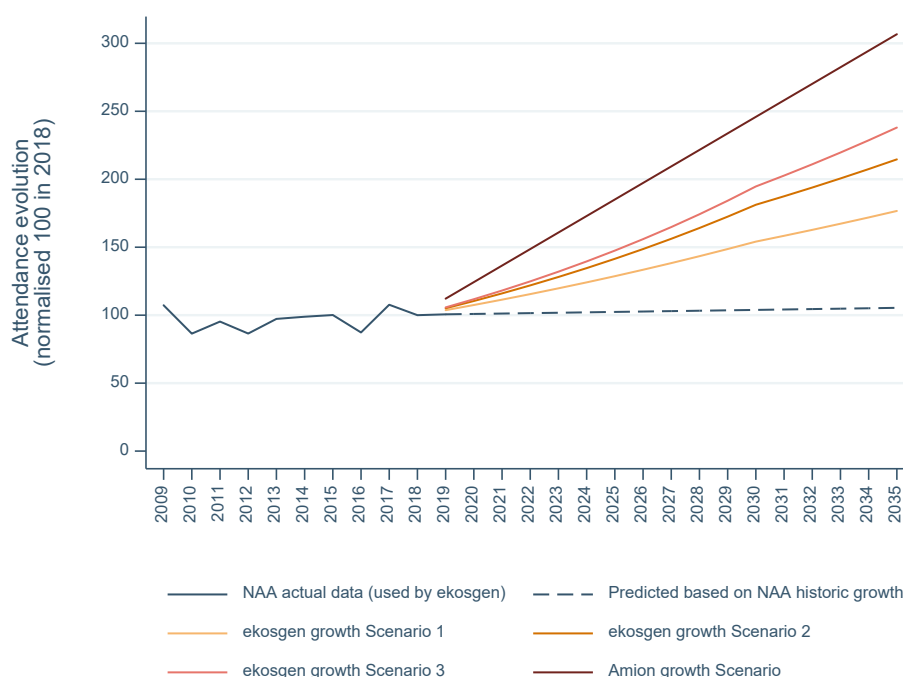
The remainder of the report is organised as follows: Section 1 discusses the assessment of market growth potential responding to ekosgen and Amion's reports. Section 2 demonstrates that the Manchester area is already better served than any other venue in the UK and responds to Deloitte's criticism of our analysis. Section 3 recaps our break-even analysis and responds to Deloitte's observations.

1. ASSESSMENT OF MARKET GROWTH POTENTIAL IN MANCHESTER

The potential for future attendance growth is the central question for the assessment of the viability of the new and existing arenas in Manchester. The question is whether there is likely to be sufficient growth to accommodate a second large arena in Manchester.

Before diving into the intricacies of the four reports commissioned by OVG, we provide below a simple summary chart of the projected growths estimated by ekosgen and Amion, which are set against historic data. **We observe that PwC/ekosgen and Amion forecasts imply a dramatic acceleration in growth relative to historic trends. And as shown in CRA 1,¹¹ there is no compelling basis to assume that growth will increase substantially from pre-existing trends and certainly not by the amount forecasted by Amion or ekosgen.**

Figure 1: Historic attendance data, projections from ekosgen and Amion and a linear forecast based on historic growth



Notes 1: There is a disconnect in 2019 between ekosgen scenarios and actual data because ekosgen provides an estimate for 2019 which already differs from the actual NAA attendance growth figure.
 Note 2: Historic trends based on UK-wide NAA data (used in ekosgen's projections for Manchester). Using Manchester-specific trends would show an even more abrupt difference between past experience and ekosgen's projections.

Source: CRA analysis of NAA data and ekosgen and Amion reports.

As explained in CRA 1,¹² ekosgen's forecasts are based on mix of arbitrary assumptions and cherry-picked data from the National Arena Association (NAA) and predict that the Manchester market could grow by up to 150% by 2035. The latest report by Amion reports that the market in Manchester will almost triple in size by 2035. The forecasts in both reports differ dramatically from the historic NAA data on arena attendance covering more than 10 years of historic data, as is summarised in the next table. Note that NAA data is used as a relevant input to predict growth in all categories in the ekosgen report. However, ekosgen cherry picks data in a way that maximises growth, and ignores data which does not, an approach which does not provide a robust basis for growth projections¹³

Table 1: Forecast comparison (i) based on historic data with growth predicted, (ii) according to ekosgen, (iii) according to Amion's report

	Historic data <u>2014-18</u>	Historic data <u>2014-19</u>	Historic data <u>2009-19</u>	ekosgen report	Amion report
% growth estimated by 2035	5%	5%	<0%	80%-150%	207%

Source: CRA analysis of NAA data and the ekosgen and Amion reports.

One of the recurring arguments put forward by Deloitte, ekosgen and Amion is that our prior analysis failed to account for population growth in the UK. This is incorrect. The UK's population has increased in the past as well as being likely to increase in the future. This means that the historic trends in actual attendance figures (which, as above, are virtually flat) already *account for population growth*. Since we rely on historic attendance data in our predictions, population growth is thus *de facto* included in our forecasts. The only situation where the argument would hold is if population growth was expected to occur at a *higher* pace in the future than in the past. This is not the case. The Office for National Statistics (ONS) predicts the opposite: population growth will gradually decrease in future years.¹⁴

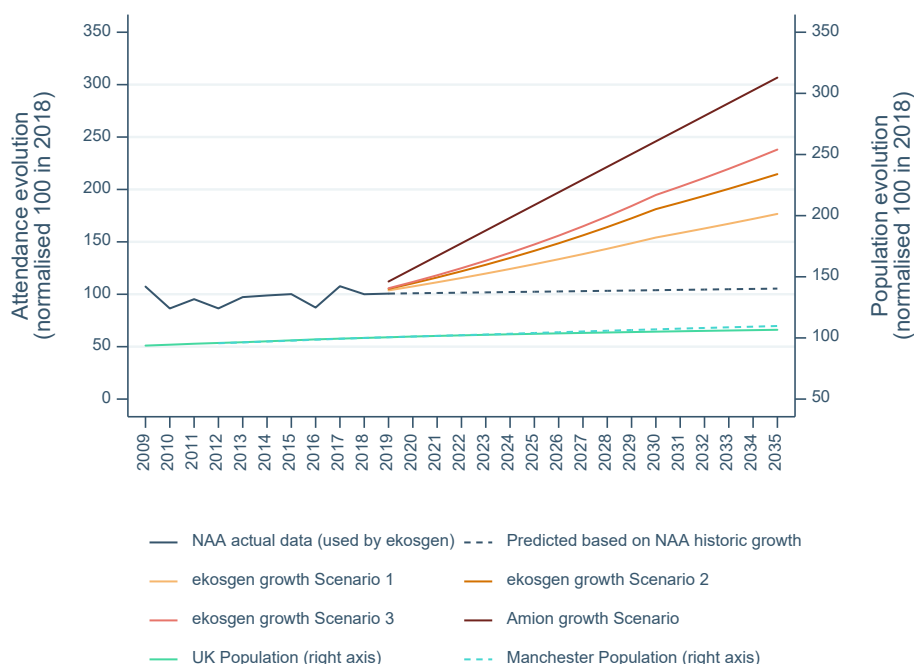
To illustrate those trends, we replicate below our previous chart adding the population trend according to ONS data, alongside forecasts made by ekosgen and Amion. The only scenarios completely disconnected from the past reality are those constructed by ekosgen and Amion. If anything, this comparison gives more credibility to our predictions based on historic trends than the alternative forecasts submitted in support of the application.

¹² See CRA 1, slides 27-30.

¹³ See ekosgen report e.g. page 14: "Although the NAA does not provide a breakdown of tickets sales by arena, it does break the national market into the four main categories. The figures from the National Arena Association, reviewed by PwC, highlighted a very strong growth in sports, as well as growth in both family entertainment and music, with total ticket sales of 12.684m in 2018".

¹⁴ More detail provided in Annex.

Figure 2: Historic attendance data, projections from ekosgen, Amion and CRA, and population growth in the UK and Manchester estimated from ONS data



Notes 1: There is a disconnect in 2019 between ekosgen scenarios and actual data because ekosgen provides an estimate for 2019 which already differs from the actual NAA attendance growth figure.
 Note 2: Historic trends based on UK-wide NAA data (used in ekosgen's projections for Manchester). Using Manchester-specific trends would show an even more abrupt difference between past experience and ekosgen's projections.
 Note 3: Population from ONS estimates

Source: CRA analysis of NAA and ONS data, and ekosgen and Amion reports.

We detail in the next sections the underlying reasons why those estimates are biased. We first respond to ekosgen and then turn to the Amion report.

1.1. Response to ekosgen

ekosgen defend their projected growth scenarios in a short annex in the Deloitte report.¹⁵ ekosgen's response relates to:

- The period of analysis
- Accounting for long-term trends
- Accounting for population growth
- An alleged anomaly in the 2018 data

We respond to these arguments in turn below.

¹⁵ See "Appendix B, Robust Scenarios, ekosgen" of Deloitte report "OVG Manchester, Proposed New Arena Response to Representations – Application Ref. 126431/FO/2020. Volume 2: Appendices".

Period of analysis: ekosgen claim that “*Scenario planning based on the most recent four-year trend, projected forward for 15-20 years, does not present a credible scenario or market forecast under any circumstances*”.¹⁶

This criticism is somewhat perplexing as the decision to rely on the past four-year period of growth as the basis for making future forecasts was not made by us, but *by ekosgen themselves*.¹⁷ The 2014-18 period is used throughout the ekosgen report, to serve as a basis for their prediction scenarios. For example, ekosgen forecast the evolution of the “Family” category precisely from the past growth calculated over that four-year period (estimated at 1.7%). That average historic growth figure (1.7%) is then assumed to remain constant for 15 years. So the critique that “[forecasts] based on the most recent four-year trend, projected forward for 15-20 years, does not present a credible scenario or market forecast under any circumstances” would equally apply to their own methodology. See the following table by way of illustration of the use a five-year period (four year-on-year growth figures) by ekosgen.

Table 2: example of analysis presented by ekosgen looking at the 2014-18 NAA historic growth

NAA Attendance Figures (in 000's)						
	2014	2015	2016	2017	2018	CAGR
Music	7,209	7,739	7,046	8,253	7,342	0.5%
Family	2,083	2,133	2,080	1,883	2,177	1.7%
Sport/Esport	910	1,120	1,234	1,227	1,372	10.8%
Other *	2,381	1,707	713	2,395	1,793	-6.8%

* Includes comedy, which accounts for the variability year or year, dependent upon headline acts undertaking national tours

Source: CRA analysis of ekosgen report, page 14.

What is true however is that ekosgen arbitrarily discarded categories where historic growth was limited (e.g. music or “other”), to come up with a different (higher) growth estimate. The main difference with our analysis is that, while we have re-used ekosgen’s input making use of the same data and on the same period, we have done so in a comprehensive and non-arbitrary way.¹⁸ Simple adjustments – removing cherry-picked or arbitrary adjustments made by ekosgen – resulted in a 5% market increase by 2035 (as opposed to the 150% claimed by ekosgen or the 207% growth estimated by Amion).¹⁹

¹⁶ See “Appendix B, Robust Scenarios, ekosgen” of Deloitte report “OVG Manchester, Proposed New Arena Response to Representations – Application Ref. 126431/FO/2020. Volume 2: Appendices”.

¹⁷ See e.g. ekosgen’s report, page 14.

¹⁸ See CRA 1 section 2.

¹⁹ See CRA 1, slides 29 and 30. By category, attendance numbers are reported in both the PwC and ekosgen reports over the same 2014-18 period. But when it comes to showing the resulting overall market growth, total attendance growth is not reported. In PwC’s presentation of data only events and revenues are shown and a similar table on attendance evolution is not reported. As for ekosgen’s presentation of the data: attendance figures are shown but total line (adding up to 0.3% growth) is not reported. Note that there is also a calculation error in the ekosgen table: The Family attendance in 2018/2014 is 2,177/2,083 which translates into a growth CAGR of 1.1% and not 1.7% as indicated in ekosgen’s table. Sources: pages 16, 19, 22 and 24 of the ekosgen report and page 23 of the PwC report.

Accounting for longer term trend: ekosgen claims that we should have accounted for long time trends. But our results hold even if we increase the time period to up to 10 years since the flat evolution of attendance is not specific to the last 4 years but is observed for at least 10 years. This is shown in the following table replicating the analysis using different time periods. Between 2009 and 2018, UK arena attendance has even slightly declined (the same trend observed in Manchester).

Table 3: Historic growth between 2014-18 and 2009-18 accounting for long-term trends

	From historic data over <u>2014-18</u>	From historic data over <u>2009-18</u>
% growth estimated by 2035 predicted from past trends	5%	<0%

Source: CRA analysis of NAA data and ekosgen and Amion reports.

Indeed longer-term trends are even less favourable: if we extend the period to 10 years between 2009 and 2018 we obtain a negative growth since the market has slightly declined (see Table 3 above).

Population growth: ekosgen claims that “It is noteworthy that UK population growth alone is estimated at 0.5% per annum for the UK, and 0.6% per annum.” (NB: part of the sentence seems to be missing in the ekosgen report). This is meant to be at odds with our predictions.

But, as explained above, there is no inconsistency between an extrapolation of historic trends and the observation that the UK population has increased and will increase. Population growth cannot justify the predicted growth. 0.5% growth per year would amount to 8.3% by 2035²⁰ – far from the 150% increase predicted by ekosgen – and is not very far from our estimated 5% growth estimated from historic data.

More importantly, there has been population growth over the past 4 years as well, so any prediction based on those past 4 years would also account for it. Moreover, population growth in Manchester is meant to gradually *slow down* in the next few years according to ONS predictions – see following table.

²⁰ Assuming a yearly growth rate of 0.5% until 2035.

Table 4: Population growth rate in the UK and Manchester is positive but mostly declining with years

Year	UK	Manchester (city)
2013	0.63%	0.70%
2014	0.76%	0.73%
2015	0.79%	0.75%
2016	0.82%	0.82%
2017	0.59%	0.74%
2018	0.60%	0.69%
2019	0.54%	0.60%
2020	0.59%	0.56%
2021	0.50%	0.53%
2022	0.46%	0.53%
2023	0.43%	0.55%
2024	0.40%	0.58%
2025	0.37%	0.61%
2026	0.36%	0.59%
2027	0.35%	0.60%
2028	0.34%	0.57%
2029	0.33%	0.55%
2030	0.31%	0.52%
2031	0.30%	0.54%
2032	0.30%	0.50%
2033	0.29%	0.50%
2034	0.28%	0.46%
2035	0.28%	0.49%

Source: CRA analysis of ONS data.

This means that if we were to account for the *decline* in population growth as predicted by the ONS, our forecasts should rather be adjusted *downward*.

An alleged anomaly in the data: ekosgen claims that 2018 figures are not representative because in December 2017 Peter Kay cancelled 49 events in five Arenas, including 16 at the Manchester Arena. This would have been a record-breaking tour, with a further 51 events planned for 2019.

This is not an anomaly, artists cancel events every year and such cancellations will continue to occur in the future. The New Arena will not be exempted from unpredictable event cancellations; even less so considering the current Covid-19 context that could bring about further contingencies.

At any rate, our predictions are the same even if we exclude 2018 and replicate our analysis by computing the average year-on-year growth between 2014 and 2019. If we extend the analysis over a 10-year+ period the market has even declined.

Table 5: Historic growth between 2014-18, 2014-19 and 2009-19

	From historic data over <u>2014-18</u>	From historic data over <u>2009-18</u>	From historic data over <u>2009-19</u>
% growth estimated by 2035 predicted from past trends	5%	<0%	<0%

Source: CRA analysis of NAA data and ekosgen and Amion reports.

In sum, looking at historic data either excluding 2018 or accounting for long-term trends is not supportive of the 150% attendance growth claimed by ekosgen which is at odds with both historic trends and credible future projections.

1.2. Response to Amion's report

1.2.1. Overview of Amion's results

Amion claim that Manchester could see 2.29m additional audience in Manchester by 2035. This is much higher than what was estimated by ekosgen (they forecast that the market would see 1.27m additional tickets sold by 2035). Such an increase implies that attendance would more than triple in Manchester by 2035.

The Amion report puts forward four components to estimate the market growth potential. These are listed below. They all rely on a consumer survey that was commissioned from The Audience Agency. The survey was undertaken online during the last two weeks of June 2020 reaching a sample of 2,164 adults aged over 16 who live within a 90-minute drive of the site of the proposed new arena in Manchester.

- **Population growth** is meant to represent an additional attendance of up to 0.24m equivalent to a +22% market growth (assuming that the entire population growth within the 90-minute catchment would be captured by Manchester and would visit the New Arena at the same frequency of visit as is currently declared by respondents).²¹
- **Reducing leakage to venues outside of the catchment**, which would drive c.0.42m (38% market growth) visits per annum to the proposed new venue (assuming that 50% of the visits made to arenas in London, Glasgow, Newcastle, Belfast and Cardiff by people in the 90-minute catchment are captured).
- **Unlocking latent demand** (appealing to new/lapsed audiences within the catchment) would drive c.0.73m visits per annum to the proposed new arena (+66% growth).
- **Increasing the frequency of visits** by those in the catchment who already attended arenas would drive c.0.9m visits per annum to the proposed new arena i.e. an 81% market growth (assuming average frequency increases from 9 visits every five years to 11.5).

²¹

See table 4.11 of Amion's report. Population growth – calculated on the entire 90-minute catchment – is used to calculate the 2.29m additional attendance compared with the 1.27m of ekosgen that relates to Manchester only. Amion therefore assumes that the whole of the population growth in the northern region will represent additional sales in Manchester only.

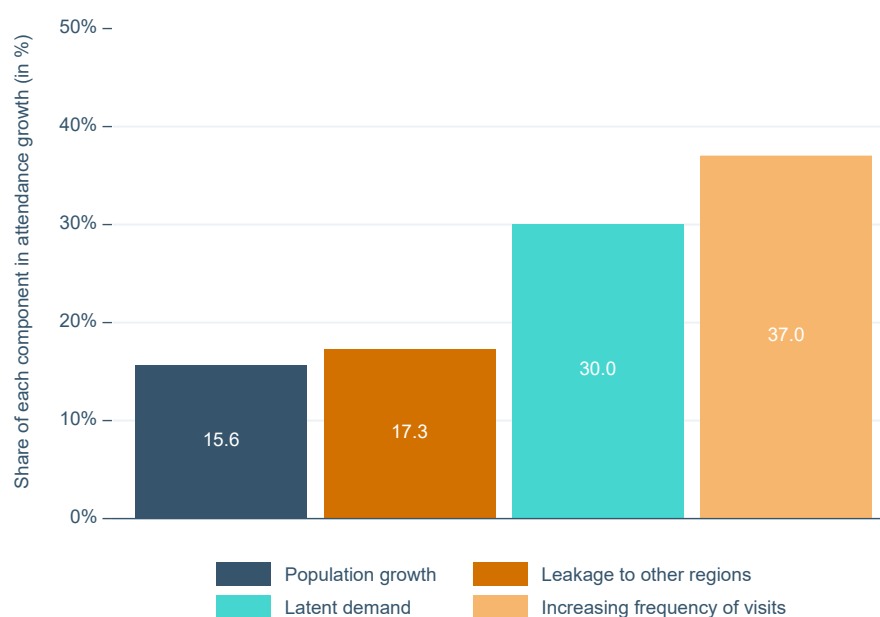
Table 6: Amion's summary of market development opportunities

Table 4.11: summary of market development opportunities			
Market development opportunity	Maximum additional audience	Adjusted additional audience	Note on adjustment
1. Population growth	0.38m	0.24m	Assumes lower propensity and frequency amongst ageing population
2. Reducing leakage to venues outside of the catchment	0.83m	0.42m	Assumes 50% are captured
3. Unlocking latent demand	1.32m	0.73m	Assumes lower frequency amongst new audiences
4. Increasing the frequency of visits	1.49m	0.90m	Assumes an extra three visits every five years
Total potential additional audience	4.02m	2.29m	
Ekosgen growth forecast	1.27m	1.27m	
Demand based headroom	2.75m (217%)	1.02m (80%)	

Source: Amion's Report, Table 4.11.

The following figure provides a sense of the relative importance of each of those categories in contributing to Amion's claim that the Manchester market will more than triple by 2035. None that of those growth estimates are reliable. On population growth: it is assumed that population growth within 90 minutes of the MA would only lead to a higher attendance in Manchester, and in no other venue e.g. in Liverpool, Leeds or Sheffield even though those are located at around 60 minutes of Manchester. On other components, the estimates rely on a combination of inadequate survey responses and arbitrary assumptions.

Figure 3: Relative importance of each component in Amion's estimate of attendance growth



Source: CRA Analysis of Amion report.

1.2.2. General observations on the survey methodology including the change of baseline assumption on catchment size

We have very little detail on the survey used by Amion and its methodology. This makes it more difficult for us to assess the reliability of the estimates provided. Key elements of the survey are missing. For example, the Amion report explains that “*survey respondents were shown visuals of the new arena and given a description of the proposed offer*” before certain questions were asked on the respondents’ interests in the new venue. These visuals and descriptions were not made available to us; but responses will naturally be influenced by what respondents were shown. The survey is also most likely nonrepresentative: it is based on a 2-week period last June and was conducted online. Amion declares that “*the sample of respondents was representative of age, gender, family life stage and employment*” but no evidence of that is provided in the report.

More importantly, we note the change in focus from a 60-minute catchment under the application in the ekosgen report to a 90-minute catchment in the response. This shapes the entire survey design and therefore is instrumental in Amion’s analysis. The catchment size has a major impact on all results, hence the change of catchment size assumption should be strongly documented. However, there is no justifiable basis for now changing the baseline catchment size from a 60-min to a 90-minute catchment i.e. more than doubling the area of the catchment.²² This reveals the lack of consistency between the various economic reports commissioned by OVG

As a reminder, PwC stated that,²³ if the New Arena were to have an iconic status like the O2 Arena, its catchment radius could increase by 50% or would even double (+100% increase) that of the Manchester Arena. This would result in a catchment twice to four times as big as what the Manchester Arena achieves currently.²⁴ However, the main analysis in PwC and ekosgen reports still assumed a 60-minute catchment size. For example, PWC claimed that:

*“Based on our discussions with promoters, there appears to be a general consensus that the target audience for arenas mostly sits within 1 hour peak driving time”*²⁵

A 60-minute catchment even allowed PwC to claim that there would be limited overlap between Manchester and Leeds arenas, contrary to Birmingham arenas or Leeds/Sheffield:

*“Based on a 60-minute peak drive time, there is limited crossover in catchment areas between Leeds and Manchester arenas. However, this is a significant contrast to Leeds/Sheffield and the Birmingham arenas where the overlap is significant”.*²⁶

Assuming the catchment area will double (+50% increase of its radius) or quadruple (+100% increase of its radius) is not credible for the following reasons:

²² Increasing by 50% the radius of a circle leads to an area increase of 125%.

²³ PwC report, slide 46.

²⁴ Doubling the radius of a circle is equivalent to quadrupling its area.

²⁵ PwC report, page 45.

²⁶ PwC report, page 45.

First, any crude comparison with the O2 is misconceived as it ignores that the O2 is specific for multiple reasons. Most evident examples are: London is a capital city with three times the population size and London has a significantly higher disposable income per capita and therefore a substantially larger ticket buying market. See CRA 1 for a more detail.²⁷

Second, actual catchment data reveals a completely different picture: an analysis of ASM data reveals that the O2 Arena does not have anything close to twice the catchment area of the Manchester Arena. On the contrary: the 80%-of-sales catchment areas – i.e. the area that captures 80% of their sales measured in driving distance – are almost identical between the MA and The O2. This comparison is summarised in the following table.

Therefore an empirical analysis of actual data confirms that PwC's assumptions – and Amion's premise – are flawed.

Table 7: The O2 does not have a bigger catchment than MA: PwC's premise is incorrect and Amion's survey design is not justified

80% catchment area (normalised at 100 for the O2 for confidentiality reasons)	
The O2 Arena	Normalised to 100
Manchester Arena	102 (i.e. Manchester Arena's 80% catchment area is 2% <i>larger</i> than the O2s not 50% smaller as assumed by PwC)

Source: CRA analysis of ASM data.

Note: data covers 2018 for the O2 and June 18 – June 19 for the MA. Catchments are calculated in km across all events played in the venues. Results are robust to using equivalent data for the O2 covering just the summer months.

1.2.3. Response to Amion's claim that attendance in Manchester would triple by 2035

Amion claims that the Manchester market will likely triple by 2035 (adding 2.29m tickets to the current 1m attendance) while there has been no growth over the past 10 years both at the UK and Manchester levels. The following table provides an overview of how Amion end up with those unrealistic estimates.

²⁷ CRA 1 slide 38.

Table 2: Summary Amion approach to estimate growth in Manchester: survey data, assumptions and conclusions on additional attendance

Driver of attendance growth according to Amion	Survey data	Assumption	Conclusion
1 – Population growth	Propensity to visit and frequency of visit (26% and 1.8 respectively based on current declared levels)	Manchester would absorb all additional attendance	Additional attendance of 0.24m (+22% growth)
2 – Reduce leakage to other regions	Distribution of visits of those living within Manchester 90-minutes catchment area across arenas located (i) within and (ii) outside the catchment area	New venue would conquer 50% of the flow towards outside arenas (no basis for the assumed 50%)	Additional attendance of 0.42m (+38% growth)
3 – Unlocking latent demand	Share of population who have not visited any arena within the last five years Share of those would declared that would be “interested” in visiting the New Arena	Frequency of visit of the New Arena of those people: once a year	Additional attendance of 0.73m (+66% growth)
4 – Increasing frequency of visits	Interest in attending more frequently amongst those who have attended arenas within the last five years and live within Manchester's 90-minute catchment area	Frequency rate of visits equal to 3 visits every 5 years	Additional attendance of 0.9m (+81% growth)

Source: CRA analysis of the Amion report.

Population growth

Amion's report estimates that by 2035 Manchester's Arena 90-minutes catchment area will see an additional population of 800,000 based on ONS data. Relying on the results of the survey, Amion further considers that 26% of the additional population will visit 1.8 times an arena within any given year. This results, according to Amion, in an additional attendance potential by 2035 of 0.24m per annum i.e. a 22% attendance growth.²⁸

Amion notes that all venues may share this additional attendance. However, Amion's summary table²⁹ rather implies that only Manchester's Arena catchment area will absorb all of this additional attendance which is not realistic.

Reduce leakage to other regions

Amion observes in the survey that some people declared they made visits to arenas located outside of the 90-minute catchment. This represents 32% of visits equivalent to 1.39m visits per annum. Regarding attendance at Birmingham and Nottingham, Amion considers that

²⁸ After an adjustment ageing population.

²⁹ Table 4.11 of Amion's Report.

this could be a product of proximity.³⁰ Amion observe however that visits are also made to venues located further away: 10% (0.47m) visits are made to the London arenas and 8% (0.36m) are made to Newcastle, Glasgow, Belfast and Cardiff.

Then, Amion *assumes* that 50% of the visits currently made to London, Newcastle, Cardiff, Glasgow and Belfast would be recaptured by the New Arena in Manchester. This is meant to represent 0.42m additional attendance – i.e. a 38% attendance growth – and “*make a significant contribution to the ekosgen central growth forecast of 1.27m*”, according to Amion.³¹

It is clear that the choice of 50% is arbitrary and cannot be used as indicator of potential increase of attendance. This assumption comes with no justification from Amion. It is not even clear that the New Arena could “recapture” any attendance at other venues.

People in Manchester attend events at venues outside the Manchester catchment for multiple reasons that have nothing to do with the level of offering in Manchester, at least for two evident reasons.

First, visits in far-located cities’ arenas may not be the sole purpose of the trip but rather fit in a holiday, vacation, family visits or other types of stay. People may have been able to attend an event in The O2 simply because they happened to be in London at that time for another reason that has nothing to do with the current offer in Manchester.

Second, some events are location-specific, particularly in London. Amion’s premise is similar to PwC and ekosgen’s claims that the New Arena could be filled with the ~35% of events which currently play London, but not Manchester. However, as explained in CRA 1, a closer look shows that this is not supported by the evidence.³² The Manchester Arena already does better than any other UK venue in attracting events that also play London and among the remaining ~35% the most common reason to not play Manchester in the same year is that these are London-centric events or touring events which have already played or intend to play Manchester the year before or after London.

All venues will see that some people located nearby will attend events at other venues. This is not specific to Manchester. If we were to ask the same questions to people located in other arena catchments a fraction will surely also say they visited other venues. Figures put forward by Amion are not compelling in that sense nor have they been justified. At least, a comparison with other venues would have been necessary to support Amion’s claim that there is “leakage” in Manchester.

Overall the New Arena is unlikely to bring many more events to Manchester. The potential to attract events from London is overestimated.

Unlocking latent demand

Amion considers that some people who did not visit any arena in the last 5 years will visit the New Arena. That additional attendance is estimated as follows.

³⁰ Amion’s Report, page 8.

³¹ Amion’s Report, page 8.

³² CRA 1, slide 39.

Amion first estimates the share of the population in the 90-minutes catchment area which has not attended arena events within the last 5 years based on the consumer survey. Then, also based on survey responses, Amion calculates from this sample the share of individuals who declared being “interested” or “very interested” in attending an event in the new arena. Finally, Amion assumes a frequency of attendance for this group which results in an estimated additional yearly attendance of 0.73m, i.e. a 66% attendance growth in Manchester.

At least three issues arise in Amion’s analysis.

First, the survey invites respondents to provide a positive answer. The survey asks:

“Thinking broadly about the types of events that we have described in the survey, how interested would you be in attending a venue like this?”³³ (emphasis added)

Note the difference between asking “how interested” – which already suggests you should be interested – and a more neutral phrasing asking “would you be interested in attending [...]?”. It is well known a slight change in the survey question can have major influence on the answer. This generates a significant bias making the survey data unreliable and of poor evidential value. Given that a 66% market growth is estimated by Amion from that single response, they should have ensured it was not biased by a selected favourable wording. See for example the UK Competition and Markets Authority (CMA’s) guidelines on good practice in the design and presentation of customer survey evidence. The CMA explains that “the questionnaire must not influence customers to give particular answers”.³⁴ The guidelines provide a useful example that applies well to this case:

A question that is presented in a way that leads customers to one answer in preference to another (irrespective of their actual view or behaviour) constitutes bias, and is likely to be of limited evidential value as a result. Some potential sources of bias that should be considered when drafting customer survey questions include:

(a) Acquiescence bias, where the customer thinks they should agree with a statement included in the question and therefore does so. For example, ‘Have you been to the dentist in the last year?’ contains an acquiescence bias to the response ‘Yes’. A better, more neutral question would be: ‘When, if at all, did you last go to the dentist?’ (emphasis added)

The so-called “acquiescence bias” is patent in Amion’s question asking people “how interested would [they] be in attending a venue like this” “thinking broadly about the types of events” they were shown.

Second, Amion explains that the question was asked after the “survey respondents were shown visuals of the new arena and given a description of the proposed offer”. While Amion did not provide the types of events described to respondents, those visuals and descriptions have equally influenced respondents’ answers. We can still infer from the wording “thinking broadly” that multiple event types were presented to respondents, to maximise the chances they would declare being interested by the New Arena. Therefore, the potential interest in

33 Amion’s Report, page 10

34 See para. 3.10 of the CMA guide on “Good practice in the design and presentation of customer survey evidence in merger cases” available at <https://www.gov.uk/government/publications/mergers-consumer-survey-evidence-design-and-presentation>. This is done in the context of merger cases but principles are the same.

the new arena is likely to be a consequence of the survey's design rather than latent demand.

Third, Amion arbitrarily assumes that those new potential audiences would visit once a year, every year without justification. In other words, Amion considers that individuals who have not attended an arena event in the last five years will start to attend once a year every year solely as a result of the opening of a new venue. Amion adds that *"more detailed analysis of these levels of interest shows a significant level of interest amongst those who have not visited any arena in the last five years and suggests a significant amount of latent demand for a high-quality new arena with the capacity to attract world class events"*.³⁵ This is pure assertion as no detail is provided whatsoever in the report or in the annexes.

Fourth, and more fundamentally, the mechanism at issue seems questionable. One would expect most consumers' decision to visit an Arena to be driven by a desire to see a specific artist or event, not the identity of the venue per se. It seems intuitively implausible that merely building a more attractive venue could trigger consumer responses on this scale.

Increasing frequency of visits

Amion claims that consumers will visit the New Arena more, increasing the frequency of visits compared to current levels. To support that claim – and estimate such an increase in frequency – Amion again combines survey responses and arbitrary assumptions.

First, Amion explains that according to the consumer survey, 62% of people "agree" or "strongly agree" that they would attend events more with the new venue.

But as this does not provide any indication on magnitude of the increase (even assuming it would occur), Amion then *assumes* it could be between 1 extra visits every five years and 1 extra visit every year. Amion then takes the mid-point i.e. 3 visits every 5 years. Amion concludes from this that the New Arena would deliver an additional attendance of 0.9m a year in Manchester equivalent to an 81% attendance growth.

This number is essentially arbitrary. Yet it represents alone an 81% increase in attendance in Manchester.

As in the previous section, the question asked in the survey is not neutral and rather invites respondents to provide a positive answer. The survey indeed asks:

*"The new arena would be able to attract a wider range of world class events to the city.
To what extent do you agree with the following statement – I would be likely to attend
these types of events more frequently than I did before"*

It is not granted that the new venue will be able to attract a wider range of world class events in Manchester as assumed in the question. Of course some respondents who attended arenas within the last five year would declare they would attend more frequently if they are promised a "wider range of world class events". The survey is almost tautological.

The second and main limitation is that Amion has no real data on the additional frequency of visits caused by the new arena. Amion says it could be once every five years or once every year. But it could equally be 0.1 a year. This whole range is arbitrary but still Amion then decides to make the mid-point i.e. assume an increase of 3 visits every 5 years. Yet it is based on this range that Amion calculate an additional attendance of 0.9m (+81%

35 Amion report, page 9.

increase). This lack of explanation is particularly surprising given this component alone represents roughly 40% of the 2.29m total potential additional audience estimated by Amion's and given the fact that, as above, the assumed growth is wholly inconsistent with actual historic developments in attendance.

In conclusion, the new Amion analysis is not reliable for many reasons.

- The growth potential predicted by Amion is highly unrealistic: it implies attendance will more than triple in Manchester by 2035. This forecast contrasts starkly with historic growth of the past 10 years which indicates at best a 5% increase by 2035.
- Critiques made to our previous report are ineffectual. The population growth argument is misconceived: it is true that the UK population is expected to grow but it also grew in the past. So projecting past growth in attendance will already take account of the effect of population growth on attendance growth. Plus the ONS predicts that population growth will decrease in the future so that our predictions would already be conservative from that perspective. Similarly, CRA 1 is criticised for using a four-year time window to make forecasts (notwithstanding that this was not our decision, but rather the window used by both PwC and ekosgen), but using a longer time window actually shows lower trend attendance growth rates and makes the ekosgen and Amion forecasts look even more implausible.
- Amion's estimates result from a flawed survey methodology. Amion's growth estimate relies on a consumer demand survey that is not adapted for the purpose of predicting demand growth. Survey responses can be easily manipulated. The one used by Amion provides unprecise answers from which additional questionable assumptions are made. Specifically, the survey suffers from strong "acquiescence bias" which refers to when respondents think they should agree with a statement included in the question and therefore does so. The Amion report contains many examples of those leading to biased answers on which growth forecasts are based.
- Unjustified assumptions are made on top of biased survey responses to calculate the "growth potential" in Manchester. These include e.g. how many times people who usually do not attend events but are "interested" in the New Arena would attend the New Arena, or the increase in frequency of visit for those who already visited an arena. Key is to understand that these numbers are not sourced from the consumer survey used by Amion. These are simply assumed. No evidence is provided to support these assertions.

Overall, it appears that the growth potential in the Amion report is constructed or assumed rather than estimated from actual data.

2. MANCHESTER IS NOT UNDERSERVED COMPARED TO OTHER VENUES IN THE UK

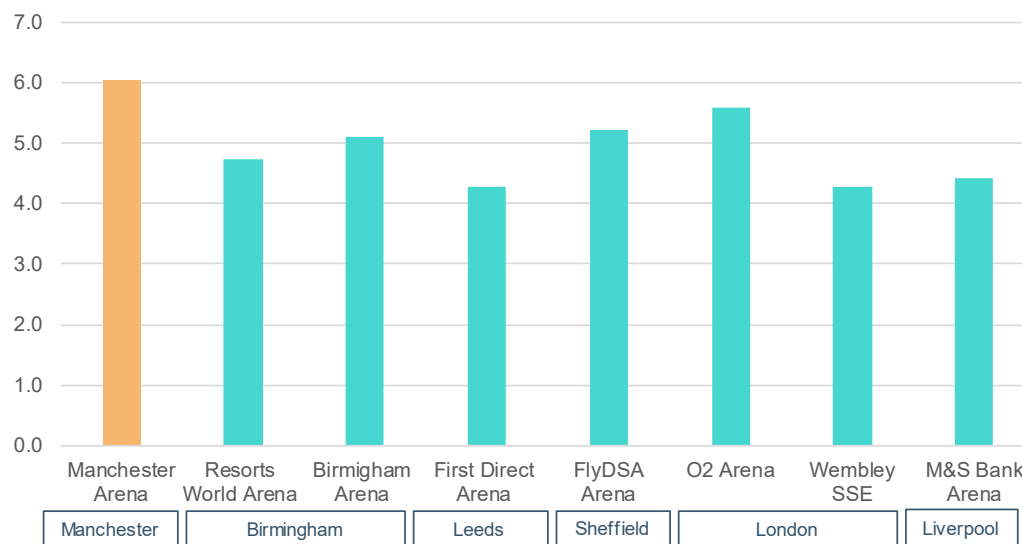
The claim that attendance in Manchester would triple as a result of the opening of the new venue is even more unrealistic given that the Manchester catchment is already better served than other UK cities. Indeed, building on PwC's own data,³⁶ the number of arena

36

See PwC data on catchments (p.45, 49, 51).

seats per capita is already higher in the Manchester catchment than for a set of comparator catchment areas, including London.

Figure 4: Average number of seats available per 1000 persons in the arena catchment



Source: CRA analysis of PwC data.

Deloitte and Amion make a few observations in response which are discussed next.

Deloitte claim that the analysis would need to be revised because the existing MA capacity should be equivalent to Resorts World, as MA operates for most events at a capacity of no more than 15,000 (equivalent to Resorts World current capacity).

This statement is factually wrong. Manchester Arena has a capacity of 21,000 seats and can very well accommodate attendance above 15,000 persons for events that are able to attract as many people, as historic data shows. In 2018 for example, one in six performances sold more than 15,000 tickets and out of these many exceeded 18,000 tickets sold.³⁷

Deloitte claims that Birmingham’s combined offer should include both the Resorts World and Arena Birmingham and that London arenas should also be combined showing a capacity now of 32,500, which would then show that Manchester is underserved.

This argument is unsound and reveals a lack of understanding of the correct basis for analysis. Our analysis is based on the average number of seats available for customers located in the catchment of a given arena, but accounting for all the surrounding arenas. That means if people can access many arenas because they are located in multiple arenas’ catchments, like in Birmingham or London, all arenas’ capacities that are “within range” will be counted. This is explained in detail in the Annex of CRA 1.³⁸ Our analysis is therefore more precise than what Deloitte suggests and shows that Manchester is already well served with a number of arena seats per 1,000 persons that is already higher than any

³⁷ See CRA 1, slide 50.

³⁸ See CRA 1, slide 52.

other catchment area of other UK venues. The reason is that the MA catchment overlaps with many surrounding large venues in Liverpool, Leeds and Sheffield. As a result, many people in the Manchester catchment have multiple arena choices.

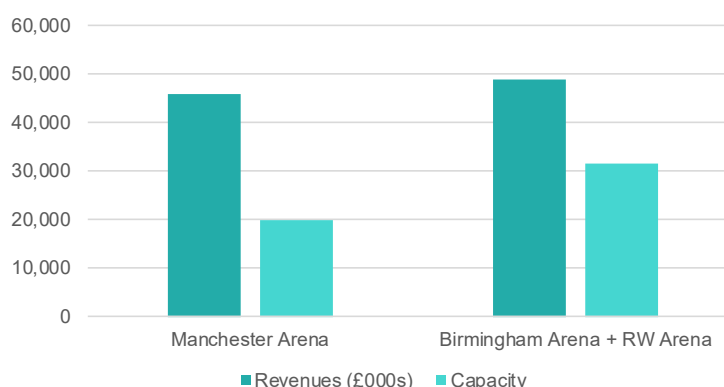
Deloitte further claims that based on our analysis, Birmingham has c.10 seats per 1,000 persons (Resorts World plus Birmingham Arena) as does London (the O2 plus Wembley) whilst by comparison Manchester only has one arena with 6 seats per 1,000 people.

This flawed conclusion is due to the same lack of understanding of our analysis. Again, we do account for both venues' capacities in London or in Birmingham. However, our analysis is more precise than just crudely "adding" both capacities. Taking London as an example: our analysis considers – for each person located in a given catchment (The O2's or Wembley's catchment) – the different options available i.e. The O2 only, Wembley only, or both venues. If both venues are "within range", then both venues capacities will be added in our calculations. Deloitte's argument is thus misplaced again due to a lack of understanding of what is presented in CRA 1.

Deloitte claims that PwC's report does not identify Birmingham as an example of supply-led growth, given that both have been open for 19+ years. Instead, it is identified as an example of a city which successfully operates two arenas e.g. the Birmingham Arena has a revenue CAGR of 9.8% and Resorts World at 10.2% last year.

PwC and ekosgen argue indeed that Birmingham is a good example of a successful two-arena region. However, Manchester generated in 2018 £46M in revenues, closely matching the revenues generated by two-arena Birmingham (£49M), despite having lower absolute capacity and a similar catchment area. This comparison suggests that, contrary to what PwC argued, the Birmingham two-arena experience is not indicative of a particularly successful example of a city which successfully operates two arenas. Actually, it just generates what Manchester Arena achieves alone. PwC acknowledge this weakness in their argument when they concede that a "step up would be required from what Birmingham currently delivers (p.50)".

Figure 5: Revenue and capacity comparison between Manchester Arena and Birmingham arenas



Source: CRA analysis of PwC data.

Moreover, the growth in revenues in Birmingham was achieved in part thanks to common ownership of the two venues which allowed for, as PwC remark, "more efficient, complementary, programming offers". This type of synergies would not occur in a

hypothetical two-arena Manchester so PwC overestimate potential growth accruing from one additional venue. Also, the Birmingham arenas do not pay landlord rent and do not have to return on redevelopment or investment cost.

Deloitte further notes that Glasgow would support more events than Manchester and that cities Sheffield and Leeds as an example that two separately operated arenas can embrace changing and more diverse market successfully.

The Glasgow comparison is not compelling. A higher number of events could be driven by demand since there is spare capacity or by a higher number of performances. As demonstrated above, MA could accommodate twice as many events if demand was there.

Leeds and Liverpool cases do not evidence supply-led effects and are not compelling either. PwC argue that the openings in Liverpool and Leeds had no material impact on the MA and that, as such, the New Arena will not have any material impact either. This argument omits to take any proper account of: (i) the very close proximity of the MA and the New Arena; (ii) the overlapping catchment areas of the MA and the New Arena; (iii) similar capacities of MA and the New Arena (which are both much larger than Leeds and Liverpool).

Regarding catchment overlaps difference, and as PwC themselves explain, Leeds and Liverpool have very limited overlap with the MA (25% and 44% respectively). By contrast the New Arena is to be located a mere 2.9 miles away from the MA resulting in nearly perfectly overlapping catchments. Naturally, these differences in location do matter when comparing the potential impact of the opening of a new venue. With limited overlaps, the impact is expected to be limited too. Thus this cannot serve as a ground to claim “supply-led” effects. Even less so in Manchester where the New Arena is to be located next to the MA.

As for venue capacity differences, equipped with a capacity of around double that of Liverpool and Leeds, the proposed venue will attract more similar events to those currently hosted by the MA than Liverpool and Leeds ever did.

Table 8: Capacity comparison across Manchester, Leeds and Liverpool venues

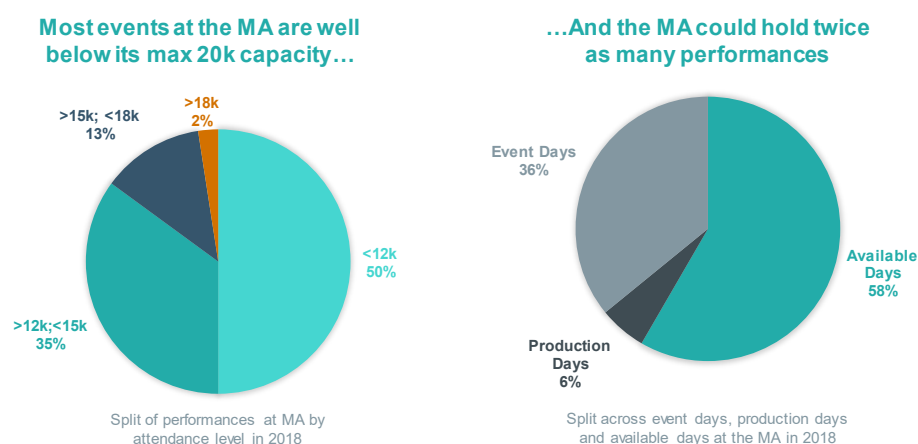
Arena	Capacity
Manchester Arena	21,000
OVG's proposed New Arena (Manchester)	23,500
First Direct Arena (Leeds)	13,781
M&S bank Arena (Liverpool)	11,000

Source: CRA analysis.

Deloitte asserts that our capacity utilisation analysis is not sound as it is not true that promoters would seek to reduce the number of tickets available in order to maximise the face utilisation rate i.e. the utilisation rate obtained *given the capacity that has been decided by the promoter/artist* (anticipating a certain level of demand/attendance per night). Deloitte also claims that The O2 achieved higher attendances on the majority of comparable acts (an average of 2,500 more tickets per event), despite having a lower nameplate capacity than the existing Manchester Arena.

This is incorrect. First, we recap that the PwC “utilisation” rate analysis is severely flawed and misleading. PwC claim the MA has 95-100% capacity utilisation, but this is based on a flawed understanding of what the term “capacity” means in this industry. PwC use capacity data comparing tickets sold to the number of tickets made available for sale, which is not a real capacity constraint. Promoters often select a capacity format which is lower than the available maximum to suit a particular event and expected audience, so limiting the tickets available for sale. This is not a true capacity constraint as a promoter can put more tickets on sale as long as the arena has available space.

Indeed, the Manchester Arena has spare capacity both in terms of spare days to accommodate additional performances and in being able to accommodate more eventgoers at the events it currently holds.



Using accurate measures of capacity shows that the MA is not capacity constrained. The MA is rarely at capacity on individual nights. In addition, we understand that new egress routes with the redevelopment Doubling the radius will facilitate even larger capacity on the floor (as well as large productions) if there is demand for such events. The MA could accommodate materially more event dates: we understand from ASM that the MA only hosts an event on 42% of days where an event could in principle be hosted. Moreover, with the redevelopment, the MA will be able to increase capacity for big productions thus increasing even further the spare capacity. In light of this spare capacity, the fact that the MA has not experienced material attendance growth since 2008 suggests that demand in Manchester can be accommodated and is further evidence that Manchester is not able to accommodate a second large venue.

3. BREAK-EVEN ANALYSIS: HOW MUCH DEMAND INCREASE IS REQUIRED FOR TWO LARGE ARENAS TO CO-EXIST PROFITABLY IN MANCHESTER?

3.1. Overview of results presented in CRA 1

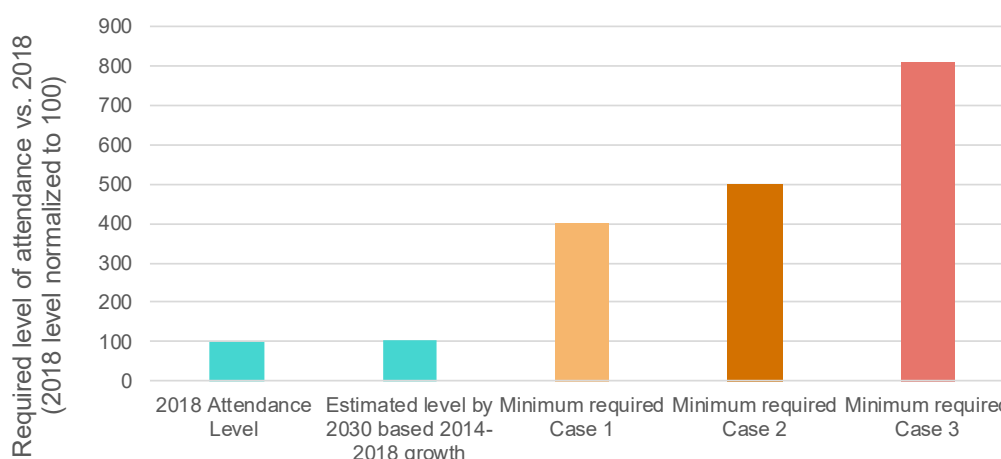
As demonstrated in CRA 1, current events coming to Manchester cannot support two venues of this size.³⁹ Dividing the current “pie” (i.e. MA attendance based on 2018 figures) would mean one or both venues being unable to break even. This is particularly so because

³⁹ See CRA 1, slide 15.

OVG would need to earn a return on its £350m investment and investment of up to £100m is proposed to redevelop the Manchester Arena.

Analysis (summarised in the chart below) shows attendance 4-8 times the current level would be needed for both venues to operate profitably taking account of OVG's £350m investment. The chart indexes 2018 attendance at Manchester Arena to 100 and asks how much higher attendance would have to be based on our financial modelling for both the Manchester Arena and New Arena to break even over a 30-year period. In Case 1 attendance of 400 (4 times the 2018 level) would be needed. Accounting for the planned investment of up to £100m in the Manchester Arena and using a more stringent break-even threshold increases this to 800 (8 times the 2018 level would be needed).

Figure 6: How much bigger would attendance need to be vs. 2018 level for both venues to break even (2018 level indexed to 100)



Case 1: Minimum required for two arenas to break even in *aggregate*, without redevelopment costs of up to £100M for the Manchester Arena.

Case 2: Minimum required for two arenas to break even in *aggregate*, with redevelopment costs of up to £100M for the Manchester Arena.

Case 3: Minimum required for two arenas to break even *individually* (redevelopment costs do not make a difference, threshold determined by the New Arena).

Source: CRA analysis of NAA data and ekosgen reports.

The PwC report acknowledges that, if the New Arena and the MA were to simply split the events that currently come to Manchester, one or both venues would fail to cover even their day to day running costs. But PwC argue “there would only need to be limited growth in the total event numbers from existing for both arenas to be at breakeven or better and therefore remain viable – at least in the short-term”.⁴⁰

PwC's analysis is incomplete:

OVG's business plan presumably does not just require its venue to cover its day to day running costs (i.e. to be profitable day to day once constructed). It presumably needs to foresee a return to cover its £350m investment.

The required growth in event volume to allow the MA to cover its running costs and allow the New Arena to make a reasonable return on investment will be substantially larger than suggested by PWC.

To fill the gap in PwC's analysis we conducted in CRA 1⁴¹ a fuller "breakeven analysis" and determined the level of event growth required for both Arenas to operate profitably (including OVG paying back its capital investment in a reasonable period). This confirms that extremely high levels of event growth would be required for both arenas to operate profitably.

Full details of this analysis along with details of the sensitivity analysis we have performed is provided in CRA 1.⁴²

3.2. Response to Deloitte report

Deloitte main arguments in response to our analysis are very limited. Deloitte responds that:⁴³

- Two of the key drivers for the proposed development are to attract new events and artists, not existing ones.
- It would be impossible for us to run a break-even analysis because funding requirements and business plan of OVG Manchester's proposal have not been provided to us.
- It is nonsensical to suggest that a growth in attendances of 3-7 times is required merely to break-even.
- The proposed £100 million investment in MA would be incompatible with the market growth assessments presented in the summarised representation and would render these allegedly undeveloped proposals as almost certainly unviable.

We respond to those arguments in turn below:

Attracting new events: It has not been demonstrated that the New Venue would attract sufficient new events and artists to break even. As shown in section 3 above, Amion's analysis is severely flawed and the premise that artists did not play Manchester because the venue was not attractive enough is unfounded.

Financial data availability: we do not have access to OVG's financial information, but our analysis and assumptions are reasonable and transparent, and accord with expected commercial assumptions (e.g. we assume a 30 years payback period and a WACC of 10%) and Deloitte would have been free to question or correct aspects of our assumptions with actual OVG data if these materially altered our assessment. They have done so.

Our analysis is robust: it shows that at current levels of demand and profitability per event, Manchester cannot support two venues of this size. Very significant and wholly unrealistic growth of between 4-8 times the attendance levels in 2018 (growth of 300-700%) would be needed if both venues are to operate profitably.

41 See CRA 1, Part 1, slide 11.

42 See CRA 1, Part 1, slide 11.

43 Deloitte report, page 13.

Break-even levels: the claim that it is “nonsensical to suggest that a growth in attendances of 3-7 times is required merely to break-even” seems to us to be a purely rhetorical statement with no supporting evidence. Again, our calculations are fully transparent. So if our calculations are inaccurate, Deloitte should have been able to demonstrate it. Claiming that our estimations are “nonsensical” because they are too high is not an argument in itself. Second, this is indeed what the analysis shows under transparent methodology and assumptions. The reason is that fixed costs in the new venue need to be accounted for.

We re-explain below our reasoning to alleviate any misconceptions.

We first observe that current levels of demand would not support a new venue in Manchester. Splitting in half the current demand in Manchester would cause the MA and the New Arena to make losses. This is not disputed by PwC or ekosgen.⁴⁴ The bare minimum level of growth in attendance for the Manchester Arena to break even is 10%. But, growth at this level would not be sufficient to render both venues viable. It would allow the MA to make a profit, but it would not be sufficient for the New Arena to make a return on its investment. In addition, the estimated 10% is conservative because this would be the absolute minimum level of demand required to be profitable in one given year. It does not account for buffers that would secure profitability if demand were to vary across different years. These results take no account of Covid-19 and its impact on the entertainment industry.

This first scenario does not account for the fact that a return would need to be made on the initial investment of £350m. In further scenarios, we therefore recalculate the level of demand growth that would be required for the two venues to break even taking account of their upfront investments i.e. have a positive ROI (Return on Investment) assuming a payback period of 30 years and a cost of capital of 10%. The purpose of this scenario is to consider the investment rationale, i.e. from the Manchester area perspective. In practice both venues would actually need to make a profit individually thus the level of profit generated in the New Arena would need to cover the whole investment costs of £350m on its own. It is that high upfront investment cost that leads to high break-even estimates.

Last, we show that results do not materially change even if profits per attendee are allowed to be 25% higher for the new arena (i.e. this still required 3 to 6 time's growth against current levels) for both venues to breakeven and cover their investments.

Rationale for the £100m investment: this is a completely different rationale: the purpose is not to double the capacity in Manchester which would require significant attendance growth. Attendance can remain relatively flat for the investment still be rational. The main purpose of that investment is rather to generate additional sales per event, which is consistent with our scenarios where we assume that the contribution per attendee could increase by 25% compared with current levels.

In conclusion, our breakeven analysis robustly shows that the New Arena and the MA can only profitably co-exist if there is substantial and unrealistic growth in event attendance in Manchester (growth up to 8 times the 2018 level would be required). The only way such growth could come about would be if there was significant underlying growth in demand and/or good reason to think that the opening of a new

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See page 29 of the PwC report.

venue would, in itself, stimulate sizeable event/attendance growth (“supply-led growth” in PwC’s terminology).

PwC, ekosgen, Amion and Deloitte argue for substantial underlying growth and for substantial supply-led growth. As we have demonstrated in section 2, their analyses are overstated and flawed. Our analysis demonstrates there is no credible basis for the levels of growth they forecast. In any event, the level of growth they forecast is below the levels required to support both venues and cover the required investments.

APPENDIX A

Table 9: Population growth rate in the UK and Manchester is positive but mostly declining with years

Year	UK	Manchester (city)
2013	0.63%	0.70%
2014	0.76%	0.73%
2015	0.79%	0.75%
2016	0.82%	0.82%
2017	0.59%	0.74%
2018	0.60%	0.69%
2019	0.54%	0.60%
2020	0.59%	0.56%
2021	0.50%	0.53%
2022	0.46%	0.53%
2023	0.43%	0.55%
2024	0.40%	0.58%
2025	0.37%	0.61%
2026	0.36%	0.59%
2027	0.35%	0.60%
2028	0.34%	0.57%
2029	0.33%	0.55%
2030	0.31%	0.52%
2031	0.30%	0.54%
2032	0.30%	0.50%
2033	0.29%	0.50%
2034	0.28%	0.46%
2035	0.28%	0.49%

Source: CRA analysis of ONS data.



Eastlands Arena Transport Representations Review

27 August 2020

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Eastlands Arena Transport Representations Review

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Executive Summary

This technical review reiterates our concerns regarding the robustness of the assessments undertaken in support of the proposed new arena at the Etihad Campus. It responds to the latest representations which have been submitted on behalf of the applicant including:

- RE: OVG Manchester: Manchester City Council Comments (Planning Ref. 126431/FO/2020) Dated 30th June, Buro Happold
- Response to Representations – Application Ref. 126431/FO/2020 Volume 1 &2 Dated 29 July 2020, Deloitte Real Estate

The representations have not resolved the majority of the key points previously made in our review of the OVG Transport Assessment (TA) in June 2020. The key points fit within two categories, firstly the assessment of the transport impacts is not robust for the following reasons:

- The mode split used as the foundation of the trip generation is overly optimistic as the % of car trips estimated is lower than similar sites across the country and the neighbouring Etihad stadium. This underestimation of car trips undermines the highway impact assessment.
- Wider highway impacts have not been assessed as junctions have been modelled in isolation. This potentially misses significant impacts on the local network.
- The severe impacts which have been identified through junction modelling have not been directly addressed within the assessment and no mitigation has been provided beyond promotion of sustainable modes

Secondly the proposed location of the arena is unsustainable with the current level of mitigation proposed, for the following reasons:

- The arena will increase congestion at junctions which are already close to capacity, generating increased journey times, lower air quality and rat running within the vicinity of the arena.
- Walk distances are too long from key transport hubs and the proposed mitigation to pedestrian routes do not address key pinch points
- The site relies on one tram line which will become crowded and overcapacity during arena + stadium event days. This will encourage higher car trips and reduce the user experience of existing tram users, potentially negatively affecting wellbeing.
- Disabled access from major transport hubs will be poor, especially compared to those currently available from existing city centre venues.
- Parking provision has not been fully considered and there is an over reliance on attendees to use city centre parking which is a significant distance from the arena.

Introduction

Purpose

Blacc, working in collaboration with Mott MacDonald Limited, were commissioned by ASM Global to provide an independent assessment of the key traffic and transport issues arising from an application for planning permission in respect of a 23,500 capacity Arena at Eastlands and the mitigation measures proposed by the Applicant, OVG (126431/FO/2020 ES).

The Applicant's Transport Assessment (TA) and Travel Plan (TP) were produced by Buro Happold (BH) Engineering Ltd and are supported by an area-wide Transport and Movement Strategy produced by Arup.

The Purpose of this Report is:

To respond to the latest transport representations in relation to the proposed arena within the Eastland Campus by OVG (126431/FO/2020 ES). The report follows our previous review of the transport issues (418548-01-C Dated 11 June 2020) and subsequent representations from Buro Happold and Deloitte Real Estate. The documents considered within this report include:

- RE: OVG Manchester: Manchester City Council Comments (Planning Ref. 126431/FO/2020) Dated 30th June 2020, Buro Happold
- Response to Representations – Application Ref. 126431/FO/2020 Volume 1 &2 Dated 29 July 2020, Deloitte Real Estate

Approach

This report should be read in conjunction with document 418548-01-C, which represents Blacc and Mott MacDonald's first review of the transport evidence base submitted in support of the OVG Eastlands Arena application.

This document sets out our response to the representations Buro Happold and Arup provided from the points we raised within our first review (document 418548-01-C noted above).

A series of key points have been distilled from these representations, and these key points form the focus of this report. As such the report structure is set out to address these distilled key points, with the structure following this format:

Report Structure

The report follows the structure listed below:

1. Reliability of OVG Mode Split Position
2. Highways and Associated Climate Impact
3. Active Mode Provisions
4. Public Transport Accessibility and Impacts
5. Car Parking provision
6. Summary and Conclusions

Reliability of OVG Mode Split Position

Context – Mode Split

The previous Blacc/Mott MacDonald review noted that the “mode splits projected in the event management plan are considered to be unattainable. This is due to the physical limitations of the public transport network itself in terms of capacity and direct connectivity as well as competing demands on capacity further constraining the public transport offer”

BH Responses – Mode Split

Spectator Arrival Profiles

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: “What evidence has been used to support and justify the arrival and departure profiles presented in the Transport Assessment?”

BH Response: “Site specific data is held for the Etihad Stadium for both football matches and concerts and provides an extremely robust and specific source of data upon which to forecast visitor arrival and departure profiles for events. This data has been supplemented with survey data as described and submitted in the Transport Assessment. Members of the Applicant’s team have extensive experience operating major arenas in the UK.”

Blacc/Mott MacDonald Response: The response provided by BH does not provide any clarity as to where the raw data used to derive the spectator arrival profiles is presented or how/if it has been adapted/manipulated/calculated from the data referred to in the response and TA. The response merely reiterates that data has been used and that the applicant’s team has extensive experience of this type of operation.

It is noted that the spectator arrival profile is the start point for the remainder of the mode share analysis, and then subsequently for the rest of the Trip Generation and impact analysis presented in the TA. On this basis, it is suggested that a reasoned evidence base should be provided for the spectator arrival profiles shown below in Table 1.

Table 1: BH Spectator Arrival Profile Projections

Hour	Evening Concert Profile (Weekday/Weekend)	Evening Concert Trips (Weekday/Weekend)
1700-1800	30%	7,050
1800-1900	30%	7,050
1900-2000	40%	9,400
TOTAL	100%	23,500

It is also noted that the TA states:

“the arena arrival and departure profiles have been based on information provided by the applicant, which differ from the Etihad Stadium arrival and departure profiles that are based on the TA for the Etihad Stadium expansion”.

The latest response from BH (below), seemingly contradicts the statement from the TA by stating that:

“site specific data is held for the Etihad Stadium for both football matches and concerts and provides an extremely robust and specific source of data upon which to forecast visitor arrival and departure profiles for events”.

As such, it is unclear if the spectator arrival profiles are derived from data provided by the applicant (which apparently differs from Etihad Stadium arrival profiles), or on the data derived from the Etihad Stadium, as the latest statement alludes.

The importance of the spectator arrival profile assumptions is paramount to development of a robust assessment, and clarity should be provided in relation to the following three points, without which the veracity and reliability of the BH approach remains in question:

- The specific origin of the data used to derive arrival profiles;
- How/if the raw data has been calculated/manipulated for use in this instance; and
- Provision of the raw data itself such that it can be interrogated.

Spectator Mode Split

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: *“The mode share analysis for spectators presented in the TA states that data has been taken for equivalent arenas within the UK to validate modal splits; however, the TA makes no effort to validate the final mode share against that derived for other arenas and uses values recorded at the Etihad Stadium instead. It is considered that travel characteristics for a match day event and arena event could be significantly different given that attendees at football matches are more regular travellers to the location and there are multiple supporters clubs travel groups and car sharing initiatives running between fellow supporters.”*

BH Response: BH responded by stating that *“the benefit of having observed site specific data for the Etihad Stadium for both football matches and concerts provides an extremely robust and specific source of data upon which to forecast mode share compared to the use of theoretical comparisons to other sites in different locations”.*

BH also state that there are number of reasons why car use would be higher for a football match than an arena event including:

- People may be more likely to attend a football match alone;
- People attending an arena event won’t have the ingrained knowledge to be confident in driving and therefore are more likely use sustainable transport;
- People are more likely to drink at an arena event than at a football match; and
- People attending an arena event may be more likely to stay for a few days in the city compared to attendees of football matches.

Blacc/Mott MacDonald Response: The response from BH provides a list of their reasons for selecting a lower mode share than both the observed Etihad Stadium matchday data, and that supplied for comparison of other venues with similar characteristics (as described by BH).

Table 2 shows the observed Etihad Stadium (matchday) mode share values compared against the BH proposed values.

Table 2: Observed Mode Splits vs BH Proposed Mode Splits

Mode	Midweek		Weekend	
	Observed	Proposed	Observed	Proposed
Car - multi occupancy	42.1%	45.5%	43.3%	40.0%
Car - single occupancy	15.3%		11.6%	
Metrolink	13.7%	17.5%	14.0%	18.5%
Train (+ other mode)	7.0%	9.0%	8.7%	11.5%
Coach	5.1%	6.5%	6.2%	8.3%
Train + Walk	5.1%	6.5%	7.6%	10.0%
Taxi	4.9%	6.5%	1.1%	1.5%
Bus	3.2%	4.0%	3.5%	5.0%
Car - drop off	2.0%	2.5%	3.1%	4.0%
Walk	1.2%	1.8%	0.8%	1.0%
Cycle	0.1%	0.1%	0.1%	0.2%
Motorbike	0.1%	0.1%	0.0%	0.0%
	100%	100%	100%	100%
Combined Modes				
Car based modes	59.5%	48.1%	58.0%	44.0%
Public Transport	29.1%	37.0%	33.8%	45.0%
Active Modes	1.3%	1.9%	1.0%	1.2%
Coach	5.1%	6.5%	6.2%	8.3%
Taxi	4.9%	6.5%	1.1%	1.5%
	100%	100%	100%	100%

It should be noted that the changes between the observed and proposed data are based solely on BH's proposed mitigation measures.

The below are comparisons of venues with similar characteristics (as stated by BH). The values provided for the Nottingham, Leeds and Bristol Arena are provided in the TA, as is the Etihad Stadium survey and the Eastlands Arena values which are summarised from the midweek observed and proposed data presented in Table 2 above.

Table 3: Observed Mode Shares of Venues with Similar Characteristics

Mode	Nottingham Arena	Leeds Arena	Bristol Arena (TA)	Etihad Stadium	Eastlands Arena (TA)
Car Occupant	74%	80%	80%	60%	48%
Bus	4%	4%	5%	3%	4%
Coach			2%	5%	7%
Rail/Tram	11%	5%	4%	26%	33%
Taxi	7%	6%	2%	5%	7%
Walk/Cycle	4%	3%	7%	1%	2%
Total	100%	100%	100%	100%	100%

The mode split comparisons shown in Table 3 above yield the following two key points:

- According to BH, the venues for comparison were selected because they have similar characteristics, however the mode share for car usage that has been assumed for the

Eastlands Arena is much lower, and is based solely on the proposed mitigation measures; and

- The Nottingham, Leeds and Bristol Arenas are concert venues whereas the Etihad Stadium values are from football matchdays, therefore indicating that travel differences exist between concert attendees compared to football attendees.

Considering that the latest BH response provides a list of reasons as to why one could argue that car use would be higher for a football match than an arena event, the actual observed data (as shown in Table 3) suggests that the BH reasoning is not robust or reliable in this case.

As such, and as demonstrated in the tables above, it is still considered by Blacc and Mott MacDonald that travel characteristics for a match day events and arena events are likely to be significantly different given that attendees at football matches are more regular travellers to the location and there are multiple supporters clubs travel groups and car sharing initiatives running between fellow supporters.

On this basis both the start-point (Etihad Stadium observed) mode share and the proposed mode share put forward by BH are not considered to be reflective of a worst-case or reasonable case scenario, and consequently lack robustness for the purposes of impact assessment.

This point is further emphasised by MCC in their response to the application, in which they state, *“In respect of Section 6.3.15, this doesn’t actually appear to be the worst-case scenario. Evidence based upon previous concerts at the Etihad Stadium should be used or if that information isn’t available then sensitivity tests should be carried out with a higher proportion of private vehicle trips”*.

Mode Split Data

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: *“It is not explained how the match day data presented at Appendix H of the TA has been validated with “preferred transport option” mode share data derived from 2019 concerts at the Etihad Stadium. It is unclear where, or if, this preferred transport option mode share data has been presented in the TA.”*

BH Response: The mode split data from travel surveys undertaken on matchdays at the Etihad Stadium in 2017 were compared with the results of surveys undertaken for concert events at the Etihad in 2019. The mode split data from both sets of events were found to be comparable and therefore the mode split analysis presented in the TA is considered to be robust.

Blacc/Mott MacDonald Response: The TA assumes that observed Etihad Stadium values are a worst-case scenario for the proposed Eastlands Arena, and the recent responses from BH state that the Etihad Stadium values were compared against the results of surveys undertaken for concert events at the Etihad in 2019, with the mode split data from both sets of events found to be comparable.

Notwithstanding this, the comparative mode split analysis for Etihad Stadium football event vs Etihad Stadium concert event (as described in the BH response above) has not been presented in the TA. It is also not explained why mode splits for the 2017 football events at the Etihad Stadium have been selected as the basis of the BH mode split assumptions, if equivalent data for Etihad Stadium 2019 concert events are so comparable?

Mode Split Application

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: *“It is of concern that the modal splits defined in the TA have been determined on the assumption that the mitigation measures will be successful prior to any due testing or consideration.”*

BH Response: It is entirely appropriate to ‘build-in’ mitigation of the anticipated impacts of a development as part of scheme development and design. The applicant will be able to control the number of vehicles accessing the Campus on event days by restricting on-site parking and via the expansion of the Resident Parking Scheme. The TA uses the ‘baseline’ mode splits as the basis for its assessment. Comparisons with London venues have not informed the assessment.

Blacc/Mott MacDonald Response: Whereas a design process can incorporate mitigation measures, the TA should focus on the impacts of the proposed development in order to help define those mitigation measures, whereas the evidence put forward by BH makes no attempt to do this, instead assuming that the pre-defined mitigation measures will be successful without demonstrating why.

It is further noted that the start point for mode split analysis in the TA is the Etihad Stadium matchday surveys (shown in Table 2), which are already notably different to those of other concert venues.

No evidence is provided which indicates that the ‘mitigation’ can actually achieve the reduction in vehicular demand that is claimed, particularly as BH now confirm that the comparison with London venues does not inform assessments.

As this point is key to remainder of the TA, clarity should be provided to give assurance that the limited ‘mitigation’ that is being provided can deliver the mode splits predicted. BH state above that controlling the level of parking at the site will help to achieve their mode splits, however it is also noted in the TA that off-site parking would be an expected occurrence during arena events, particularly when matchdays occur at the same time given that only 500 spaces would be available.

Mode Split Summary

The methodology and production of the mode split analysis does not represent a ‘robust’ basis for the following assessments as:

- Car mode share is predicted to be lower than similar venues across the country (up to 32% lower in 2 of the examples identified) and the adjacent Etihad Stadium (12% lower) without full justification; and
- No evidence is provided to support the reduction in car mode share, based on the limited mitigation proposed.

This is critical to the rest of the assessment as the car mode share is a key input to the trip generation, which in turn controls the potential impact of the arena on the highway network.

Finally, it is further noted that the proposed mode share of the Eastlands Arena for vehicular demand is lower than that of the existing Manchester Arena. Given that it has been previously demonstrated that the city centre Manchester Arena benefits from better connectivity and accessibility than the proposed Eastlands location, it is considered a notable flaw in the TA that the derived mode split assumes a lower car mode share based on little more than assumption, and some limited mitigation measures (discussed later in this report).

Highways and Associated Climate Impact

Context – Highways and Associated Climate Impact

In relation to trip distribution on the highway network and the wider impact of the development Blacc/Mott MacDonald stated that:

“For a development requiring detailed consideration of its impact, the analysis applied is crude. The deduction of visitors origin using only the ticket data from a single pop group does not seem to be inclusive, as various music genres can attract different demographics.”

“no reference is made to the altered queue lengths associated with each of these DoS¹ changes. Some of the increases, particularly in the Saturday peak are very notable and would on the basis of the information presented represent a severe impact”.

BH Responses – Highways and Associated Climate Impact

Operational Analysis

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: *“Operational analysis in the form of LinSig junction assessments have been undertaken for 6 key signalised junctions. The analysis is presented for arena events and arena plus match day event scenarios. The results provided in the main body of the TA are for the maximum capital DoS value only, and there is no presentation of arm by arm data or queue lengths.”*

BH Response: It is recognised that on the occasion of major events occurring at the campus, there is inevitably going to be more traffic with the chance of additional delays. The applicant has therefore committed to delivering a significant package of transport mitigation measures. These measures are aimed at promoting sustainable travel and reducing the car mode share of visitors. In particular, there is a firm commitment to delivering physical amendments to the Resident Parking Scheme surrounding the Etihad Campus and driving a shift towards sustainable modes of transport.

Blacc/Mott MacDonald Response: The supplied response to the queries raised around the operational junction analysis focusses once again on the proposed mitigation measures, rather than attempting to understand the impacts in detail and define whether they could be managed by TfGM and the Transport Team at Manchester City Football Club (MCFC).

BH state that *“Notwithstanding, we believe that understanding the performance of the junction in detailed modelling terms is less important than whether the impacts can be managed”.*

It is considered that an understanding of the impacts is required in order to determine how best to ameliorate and manage them. It is also noted that some of the impacts which are not appropriately considered in the TA may need to be considered separately in the Event Management Plan, which in turn would then inform the mitigation strategy.

¹ Note: Degree of saturation is a comparison of demand against total capacity. A value of 100% means that demand and capacity are equal and no further traffic is able to progress through the junction

For example, the current analysis provided for the Alan Turing Way/ Briscoe Lane junction indicates significant delays during Saturday Matinee Departure Peak (non-match), see **Table 4** below, which compares modelled queues in PCU (Passenger Car Unit)² and average delay.

Table 4: Alan Turing Way/Briscoe Lane Delays with and without Arena Trips

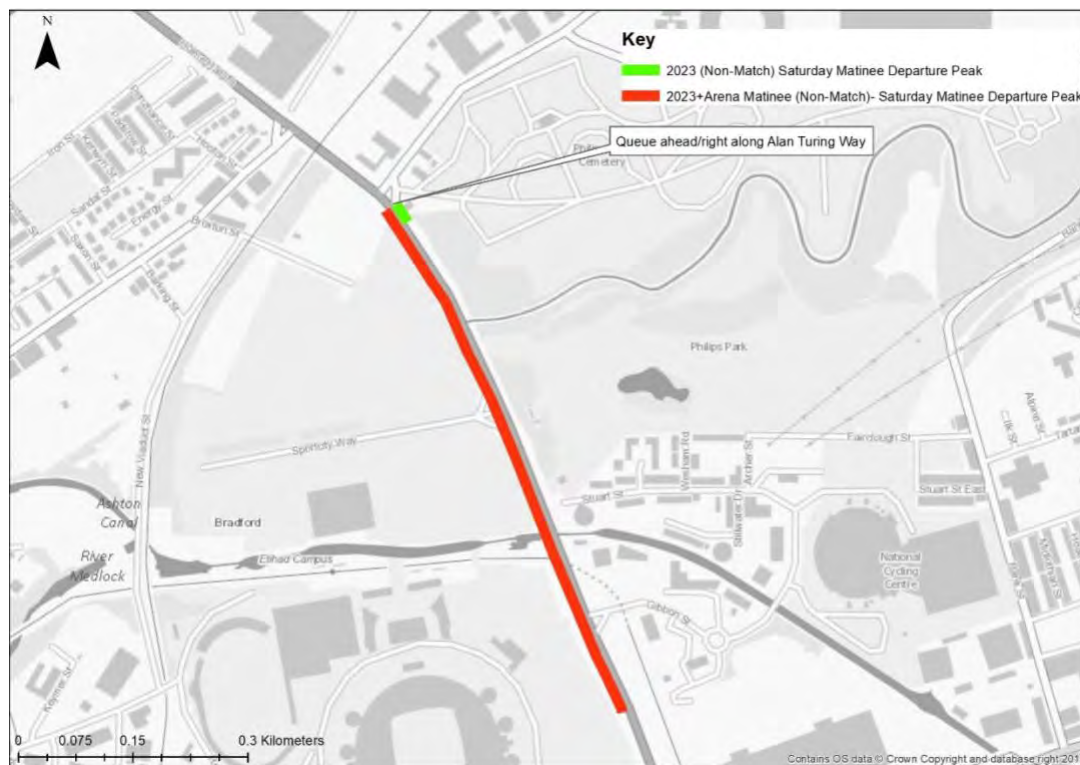
Scenario	Junction Arm	Mean Max Queue (PCU)	Potential Queue length (m) PCU=5.75m	Average delay per PCU (s)
'2023 Base (Non-Match) - Saturday Matinee Departure Peak'	Alan Turing Way Ahead Right	4.7	27	11.9
2023 Base + Arena Matinee (Non-Match) - Saturday Matinee Departure Peak	Alan Turing Way Ahead Right	126.7	728	168.3

This level of delay increases journey times at this specific location by nearly 3 minutes and would result in any of the following impacts:

- Significant forced reassignment of traffic to unsuitable roads/routes;
- Increased accidents, likely through rear end shunts; and
- Delays to customers of the Etihad stadium and arena and forced peak spreading.

It is these impacts which are not fully interrogated within the TA and that could cause significant delays elsewhere on the network. Figure 1 represents the potential queue length on the existing network, demonstrating how traffic will block past Sportcity Way and the access to Asda Gibbon St.

² Note: A PCU (Passenger Car Unit) is used in transport modelling to represent the space in which a vehicle takes up. A passenger car takes up 1 PCU which is approximately 5.75m.

Figure 1: Potential Queue Along Alan Turing Way

The combined impact of multiple junctions has also not been assessed. For example, the Alan Turing Way/Briscoe Lane which is expected to generate significant queues at Saturday Matinee departure will have knock effects at other junctions along Alan Turing Way such as at the Gate 2 car park access (only 340m away).

Similar issues are predicted during weekdays as well at other junctions such as Alan Turing Way/Ashton New Road and Hulme Hall Lane/Bradford Road (see Table 5/6 below) during the weekday PM peak. Some of the roads affected by the congestion are residential streets such as Bradford Road, these locations are particularly sensitive to increases in noise and particulates from vehicles queuing in traffic.

Table 5: Alan Turing Way/Ashton New Road Delays with and without Arena Trips

Scenario	Junction Arm	Mean Max Queue (PCU)	Potential Queue length (m) PCU=5.75m	Average delay per PCU (s)
2023 Base (Non-Match) - Weekday PM Network Peak	Alan Turing Way North Ahead Right	15.6	90	59.7
2023 Base + Arena Evening Event (Non-Match) - Weekday PM Network Peak	Alan Turing Way North Ahead Right	27.3	157	106

Table 6: Hulme Hall Lane/Bradford Road Delays with and without Arena Trips

Scenario	Junction Arm	Mean Max Queue (PCU)	Potential Queue length	Average delay per PCU (s)
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			(m) PCU=5.75m	
2023 Base (Non-Match) - Weekday PM Network Peak	Bradford Road Left Right	39.6	228	74.7
2023 Base + Arena Evening Event (Non- Match) - Weekday PM Network Peak	Bradford Road Left Right	57.7	332	118.1

Figure 2 and 3 below demonstrate the differences between the with and without arena traffic.

Figure 2: Queues Along Alan Turing Way at Ashton New Road/Alan Turing Way Junction

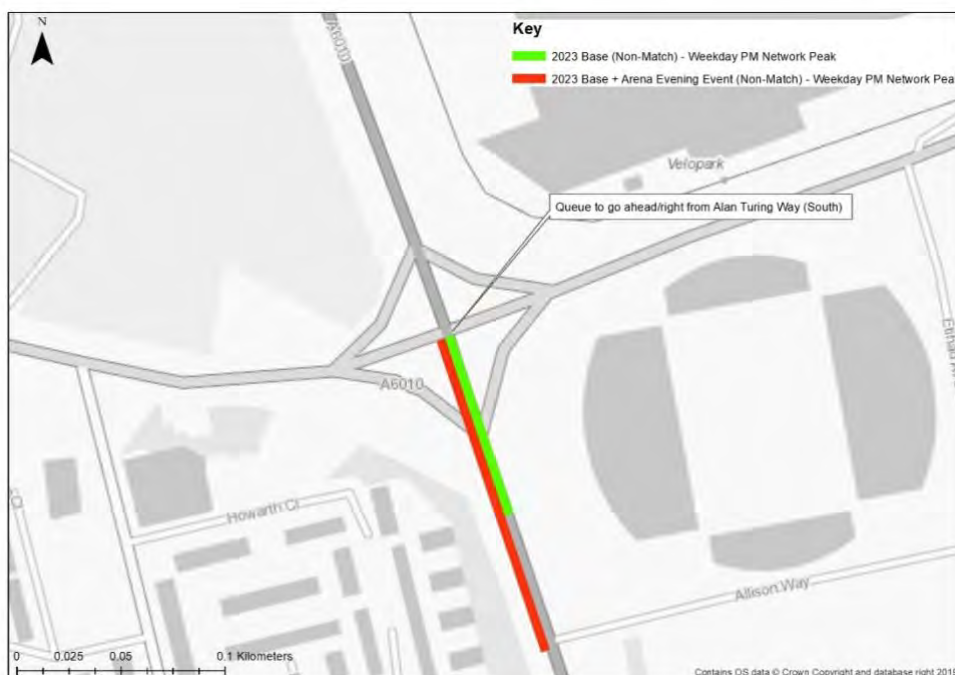


Figure 3: Queues Along Bradford at Hulme Hall Lane/Bradford Road Junction

Furthermore, as pointed out by Manchester City Council (MCC) the operation of the match-day operational assessment models are over-efficient. MCC stated *“The situation for matches is presented as operating over-efficiently. This raises questions about the remaining analysis and will be an area that could be subject to criticism. This is replicated with the results of the match situation with much lower flows reported. This is not an accurate representation of onsite conditions. After the match, there is a continuous flow of pedestrians and buses along Ashton New Road and as such there is no traffic flowing.”*

Table 7 below indicates the differences which are clearly evident between the observed queues and modelled queues when a match occurs. The issue is particularly concerning where the modelled queue is significantly lower, such as on the approach as the right turn movement from Alan Turing Way (South) towards Ashton New Road (East) and the ahead/left movements at Queens Road (North). An illustrative comparison of the differences can be found in Appendix A. Poor calibration of the base models could mean the impact of the arena is further underestimated.

Table 7: Select Comparison Between Observed and Modelled Queues on a Match Day

	Junction	Arm	Movement	Observed Maximum Queue (Vehicles)	2019 Base Modelled queue (Mean Max Queue-PCU)	Observed against Base Queue
Weekday Network PM Peak 5-6pm	Hulme Hall Lane/ Bradford Road	Bradford Road	Left and Right	21	34.4	64%
	Queens Road/ Oldham Road	Queens Road (North)	Left	13	4.1	-68%
			Ahead	17	7.4	-56%
			Ahead	12	7.4	-38%
			Ahead Left	3	21.2	607%

Weekday Arena Arrival Peak 5-6pm	Alan Turing Way/ Ashton New Road	Alan Turing Way (South)	Ahead	19	20.7	9%
			Right	21	10.9	-48%
	Alan Turing Way/ Briscoe Lane	Alan Turing Way (South)	Ahead	4	4.4	10%
			Ahead Right	8	13.2	65%
	Hulme Hall Lane/ Bradford Road	Bradford Road	Left and Right	9	6.9	-23%
	Queens Road/ Oldham Road	Queens Road (North)	Left	11	3.1	-72%
			Ahead	21	10.9	-48%
			Ahead	15	10.8	-28%
	Alan Turing Way/ Ashton New Road	Alan Turing Way (South)	Ahead Left	7	17.6	151%
			Ahead	15	16.5	10%
			Right	7	7.6	9%
	Alan Turing Way/ Briscoe Lane	Alan Turing Way (South)	Ahead	7	2.6	-63%
			Ahead Right	7	4.6	-34%

This above analysis and the statement provided by MCC, means that the scenario queues and delays in Tables 4, 5 and 6 are likely to be much worse on match days than the current modelling demonstrates as Linsig is not picking up the interaction of pedestrians and buses along Ashton New Road.

This furthers the concerns that due to the lack of consideration of the specific impacts from the modelling, the large delays on the network are not being appropriately understood and therefore mitigated.

It is noted that the impacts reported above (which are not exhaustive) and as displayed in Tables 8 and 9 below are recreated from the first Blacc/Mott MacDonald response 418548-01-C.

Table 8: Arena Only Analysis Summary

Junction Name	1700-1800 Weekday			1600-1700 Saturday		
	Base	Base + Arena	Diff	Base	Base + Arena	Diff
Oldham Road (A62)/Hulme Hall Lane (A6010)	79.7%	95.3%	+15.6%	62.0%	104.4%	+42.4%
Hulme Hall Lane (A6010)/Bradford Rd	100.2%	105.7%	+5.5%	58.4%	99.6%	+41.2%
Alan Turing Way (A6010)/Briscoe Ln	88.3%	98.7%	+10.4%	59.6%	107.8%	+48.2%
Alan Turing Way (A6010) /Gate 2 Car Park Access	60.5%	89.1%	+28.6%	48.1%	62.7%	+14.6%
Alan Turing Way (A6010) /Ashton New Road (A662)	91.2%	103.2%	+12.0%	65.1%	96.6%	+31.5%
Alan Turing Way (A6010) /Ashton Old Road (A635)	97.7%	97.7%	+0.00%	70.2%	69.9%	-0.30%

Table 9: Arena + Matchday Only Analysis Summary

Junction Name	1700-1800 Weekday	1600-1700 Saturday
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	Base	Base + Arena	Diff	Base	Base + Arena	Diff
Oldham Road (A62)/Hulme Hall Lane (A6010)	76.70%	116.50%	+39.80%	51.80%	96.60%	+44.80%
Hulme Hall Lane (A6010)/Bradford Rd	101.90%	103.40%	+1.50%	45.20%	89.90%	+44.70%
Alan Turing Way (A6010)/Briscoe Ln	93.50%	95.00%	+1.50%	39.30%	101.70%	+62.40%
Alan Turing Way (A6010) /Gate 2 Car Park Access	64.20%	65.20%	+1.00%	39.20%	57.70%	+18.50%
Alan Turing Way (A6010) /Ashton New Road (A662)	99.50%	99.50%	+0.00%	63.60%	95.20%	+31.60%
Alan Turing Way (A6010) /Ashton Old Road (A635)	101.60%	101.50%	-0.10%	60.40%	60.30%	-0.10%

It is the opinion of Blacc/Mott MacDonald that the specific results shown in Tables 4, 5 and 6 as well as those highlighted red in Tables 8 and 9 represent **severe impacts** in the opinion of Blacc/Mott MacDonald.

Wider Impacts

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: *“The results in the TA Addendum do highlight increases of 3.5 minutes on both routes 2 and 3. These are afforded no explanation in the TA Addendum other than to state this arena traffic widely distributed onto the network.”*

BH Response: The TA Addendum responds to a request from MCC that the impact of traffic generated by coincident events at the Arena and Stadium be considered in terms of changes in journey time on specific route corridors across the City. The methodology used to do this was subsequently agreed with TfGM and the findings reported in the TA Addendum.

Blacc/Mott MacDonald Response: The response provided by BH focusses on the approach being agreed with TfGM, rather than the veracity and conclusions of the outputs themselves.

As previously noted, the analysis provided shows an increase of 3.5 minutes on routes 2 and 3, as shown in Figure 4.

Figure 4: TA Extract: Increase in Journey Times from Baseline to With Arena Traffic**Table 3.1 Increase in Journey Times from Baseline Resulting from Arena Traffic**

Routes to/ from Deansgate	Delay in Journey Time Due to Additional Arena Traffic				
	Weekday Assessment Periods			Saturday Assessment Periods	
	17:00 – 18:00	19:00 – 20:00	22:00 – 23:00	12:00 – 13:00	16:00 – 17:00
Route 1: Bury New Road	00:00:38	00:00:50	00:00:00	00:00:23	00:00:00
Route 2: Rochdale / Oldham Road	00:03:21	00:00:45	00:00:05	00:00:27	00:00:29
Route 3: Oldham Road	00:03:28	00:00:54	00:00:17	00:00:32	00:00:36
Route 4: Ashton Old Road	00:00:42	00:00:57	00:00:30	00:00:27	00:00:17
Route 5: Hyde Road	00:00:15	00:00:20	00:00:16	00:00:10	00:00:07
Route 6: Princess Road	00:00:20	00:00:27	00:00:38	00:00:11	00:00:13
Route 7: Chester Road	00:00:11	00:00:15	00:00:12	00:00:07	00:00:05
Route 8: M602/ Regent Road	00:00:08	00:00:11	00:00:12	00:00:05	00:00:05
Route 9: A6/A580	00:00:08	00:00:10	00:00:08	00:00:05	00:00:03

No commentary is provided in the TA as to the implications of a 3.5-minute increase in delay on these routes. It is also not recognised in either the TA or the recent representation responses, that this wider impact would be further exacerbated by the severe highway impact that would be caused on Alan Turing Way (as noted previously in this note) which would result in displacement of existing trips onto other routes or spreading of the delay due to traffic gridlock.

It should also be reiterated that because the original mode share analysis underestimates the car driver/occupant these wider impacts are likely to be further underestimated.

Associated Air Quality and Climate Impact

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: *The additional car trips will result in an estimated 16,865 to 25,357 tonnes of CO₂e emissions per year based on a range of 120-180 events per year. This calculation is based on average car GHG emissions per kilometre of 0.1771 kgCO₂ w/km from Department of Business Energy and Industrial Strategy data for 2019.*

BH Response: OVG Arena takes full responsibility for reducing the operational and embodied carbon where practical using best readily available technology to deliver the stringent technical requirements of an arena. Through the Climate Change Chapter in the Environmental Statement, a whole life carbon assessment has been undertaken to be fully transparent of impacts and encourage more industry reporting and discussion for the paradigm shift.

Blacc/Mott MacDonald Response: The response provided to the original query is limited to a reiteration of the applicant's transition to GM net zero target by 2038. *"With reference to the Sustainability Statement submitted as part of the planning application, Manchester's commitment to achieving net zero carbon by 2038 is fully acknowledged and a route map to achieving this is outlined".*

No response has been provided to the specific queries about the increase in vehicular emissions, which would be expected as a result of the proposed development. The increase in vehicular demand and associated CO₂e emissions would be exacerbated by the forecast delay increases, which has been highlighted previously in this note.

These forecast delay increases would result in notable periods of stationary traffic due to idling engines, given that pollutants increase as speeds reduce and vehicles are caught in congested conditions.

Highway and Associated Climate Impact Summary

A clear and concise recognition of the potential impacts on the junctions and wider road network which have been assessed has not been provided in the TA or the subsequent representation responses. The increased congestion generated from the proposed arena will be detrimental to the local area in a number of ways, including through:

- Longer journey times particularly during weekday PM peak and Saturday Matinee Departure Peak;
- Lower air quality as a result of greater congestion;
- Increased rat-running through residential streets e.g. through Clayton-Bank Street; and
- Reducing the attractiveness of the existing amenities/businesses in the area e.g. shopping (ASDA), employment (e.g. Riverpark trading estate) and recreation (e.g. Philips Park).

As noted by MCC and referenced in this note, we are also wary that the current junction modelling is not picking up the correct operation of certain junctions on match days. This does not provide confidence that impacts during match + arena event days are realistic, and they could in effect be much greater than currently indicated. The under-estimation of impact is therefore four-fold, as noted below:

- Under estimation of car driver/occupant mode share;
- Under estimation of junction model delay replication for baseline analysis (as confirmed by MCC);
- Under estimation of delays/impacts on Alan Turing Way for stadium/arena access; and
- Under estimation of wider impacts on parallel routes.

Active Mode Provisions

Context – Active Mode Provisions

In our review we highlighted a significant reliance on walking options to both access and egress the arena to/from Manchester City Centre. This would put additional pressure on the highway network to accommodate further difficult to manage ‘spikes’ in walking demand, creating unacceptable additional risks in terms of spectator safety and issues related to crime and public order.

BH Responses – Active Mode Provisions

Walk Distance

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: *“The proposed arena is not highly accessible on foot from the city centre due to the quality of the pedestrian experience and distances involved (more than 30 minutes’ walk from Piccadilly Station and 45 minutes’ walk to Victoria Station. Accessibility by foot is further diminished in inclement weather and in the dark”.*

BH Response: BH responded stating *“Evidence and surveys of stadium events demonstrates that large numbers of people are willing and able to walk between the Campus and the city centre in all conditions.”*

“We are aware that walking and cycling are becoming a much more important consideration in all new developments within the City. We believe that the identified (and already well-used) routes are well placed to link into future routes brought forward and improved through other East Manchester development, supporting the drive for better connected places to live and work, with appropriate amenities and high quality public realm.”

Blacc/Mott MacDonald Response: Whereas it is understood that walking to/from the city centre and the Etihad Campus occurs frequently on matchdays, it is considered invalid to assume this would occur in an equivalent manner for Arena events. The demographics could vary significantly to a matchday with certain events attracting significantly older or younger audiences, who may not be as confident walking long distances away from the city. These variations are noted by the differences in arena mode shares compared to Etihad Stadium football event mode shares in Table 3.

It is also noted that the choice of Etihad Stadium football event attendees to walk back to Piccadilly after a football match is duly influenced by the capacity constraints on the Metrolink system and the bus network. For example, an attendee may want to use public transport but given the queues is forced to walk back. This dilemma will also be faced by arena attendees, exacerbated significantly on joint match + arena days.

For these reasons and given the limited mitigation we consider the distance of approx. 2,500m (30mins) from the Piccadilly Station to the arena to be unrealistic for a significant number of people to use. Victoria station is an even further walk from the proposed arena at approx. 3,200 (40mins).

To further expand upon this point, in the 2015 report by WYG ‘How far do people walk?’, NTS data was analysed and showed that the 85th percentile walking distance to a railway station outside of London was 1,610m, much less than 2,500m. These values are shown in Figure 5.

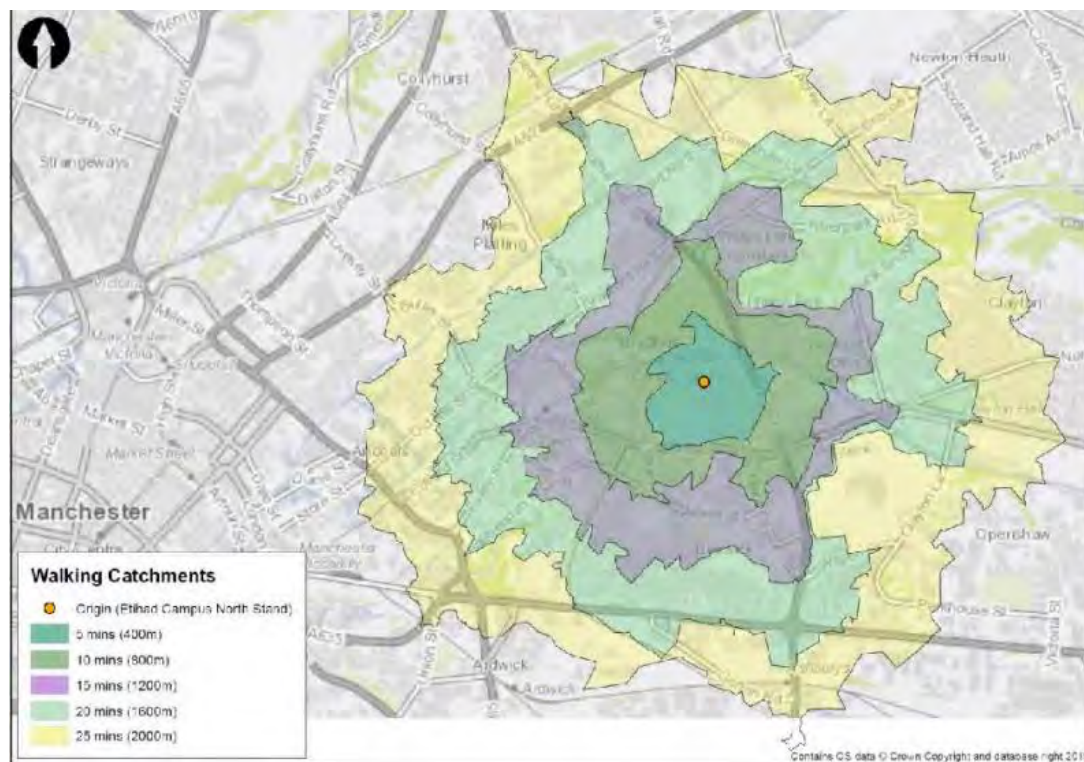
Figure 5: Extract – Table 5.1 Recommended Walking Distances

	Mean (m)	85 th Percentile (m)
Walk – As main mode of travel		
UK (Excluding London)	1,150	1,950
London	1,000	1,600
Walk to a Bus Stop		
UK (Excluding London)	580	800
London	490	800
Walk to a Railway Station		
UK (Excluding London)	1,010	1,610
London	740	1,290

WYG 'How far do people walk?' – Table 5.1

This is further evidenced within the TA which demonstrates that even the largest 2,000m catchment does not reach Piccadilly Station, as shown in Figure 6.

In comparison, for example, Manchester Arena can be accessed within a 1,600m (20mins) catchment of Manchester Piccadilly Station as well as being located directly adjacent to Victoria station.

Figure 6: Walking Accessibility from Proposed Arena (TA Extract)

In addition to the walk distance, the environment in which people are willing to walk long distances by choice rather than through lack of alternative is also important. For example, 'Walking Good Practice' (TfL, 2012) states that many people have concerns about their safety while on foot especially at night and in winter. These concerns are increased if routes include inactive frontages.

Within the city, frontages will be active but along the routes to the Etihad Campus there is little activity which will be concern to some people. The mitigation measures proposed along Ashton New Road, City Link, Ashton Canal Towpath do not add frontages or activity which increase the perception of safety.

Combined with the distance it is considered that the arena is not well connected to or highly accessible from the city centre. This lack of accessibility will likely create greater car or taxi trips than currently predicted within the TA. This is compounded when considered against the parking strategy which is relying on Park and walk from the city centre.

Primary walking routes from both major rail stations in the city do not penetrate the city centre, which undermines the overall experience and propensity for people to choose to walk as a primary choice of travel, particularly when considering the excessive distances involved. Clearly this also has negative connotations in terms of the economic impact for city centre commerce.

Issues relating to accessibility have been raised by Etihad Stadium attendees, principally those who attend one-off events, such as concerts. For example, an attendee for a Robbie Williams concert on Tripadvisor stated *“only thing is after the concert it was complete chaos, tens of thousands of people, poorly organised queuing for trams which took ages to start coming. We were told it was a 20-25 min walk back to the city centre but it took us an hour along with hordes of other people.”*

To further evidence the above statement, information from the public consultation undertaken as part of the Manchester Arena redevelopment project, has been summarised below in a series of relevant key points.

Other than the music what's most important when you attend live gigs?

- 61% of people said that other than music, close transport links were the most important thing

What other experiences in and around live venues would enhance your night out?

- 67% of people want onsite public transport links.

How would you rank these initiatives in regard to sustainability?

- Public transport links were the most important thing in terms of sustainability.

With reference back to the point made earlier about active frontages and perception of safety on walking routes, 59% of respondents stated feeling safe is the most important thing for them when attending gigs. However the route to and from the proposed OVG Arena requires customers to cross busy roads, on narrow footpaths, alongside canals, and with little street lighting which is unlikely to make customers feel safe. To further emphasise this point, the 2000 CIHT walking guidelines are shown in Table 10. These values show that walking to the proposed arena location will not be a desirable choice, but one made primarily through lack of alternative choice.

Table 10: CIHT Suggested Acceptable Walking Distances (IHT 2000)

	Town Centres (m)	Community/School/Sightseeing (m)	Elsewhere/Local Services (m)
Desirable	200	500	400
Acceptable	400	1,000	800

Preferred Maximum	800	2,000	1,200
Suggested Acceptable Walking Distance (IHT, 2000, Table 3.2)			

Proposed Walk Route Mitigation

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: The previous Blacc/Mott MacDonald response identified that the proposed improvements to Ashton New Road, City Link and the Aston Canal Towpath were primarily aesthetic enhancements and do not provide material mitigation, considering the amount of pedestrian movements sought to be achieved along these routes. Particular issues were identified at:

- Aston Canal Towpath which has a lack of footpath width and no barrier protection from the canal;
- Pinch points around Holt Town and Pollard Street tram stops which are not covered by the 'mitigation' package; and
- Interaction with car traffic especially at busy junctions such as Great Ancoats St/ Pollard St.

BH Response: *"The Applicant has committed to provide a range of physical enhancements along three key pedestrian routes between the development and the city centre. These improvements include physical measures to address specific issues identified with the existing routes such as infrastructure interventions, improved signage and information, maintenance and landscaping works. It is anticipated that the details of the improvement scheme would be submitted to MCC for approval as part of a condition associated with any consent. It should be noted that for the significant majority of arena events, the number of attendees would be considerably lower than is currently experienced on a regular basis for Stadium events. On co-incident event days, the staggering of events would mean that the use of the walking routes would be extended over a longer time period rather than necessarily increasing the peak number of people using the routes at a particular time."*

Blacc/Mott MacDonald Response: Our original concern remains that the route enhancements along Ashton New Road, City Link and Ashton Canal Towpath are not significant enough to encourage a large amount of safe pedestrian movements. Furthermore, the interventions are primarily 'cosmetic' in nature, such as re-painting of fences and introducing art graphics.

Measures such as those listed below would result in increased or altered maintenance responsibilities for Manchester City Council. It is unclear how the applicant could actively support future maintenance in conjunction with relevant stakeholders, as is claimed in the TA.

- Enhanced greenery and planting; trimming back low branches on trees along route to improve visibility below tree canopies;
- Groundcover/wildflower planting beneath trees to improve ecology and attractiveness of route; and
- Cutting back scrub/vegetation at strategic points to improve sightlines and attractiveness of route.

It is important to note that Section 106 (S106) monies may only be spent on facilities where the new development has, at least in part, contributed to the need for the facilities. S106 funding is available for capital projects only. S106 funding can only be spent on new facilities or capacity improvements to existing facilities. It cannot be used to maintain existing facilities.

Interactions between pedestrians and motor vehicles will be frequent as arena attendees will need to cross heavily trafficked junctions such as Great Ancoats St/Pollard St. On top of the safety

concerns, the interaction with the local road network will also increase congestion in the area as the operation of junctions are overwhelmed by pedestrian movements.³

Pedestrians will have the alternative option to use the canal towpath, but this is far from appropriate with narrow widths and no protection from the canal.

CIHT Designing for Walking notes the following about footway width provisions;

- Absolute minimum width: 1.8m
- Desirable minimum width: 2.0m
- Preferred width 2.6m (especially adjacent to high-speed roads)

It is noted that the walking route from the city centre to the proposed arena location does not provide appropriate widths for the entirety of the route.

Furthermore, the poor walk routes will be particularly difficult for the disabled and will in some cases restrict access to the arena by sustainable modes of transport. This is not be an issue within the city centre. For example, Manchester arena wheelchair attendees who arrive via Manchester Victoria by train only travel a maximum of 180m via a lift within the station to access the arena. This level of accessibility is not available given the proposed location of the arena.

As we previously noted, this lack of suitable walk access means the site fails to fully meet point b of the NPPF (National Planning Policy Framework) requirements set out in Paragraphs 108:

“b) safe and suitable access to the site can be achieved for all users.”

Active Mode Provisions Summary

The combination of a long walk distance alongside limited mitigation for pedestrians means that the site will be either unattractive or completely unusable for pedestrians. As described above the mitigation proposed is little more than what would be expected from routine maintenance. It does not meet the standards required for a key walk route to a major attraction especially one which is at a minimum 30 minutes away from the city centre.

More broadly and because of the remaining interactions with busy roads whilst relying on poorly maintained routes, the proposed mitigations will not ensure the routes meet key guidance for good walking networks e.g. being comfortable and convivial:

- Comfortable- comfortable walking requires high-quality pavements, attractive landscapes and buildings and as much freedom as possible from the noise, fumes and harassment of vehicles; and
- Convivial- walking routes and public spaces should be pleasant to use and allow walkers and other road users to interact. They should be safe, inviting and enlivened by diverse activities. ⁴

³ As noted previously by MCC these impacts have not been modelled yet to demonstrate 'worst case' delays on the road network.

⁴ The “5Cs” of Good Walking Networks CIHT Planning for Walking, April 2015

Public Transport Accessibility and Impacts

Context – Public Transport Provision

Our previous review identified capacity constraints on the Metrolink network not only during the existing operation, but significantly exacerbated when match + arena events occur at the same time. This would not only reduce the sustainable transport options for the arena but detrimentally affect the existing Metrolink passengers.

BH Responses – Public Transport Provision

Metrolink Capacity

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: Within our original response we stated *“The TA does not properly analyse the impact on the Metrolink network and user experience of frequent commuters especially given the anticipated number of events” with particular emphasis on situations where the stadium and arena are being used concurrently “there is no assessment of the Metrolink lines ability to handle the required uplift in the Etihad Stadium and are events concurrently”*

BH Response: *“On the limited occasions when there are events at both the stadium and the arena with similar start/end times it is anticipated that there would be periods where the demand for Metrolink services would exceed the available capacity for short periods. In particular, this would be anticipated in the hour prior to the start of a stadium event. This could lead to crowded tram services and queuing at Metrolink stops. Such occurrences are not uncommon currently when there are large events at the Etihad Stadium or Old Trafford.”* Further stating *“It may be that on the limited occasions that there are coincident events a number of attendees may choose to us an alternative means of transport (i.e. walking, bus or taxi) rather than wait for a tram.”*

Blacc/Mott MacDonald Response: As anticipated the Metrolink system would not be able to cope with concurrent events and the additional events across the week and the arena will increase crowding along the Ashton line. This will reduce the attractiveness of one of the main sustainable transport options to the proposed arena. Furthermore, the user experience for existing commuters (currently only experience significant peaks in demand for infrequent Stadium events) will reduce significantly. This user impact has still not been considered and given the number of events planned at the arena (180) should be reviewed as a key negative impact.

A more accessible arena closer/within the city centre or an effective mitigation package would not generate such a spike along one tram route.

Overcrowding on public transport can negatively affect people's wellbeing. The ORR (Office of Road and Rail) recently stated that “ORR takes passenger concerns about crowding seriously. There is now clear evidence that feelings of stress, anxiety and vulnerability are high in crowding scenarios. This can make passengers feel unsafe and can negatively affect their wellbeing.”⁵

⁵ ORR's Crowding Position Statement, 31 October 2019

Taxi/Uber Operation

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: Our previous review identified that there will be conflicts with pedestrians and background traffic due to the proposed taxi rank located at the southern end of Rowsley Street.

BH Response: BH responded by stating that they propose to extend the existing taxi rank along the full length of Rowsley Street and onto Philips Park Road. Going on to state that it is not within the control of the Applicant to prevent taxis or private hire vehicles from waiting in other locations.

Blacc/Mott MacDonald Response: Though the proposed taxi rank will be managed it will not prevent conflicts with pedestrians at the entry to Rowsley St. Given the potential 1,156 taxi person trips in the match-day + arena scenario, the approximate 70 spaces provided will still be insufficient to meet demand (especially at the weekend when 10% of trips are expected to use taxis). This will result in many taxis and uber vehicles parking at unsuitable locations within the local highway network, the impact of which has not been assessed. This will increase congestion and will be a potential safety issue for the many pedestrians exiting the arena or stadium.

Public Transport Provision Summary

The responses put forward by BH suggest that there is recognition that the public transport network does not have sufficient capacity to meet current needs, and this would be exacerbated with the addition of the proposed arena. It is stated by BH that “*Such occurrences are not uncommon currently when there are large events at the Etihad Stadium or Old Trafford*”. It is considered insufficient to propose this as a solution to the overcrowding and increased wait times, especially as the only alternative for most people to return back to the city centre would be a ~3km walk on routes not suitable for mass movement of people.

Car Parking Provision

Context – Car Parking Provision

Previously we identified a shortfall of parking across the campus which is exacerbated by the removal of 500 spaces to build the arena. Our main concern was in relation to the proposed residential parking zone extension and the fact that off-site car park provision had not been fully considered, which could be a burden on the local area.

BH Responses – Car Parking Provision

Controlled Parking Zone

Point/Question Raised by Blacc/Mott MacDonald in 418548-01-C: Within our original response we stated that *“The extent of the proposed CPZ plan in the OVG plan mirrors those included as a mitigation Scheme 1 within the 2013 Etihad expansion planning application” going on to further state in relation to parking that.... There is virtually no assessment of the excess parking available around the site within the OVG TA. This would suggest reliance on both regulated and unregulated offsite parking for which assumptions on numbers and availability has not been quantified. This will ultimately place additional pressure and burden on both the key route network and the communities which lie beyond the extent of the CPZ, such as Newton Heath, Monsall, Miles Platting, Ancoats, Openshaw and Clayton, where excess car parking demand is likely to manifest.”*

For clarity Figure 7 shows the current CPZ and proposed extension which would become operational permanently under the applicants proposals. Figure 8 outlines the plans which were proposed for the 2013 Etihad campus expansion.

Figure 7: Existing and Proposed CPZ

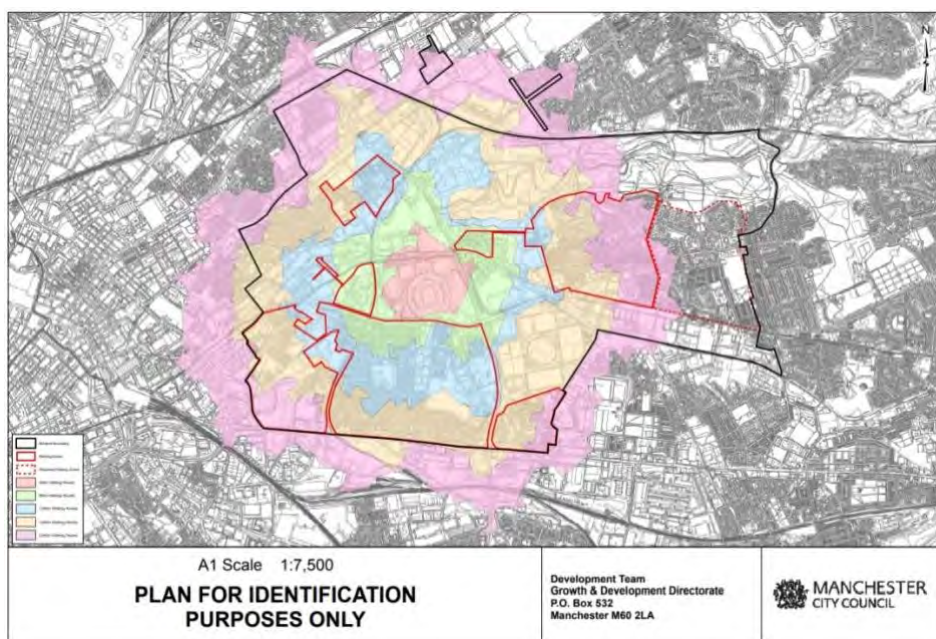
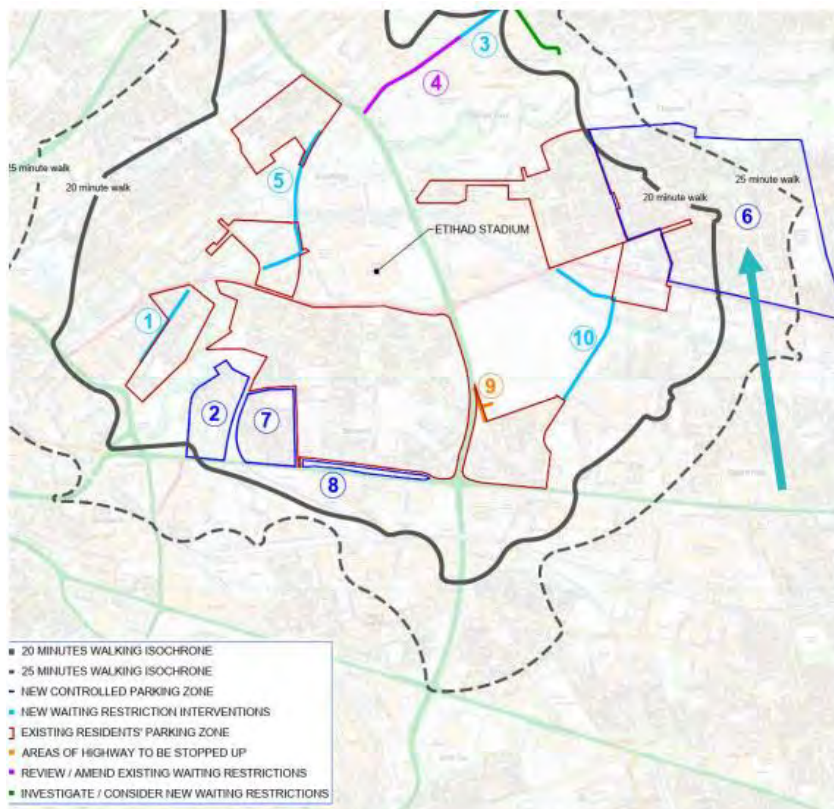


Figure 8: Proposed Extension to CPZ from 2013 Etihad Expansion Application

Source: MCC Planning Portal 104315/FO/2013/N2 Transport Assessment

BH Response: *"in addition to the significant geographical expansion, the scheme would change from an event-day only scheme to one that applies on all days, Again, this is a material change from existing and committed enhancements to the scheme".* Furthermore, in relation to the residents parking BH states *"The residents parking scheme, which would operate on all days, would prevent vehicles from parking in the area immediately surrounding the Etihad Campus. It is anticipated that the residents parking scheme would prevent these vehicles from parking within an approximate 20-minute walking distance from the site."* BH also state that *"Large amounts of commercial parking facilities are located within Manchester City Centre, which is within a walkable distance of the Etihad Campus."*

Blacc/Mott MacDonald Response: Extension of the proposed CPZ (temporal and geographically) is considered to be an improvement over the existing arrangement. However, it is not considered to represent an appropriate mitigation scheme for the arena.

The geographic extension is welcomed, albeit is very minimal in comparison to the scope of the development proposals. The temporal extension (such that the CPZ is effective on all days not just arena event days) however is not of value or benefit to the operation of the arena and cannot therefore be classed as an effective mitigation scheme.

Firstly, it should be noted that short time period CPZs (2-4 hours for example) are designed specifically to deter commuters or other specific time period demands and can work well though they allow others to park without restriction outside the operational hours. Secondly, longer controls (> 10 hours etc) tend to work best in busy areas where parking demand is high throughout the day. Given the demands generated by the proposed arena do not occur every day

of the year, the proposed temporal extension of the CPZ is clearly not an effective mitigation measure.

Furthermore, reliance on City centre parking (which is a similar distance to areas outside of the CPZ such as Openshaw) to take up the slack in terms of regulated offsite parking is unrealistic. City centre parking would be significantly more expensive and require longer journey times than parking in residential areas just outside the CPZ. Therefore, a full assessment of the excess parking availability still needs to be provided to demonstrate that match + arena day parking can be accommodated without negatively impacting areas and routes outside of the CPZ.

It is further noted that the city centre is subject to specific policy from Manchester City Council in which they seek to constrain increases in vehicular demand to 2016/17 levels, and as such reliance on city centre parking is considered contradictory to this aim.

The proposed temporal extension of the CPZ has seemingly been proposed without due consideration of local resident feedback and consultation. If the geographic and temporal extension is unfavourable to a majority of residents this would cast doubt on the viability of the scheme. A CPZ permit does not guarantee a resident the right to park on a specific road or in a specific place but allows that a permit holder may occupy any available space within the CPZ according to the terms of the permit.

Given that a CPZ permits local councils to set the fees for permits, and as such permits are not supplied for free, it is imperative that a consultation exercise takes place with local residents. The standard stages required for delivery of a CPZ are noted below and at this juncture the proposals put forward in the TA merely represent a very outline design only. On this basis the proposed CPZ extension is a mitigation measure that cannot be considered certain to be delivered.

1. Initial survey & design,
2. Public consultation,
3. Production of detailed designs,
4. Final drafting and making of traffic order,
5. Electronic data recording, and
6. Implementation of the final CPZ or Resident's parking scheme.

The importance of parking has also been raised by MCC who stated in response to the TA *"it is considered that car parking is a fundamental and material consideration for planning and, as such, a comprehensive review of potential issues and their mitigation should accompany the planning application"*. BH have responded to this point but have only repeated previous planned mitigations without fully considering the impacts the arena will have on parking, this needs to be addressed fully. Without a thorough assessment the stated impact of proposed mitigations cannot be relied upon.

Car Parking Provision Summary

Whereas constraining parking provision can act as a measure to control vehicular demand, this should go hand-in-hand with measures to provide additional capacity and enhancement to other modes, which are considered lacking based on Blacc/Mott MacDonald's review.

As such, the parking constraint proposed will likely create significant additional parking in unsuitable on-street locations around the stadium (outside the CPZ), or increase demand for parking in the city centre, which is also heavily congested.

Summary and Conclusions

Summary

The responses provided to our initial review of the application are welcomed. However, many of the key points we previously raised have not been addressed and our previous conclusion that the site proposed is an unsustainable location remains. The key points which are still to be addressed generally fit within two categories. Firstly, **the reported outputs from the assessment of the transport impacts is 'not robust' for the following reasons:**

- The mode split used as the foundation of the trip generation is overly optimistic as the % of car trips estimated is lower than similar sites across the country and the neighbouring Etihad stadium. This underestimation of car trips undermines the highway impact assessment;
- Wider highway impacts have not been assessed as junctions have been modelled in isolation. This potentially misses significant impacts on the local network;
- The impacts which have been identified through junction modelling have not been directly addressed within the assessment and no mitigation has been provided beyond promotion of sustainable modes; and
- The impact of taxis drop-off and pick up within the vicinity of the site has not been fully assessed.

The 'robustness' of the assessment has been questioned not only by Blacc/Mott MacDonald but also by MCC who stated that the *"Transport Assessment accompanying the planning application is extensive nonetheless, it is not entirely sound as there are notable gaps in the information provided; this is the case particularly in relation to the assessment of traffic impacts"*.

Secondly **the proposed location of the arena is unsustainable with the current level of mitigation proposed**, for the following reasons:

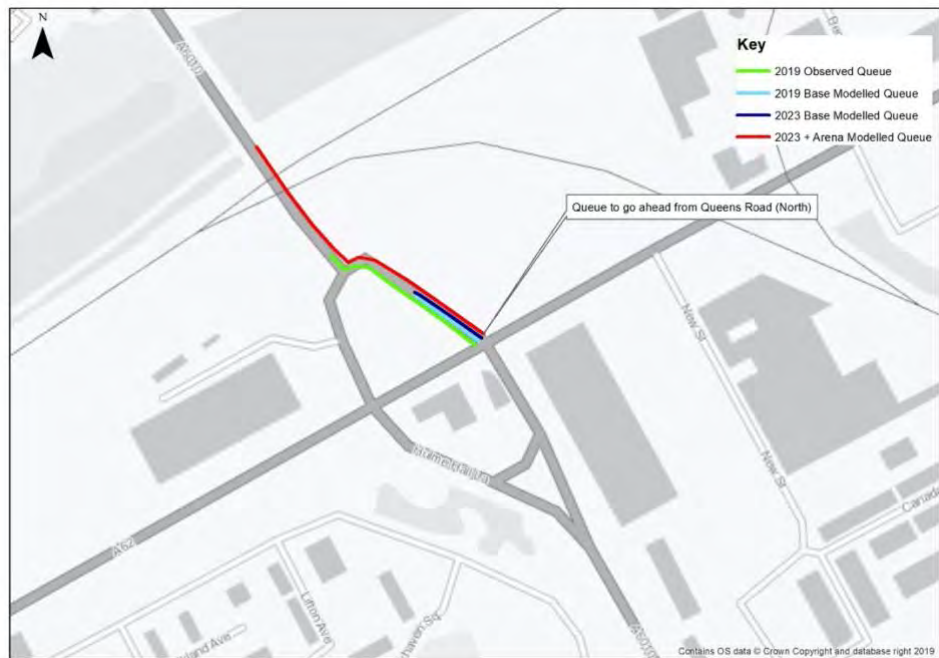
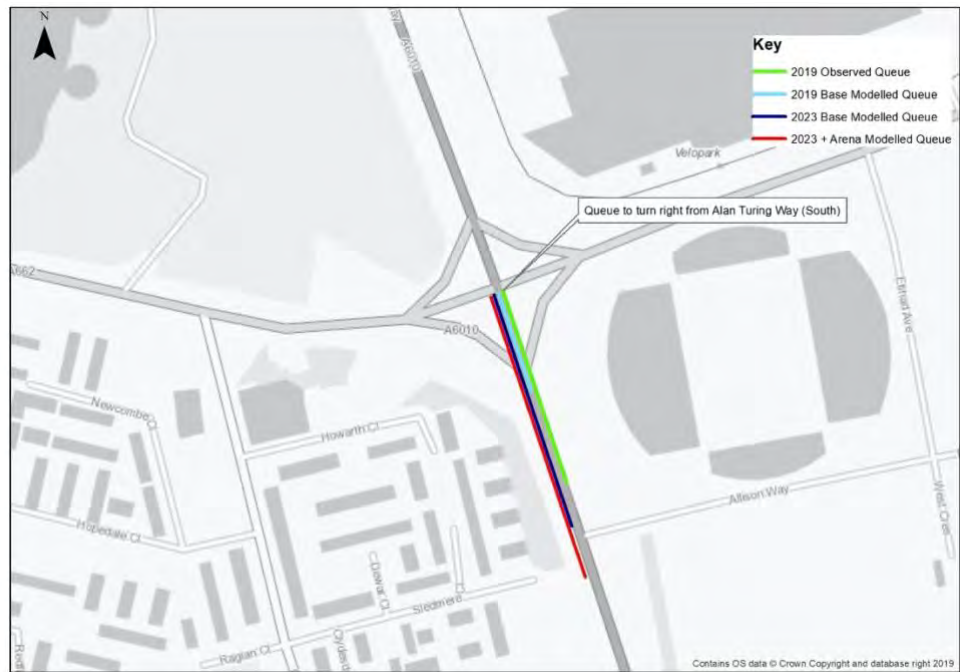
- The arena will increase congestion at junctions which are already close to capacity, generating increased journey times, lower air quality and rat running within the vicinity of the arena and potentially further afield;
- Walk distances are too long from key transport hubs and the proposed mitigation to pedestrian routes do not address key pinch points;
- The site relies on one tram line which will become crowded and overcapacity during arena + stadium event days. This will encourage higher car trips and reduce the user experience of existing tram users, potentially negatively affecting wellbeing;
- Disabled access from major transport hubs will be poor, especially compared to those currently available from existing venues in the City; and
- Parking provision has not been fully considered and there is an over reliance on attendees to use city centre parking which is a significant distance from the arena.

Conclusions

*The further information provided by the applicant has not altered our previous conclusions that **the proposed arena is in an unsustainable location and the assessment is not robust.***

*We therefore reiterate that **the delivery of an arena at this location is likely to prejudice better, more sustainable locations for development as well as removing the ability to bring forward appropriate sustainable development at this location.***

Appendix A





Climate Change Responses: OVG Arena, Manchester

August 2020



Experts in air quality
management & assessment

Document Control

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Job Number	J4038
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Report Prepared By:	Laurence Caird
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Document Status and Review Schedule

Report No.	Date	Status	Reviewed by
J4038B/1/F2	28 August 2020	Final	Dr Graham Earl

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1 OVG Climate Change Response

- 1.1 The applicants of the OVG Arena have provided some brief responses on the content and robustness of their climate change assessment as provided within the Environmental Statement submitted with the application. The responses can be found at pages 50-52 of the applicants Response to Representations Volume 1 document¹. This note provides some responses/rebuttal to the applicants' comments.

Transport Emissions and EIA Regulations

- 1.2 The applicants have not included transport emissions in their assessment, which has resulted in a significant (3 – 5 times) underestimation of the lifetime greenhouse gas emissions (GHGs) associated with the project.
- 1.3 The applicants claim that *“building scale climate change assessment do not typically include transport emissions”*. This completely misses the point that they have produced a greenhouse gas assessment as part of an Environmental Impact Assessment (EIA), and the under the EIA Regulations² there is a need to consider all direct and indirect environmental effects. By excluding transport emissions from their GHG assessment, their EIA is thus not presenting the likely significant effects and is thus not compliant with EIA regulations.
- 1.4 The applicants claim they are not aware of any precedent studies that include transport as part of a building scale assessment. Again, this misses the point, as there is a necessity to comply with the EIA Regulations, the scope of which extends well beyond building-scale effects. Some examples of projects which include a GHG assessment as part of an EIA planning application where transport emissions have been quantified and assessed include:
- North Quay (Tower Hamlets): PA/20/01421/A1. Outline planning application for a mixed use residential and office development in London. GHG assessment in Chapter 10 of the Environmental Statement.
 - The Tulip (City of London): 18/01213/FULEIA. Planning application for construction of a new commercial tower building in the City of London comprising a visitor attraction with viewing gallery, educational facility, restaurant/bar and retail uses. GHG assessment in Environmental Statement – Vol 3 – Technical Appendices – Part 1.5 (Annex 4).
 - Nicholson Shopping Centre (Windsor and Maidenhead): 20/01251/OUT. Outline planning application for the redevelopment of a shopping centre in Maidenhead to provide a mixture

¹ Deloitte Real Estate, OVG Manchester, Proposed New Arena, Responses to Representations - Application Ref. 126431/FO/2020. Volume 1: Main Report.

² HMSO (2017) Town and Country Planning (Environmental Impact Assessment) Regulations 2017. Available: <https://www.legislation.gov.uk/uksi/2017/571/made>

of office, retail and residential uses and a multi-storey car park. GHG assessment in Environmental Statement Volume 3 Tech appendices part 23.

- Woking Stadium (Woking): PLAN/2019/1176. Planning application for the redevelopment of Woking Football Stadium to provide a new stadium facility, retail space, a medical facility and circa 1,000 residential dwellings. GHG assessment in Environmental Statement Vol 3 App 01 Part 02 (EIA Methodology) Annex 4.
- Crossharbour District Centre (Tower Hamlets): PA/19/02534/A1. A hybrid planning application for a mixed-use development comprising residential dwellings, a food superstore, commercial space, a primary school and a petrol filling station. GHG assessment in Chapter 17 of the Environmental Statement.

- 1.5 The applicants acknowledge there will be greenhouse gas emissions from transport associated with the Arena, but claim that because they can only influence transport emissions, not control them, they cannot be realistically mitigated. This seems contradictory to their own energy mitigation strategy which seeks to manage unregulated energy use (arguably this can only be influenced and not controlled) as well as the fact that they are presenting a travel plan and other measures which they suggest will mitigate an effect that they can only influence. In other words, they have put forward mitigation for effects that they do not directly control and thus this is not a valid argument. Furthermore, they have control of the number of car parking places they are proposing and this has a direct effects on GHGs. The substantial GHG emissions associated with transport of visitors to and from the Arena is related to it's out of city location, where a large proportion of Arena users will be reliant on private car access. This is an effect that needs to be presented within the EIA.

Commitment to Net Zero Carbon

- 1.6 The installation of gas boilers for space heating within the Arena is not fully aligned with Manchester City Council's (MCC) commitment to net zero carbon emissions in the city by 2038.
- 1.7 The applicants have reiterated the energy efficiency of the building and confirmed they are willing to secure a commitment to phase out gas heating by 2038 and continually monitor and reduce unregulated energy use. The initial reliance on gas heating is unambitious, and 2038 is a long time ahead to plan a phase out when they could open the Arena in 2023 without the gas boilers. The applicants have not explained or made clear how the gas heating could be phased out or explored what the viable alternatives to gas heating are.
- 1.8 The applicants offer a commitment to transition to net zero operation by 2038. This is not the same as committing to net zero operation.
- 1.9 MCC's net zero target also no doubt includes GHGs from transport. The applicants need to demonstrate the overall GHG effects of the development, including transport emissions, in relation to MCC targets.

Conclusion

- 1.10 Overall, the criticism remains that by excluding transport emissions from the GHG assessment, the applicants have not properly assessed and thus have clearly and materially understated the significance of the Arena's effects with respect to climate change and the assessment does not comply with EIA regulations and accepted guidance on GHG assessment.
- 1.11 The applicants have not demonstrated the full GHG effects of the Arena in relation to MCC's net zero carbon targets.