



## OVG Manchester, Proposed New Arena

Response to Representations – Application Ref.  
126431/FO/2020.

## Volume 1: Main Report

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# Executive Summary

The case presented by OVG Manchester in support of the planning application for a second large arena in Manchester contrasts markedly with the representations that have been made objecting to the proposals.

A number of themes underpin the analysis presented in the summarised representations that have been received, which are strongly contested, including:

1. A characterisation of a fragile City Centre, and a disconnected and distant East Manchester, where OVG Manchester's proposals for a second large arena will provide unnecessary and damaging competition in an entertainment market for large arenas, which rather than growing and diversifying will effectively be in decline. The impact of this unnecessary competition will as a result displace significant economic activity away from the City Centre and at a time of national crisis.
2. This position is intensified by the depiction of the existing Manchester Arena as a growing and significant contributor to meeting the needs of audiences in Greater Manchester and elsewhere. The existing Manchester Arena is presented as meeting likely future demand and providing all of the facilities and amenities that audiences, promoters and various performers require. To the extent that the offer is not provided by the existing Manchester Arena, some outline and conceptual drawings have been published to show how, in principle, some improvements in the facilities could be made at an unspecified date in the future.
3. East Manchester is depicted as a distant and disconnected part of the wider City and the City Centre and, on that basis, it is argued that OVG Manchester are proposing what equates to an alternative retail destination, akin to the creation of a new Town Centre, which will compete for retail and other spend in the City Centre.
4. It is further argued that, owing to the characterisation of East Manchester as being disconnected and distant from the City Centre, the area is not a sustainable transport location for major visitor attractions, which as a result would require huge increases in car parking and wider infrastructure that would be environmentally damaging and significantly worsen the amenity of local residents.

The reality, however, could not be more different than that depicted by the summarised representations.

1. The Regional Centre is the most important growth platform for the City Region. While the City Centre will remain a fundamental part of that growth story and is essential to its growth, it has not for some time, and is unlikely to be in the future, the exclusive and single contributor to the City Region's future success. East Manchester is no different than those parts of Salford to the west which have also contributed to the Regional Centre's success, notably through Media City. This is why the defined Regional Centre encompasses parts of Salford and East Manchester, including the Etihad Campus. The Manchester Core strategy which forms part of the Development Plan for Manchester identifies the Etihad Campus as a suitable location for major sports and leisure visitor destination uses of national significance alongside complementary commercial development. This platform for success is now possible because of the interventions by the public sector over a sustained period of years, following the huge investment to host the successful Commonwealth Games in 2002, including the substantial public transport improvements to link the Regional Centre together and different parts of Greater Manchester to the Regional Centre, including East Manchester and the City Centre. As a result, East Manchester is now an attractive place for people to live, work and to visit, making an increasingly important contribution to the growth of the wider City and the City Centre. The City Centre's future economic success is dependent on the growth of East Manchester as East Manchester's success is linked to the future of the City Centre.
2. Every major City in Europe has been challenged by the current public health crisis; however, OVG Manchester has every confidence that Manchester and the City Centre will recover as quickly as possible and in doing so rise to the challenge of building back better than what existed before. Landowners must

also rise to this challenge. A “business as usual” approach will not do. Large shopping centres were facing challenges before Covid-19, which has simply intensified the scale and nature of the challenge. The entertainment market for large arenas has been growing and changing for years; during this time audiences, promoters and performers have placed different demands on facilities. OVG Manchester is backing its confidence in the future of the City and the City Centre with a £350m private investment, which responds to some of these challenges, including what are considered to be significant short term stimuli to the local and regional construction industry and its supply chain. The proposed arena would be fully operational in 2023, when most, if not all, serious industry operators in the entertainment sector are confident that the market will be fully functional and back to growth. It would in any event be an absurd reaction to suggest that inward investment should be discouraged at this time.

3. It is fully accepted, however, that OVG Manchester must demonstrate that a second arena can be accommodated without undermining the viability of both the existing Manchester Arena and the City Centre. This is why OVG Manchester commissioned independent specialist advice to undertake a detailed market assessment, alongside assessment of the impact of the proposals on the City Centre. The work submitted with the planning application has now been further supplemented by work from Amion Consulting and the Audience Agency, an independent and specialist research agency working in live entertainment, theatre and culture. All of this work can be contrasted with the limited work submitted alongside the representation, which does little other than taking a narrow and flawed period of the existing Manchester Arena’s actual event profile between 2014 and 2018 and project that forward to 2035. The outcome projected in the representation, once account is taken of ONS population growth over the period (which would add additional attendance of up to 0.38m in a 90 minute catchment), is a claim that the market for such facilities is in decline. The representation bears no relationship to industry projections about the growth of traditional events and new forms of entertainment, which will drive an expanded and more diverse programme of opportunities, and therefore the realities of the market place. It is difficult to avoid the conclusion that this forecast is another clear sign of the complacency that has characterised the operation of the existing Manchester Arena, which has seen little or no investment in facilities, stagnant tickets sales and events, a declining market share and, as a result, a steady reduction over time in its contribution to the employment and spending base of the City Centre.
4. Interestingly, no explanation is provided within the summarised representation as to how, in the light of such a market decline, the investment proposals published by the existing Manchester Arena would be viable, or in what timescale the proposed investment will be delivered, if at all. OVG Manchester would welcome investment in the existing Manchester Arena; however, it is concerned that the investment is unlikely to take place under the current ownership, which appears to have more concern to prevent competition, maintain a monopoly and to protect the existing trade of their Manchester and London operations.
5. OVG Manchester strongly believes the central growth scenario of 1.27m additional ticket sales in Manchester is a prudent basis for planning and for taking investment decisions. This growth scenario has been developed in the light of the detailed market assessment of the existing market for large arenas and future changes in the diversity of that market including the significant range of events and performers who currently play London and not Manchester and the potential to attract larger acts to play more nights in Manchester. Amion Consulting’s analysis, which is informed by market research undertaken by the independent Audience Agency, fully corroborates this growth scenario. Amion Consulting’s additional work has identified a number of evidenced market development opportunities within a 90 minute travel time catchment area of Manchester. These are fully described in Amion Consulting’s report (see Volume 2: Appendix C) and total 2.05m additional visits (including a reduction in leakage to places like London) solely from within the 90 minute catchment, based upon the surveys and the associated market analysis; this is well in excess of the central growth scenario. Amion Consulting have “stress tested” this assessment by evaluating a “worst case” scenario by significantly reducing market prevalence by, for example, assuming that every large arena in the 90 minute catchment provides the same event programme. Even on this basis, the analysis shows demand for a new large arena in Manchester, which is higher than the central growth scenario. This is considered to represent a complete endorsement of the

robustness of the central growth scenario analysis and the market assessment that has been undertaken on behalf of OVG Manchester and submitted with the planning application.

6. Furthermore, the Amion Consulting analysis has corroborated the assessment of the additionality of the impacts to the City Centre arising from the proposed new arena. The surveys undertaken reveal clear convergence between previously assessed behaviours of those attending concerts at the Etihad Campus, with visits and spend to, and within, the City Centre, and those who can be expected to attend events at the proposed new arena. The surveys showed that 30% would be likely to stay overnight after attending an event at the proposed new arena, 70% would spend money on food and drink beforehand in the area and the City Centre other than at the venue and 49% would also spend in the same locations after an event. These outcomes are broadly similar to what the surveys show apply now to visitors to the existing Manchester Arena. This survey underlines the scale of the significant impact to the City Centre, which will be captured by OVG Manchester's proposals; ekosgen's forecasts of net economic impact, even in the most conservative scenario, would lead to a 58% increase in City Centre jobs and GVA from visitor expenditure, compared with that generated by the existing arena (based on the position prior to Covid-19). Further significance is derived from these additional impacts because of the present crisis; the proposed new arena will go some way to re-balancing the contribution that the existing arena makes to City Centre activity, which proportionately has reduced over the years.
7. OVG Manchester's proposals have nothing to do with creating a retail destination to compete with the City Centre. In no different way than is provided within the existing Manchester Arena (including the conceptual plans for improvement), there is no general or conventional shopping offer to be provided, other than specialist retail including merchandise linked to performers and tourist merchandise related to the City. All the food and beverage areas within the proposed arena are directly linked to audiences who attend events and will not normally be open outside event days, other than for ancillary use by sponsors and the local community. The only publicly accessible areas that will be available daily, whether events take place or not, are three small canal side kiosks and a kiosk to the external podium. These are designed to support local amenity value only. OVG Manchester would expect to see the public availability of these facilities to be controlled through a Section 106 Agreement.
8. Where impact on the City Centre is concerned, ekosgen have undertaken further analysis following the survey work by Amion Consulting and the Audience Agency, which demonstrates the pattern of audience expenditure with two Arenas under the central growth scenario, with circa 2.3m total ticket sales, (illustrative of the 2035 position), in the City Centre and elsewhere (see Volume 2: Appendix D). This identifies that the City Centre captures £95.2m out of the total audience expenditure of £165.65m from the two arenas, with £30.36m captured in the two venues. Based on their industry knowledge, OVG Manchester consider that 25% of average food and beverage spend at the proposed arena will relate to ticketed audiences who arrive more than 30 minutes before an event starts. This spend, estimated at £3m per annum, is the maximum amount that can be regarded as displaced from the City Centre. In effect, the move to a two arena model and the central growth scenario will double the economic benefits to city centre businesses from the large arena market. The scale of city centre business benefits are considerable, estimated at £95m, with a major boost to the hotel sector and food and beverage businesses.
9. East Manchester generally, and the Etihad Campus in particular, is neither disconnected to, nor significantly distant from, the City Centre. The Campus is part of the Regional Centre; the transport system has a breadth and scale that already underpins the fullest range of activities to enable people to live, work and visit in the area around the Campus; it has capacity to absorb more activity over time. The cornerstone of the strategy for growth is about reducing the need for car travel, encouraging active travel, maximising public transport and accessibility by sustainable modes. It is also about promoting maximum use of the City Centre as the City's principal transport hub, including public transport and car parking. It would not take significantly longer to walk from Piccadilly Rail Station (the City and Greater Manchester's main rail hub) to the Etihad Campus, as many people do now in a safe and progressively improving environment, as it does from Piccadilly Rail Station to the existing Manchester Arena. OVG Manchester accepts that there will be a small number of events in any one year at the Etihad Stadium and the proposed arena, which will require effective operational planning. This is no different to what happens now in the City for certain events. It does not, however, believe that seeking to provide a huge

additional quantum of car parking (which is physically possible on the Campus) would be appropriate bearing in mind Manchester's strategic climate change and transport objectives. OVG Manchester has committed to fund the costs of extending and renewing the residential parking scheme for local residents to ensure their amenity is protected all year round.

10. OVG Manchester recognises the need to play a full part in supporting the City, not only in promoting sustainable development, but working with stakeholders to pioneer new approaches to support the transition to a zero carbon economy and actively achieving locally inclusive and competitive economic growth. The Etihad Campus Strategic Sustainability Framework has been produced to guide these activities and priorities, which address not only the utilisation of low carbon technologies, energy efficient design, mobility requirements, etc., but critically the importance of community participation in the Campus, including local recruitment. OVG Manchester will work closely with the City Council to ensure these local priorities are delivered, with one officer specifically appointed to work with members to ensure this is the case.

OVG Manchester has presented a robust case to the City Council, which will not only see a significant private investment to boost its short term economic recovery, but which will add greatly to the continued long term success of the City Centre, East Manchester and the Regional Centre.

# 1. Introduction

The Local Planning Authority has provided a summary of representations received in respect of OVG Manchester's planning application for a second arena in Manchester.

Within those representations, a number of matters have been presented across several areas covering the Market Case, Planning Policy, Transport, Movement and Sustainability.

It is understood from press releases and information presented online that the representations have originated from the existing arena operator, ASM Global, with the owners of the Arndale shopping mall and the Printworks raising additional questions about city centre impact.

Having read ASM Global's press release on 11 June 2020, Deloitte contacted their representative and requested sight of the information that had been submitted in order that a proper review and response could be prepared. This was not forthcoming and we were directed to make contact with the Local Planning Authority.

OVG Manchester and their team has carefully considered each of the matters that have been raised in the summarised representations and the main body of this report provides a response. Where appropriate this is also supplemented by more detailed information provided as appendices.

## 2. Supplementary Evidence – Demand Analysis Report

Following submission of the application, OVG Manchester commissioned Amion Consulting to further test the central additional attendance growth scenario and whether that could reasonably be supported by the market.

Amion Consulting's work is supported by a consumer survey commissioned by The Audience Agency, an independent and specialist research agency working in live entertainment, theatre and culture. The Audience Agency has a major rolling contract with the Arts Council to undertake audience research with theatres and live venues and has offices in London and Manchester.

A report summarising the conclusions of this work is provided at Volume 2 Appendix C.

The methodology for this work is based on the following:

- A consumer survey with a representative sample of the population living within a 90-minute drive of the site of the proposed new arena; and
- A market capacity/penetration analysis to ascertain whether the population size within the catchment can accommodate the forecast growth in attendance accounting for ONS population growth forecasts.

In addition, Amion Consulting's survey work explores the propensity of potential visitors to spend money in other venues outside of the new arena (including the city centre) before and after an event.

In conclusion, Amion Consulting's work identifies that ekosgen's central growth forecast of an additional 1.27m annual attendance by 2035 can be (more than) supported through simple population growth and three other market development opportunities.

Simple population growth will naturally expand the available market and, as a result, attendance at arenas is likely to increase without any supply side interventions or market development.

By 2035, the local population (within the 90 minute catchment) is set to grow by 8%, which contrasts sharply with the forecast made in the summarised representation that attendance at UK arenas is likely to increase by just 5% by 2035 – effectively representing a decline in the market.

The effects of population growth would add in additional attendance of between 0.24m and 0.38m (shared across all venues not just the proposed new venue).

The three other market development opportunities would amount to 2.05m additional visits to the proposed new arena, which is well in excess of the 1.27m additional demand forecast by ekosgen, and include:

- **Reducing leakage** to venues outside of the catchment, which would drive **c.0.42m 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.
- **Increasing the frequency of visits** by those in the catchment who already attend arenas would drive **c.0.9m visits per annum** to the proposed new arena (assuming average frequency increases from 9 visits every five years to 11.5).

In addition, the proposed new venue also has the potential to attract new audiences, including tourists, from outside the 90-minute catchment who do not currently attend arenas.

Amion Consulting's work identifies that there is considerable headroom in the ekosgen central growth forecast of 1.27m and demonstrates that two arenas should co-exist in Manchester.

This would protect the significant levels of visitor expenditure in the city centre that are currently derived from visits to the existing arena and generate significant additional economic impact from visitors to the proposed new arena.

The survey work demonstrated that respondents interested in the proposed new venue would spend money in hotels, bars and restaurants in proportions broadly similar to attendees of the existing Manchester Arena, which reinforces the forecasts of economic impact made by ekosgen.

- 30% of those showing interest in the proposed new venue stated that they would probably stay overnight in Manchester despite living within the 90-minute catchment, which is exactly in line with those staying overnight for existing Manchester Arena events.
- 70% of those showing interest in the proposed new venue stated that they would spend money on food or drink **before** the event at a place *other than the venue* and **including the city centre** (78% of existing Manchester Arena visitors in the survey spent money before the event).
- 49% of those showing interest in the proposed new venue stated that they would spend money on food or drink **after** the event at a place *other than the venue* and **including the city centre** (54% of existing Manchester Arena visitors in the survey spent money after the event).

Detailed market capacity modelling and penetration analysis confirms that positive headroom exists for two arenas to operate sustainably within the Manchester catchment, even when a very constrained scenario is constructed that assumes that the arenas in Liverpool, Leeds and Sheffield put on a programme of events that is directly comparable with those of the existing Manchester Arena and the new OVG Manchester proposition and then assumes (as a worst case scenario) that residents will essentially visit the arena closest to them. Under this worst-case scenario, the total available demand in Manchester would be 3.26m per annum, which is some 0.79m above the requirement of 2.47m (1.2m at the existing Manchester Arena and 1.27m, which is ekosgen's growth forecast for the proposed new arena).

The work undertaken by Amion Consulting and The Audience Agency therefore presents a complete endorsement of the robustness of the central growth scenario analysis and the market assessment that has been submitted with the planning application, and corroborates that there will be significant beneficial impacts to the City Centre.

# 3. Response to Representations – Overview

As an overarching point, the summarised representations do not purport to be supported by any credible, detailed assessment of market prospects to counter the detailed, evidence-based research and information assembled by OVG Manchester.

Only by undertaking a detailed assessment of the sports and live entertainment market as a whole – across the UK and internationally – is it possible to properly assess the requirements of planning policy regarding the proposal for a second arena in Manchester.

The summarised representations suggest that a deeper analysis is required of the retail component of the OVG Manchester proposals; more information is provided within this response to demonstrate that such provision is a genuinely ancillary part of the arena experience (see Sections 5 and 8, and Appendices M and N); the only drivers for the development are the sports and live entertainment market.

The representations do not acknowledge the inherent weaknesses in the existing offer of the Manchester Arena, which has contributed to Manchester's declining market share. The 21,000 capacity of Manchester Arena is notional and only practically achievable for a limited number of events. This is recognised within the outline development proposals that have been publicly shared for its upgrade. There is evidence that the local arena market in Manchester has stagnated because of the poor experience at the existing arena; for example, there are notable events that have not played at the Manchester Arena for a number of years (e.g. UFC, which went to Liverpool in 2018 and has indicated that it would not return to the Manchester Arena, which it last played in 2016) and ticket sales for many shows undersell (e.g. Disney on Ice, which restricts the number of its performances).

The representations makes reference to a proposed £100 million investment in Manchester Arena; however, the indicative market growth assessments presented in the summarised representation would render these largely undeveloped proposals as almost certainly unviable.

The content of the representation raises the question of whether the pattern of arena ownerships in the UK, notably London, is driving the arguments presented, as opposed to a genuine concern about local impact. This point is made particularly in view of the market case presented in the planning application.

The comments indicate that the representation is seeking not just to oppose competition in Manchester, but, also to protect the market position in London and thereby preserve market dominance and an effective monopoly within the city. It is understood that a similar approach has been taken by ASM Global in respect of the MSG proposals for a third arena in London. Indeed, some industry observers in the UK were concerned about the merger of SMG and AEG to form ASM Global, believing this would not be in the public interest and would militate against competition. The approach to the proposed new arena indicates that the new merged company does not favour competition.

As a consequence, the case set out in the summarised representation promotes little but continued decline in a growing market and this appears to be a strategy to protect existing arenas from competition in London and Manchester.

With regard to Manchester Arena's contribution to the city centre economy, rather than boost activity in Manchester City Centre, the proportionate value of Manchester Arena's contribution will continue to decline. This is explained further at Section 5 of this report and within Volume 2 Appendix A.

Furthermore, it is not considered that Manchester Arena has significantly changed investor priorities over the past few years in the way suggested in the representation. For example, investment in the Printworks has been in gestation for a number of years; a planning application was only recently submitted (in November 2019) and approved (in February 2020) (Planning Permission Ref. 125294/FO/2019).

Large shopping malls like the Arndale have yet to adapt their offers to respond to challenges posed by a restructuring of the retail sector, which the Covid-19 pandemic has merely intensified. If the City Centre is to achieve its full economic potential, there needs to be a change from the current business as usual approach.

OVG Manchester's proposals will boost City Centre activity significantly – creating additional visitors and spending opportunities. This will not, however, by itself maximise the potential positive impact on the Arndale or the Printworks unless those owners vary their investment priorities in order to attract a more diverse mix of occupiers and visitors compared to other facilities in the City Centre.

OVG Manchester's assessment of the future market is strong enough to demonstrate clearly how two arenas can co-exist comfortably. This changing and diverse market creates new opportunities for the existing arena to evolve and capture growth but it will require the present operator of the existing Manchester Arena to adapt its business model to this changing and more competitive market, in no different way than has been the case in other two arena catchments, including London, Birmingham and Leeds/Sheffield. There is no UK arena anywhere, which in recent times has been forced to close because of competition.

OVG is very confident that there would be high demand from other arena operators who would be confident of operating in a two arena market and that any competition would attract strong market interest even with the proposed new arena being open.

All matters considered, there is not a serious risk of impact to city centre and employment as presented in the summarised representation – others would step in.

# 4. Market Case Responses

## Introduction

The appendices to this report together with the original planning submission pull together an extensive body of evidence prepared by PwC, ekosgen and now Amion Consulting / The Audience Agency to demonstrate the market case for two arenas.

In stark contrast, the submitted representations do not appear to make reference to any credible assessment of the total UK sport and live entertainment market. On this basis, we do not believe it is possible for those representations to properly address the specific requirements of planning policy regarding the case for and against a second arena in Manchester.

OVG Manchester's application is supported by a detailed market analysis, undertaken by PwC, which addresses the growth of the global, UK and Manchester market. In addition, PwC has produced additional analysis of various arena markets, including London and other cities, and, they have produced an evidence based analysis on the size of the future market in Manchester.

In the light of these market demand analyses, which are the key driver of financial success, PwC then reviewed the implications of these conclusions on the overall viability of both the proposed arena and the on-going viability of the existing arena. This work was informed by a published report by Grant Thornton, which was commissioned by the present arena operator and which also addressed viability thresholds for the existing arena.

This total market analysis was supplemented by the analysis of growth scenarios in respect of the different market outcomes for Manchester, based upon differing growth patterns. This work was taken forward by ekosgen and concluded with a clear evidenced profile of growth, which represented not only a credible growth trajectory that was corroborated by industry leaders and market forecasters, but was also in line with the pattern of investment in other parts of the UK.

That work has now been further supplemented and underscored by specialist work overseen by Amion Consulting, which addresses actual consumer preferences and market penetration through surveys undertaken by the industry specialist, The Audience Agency.

As referenced at the outset of this report, the survey work demonstrates that ekosgen's central growth forecast of an additional 1.27m annual attendance by 2035 can be (more than) supported by: a) reducing leakage to venues outside of the catchment; b) unlocking latent demand for a new state of the art large arena; and, c) increasing frequency of visits for those already attending large arenas. Each of these elements would result in a conservative 2.05m additional visits to the proposed new arena.

Amion's report also highlights that simple population growth will naturally expand the available market and as a result, attendance at arenas is likely to increase without any supply side interventions or market development. By 2035, the local population (90 minute catchment) is set to grow by 8% which contrasts sharply with the forecast made by the existing Manchester Arena that attendance at UK arenas is likely to increase by just 5% by 2035 which would effectively represent decline in the market. The effects of population growth could add in additional attendance of between 0.24m and 0.38m (shared across venues). In addition, the new venue also has the potential to attract new audiences, including tourists, from outside the 90-minute catchment who do not currently attend arenas.

The surveys also demonstrate that the existence of two arenas would protect the significant levels of visitor expenditure in the city centre that are currently derived from visits to the existing arena and generate significant additional economic impact from visitors to the new arena. The survey work demonstrated that respondents interested in the new venue would spend money in hotels, bars and restaurants in proportions broadly similar to

attendees of the existing Manchester Arena which reinforces the forecasts of economic impact made by ekosgen for the project.

In contrast to the body of evidence prepared by OVG Manchester, it appears that the representations submitted to the planning application for the proposed arena take a very narrow timeline of data from between 2014 and 2018, which is distorted because of late cancellations of events (including Peter Kay's sell out 'other category' 100 event arena tour of which 51 were due to take place in 2018 (circa 700,000 ticket sales) with the remainder in 2019. In addition, it uses data that is exclusively linked to music only, thereby reaching a self-justifying conclusion that this market alone is fully met by the existing arena and that only marginal growth in the market can be expected up to 2035.

This is despite the fact that Manchester is underserved now by the comparatively poor quality of the existing arena's facilities, a fact that the existing arena clearly recognises following its announcement of outline development proposals. It is worthy of noting that the cost of such works must be very significant, notwithstanding the practical difficulties of delivering the improvements contemplated given the constraints of the site and the adjacency of the railways. It is hard to see how these would be financially viable in the context of the growth forecasts set out within the summarised representations.

Overall the summarised representations need to be seen not only as a desire to avoid competition in a growing market in Manchester, but crucially a desire to avoid how a second arena in Manchester will create an increasing competitive threat to the operator's interests in London.

OVG Manchester believes that the exponential growth that has been characterised by the London market has been one of the key influences on Manchester's declining market share and the wider decline of the existing arena's contribution to live entertainment in the City and the economic value to the City Centre.

It is not considered that the summarised representation represents a credible and evidenced based response made to the work of PwC, ekosgen and now Amion Consulting / The Audience Agency. This work underlines not only the true market potential for a second arena in Manchester, but to meeting the key planning test that such a proposal should not undermine the viability of the existing arena.

The work undertaken by PwC and ekosgen, submitted in support of the planning application, demonstrates that there is clear room for two arenas in a changing and dynamic market that the industry has every confidence will be boosted beyond the temporary impacts of the present crisis. This will provide a much needed competitive edge not only within Manchester but between Manchester and London; driving additional benefits for the City Centre and the wider City.

The remainder of this section responds to other matters that have been made in the summarised representations.

## Manchester Cannot Support Two Venues of this Size - Breakeven Analysis

Comments: The respondents have provided a breakeven analysis which suggests that current levels of demand do not support two venues of this size and that unrealistic levels of growth would be needed for both to break even and cover investment costs.

By way of context, it is suggested that due consideration has not been given to whether OVG's business plan foresees a return to cover it's £350 million investment in addition to its day to day running costs and that the required growth in event volume, to allow the existing 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.

It goes on to assess that, assuming a 50-50 split in demand (indexed to 2018 demand levels for the existing arena), the growth required for the existing arena to breakeven, in isolation, would be 10% (5% per arena). This is on the basis that the current breakeven point for MA being 55% of current demand levels (i.e. it would still break even with a 45% drop in trade).

Taking into account the existing arena's recently announced £100 million redevelopment costs, the required growth would increase to 238% (119% per arena plus one share of the 50/50 split) based on the minimum level of demand being 169%. The calculation of this figure is not provided within the representation.

The representation then makes the additional point that neither of these cases take into account OVGs required return on investment. A further scenario is therefore run which recalculates the level of demand growth that would be required for the two venues to break even in the aggregate taking into account of their upfront investments i.e. have a positive ROI (Return on Investment) assuming a payback period of 30 years and a capital cost of 10%.

On this basis, with the existing arena attendance levels for 2018 normalised as 100, the minimum level of demand that is required for MA and the new arena to be profitable in the aggregate is calculated to be 401 without and 501 with redevelopment costs at the MA (i.e. approximately x3 and x4 increases).

In addition, it goes on to state that this analysis however ignores that both venues would actually need to make a profit individually, including covering the investment costs of the new arena. On this basis it is estimated at 711% additional demand would be required for venues to break even in the aggregate after the new arena opens (i.e. an approximate x6 increase)

It is further argued that the 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.

The additional demand side analysis prepared by Amion Consulting in conjunction with The Audience Agency, robustly underpins the growth scenarios adopted by ekosgen, and the central question of demonstrating that Manchester can support two arenas (see Volume 2 Appendix C).

In contrast the 'breakeven analysis' submitted in the summarised representations is flawed and the conclusions it arrives at are exaggerated. This is for the reasons set out below, as highlighted in supplementary analysis by PwC:

- Two of the key drivers for the proposed development are to attract new events and artists, who do not currently perform in Manchester as well as increase the number of performances by existing performers. The analysis in the representation only considers current demand and supply, and not different and / or increased demand or supply.
- The representations do not provide calculations of how the required growth rates are derived; however, we do know that the funding requirements and business plan of OVG Manchester's proposal have not been provided (and nor would that be appropriate) and therefore it is difficult to understand how such a calculation has been made.
- The conclusion of their assessment is that attendance would need to be at 3 times its current levels (7 times in the worst case) to sustain two venues. Given the proposed development would (roughly) double the arena capacity in Manchester, it is nonsensical to suggest that a growth in attendances of 3-7 times is required merely to break-even.
- The existing arena sells circa 1m tickets per annum – and has done so consistently for some years – so the presumption therefore is that between 3m and 7m more tickets per annum would need to be sold in order to be profitable. Clearly this is not the case – it is a proposition that has no commercial, market or financial credibility, and undermines the likelihood of the existing Manchester Arena proceeding with its concept redevelopment plans. In the scenario which the Applicant believes should be used for investment planning, it is estimated that less than seven million tickets across all market segments for the UK as a whole will be generated from 2018 to 2035, and an additional 2m tickets from 2035 to 2040.
- Additionally, as noted in our report, an independent report was prepared by Grant Thornton (GT) on behalf of Manchester Arena. We understand GT had access to the existing arena financial records and business plan, which suggested the existing arena would break-even with a 45% fall in event numbers – again, this is obviously inconsistent with the assessment of attendance demand provided in the summarised representation.

## Historical Growth

Comment: The market growth projections presented in the planning application are devoid of a credible evidential basis. Past growth has in fact been comparatively flat overall (0.3% growth per year on average over 2014-2018) and projecting forward on this basis results in only 5% overall market growth by 2035 (as opposed to up to 150%), which plainly would not support two arenas.

It is noted in the summarised representation that the above point is predicated on concerts remaining the key driver for large arena space, and that these are forecast to have flat growth. This assessment however, is based only on addressing the music market over a short time horizon, whereas the approach to scenario planning adopted in the planning application is based upon a detailed assessment of the total market addressing short and long term trends; various data sets; market segments; evaluation of trends and the factors which will impact on trends; and, market signals and known market investment plans throughout the UK.

It is this analysis that has concluded prudently that UK growth would be 2.5% and while music ticket sales will exceed 10m per annum by 2040, it will account for less than 50% of all ticket sales at large arenas given the dynamics of the market and the continued growth of family entertainment and sports' events.

As well as ignoring market segments and trends, the approach in the representation also fails to account for the notable anomaly in the 2018 data about the late cancellation of over 50 events by one single artist (Peter Kay), and what the industry predicts as future growth itself. It also fails to take account of long term population change and spending patterns, which is highlighted in the Amion Consulting report.

It should be noted that the summarised comments misrepresent the work undertaken by PwC. Whilst their work provides a robust assessment of the total market, it is not a forecasting exercising (and is very clearly not presented as such). Their report does however present projected growth rates which range from 2.2% to 8.2%, as prepared by industry participants (EAA – of which Manchester Arena is a member) and independent market forecasters (Mintel).

The lowest of these growth rate (2.2%) is from European Arena Associations' view on the UK market out to 2021. It should be noted that the EAA's basis of forecasting is not stated (i.e. it is not known whether it includes inflation or not); however, Mintel provided forecasts including and excluding inflation and their 'excluding inflation' forecast is slightly higher than the EAA at 2.8% suggesting that the EAA forecast excludes inflation. In any event, these inflation adjusted growth forecasts all provide positive support in connection with general increases in demand, as set out within PwC's report.

As a consequence, the representations do not provide a credible or comprehensive response to OVG Manchester's market assessment and the conclusions that are reached clearly run counter to the investment plans of other places and almost certainly raises very significant questions about the financial viability of the existing arena's outline investment plans.

What the representations underline is a continuation of the complacent approach of the existing arena to the market and the importance of embracing market changes – an exclusive focus on music will not underpin its long term viability, as other arenas in the face of new competition have recognised.

By adapting their business models to embrace other growing markets as well as music, other arenas have successfully responded to competition resulting in a wider offer being provided for the benefit of their populations. This discipline will of course be required to be displayed by the operator of the proposed arena. It is this market response that has ensured that no arena has closed because of the arrival of a competing arena.

Planned investments in London, Manchester, Gateshead, Cardiff and the Birmingham Arena expansion are all backed by robust business cases. In the case of Gateshead and possibly Cardiff, Green Book compliant business cases are required to justify public sector investment. If a modest 5% uplift over *fifteen* years was credible (even before taking into account population change over this period) there would be little or no commercial case for any investment in the large arena market.

As a result of basing its analysis on an unrealistically low growth rate (as set out in the representations), the growth rates required for the three scenarios set out in the ekosgen report are overstated. The use of this unrealistic scenario as a base case impacts on many of the calculations and statements.

In addition to the above, a detailed response to the challenges raised in respect of ekosgen's methodology and assumptions are provided at Volume 2 Appendix B to this report. In addition, the analysis prepared by Amion Consulting in conjunction with The Audience Agency (Volume 2 Appendix C) further supports the central growth forecast and actually highlights the conservatism of this approach.

## Manchester is not underserved relative to other cities

Comments: Manchester is already better served by entertainment venues compared to all other markets throughout the UK, and a second arena at Eastlands will simply take trade away from the city centre, conflicting with national and statutory development plan policies.

The use of Birmingham as an example of a city with two arenas, which are said to demonstrate "supply-led" growth, does not support that theory. Birmingham's two arenas (total 2018 revenue £49m) do not generate materially higher revenues than the existing arena in Manchester (total 2018 revenue £46m), despite Birmingham's two arenas having a 50% higher overall capacity. PWC acknowledge that a "step up would be required from what Birmingham currently delivers" but there is no data to support a reasonable expectation that such a step up is achievable in Manchester.

In addition, the following points are asserted:

- Revenue growth in Birmingham was achieved in part thanks to common ownership of the two venues allowing for more efficient, complementary programming offers. Also, the Birmingham arenas do not pay landlord rent and do not have to return on development or investment cost.
- The existing arena is in the middle of a 4 large arena overlap within a 60-minute drive time. Most other arenas in the UK have one or two within that distance. As a consequence Manchester is already well served with a number of arena seats per 1000 persons higher than any other catchment area of other UK venues.
- PwC's analysis of capacity constraints is misleading on the basis that it compares number of tickets sold to the number of tickets made available for the event in question. This is not a true measure of capacity i.e. availability of event days or capacity to receive more attendees on any given night. It is argued that a promoter could decide to only release 5,000 tickets for a 20,000 capacity venue which according to PwC's analysis would be 90% utilisation.
- It is also noted that PwC's analysis is based on Pollstar data for 2018 which is unreliable because AEG – the operator of O2 and other venues stopped contributing to these figures
- MA is rarely at capacity. Only 8 events had attendance in excess of 18k versus total capacity of 20,000. Potential redevelopment would also facilitate larger capacity on the floor with new egress routes
- MA only hosts events on 42% of days where an event could in principle be hosted.
- In light of this spare capacity, the fact that MA has not experienced material attendance growth since 2008 suggest that demand in Manchester can be accommodated and is further evidence that Manchester is not able to accommodate a second large venue.

The summarised representation's characterisation of Birmingham further highlights its flawed interpretation of the market.

Separate to the information that has been provided in the summarised representations, OVG Manchester is aware that Manchester Arena has published online an infographic, which also highlights the flawed nature of the analysis presented in the summarised representation.

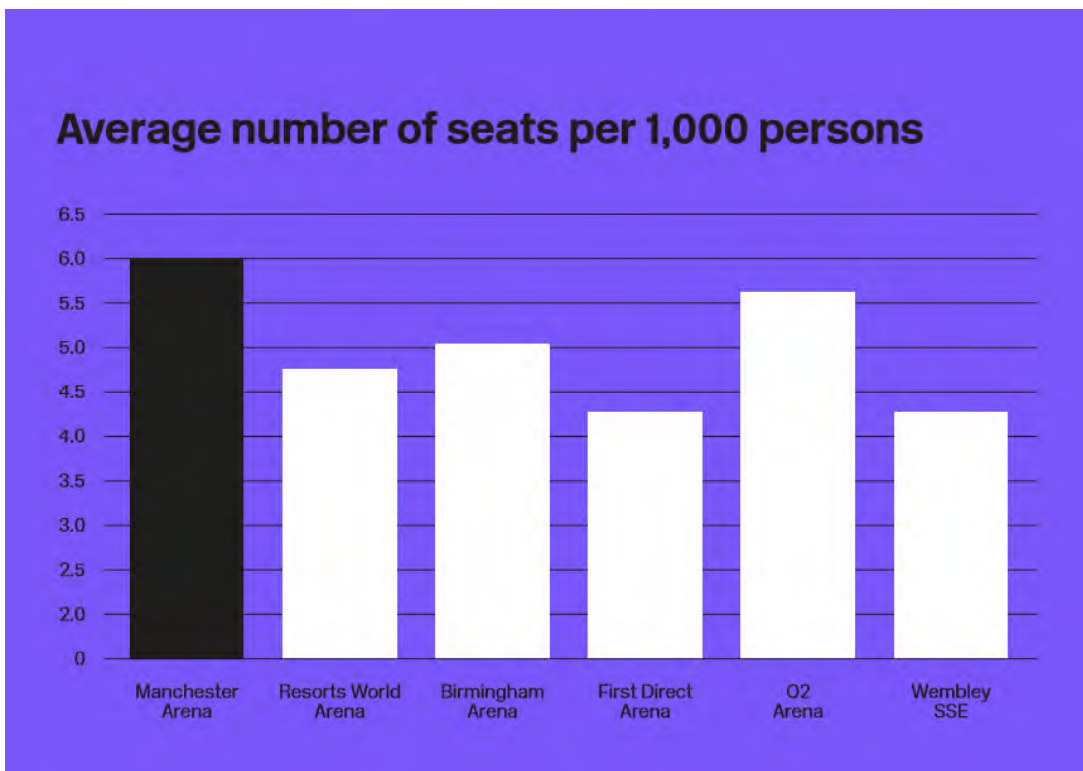


Figure 1: Manchester Arena Infographic, Source: [together.manchester-arena.com](http://together.manchester-arena.com)

Rather than purporting to show that Manchester is overprovided, the infographic serves to show the opposite is the case.

- The existing Manchester Arena bar should be equivalent to Resorts World, as it operates for most events at a capacity of no more than 15,000 (equivalent to Resorts World current capacity).
- Birmingham's combined offer should be Resorts World and Arena Birmingham which shows that Manchester is underserved.
- The difference will widen further when Resorts World implements its planning permission, which will give Birmingham a combined capacity of 36,000, which is broadly the equivalent capacity to Manchester if OVG Manchester's proposals were to go ahead.
- The London arenas should also be combined showing a capacity now of 32,500. This excludes the newly promoted MSG arena at Stratford, which is still subject to the planning process.

Based on the analysis that is presented, 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 is before taking into account the fact that Birmingham is planning on expanding capacity at Resorts World and there are proposals in place to construct a new London arena (the MSG Sphere), which would further increase the seats per head in these cities.

PwC's report (see *ES Appendix 8.1 Market Case V1 – Due Diligence Report, UK Arenas and Manchester Market*) 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.

Between the two arenas there has been a significant increase in events to 170 events last year and revenues have similarly increased. Arena Birmingham has a revenue CAGR of 9.8% and Resorts World at 10.2%. Over the last 36 months, PwC showed that the combined events in Birmingham averaged 151 with revenue of £46m per annum. This performance betters Manchester on both event numbers and revenues. Resorts World has plans to expand its capacity by 6,000 after the Commonwealth Games; it is assumed that this on the basis that the operator sees further commercial opportunities to be exploited in a growing market.

Not only has Manchester a smaller event base than Birmingham, but given the different market size and the established cultural heritage of Manchester, it is easily capable of expanding its event base and therefore the revenues captured as the planning application sets out.

Differences in revenue comparable are of course conjectural and reflect the business models of individual operators; OVG Manchester are completely clear about the revenue growth potential, which is why they have decided to invest £350m to deliver the project.

It should be noted that Glasgow also supports more events than Manchester, which exposes the inconsistency in the summarised representations submitted to the planning application, which suggests that the existing arena has spare capacity and could accommodate twice as many events. The fact that it doesn't is a combination of (a) a business model, which is focused largely on high yield music events at the expense of other events; and (b) significant capacity constraints and other deep rooted design and other problems in the configuration of the existing arena, which does not enable it to maximise attendances for many events.

The total sales / attendance of the Birmingham arenas combined is lower than the proposed scenario in Manchester. This is highlighted in PwC's report, along with the fact that these arenas are under common control. Consequently, it's reasonable to highlight Birmingham as a relevant example of a scenario where two arenas can operate harmoniously within a similar catchment area.

PwC's report also considers Sheffield and Leeds as an example of two arenas operating within a largely similar catchment but with different operators. It is demonstrated that total revenue has grown markedly since the opening of Leeds; there has also been overall growth in the number of events, demonstrating how two separately operated arenas can embrace changing and more diverse market successfully.

With regard to comments made about the Manchester Arena, and capacity constraints, it should be noted that the numbers presented in PwC's report are based on Pollstar data for the larger events held at Manchester Arena. On the basis Promoters only make a profit once they are close to selling out an event - they would typically not seek to reduce the number of tickets available for the majority of events.

It is already stated on p44 of PwC's report 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 supports the assertion it is not a lack of demand for tickets, alone, that is the issue. Based on the tickets available and tickets sold in all years PwC considered, there was a capacity utilisation of c.95-100%.

For clarity, in the data that was reviewed, PwC did not identify any consistent instances where the nameplate capacity was historically achieved.

Comment: Consideration of the market in Manchester should not ignore other smaller, but significant venues, which operate alongside the Manchester Arena and offer significant additional capacity and competition, including the Mayfield Depot (capacity 10,000), Factory (capacity 6,500) and O2 Apollo (capacity 3,500).

The proposed arena will co-exist on a mutually successful basis with other venues in the City. These other venues are part of a diverse ecosystem for live entertainment which broadens the offer and strengthens the music tourism industry.

The Factory is an arts and culture venue, which will do targeted music events in the immersive space, which has a standing capacity of 5,000. The music approach is based on the niche role that the Roundhouse in London has pioneered. The Factory's offer is fundamentally different to that of an Arena; for the comparatively few music events they would deliver every year, the maximum capacity is 5,000 – well outside the market the proposed arena is focusing upon.

OVG Manchester see enormous potential for collaboration with the Factory, which as a project they believe can transform the cultural life of the City and the wider region – and in doing so support local talent and skills development.

The CEO of OVG is a Trustee of the Factory Trust, underpinning OVG's commitment to ensure the Factory realises all its potential as a national facility and a transformational asset for the City.

Mayfield has a temporary planning permission for a meanwhile use, which was secured for a period of five years only; it is due to expire on 2 August 2024 (Planning Permission Ref. 123728/FO/2019), shortly after the proposed arena would become operational. The standing capacity for the venue is 10,000. The venue may not be in place for the full five year period, as Phase 1 of the development is due to commence shortly following grant of Planning Permission in early 2020 (Planning Permission Ref. 124972/FO/2019).

Other venues such as Manchester Apollo serve completely different market sectors and it is not credible to suggest they compete for the same events or that those venues would be impacted by the proposed arena.

Manchester Arena's market share is only declining due to its own failings –lack of capacity and flexible design, poor facilities for customers, and operating practices which fail to challenge London and prioritise investment.

Comment: The existing arena can accommodate growth in its current form and to an even greater extent through the planned investment. If a new, large capacity indoor arena is built at Eastlands, there can be no expectation for any viable return on proposed investment in Manchester Arena, which would deny the opportunity to make that investment and, along with related loss of footfall through event transfer, could lead to viability issues such that, ultimately, it may have to close.

Earlier sections of this response highlight the flawed nature of the 'breakeven analysis' and associated levels of demand that would be need to support two arenas and planned investment.

In addition, the concept proposals have not been subject to any public consultation and are not supported by any technical due diligence whatsoever. OVG Manchester's architects, Populous, have undertaken an analysis of the current work in progress as presented in the media, which demonstrates that there are significant issues that still need to be resolved. Populous challenge, for example, whether floor capacity / flexibility can be improved. The concept work does not show how factors such as exits, toilets and amenities would be accommodated in the design.

The summarised representation is based on two elements of redevelopment plans for Manchester Arena, which are not credible. First, their development plans are designed to improve their own facility – but their forecast of growth (which is essentially flat) makes this unviable. In addition, the suggestion that they will spend £100m on Manchester Arena also lacks credibility when taking into account that ASM Global only has a 25 year lease, which means that the economics of the changes that they are suggesting would not work.

It is noted that the redevelopment includes the significant expansion of their hospitality / retail and it is assumed that these would be ancillary to the main function of the arena, as a live events space, and be designed to address what an arena needs to support its customer base (as per OVG Manchester's arena proposals). If Manchester Arena's arguments are followed to their own proposals then they would also compete with existing city centre businesses and draw trade from existing operations.

## **Impacts on Future Growth following the Covid-19 Pandemic**

Comment: Covid-19 has already had a major impact on a challenging city centre retail and leisure economy. The market in the short term at least is likely to contract and not grow at all.

Following the submission of OVG Manchester's planning application, the impacts of Covid-19 have been felt globally. While these impacts must not be understated, particularly for people, businesses and organisations that make up the rich diversity of the UK's entertainment, cultural and hospitality sector, it is the case that recovery is already starting with new fiscal and business support packages taking shape.

Most countries expect growth and recovery to become embedded by 2023 at the very latest – indeed their stimulus programmes are geared to accelerate recovery well before then.

This broad analysis is supported by industry. Global entertainment company Live Nation's survey data (Volume 2 Appendix F and G) shows their expectation that the live entertainment industry will recover to pre-Covid-19 levels by 2022, revealing that there could also be a boost to demand for touring next year and in 2022.

## AMONG LIVE MUSIC GOERS, WHEN EVENT RESTRICTIONS ARE LIFTED...

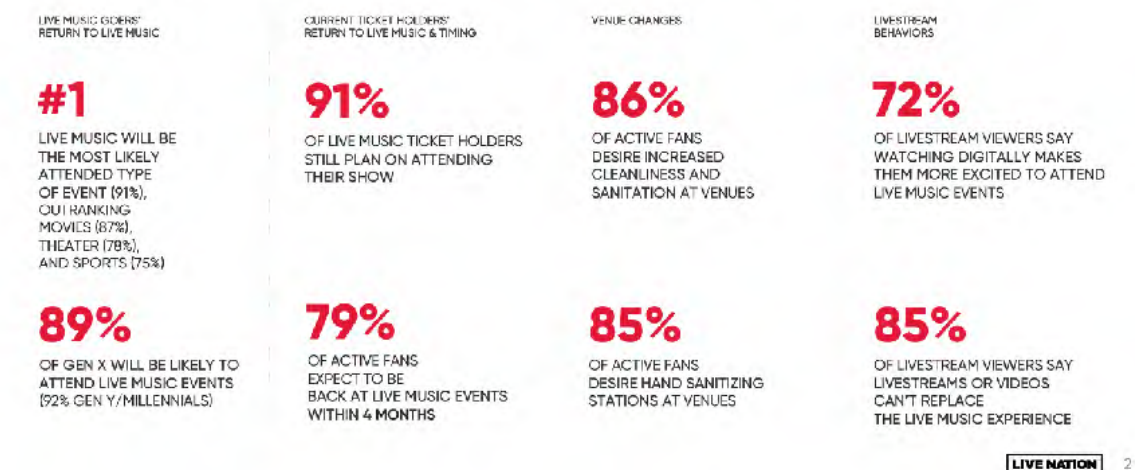


Figure 2: Live Nation Survey, Source: Live Nation, May 2020

Volume 2 Appendix I is an extract of a recent interview with Melvin Benn, Festival Republic Chief (whose portfolio includes UK's Download, Wireless and Reading/Leeds festivals) further demonstrating the level of confidence in terms of recovery, with 2021 summer festivals selling well.

There are no significant changes reported in investment plans as a result of Covid-19. Proposals in Gateshead, London, Bristol and Cardiff are all still in the planning process (it is also noteworthy that ASM Global are the sponsors of the Gateshead planning application).

There have been no announcements by the existing operator of the Manchester Arena of a change to their investment plans because of Covid-19.

The only change that has been identified to date has been in relation to the Birmingham Arena, where redevelopment plans have been delayed largely because of that City's impending hosting of the 2023 Commonwealth Games and the impact a delayed programme of works could have on the availability of the arena to host events for those games.

OVG Manchester's planned private investment into a second arena in Manchester remains firmly in place. The intention was to be on site in the late summer of 2020; however, this may now have to be postponed until winter 2020 to accommodate understandable delays in the determination of the planning application.

OVG Manchester looks forward to playing a full contribution to economic recovery in Manchester and the wider region. Indeed, OVG Manchester's investment proposals will create a very significant short term boost in the economic recovery. Stimulating the economy through private sector investment in infrastructure is one way of reducing the short term negative employment impacts on the local and regional economy.

The supporting planning statement submitted with the application and other supporting information provides a detailed analysis of the employment benefits of the scheme. The three year, £288m construction phase would create circa 3,350 jobs, with over 70 companies in the construction supply chain, which is well represented throughout Greater Manchester and the wider region. This employment boost is equivalent to reducing, by as much as 20%, the loss of employment in the construction sector that resulted from the impacts of the financial crash in 2008 and which took over 10 years to restore pre-crash employment levels.

Overall, it is anticipated that 700-800 companies across the North West and nationally will be involved in the construction works supply chain, supporting up to 6,500 jobs as a result of the project.

OVG Manchester has committed to training 100 apprentices and trainees, encompassing 2,800 apprenticeship and trainee weeks during the construction phase.

There will be also be 1,000 new jobs created once the proposed new arena is operational. OVG Manchester has fully committed themselves to pay the Manchester Living Wage and recruiting as many people as possible locally, so the full impact of this investment is captured by local residents and the East Manchester area.

Employment will be available across a range of roles including customer service, technical engineers, facilities' management, stewarding, hospitality, catering, and sales. There would also be opportunities for production designers, engineers, specialist technical staff and proficient riggers.

OVG Manchester has also fully committed itself to local members and to the community to have a transparent process to demonstrate the delivery of these commitments.

These benefits extend beyond the positive impacts the proposed new arena will have on spend and activity within the City Centre. The work completed by ekosgen concludes that the operation of two arenas, with between 1.85m and 2.2m ticket sales per annum in Manchester by 2030, as well as the 20 year period from the opening of the second arena, would create between £1.34bn and £1.5bn of additional economic activity (GVA) in the UK economy. City Centre businesses account for the vast majority of visitor expenditure, typically circa 85% from the two arenas.

The further analysis undertaken by ekosgen using the Amion Consulting and Audience Agency survey results, concludes that with ticket sales of the central growth scenario, with circa 2.3m total ticket sales in a single year, (illustrative of the 2035 position), the two arenas would support almost £57m of food and beverage expenditure per annum, with 50% of this in or close to the City Centre. 838,000 bed nights for hotels and serviced accommodation would be generated, 85% of which would be provided by City Centre operators. Overall, ekosgen conclude that visitor expenditure in the City Centre would total £95.2m per annum (see Volume 2 Appendix D).

Additionally OVG Manchester expect there to be £36m per year in direct annual local spending and the knock on effect of an additional 1,400 jobs across the City through the supply chain, and at local restaurants, bars and shops, as well as on accommodation and transport.

The proposed second arena will deliver short and long term boosts to the economic recovery of the City, making this one of the most transformational investments by the private sector in the UK at this time.

## Distributional Impacts

Comment: The one hour primary catchment area for customers travelling by public transport enables twice as many people to get to Manchester Arena than could get to the application site, which is a far less sustainable location and therefore far less suitable for regular large events (3-4 per week) which draw customers from a wide catchment area.

Response: The representations suggest that the OVG Manchester case is based on erroneous or unsubstantiated assumptions about how far people will be prepared to travel to attend an event in Manchester.

The majority of PwC's catchment analysis was conducted with reference to a 60 minute drive time, consistent with the approach adopted by Grant Thornton in their review, commissioned by the operator of Manchester Arena last year. The only difference being that PwC referenced peak driving times to reflect the arrival times of people for the majority of evening events.

PwC in their report highlighted the impact of extending the travel time to 90 or 120 minutes. This was done to respond to the specific feedback from some operators, which suggested a typical travel time for the O2 London and what people might be willing to do for iconic events.

To supplement the market assessment work prepared by PwC and ekosgen and submitted with the planning application, Amion Consulting (working with industry specialist, Audience Agency) were retained to oversee a more in depth analysis of consumer attitudes towards expenditure pre and post event, including overnight accommodation.

For those respondents (from within a 90-minute catchment) who had visited the existing Manchester Arena within the last five years (33%), questions were asked about staying overnight and spending patterns before and after the event. Similarly, those respondents who had shown interest in attending the new OVG arena were also asked about staying overnight and expenditure away from the venue (pre and post event):

- 30% of those showing interest in the proposed arena stated that they would probably stay overnight in Manchester despite living within the 90-minute catchment, which is in line with those staying overnight for existing Manchester Arena events.
- 70% of those showing interest in the proposed arena stated that they would spend money on food or drink before the event at a place other than the venue and including the city centre (78% of existing Manchester Arena visitors in the survey spent money before the event).
- 49% of those showing interest in the proposed arena stated that they would spend money on food or drink after the event at a place other than the venue and including the city centre (54% of existing Manchester Arena visitors in the survey spent money after the event).

Table 1 illustrates the outcome of this survey.

Table 1: Propensity to spend outside of the venue (Source: Amion Consulting, July 2020)

| <b>When visiting the existing Manchester Arena in the last five years, have you on at least one occasion...</b> | <b>Sample: 708</b> | <b>If you attended the new venue, how likely would you be to...</b>                                                  | <b>Sample: 1,267 (inc neutrals)</b> |
|-----------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| ...stayed overnight?                                                                                            | 30%                | ...stay overnight                                                                                                    | 30%                                 |
| ...spent money on food or drinks beforehand in the area at a place other than the venue?                        | 78%                | ...spend money on food or drinks beforehand in the area (including the city centre) at a place other than the venue? | 70%                                 |
| ...spent money on food or drinks afterwards in the area at a place other than the venue?                        | 54%                | ...spend money on food or drinks afterwards in the area (including the city centre) at a place other than the venue? | 49%                                 |

The survey demonstrates that respondents interested in the proposed arena would spend money in hotels, bars and restaurants pre and post event in proportions broadly similar to those seen with attendees of the existing Manchester Arena.

Comment: There is no credible case for an untapped pool of events, which currently play the London O2 but do not play Manchester that could feed a new arena. Analysis shows that Manchester already attracts more events, which also play London than any other city and the most common reason for events not also playing Manchester is that they are London-centric events.

The summarised representation reinforces the conclusions that the present operator of Manchester Arena, who operates facilities both in Manchester and London, has a vested interest in preserving the status quo, taking a protectionist attitude to the existing London Arenas, which it currently collaborates with.

In their work, PwC identify that over 35% of performers at the O2 London did not play Manchester (see p.7 of ES Appendix 8.1. Market Case V1 – DD Report, UK Arenas and Manchester Market) and concluded that this fact is a

strong indication of the market potential for some, if not all, of these acts to be attracted to Manchester particularly given the high quality new facilities which are proposed to be developed in the City.

PwC also highlight the potential to attract the larger acts to play more nights in Manchester, particularly given the fact that at the O2 London nearly twice as many shows were played (136) compared to Manchester (71). In addition, OVG's proposition is not that it will take on all of the same acts that currently play at the O2 but will draw in additional events not currently held in either arena.

The PwC view has been reinforced by the survey undertaken by the Audience Agency and Amion Consulting's analysis, which shows amongst the new market opportunities that OVG Manchester's proposals can embrace, is a significant reduction in the leakage of audiences from within the 90 minute catchment that are currently to attracted to London, along with other places.

OVG Manchester, as industry leaders, share this understanding of the market potential for Manchester, which the proposed new arena will help to exploit. OVG Manchester are also mindful that, prior to the O2 London arena being operational, most of these acts came to Manchester, which reflected the existing arena's pre-eminent role in the live entertainment market.

Since then, this position has been eroded, not just because of the O2 London but also as a result of the comparatively poor experience of the facilities at the existing arena, its design and other constraints.

Indeed, given OVG Manchester's global reach and the quality of the proposed new arena, it has confidence that Manchester will be able to attract events that do not currently come to the city and to actively compete with London for major events.

Where sport is concerned, the list of events that are unable to be hosted by Manchester now provide additional market opportunities; these include the ATP World Tennis Tour Finals, Netball Super League Finals, Basketball Final 4, NBA global games, E Sport World Championships, World Gymnastics Championships, Euro League Final 4, BBC Sports Personality etc. (see Volume 2 Appendix E).

Alongside the inherent capacity constraints of the existing arena, Manchester is missing out on opportunities to grow attendances and fully serve its natural and extended market. Touring artists will spend fewer nights in Manchester and are less likely to choose Manchester for residences as opposed to London. Manchester's market penetration is significantly less than should be the case.

OVG Manchester's proposed second arena will transform the Manchester offer, attracting more events to the City than before and alongside the existing arena will create a larger share of an expanding market.

Analysis undertaken by GMCA and the New Economy in 2016, as explained in their Deep Dive: 09 Hospitality, Tourism and Sport (September 2016) (Volume 2 Appendix J), recognised that *"...there is a major challenge over the next 20 years to continue to secure new investment in the light of increasing competition from other cities, and a tendency for major cultural investment to be focused on London."*

This report identified that opportunities for growth in the sector would come from increased demand, boosted by increased appeal from existing customers, an increase in visitors from existing and new markets, and population growth.

It identified a specific threat from competition associated with UK locations, stating that Greater Manchester:

*"..has been successful in growing its Hospitality, Tourism and Sport sector in recent years. However, there is a danger that if it doesn't continue to invest in this sector, then it could lose market share. At a UK level, other cities are developing their visitor economy, including Belfast, Cardiff, Edinburgh, Glasgow, Leeds and Liverpool. Improving the quality of the offer (product and service) and public realm are important factors to support growth."*

A lack of major international attractions in the development pipeline was noted.

Supplementary information to this section is provided at Volume 2 Appendix E. This information details actual major events in the last 3 years that it is suggested Manchester missed out on, which the city could have captured had the proposed new arena been in place. In addition, it provides a schedule of events in the last 3 years in the UK that only played London, but that we believe might have come to Manchester for a supplementary UK date if the proposed new arena had been in place.

## OVG Manchester Arena Design and Offer Differentiation

Comment: The flexibility of the Manchester Arena is demonstrated by the enormous range of events it has hosted in its 25-year history. In addition to its thousands of concerts, the arena has hosted world-class events including: sporting events; boxing, including numerous world title fights; international netball; Masters Football; ice hockey; basketball, including NBA / WNBA, the US Dream Team and National League; skateboarding; Taekwondo World Championships; FINA swimming world championships; badminton; UFC; darts; Cross Fit; UK school games; big screen sports and more.

The existing Manchester Arena, which was the pre-eminent arena in the live entertainment market in the early years of its operation, has suffered due to little or no investment taking place to improve facilities for artists and customers. It has become a declining asset.

It is for this reason that OVG Manchester fully supports the principle of investment in the existing arena, in order that Manchester can fully exploit the benefits of two arenas in a dynamic and changing market place.

Investment needs to address the physical constraints of the existing arena's configuration, which for all intents and purposes has a practical capacity for the vast majority of events of no more than 15,000. Only a small number of events, which are in the round (on average considered to be no more than five events per annum), can operate at a higher capacity than 15,000.

The PwC market analysis (see p.44 of ES Appendix 8.1. Market Case V1 – DD Report, UK Arenas and Manchester Market) shows that, where Manchester hosted the equivalent acts to the O2 London (notwithstanding the comparable average notional capacity of both arenas), the average attendance achieved at the larger shows were 2,500 tickets per event more in the O2 London than for Manchester.

This underlines the practical difficulties of reaching capacity at the existing Manchester Arena as a result of its design and configuration constraints and, therefore, the clear market opportunity for securing greater attendances and sales by the addition of a high quality and more flexible arena.

OVG Manchester have undertaken a review of the publicly available concept design relating to the existing Manchester Arena's proposed redevelopment (included for information at Volume 2 Appendix K).

Even putting to one side the fundamental questions in respect of the viability of these proposals given the marginal increases in growth that have been put forward in the summarised representations, there are clear issues that would need to be addressed before the concept proposals could be regarded as practical and deliverable.

These practical questions include;

- a) The small increases in net capacity apparent from the concept do not appear to generate anything other than a modest increase in capacity, given that the current practical capacity of the Manchester Arena is no more than 15,000; the information certainly does not underpin the claim that the practical capacity can be increased to 24,000.
- b) The proposals shown in the section do not appear to work across the entire building, given the constraints of the rail platforms to the south and service yard height requirements in the west.
- c) Hospitality provision 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.

- d) 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.
- e) 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.
- f) 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.

What is clear is that these concepts are provisional; significant work is required to translate these into a definitive project and one which will satisfy commercial investment criteria.

While OVG Manchester welcomes the principle of investment in the existing arena, there is concern that these plans are more speculative than real, and have been brought forward only to support representations that the operator of the existing arena would be a dynamic investor able and willing to embrace a changing the market, if it was not for the competition of the proposed second Manchester arena.

The summarised representations indicate that the operator of the existing arena has been complacent, and for years has invested little and been satisfied to oversee a declining asset. Ultimately, this has allowed Manchester's once pre-eminent position in the entertainment market to be eroded.

Comment: There is no substantive difference in overall capacity or flexibility of configuration between the proposed arena and the Manchester Arena; however, the proposed arena includes a very significant retail, food and beverage content (17,451m<sup>2</sup> of use class A1, A3 and A4), which will inevitably draw trade away from city centre retail and restaurant venues (and not just immediately prior to or after events).

OVG Manchester's proposals have nothing to do with creating a retail destination to compete with the City Centre. In no different way than is provided within the existing Manchester Arena (including the conceptual plans for improvement), there is no general or conventional shopping offer to be provided, other than specialist retail including merchandise linked to performers. All the food and beverage areas within the proposed arena are directly linked to audiences who attend events and will not normally be open outside event days, other than for ancillary use by sponsors and the local community. The offer is genuinely ancillary to the arena use. The only publicly accessible areas that will be available daily, whether events take place or not, are three small canal side kiosks and a kiosk to the external podium. These are designed to support local amenity value.

Within the Design and Access Statement and accommodation schedule prepared by Populous and submitted with the planning application, the ancillary retail floorspace this has been quantified as 17,451 sq. m. of floorspace within Use Classes A1 retail, A3 Restaurant and café, and A4 bar.

For clarification, this floorspace is primarily hospitality space, which will only be accessible via pre-booked tickets, together with concession stands and circulation areas, which are required for ingress and egress from the performance area. There are no sit down bars or restaurants planned within the food and beverage offer.

Populous have completed further analysis of the floor plans, which annotates more clearly the functions of these spaces and facilities, and demonstrates that it is ancillary in nature. This analysis is contained at Volume 2 Appendix M.

The Populous analysis confirms the breakdown as follows:

- Hospitality – 6,652 sq. m.
- Food and beverage space, i.e. concessions and stands to purchase food and drink – 3,032 sq. m.
- Circulation, back-of-house, plant, etc. areas – 7,767 sq. m.

There will not be general access to all of these facilities outside of event days; however certain areas could be operated for local community or sponsor / partner events. These areas are indicated on the Ancillary Facilities'

Plan (see Volume 2 Appendix O). In addition, it is proposed to ultimately capture these intentions within a Section 106 agreement and via agreement of an Ancillary Facilities Management Plan.

Within the food and beverage floor space of 3,032 sq. m., the proposals include the potential for three kiosks on the Ashton Canal side of the proposed development, which have a total area of circa 176 sq. m. In addition, the kiosk opening to the external podium is circa 47 sq. m.

These kiosks, totalling an area of circa 223 sq. m., are capable of being operated independently from the proposed arena, given their potential to animate the canalside, and therefore contribute positively to the functionality of that area on a day to day basis. This is the only food and beverage space that would operate independently of the arena, and underlines the ancillary nature of the overall offer and no significant impact on the city centre.

Volume 2 Appendix N comprises two visuals that demonstrate the kiosk proposal, with one showing the canal view and one showing the potential internal shot.

The retail floorspace is ancillary and is not designed to create a retail destination. The question of the impact of these proposals, in respect of city centre viability and vibrancy is considered in subsequent sections of this report, with reference to the relevant planning policy assessments.

With regard to the comparison between the capacity and flexibility of the proposed arena and the existing Manchester Arena, the summarised representations do not demonstrate an understanding of the practical constraints of the existing Manchester Arena, nor therefore the substantial differences in the practical capacity and flexibility of configuration. The minimal level of detail associated with the concept redevelopment plans for the existing arena generate more questions than answers about practical deliverability and the ability to achieve the outcomes stated (as noted above).

Comment: The proposed arena will not offer a more flexible arena bowl. It is a 3-sided arena with a stage at one end. By contrast, the Manchester Arena offers the flexibility of a full, in-the-round experience, whilst also offering a variety of different end-stage and seating layouts, adjusting capacity to suit promoters' needs.

The proposed arena has a tier behind the stage allowing for in-the-round shows and thus has the ability to host all the same event types as listed in the representation. Add to this the significantly larger event floor, larger and more flexible rigging grid, extensive use of retractable seating and a flexible draping system, all of which will allow for a highly reconfigurable event, and this will give promoters a myriad of options for event layouts for concerts, sports, award shows and family shows.

Whilst having the ability to scale the venue size and the flexibility of event layout to hold all of the usual events (including all of the event types listed in the representation), the proposed arena will have higher overall capacities across all event modes and especially in the most popular end stage configurations, where the Manchester Arena as currently operating is compromised by its old style sports orientated 360 degree seating bowl.

Add to this a greater and more flexible rigging capacity, modern high-quality building acoustics for both performance and breakout noise, larger and more user friendly concourses, exceptional artist areas and more operationally efficient back of house production areas, and the proposed arena comprises an offer is capable of attracting the larger events that currently dismiss Manchester due to the constraints of the existing arena.

The proposed arena has more than 20 potential modes of configuration to suit the requirements of events and operators; this is illustrated in Volume 2 Appendix L to this note.

OVG Manchester has received positive feedback from a range of major promoters, which have indicated their support for the proposed arena.

In reviewing the current work in progress concept for the redevelopment of the existing Manchester Arena, it is noted that whilst most of the event space remains broadly unchanged, the plans add slightly to the flexibility by increasing the floor area to increase standing capacity. From the presentation material released, it does not make

clear how this will be achieved given the existing structure, which would need to be moved or the additional exit widths that would be required.

The increased floor size required, public facilities and additional exit widths would likely reduce operational flexibility and the size of the artist areas, making the arena less attractive to promoters.

Additionally, some of the proposals would likely reduce the rigging capacity significantly, further making the venue less attractive as a large touring venue.

Comment: The planning application notes that the proposed arena will offer seating in closer proximity to performers with improved sightlines. Manchester Arena already offers a large, modern venue with clear sightlines across its range of event formats. The furthest available seat from the downstage edge (standard end-stage set up) is 8.3m closer than the equivalent configuration at the proposed arena.

The auditorium of the proposed arena sits roughly within the same footprint as the seating bowl of the existing Manchester Arena in the most popular end stage modes, but has a capacity of approximately 4,000 seats more when overlaid with similar concert set ups.

The seating is significantly closer in the proposed arena, with the front of the upper tier approximately 10m closer to the downstage edge than at the existing Manchester Arena. The auditorium also has a higher capacity due to the minimisation of seat kills from production overlay, with the lower tier offering unobstructed views even in standing events.

This is illustrated in the diagrams contained in Volume 2 Appendix L.

From the presentation material released to the public, it would appear that the proposed redevelopment of the existing Manchester Arena does not add significantly to the overall capacity of the venue in the most popular end stage modes.

Large capacity increases would either need to add rows to the rear of the seating bowl or move the stage further back, thus reducing the proximity to the stage. Furthermore, the publicly available information about the proposed redevelopment does not appear to have taken wheelchair users into account, the current provision being replaced with hospitality seating.

Adding the required number of wheelchair users for a modern multipurpose arena into the proposed design would likely significantly reduce the overall capacity of the arena to well below its current capacity.

Comment: The proposed arena promises “a food-court with a premium food offering” and “bars offering a variety of beers, wines and cocktails”. There are plans to strengthen the food and beverage offering at Manchester Arena, which would be preferable due to (i) the city-centre location, which means it is surrounded by a vast array of restaurants and bars which benefit from (and rely to a significant degree on) the consumer spend of visitors and (ii) it does not propose to open its food and beverage areas when there are no events happening.

As noted above, OVG Manchester’s proposals have nothing to do with creating a retail destination to compete with the City Centre. In no different way than is provided within the existing Manchester Arena (including the conceptual plans for improvement), there is no general or conventional shopping offer to be provided, other than specialist retail including merchandise linked to performers. All the food and beverage areas within the proposed arena are directly linked to audiences who attend events and will not normally be open outside event days, other than for ancillary use by sponsors and the local community. The offer is genuinely ancillary to the arena use.

All space within the proposed arena is designed to offer a first class experience to customers, delivering an exciting and engaging experience for the whole audience before, during and after the performance in line with benchmark world-class arenas such as OVG Seattle; this is something that is not currently offered at the existing Manchester Arena.

The hospitality areas are only accessible via pre-booked tickets and there are no sit down bars or restaurants within the general food and beverage offers.

Only circa 223 sq. m. of retail floorspace, comprising up to three canalside kiosks and a kiosk to the external podium, would potentially be operational completely independently of event and match days, or community or hospitality uses; this represents a local offer and is proposed to be controlled through an Ancillary Facilities' Management Plan, secured via section 106 Agreement.

The further analysis completed by Populous of the floor plans and floorspace breakdown referenced elsewhere in this note and at Volume 2 Appendix M illustrates the nature of the food and beverage offering within the proposed arena.

This hospitality offering is an integral element of modern arenas, as can be seen for example through a comparison with concept redevelopment plans for the existing Manchester Arena.

Comment: The proposed arena claims that visitors will be immersed from arrival with “pre-event entertainment”, “social media interaction” and “after-show spaces” and that there will be a “superior quality VIP offering”. Redevelopment plans provide for a new, more immersive experience for visitors to the Manchester Arena from the point of arrival, via enhanced external spaces, and throughout the show when visitors will benefit from enhanced commercial offerings and more diverse VIP experiences. A new and more diverse experience for VIP guests through a dedicated entrance, new suites and hospitality offerings.

The hospitality provision for the proposed arena differs greatly from the normal VIP offerings in older style arenas. The older model was to offer a large number of corporate suites across a separate tier and private concourse, which can feel disjointed and may not provide the best experience for all hospitality and general admission users.

The offer at the proposed arena has fewer corporate suites and positions hospitality users across all levels of the auditorium with numerous differing offers over varied price points. This allows for flexibility of choice and enables those that desire it to feel part of the crowd, whilst still offering an upgrade to the normal general admission experience.

From the publicly available concept information for the proposed redevelopment of the existing Manchester Arena, it is unclear how the additional hospitality offer would work.

The presentation material shows the proposed layout in section form, but this does not take into account the different building conditions and seems to only be possible on one side of the building.

Due to the train platforms to the south east and the service yard to the south west of the existing Manchester Arena, the proposed lower tier concourse would not be possible in this area so the existing concourse would still need to be shared by the general admission and hospitality users meaning minimal changes could be made to the current hospitality offer.

Comment: The proposed arena claims its location on the Etihad Campus, “will allow additional space for any ‘wraparound’ support required”. However, the plans do not include any ancillary event space (e.g. practice space for sports). Both arenas could utilise existing car parks to provide ancillary space, or they could use space available at adjacent facilities (provided arrangements can be made with relevant operators). Although the Etihad Campus provides the opportunity for access to excellent sporting facilities, the city-centre location of the Manchester Arena gives it unparalleled access to a diverse range of venues and spaces to meet the needs of event promoters for wrap-around facilities.

The site of the proposed arena is located within the Etihad Camus, which is already a world class sporting and leisure destination. The Etihad Campus is home to a range of sporting and leisure facilities, including venues for practice and warm-up, which can be utilised as part of the wraparound support for the proposed arena.

Facilities at the Etihad Campus include: Etihad Stadium, the Manchester Regional Arena, the National Squash Centre, Manchester Velodrome, City Football Academy, the Manchester Institute of Health and Performance, and the Tennis Centre.

OVG Manchester, as a partner at the Etihad Campus, would have direct access to these world-class facilities. As an example, OVG Manchester have already had dialogue with the ATP about the potential for Manchester to accommodate the ATP Finals following the end of the agreement at O2 London. With the proposed new arena in place, Manchester would have made the shortlist for venues, but unfortunately it would not be operational in time.

Furthermore, the site is not constrained, in the manner of the existing Manchester Arena, which is enclosed by a road and railway line. The site provides space for a bigger load in area, as well as backstage and dressing room areas for productions.

By contrast, the existing Manchester Arena does not have direct access to any facilities of this nature and the constraints of the site mean that there is no physical way for it to accommodate facilities for practice or hospitality for example other than through linkages with facilities elsewhere.

Comment: It is understood that the Applicant has recently shared a presentation to various corporate organisations in Manchester setting out its extended vision for Eastlands to become an entertainment destination with 200+ events at the proposed arena and Etihad Stadium, with the objective of the proposed arena attracting 2 million visitors each year, in addition to the 1.2m that Manchester Arena already achieves

OVG Manchester acknowledge this comment and note that, as described elsewhere within this response, the Etihad Campus is already an established, sustainable sport and entertainment destination; taking into account the circa 50 events that currently take place at the Etihad Stadium (including football, concerts, etc.), with the addition of the proposed arena it would accommodate circa 200 plus events per annum. Over time, it is expected that this would increase further, reflecting its success as a destination within the Regional Centre.

The presentation and document referenced is a sales document for prospective clients. The document is consistent with information included within the planning application, and the long term target of OVG Manchester to host 150 events per annum at the proposed arena.

# 5. Retail Impact

## City Centre Viability

Comment: The planning application concludes through the forecasted market growth that no trade will be drawn from the city centre at all. Indeed, quite the reverse, the growth figures are exaggerated and used to calculate additional spend and resultant economic gain for Greater Manchester and Eastlands, drawn from event numbers doubling across the city. With market growth based on past levels, clearly a second arena of this size and retail content will have a significant impact on the city centre. Overall, there will clearly be detrimental impacts arising from a second indoor arena offering a similar capacity and configuration to a similar catchment area. This will have a pronounced and negative effect on a fragile city centre economy and will directly impact planned private investment in a number of city centre facilities, including Manchester Arena, the Printworks and the Arndale.

It is evident that the proposed development is intended to provide a new destination in itself, of a substantial scale, for both arena attendees as well as other visitors, local residents and shoppers alike (outside of event days). As such, footfall within the City Centre will undoubtedly decrease and existing retailers will suffer as a result of shoppers and visitors choosing to instead visit this out-of-centre 'destination' location.

The market analysis provided in support of the planning application, and as discussed in the earlier sections of this report, clearly underpins the market opportunity for Manchester to sustain two arenas, delivering net additional economic benefits for Greater Manchester, Eastlands, and importantly, Manchester City Centre.

In addition, it has already been demonstrated that no comparable market analysis has been undertaken to justify the assertions made in the representations that growth up to 2035 will be only marginal (forecast as total growth of 5%). This is not seen as a credible response to the range of information provided to support the planning application; population growth alone is set to be 8% by 2035.

Indeed, as has been made clear elsewhere, these assertions about growth are counter-intuitive to any investment case the operator of the existing arena will need to bring forward its proposals to transform the fabric and facilities of the existing arena, and which OVG Manchester support on the basis that they would help Manchester to fully capture the benefits from having two arenas in a changing and competitive market place.

Nor is the City Centre the fragile entity that is characterised by the representations. It has been, and will continue to be, a source of huge economic strength not only for Manchester but the wider region.

Of course, like every other major centre in the UK and beyond, it has challenges to overcome, notably those posed by Covid-19. However, further evidence of the leadership of the City Council is already being witnessed, working with stakeholders to ensure the impacts of the crisis are temporary. It will facilitate a process of building back better than what existed before.

This approach reflects the fact that there will not be a "business as usual" approach to change. Transitioning to a zero carbon economy, re-thinking connectivity and mobility requirements, re-addressing the balance between pedestrians and transport, underpinning the widest possible employment and housing offer to ensure that all residents have the access to jobs and their future success will be important.

So too will be diversifying even further the City's commercial offer, building upon its significant research and innovation strengths, which will also be crucial to re-positioning Manchester and the UK in a changing global market where international trade and investment will become more important than ever.

Key landowners and occupiers must rise to the challenge too. While Manchester City Council can be expected to bring forward new place-shaping frameworks that respond to future priorities, it will be the responsibility of landowners to re-think business models in order to respond to the new realities of the market place, which, if anything, have merely been intensified and brought into sharper focus by the Covid-19 crisis.

This applies as much to the retail sector as any other. Changing customer behaviours, their requirement for a richness in the mix and diversity of the offer, and new experiences are some of the main reasons why shopping centres have effectively been in crisis for years. Covid-19 has reinforced this trend; this will not be reversed simply by opposing new development.

Rather those facilities that will increase footfall and spend in the City Centre should be actively supported, thus underpinning the investment case for change in the way the offers of major facilities are re-positioned to attract more visitors and spend themselves.

The existing arena no longer maximises its economic contribution to the City Centre. Attendances have more or less remained stable for years and while there has been growth in the wider entertainment market the benefits of growth have by-passed both the existing arena and the City Centre.

Therefore, the actual net value of the existing arena’s contribution to the City Centre has been steadily eroded over the years.

As Figure 3 clearly illustrates, the Manchester Arena has not been an economic driver of growth in the city centre economy over the last ten years.

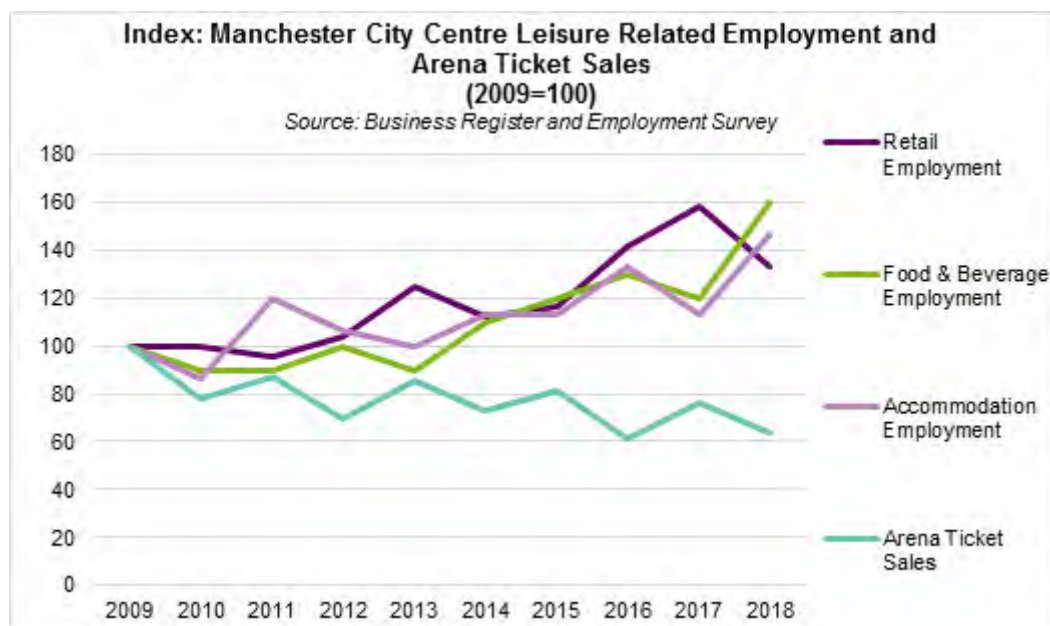


Figure 3: Manchester City Centre Leisure Related Employment and Arena Ticket Sales, Source: Business Register and Employment Survey

Further analysis is provided by ekosgen in Volume 2 Appendix A. In summary:

- Manchester Arena has (notwithstanding annual fluctuations) effectively remained static for many years in terms of tickets sold;
- At the same time, the wider employment in those sectors in the City Centre that are associated with a visitor economy has increased substantially;
- Manchester Arena’s contribution to activity in the City Centre has therefore reduced considerably; and,
- Only a second arena will add significantly to activity levels within the City Centre and increase the contribution that live entrainment will make to fulfilling Manchester’s ambitions as a world class, destination City.

If the existing arena can produce practical and deliverable investment proposals, this would undoubtedly improve the situation. OVG Manchester fully supports the principle of new investment for this reason.

The biggest boost of all to the City Centre through the live entertainment sector would, however, be generated by a second arena.

Research recently completed by Amion Consulting underpins the key conclusions of ekosgen about the impact of a second arena on the City Centre.

- It identifies the market potential of 2.05m additional visits to the new OVG arena which is well above the 1.27m additional demand forecast by ekosgen in their realistic growth scenario.
- The report also highlights that simple population growth of 8% in the local area to 2035 could add in additional attendance of between 0.24m and 0.38m (although this particular element would be shared across all venues not just the new venue).
- In addition, the new venue also has the potential to attract new audiences, including tourists, from outside the 90-minute catchment who do not currently attend arenas.

The significant headroom, in respect of the ekosgen growth scenario, clearly demonstrate that the significant levels of visitor expenditure in the city centre that are currently derived from visits to the existing arena would be retained and that a significant net additional economic impact from visitors to the new arena would be achieved.

In addition, this survey work has gone on to demonstrate that respondents interested in the new venue would spend money in hotels, bars and restaurants in proportions broadly similar to attendees of the existing Manchester Arena. Again, this supports the forecasts of net economic impact made by ekosgen for the project where even the most conservative scenario would lead to a 58% increase in City Centre jobs and GVA from visitor expenditure compared with the present situation; whilst the most ambitious scenario resulting in an 80% increase.

In addition, detailed market capacity modelling and penetration analysis has been undertaken by Amion Consulting which confirms that positive headroom exists for two arenas to operate sustainably within the Manchester catchment even when a very constrained (floor level) scenario is constructed which assumes that the arenas in Liverpool, Leeds and Sheffield put on a programme of events that is directly comparable with those of the existing Manchester Arena and the new OVG proposition and then assumes (as a worst case scenario) that residents will essentially visit the arena closest to them. Under this worst-case scenario, the total available demand in Manchester would be 3.26m per annum which is some 0.79m above the requirement of 2.47m (1.2m at the existing Manchester Arena and 1.27m Ekosgen growth forecast).

Where impact on the City Centre is concerned, ekosgen have undertaken further analysis following the survey work by Amion Consulting and the Audience Agency, which demonstrates the pattern of audience expenditure inside the proposed new arena, in the City Centre and elsewhere (see Volume 2 Appendix D (illustrative of the 2035 position)). This identifies that the City Centre captures £95.2m out of the total audience expenditure of £165.65m from the proposed arena, with £30.36m captured in the two arenas.

Based on their industry knowledge, OVG Manchester consider that 25% of average food and beverage spend at the proposed new arena will relate to ticketed audiences who arrive more than 30 minutes before an event starts. This spend, estimated at £3m per annum, is the maximum amount that can be regarded as displaced from the City Centre. In effect, the move to a two arena model and the central growth scenario will double the economic benefits to city centre businesses from the large arena market. The scale of city centre business benefits are considerable, estimated at £95m, with a major boost to the hotel sector and food and beverage businesses.

While OVG Manchester has no access to commercial information regarding audience spend for the existing Manchester Arena, it would be surprising if the pattern of spend differed significantly from the proposed new arena, particularly in relation to audiences who arrived at the arena more than 30 minutes before events.

The majority of the visitor economy benefits of Manchester having two large arenas will be realised by the full range of the City Centre's visitor infrastructure – hotels, serviced accommodation, food and beverage, retail, etc.

Rather than reducing activity therefore, it is demonstrably clear that a second arena would add enormous value to spend in, and vitality of, the City Centre for many years to come.

As explained elsewhere within this note, the retail floor space is a small component of the overall floorspace (3,032 sq. m) and would only be available during events at the arena and potentially when other events are taking place at the arena. In both scenarios, the offer would not be acting as a retail destination in its own right. Instead, it would be an offer that is entirely ancillary to arena or potentially other Etihad Campus events.

OVG Manchester has also identified, the potential for three kiosks on the Ashton Canal side of the proposed development and a kiosk opening to the external podium (total area of circa 223 sq. m.) to be capable of being operated independently from the proposed arena, given their potential to animate the canalside, and therefore contribute positively to the functionality of that area on a day to day basis. The small quantum of floorspace involved, clearly focused on serving the local community, is not considered to give rise to any realistic prospect of impact on Manchester City Centre, or indeed any other centres.

## Sequential Approach

Comment: The sequential test methodology is challenged on the basis that it: a) fails to take into account the ability of existing city event city centre venues to accommodate market growth; and, b) on the basis that the retail components of the arena have not been assessed. The National Planning Policy Framework (NPPF paragraph 89) is clear that, where an application fails to satisfy the sequential test or is likely to have significant adverse impact on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal, it should be refused.

As described elsewhere in this response, the Etihad Campus is a sustainable location in East Manchester, located within the defined Regional Centre, which is considered to be the most important growth platform for an entire region. East Manchester has been supported by a range of interventions by the public sector over a sustained period of years, including the substantial public transport improvements to link the Regional Centre together and different parts of Greater Manchester to the Regional Centre, including East Manchester and the City Centre. As a result, East Manchester is now an attractive place for people to live, work and to visit, making an increasingly important contribution to the growth of the wider City and the City Centre.

The planning application is supported by a Sequential Assessment, which is fully compliant with the requirements of the National Planning Policy Framework (NPPF) and the Development Plan, including Manchester Core Strategy Policy C9 Out of Centre Development.

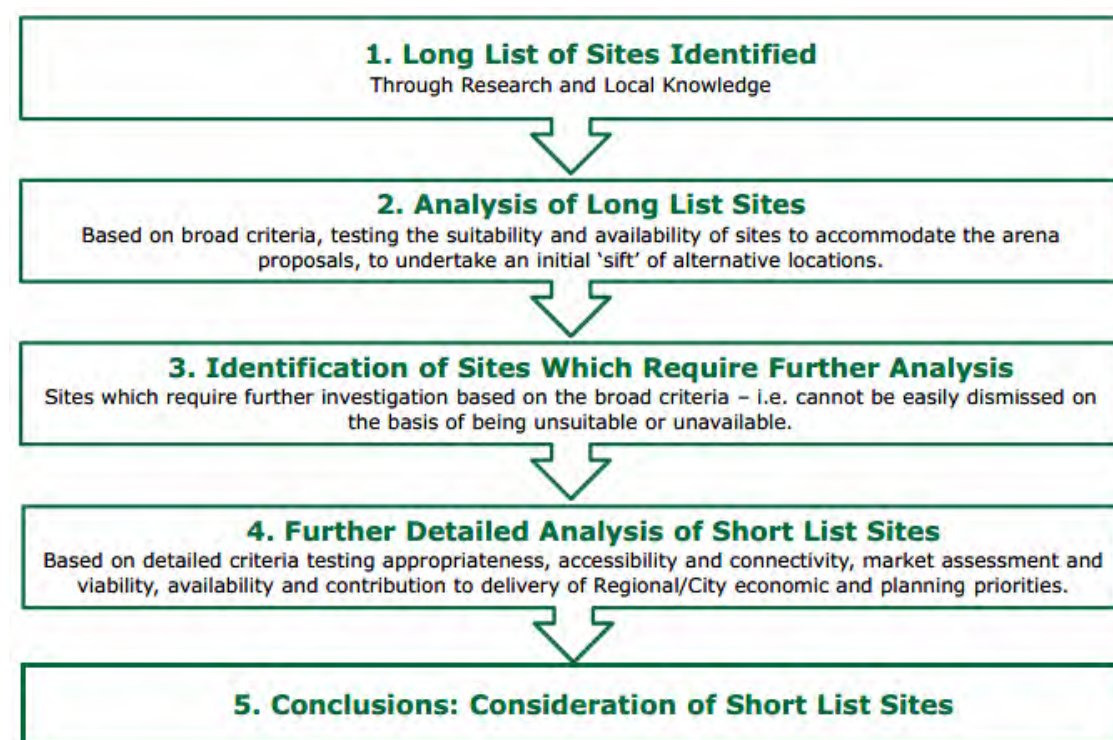
NPPF Paragraph 86 states that local planning authorities should apply a sequential test to planning applications for main town centre uses, which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.

In accordance with Paragraph 86, a detailed Sequential Assessment of Alternative Sites was submitted in support of the planning application.

A summary of the methodology, assessment criteria and findings of this appraisal are set out below.

Figure 4 summarises the methodology used to assess the alternative sites identified for assessment:

Figure 4: Sequential Assessment of Alternative Sites – Location Assessment Methodology



In terms of existing and planning venues in Manchester City Centre that could accommodate the market growth identified within the Market Assessment prepared by PwC and ekosgen, it is not considered that any of the venues identified within the representation could accommodate this growth, either alone or in combination. This is for the reasons set out in Table 2 below.

OVG Manchester identified Manchester as a potential location for their first arena in the UK – reflecting the wider market interest from international entertainment operators and investors in Manchester.

OVG Manchester’s aspiration is to deliver the best arena in Europe. To achieve this, the location of the arena is key. OVG Manchester’s requirements are for a site that has:

- access to major public transport;
- international connectivity;
- the capability of being sufficiently high profile (for example, it is associated with other world class institutions);
- the ability to deliver an additional visitor experience; and,
- adds to the overall economic functioning and vibrancy of the City as determined through contribution to the delivery of Regional/City Economic and Planning Priorities.

These requirements informed the detailed criteria against which the identified sites were assessed.

The assessment is a balanced score card about availability and other factors, including where the project can be delivered on a viable basis. No site that has been tested was classified as unsuitable solely because it is seen to be unavailable.

Firstly, a comprehensive range of potential sites (73 in total) were assessed on the basis of a ‘long list criteria as follows:’

- Suitability to accommodate the arena proposals in terms of size, shape and accessibility.
- Availability to accommodate the arena proposals in terms of current use, ownership, policy allocations or existing planning permission/development commenced on site.

A total of 61 sites were discounted as unsuitable or unavailable to accommodate an arena of the type proposed, despite an appropriate level of flexibility in the testing process. An example of the reasons for discounting sites include the site being too small to accommodate the minimum site area required (2 ha.) or being unavailable due to alternative proposals progressing on site.

This resulted in a short list of 12 sites being identified and assessed against the following criteria:

- Appropriateness of site to accommodate an arena.
- Accessibility and connectivity.
- Market assessment and viability.
- Availability within a reasonable timeframe.
- Contribution to the delivery of Regional/City economic and planning priorities.

As part of this exercise, three sites tested that are more central than the Etihad Campus in policy terms (Piccadilly Trading Estate, Pomona Island and Stockport Mayoral Development Corporation) were discounted based on the detailed site criteria.

It should be noted that the Piccadilly Trading Estate was the subject of detailed discussions about land assembly; however, this was ultimately ruled out for several reasons, including costs of land assembly, time taken to deliver and lack of certainty around the impact of High Speed 2 (HS2), which is likely to persist for some years.

The remaining nine sites are all in out-of-centre locations (and included the Etihad Campus). NPPF paragraph 87 states that when considering out of centre proposals, preference should be given to accessible sites, which are well connected to the town centre.

In terms of accessibility to Manchester City Centre, the Etihad Campus is clearly the best connected of the shortlisted sites. Therefore, the assessment of these shortlisted out-of-centre sites was to determine whether the Etihad Campus is the best location against the defined criteria relative to the other nine non-sequentially preferable sites.

Overall therefore, the sequential assessment concludes that the Etihad Campus presents the ideal, most accessible site which is suitable, available and viable for the Proposed Development.

None of the three sequentially preferable short-listed sites have subsequently become available or suitable since completion of the Sequential Assessment, as result of market changes following the Covid 19 pandemic. In addition, none of the sequentially preferable long-list sites have become available or suitable.

NPPF paragraph 89 states that when assessing applications for retail and leisure development outside of town centres, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500 sq. m. of gross floorspace). This includes the assessment of:

- the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and,
- the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and the wider retail catchment (as applicable to the scale and nature of the scheme).

These tests are considered in turn below.

In undertaking this assessment, the proposed development as a whole has been considered. The proposals include the provision of an ancillary retail offer, including bars, retail concessions, pop-up retail spaces, hospitality spaces and lounges.

As clarified elsewhere within this note, this provision is ancillary to the proposed arena use and an integral part of the arena offer; it will not operate as a retail destination.

Only a limited quantum (circa 223 sq. m.) is proposed to be operational outside of event and match-days, which comprises up to three kiosks on the canalside and one kiosk to the external podium that would be used by visitors to the Campus, users of the Canal towpath and local residents.

In accordance with Manchester Core Strategy Policy C9 - Out of Centre Development, this quantum of retail floorspace is generally considered to be of local significance only.

## Existing, Committed and Planned Investments

Table 2 sets out the consideration of the Proposed Development against NPPF paragraph 89 part (a). It considers whether a second arena at the Etihad Campus will have an impact on any existing, committed and planned public and private investments in Manchester City Centre.

As a guiding principle, the National Planning Practice Guidance (NPPG) sets out that impact should be assessed on a like-for-like basis in respect of that particular sector. The proposal is for a large arena, and therefore it is not considered that it would have potential to impact on existing, committed and planned investments in the catchment where these are located outside of Manchester City Centre, as these would not compete directly given the different nature of the offer to a large arena.

For the reasons described elsewhere in this note, the ancillary retail, food and beverage offer is not of a scale that requires separate impact assessment and would in fact generate beneficial impact to the city centre.

Therefore, the investments tested are limited to major leisure destinations within the City Centre only.

*Table 2 Consideration of Existing, Committed and Planned Investments in Manchester*

| Investment                            | Status   | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Factory Manchester</b>             | Existing | <p>The Factory is a £110 million theatre and arts venue currently under construction and due to open in 2021. It will be the permanent home of the Manchester International Festival and includes a 1,600 capacity auditorium and a larger 5,000 capacity space - the warehouse.</p> <p>The Factory's focus on theatre and the arts, means that the proposed arena will be complementary and will not impact on this existing investment in the City.</p>                                                                                                                                                                                                                                                                                                                  |
| <b>Manchester Arena Refurbishment</b> | Planned  | <p>Manchester Arena announced a proposed refurbishment of its facility in 2019, which includes proposals to widen and strengthen the food and beverage offer, which will be similar to the scale proposed as part of the new arena. As described elsewhere in this note, the proposals are in outline form and have yet to be tested in a commercial and planning context, particularly in light of the stagnant growth position that the summarised representation suggests to 2035. No timescales have been provided as to when the concept proposals would be taken forward to the next stage of planning.</p> <p>As described in the planning application and this response, two arenas in Manchester can coexist and thrive. In addition, this planned investment</p> |

| Investment            | Status             | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       |                    | <p>was announced in the context of OVG Manchester’s proposals being within the public domain.</p> <p>The market case evidence illustrates that the introduction of a second arena in a city or catchment has stimulated investment in the existing arena and that arenas have adapted to a complementary offer either through market competition (Leeds / Sheffield) or through a common promoter being in place (Birmingham).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Depot Mayfield</b> | Existing           | <p>The Mayfield Depot is a temporary venue of 10,000 capacity consented for 5 years, as part of meanwhile uses designed to generate activity within the existing structures at Mayfield. It will be in operation only until the permanent regeneration of the historic depot comes forward – the temporary consent is due to expire in 2024, but it is possible that permanent proposals will commence prior to that, following the grant of Planning Permission for Phase 1 of Mayfield earlier in 2020. In addition, the Mayfield Depot caters to a different event offer than the proposed arena and, as such, the arena will not impact on this existing investment in the city.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>The Printworks</b> | Planned            | <p>A planning application was submitted in November 2019 for a £9m refurbishment of the Printworks, including work on the historic façade, the addition of digital signage and improved entrances. It was approved in February 2020; as yet, no works have commenced.</p> <p>It has been demonstrated that the proposed arena will provide a major boost to the City’s visitor economy and increase footfall, which will have a positive impact for food and beverage establishments, such as the Printworks, and will help to support their planned investment. See the additional work completed by ekosgen and Amion Consulting at Appendices A, C and D and described elsewhere in this response.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Great Northern</b> | Existing / Planned | <p>Great Northern is an existing major leisure destination within Manchester City Centre, incorporating a 16 screen multiplex cinema, casino, together with a range of leisure, food and beverage and retail uses, public realm and multi-storey car parking.</p> <p>In March 2018, planning permission and listed building consent was granted for Phase 1 of the Great Northern redevelopment, which would include conversion of the car parking located within the Great Northern Warehouse to residential use, together with new retail, food and beverage floorspace and upgraded public realm. The redevelopment has not yet commenced.</p> <p>In accordance with the endorsed Strategic Regeneration Framework for the site, later phases are likely to involve reconfiguration of the Leisurebox which includes the cinema, and delivery of new residential, office and leisure floorspace.</p> <p>The proposed arena would provide a different offer, which would not compete with either the existing or potential future leisure and retail uses at Great Northern. It has also been demonstrated that the proposed arena will provide a major boost for the City’s visitor economy and increase</p> |

| Investment                                                                                                 | Status   | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                            |          | <p>footfall, which will have a positive impact for food and beverage establishments like those at Great Northern.</p> <p>As such, it is not considered that the proposed arena would impact on existing or planned investment at Great Northern.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Manchester Central Convention Centre</b>                                                                | Existing | <p>Manchester Central Convention Centre is a venue in the City centre, which hosts events including corporate functions and large-scale conferences and exhibitions.</p> <p>The offer of the proposed arena, as a large arena, would differ considerably from the profile of events taking place at Manchester Central Convention Centre.</p> <p>As such, it is not considered that the proposed arena would impact the existing venue.</p>                                                                                                                                                                                                                                                              |
| <b>Other City Centre Music Venues, e.g. Apollo, Band on the Wall, Albert Hall, Warehouse Project, etc.</b> | Existing | <p>The City Centre is home to a number of existing music venues, which have a combination of programming throughout the year.</p> <p>The offer of the proposed arena, as a large arena, would differ considerably from the profile of events taking place at these venues, as would the capacity.</p> <p>The proposed arena will also provide a major boost for the City's visitor economy and increase footfall, which could also have a positive impact for other venues where there is potential for visitors to make longer visits to the City.</p> <p>As such, it is not considered that the proposed arena would impact the existing venues.</p>                                                   |
| <b>Other City Centre Cultural Venues, e.g. HOME, Everyman Cinema</b>                                       | Existing | <p>The City Centre is home to a number of existing arts and culture venues, which have a combination of arts, comedy, music, film, and theatre programming throughout the year.</p> <p>The offer of the proposed arena, as a large arena, would differ considerably from the profile of events taking place at these venues, as would the capacity.</p> <p>The proposed arena will also provide a major boost for the City's visitor economy and increase footfall, which could also have a positive impact for other venues where there is potential for visitors to make longer visits to the City.</p> <p>As such, it is not considered that the proposed arena would impact the existing venues.</p> |

In assessing the potential impacts on the investments identified, we have applied the following key considerations set out within the National Planning Practice Guidance:

- the policy status of the investment (i.e. whether it is outlined in the Development Plan);

- the progress made towards securing the investment (for example, if contracts are established); and,
- the extent to which the proposed arena is likely to undermine the planned developments or investment based on the effects on current/forecast turnovers, operator demand and investor confidence.

Based on the assessment above, a second arena at the Etihad Campus will not have an impact on any existing, committed and planned public and private investments decisions within the Regional Centre and hence accords with NPPF paragraph 89(a).

## Town centre vitality and viability

In order to fully qualify part (b) of NPPF paragraph 89, a detailed due diligence has been undertaken to identify the overall benefits to the city, taking into account the city's existing offer (Manchester Arena) and assessing the proposals against the key policies ensuring viability of town centres. Detailed studies to underpin this exercise have been prepared as set out below and no detailed and sound rebuttal of this evidence has been provided in the objections.

- A report (Market Assessment Volume 1) prepared by PwC, which looks at UK Arenas and the Manchester market, drawing on the latest available data and intelligence.
- Market Assessment Volume 2, prepared by ekosgen, which considers 3 future growth scenarios, based on conservative, realistic and ambitious assessments, and, then the distribution of that growth.

In addition, ekosgen has prepared a report, The Economic Impact of Two Arenas on Manchester, which considered the added value (net additional) impact of the proposed development on Manchester City Centre, as well as the City as a whole. This arises as a result of the additional visitors coming to the City, the encouragement for them to remain within the City, all in the context of the extensive linkages which exist and will be built upon between Eastlands and the City Centre. The economic spin off benefits to the City are likely to be considerable.

The analysis within each of these reports has been further evidence as robust through the additional demand analysis prepared by Amion Consulting which is summarised at Section 2 of this report and provided in full at Volume 2 Appendix C.

In addition to the above, a further exercise has been completed by ekosgen with input from OVG Manchester, which illustrates that the retail turnover of the ancillary retail floorspace associated with the proposed arena is minimal when compared to the significant City Centre retail turnover that would be generated by the proposals.

With ticket sales of 2.3 tickets in a single year, based on current attendances and the central growth scenario, (illustrative of the 2035 position), the two Manchester arenas will support:

1. Almost £57m of food and beverage expenditure, including a significant expenditure within the venues, matched by expenditure in the city centre.
2. 186,000 overnight visitors staying with friends and relatives and 558,000 overnight visitors staying in paid accommodation, generating 838,000 bednights for hotels and serviced accommodation (85% of which will be provided by city centre operators).

The scale and distribution of visitor expenditure is set out below.

| Audience Expenditure: Two Arenas and Growth Scenario 2 |                     |                |                |                 |
|--------------------------------------------------------|---------------------|----------------|----------------|-----------------|
|                                                        | Arenas              | City Centre    | Elsewhere      | Total           |
| F&B                                                    | £25.54m             | £25.16m        | £6.28m         | £56.98m         |
| Retail                                                 | £4.82m <sup>1</sup> | £28.33m        | £3.14m         | £36.29m         |
| Accommodation                                          |                     | £35.61m        | £6.29m         | £41.90m         |
| Transport <sup>2</sup>                                 | -                   | £6.09m         | £24.39m        | £30.48m         |
| <b>Total</b>                                           | <b>£30.36m</b>      | <b>£95.19m</b> | <b>£40.10m</b> | <b>£165.65m</b> |

<sup>1</sup> Specialist retail, including merchandise linked to performers.

<sup>2</sup> Including expenditure on trains, coaches and Metrolink

OVG Manchester's industry insights suggest that only 25% of average food and beverage spend at a large arena is related to ticketed people who arrive more than 30 minutes before the event starts. This spend, estimated at £3m, could be regarded as displaced from the city centre.

The overall impact of the proposed new arena on the City Centre is considerable, estimated at almost £95.19m in this analysis, with a major boost to the hotel sector and food and beverage businesses, doubling the large arena audience expenditure with city centre business.

The Audience Agency research, which shows that 70% of those showing interest in the proposed new arena stated that they would spend money on food or drink *before* the event at a place *other than the venue*, and 49% of those showing interest in the new arena stated that they would spend money on food or drink *after* the event at a place *other than the venue*, provides further evidence that substantial expenditure will take place outside of the proposed arena.

In simple terms, only a small proportion of Arena benefits are generated within the proposed arena (irrespective of location) with the major beneficiary of a second Arena at the Etihad Campus being city centre businesses in food and beverage, retail, hotels and serviced accommodation.

In effect, two Manchester arenas will generate a similar distribution of benefits, with venue food and beverage and specialist retail expenditure outweighed several times over by significant benefits for city centre businesses in food and beverage, retail, hotels and serviced accommodation.

This analysis has underscored OVG Manchester's decision to invest £350m in Manchester and provide the city with a next generation, state of the art arena, which matches the best in Europe and the US. It informs the overarching conclusion that there will be a significant positive impact on Manchester City Centre's vitality and viability, and the role that the centre plays with regards to local consumer choice (increased number and range of events within the city) and trade (additional visitor spend to support shops, restaurants, bars and the accommodation sector) in a two arena scenario.

As such, the Proposed Development is considered to be in accordance with NPPF paragraph 86(b).

Comment: There is no consideration of disaggregation of the very substantial A class use element of the proposal, which comprises 17,451sqm. Instead the sequential assessment only considers whether sites already provide, or are capable of providing, complementary uses as part of the wider arena development proposed. The proposed A class uses are evidently not all ancillary to the arena use, on the basis they would be operated on non-event days, and will form a destination in their own right. This given, the disaggregation of the A class element must be considered in the sequential assessment in order to demonstrate due flexibility, which has not been undertaken.

As clarified earlier in this note, the retail floorspace is ancillary to the proposed arena use and is an integral part of the arena offer; it is not designed to create a retail destination.

In accordance with established case law, there is no requirement to disaggregate the ancillary retail element in the sequential assessment.

# 6. Transport and Accessibility

A detailed response to the summarised transport assessment review is provided by Arup and Buro Happold at Volume 2 Appendix P; the following section outlines the key headlines of the response.

The site is located within the Regional Centre, which is the most important growth platform for an entire region. While the City Centre will remain a fundamental part of that growth story, it has not for some time, and is unlikely to be in the future, the exclusive and single contributor to the City Region's future success. In no different way than parts of Salford to the west have contributed to the Regional Centre's success, notably through Media City, so has parts of East Manchester. This is why the defined Regional Centre encompasses parts of Salford and East Manchester, including the Etihad Campus. This is primarily the result of the range of interventions by the public sector over a sustained period of years, including the substantial public transport improvements to link the Regional Centre together and different parts of Greater Manchester to the Regional Centre, including East Manchester and the City Centre. As a result, East Manchester is now an attractive place for people to live, work and to visit, making an increasingly important contribution to the growth of the wider City and the City Centre. The City Centre's future economic success is dependent on the growth of East Manchester; as is East Manchester's success linked to the future of the City Centre.

East Manchester generally, and the Etihad Campus in particular, is neither disconnected to, nor significantly distant from, the City Centre. The Campus is part of the Regional Centre; the transport system has a breadth and scale that already underpins the fullest range of activities to enable people to live, work and visit the Campus; it has capacity to absorb more activity over time. The cornerstone of the strategy for growth is about reducing the need for car travel, encouraging active travel, maximising public transport and accessibility by sustainable modes. It is also about promoting maximum utilisation of the City Centre as the City's principal transport hub, including public transport and car parking. It would not take significantly longer to walk from Piccadilly Rail Station (the City and Greater Manchester's main rail hub) to the Etihad Campus, as many people do now in a safe and progressively improving environment, as it does from Piccadilly Rail Station to the existing Manchester Arena.

Whilst it is clear from the information submitted with the planning application, and clarification set out within this response, that the statutory planning tests have been met for the proposed arena, it should also be noted that even though the site is out of centre, it is fundamentally a sustainable location that is supported through adopted Development Plan policy as an area of growth. It is well connected and accessible, and will ultimately be directly adjacent to the future city centre boundary, as development continues to come forward in accordance with planning policy, and supports the growth of sustainable neighbourhoods.

OVG Manchester accepts that there will be a small number of events in any one year at the Etihad Stadium and the proposed arena that will require effective operational planning, which is no different than what happens now in the City for certain events. It does not, however, believe that seeking to provide huge additional quantum of car parking (which is physically possible on the Campus) would be appropriate bearing in mind Manchester's strategic climate change and transport objectives. OVG Manchester has committed to fund the costs of extending and renewing the residential parking scheme for local residents to ensure their amenity is protected all year round.

Comment: Eastlands is a far less sustainable location than the city centre and regular events would have a significant adverse impact on public transport, highway capacity and parking, especially when combined with other events and matches at Etihad stadium.

East Manchester generally and the neighbourhoods near the Etihad Campus have had the benefit of three waves of investment. Beginning in 2002 with the legacy of the Commonwealth Games, with further investment around 2014, the Etihad Campus itself is now recognised as a leading sports ecosystem supporting hundreds of jobs. The latest phase of investment, which is just completing, has seen over 1,500 new homes and almost 30,000 sq. ft. of commercial space completed and occupied in Ancoats and New Islington, which have become desirable neighbourhoods where people want to live, work and visit.

This investment and development has created a significant and visible change in the functionality and connectivity of these neighbourhoods and underpinned a momentum of further development activity. Planned schemes include General Projects' commercial scheme at Pollard Street, adjacent to the New Islington Metrolink stop, with a planning application to be submitted in autumn 2020 for up to 250,000 sq. ft. supporting around 2,500 jobs.

Recent updates to the Ancoats & New Islington Neighbourhood Development Framework have set out development capacity for a further 1,500 new homes and another 30,000 sq. ft. approx. of commercial space in the Poland Street (Back of Ancoats) Zone and around 1m sq. ft. of employment space at the former Central Retail Park site, a 10.5 acre site now in the City Council's ownership providing a key strategic site for securing significant occupiers. These schemes will improve even further the connections and permeability of the link between Great Ancoats Street and the Etihad Campus itself, strengthening the existing walking and cycling routes with the addition of new active uses.

This transformation of the Etihad Campus and surrounding area since 2002 has been enabled by significant investment in transport infrastructure. This has been an essential component of the success of the area. This investment includes the extension of Metrolink to Ashton-under-Lyne and the provision of extensive on-site transport facilities to support access to the Etihad Campus via a range of transport modes and off-site highway works that have helped to forge ever stronger links between the Campus and neighbouring communities, with an increasingly diverse mix of employment, neighbouring residential offer and amenities.

This investment was intended not just to enable access to and from the Etihad Stadium, but to support the longer-term delivery of the Etihad Campus as a major leisure destination for the City Region and the associated regeneration of the surrounding areas.

It is clear that significant progress has been made in the regeneration of East Manchester since the Metrolink extension became operational. The wider area is now an attractive place to live and work, with a range of developments delivered or in advanced planning, helping to create vibrant neighbourhoods close to the City Centre, with even stronger connectivity and links through it to the Etihad Campus. There is an increasingly diverse mix of employment, residential and amenity provision in the area. It has been because of the leadership of the City Council, with the support of partners like City Football Group, that growth has been actively promoted to support public transport improvements.

At present, the benefits enabled by this transport infrastructure are only fully realised for a few hours on the limited number of days per year on which there is a match or other major event at the Stadium. At other times, this infrastructure is underutilised and has significant capacity.

The overarching transport strategy for the future development of the Campus, including the proposed arena, is to make better use of the existing transport infrastructure on a more frequent basis. Much of this links with, and relies on, the rail and car parking infrastructure within the city centre. Many people visit the Campus for a 'special occasion'. A large part of this experience is their interaction with the hotels, shops, bars and restaurants in the city centre. This is a fundamental principle upon which the sustainable transport strategy for the Etihad Campus is based.

This approach is fully supported by the Greater Manchester Transport Strategy 2040 produced by TfGM. With regards to new developments, this strategy recommends that they should:

- Make the best use of existing infrastructure, particularly through increasing the density of development close to public transport nodes;
- Be designed to encourage active travel;
- Maximise opportunities to provide additional public transport
- Reduce the need to travel by car, and the distance travelled; and
- Maximise accessibility by sustainable modes.

Strategies of this type and scale encourage sensible changes to travel behaviours. In recent years, visitors to large venues and attractions have started to support sustainable and active travel options. Attractions introduced into London in recent years, such as the O2 and the new Tottenham Hotspur stadium have demonstrated how these tools can work. In Manchester, the arrangements that now work so well for special events such as Parklife show that special operating plans, on occasions when event timings coincide, can be much more effective than making limited interventions to 'business as usual' arrangements and then expecting them to cope on the bigger days. Operational planning has been an important part of day to day Campus management, working with experienced Highways, Police and Transport contacts, for many years, starting with the Commonwealth Games where multiple events often took place within a single facility within one day.

As noted above, part of the overall strategy for new development at the Etihad Campus is to seek to make better use of the existing transport infrastructure that has been delivered over recent years. This particularly includes maximising the use of public transport infrastructure such as the Metrolink, bus and coach infrastructure both on and off-site. However, it is equally applicable to on-site car parking, as demonstrated in the commitment not to increase parking capacity on-site but rather to support shared-use of the extensive existing parking supply including within the city centre to encourage visitor spending in that location.

This includes not only the infrastructure within or immediately adjacent to the Etihad Campus, but also the infrastructure within the defined City Centre, including the rail stations and public multi-storey car parking, of which there is a significant quantum in the City Centre that would be available in the evening and weekend to support events. This is fully consistent with the objective to promote spending in the City Centre, at retail, food and beverage and hotel facilities.

The primary focus for any additional investment in transport infrastructure to serve the site should be on sustainable travel modes. Not everyone has a car or chooses to travel by car. Indeed, visitors do not now expect to be able to park next to the venue if they do travel by car. Accordingly, one of the key areas of mitigation proposed as part of the proposed arena is encouraging active travel. To enable this, visitors will require clear information and digital systems to support sensible travel planning choices. These choices are an integral part of transitioning to a net zero carbon economy – they will become an increasingly important part of transport planning and delivery, irrespective of the development of the Etihad Campus.

This mitigation would be delivered through infrastructure and management enhancements to the well-established and well-used walking routes between the city centre and the Etihad Campus: notably the Ashton New Road, City Link and Ashton Canal Towpath routes. Specific details of these improvements would be agreed with MCC as part of any consent. 240 additional cycle parking spaces will be provided to supplement the existing spaces at the Etihad Campus to encourage cycling. Improvements will also be made within the Etihad Campus to assist with the movement of pedestrians and the relief of congestion before and after events to reduce potential for conflicts between vehicles and pedestrians.

A Travel Plan will be implemented to support this strategy, building on the commitments set out within the Framework Travel Plan submitted with the planning application. The Travel Plan will promote sensible changes in travel behaviours, which will be supported by clear information and digital systems.

It is clear from what has been achieved for example at O2 London and Tottenham Hotspur's new stadium, as well as management of special events such as Parklife in Manchester, that this strategy can be successful in managing intensified activity in a sustainable manner.

Sensible journey planning is also a vital aspect of the transition to a zero carbon economy and will become an increasingly important part of travel planning and delivery of new development across Manchester.

The proposed development does not seek to provide additional on-site car parking and no off-site highway capacity interventions are proposed other than measures to help manage traffic flow onto and off the site. A commitment has been made by OVG Manchester to support the delivery of amendments to the RPZ surrounding the Etihad Campus, such that it is able to operate on all days and across an expanded geographic area. Through these measures, supported by a comprehensive communication and engagement strategy to influence travel

behaviours, the proposed development would discourage car trips and promote sustainable travel, helping to reduce the car mode share of visitors.

It is therefore concluded that the Etihad Campus is fundamentally a sustainable transport location that is well served by both Metrolink and frequent bus services. It already operates as such, with thousands of visitors regularly accessing the Stadium on foot and by public transport on match-days and for other events. The sustainability of the location will be further enhanced through the comprehensive package of mitigation proposed by OVG Manchester.

#### Comment: Impact on Co-incident Event Days

With regard to the potential impact to public transport and the local highway network when there are events at both the proposed arena and Etihad Stadium, it is noted that co-incident event days could be expected 10-15 times per year on average. Events at the proposed arena would be scheduled where possible to ensure that they do not coincide with events at the Etihad Stadium. This could help to reduce the number of co-incident event days further.

It should be noted, however, that should there be an event at both venues on the same day, it does not necessarily mean that arrivals or departures from the venues would be taking place concurrently. There are a range of potential event time combinations for the Stadium and the arena, the majority of which would result in little or no overlap between the arrival or departure of visitors to the two venues.

On the limited number of occasions that a Stadium match/event would be coincident with an event at the proposed Arena, additional transport interventions would be implemented through the delivery of a 'special event operational plan'.

As set out in the Transport Assessment, this would include the following:

- A comprehensive and targeted communication strategy to encourage attendees to use sustainable transport modes to access the Etihad Campus and not to drive to the area unless they have pre-booked parking.
- Additional public transport capacity before and after co-incident events (through enhanced Metrolink service operations and additional shuttle bus services).
- Additional levels of stewarding both on and off-site.

The specific arrangements for each co-incident event would be tailored based on the nature of the event, the start/end times of each event and the anticipated number (and demographic) of attendees. The Campus has well established procedures and processes in place to successfully plan, manage and operate events and activities at multiple venues within the Etihad Campus. By doing so, it operates as a collective destination rather than as individual components or uses. This has been successfully delivered for many years through close co-ordination and co-operation between a range of stakeholders including the football club, MCC, and TfGM. OVG Manchester has committed to be part of this process in the future.

The additional incremental impact of co-incident events on local residents on the limited occasions per annum that they will occur is therefore considered to be manageable. The staggering of event timings will mean that there is limited overlap between the arrival and departure of attendees. Special measures that will be employed at those times will ensure that any impacts are effectively managed.

Comment: There are physical limits to the capacity of the existing public transport options at Eastlands, which would be overrun at peak hours (for example, peak hour forecast demand for the Metro from a combined event is twice the capacity of the network), resulting in more customers walking from the city centre or driving.

As described above, the Etihad Campus is a sustainable location, not just in terms of public transport but also for walking and cycling, with a number of well-established routes that have, and will continue to, benefit from improvements and delivery of new active uses.

Opportunities to provide additional public transport capacity have been explored with TfGM to understand the potential for enhanced service operations before and after arena events at the Campus.

Based on these discussions, TfGM has confirmed that they would consider operating enhanced Metrolink services before and after an Arena event. Through discussions with TfGM it has been established that there are no technical reasons why enhanced services could not be operated, subject to demonstration that there is sufficient passenger demand and the availability of trams.

The potential to provide a shuttle bus service for events at the arena, similar to that provided for Stadium events, has also been explored with TfGM. It is considered that there would be potential interest from bus operators in providing such a service.

OVG Manchester has committed to work with TfGM to plan and promote enhanced Metrolink services and shuttle bus services between the venue and the city centre.

Comment: The walking route options are of mixed quality in terms of surfaces, crossing points and pavement widths and yet little mitigation is proposed.

It should be noted that pedestrians and cyclists will access and egress the proposed arena using three routes that are already in existence and effectively used by pedestrians and cyclists accessing the full range of facilities at the Etihad Campus.

In addition, a package of mitigation measures are also proposed to support the development of the arena. These measures are aimed at promoting sustainable travel and will be secured through the use of Planning Conditions and where necessary s106 Planning Obligations.

The proposed measures include improvements to existing walking route(s) between the City Centre (Great Ancoats Street) and the Etihad Campus, which will also be subject to stewarding and management along the route on event days, as follows:

### **Ashton New Road Route**

- Use paint, graphics and lighting on lamp posts to create markers which clearly designate routes, give information about walking distances and incentivise active travel.
- Locally reconfigure pavement / lane relationship at current pavement 'pinch point' adjacent to the existing railway bridge.
- Reinforce walking route markings and declutter the area where the route crosses Metrolink tracks.
- Install signage at Great Ancoats Street to better signal walking and cycling routes between the city centre and the Etihad Campus.
- Trim back low branches on trees along route to improve visibility below tree canopies. Actively support future maintenance in conjunction with relevant stakeholders.
- The above should be read in conjunction with the operational measures which include proposals for additional stewarding and management for certain events.

### **City Link Route**

- Use paint, graphics and lighting on lamp posts to create markers which clearly designate routes, give information about walking distances and incentivise active travel
- Install signage at Ashton New Road to better signal walking and cycling routes between the city centre and the Etihad Campus
- Install localised fencing, as necessary, to close off hiding places adjacent to bridge abutments
- Local repairs, as necessary, to existing side fences.

- Re-paint existing side fences.
- Art / Lighting improvements where route passes beneath railway bridges.
- Remove scrub / vegetation beneath existing trees to improve sightlines and attractiveness of route. Actively support future maintenance in conjunction with relevant stakeholders.
- Groundcover / wildflower planting beneath trees to improve ecology and attractiveness of route
- In consultation with TfGM, agree and implement a scheme of modifications to the existing Metrolink barriers on edge of City Square in order to visually open up City Link entrance from Campus.

### Ashton Canal Towpath Route

- Install cycle wheeling channel to side of existing steps between Joe Mercer Way and towpath in order to facilitate cycle accessibility
- Use paint, graphics and lighting on lamp posts to create markers which clearly designate routes, give information about walking distances and incentivise active travel
- Install signage at Great Ancoats Street to better signal walking and cycling routes between the city centre and the Etihad Campus
- Cut back scrub / vegetation at strategic points to improve sightlines and attractiveness of route. Actively support future maintenance in conjunction with relevant stakeholders
- Art / Lighting improvements where route passes beneath bridges.

In accordance with the overall Campus strategy, install 240 covered cycle spaces to supplement the existing spaces at the Campus.

Comment: Large crowds walking on narrow footways, canal towpaths or waiting for a train on the small platform at Ashburys (the closest station, which is inaccessible to customers with mobility issues), raise potential safety concerns.

As described earlier in this note, the three existing walking and cycling routes between the Campus and the city centre, and the public transport routes, are already well-utilised, including by those attending football and concerts at the Etihad Stadium (capacity of 55,000; on match days, approximately 40% (20,000) arrive by non-car modes).

There is no evidence of any safety concerns arising from this quantum of people accessing and egressing the Campus.

Whilst Ashburys Station is the closest rail station, there is also access to the Metrolink (via the Etihad stop) and Piccadilly rail station, which is a circa 25-30 minute walk from the site or accessible via Metrolink; both of these facilities are accessible to visitors with mobility issues.

Comment: Public transport capacity coupled with the time needed to walk from city centre transport hubs will result in a greater proportion of customers travelling by car, with associated increase in carbon emissions. The submitted Environmental Statement does not include emissions resulting from these transport movements in its analysis.

Buro Happold, authors of the Climate Change assessment, note that building scale climate change assessments do not typically include transport emissions, as a development can influence but not fully mitigate against these at this stage.

The scope of the climate change assessment undertaken for the Environmental Impact Assessment aligns with best practice guidance on whole life carbon assessments for buildings; Buro Happold are not aware of any precedent studies that include transport as part of a building scale assessment.

Whilst it is acknowledged that transport associated with any new development is a contributor to greenhouse gas emissions, the project focuses on a proportionate assessment guided by what can be realistically mitigated by the development through construction and operational actions within the control of the developer / operator.

The Climate Change chapter therefore acknowledges that there will be greenhouse gas emissions associated with transport activity arising from the proposed development, which will increase the overall emissions.

Mitigation of these impacts is proposed to be achieved through appropriate sustainable travel planning, referencing a range of measures detailed in the Travel Plan and Transport Assessment submitted in support of the planning application, which OVG Manchester has committed to implementing through an appropriate planning obligation.

The proposed measures are described fully within the submitted Travel Plan and Transport Assessment, and summarised in this response.

Comment: The restricted parking provision at the Etihad Campus means that parking for a significant number of cars (up to 5,000 on combined event days) will need to be absorbed in surrounding streets with resulting detrimental impacts for residents. To reduce impact on the immediate neighbours, the application proposes an extended controlled parking zone, but this pushes the impact into a wider and undefined area, with no clear indication of where customers will park and which routes they will therefore take to get to the site on foot. Moreover, the proposed CPZ is merely a replication of the exact same scheme proposed as part of the Etihad Stadium expansion and does not, therefore, represent a new mitigation proposal.

It is recognised that large events at the Etihad Campus need to be effectively managed to protect the amenity of local residents, particularly relating to on-street parking. It is for this reason that a resident parking scheme operates on Stadium match/event days.

The proposed development is anticipated to increase the frequency of events at the Etihad Campus. As such, it is anticipated that, once the proposed arena is operational, the Resident Parking Zone (RPZ) would need to change to operate seven days a week, bringing it in line with other resident parking schemes that are operated across the City. These other schemes typically operate on all days and allow only permit holders to park within designated times.

A commitment has been made by OVG Manchester to support Manchester City Council in the delivery of amendments to the existing RPZ surrounding the Etihad Campus, such that it is able to operate on all days and across an expanded geographic area. It is expected that this will use digital systems to improve the situation in an enlarged area surrounding the Campus. These systems will not only prevent Campus users parking in neighbouring residential street, but enable local residents to receive their own visitors more effectively. This will be a significant improvement over the system which is operational now.

The final details of any changes to the existing RPZ would be determined following further consultation with local Members and residents; the extensive pre-application consultation undertaken for the planning application has demonstrated that this is important to stakeholders and that they wish to see solutions that reflect their objectives rather than an imposed solution. OVG Manchester has committed to this process.

An expanded geographic area for the RPZ has been proposed, equating to an approximate 20-minute walking distance from a central point within the Etihad Campus. This would deliver a complete zone surrounding the Etihad Campus that non-permit holders know they cannot park within. This would provide a coherent scheme that would eliminate any gaps or inconsistencies that may exist within the current scheme and would provide a strong message to deter non-permit holders from attempting to find on-street parking close to the Etihad Campus.

As the current RPZ is considered sufficient (in planning terms) to mitigate the impacts of Stadium event parking, and as the proposed arena would attract much smaller numbers of people compared to the Stadium, it is considered that the proposed scheme (with its expanded geographical coverage) would be more than sufficient to mitigate the impacts of arena event parking.

On match-days when there is no event at the proposed arena, the expanded geographical area would provide greater protection to residential amenity than the current scheme.

It is proposed that the RPZ would operate on all days, even when there is no event at either the Stadium or the proposed arena. Residents within the proposed boundary of the scheme would therefore benefit from protection of amenity throughout the year and not just when major events are taking place (as is currently the case).

As described earlier in this note, improvements that are proposed on key walking and cycling routes: notably on the Ashton New Road, City Link and Ashton Canal Towpath routes would be permanent enhancements to walking infrastructure. These would provide a benefit to local residents to enhance the accessibility of walking within the community, and to and from the city centre.

Further enhancements to connectivity between the Etihad Campus and City Centre will also be delivered through new developments in and around Great Ancoats Street, including new homes, workspace, amenities and high quality public realm. Walking and cycling will become a much more important consideration in all new developments within the City; the identified (and already well-trodden) 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.

The overall supply of parking on the site would not be increased. The car parking that is available at the Etihad Campus, and its management will be considered in relation to the operational requirements as a whole and therefore availability will depend upon the number of events taking place at any one time. A maximum amount of up to 3,000 car parking spaces would be made available for the arena when only an arena event is taking place. Up to 500 spaces would be made available when an arena event runs in parallel with an event at the Etihad Stadium.

Car parking for arena visitors will primarily be made on a pre-booked basis only (to avoid the inevitable complications and delays of paying on the day) and only shortly before any event (due to the inherent flexibility in the football calendar at relatively short notice due to TV scheduling). Electronic messaging from point of sale will promote other sustainable travel options, which will help to encourage people to travel by sustainable modes.

Proposed changes to vehicle access and egress to the site for the proposed arena events could help to improve the traffic flow of vehicles within the immediate vicinity of the site. There is the potential for the football club to adopt similar measures for Stadium events should they wish, which could also enhance resident amenity on match days.

It is therefore concluded that the amenity of local residents will be protected at all times and actually improved on days when there are no arena events (including match days) through enhanced control regimes. Enhancements to walking routes would provide a permanent benefit to local communities.

Comment: There will be demand for taxis, particularly at the end of an event; the estimate is for over 1500 at the evening peak, yet it is not clear how taxis will be accommodated and the assessment refers to the rank on Rowsley Street, which accommodates only 10 taxis.

As set out within the Transport Assessment submitted with the planning application, managing vehicles that pick-up and drop-off at the Campus for arena events and days where there are coincident events on at the Campus will be a key part of the Operational Plan, which will be secured through an appropriate planning obligation. This will consider pick-up and drop-off by black cabs, private hire taxis including Uber vehicles and by private individuals.

It is proposed to extend the existing taxi rank along the full length of Rowsley Street and onto Philips Park Road. To improve the use of the bays and reduce potential for vehicle/pedestrian conflict, temporary traffic management measures could be implemented via a temporary traffic regulation order, to provide a one-way route along Rowsley Street and Philips Park Road. This would improve the efficiency of the pick-up and drop off operation, resulting in an 'airport-style' operation managed by traffic marshals. It would also work in conjunction with the temporary closure of Ashton New Road for major event days.

In this configuration space could be provided for approximately 70 vehicles in a managed parking facility along the kerbside. Assuming an average of two ticket holders travelling in each vehicle, this equates to space for 140 visitors at any one time. This is then multiplied as vehicles arrive and depart providing even more capacity.

In discussion with Manchester City Council and other interested stakeholders, a strategy would be developed to limit the impact of taxis and private hire vehicles plying for hire around the Campus, on residential streets and roads likely to be impacted by this activity. This would likely include setting up a 'geofence' around the Campus and neighbouring streets to create a virtual boundary so that apps would not be able to push their services in these areas.

Comment: The impact of additional traffic on the local highway network raises questions about methodology and data presented in the assessment, which does not analyse the impacts with enough rigour for the major scheme proposed. No assessment has been undertaken on the strategic road network, even though the North East quadrant of the M60 experiences congestion during match days and stadium events, to which arena events would be added. There is no analysis of combined events beyond the proposed arena and Etihad Stadium when, in reality, there would be regular combinations of both arenas and the potential for multiple events such as at Old Trafford, which are not considered.

The modelling and assessment work presented in the Transport Assessment and Transport Assessment Addendum is the product of a detailed scoping exercise undertaken with MCC and TfGM as part of pre-application discussions. Specific comments raised by MCC and TfGM relating to the modelling and assessment presented in these documents have been responded to by OVG Manchester as part of the application process.

Comment: The proposed mitigation relies heavily on travel demand management, seeking to influence travel behaviours to try and reduce the number of customers that will travel by car. But with limited alternative public transport travel options, this strategy can only have a limited effect.

The site is highly accessible by sustainable means of travel, being well served by a range of public transport modes, which includes Metrolink and multiple bus routes in close proximity to the site, additional shuttle buses available on major events and local rail at Ashburys Station.

In addition, to the west, Manchester Piccadilly station is approximately a 25 to 30-minute walk from the Site (or an 8-minute journey time via direct Metrolink services).

There are also a number of park and ride locations with direct connectivity to the site via public transport and the site is well served by walking and cycling routes, which connect to adjoining community areas, public transport nodes and the city centre.

#### Comment: Concurrent Evacuation Modelling

A comprehensive modelling and assessment process in respect of crowd flow and evacuation has been a fundamental element in the design evolution of the proposed arena, building on a comprehensive understanding of the existing function of the Etihad Campus. Summary material about the detailed technical work has been provided in the documents submitted with the planning application, including the Transport Assessment and Design and Access Statement.

In addition, crowd-flow and fire strategy reports contain the weight of the assessment work undertaken during design development for the proposed arena; in accordance with Manchester City Council's Validation Criteria, these were not required to be submitted as part of the planning application.

A detailed assessment of scenario definition has been undertaken and has informed the design process prior to submission of the planning application. The modelling and assessment undertaken has been on worst-case scenarios in terms of proposed arena loading and overlap with the operation of the Etihad Stadium.

All the crowd modelling work undertaken to date has been testing worst-case assumptions to ensure that the design is providing suitable robustness in terms of satisfying Planning and Building Regulations. OVG Manchester

will develop operational and management strategies that align to the modelling work undertaken and assess individual scenarios on an event by event basis.

Ensuring that appropriate management can be provided to ensure a smooth flow in and out of the proposed arena (as well as internal to the building) will be a critical component in attaining licensing approval to operate the building.

The design has also been subject to independent review by City Football Group as the operator of a neighbouring venue, who have employed an industry expert to review and feed into the design process.

In terms of emergency scenarios, the design of the proposed arena is based upon a fire and security strategy that has been developed as part of the design. Non-standard evacuation scenarios (e.g. terrorist related), particularly those impacting both venues, will be overseen by the Emergency Services.

# 7. Climate Change and Sustainability

The Proposed Development will promote sustainability and be at the forefront of energy efficiency and best practice low carbon design, and will target delivering the most sustainable UK arena and one of the most sustainable arenas in the world.

The proposals align with, and are fully supportive of, the impressive sustainability initiatives already in place on the Etihad Campus. This was most recently reflected in November 2019, when BBC Sport (working with United Nations-backed Sport Positive Summit) published research on the sustainability of all 20 Premier League clubs.

Manchester City Football Club were awarded joint 1st place in this study, scoring full marks across all criteria (one of only four clubs to do so).

As the Etihad Campus embarks on the next key phase of its amidst increasing public awareness of the climate and biodiversity crisis, it recognises the opportunity for it to play its full part in exemplifying sustainable development and aspires to be a pioneer for the whole of Manchester in pursuing its twin objective of realising locally-inclusive, globally-competitive economic growth, whilst simultaneously transforming to a net zero-carbon campus.

To guide this, The Campus Strategic Sustainability Framework has been produced by Hillbreak, which demonstrates how a place can transition towards a zero carbon economy. This strategic vision document outlines the over-arching direction for the development and stewardship of the Campus, and the key principles for embedding sustainability into every aspect of it. It is the lead sustainability framework document for the Campus, acting as an umbrella for all other strategies and proposals.

It should be noted that the Campus Strategic Sustainability Framework takes a holistic approach to sustainability, going beyond a narrow focus on climate change and waste, and encompassing how the Campus will continue to contribute towards the empowerment of local communities and sharing economic success with local people for example through commitment to employing local people. The document is an exemplar in the way that it sets out a blueprint for achievement of truly sustainable development.

As a potential Campus partner and a sustainably minded, conscious operator and developer, OVG Manchester has committed to adopting the vision and principles of the Campus Strategic Sustainability Framework and in turn has worked with an experienced technical team to develop a bespoke Sustainability Framework for assessment of the arena proposals. Manchester City Council's planning policies (dating back to 2012) have been acknowledged in this framework, but far more ambitious targets have been set with a view to transitioning to net zero carbon by 2038 in line with Manchester City Council's policy commitment.

The approach builds on the successful model that has been implemented at the Etihad Campus, and encompasses design, operation and place – helping to create a development that will be at the heart of local communities, supporting their on-going growth and prosperity. The site is ideally placed to maximise the benefit of the development for residents of East Manchester, enabling direct pathways to share in its success through these existing models and partnerships, in a way that other locations might not.

By using low carbon technologies and on site renewable energy together with energy efficient design, the Proposed Development is expected to surpass Part L (2013) by 33.8%, therefore providing a pass beyond Part L (2010) equivalent to 42.8%, 27.8% beyond the MCC target. Typical ranges for Manchester development in recent years have been between 0% and 10% and no other arena in the UK has achieved this level.

OVG Manchester will also seek to choose local partnerships, which have sustainability at their core and which will have a positive impact on the venue as well as the wider area.

Comment: An assessment to quantify the greenhouse gases (GHG) emitted as a result of the construction and operation of the proposed arena is included in the Environmental Statement; however, it does not include a calculation of emissions relating to travel by private car. For car movements, this amounts to an additional 236,117 to 355,001 tonnes of CO<sub>2</sub>e over the 60-year lifetime cycle, depending on the number of arena events.

Buro Happold, authors of the Climate Change chapter of the Environmental Statement have provided a response to the matters raised in the summarised representation.

Building scale climate change assessments do not typically include transport emissions, as a development can influence but not fully mitigate against these at this stage. Visitor behaviour and the regional transport network plays a significant role in mitigation of transport emissions, which is ultimately beyond the control of a development.

The scope of the climate change assessment undertaken for the Environmental Impact Assessment aligns with best practice guidance on whole life carbon assessments for buildings; Buro Happold is not aware of any precedent studies that include transport as part of a building scale assessment.

Whilst it is acknowledged that transport associated with any new development is a contributor to greenhouse gas emissions, the project focuses on a proportionate assessment guided by what can be realistically mitigated by the development through construction and operational actions within the control of the developer / operator.

The Climate Change chapter therefore acknowledges that there will be greenhouse gas emissions associated with transport activity arising from the proposed development, which will increase the overall emissions.

Mitigation of these impacts is proposed to be achieved through appropriate sustainable travel planning, referencing a range of measures detailed in the Travel Plan and Transport Assessment submitted in support of the planning application, which OVG Manchester has committed to implementing through an appropriate planning obligation.

These measures will include extensions to the existing Resident Parking Zone (RPZ), improved walking routes and cycling infrastructure, optimised access, egress and servicing arrangements and measures for enhancing, promoting and incentivising sustainable transport modes working in conjunction with TfGM and other partners within the Etihad Campus.

The implementation of the RPZ extension together with other sustainable transport mitigation measures can deliver a reduced car mode share for visitors to the arena. Car mode share for arena visitors could be some 12-15% lower on opening than that which is currently recorded at the Etihad Stadium. This is seen as an initial change, but a further downward shift could also occur as improvements are made to public transport, walking and cycling infrastructure across the city and the downward trend in car ownership and use.

It should also be noted that there would be a reduction in existing surface car parking provided on the Etihad Campus if the proposed arena became operational – from approximately 4,200 to 3,700 (the site itself currently accommodates 500 surface car parking spaces), which is also consistent with the objectives of the sustainable transport and travel behaviour strategies for the Campus and arena and with national and local sustainability policies.

A maximum amount of up to 3,000 car parking spaces would be made available for the arena when only an arena event is taking place. Up to 500 spaces would be made available when an arena event runs in parallel with an event at the Etihad Stadium. The extended RPZ would prevent informal on-street parking in the local area.

Comment: Proposed mitigation is identified as the opportunity to remove (as yet uninstalled) natural gas heating and cooking appliances and to provide a Travel Plan setting out measures to encourage sustainable transport.

As noted above, in respect of mitigation for potential greenhouse gas emissions arising from car trips, the project focuses on what can be mitigated by the development through construction and operational actions within the control of the developer / operator, including a range of commitments to sustainable travel planning that will be secured through planning obligation.

In addition, as set out in Section 6 of the Planning Statement, the Proposed Development will incorporate a range of measures to minimise carbon emissions and transition towards net zero carbon operation by 2038.

The Energy Statement sets out how the Proposed Development has actively sought to minimise energy requirements in the first instance through an energy efficient envelope (high performing insulation and detailing for good air tightness) and high efficiency building services systems. This ensures the building has an inherent low operational energy baseline.

To ensure the Proposed Development can continue to transition towards net zero carbon in operation by 2038 in line with Manchester City Council's commitments and policy requirements, the building services systems have been designed to operate predominantly on electricity to minimise on-site fossil fuel combustion and benefit from long-term grid decarbonisation.

A plan will be put in place to transition away from the gas-fired boilers for hot water and stair core heating; there is a commitment to phasing out gas by 2038.

The project team has already confirmed that gas will not be used in the main kitchens.

Given the large roof area (c.10,500 sq. m.), the proposals also include the application of photovoltaics on the roof (as detailed on the planning application drawings), which can be utilised by the day-to-day running of the building, transforming the building into a power generator and reducing its CO2 footprint in a sustainable manner.

Energy associated with unregulated uses such as equipment, catering and shows account for a significant part of the total energy usage. These will be monitored through an extensive metering strategy and a minimum 3-year Post Occupancy Evaluation (POE) programme to identify opportunities for continuous improvement and engagement with both staff, tours operators and audiences.

OVG Manchester is happy to secure the commitment to the POE through an appropriately worded planning condition.

## 8. Compliance with the Development Plan

Comment: Manchester City Council has not undertaken any forecast or assessment of need for additional arena capacity as a part of policy formulation for the 2012 Core Strategy or the more recently planned (but now withdrawn) 2019/2020 Eastlands Regeneration Framework (ERF). In support of the application, reports on market demand prepared by PwC and ekosgen have been submitted, which are considered to contain flaws that undermine the case.

The Manchester Core Strategy (2012) forms part of the Development Plan for Manchester; it sets out the long term strategic policies for Manchester's future development and forms the framework that planning applications will be assessed against.

The question of whether Manchester City Council has undertaken any forecast or assessment of need for additional arena capacity as a part of policy formulation is not relevant on the basis that the applicant has clearly asked the Local Planning Authority to consider the proposals on the basis of a robust market assessment for the proposed arena, based on the following documents as well as this representation:

- Market Assessment Volume 1, prepared by PwC, which looks at UK Arenas and the Manchester market, drawing on the latest available data and intelligence. Fundamentally the PwC report identifies consistent growth in the UK live entertainment market and recognises the role of new investment in driving market growth in the UK large arena market.
- Market Assessment Volume 2, prepared by ekosgen, which considers three future growth scenarios, based on conservative, realistic and ambitious assessments, and, then the distribution of that growth.
- In addition, a further report is provided with this submission (Volume 2 Appendix C) – prepared by Amion Consulting – which tests and validates ekosgen's conclusions based on a consumer survey (with a representative sample of the population living within a 90-minute drive of the proposed new arena) and a market capacity/penetration analysis.

For the reasons set out earlier in this response, it is considered that the Market Assessment presents a robust analysis of the market demand and need for a new arena in Manchester, of the scale and capacity of the arena proposed in the planning application, thereby providing an up-to-date assessment of need.

What is notable however, is the fact that Manchester Core Strategy and relevant Saved Policies of the UDP set out policies in support of the regeneration of East Manchester, including Sportcity and the Etihad Campus, as follows:

- Saved UDP Policy EM11, which identifies that development will be permitted including international sports' facilities and mixed use development, as part of a major focus for regeneration activity.
- Manchester Core Strategy Policy EC7 (Eastlands Strategic Employment Location), which identifies that the location is suitable for a major sports and leisure visitor destination of national significance with complementary commercial, retail and hotels.

These policies identify that the site is suitable for a leisure, recreation and entertainment visitor attraction of national significance.

Comment: Only limited weight can be attributed to Core Strategy Policy EC7, as the policies are not based on any objective assessment of need for the proposed development. The policy is silent as to the size of the proposed facility and it needs to be read alongside other policies including CC1, CC4 and C1, which clearly determine that the

focus for any new development must be the city centre. It is only if city centre sites are unsuitable that the Eastlands site might be considered appropriate, subject also to an impact assessment.

The relevant parts of the National Planning Policy Framework (NPPF), Development Plan and all material considerations have been considered in the preparation of the proposals; a detailed planning policy assessment is set out within Section 10 and Appendix 1 of the Planning Statement.

Within this the review, the NPPF has taken on greater relevance due to the age of the Core Strategy and its current review status.

Fundamentally, the planning policy assessment is based on the fact that the body of the Planning Statement has demonstrated that the principal tests, as set out in the NPPF and Core Strategy Policy C9 Out of Centre Development, for an out of centre proposal have been addressed.

The submitted sequential test demonstrates that there are no sequentially preferable sites that are either suitable or available. It further demonstrates that the Etihad Campus is the optimum location based on an assessment of alternative out of centre sites against appropriate criteria. This position has not changed following submission of the planning application, including in light of changed circumstances arising from the Covid 19 pandemic.

In addition, the proposals have been underpinned by a Market Assessment comprising work undertaken by PwC, ekosgen and Amion Consulting / The Audience Agency. This work clearly evidences Manchester's ability to support two arenas.

On this basis, there is considered to be no evidence of significant adverse impact on either town centre vitality and viability, or, investment, as considered in Paragraph 89 of the NPPF.

Indeed, as a two arena solution, it has been demonstrated that the proposals would deliver very significant added economic benefits both to the UK and Manchester economy and that the majority of visitor expenditure will benefit city centre businesses, again delivering very significant net value added benefits.

This latter point regarding city centre impact is further supported by the proximity of the site to the City Centre and the strong linkages via sustainable modes of transport, which already exist and are proposed to be strengthened via the application proposals.

Having satisfied these tests, it follows that the proposed development is also very much within the spirit of existing Development Plan Core Strategy Policy EC7 (and the prior saved UDP policy EM11), which identify the site as providing an opportunity for a leisure, recreation and entertainment visitor attraction of national significance.

Whilst it is recognised that in accordance with Manchester Core Strategy Policies CC1 and CC4, the city centre is the focus for new tourist, leisure and retail development, Policy EC7 also clearly establishes that Eastlands is a focus for a major sports and leisure visitor destination, with complementary commercial, retail and hotels, building on the long history of regeneration activity in this area that is supported by planning policy.

Manchester Core Strategy Policy EC1 Employment and Economic Growth in Manchester notes that:

*"...the Council will support other significant contributors to economic growth and productivity including health, education, retailing, cultural and tourism facilities, and other employment generating uses mainly in the City Centre and Eastlands in line with Policy C1." (Emphasis added).*

In accordance with Policy EC1, it is concluded that the Proposed Development will generate regeneration benefits for the City and the City-Region through employment and economic growth.

Policy C1 Centre Hierarchy identifies that "...development of town centre uses (as defined in national planning policy) will be prioritised in the centres identified in the policy, taking account of the different roles of the City Centre, District Centres and Local Centres."

In order to maintain the vitality and viability of its centres, the hierarchy is established as 1) Manchester City Centre – the focus for comparison retail and regional focus for commerce, culture, leisure and tourism; 2) District Centres – essential role in providing key services to the City’s neighbourhoods, including shopping, commercial, leisure, public and community functions; development in these centres should support the vitality and viability of other centres; and, 3) Local Centres – local needs for small scale retail and services. (Emphasis added).

Eastlands is defined as a District Centre within Policy C1 Centre Hierarchy.

The proposed development will also make an important contribution to the vitality of the city centre, and thereby positively contribute towards Manchester Core Strategy Policies C1, CC1 and CC4, for example through delivering following opportunities and benefits:

- Additional event capacity and range, increasing the number of events held in the city and ensuring the world’s entertainment and music acts are always able to perform in one of the world’s greatest cities.
- Increased visitor numbers and spending in the city, as demonstrated through the work completed by ekosgen and PwC.
- Create thousands of skilled jobs for the city’s population – both directly and indirectly.
- Significant investment in East Manchester, supporting the longstanding regeneration priorities and accelerating the regeneration journey across Eastlands, in line with Policy EC1 and EC7.

The analysis of the impact in terms of spend and job creation is presented earlier in this note.

Comment: The policy ‘support’ for an arena at Eastlands based on the 2019 ERF Update has been overplayed in the planning application; Manchester City Council has confirmed the document is not adopted and therefore it cannot be a material consideration in determining the planning application.

The Planning Statement submitted in support of the planning application is very clear in not applying any weight to the 2019 draft Eastlands Regeneration Framework in the overall assessment of the proposals against the Development Plan. It is referenced as a draft document, which is an update of earlier iterations of the Eastlands Regeneration Framework that have been endorsed by Manchester City Council, and information is provided about the objectives for East Manchester based on policy established in existing planning policy documents.

The Planning Statement states:

*“For clarification, the Eastlands Regeneration Framework sets out environmental, social, design and economic objectives which are relevant to the attainment of the regeneration of the East Manchester area which is supported by existing planning policy. It is not a planning policy document and it is not a site allocations document. As such this document has the status of a “Local Development Document” but not a “Development Plan Document” and should not be considered or viewed as formal planning policy, and does not set out a series of tests to be passed.”*

The proposals are tested against the requirements of the Development Plan and other material considerations, including relevant policies within the National Planning Policy Framework; this assessment is set out in Section 10 and Appendix 1 of the Planning Statement.

Comment: Eastlands is identified as one of four district centres in East Manchester through policy C4. Based on the retail assessment which underpinned the Core Strategy, the policy identifies that 5,000m<sup>2</sup> of new retail floorspace should be provided across the four centres over the 15 year plan period to 2027 (average 1,250m<sup>2</sup> each). This compares in scale with the retail content in the planning application, which proposes more than 10 times that amount (over 17,451m<sup>2</sup>) as a part of a single out-of-centre development at Eastlands.

The planning application references a quantum of ancillary retail floorspace as part of the overall primary arena use of the proposed development; within the Design and Access Statement and accommodation schedule this has been classified as 17,451 sq. m. within use classes A1 retail, A3 restaurant and café and A4 bar.

It should be clarified that this floorspace is primarily hospitality space (only accessible via pre-booked tickets) together with concessions and circulation areas required for ingress and egress from the performance area; there are no sit down bars or restaurants within the food and beverage offer.

This is illustrated on the Populous analysis at Volume 2 Appendix M, which annotate more clearly the function of these spaces and confirms the breakdown as follows:

- Hospitality – 6,652 sq. m.
- Food and beverage space, i.e. concessions and stands to purchase food and drink – 3,032 sq. m.
- Circulation, back-of-house, plant, etc. areas – 7,767 sq. m.

A proportion of the hospitality space may also be used on non-event days, for example on match days as an additional offer for those attending the Etihad Stadium, or part partners of the proposed arena or local community groups. It is proposed to capture this element of wider usage within the Section 106 agreement.

Within the food and beverage floorspace of 3,032 sq. m. stated above, the proposals include three potential kiosks on the canalside (Ashton Canal) of circa 176 sq. m. total and a kiosk to external podium of circa 47 sq. m., which could be operational on non-event and non-match days; this totals circa 223 sq. m. and is well below the 1,250 sq. m. stated for Eastlands District Centre in Policy C4.

This would provide a local, coffee shop type offer targeted at those visiting the Etihad Campus, users of the towpath and local residents, and help to increase activity and vibrancy along the towpath.

# Deloitte.

## Real Estate

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