

To: Nalin Seneviratne
Cc: Chris Robson, Chris Read

6th June 2006
From: John Ellis

Plymouth Arena: Situation Report (Rev A)

Following our recent discussion, I've set out below a summary of the current situation for the Arena, as we see it from our close involvement in recent appraisal studies.

1. The existing Arena does well in the venue market (events such as music, dance, sport, shows), but is unable to exploit the potential market for conferences. It is hampered by a lack of exhibition space, syndicate/meeting rooms, and catering facilities. For events, the principal requirement is for more break-out space, well served by bars and catering counters, to optimise audience spend.
2. If the Arena was removed to an edge-of-town site (eg Central Park), it would continue to service the venue market, but would not be attractive to the conference market. If the Arena was retained in Millbay, both the venue and conference markets could be satisfied, and the potential revenue for the City's hotels, restaurants and cafes would be considerably enhanced. A total figure of £10M per annum has been suggested, up from £7M at present.
3. The brief for an Arena to meet both the existing venue/events market, as well as the potential market for association conferences (which are attracted to Plymouth), adds up to just under 10,000m² of floorspace (ECf schedule 9868m², AFM proposal 9950m²). The cost to build this space as a new facility would be some £27.5M, excluding professional fees, FF&E and finance costs.
4. Design and technical studies commissioned by ECf, and undertaken by Acanthus Ferguson Mann and Davis Langdon, show that by retaining the existing Arena's wide-span auditorium, the new facilities could be provided for some £15.4M – a considerable saving. This assumes that the auditorium is completely stripped out and refitted, and also allows for the clearance of the Pavilions site and all external works.
5. A business case model by Capita Symonds for PCC/SWRDA, projects that the City's subvention for a reconstructed Arena would be significantly reduced from the current £1.6M a year. However, there is also further revenue potential from the conference and meeting facilities beyond the 90-100 days per year they are used in conjunction with the Arena auditorium. This potential needs to be quantified.
6. Further sources of either revenue or capital contributions exist from the development of residential, arts workspace, a hotel, and cafes/restaurants which would closely surround the new Arena. Assuming the areas indicated in Acanthus Ferguson Mann's study proposal, the potential value enhancement after deducting costs could be several million Pounds. This arises from both development profit and residual land value, and assumes 25% of the residential element to be affordable.

Plymouth Arena: Situation Report (Rev A)

6. (continued)

Although the residential, workspace and hotel could be sold to occupiers or investors, the restaurant/bar space would probably need to be franchised operations, since they are within the envelope of the Arena and accessible from its foyer space.

7. The economic benefits would be in addition to the development potential of the rest of the Pavilions site, where early calculations suggest a residual land value also of several million Pounds, dependant on the permitted uses and any Section 106 obligations.

8. The masterplanned sub-division of the Pavilions site into discrete urban blocks would allow the reconstruction of the Arena to take place at any time, to suit the availability of funding. In extreme circumstances, the existing Arena could stand alone without the pool and ice rink, so that Plymouth did not lose its events venue until reconstruction was imminent. The Pavilions management believe that a temporary closure period of 18 months would not damage Plymouth's position on the venue circuit.

9. If necessary to generate funds, the existing car park site could be developed immediately. Similarly, there is the possibility of developing a residential landmark at the City end of the Pavilions site, on land reclaimed from the existing roundabout, even before the pool and ice rink are moved elsewhere.

10. As a contributor of life, activity and vibrancy, a resurgent Arena would greatly contribute to the regeneration of Millbay and its links to the city centre. It could also be a significant attractor and destination across the South West. However, its greatest potential benefit would be to the economy of Plymouth, directly to the hotel and hospitality sector, and more widely to perceptions of the city as a great place to live, work and enjoy life.

ECf
6th June 2006

English Cities Fund
14th Floor
Bank House
8 Cherry Street
Birmingham B2 5AL
Telephone: 0121 632 4000
Fax: 0121 632 5579

www.englishcitiesfund.co.uk