

MULTI PURPOSE INDOOR ARENA: UPDATE

Purpose of the Report

1. Following a request by the relevant Cabinet Member at this Committee's meeting on 18 July 2017, Members have prioritised scrutiny of the work underway to develop a multi-purpose indoor arena in Cardiff. This report provides Members with background information, setting the context for an update on progress to be provided at Committee.

Background

2. Arenas are usually circular or oval shaped, with an open area surrounded by tiered seating to enable maximum visibility of the event being staged. Multi-purpose indoor arenas are designed to enable quick changes in layout and space utilisation to ensure they have many functions. Whilst primarily focused on sports and entertainment events, they can also be used for meetings, incentives¹, conventions and exhibitions (collectively abbreviated to MICE) and lifestyle events such as gala nights and wedding fayres.
3. Multi-purpose indoor arenas range in size and functionality, determined by the prevailing market conditions. In the U.K., most major cities have a combination of venues (such as conference centres, exhibition spaces, sporting stadia and halls) with at least one arena, as set out in the table over page:

¹ Incentives is the colloquial term used for incentive tourism, a type of employee reward by a company or institution for targets met or exceeded, or a job well done. Unlike the other types of MICE tourism, incentive tourism is usually conducted purely for entertainment, rather than professional or education purposes

City	Venue	Capacity
Aberdeen	<i>Proposed 2019</i>	12,500
Belfast	SSE Arena (1999)	10,000
Birmingham	Genting Arena (1980)	16,000
	Birmingham Arena (1991)	14,150
Bristol	<i>Proposed 2020</i>	12,000
Glasgow	SSE Arena (2013)	13,000
	Scottish Exhibition and Conference Centre (1985)	12,500
Edinburgh	Royal Highland Centre (1980)	12,000
Leeds	First Direct Arena (2013)	13,500
Liverpool	Echo Arena (2013)	11,000
London	4 arenas (Copper Box, Olympia, O ₂ and SSE)	47,500 across 4 venues
Manchester	Manchester Central (1986)	12,500
	Manchester Arena (1995)	21,000
Newcastle	Metro Radio (1995)	11,000
Nottingham	Motorpoint Arena (2000)	10,800
Sheffield	Sheffield Arena (1991)	13,500

4. Currently, the only arena in Wales is the Motorpoint Arena in Cardiff, with a seating capacity of circa 5,000. A 3,500 capacity arena is planned for Swansea in 2018/19, and a 5,000 capacity Convention Centre Wales is currently under construction at Celtic Manor, Newport, due to open in 2019.

Cardiff

5. Cardiff has a number of venues with varying capacity, ranging from larger venues such as the Principality Stadium (c. 74,000) to smaller venues such as the Motorpoint Arena (c. 5,000) St David's Hall (c. 2,000) and Wales Millennium Centre (c. 1,500). However, *'it lacks an appropriate facility to attract many of the premium UK entertainment events and the mobile international entertainment and sporting events attracted to the UK. Competition for these events is increasing across the UK and ... If Cardiff wants to maintain its capital city status and its*

*position as the primary regional centre for major events it will need to respond to the market and provide a bigger and better facility in the city.*²

6. The Corporate Plan 2013 – 2017 identified the delivery of an indoor arena as key to developing and attracting high value business activity in Cardiff. In September 2013, Cabinet approved a recommendation to issue a Prior Information Notice (PIN) to *‘assess market interest in a project to design, fund, construct and operate a Convention Centre, associated exhibition space and a multi-purpose arena.*³
7. On 29 January 2014, a report to Cabinet highlighted that the PIN responses demonstrated *‘significant market confidence that Cardiff has the potential to be a very successful conference and arena destination.’*⁴ At that meeting, Cabinet approved recommendations to delegate authority to the Chief Executive in consultation with the relevant Cabinet Member, section 151 officer and the County Solicitor to undertake and conclude procurement of a multi-purpose arena and to secure control of the Council’s preferred site for the arena, with a report back to Cabinet before legal contracts were signed.
8. The multi- purpose indoor arena project was included as a work stream in the Council’s Organisational Development Programme, which identified the following key delivery stages:
 - i. Agree a procurement strategy for the delivery of the Multi-purpose arena.
 - ii. Secure the preferred site for the Multi-purpose arena
 - iii. Initiate relevant OJEU procurements relating to the delivery of the Multipurpose arena
 - iv. Submit an outline planning application for site master-plan
 - v. Appoint a preferred delivery partner
 - vi. Submit a detailed planning application for the Multi-purpose arena
 - vii. Finalise contract negotiations for the delivery of the arena
 - viii. Commence development of the Multi-purpose arena
 - ix. Complete development of the Multi-purpose arena

² Report to Cabinet 12 September 2013 ‘International Convention Centre, Exhibition Centre and Multi-Purpose Indoor Arena available at: <http://cardiff.moderngov.co.uk>

³ As above

⁴ Report to Cabinet 29 January 2014 ‘Major Project Update – Multi-Purpose Arena’ available at: <http://cardiff.moderngov.co.uk>

9. Capital Ambition, this administration's five-year plan for the city, contains the following commitment:

'Prioritise the delivery of a new Multi-Purpose Indoor Arena in the best possible location to ensure it can attract the premier national and international events.'

Proposals for Multi-Purpose Indoor Arena

10. The report to Cabinet 29 January 2014 highlighted the following as issues to be resolved to deliver a multi-purpose indoor arena:

- i. Siting, Location and Access
- ii. Specification
- iii. Funding
- iv. Operation.

11. In terms of siting, location and access, feedback from developers and operators indicated the need to be located near to hotels, parking, city centre infrastructure, and transport nodes, including regional links such as those to be provided by the Metro project.

12. The report to Cabinet 29 January 2014 proposed that the multi-purpose indoor arena project include a 12,000-seat horseshoe shaped bowl configuration Indoor Arena, 1,500 seat conference auditoria, meeting rooms and circa 8,000 square metres of exhibition space. However, the specification for the combined elements of a multi-purpose arena remain provisional, in order that they can be adjusted to reflect current market conditions and trends, operational viability and build costs.

13. Recent market research, undertaken by The Right Solution Ltd (venue and conference industry experts), highlights the following emerging trends for conference venues:

- The age of attendees at meetings has changed in recent years, as people are living and working longer; nowadays, attendees at meetings are potentially people from 16 to 90 plus. This has implications for the design

of facilities, the services delivered and how best to market to target customers.

- Whilst cost, budget and value are cited as the biggest factors in choosing locations, up to 75% of organisers are looking for 'added value items' – what this means varies for every organiser so it is key venues negotiate with organisers to understand what matters to them. To gain competitive advantage, venues need to provide more interactive communication, cabaret style meetings, breakout sessions and less formal meetings.
- Venues need to offer a flexible range of options and be able to react quickly to changing needs, to ensure they attract and hold market share, providing luxury to those who want it and lowest cost to those who require that.⁵

14. In terms of delivery and procurement, the precise procurement approach remains to be determined but is likely to be either a Design and Build, Design, Build, Fund and Operate or a hybrid of these two approaches.

15. The Welsh Government Economy Minister, Ken Skates AM, was recently quoted in a BBC article as saying that a 15,000 capacity multi-purpose arena in Cardiff is "*crucially important*"⁶ for Wales to ensure south Wales can compete with other areas of the U.K. The BBC articles cites the following as events the Welsh Government's major events team would like an arena to be capable of staging:

- i. BBC Sports Personality of the Year
- ii. Gymnastics Championships
- iii. Boxing matches
- iv. Music concerts
- v. Commonwealth Games events

⁵ Extracts taken from <http://www.rightsolution.co.uk/projects/emerging-trends-conference-venues/>

⁶ BBC Wales News 17 June 2017 available at: <http://www.bbc.co.uk/news/uk-wales-40244568>

Way Forward

16. The Cabinet Member (Investment and Development) will be invited to make a statement and will make a presentation. He will be supported by the Director of Economic Development and the Head of Major Projects.

Legal Implications

17. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information presented in this report and the information presented at the meeting, and
- ii) Determine any comments, observations or recommendations to the Cabinet.

DAVINA FIORE

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29 September 2017