

REPORT OF THE OSM BOARD TO CABINET RE THE ARENA VFM STUDY OUTCOMES

1. KEY CONCLUSIONS AND COMMENTS TO CABINET AS SUMMARISED BY THE CHAIR, COUNCILLOR GOLLOP

There appears to be a fair degree of consensus amongst members and across parties. We see that the proposed Arena at Temple Meads is a fully developed project that is ready to start, and that the alternative proposal is very much at its early stages.

We see that KPMG indicate that the potential benefits are greater from the alternative site and alternative use for Arena Island, but KPMG also state that the risks attached to the alternative projects have not been quantified and that has to be considered by the Mayor in making his decision.

We sense that officers favour the Filton proposal. Whilst we understand that in that scenario YTL take the project risk, Members also see that they are the main beneficiary of the significant infrastructure investment.

It is the considered view of OSM members that;

- *The existing Arena figures are cautious*
- *The Brabazon Arena figures are optimistic*
- *Insufficient attention had been paid to social value in concentrating purely on value for money*
- *Environmental impact has been ignored in terms of the Filton proposal*
- *An arena for all of Bristol requires accessibility for all and that case is not proven at Filton*
- *The Arena Island proposal is close to being “shovel ready”*
- *The needs for planning, traffic planning and infrastructure at Filton mean the time line is much longer than the Temple Meads proposal*
- *It is disappointing that the only invitee who did not accept our invitation is the Mayor of Bristol. I urge the Mayor to meet with the OSM party leads to discuss our report before concluding his decision*
- *The sale of the land for the university campus at Temple Meads has damaged the economic case for the Arena. The site is now smaller and there is reduced opportunity to boost the economy of the area, part of which forms one of Bristol’s most deprived wards.*
- *Members were encouraged by YTL’s vision for the Filton site, however, there were many details still to be confirmed as the scheme is only at an outline stage. In particular the major caveats in relation to planning permission (the sequential test) and the delivery of essential transport infrastructure.*
- *The delayed publication of Value for Money reports created unnecessary pressures on officers and scrutiny to complete their work*
- *There is little or no time for the Mayor to take note of the views of scrutiny before his decision is published on Monday*

Members are finding it hard to understand how the Filton project with so much uncertainty can be compared with the detailed information available at Temple Meads and are concerned that choosing Filton will delay the arena for many more years (and risk that it could be stopped by YTL at any time with no ability to influence by the City Council).

One of the biggest concerns from Members was the imminent planning decision on Cribbs Causeway. Members are concerned that relocating the arena to Filton could signal the demise of Broadmead for retail and leisure and the transfer of trade to South Gloucestershire.

Whilst not a unanimous view, 10 out of 11 Members of the Board agreed on the substantive issue that Arena Island is the only viable option for Bristol's arena.

In conclusion I quote from the last paragraph of KPMG's 3rd Report

- 1. 'There is considerable difference in the stage of development of the plans for the propositions and the details on which the assessments are based. In comparison to the Filton Arena development, the Temple Island Arena is a well-developed project and as a result could be considered, at this point in time, to be more deliverable.'***

On behalf of the members of OSM, can I particularly thank;

- Colin Molton and his team for their detailed work, the speedy response to detailed questions and the way they have approached this series of meetings*
- Denise Murray and Chris Holme for their independence and professionalism*
- Lucy Fleming and the scrutiny team for keeping us going and for ensuring the webcast worked and all the behind the scenes support*
- KPMG for a robust response to our questions*
- Representatives of Buckingham, Arena Island and YTL for attending and answering our questions*
- The media and members of the public in the gallery or watching on the internet and other members of Council for showing such interest in this critical issue*

Background

1. The Mayor's forward plan, as published on 4 June 2018, advised that a key decision would be considered at Cabinet on 3 July 2018 regarding the Arena. In terms of detail, the forward plan stated that the Cabinet would consider an "Update on Bristol Arena." The Cabinet report is due to be published on 25 June 2018.
2. In April 2017, Bristol City Council commissioned a value for money review of the proposed arena project in Temple Quarter. This review was later expanded to include a potential alternative site in the north of the city and a potential alternative development scheme at the Temple Quarter site.
3. In advance of the 3 July Cabinet meeting, OSM has met to review the following specific documents resulting from the commissioned VFM review:
 - a. KPMG report - Bristol Arena Value for Money (VFM) Assessment summary conclusions.
 - b. KPMG report - Temple Island Arena VFM Assessment.
 - c. KPMG report - Assessment of alternative development plans for the Temple Island site.
 - d. KPMG report - Assessment of alternative plans for an arena in Bristol.
 - e. KPMG report – Temple Island Arena VFM assessment – background document – redacted version.

The above documents can be viewed at this link:

<https://democracy.bristol.gov.uk/ieListDocuments.aspx?CId=165&MId=3205>

Note: OSM Board members were also (under the Council's managed access to exempt documents procedure) given access to the un-redacted version of the document referred to in e. above, which contained some commercially sensitive information.

4. OSM received a number of statements and questions as part of the public forum arrangements. The statements from Arena Island Limited, Buckingham Group are appended at Appendix A. The questions and replies can be found at Appendix B.

Structure of OSM Board Meetings to Review the Arena VFM Study Outcomes

An overview of each session is set out below, including a summary of key points at the conclusion of each session which OSM Board members agreed should be considered in formulating their report to Cabinet.

All 3 sessions were webcast and the discussion can be accessed in full from this link:

<https://www.youtube.com/channel/UChYwQT6nK-mPU3K8bYsZ17g>

Due to the extensive detail that needed to be considered, the OSM Board's scrutiny of these reports took place over 3 structured sessions:

1. Session 1: 4.15 – 7.00 pm, 18 June 2018

- At this first session, the Board received 16 public statements. These are set out at Appendix A. Those present were invited to present their statements to the Board.
- The Board also received a wide range of questions that had been submitted, from both members of the public and councillors.
- The Board was collectively impressed by the quality of the statements and questions received, noting that these were invaluable in assisting OSM with their interrogation of the VFM study outcomes.
- Over the course of the session, extensive time was taken in allowing questioners, OSM members and other councillors to hear verbal replies to questions. Depending on the nature of questions, replies were given as appropriate by KPMG representatives, the BCC Arena team, or the BCC Finance and Legal Directors. A very full opportunity was given for supplementary questions to be asked.

2. Session 2: 4.00 – 7.00 pm, 20 June 2018

At this second session, the Board focused on:

- Alternative proposals for the Temple Meads site.
- Further questions to KPMG and officers.
- Questions to the contractor, Buckingham Group, with particular reference to the statement submitted by Buckingham Group.

3. Session 3: 10.00 am – 1.00 pm, 22 June 2018

At this third session, the Board focused on:

- Questions to the operator, Arena Island Limited, with particular reference to the statement submitted by Arena Island Limited.
- Questions to YTL

Summary of Additional Comments Raised Over All Three Sessions;

- The location of the Arena was a strategic decision with long term and wide reaching implications for the city.
- Further delaying the scheme will put the costs up again and potentially bring reputational risk to the Council.
- Concern that if the Arena Island site was halted the negotiating position of the Council regarding any future schemes could be compromised.
- A firm proposal (Arena Island) was being compared with two high level estimates (Brabazon and the mixed use of Arena Island). Risk criteria – it is easier to measure risk on a well-developed proposal; it is more difficult to do this on high level proposals.
- There are concerns about no clear answers being available to explain why the cost of the Arena Island proposal is higher.
- The LEP funding situation and the position / requirements regarding the reallocation of £53m LEP funding that would need to be followed if a decision was taken to halt the Arena Island project and support the Brabazon option. Specifically, Members wanted assurances that the funding could be transferred to the Filton site.
- Leakage figure regarding benefits to north Bristol / South Gloucestershire – is this figure right? Is there potential for more leakage to South Gloucestershire given the site is virtually on the boundary between the two authority areas?
- The wider “catalytic” economic impact of either site is not fully measured.
- The building of an arena at Filton will add value to the YTL site, but not so in the case of the building of an arena at the Arena Island site (given the sale of land for the University of Bristol campus).
- That situating the Arena at Filton, in the north of the city, would result in further disadvantage to the residents of south Bristol in terms of access to employment and culture as well as the general potential benefits from regeneration.
- Both KMPG and officers confirmed that building the Arena at Arena Island would not impact on the Council’s wider revenue budget.
- The Arena Island site was anticipated to be completed by 2020, but it would be at least 2022 until an Arena could be provided at Filton.
- The operators of the Arena Island site had offered to make further savings to their offer.
- YTL would take all of the building risks at the Filton site but they would fall to the City Council at the Arena Island site.
- Queries were raised about some of the data underpinning the modelling. Members were also interested to know if other modelling could be carried out, without involving significant cost?
- There were comments about the alternative development for Arena Island being a potentially ‘bland’, generic, mixed use scheme.
- There was concern about not always receiving objective advice in response to questions asked of some officers.

- It was confirmed by KPMG that the GVA had not been risk adjusted on the Filton site.
- It was felt that the sale of land to the university could be interpreted as a missed opportunity in terms of mixed use being developed around the Arena Island proposal.
- The importance of social housing in the city centre was recognised.
- Buckingham Group (contractor for the project) are committed to identifying further value engineering cost reductions against the target costs. The existing Arena figures seem to be too cautious.
- Concerns were raised about the terms of reference for the VFM Reports being too narrow.
- It is noted that Buckingham Group have a tool for undertaking a social value assessment – undertaking such an assessment should be considered (it is noted that KPMG were not in a position at this meeting to be able to offer any comment on this methodology).
- Further information should be circulated about other projects delivered by Buckingham Group, i.e. including evidence of previous completed projects and timelines.
- There appeared to be optimism bias in a range of areas in relation to the Filton arena proposal – for example regarding delivery of any railway infrastructure and attendance figures.
- Members thought a conference facility could be provided as part of the Arena Island development, as often found elsewhere.
- A series of meetings were necessarily being held to respond to these reports at very short notice - the lead-in time for this is too short; the substantive reports were not published until 10.00 pm on 11 June – the people of Bristol have not had a proper opportunity to be here and participate.
- OSM has been waiting a long time for these reports – the Chair previously submitted comments to Cabinet on behalf of OSM asking for this information – but the report was only available at the “last minute”. The effective scrutiny of such reports requires sufficient time for questions to be asked and written responses given - the process had necessarily been truncated.

Appendix A – Statements from Arena Island Ltd, Buckingham Group and YTL

Appendix B – Questions and Answers