



Public Inquiry into application for a mixed use development including a new football stadium, retail, residential and leisure uses on land in Kirkby

Proof of Evidence of Robert Elstone Everton Football Club Company Limited

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ABBREVIATIONS USED IN THIS DOCUMENT

BBL	British Basketball League
c.	Circa
CAGR	Compound annual growth rate
The Championship	The second tier in English Professional Football and the top division in the English Football League
EBITDA	Earnings before interest, tax, depreciation and amortisation
EITC	Everton In The Community
Everton" or the Club	Everton Football Club Company Limited
FA	The Football Association
The Football League or FL	The second, third and fourth tiers in English Professional Football
Green Guide	Department for Culture, Media and Sports Guide to Safety at Sports Grounds
KMBC	Knowsley Metropolitan Borough Council
£m	£ million
LDF	Local Development Framework
League 1	The second division in the English Football League
League 2	The third division in the English Football League
Net Debt	The sum of total short and long term debt less cash and cash equivalents
Operating profit/ (loss)	Operating profit before amortisation, and sale proceeds, of player registrations
The Premier League	The top division in English Professional Football
UEFA	The Union of European Football Associations

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QUALIFICATIONS AND SCOPE OF EVIDENCE

Qualifications

1.1 I, Robert Elstone, am the Acting Chief Executive of Everton Football Club.

1.2 I joined Everton Football Club as Deputy Chief Executive Officer in June 2005. As the Deputy Chief Executive Officer, I was responsible for developing an efficient organisational structure, securing and empowering a strong management team, ensuring appropriate levels of financial reporting and accountability, delivering commercial growth, principally via filling the stadium at higher yields and securing new sponsors. I recently successfully negotiated the Club's record shirt sponsorship agreement with Chang.

1.3 Following the resignation of Keith Wyness in early August 2008 I became the Acting Chief Executive Office of Everton Football Club taking responsibility for all management, financial and operational issues as well as liaising on a daily basis with the Board of Directors. To a small extent, I have been involved in the Club's discussions on the Kirkby proposals over the last two years but have now assumed full responsibility for the scheme including defining the stadium specification, costs, funding streams and the business plan. I have also been closely involved in the preparation for the call-in inquiry.

1.4 Prior to joining Everton Football Club, I was a Director of the Deloitte Sports Business Group – a dedicated team of full-time sports business consulting specialists. The Sports Business Group at Deloitte has wide experience in the commercial and business development aspects of sports venues (in football, horseracing, rugby union and a number of other sports) and has acted for a range of interested parties including local authorities, agencies, funders, governing bodies and clubs on the business planning of new stadium developments, arenas and other facilities. The specialist skills applied included the review and financial appraisal of sports organisations, stadia and other venues/facilities and events – and the related business plans – as well as the understanding of how the supporting businesses such as catering, corporate hospitality, commercial rights and non-event day business work.

1.5 My previous experience has also included time spent as the Head of Football Business Affairs at Sky Sports which I joined in 2000. In this role, I sought to exploit the commercial and media rights acquired by BSkyB, along with equity, at Chelsea, Leeds United, Manchester City and Sunderland. Prior to this I was the Executive Assistant at the Rugby Football League.

1.6 I trained and qualified as a Chartered Accountant with Touche Ross in 1988.

Scope of evidence

1.7 Everton Football Club is fully committed to the Destination Kirkby project and my evidence covers the following areas:

1.7.1 In Section 2, I set out the extensive history of Everton Football Club as a founding member of the Football League in 1888, and the Premier League in 1992, sustained periods of success, the special nature of the “People’s Club” and the pioneering development of Goodison Park Stadium (Goodison Park) up to the early 1990’s.

1.7.2 In Section 3, I have set out a brief description of the major factors contributing to the changing landscape of English club football. I explain how the establishment of the Premier League in 1992/93 has been the catalyst for positive change in football. Where appropriate, I position Everton’s recent financial performance in the context of the overall Premier League.

1.7.3 In Section 4, I explain how Goodison Park has been left behind due to the unprecedented investment in stadia made by its competitor clubs, and why the Club has been unable to match this investment.

1.7.4 In Section 5, I outline Goodison Park’s operational deficiencies including its lack of capacity and poor facilities.

1.7.5 In Section 6, I explain how the operational deficiencies place the Club at a significant competitive disadvantage to other Premier League clubs, through lower revenues and high costs, and risks the Club’s continuing status as one of England’s elite clubs.

1.7.6 In Section 7, I set out the Club’s, pre Kirkby, unsuccessful prolonged search for a solution to the stadium problem including the reasons why the redevelopment of Goodison Park is not feasible.

1.7.7 In Section 8, I discuss how the new stadium project at Kirkby arose and was developed, including the cost of the stadium, how the Club will fund its contribution and the unique opportunity it provides to the Club to re-align its business and continue to compete in the Premier League.

1.7.8 In Section 9, I explain how the new stadium at Kirkby satisfies the Club’s demanding set of new stadium development criteria.

1.7.9 In Section 10, I outline the substantial regeneration benefits the Club’s move to Kirkby will bring, as part of the overall Destination Kirkby Project, including the Club’s extensive community activities.

1.7.10 In Section 11, I set out how the Club will invest in Walton on an ongoing basis to retain the support of our current neighbourhood.

1.7.11 In Section 12, I summarise the implications for the Club if the Project fails.

1.7.12 In Section 13, I conclude that this project is essential for the future financial health and competitiveness of the Club and its supporters.

1.8 My evidence is supplemented by additional proofs from:

- Chris Potts of Savills who has been our principal advisor on the stadium site search over some 7 years, and
- David Keirle of KSS Design, who deals with the “stadium design and spectator experience”.

1.9 The Appendices referred to in the text are contained in a separate document.

HISTORY OF EVERTON FOOTBALL CLUB AND GOODISON PARK STADIUM - 1878 TO 2008

2.1 In this section, I briefly set out the key events in the history of Everton Football Club, its sustained periods of success, the special nature of the “People’s Club” and the pioneering development of Goodison Park Stadium (Goodison Park) up to the early 1990’s. A more detailed discussion of these subjects is set out in Appendix 1.

Club History

2.2 Everton Football Club was founded in 1878 and was one of the 12 founding members of the Football League which was established in 1888.

2.3 The Club is one of the top five most successful English clubs, having won the League Championship nine times, FA Cup five times and the UEFA Cup Winners Cup once. The Club has been in the top division of English football for over 100 years, and has been in the top league for 54 consecutive years since 1954, a continuous run second only to Arsenal.

2.4 When ‘top flight’ football was ‘revolutionised’ by the formation of the Premier League in 1992, Everton was once again included – firmly establishing the Club as one of the nation’s elite sides.

2.5 Independent research has estimated the Club’s worldwide fanbase at over 13 million¹, 500,000 of these being regular visitors to www.evertonfc.com.

2.6 Everton has a proud history of innovation. The Club’s rich history and tradition is reflected in its strong brand identity – “The People’s Club” – a philosophy that everyone connected to the Club can share. The Club is committed to its roots and fanbase and considers community engagement a key part of its operations.

Stadium development – growth and innovation

2.7 The Club’s current ground, Goodison Park, was opened in 1892.

2.8 Between 1892 and the late 1980’s Goodison Park was regarded as one of the most advanced in England – hosting five games in the 1966 World Cup, second only to Wembley in the number of World Cup games staged in the competition. The opening of the first three tier stand in English football in 1971 meant the ground was considered the best in England, however thereafter the level of investment and development has slowed markedly.

Stadium development – slowdown

2.9 The Taylor Report, which was published in its final form in 1990, resulted in the need to convert the ground to an all-seater stadium for the start of the 1994/95 season. This was the last major development to the ground.

2.10 Since 1994 only relatively minor improvements have been made to Goodison Park – primarily the improvement in the small numbers of corporate boxes, a revised crowd surveillance gantry and some cosmetic improvements.

2.11 More substantial developments have not been made due to the severe restrictions of Goodison Park, which I set out in Section 7.2. Any significant development would be prohibitively costly and would deliver only marginal commercial improvements.

¹Sportfive – European Football 2007

3.1 In Appendix 2, I have set out a brief description of the major factors contributing to the changing landscape of English club football. I explain how the establishment of the Premier League in 1992/93 has been the catalyst for positive change in football. Where appropriate, I position Everton's recent financial performance in the context of the overall Premier League.

3.2 In this section, I summarise the key elements of Appendix 2. Hence for the full context, definitions of key terms and supporting analysis the reader should refer to Appendix 2.

Income generation

3.3 Premier League clubs have grown their revenues (typically broken down into matchday, broadcasting and commercial revenues) significantly over the last 10 to 15 years. In 2007/08 the 20 Premier League clubs between them generated estimated revenues of £1.9 billion, a compound annual growth rate ("CAGR") of 17.5% from 1991/92 revenues of £170 million.

3.4 Whilst the increased value of football television rights has meant that broadcast revenue streams have shown the largest increases by category, both matchday and commercial revenues have also increased significantly.

3.5 Other than their on-pitch performance, clubs have very little influence on the amount of broadcasting revenues they receive. Hence maximising matchday and commercial revenues, which can be influenced, is critical. Clubs' growth in matchday revenues has been driven by both higher attendances and ticket prices – both permitted by clubs significant investment in their stadia. The deficiencies of Goodison Park have prevented us from gaining the full benefits from matchday and commercial revenue growth enjoyed by other Premier League clubs.

3.6 English clubs have invested £2.4 billion (£1.8 billion by Premier League clubs), in their stadia between 1992/93 and 2006/07 through a mixture of modernising existing stadia and the building of new stadia.

3.7 In Section 4, I discuss the nature and scale of stadia investment, and how Everton's inability to invest in its stadium has resulted in the Club being at a competitive disadvantage to other clubs, through significantly lower matchday revenue.

Cost management

3.8 Whilst club revenues have grown considerably, so have costs. The wage bill is the largest single cost category for any one club, and predominantly players' wages (and associated costs). Premier League clubs have been 'caught in a wages spiral' as remuneration costs, to players, have increased significantly since the league's formation.

3.9 The relationship between wages and turnover (the wages: turnover ratio) is a key barometer of the financial health of any football club, as Deloitte continue to comment upon in the Deloitte Annual Review of Football Finance (Appendix 7 for the May 2008 edition). Deloitte comment that the management of a football club with a wages: turnover ratio of 50% or less is performing excellently. The dividing line between comfort and concern is around 70%. A ratio significantly over 70% may be a matter for concern depending on a club's circumstances.

3.10 Any club that is disadvantaged in its ability to generate revenue compared to its counterparts, such as stadium capacity constraints, is more likely either to be at a competitive disadvantage (due to its inability to 'afford the same wages levels' as another club) or, 'at risk' by operating at a higher wages: turnover ratio.

Link between on-pitch success and wage costs

3.11 The key factor in a club achieving on-pitch success is its ability to identify, recruit, develop and retain the best football players it can. A diverse range of factors are involved in this process but in my experience the financial position of a club is the most important, through its ability to pay competitive player wages, hire the best coaches and build the best facilities.

3.12 The single most important factor for the majority of players when deciding who to play for is the attractiveness of the salary offered. The amount of revenue generated by a club is a key determinant in the level of player wages a club can support.

3.13 Over the history of the Premier League's existence there has been a strong relationship between a club's wage bill and its on-pitch success, particularly its league performance.

3.14 Everton has outperformed rivals in recent years, by attaining a higher league position than the Club's wage bill would suggest was otherwise possible. The skill of the current manager David Moyes has played a key part in this success. However, I consider this is not sustainable in the medium term as other clubs build higher quality playing squads, attracting the best players for higher wages.

Profitability, financing and ownership of Premier League clubs

3.15 The growth in operating profits of the Premier League clubs since 1992/93 has been relatively modest in comparison with the revenue growth. Furthermore, in aggregate, the 20 Premier League clubs have made substantial pre-tax losses over this period. This is primarily because clubs are typically not profit maximising organisations and growth in wages (mainly players) has negated much of the revenue growth.

3.16 There is significant variation in the financing of Premier League clubs, but the main sources are shareholders funds/retained profits which are limited for most clubs, bank loans (however in general credit committees are increasing uneasy about lending to most football clubs) and other loans (often interest free "soft loans" held with the owner/benefactor of the club and an increasing important financing source).

3.17 In Section 5, I outline the Club's financial performance and note that increased bank overdraft, disposal of surplus fixed assets and some player sales have provided the Club's recent funds given the limited pre tax profits generated by the Club.

3.18 The last five years has seen a period of unprecedented change in the ownership of top English football clubs. The change has been most pronounced in the past two years when over 40% of clubs in the top two divisions of English football have experienced a change in majority ownership.

3.19 I consider there are now broadly two club ownership models in the Premier League, although some clubs combine elements of both models:

- benefactor funded; or
- facility led.

3.20 The motivations and strategies of the new owners of the clubs vary, but a high proportion has invested substantial sums into their respective clubs largely to fund player purchases and high player wages.

3.21 In my view this means that Premier League clubs without the benefit of an owner willing, and able, to inject significant amounts of capital into a club must pursue a facility led growth strategy by fully leveraging off the quality of its stadium, training/academy set up and supporter base to generate the maximum revenues, in turn used to invest in the playing squad to achieve on-pitch success.

3.22 The move to a new stadium at Kirkby will enable the Club to pursue this facility led strategy which is the only option currently available to the Club.

THE STRUGGLE TO COMPETE - STADIUM DEVELOPMENT BY ENGLISH FOOTBALL CLUBS SINCE 1992



4.1 In this section, I briefly explain how Goodison Park has been left behind due to the unprecedented investment in stadia made by its competing clubs, and why the Club has been unable to match this investment.

4.2 This section is a summary of Appendix 3, hence for the full context, definitions of key terms and supporting analysis the reader should refer to Appendix 3.

Clubs' spending on stadia/facilities - Overview

4.3 As noted in Section 3, English clubs have invested £2.4 billion (£1.8 billion by Premier League clubs), in their stadia between 1992/93 and 2006/07 through a mixture of modernising existing stadia and the building of new stadia. The scale of the investment is illustrated by the fact that over this period Premier League clubs have invested close to 15% of the revenue that they generated on improving their facilities.

4.4 The initial phase of investment during the early 1990s was 'regulation' - or 'safety' driven - undertaken in order to comply with the change in stadium safety requirements that followed the publication of the Taylor Report into the tragedy at Hillsborough.

4.5 Since the mid-1990s, with the creation of the Premier League as the catalyst, the majority of stadia/facilities spend has been commercially driven, rather than for legal and statutory reasons. Realisation grew amongst football club management teams that the stadium should not be viewed as a 'cost' but that it offered a way of both increasing the overall level of club revenue as well as diversifying the avenues from which that revenue could be derived.

4.6 This realisation and subsequent investment programme has been one of the key reasons why Premier League clubs are able to out-perform their European rivals.

4.7 The additional revenue has been generated from a combination of increased attendances, facilitated by expanding stadia capacities, higher ticket prices, due to the provision of superior facilities demanded by clubs' fans, and enhanced commercial opportunities.

4.8 In 2007/08 the average stadium capacity at Premier League clubs was c.39,000. In 1996/97 the average capacity in the Premier League was c.32,400. Thus, in eleven years over 130,000 additional seats have been added to Premier League stadia. Over this period there has been a 23% increase in the aggregate attendance at Premier League games (rising from 11.1 million in 1996/97 to 13.7 million in 2007/08). In contrast Everton's average attendance for Premier League games increased only marginally, from 36,186 to 36,955, for the same period.

New stadium developments since 1992 - Overview

4.9 Since 1992 there have been 21 new English football club stadia with a seating capacity of 10,000 or more.

4.10 Of the current 20 Premier League clubs (2008/09 season) eight have moved stadium since 1992, and all but Portsmouth, Blackburn Rovers and Everton have had major developments and several have new stadium/redevelopment plans.

4.11 In Section 6, I introduce the concept of 'Competitor Clubs' being those Everton most consistently compete with and, while I discuss this in detail in Section 6, I note here that of these eight clubs two have moved stadia and the other six have all benefited from major developments since 1992. Everton's competitive position has thus been undermined.

'New Stadium Effect' - attendances and incremental revenue

4.12 The 'new stadium effect' is a concept which Deloitte has discerned and commented on in Annual Reviews of Football Finance over the years and which suggests an increase in attendance at a new stadium is simply because of the move to a new facility.

4.13 While the scale of the new stadium effect will vary between clubs depending on their individual circumstances, I am confident the Club would benefit from a significant increase in attendances at the new stadium. In Section 8.4.4 I set out the Club specific reasons but note here that:

- On average Premier League clubs moving to a new stadium recorded an increase of over 13,000 for the first year in the new stadium, declining marginally to 12,000 in the second year.
- The lowest increase in average league attendance for Premier League clubs moving stadium was Bolton Wanderers' increase of 8,526, and the greatest was Arsenal's of 21,865.

4.14 Appendix 3 (Table 3.5) sets out the estimated increase in annual non broadcast revenues of clubs I consider to some degree comparable to Everton before and after moving to a new stadium. Of these, I consider Middlesbrough, Bolton Wanderers, Sunderland and Manchester City to be the most comparable to Everton in terms of Premier League status and average league attendances. These clubs recorded an average increase in revenue of £5.8 million and, arguably more relevant, given the time elapsed for all clubs other than Manchester City, an average increase of 40%.

4.15 While the scale of Arsenal's non broadcast revenue increase of £55.4 million (69%) when moving to the Emirates stadium was partly a product of an unique combination of circumstances - namely adding almost 60% extra capacity, Highbury's lack of corporate seating and its London location - it nonetheless illustrates the very substantial impact a new stadium can have on a club's revenue generating abilities.

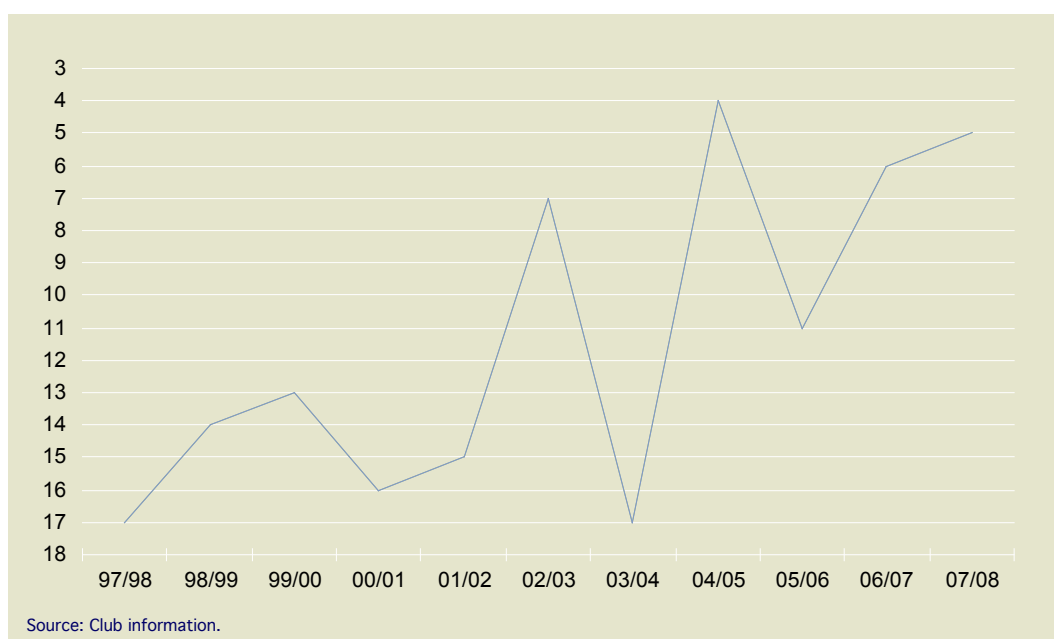
5.1.1 In this section, I set out the current position of the Club in terms of both its current on-pitch and off-pitch performance with the intention of providing an understanding of the Club's current financial position.

On-pitch performance

5.1.2 The chart below illustrates the Club's league finishing position in the Premier League between 1997/98 and 2007/08.

CHART 5.1

League position - 1997/98 to 2007/08



5.1.3 Between 2000/01 and 2007/08 the Club has fluctuated significantly between the top five and the relegation zone of the bottom three in the Premier League. However, in the past three seasons the Club has shown significant improvement on the pitch, finishing in the top six in two of the last three seasons. The Club's current manager, David Moyes is recognised as one of the top Premier League managers and has played a key role in the team's recent improved performance since his arrival in 2002.

5.1.4 Over the last four seasons, the Club has been, on average, the 5th best performing Premier League team, beaten only by Arsenal, Chelsea, Liverpool and Manchester United. It has qualified for European competitions in three of these seasons, including narrowly missing out on a UEFA Champions League group stage position following finishing 4th in the Premier League in 2004/05.

5.1.5 Everton is one of five to six mid to upper ranked Premier League clubs that while capable of competing strongly on the pitch do not consistently finish in the top four in the Premier League, and thus do not benefit from the same access to revenues and operating profits generated by participation in the UEFA Champions League. It is estimated that these revenues are typically worth an extra £20 million to £30 million per season.

5.1.6 While Everton's current playing squad has 14 full international players, of the calibre of Tim Cahill, Phil Neville, Ayegbeni Yakubu and Marouane Fellaini, its youth academy is also highly respected. The academy has produced some of the current first team players and has also generated transfer proceeds in excess of £40 million from the players it has produced, most notable Wayne Rooney. Current first team academy players include Leon Osman, Victor Anichebe, James Vaughan, Tony Hibbert, Jose Baxter and Jack Rodwell.

Financial performance

5.1.7 The table below summarises the key financial performance indicators for the Club between 2004/05 and 2007/08.

TABLE 5.2
Club funds flow - 2004/05 to 2007/08

£'millions	2004/05	2005/06	2006/07	2007/08	Cumulative
Turnover	60.0	58.1	51.4	75.7	245.1
League placing	4	11	6	5	
Wages	(30.8)	(37.0)	(38.4)	(44.5)	(150.7)
Expenses	(17.4)	(16.4)	(11.7)	(22.6)	(68.0)
Operating profit (EBITDA)	11.8	4.7	1.3	8.6	26.4
Working capital	1.6	8.3	1.4	1.9	13.2
Operating cash flow	13.3	13.0	2.7	10.5	39.5
Net interest	(2.7)	(2.3)	(2.7)	(3.9)	(11.8)
Capital expenditure	1.6	0.3	(0.5)	(1.4)	(0.0)
Cash flow before investment	12.1	10.9	(0.5)	5.2	27.8
Net player proceeds/(investments)	11.7	(13.2)	(4.1)	(15.5)	(21.2)
(Increase)/decrease in debt	23.8	(2.3)	(4.6)	(10.3)	6.6
Net debt	19.5	21.8	26.4	36.7	
Net assets/(liabilities)	0.4	(10.4)	(19.8)	(19.8)	

Note: Totals may not sum due to rounding. Source: Club financial statements and management accounts.

5.1.8 The table above sets out the Club's funds flow between 2005 and 2008. The funds flow provides key metrics from the three key parts of a company's Financial Statements: the Profit and Loss Account, the Balance Sheet and the Cash Flow. In essence, the funds flow illustrates the sources of revenue and expenses of the Club, what impact those revenue and costs have on the cash flow of the Club and finally what effect the cash outflow or inflow has on the debt and the total balance sheet of the Club.

5.1.9 When considering the Club's financial performance, it is important to understand the Club's sustainable strategy, which provides investment in the playing squad and infrastructure whilst not incurring a level of debt which could compromise the Club's existence.

5.1.10 The Club's average operating profits between 2004/05 and 2007/08 of £6.6 million have been modest due to investment in the playing squad through higher wages.

5.1.11 The most significant driver of profitability has been the Club's finishing position in the Premier League. By illustration, each place in 2007/08 was worth an incremental £0.8m in broadcast revenue alone. The Club's position in 2007/08, aided by a successful UEFA Cup run, resulted in revenue of over £75 million and an operating profit of £8.6 million. The significant movements in broadcast revenue caused directly by on-pitch performance illustrates how vulnerable the Club would be to a decline in league performance in its current stadium.

5.1.12 The reduction in revenue in 2006/07 was due to outsourcing of the merchandising and catering operations in summer 2006 with only net revenues now being recorded. Revenue would have been £58 million had these operations not been outsourced. The outsourcing allowed the Club to de-risk these areas and increased Club profits.

5.1.13 A total of £27.8 million free cash flow to service debt and fund player and capital expenditure was generated by the Club over the period.

5.1.14 The Club's May 2008 net debt of £36.7 million has increased since 2005 which has largely been due to funding the investment in the playing squad, and has been through an increased bank overdraft facility.

5.1.15 Between 2002 and 2004 the Club's debt levels rose from £27.6 million in May 2002 to £43.3 million in May 2004. The spiralling debt was reduced significantly due to the sale of Wayne Rooney to Manchester United in August 2004 for a fee of up to £27 million.

5.1.16 The Club's balance sheet has shown net liabilities in three of the last four years. The directors recognise the need, and have identified opportunities, to strengthen the balance sheet – notably through the likely disposal of the Club's former training ground at Bellefield – which has a market value significantly in excess of the current book value.

5.1.17 When reviewing the Balance Sheet it is important to note which fixed assets are owned by the Club. The Club currently own the stadium, Goodison Park, and the old training ground (Bellefield). However, due to the financial constraints the Club has been operating under, the new academy and first team training ground, Finch Farm, was funded by a sale and leaseback arrangement with the Club paying an annual rental payment. Under the sale agreement the Club has an option to repurchase the facility in the future. The Club has also completed a sale and leaseback arrangement on the current retail outlet across the road from the stadium, the Megastore, highlighting the extent to which the Club has been required to pursue a range of funding sources.

5.1.18 In addition it is important to note the following when considering the balance sheet deficit:

- 'Creditors due within one year' includes £7.8 million of deferred income from advance season ticket sales. This revenue will be released to the profit and loss as league games are played so will not require repayment; and
- The balance sheet attributes no value to home-grown players hence does not fully reflect the value of the Club's squad. However the disposal of players purely for short term financial profit would risk the team performance and ultimately future financial performance of the Club.

5.2 Goodison Park Stadium today

5.2.1 In Section 2 I set out the historic development of Goodison Park. In this section I explain in more detail the present nature and facilities of Goodison Park and subsequently explain why Goodison Park now compares extremely unfavourably with other stadia. Further details of Goodison Park and, in particular, the individual stands is provided in the evidence of David Keirle.

5.2.2 The current stadium site is set in a predominantly residential area, and is built tight to site boundaries and adjacent adopted highways on each of the west, east and north sides.

5.2.3 As illustrated in the aerial photographs of Goodison Park and the surrounding area in Appendix 6, the stadium is situated next to substantial levels of housing, various shops, a school and a garage.

5.2.4 The current overall licensed capacity for the stadium is 40,158 seats, comprising:

- Goodison Road Stand (West) 12,664 seats
- Bullens Road Stand (East) 10,784 seats
- Gwladys Street Stand (North) 10,788 seats
- Park End Stand (South) 5,922 seats

5.2.5 Included in the above are a total of 117 accessible spectator viewing positions located at pitch level in front of the Park End stand, Bullens Road stand and Northwest corner of Gwladys Street stand. The wheelchair viewing provision is below the Department for Culture Media and Sports Guide to Safety at Sports Grounds standard (known as the Green Guide), which recommends 210 viewing positions distributed throughout the range of seating options for a 40,000 capacity stadium. It should also be noted that a wheelchair viewing position including manoeuvring space and adjacent helper seat takes up the same area as nine general spectator seats.

5.2.6 Executive hospitality suites and boxes are mainly located in the Goodison Road Stand, and the total hospitality capacity of around 1,500 seats (excluding the semi-permanent Marquee facility located in the car park), is both fewer in number and of a lower quality than compared to the Club would like given the increased revenue streams the hospitality market can generate and which are achieved by the Club's competitors.

5.2.7 The pitch currently measures 101 metres x 68 metres, and therefore exceeds the acceptable 100 metres x 64 metres minimum size for Premier League football, but is below UEFA's optimum size of 105 metres x 68 metres. The pitch overruns from the touchlines and goal lines are more or less on the 6 metres and 7.5 metres respective UEFA minimums once disabled seating positions are taken into account.

5.2.8 Stadium floodlighting is positioned along the leading edges of the Goodison Road and Bullens Road stands, and freestanding video screens are located in the northwest and south-east corners. Television camera and commentary positions are located above the the Bullens Road Stand upper tier.

5.2.9 Matchday vehicle access to Goodison Park is generally good, but on-site car parking is limited to 230 spaces on the area to the south of the Park End Stand and is therefore supported by off site parking providing a further 1,180 spaces. Liverpool City Council also operates an event day parking plan in the immediate area.

5.2.10 The area to the south of the Park End Stand also accommodates 'The Marquee'. The Marquee is a temporary tented type structure providing additional matchday hospitality due to the space restrictions within the stadium, however, the location and quality of the facility restricts the revenue that can be generated.

5.2.11 The main Club "Megastore" retail facility is situated away from the stadium, to the south of the site and fronting Walton Lane.

5.3 Operational weaknesses

5.3.1 As outlined in section 2, the stadium was once considered amongst the best in the country. However, the age of the stands and the constraints of the area around the stadium have meant that the stadium has become outdated and has been overtaken by a number of grounds which have been the subject of redevelopment and relocation in the last two decades (as set out in Section 4). In Section 6 I will explain how this has negatively impacted on the Club's ability to generate revenue, but first I outline the operational weaknesses of Goodison Park.

5.3.2 Goodison Park's current weaknesses are highlighted by the results of the latest Premier League National Fans Survey (2007/08). This survey is the most comprehensive survey in English football with c.35,000 fans completing the survey and has a particular focus on fans' matchday experience. The survey was completed by 1,549 Everton fans, hence is a robust representative sample.

TABLE 5.3
Premier League National Fans Survey 2007/08

Statistic	Everton Rating ²	League Position ³	Average Rating ⁴
Overall stadium facilities	0.23	19th	1.15
Sightlines	0.62	20th	1.40
Toilet facilities	-0.04	19th	0.76
Child facilities	0.68	17th	0.94
Disabled facilities	0.86	14th	1.05
Access to food and drink	-0.26	19th	0.21
Quality and range of food and drink	0.10	13th	0.28

Source: Premier League National Fans Survey 2007/08

²Findings presented as averages using a +2 very good to -2 very poor scale.

³This represents Everton's rating in comparison to all other Premier League clubs with the first club having the highest positive score.

⁴Average rating for all 20 of the Premier League clubs in 2007/08.

5.3.3 Table 5.3 summarises the facility aspects of the survey and shows:

- Goodison Park ranked 19th out of 20 Premier League clubs in terms of overall stadium facilities (as ranked by clubs' respective fans);
- The stadium scored the lowest for sightlines; and
- Goodison Park also scored extremely poorly for toilet facilities, disabled access and access to food and drink.

5.3.4 The main deficiencies of Goodison Park are set out below being those which have the most significant adverse impact on the Club's ability to generate revenue.

- Lack of capacity and future expansion;
- Spectator viewing experience;
- Corporate facilities;
- Retail store; and
- Concourse areas and ground bars.

These are discussed in turn below and are supported by the photographs in Appendix 6.

Lack of capacity and future expansion

5.3.5 The stadium can only accommodate 40,158 supporters and away team fans. Based on the Club's analysis of demand, Everton requires at least 50,000 seats. In Section 6 I explain how the clubs that Everton competes with have substantially increased capacity over the last 10 years which has enabled them to increase attendances, and in turn revenue.

5.3.6 In 2007/08 the Club had an average league attendance of 36,904, which when obstructed views are taken into consideration was above effective capacity. In addition, there are 4 to 5 games per season at Goodison Park in which all of the obstructed views are also completely sold out.

5.3.7 In Section 8.4.4 I explain in more detail why the Club is confident of achieving an average attendance appropriate for a 50,000 capacity stadium. As David Keirle's evidence discusses, the new stadium design will also provide the Club with the ability to expand to 60,000 capacity in the future if sufficient spectator demand is proven to exist. This progressive stadium expansion model has been successfully adopted at other English football clubs.

Spectator viewing experience

5.3.8 The quality of the spectator viewing experience at Goodison Park is assessed in detail within the evidence provided by David Keirle.

5.3.9 The fact that quality of sightlines is a key part of the matchday experience is demonstrated by the fact that 89% of Premier League Survey respondents considered sightlines as being "very important" to their overall matchday experience, ranked second only to matchday atmosphere, (with 90%).

5.3.10 Goodison Park's extremely poor sightlines are illustrated by the results of the 2007/08 Fan Survey with Everton recording the lowest score for sightlines.

5.3.11 Goodison currently has 21,121 seats with an obstructed view of the playing area, which equates to 53% of the stadium capacity. Furthermore, of these seats, 3,346 (8%) have an obstructed view of the goal area. With increasingly better access to matches on television, higher expectations set by visits to other stadia and facilities, match tickets with poor sightlines are becoming increasingly hard to sell. Appendix 8 illustrates in detail the layout of Goodison Park stadium and the location of the obstructed views.

5.3.12 The seating terrace widths are also narrow and there are issues with the widths and quality of seats and the quality of accommodation, view and comfort in the majority of the stands.

5.3.13 Furthermore, the acoustics inside Goodison Park do not allow the free flow of speech through the public address system throughout the stadium and this prevents a 'traditional' football pre-match show including interviews and commentary of historic Everton games. The customer experience is therefore adversely impacted.

5.3.14 The deficiencies of the stadium and the lack of opportunities to address them means that the fans' experience of matchdays is not as good as it is at competitors' grounds. The lack of good quality spectator facilities and corporate facilities significantly restricts the revenue received by the Club.

Corporate facilities

5.3.15 Goodison Park has a shortage of corporate facilities within all stands and a severe lack of Executive Boxes and accompanying facilities. Each corporate entertainment area is served by separate 'back of house' facilities due to the piecemeal way in which it has been developed, which is inefficient and costly. In Section 6 I demonstrate that Everton has significantly less corporate hospitality seats available than is the case of its main competing clubs. Revenue from corporate hospitality is a major revenue source for Premier League clubs, and Everton is disadvantaged by its inability to fully maximise revenue from this source owing to Goodison Park's deficiencies.

5.3.16 Storage is also an issue for corporate facilities with no dedicated preparation areas in some parts of the stadium. Therefore, food has to be prepared and transported via the road. The existing kitchen space is also restrictive which is not conducive to a facility aiming to provide a "4 or 5 star" restaurant service.

5.3.17 Car parking facilities for corporate hospitality attendees are poor with a limited number of spaces available. Corporate attendees at other Premier League stadia are typically guaranteed a car parking space and this forms an important part of the value of a corporate seat.

5.3.18 The quality of the corporate hospitality offering at Goodison Park is also adversely affected by the location of the entrances which are on the opposite sides of the stadium from the car parks. Furthermore, due to the constraints of the stadium, the low level positioning of the Executive Boxes compromises the viewing experience of customers, unlike Executive Boxes at other Premier League clubs.

Retail store

5.3.19 The Club's retail store, the 'Megastore', is situated outside of the ground, 100 metres away across a busy main road. This is unlike other Premier League clubs where the retail stores are more easily accessed inside the ground. The Megastore is also considerably smaller (3,500 sq ft) than other Premier League club retail outlets (c.10,000 sq ft) which reduces the products on offer and the ability to accommodate customers on matchdays. The position of the Megastore means that stadium tours cannot start or end at the store due to safety concerns. All of these factors have an adverse effect on the retail sales and hence the revenue generating ability of the Club.

Concourse areas and ground bars

5.3.20 As an illustration of the extremely poor concourse facilities, the 2007/08 Premier League Fans Survey ranked the Club 19th out of the 20 Premier League clubs in terms of toilet facilities, cleanliness and access to food and drink.

5.3.21 The existing concourse area, which is the perimeter area within the stadium used by fans to locate their seats and purchase drinks and food is too small. Small concourse areas present movement problems for large crowds. The design of Goodison Park with separate stands also means fans are unable to walk around the ground which restricts access to facilities. The ill equipped concourse facilities currently increase queues and waiting times which increases frustrations among customers. Matchday sales of food and drink at the ground are limited because of these factors.

5.3.22 We are further restricted by the lack of kitchen equipment, extractor fans, coolers and cellar space, which means the Club is unable to offer spectators certain types of hot food and draught beer in certain areas of the stadium. These are areas which cannot be remedied by the Club due to the current structure of the stadium and which currently detract from the overall spectator experience at Goodison Park.

5.3.23 The concourse areas are also not conducive to providing a sustained service over a period of hours. Post match revenues are ruled out on this basis for the general admission supporters. This type of service occurs at the majority of other Premier League clubs.

5.3.24 Other stadia in the Premier League have installed multimedia facilities to provide additional sponsorship and advertising. Limited access in concourse areas prevents these additional revenues from being generated at Goodison Park. The small concourse areas also restrict the opportunity to sell programmes or lottery products

which further reduces the variety of offerings to spectators and the Club's revenue.

5.3.25 The current standard of toilet and general facilities no longer meet the standard expectations the football fan has of a modern matchday facility.

Other operational weaknesses

5.3.26 Other operational weaknesses of the current stadium, which do not have as significant an effect as those previously highlighted but which are still restrictive to the Club are in the areas of:

- Disabled facilities;
- Area surrounding the stadium;
- Information, communication and technology;
- TV and press facilities;
- Team and coaching staff facilities;
- External appearance;
- Administrative offices;
- Ticket collection; and
- Player dug out, tunnel and area surrounding the pitch.

These are discussed in turn below and are supported by the photographs in Appendix 6.

Disabled facilities

5.3.27 The facilities for disabled supporters are considered to be inadequate as there are insufficient designated spectator areas (117 spaces compared to the Green Guide recommendation of 210) and the current areas are too small and the access to and within the stadium is too narrow. We are unable to provide mixed viewing areas with elevated positions due to the current structure of the stadium and limited capacity.

5.3.28 The Club scored the 14th lowest score for the quality of disabled facilities in the 2007/08 Premier League National Fans Survey.

Area surrounding the stadium

5.3.29 The stadium site is situated in a tight urban setting which does little for residential amenity and the ground can only operate on matchdays if the roads which surround it, with the exception of Walton Hall Avenue, are closed to vehicles. Furthermore, three sides of the stadium are on the public highway which equates to poor access and movement around the stadium. As there is no dedicated exterior concourse for marshalling and managing crowds, surrounding roads have to be used for this purpose which increases the level and cost of policing and stewarding.

5.3.30 The stadium has a 24,000 square metre footprint with a high seating density of 0.6 square metres per seat. Most modern stadia have a much lower density, for example, the Reebok Stadium (Bolton Wanderers) which was built in the mid 1990s offers 1.09 square metres per seat.

Information, communication and technology

5.3.31 There are currently different access control systems for Goodison Park, on a matchday. As a result of this hybrid 'solution' and the fact that the majority of turnstiles are over 50 years old, there is a high maintenance cost which would not exist if we had a fully-integrated system.

5.3.32 The Club is unable to install a low power network that provides mobile phone coverage throughout the stadium, and a potential revenue stream. In addition, while there is a wireless network infrastructure in the current stadium, it is very restrictive owing to the stadium structure and lack of open spaces which inevitably affects the wireless signal. The lack of full wireless access means that the Club is losing out on possible revenue streams from corporate and hospitality clientele 'renting' wireless air time.

5.3.33 Due to the structure of the stadium and the piecemeal redevelopment over the years there is now a hybrid of different information and technology systems throughout the stadium. This requires a significant amount of time and expense for the Club to ensure that all platforms and facilities are operating effectively.

5.3.34 Due to space restrictions at Goodison Park, we do not currently have a dedicated production facility for all our media-based content that is delivered to the concourse, executive and other areas. A dedicated production facility would provide production and cost efficiencies while also ensuring a higher standard of quality as a more coordinated approach could be employed across all platforms. This approach could also allow the Club to transfer the content cost efficiently onto multi platforms (e.g. TV, DVDs, websites etc) and retail the product out to both the attending and non-attending fanbase. The lack of space also prevents the Club from making the step up to its Premier League peers by providing a dedicated pre and post match television experience, reports, analysis and reaction.

TV and press facilities

5.3.35 The press facilities, including the gantry, TV commentary area, press box, Sky Studio, interview areas and camera positions are too small, outdated and inconveniently positioned. There is also no mixed press zone area for players to meet the press.

5.3.36 In the Summer of 2007 the Club was forced to increase the size of the press area under Premier League rules and required to remove media toilet facilities in order to accommodate the changes (50 square metres and 15 individual work stations). Toilet facilities for the media are now shared with executive members. Prior to these changes, the Club was being fined on a game by game basis by the Premier League. In addition, the Club does not meet the requirement to house domestic and international broadcaster's interview positions (broadcasting revenue represented 62% of current revenue in 2007/08) in the same stand as the commentary position due to lack of space in the Bullens Road Stand. Under Premier League rules, the League (from the start of the 2007/08 season) may withhold the Club's share of overseas' broadcasting revenue to which it would be entitled.

5.3.37 Furthermore, for European matches in UEFA competitions, the Club is forced to reduce the capacity of the stadium in order to cater for the local, national and international media as it does not meet the criteria specified by UEFA.

5.3.38 In both the standard press area and in any additional overflow, many of the seats have an obstructed view of the Gwladys Street goal.

5.3.39 Additional private press briefings are also difficult to undertake at Goodison Park Stadium and currently take place at the top of a staircase in full view of members of staff.

Team and coaching staff facilities

5.3.40 The current facilities at Goodison Park for the players and coaching staff are too small and outdated. For example, dressing rooms and interview areas are too small to accommodate the required number of people. There is also currently no doping control room at the stadium with the female changing room having to be used as an alternative.

5.3.41 The matchday facilities are also significantly below the standards of other competing Premier League football clubs. For example, some Premier League clubs have designated rooms for players to stretch and warm up prior to taking the field which are not available at Goodison Park.

External appearance

5.3.42 The stadium has a poor visual and architectural quality inconsistent with being the home of one of the Premier League's oldest and most respected clubs. As a building, it does little to boost the profile of the Club, the City and the Region.

5.3.43 The stadium also has a perceived lack of 'setting', in so far as it is only visible from a close proximity to the stadium, due to being situated amongst residential properties. This detracts from the experience of visiting the stadium with some visitors finding it difficult to locate the stadium.

5.3.44 With a configuration with individual stands and no corner infills, Goodison Park is in reality a very makeshift stadium that reflects older design characteristics and materials.

5.3.45 Due to the age and quality of the construction of the stadium many parts of the ground are in poor condition and run down, and a number date from the 1930s onwards.

Administrative offices

5.3.46 There is a lack of office space for the Club's administration staff. As a result, they are separated from each other in different areas within the stadium and within the vicinity (e.g. within the retail store across the road from the stadium).

5.3.47 Currently the key business functions (outside of the coaching and auxiliary staff working with the Academy and the first team) are split between different buildings and stands at Goodison Park Stadium as follows:

- 35 staff in an office space above the Megastore;
- 32 staff in the Park End Stand;
- 20 Everton in the Community (EITC) staff at the apex of the Bullens Road and Gwladys Street stands; and
- 24 Fan Centre staff within the Main Stand, with ticket windows located in the Park End Stand away from the main Fan Centre and Box Office operation.

5.3.48 The geographical split creates a divide between departments resulting in less effective working practices as it is more difficult to communicate and manage the day to day issues that arise.

5.3.49 All the office spaces are cramped, with no room for growth in expanding departments; some staff are sharing desks, some are not located with their actual department, and some desks have been reduced in size to fit more people in as departments grow. Furthermore, there are no outside windows in the Box Office (other than the small windows for ticket sales) and no air conditioning throughout the stadium. This makes for an ineffective working environment.

5.3.50 As the box office ticketing windows are separate from the main fan centre, staff have to carry cash outside with a lack of immediate support should any issues arise at the box office sales window.

Ticket collection

5.3.51 The existing ticket collection point is too close to the Visiting Supporters collection point, which on night matches requires an added police presence, and, in turn, increases the costs for the Club.

Player dug out, tunnel and area surrounding the pitch

5.3.52 The dugout area is small, with a lack of surrounding space for overflow of staff, medical staff, broadcasters and players. There is also insufficient facilities for briefing/staff area for matchday Stewards.

6.1 Revenue weaknesses

6.1.1 In Section 4 I set out how the Club had fallen behind other Premier League clubs in terms of stadia development and referred to the consequential competitive disadvantage in terms of revenue generation which this caused. In Section 5, I set out the extent of Goodison Park's operational weaknesses.

6.1.2 In this section I discuss how these operational weaknesses impact on the Club's ability to compete in more detail, in particular, by comparing Everton's stadium investment and revenue generation with a smaller number of Premier League clubs Everton primarily competes with our "Competitor Clubs".

6.1.3 I then explain how clubs enjoying a revenue generation advantage over rival clubs translates to the ability to build and maintain a strong playing squad, and ultimately a club's prospects of achieving on-pitch success.

6.1.4 Before identifying these factors, it is the case that over the last number of seasons Everton has managed to counterbalance the revenue generation disadvantage it has faced largely as a result of the expertise of our manager David Moyes. However, in the longer term the evidence from other Premier League clubs strongly suggests this is not sustainable. The Club's on-pitch success therefore risks being significantly undermined if it is unable to move stadium and benefit from higher revenues.

Competitor Clubs

6.1.5 While the Club competes with the 19 other member clubs in the Premier League in any given season, there is a smaller sub set of clubs I consider to be Everton's closest and most consistent competitors. These Competitor Clubs consist of the so called 'Big 4' and other clubs Everton regularly competes against for European competition qualification:

- The "Big 4" – Arsenal, Chelsea, Liverpool and Manchester United (although see my comments below); and
- "European Qualification Competitors" - Aston Villa, Manchester City, Newcastle United and Tottenham Hotspur.

6.1.6 In deciding on the Competitor Clubs I have considered the factors below. Appendix 5 sets out appropriate statistics for each of these clubs that illustrate each of these factors and the similarities to Everton. The measures are:

- History and tradition;
- Recent playing performance and honours;
- Fan base and stadium; and
- Revenue generation.

6.1.7 Everton competes against these clubs for players and commercial partners. In the short term, English football clubs tend not to compete to retain existing fans (hence matchday revenue) as fans are loyal to their first chosen team, with geography a key historic factor in determining which club individuals are likely to support first. However in the medium to longer term clubs will compete more for new fans as younger football fans increasingly gravitate to successful football clubs, even if they come from a different geographical area.

6.1.8 Since the Premier League was established for the 1992/93 season there has been increased polarisation in revenue generation between the clubs in the Premier League. While all clubs have enjoyed substantial and sustained revenue growth, the largest clubs, and recently particularly the Big 4, have disproportionately benefited such that the gap to other clubs has increased markedly.

6.1.9 Currently Everton is not in a position to consistently compete with the Big 4 clubs to win the Premier League. However, the Club has an aspiration to bridge the revenue gap and competes for some players with these clubs hence I consider it appropriate to include them as Competitor Clubs to Everton. Nonetheless the 'European Qualification Competitors', defined in Appendix 5, are currently the most relevant competitors for Everton.

Stadium investment of Competitor Clubs

6.1.10 Chart 6.1 sets out the aggregate capital expenditure of the Competitor Clubs between 1996/97 and 2006/07 and compares them with the capital expenditure of Everton. The vast majority of the capital expenditure will have been directed at clubs' stadia, although some spending will have been on clubs' training grounds and other facilities. It is not possible to accurately distinguish between the spending on these items.

6.1.11 The analysis illustrates the much lower capital expenditure of Everton over the period, with the Club's £13.4 million 'spend' less than half that of the next lowest club, Tottenham Hotspur, and very significantly lower than all other Competitor Clubs.

6.1.12 It is important to note that Everton's lack of spending reflects the severe limitations of the Goodison Park site, as I outlined already, which effectively prohibited meaningful 'return-bearing' investment in the stadium. Stadium developments beyond those pursued by the Club would have been punitively expensive with limited financial returns due to adding only limited capacity and/or modest quality improvements on the facilities already available at Goodison Park.

CHART 6.1

Aggregate capital expenditure⁽¹⁾ by Premier League clubs - 1996/97 to 2006/07



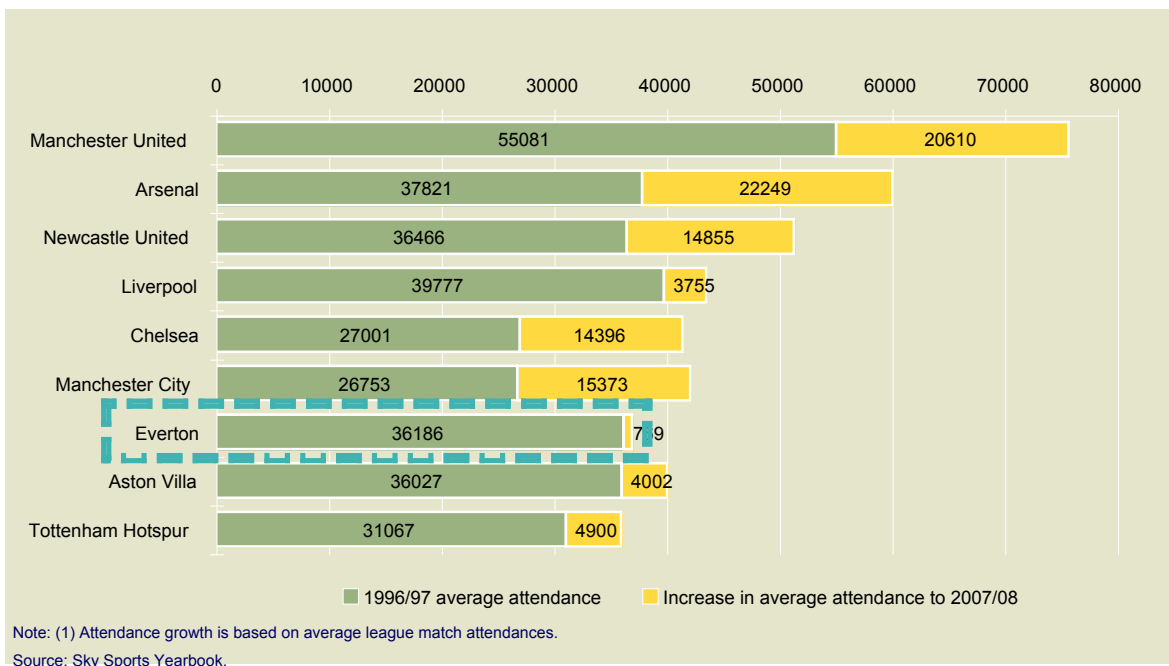
6.113 The stadium investment has enabled the Competitor Clubs to develop a financial advantage against Everton by offering:

- higher capacity and better quality stadia - driving higher attendances and enabling higher prices;
- specific corporate hospitality advantage - much higher quality offering; and
- superior commercial opportunities, including retail and sponsorship.

Quality facilities as a driver of attendances

6.114 The stadia investment of the Competitor Clubs I discussed above has enabled these clubs to increase attendances significantly. Chart 6.2 shows how their average Premier League attendance has grown between 1996/97 and 2007/08 and contrasts that to the limited growth of Everton's.

CHART 6.2
Attendance⁽¹⁾ growth of selected Premier League clubs - 1996/97 to 2007/08



6.1.15 Everton's marginal average attendance growth contrasts starkly with that of all the Competitor Clubs. The minimum increase was Aston Villa's 4,002 and five clubs benefited from growth of between 14,000 and 22,000.

TABLE 6.3
Attendance growth of selected Premier League clubs - 1996/97 to 2007/08

Club	2007/08 capacity	2007/08 capacity utilisation	1996/97 capacity	1996/97 capacity utilisation	Increase in capacity
Manchester United	76,212	99%	56,387	98%	19,825
Arsenal	60,432	99%	38,500	98%	21,932
Newcastle United	52,387	98%	36,610	100%	15,777
Liverpool	45,362	96%	41,000	97%	4,362
Chelsea	42,055	98%	31,791	85%	10,264
Manchester City	47,715	88%	31,257	86%	16,458
Everton	40,158	92%	40,200	90%	-42
Aston Villa	42,551	94%	39,339	92%	3,212
Tottenham Hotspur	36,310	99%	33,083	94%	3,227

Source: Sky Sports Football Yearbook

6.116 The table above illustrates how Everton has fallen behind in terms of stadium capacity since 1996/97. The Competitor Clubs added c.95,000 capacity over this period (31%) compared to Goodison Park's static capacity.

6.117 Competitor Clubs have been extremely successful in growing average attendances to fill the expanded capacity, with effective utilisation (generally considered to be above 98% due to restrictions on capacity due to away fans) being maintained or increased at all clubs.

Corporate Hospitality

6.118 Corporate hospitality revenues have been a key growth area for Premier League clubs in recent years. As stadia have been redeveloped the market has grown strongly. The stadium move presents the opportunity for Everton to expand the quantity and quality of its hospitality facilities and grow this key revenue stream further.

6.119 The current volume of corporate hospitality covers at Goodison Park (c.1,500) is among the smallest of the major Premier League clubs, with Everton's executive box capacity being one of the lowest in the Premier League. Table 6.4 below sets out the corporate hospitality capacity of Goodison Park and compares it with that of the Competitor Clubs. Goodison Park's current corporate capacity is at least 500 less than any of the Competitor Clubs.

6.120 The quality of facilities offered at Goodison Park is affected by both the age of the stadium and its configuration, with problems with obstructed views and access to some hospitality areas.

TABLE 6.4
Corporate hospitality capacity of competitor clubs

	Number of boxes	Box capacity	Corporate hospitality places	Total corporate capacity	Total corporate capacity as a % of capacity
Arsenal	150	2,000	7,065	9,065	15%
Manchester United	162	1,250	6,700	7,950	10%
Chelsea	n/d	1,000	3,500	4,500	11%
Tottenham Hotspur	120	1,212	1,774	2,986	8%
Manchester City	69	640	2,160	2,800	6%
Newcastle United	90	800	1,520	2,320	4%
Liverpool	33	340	1,885	2,225	5%
Aston Villa	106	978	946	1,924	5%
Everton	12	120	1,386	1,506	4%

Source: Club websites, Club estimates

6.1.21 I understand that with the exception of Manchester City and Aston Villa, all the Competitor Clubs sell all of the available capacity for most games. Corporate seats are higher priced tickets, hence are particularly important to a club given the revenue they can generate.

Commercial revenue

6.1.22 Competitor Clubs' stadia are better placed to enable their respective owners to leverage commercial revenue opportunities. For example Goodison Park has:

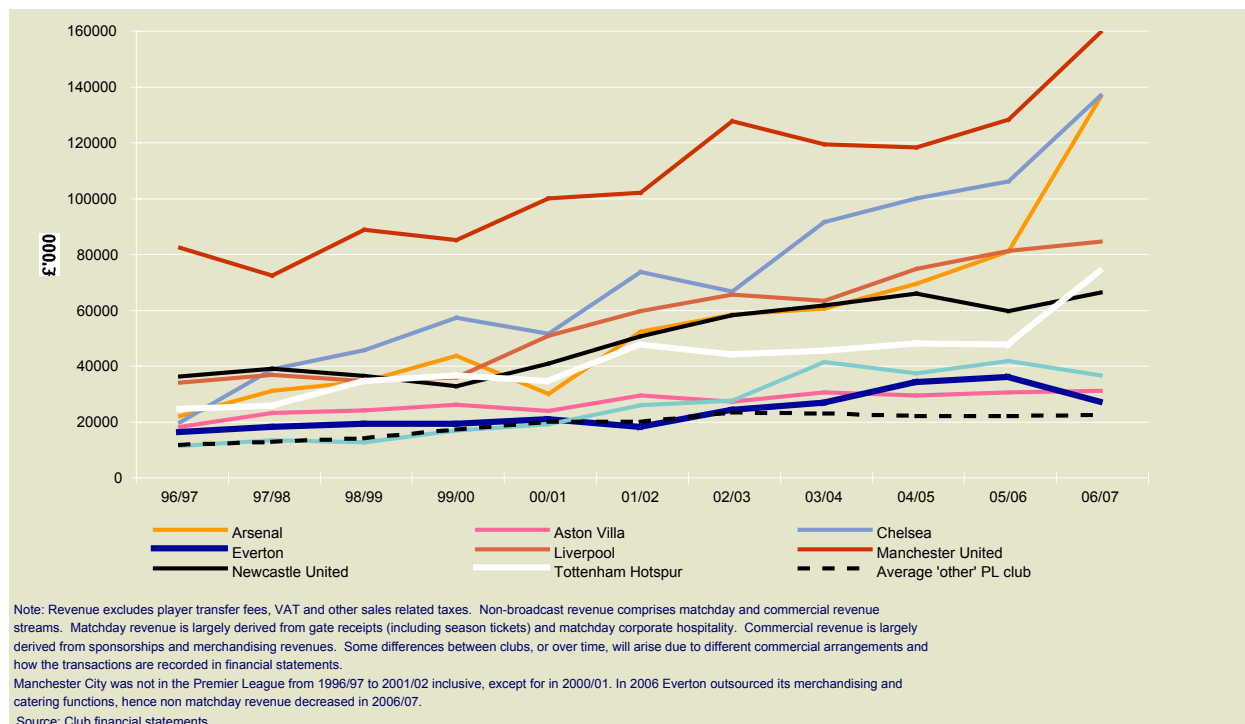
- Insufficient stadium retail;
- Insufficient space for promotional activities to showcase commercial partners;
- Insufficient external fan facilities within the footprint of the stadium;
- Lack of dedicated on-site betting facilities; and
- Poor ground bar facilities, diminishing returns available from brewers and other food and beverage partners.

Revenue impact

6.1.23 Chart 6.5 below shows how non broadcast revenues of Competitor Clubs have increased between 1996/97 and 2006/07 and will reflect the benefits of higher stadium capacities, superior corporate hospitality facilities and enhanced commercial revenues.

CHART 6.5

Non-broadcast revenue for competitor Premier League clubs - 1996/97 to 2006/07



6.1.24 The chart above illustrates how Everton has fallen substantially behind the Competitor Clubs in non broadcast revenue over the last ten years. The Club has had the lowest non broadcast revenue of all clubs in 2006/07, and, more significantly, the gap between the Club's revenue and its rivals has significantly increased.

6.1.25 Over the period the average Competitor Club increased its non broadcast revenue by £59.5 million. While the Big 4 clubs recorded the highest increases, the European Qualification Competitor clubs still generated on average an additional £29.3 million of extra non broadcast revenue in 2006/07 compared to 1996/97. Everton's equivalent growth was only £10.7 million (c.£17 million if adjusted for the outsourcing of the catering and merchandising operations).

6.1.26 This revenue deficit is a huge financial disadvantage for the Club to overcome. The new stadium would provide the Club with the opportunity to make good this deficit and compete on a much more equal footing with its rivals. Without the impetus of a stadium it would be extremely challenging for the Club to make a meaningful impact on closing the gap, indeed it is more likely that the Competitor Clubs will be able to leverage their superior facilities to extend the gap further.

6.2 Stadium costs

6.2.1 To date I have discussed the revenue disadvantages Goodison Park presents to the Club. While these are the most significant financial disadvantage, Goodison Park's deficiencies make it costly and inefficient to operate. I briefly discuss these cost issues below, focusing on the increasing burden of higher maintenance costs.

6.2.2 Stadium maintenance costs are the most important factor when considering Goodison Park's cost disadvantages. At present the age of the stadium means that the costs associated with obtaining and adhering to relevant health and safety requirements are increasing.

6.2.3 Historical experience at Goodison Park has shown that within the maintenance cycle there are peaks of substantial costs required every two to three years with more limited expenditure, but nonetheless significant, in the intermittent years. These peaks relate to such expenditure as replacing the roofs on the stands hence represent large necessary projects - and can be regarded as being "quasi capital investment". The frequency and size of larger maintenance projects have been increasing over the years at Goodison Park, a costly trend which is expected to continue as the stadium ages further.

6.2.4 The maintenance spend at best enables the Club to stand still operationally, rather than providing a boost to revenue.

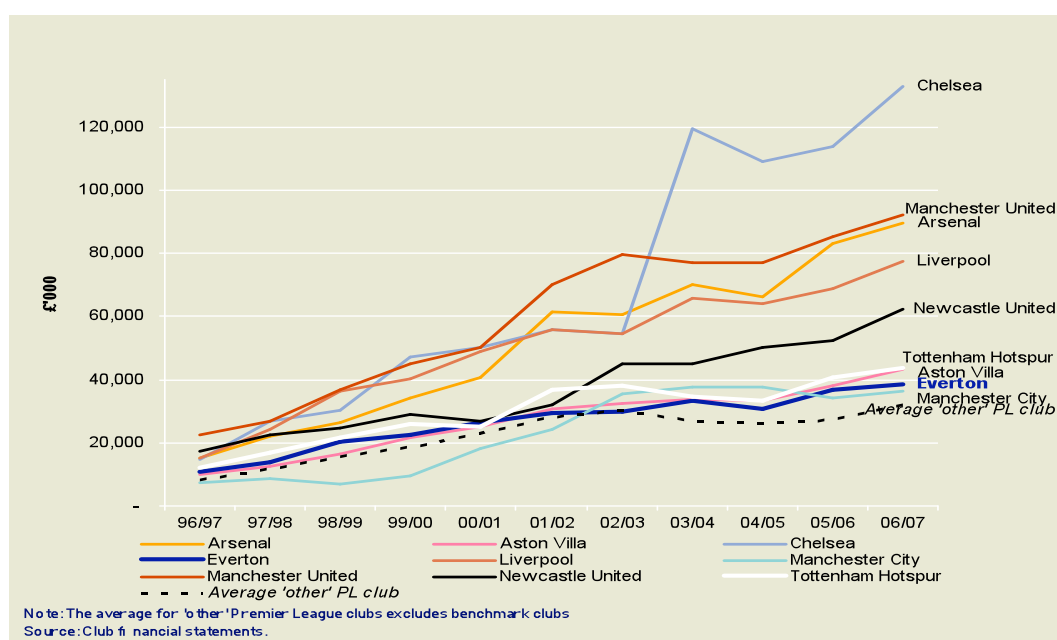
6.2.5 In addition to the maintenance costs, the inefficiencies of Goodison Park mean that Club operating costs are higher than necessary.

6.3 Wages - Everton's Competitive position

6.3.1 In Section 3 (supported by Appendix 2) I discussed the strong relationship with a club's on-pitch performance and the level of wages paid, wages being a key factor in attracting a strong playing squad.

CHART 6.6

Total wages and salaries costs for competitor clubs - 1996/97 to 2006/07

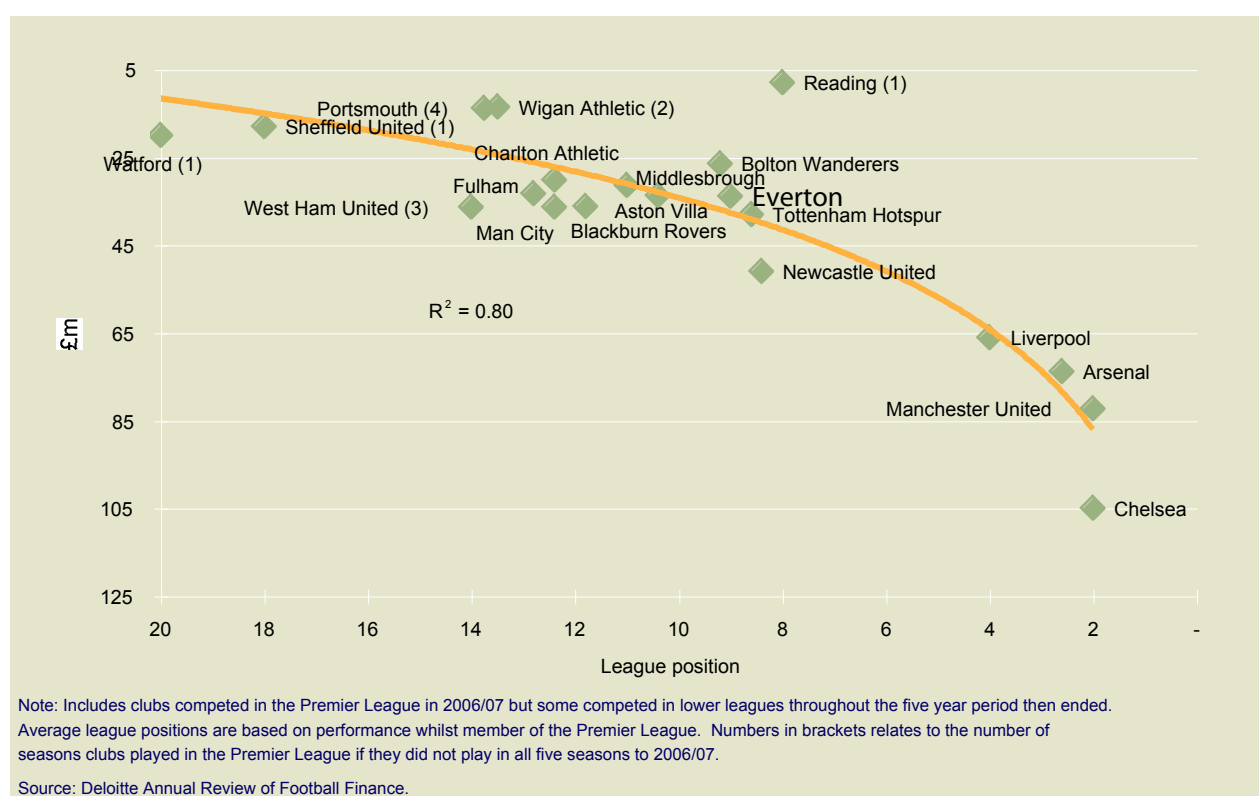


6.3.2 The chart above illustrates the increase in wages and salary costs of Competitor Clubs between 1996/97 and 2006/07. Whilst the significantly higher wage costs of the 'Big 4' clubs reflects polarisation of the Premier League by 2006/07. Everton has also fallen behind all the other competitor clubs, except Manchester City (which I expect will have increased their wage bill above Everton's in 2007/08).

6.3.3 The Club has managed to remain relatively competitive in the wages paid compared with the European Qualifier Clubs despite the revenue disadvantage through a combination of increasing debt levels, disposal of non core fixed assets and player trading - notably the sale of Wayne Rooney for proceeds up to £27 million. None of these is a future sustainable mechanism to be used each year in the medium term to remain competitive.

CHART 6.7

Wages expenditure and performance of Premier League clubs 5 year average to 2006/07⁵



⁵The R^2 factor is a statistical measure of the strength of the relationship between two sets of data - whereby in the range 0 to 1, a factor nearer 1 indicates a stronger relationship.

6.3.4 As I noted in Section 2, over the history of the Premier League's existence there has been a strong relationship between a club's wage bill and its on-pitch success.

6.3.5 Chart 6.7 illustrates the strength of this relationship by plotting the average total wages against average Premier League finishing position for the five seasons 2002/03 to 2006/07. I have used total wages as clubs do not break down total wages into player and other wages, but given that estimated player wages are typically 70-80% of total wages at most Premier League clubs, the comparisons are valid. By taking a five year average I have attempted to limit some of the non-player finance components such as management, player injuries and luck which can have a strong bearing on a club's success, particularly in any given season, but which would be expected to balance out in the longer run.

6.3.6 The chart clearly shows the strong correlation between the level of wages paid and a club's league performance. The relationship is strongest at the top of the league where the Big 4 of Arsenal, Chelsea, Liverpool and Manchester United pay significantly higher wages than the other clubs and fill the top 4 positions, and at the bottom where the lowest paying clubs often finish in the lowest league positions (with a finish in the bottom three meaning relegation to the Championship). There is more variation in the middle of the league but nonetheless a strong relationship exists. The R^2 is a statistical measure of the strength of the relationship whereby a factor close to one indicates a strong relationship. An R^2 of 0.80 as per Chart 6.7 is considered a strong correlation.

6.3.7 The amount of revenue generated by a club is a key determinant in the level of player wages a club can support. In turn the successful on-pitch clubs generate higher revenues through playing more matches by progressing through competitions (in addition to league games), higher broadcasting revenue from merit payments (e.g. Premier League clubs receive an additional £0.8m broadcasting revenue for each higher position they finish in the League) and attracting more lucrative commercial partners (who wish to be associated with successful clubs). The increased revenue means the clubs can afford to fund higher player wages which in turn increases the chances of attracting the best players and hence the clubs' chances of on-pitch success and so on. Some commentators refer to this as a "virtuous circle".

6.3.8 Everton has outperformed rivals in recent years, by attaining a higher league position than the Club's wage bill would suggest was expected, as demonstrated by the fact that with the exception of Reading, who only played one season in the Premier League over this period and were relegated the following season (2007/08), no club achieved an average league position higher than Everton with a lower wage bill.

6.3.9 The skill of the current manager David Moyes has played a key part in this success, however the Club has been financially stretched to provide the manager with the required funds to invest in the playing squad (primarily through the increase of the Club's borrowings, disposal of fixed assets, including the Megastore and Netherton, and sale of Wayne Rooney). The Club's ability to continue this level of investment while at Goodison Park is now extremely challenging, therefore even allowing for the ongoing presence of David Moyes, I consider this is not sustainable in the medium term as other clubs with the benefit of higher revenues, build higher quality playing squads by attracting the best players for higher wages.

6.3.10 With each passing season the Club plays in Goodison Park, the revenue gap between Everton and our rivals will increase, hence a delay in moving stadium will further exacerbate the Club's competitive disadvantage.

6.3.11 It should be noted that while over the last six years the Club has achieved an average league position of 8th, over the full period of the Premier league (since 1992/93) the Club has finished an average of 12th and for a number of seasons was threatened by relegation from the Premier League. Furthermore for the six seasons prior to David Moyes arrival, 1996/97 to 2001/02 the Club finished an average of 15th, a period when the Club's Premier League wage ranking varied between 8-14th.

6.4 Why we need to move now

6.4.1 In the section above I have outlined the significant revenue disadvantage the Club faces due to Goodison Park's deficiencies and the risk of deteriorating on-pitch performance we face if we are prevented from addressing the situation.

6.4.2 Accordingly, it is clear that if the Club is to flourish and go on to achieve our aspirations, in both football terms and financially (although the two being inextricably linked), we need a larger, modern stadium very soon.

6.4.3 In Section 7, I set out why the Club has concluded that redevelopment of Goodison Park is not a viable option, and that following an exhaustive search for suitable new stadium sites Kirkby is the only option open to the Club.

6.4.4 The Club has already incurred a one year delay in the opening date for a new stadium, to summer 2011, to accommodate the call-in. The Club's plans and funding are all based on this revised date. A further delay in moving to a new stadium would be extremely challenging for the Club to deal with due to rising construction costs (in part as a consequence of increasingly expensive sustainability and environmental requirements) and the cost of borrowing.

6.4.5 We cannot wait, for example, for the emerging Local Development Framework (LDF), to run its course as the timescales for this are too long, the outcome uncertain and the current funding package would be lost.

6.4.6 Pursuing the LDF route (and timescale) would mean that the Club cannot commit to the Kirkby scheme. The Club must make a decision on its long term future in the very near future, and the longer the current uncertainty continues, the greater the risk to the Club - a risk which the Club cannot take.

6.4.7 I am in no doubt that this is a unique "window of opportunity" for the Club to meet its long overdue need for a new stadium and secure its long term future. Should this window close, future prospects for substantial improvements in facilities appear highly limited.

7.1 Requirements

7.1.1 This section of evidence provides an overview of the comprehensive site search and selection process which the Club have been involved in for in excess of 10 years. A more detailed explanation is covered in the evidence of Chris Potts, but it is important to provide below an indication of the Club's approach which further demonstrates why Kirkby is the only option.

7.1.2 The Club has reviewed its need for a new stadium and has determined its requirements as including the following:

- A capacity of 50,000 which is capable of expanding to 60,000;
- Unimpeded views from all seating positions;
- 2,000 to 3,000 executive seats;
- 60 hospitality boxes (each housing 8 to 10 people);
- High standard of facilities for players and team staff;
- Compliance with the latest accessibility legislation;
- UEFA standard pitch with 6/7.5 metre overruns;
- Champions League perimeter signage;
- Individual iconography; and
- An ability to sustain a high-profile stadium naming partner.

7.1.3 Developing a major sports stadium is an extremely complicated, expensive and high profile project. No club would pursue an opportunity without a robust assessment of the policy, technical and funding criteria. In particular the Club, and its advisors, has considered options on the following basis:

- Availability - land ownership and acquisition costs;
- Suitability - is the site of sufficient size and in an appropriate location to accommodate a football stadium of 50,000 to 60,000 capacity;
- Accessibility - access is critical to ensuring that the operational aspects run smoothly;
- Viability - the required capital expenditure of a new stadium and its required infrastructure is extremely expensive, and thus identifying opportunities for cross subsidies from non stadium aspects of a development is important; and
- Deliverability - the risk associated with the planning process, compulsory purchase and transportation infrastructure.

7.1.4 To satisfy its viability condition, a particular requirement for the Club has been the importance of identifying opportunities where a subsidy could be secured through enabling support. The Club is not in a position to raise the full monies alone for a new stadium development (fulfilling our criteria and ambition) whilst still remaining competitive on the pitch. The Club recognises the difficult but necessary balance between investing in the stadium infrastructure and player development.

7.1.5 In broad terms the assessment work by the Club include, the redevelopment of Goodison Park, sites which have been brought to our attention in the period between King's Dock (2003) and Kirkby first emerging (2006), sites which emerged directly as a result of the publicity surrounding our association with the Kirkby scheme, and those sites which Liverpool City Council had assessed (as part of the Stanley Park permissions for Liverpool FC). None of these sites are suitable for reasons described below.

7.2 Why Goodison Park Stadium cannot be redeveloped

7.2.1 In this section I summarise the main reasons why Goodison Park cannot be redeveloped. Further detail is provided within the evidence of David Keirle.

7.2.2 The Club has considered whether it is possible to redevelop Goodison Park to redress the current deficiencies and fulfil its requirements as set out above. It has commissioned studies by specialist architects over a number of years, but the same, insurmountable issues arise. In summary these are:

Physical constraints

- The site itself is a major restriction, particularly the width, with public roads on 3 sides;
- The site area is 3.25 hectares which is too small for a major stadium;
- The immediate proximity of St. Luke's Church and residential properties;
- The relationship between the Goodison Road stand and the highway creates compromises for the Main Stand which traditionally offers the best viewing standards (by having its back to the low-setting winter sun) and premium corporate facilities;
- The maximum capacity of a redevelopment (based upon current standards and the existing site) would be 36,000, which is lower than the existing, and less than optimal capacity; and
- Redevelopment is neither balanced nor aesthetically appropriate, with the two end stands being disproportionately large accounting for 55% of the spectators.

Financial constraints

- Reduced gate receipts and hospitality during each build phase;
- Naming rights opportunities would be weakened;
- No proceeds could be secured from the sale of land;
- More complicated construction contracts due to phasing and seasonal completion, will add greater financial and construction risk;
- Significant temporary works during each phase will add to the overall cost; and
- No opportunity for subsidy from enabling support.

7.2.3 The options for redeveloping at Goodison Park would require the Club to either (i) relocate for approximately two seasons to allow the redevelopment to be undertaken as a single project, or (ii) undertake a phased redevelopment with Goodison Park to remain operational.

7.2.4 Whichever route is adopted the redevelopment is likely to be financed entirely by the Club as there is limited opportunity to introduce any cross subsidy. Thus, Everton would be faced with funding an entire new Stadium development, say over a two year period, whilst if we move, also meeting all of the temporary relocation costs as part of a ground sharing requirement. A redevelopment in situ would require in the region of £130 million with no opportunity for this to be subsidised and therefore unaffordable for the Club.

7.2.5 A redevelopment on a phased basis would allow Everton to remain at Goodison Park but, again, all of the financing would need to be raised by the Club at a time when the Club's income would be significantly reduced as each of the stands would need to be redeveloped in turn. This, in effect, would create at least four years of significantly reduced income for the Club, at a time when operating revenue is likely to be the sole source of financing for a redevelopment.

7.3 Alternative sites

7.3.1 The Board of Directors has considered a number of options, including the high profile King's Dock proposal, which it was promoting between 1999 and 2003, and the various other sites which have emerged subsequently. The evidence of Chris Potts looks at this in greater detail as he has represented the Club and reported to its senior management and the Board on these matters since 2001.

7.3.2 It is clear that the Club has shown great endeavour in seeking a new stadium location and have engaged with the public sector and leading developers. The availability of sites has proven to be rare, and uniquely our search has coincided with that of Liverpool FC who have identified Stanley Park as the only option for fulfilling their requirements.

7.3.3 I am confident that the Club has been thorough and professional in its approach to a relocation, which is why the opportunity at Kirkby is such a good opportunity far superior to any other in its viability and deliverability.

In this section I provide the background to the proposed stadium development at Kirkby along with an explanation of the cost, funding arrangements and the financial benefits provision to the Club from the move to the new stadium.

8.1 Background

8.1.1 The first formal approach which the Club received on the Kirkby project arose in February 2006 as a result of a meeting with Tesco. Tesco explained the background to their emerging proposals within Kirkby, their discussions with Knowsley Council and presented:

- A masterplan document containing an indicative layout and preliminary background policy and technical analysis;
- An appraisal indicating that the scheme could generate a subsidy/contribution to the funding of a stadium; and
- A programme setting out the timetable for further due diligence, technical analysis, planning application preparation, submission of application and determination, construction and stadium opening.

8.1.2 The Club sought the advice of Chris Potts at Savills who undertook a review of the documentation, considered the site and prepared an objective analysis of the scheme's credentials. In the light of the feedback received, the Club entered into dialogue with Tesco and Knowsley Council.

8.1.3 Concurrently, the Club was also in discussions regarding the land at Switch Island, and were also engaging with Liverpool City Council and others in connection with site identification. These issues are covered in further detail in the evidence of Chris Potts.

8.1.4 From March 2006, the Club and its advisors engaged in regular dialogue with Tesco and their consultants in order to explore the emerging proposal more fully. The Club, and Savills, were also in dialogue with other parties to consider alternatives to Kirkby, as well as confirming that the opportunity at Kirkby was the most suitable site available to the Club.

8.1.5 By August 2006 it was clear to the Club that negotiations with other parties were not producing any suitable sites with further discussions on Kirkby providing increased confidence surrounding the key issues of viability and deliverability.

8.1.6 In August 2006 the Club entered into an "Exclusivity Agreement" with Tesco and Knowsley to allow the exchange of confidential financial information, and assurances to enable the expenditure of additional professional fees in pursuing the project.

8.1.7 Due to the size and complexity of the scheme, the Club instructed further advice from a range of leading consultants, including KSS Design and Franklins Sports Business to assist, in particular, on the stadium related matters. By Spring 2007, it was clear that the scheme was moving forward satisfactorily in terms of the continued due diligence and funding arrangements, and the Club, following the commitment of the Chairman to seek confirmation of the Club's intent to proceed with the Kirkby project, announced a ballot of supporters in July/August 2007. I am not aware that any other leading Club has sought such support previously and continued our commitment in previous ballots in 1997 and 2000.

8.1.8 The outcome of the ballot in August 2007 was an almost 60% endorsement by supporters for the Board to continue its negotiations on the project. The Club consider this a strong endorsement at a time when claims of 'viable alternative schemes' were being publicly aired.

8.1.9 In Autumn 2007, the Club participated in initial consultation exercises undertaken by Tesco and Knowsley Council in order to publicise the emerging proposals.

8.1.10 In December 2007, the Club signed an Agreement for Lease with Tesco, by which, in summary, the Club would take a lease on the stadium for 999 years. As a result of this commitment between Tesco and the Club (and the ongoing dialogue between Tesco and Knowsley Council) a planning application was registered in early January 2008 for the major regeneration scheme, including the new stadium for Everton Football Club.

8.1.11 The Club's consultants were involved in the application preparation and liaison with Tesco's advisors, and the Club were involved in various community meetings, presentations and liaison regarding the scheme.

8.1.12 We were clearly delighted when Knowsley Council's planning committee almost unanimously resolved to grant planning permission for this development representing an enormous step forward in the realisation of the regeneration proposals.

8.2 Cost of development

8.2.1 In this section I present the estimated total cost of the proposed new stadium in Kirkby, which is the subject of this planning application. The total, estimated cost of the proposed new stadium is set out below:

TABLE 8.1
New stadium cost estimates

	Total cost of element c.£million
Substructure and piling	5.8
Frame, roof, floors and external surfaces	32.6
Internal fittings, furniture and finishes	10.0
Internal mechanical and engineering and associated services	20.6
External works and associated services	1.9
Design, insurances and preliminaries	10.9
Employer's provisional sums	2.0
Sub-total	83.8
On cost and contribution @4.5%	3.8
PCSA	2.4
Stadium construction cost	90.0
Inflation	9.9
Projected outturn cost	99.9
Fit out and moving costs	30.0
TOTAL	130.0

Source: DTZ Financial Statement Document

8.2.2 The project cost plan, produced by Barr Limited, provides a total cost excluding fit out of approximately £100 million. The fit out costs produced by Franklin Sports Business are estimated to be £30 million. The combined total cost of the stadium is therefore c.£130 million.

8.2.3 The c.£130 million provides a stadium which is fitted out and capable of obtaining the relevant licenses and safety certificates in which to host Premier League and European football matches.

8.2.4 It is important to note that the Club is not simply seeking to develop a direct, like-for-like replacement for Goodison Park. Goodison Park needs to be replaced because of its age and condition and issues associated with its location as set out earlier, but in replacing our existing stadium, the Club wishes to create new and improved facilities for spectators, players, officials and the press and media in order to address the financial constraints the Club currently faces at Goodison Park. The range of facilities is not excessive and reflects those generally found at many other major football stadia, particularly teams playing in the Premier League, but even then the new ground would not be the biggest or have the highest specification. It would be an upper-mid-level stadium in terms of size and facilities.

8.2.5 Large modern stadia are complex structures that provide:

- Covered seating areas for spectators;
- Hospitality suites for corporate guests;
- Kitchens and 'back of house' facilities to operate hospitality suites;
- Changing facilities for players and match officials;
- Press and media suites;
- Offices and other areas for the management and administration of the buildings;
- Storage areas to accommodate equipment used to maintain the pitch and building; and
- Stadium structure able to support high power lighting required to facilitate evening and night time games and activities.

8.2.6 Additionally, the structures have to be designed to facilitate access for many thousands of fans in a way that allows officials to check tickets, and the rapid, yet safe and orderly egress of the same number of fans in the event of a safety related issue. The stadium also has to be accessible and car parking is required for players, match officials, executives and corporate guests. All these factors conspire to force development costs upwards.

8.3 Affordability - funding

8.3.1 In this section I explain how the Club intends to fund the total stadium cost of c.£130 million.

8.3.2 I consider the funding by discussing in turn:

- the Club's £78 million contribution; and
- the £52 million cross subsidy from the scheme.

Club's Funding Contribution

8.3.3 It is important to note that Everton ranks below the Premier League's cash rich and/or benefactor/owner funded clubs. Indeed, whilst the Club has stabilised its position in the last few years, there is a residue of debt which is long term in nature and impacts on present and future borrowing possibilities.

8.3.4 A number of possible funding options are currently being pursued. These may include some or all of the following:

- Securitisation of new stadium naming rights;
- Sale of Goodison Park;
- Sale of Bellefield training ground;
- Long term bank or syndicated debt; and
- Equity funding.

8.3.5 The Club expect that the combination of these funding methods will allow the Club to reach the point whereby, with the guaranteed cross subsidy from Tesco, the stadium project is viable and deliverable.

8.3.6 In reaching this conclusion, I have considered the advice the Club has received from stadium naming rights experts and land valuers and our discussions with banks and other potential funders.

8.3.7 On the assumption the Club moves into the new stadium during Summer 2011, I am satisfied that there is sufficient flexibility in the funding package to deal with potential delays (inherent in such projects) in individual funding streams/sources.

8.3.8 The combination of the funding methods described above, along with the cross-subsidy, will allow a Premier League standard stadium to be funded, suitable for the Club's purposes. The cross subsidy provided through the retail development remains an integral element of the successful funding of Everton's new stadium and without which it is simply not affordable for the Club.

8.3.9 This funding package guarantees that through a combination of the Club's own resources and the cross subsidy the proposed new stadium could be funded which would enable the Club to move to and operate the new stadium upon completion.

8.3.10 I consider that the maximum level of financial commitment the Club can commit to the scheme from the various sources mentioned above is £78 million and beyond that the scheme is financially unviable for the Club.

Cross Subsidy

8.3.11 The overall development package creates the ability to cross subsidise the cost to the tune of £52 million so as to make it affordable and deliverable.

8.3.12 Cross subsidies have been an important part of the vast majority of new football stadium builds in the last 15 years, as illustrated by the table below. Given the current cost of building new stadium I consider the presence of a sufficient cross-subsidy to be critical in the feasibility of any new stadium project.

TABLE 8.2
Funding structures of new stadia built since 1992

Club	Fully funded by club	Additional support	Description of Additional Support
Pre 2000 - Football League			
Sunderland		✓	Subsidy and land deal including remediation of site at no cost to Club. Football Trust grant.
Stoke City		✓	Direct investment by local authority in joint venture along with property group.
Reading		✓	Contribution from property company from surrounding development gains.
Wigan Athletic		✓	Stadium sits within a mixed use leisure ad retail park.
Post 2000 Football League			
Hull City		✓	Direct capital investment by local authority in construction of the stadium.
Coventry City		✓	Development adjacent to stadium contributed to construction cost of the stadium.
Swansea City		✓	Development adjacent to stadium contributed to construction cost of the stadium.
Doncaster Rovers		✓	Direct capital investment by local authority in construction of the stadium.
Pre 2000 - Premier League			
Middlesbrough		✓	Direct assistance from the urban regeneration agency for Teeside
Bolton Wanderers		✓	Stadium sits within a mixed use leisure and retail park.
Derby County		✓	Direct assistance from local authority
Post 2000 - Premier League			
Southampton	✓		Funded by the club through the sale of the previous stadium site and grant funding.
Manchester City		✓	Direct capital investment by local authority in construction of the stadium.
Arsenal		✓	Part funded through extensive residential development including Highbury.

Source: Club websites, local authority websites, press reports

8.3.13 Only Southampton funded their new stadia without other supporting development and Southampton's St. Mary's stadium was a low cost build which is not comparable to Everton's position.

8.4 Financial benefits of moving to the Kirkby Stadium

8.4.1 The Club has prepared financial forecasts which cover the period from now to moving to the new stadium which sets out how the new stadium will deliver significant incremental revenues.

8.4.2 The additional revenue will be generated from three main sources:

- Substantially higher ticketing revenue from general admissions sales - driven by an average attendance approaching the capacity of 50,000 compared to the current c.36-37,000 average attendance at Goodison;
- Increased volume and yield from corporate hospitality sales; and
- Enhanced commercial revenues - such as, additional sponsorship opportunities, stadium advertising and greater merchandising potential.

8.4.3 Additional secondary matchday spend on food and drink, programmes and other items will be generated. I discuss each area in turn below.

Attendance

8.4.4 The Club are confident of achieving attendances approaching capacity due to:

- The "new stadium effect" discussed in section 4 which has seen Premier League and Championship clubs benefit from substantial increases in average attendance following the move to a new stadium.
- The pool of almost 35,000 active buyers outside the season ticket base (of 25,000), which means Everton's current overall active supporter pool is almost 60,000 individuals.
- The number of games at Goodison Park already selling out (or close to) notably the games against Manchester United and Liverpool, the first and last games of the season and the home games during the Christmas period. Goodison Park's current c.3,500 obstructed views means that the club is effectively at, or above, 100% utilisation for another 7 to 8 games a season. The Club are confident the additional capacity would be fully, or close to fully, utilised for these games.
- 60% of current Everton season ticket holders live in Merseyside and 75% live within 12 miles of the new stadium.
- With a large proportion of the fanbase living within easy reach of Kirkby and good transport links to the stadium, the Club considers that its existing season ticket holder base is unlikely to be materially affected by the move to Kirkby.
- The move to Kirkby presents opportunities for the Club to develop its supporter base further. The two nearest Local Authority areas outside Merseyside - West Lancashire and Halton - have a total population of 230,000 residents. Almost 1.6 million people live within a 30 minute drive, while a further 2.3 million live between 30 and 45 minutes away from the stadium.

- The experience of other Premier League clubs whose old and new stadia were approximately the same distance apart, as that of Goodison Park and Kirkby - notably Bolton Wanderers, Manchester City and Sunderland - suggests that the vast majority of existing fans ultimately travel to the new stadium.
- While ticket prices will increase in the new stadium to reflect the markedly improved facilities, the Club will work to ensure such increases are fair and will not act as a disincentive for supporters to attend matches. The family enclosure at Kirkby will be larger than at Goodison Park and provide a means of ensuring affordability for the next generation of Everton fans.
- The Club will ensure significant resources are allocated to marketing activities to sell the increased capacity including targeted marketing, better use of data, and the implementation of a new Customer Relationship Management system.

8.4.5 In addition to the extra ticketing revenue generated from the increased attendees, revenue from secondary spend on catering, programmes and merchandising will increase as the stadium facilities are improved and access to spending opportunities is increased. In the 2007/08 Premier League National Fans Survey Everton ranked 19th of the 20 clubs in terms of access to food and drink and the new stadium would transform the offerings in this area.

Corporate Hospitality

8.4.6 The new stadium provides an opportunity to substantially increase revenues from corporate hospitality driven by increased capacity and where appropriate increased prices to reflect the superior facilities.

8.4.7 The new stadium will have a corporate capacity of 2,400 including 320 in executive boxes.

8.4.8 The Club are confident that close to capacity corporate sales will be achieved due to:

- The high quality of the facilities;
- The large market for the club to target, with over 5,000 £1 million+ turnover companies located within 45 minutes drive of Kirkby;
- The fact that only around 1 in 5 of our current corporate customers buy for business related reasons, as currently the vast majority are more affluent Everton fans. This gives the Club a large untapped market to target in the new stadium and who will be much more facility led;
- The level of corporate sales achieved by other Premier League clubs, including substantial increases in sales when clubs have moved to new higher capacity stadia; and
- Substantial increases in marketing and sales resources have been budgeted to sell the additional corporate places.

Enhanced commercial revenues

8.4.9 The new stadium at Kirkby will provide the Club with a much broader and deeper sponsorship inventory to sell than currently exists at Goodison Park. Some of the enhanced commercial opportunities which will deliver the revenue growth are:

- Stadium naming rights - the new stadium offers a unique opportunity to secure a lucrative naming rights partner;
- Main sponsor - additional matchday attendees, improved branding opportunities and better camera positions will help maximise the Club's key sponsorship packages;
- Enhanced merchandising sales - the retail facilities at Kirkby will be amongst the best in the Premier League and provide a suitable location to merchandise a broader range of retail products;
- Advertising - the Kirkby stadium will offer more and better quality advertising opportunities than Goodison Park;
- An immediate and direct benefit will flow from the installation of higher perimeter advertising boards; and
- The move to the new stadium will enable the development of new sponsorship hierarchy on the following basis:
 - Stadium naming rights;
 - Founding sponsors - likely to include beer, communications and technology; and
 - Platinum sponsors - approximately six category sponsors including travel, betting, electricals and confectionery.

9.1 In this Section I set out how the proposed new stadium at Kirkby satisfies our requirements for a new stadium.

9.2 I summarise below how the Kirkby scheme meets the requirements set out in Section 7.1 above. The confidence we felt at the outset of the discussions in 2006, has been reinforced during subsequent planning, negotiation and due diligence.

9.2.1 Availability

- The land for the stadium is in the control of our partners, Tesco and Knowsley Council.

9.2.2 Suitability

- The site's location and physical attributes are suitable to build a new stadium.

9.2.3 Accessibility

- The site has good public transport and road access and is well situated in relation to our fan base and season ticket holders.

9.2.4 Viability

- The overall development package delivers the necessary cross subsidy to make the stadium affordable. The Club considers this level of finance to be at the limit of our funding capacity. Consequently, the proposed subsidy is essential to make the Kirkby scheme viable to the Club.

9.2.5 Deliverability

- The phasing of the scheme has been carefully considered to ensure that the stadium can be delivered at the outset to meet the Club's timing requirements.

9.3 The Kirkby scheme is the only deliverable opportunity the Club have considered in their search of over 10 years for a new stadium, it meets the Club's requirements, helps to fulfil our ambition and is affordable. The Board of Directors consider that Kirkby represents the Club's only option to relocate and a unique opportunity for the Club and for the regeneration of Kirkby.

10.1 Introduction

10.1.1 In this section I set out the evidence supporting the substantial regeneration aspects of the Kirkby Stadium development. The stadium development forms an integral part of the wider Destination Kirkby project which will regenerate Kirkby Town Centre, and in the process generate social and economic opportunities for the locality and borough as a whole.

10.1.2 Despite considerable successes through local regeneration initiatives, Kirkby faces a number of fundamental challenges, including low rates of employment and economic activity, relatively low proportions of houses in owner occupation, a high proportion of lone parent households and people with a limiting long term illness, low levels of educational qualifications and achievement, economic activity rates and skilled occupational employment. These complex challenges are summarised by the Index of Multiple Deprivation, which ranks some parts of the town amongst the 3% of most deprived areas in the country.

10.1.3 As well as providing the Club with opportunities to develop and realise its potential, the Kirkby Stadium will be a much needed catalyst for the ongoing renewal and regeneration of Kirkby's businesses, community organisations and the wider community.

10.1.4 Previous English football stadium developments have had major regeneration benefits for their respective areas.

10.1.5 Everton recognises the pivotal role that a football club can play in community development, and has developed a range of programmes which, as well as forging a bond between the club and its community, also uses the power that the club has as a local economic agent to improve the quality of life and foster meaningful regeneration. We intend to maximise the impact of the move to Kirkby, and through this ensure that the move delivers real and meaningful benefits to the town and its residents.

10.1.6 As I set out in Section 3, the Premier League is the most watched football league in the world, and having a Premier League club based in a location delivers unrivalled sporting prestige, and greatly raises the national and international profile of a location.

10.1.7 Premier League clubs can deliver additional place marketing and civic pride effects to their towns or cities. The media and marketing exposure delivered is significant and would be far in excess of that currently enjoyed by Kirkby. All aspects of the town have the potential to benefit from this exposure. The current level of exposure is illustrated by regional newspapers printing articles on the Club twice daily. Furthermore, the local radio stations (Radio Merseyside and Radio City) also provide regular updates on the Club during all peak hours.

10.1.8 In the following sections I outline the key areas where regeneration impacts are likely to be witnessed.

10.2 A developing presence in Kirkby

10.2.1 Steer Davies Gleave⁶ prepared an analysis of Everton's 23,500 2006/07 season ticket holders to illustrate the Club's supporter presence in the Kirkby area. This analysis showed that:

- 68% live within the Merseyside area;
- Approximately 13% of season ticket holders live within 5 km (3 miles) of the proposed new Kirkby Stadium;
- Approximately 45% of season ticket holders live within 10 km (6 miles) of the proposed new Kirkby Stadium; and
- Approximately 75% of season ticket holders live within 20 km (12 miles) of the proposed new Kirkby Stadium.

10.2.2 The analysis shows that the club has a small but significant concentration of its supporters in the Kirkby area, and there are already, therefore, strong linkages between Everton and the Kirkby community. The move to Kirkby presents an opportunity to develop this proportion further and deliver strong and vibrant ties with the local population.

⁶Kirkby Town Centre Regeneration, Steer Davies Gleave, December 2007

10.3 Attracting new visitors and expenditure to the local economy

10.3.1 As well as presenting a focus for local community development and engagement, the Club's move to Kirkby will also deliver a boost to numbers of visitors to the town. These visitors would be unlikely to visit the area under current circumstances, since the Goodison Park stadium is less than 5 miles from Kirkby.

10.3.2 DTZ⁷ conservatively estimate that an annual total of 28 sporting events are likely to be held at Kirkby, comprising 22 Everton home games and 6 other sporting events (for example Under 21 internationals, rugby league or union matches, boxing matches etc.). An extended run in domestic cup competitions (FA Cup and League Cup), together with an extended campaign in European competition, may lead to an increase in the number of matches held, with a theoretical total of up to 50 events being held.

10.3.3 DTZ assume an average attendance per event of 44,000, which would deliver in excess of 1.2 million visitors to Kirkby. Additional matches would significantly increase these numbers.

10.3.4 Visitors are likely to combine their visit with some form of expenditure, directly boosting the local economy. Many football supporters combine attending matches with some form of social activity and Premier League research⁸ shows that the average fan on a matchday spends £11 over and above the cost of their matchday ticket. Applying this per capita expenditure to the additional visitor numbers suggests that the Kirkby would benefit by an estimated £13.6 million per year.

10.3.5 Note the Club is confident that average attendances will comfortably exceed 44,000, hence resulting in local expenditure greater than £13.6 million.

10.3.6 Much of this expenditure is likely to take place within the Destination Kirkby project, although a proportion is likely take place in the surrounding area, benefiting existing businesses and potentially attracting new businesses into the area.

10.4 A focus for local community activities

10.4.1 There is a symbiotic relationship between a football club and its community, and clubs are committed to continuing this relationship by delivering a range of benefits to their local communities. Football clubs seek to place themselves at the heart of local communities and to embed themselves alongside other key delivery agents such as Government agencies, Local Authorities, schools and the voluntary sector. As well as providing funding, clubs act as key hubs or agents in the delivery of community activities.

10.4.2 Many clubs are situated in areas of socio-economic need. According to a recent report⁹, 64% of professional football and rugby league clubs are located within deprived neighbourhoods, while 68% of Premier League and 61% of Football League clubs are based in areas with significant minority ethnic populations.

10.4.3 The kudos, emotional involvement and 'pulling power' of football clubs helps them to reach and motivate otherwise hard to reach disadvantaged groups. Clubs are thus potentially key agents of change, a role which they have taken increasingly seriously. I consider this role as a key part of the move to Kirkby.

10.4.4 A total of 1.42 million participants were involved in Premier League clubs' community activities (Creating Chances) in 2007/08, the equivalent of over 70,000 participants per club. Football participation activities form around 80% of this total, however clubs have been increasingly involved in a broader range of initiatives addressing wider social objectives. In 2007/08, almost 200,000 of the participants took part in activities aimed at improving education, health, antisocial behaviour, or in anti racism activities. This represents a tremendous level of growth considering that ten years ago clubs' activities centred almost purely on delivering football participation activities.

10.4.5 In addition to delivering activities and initiatives the clubs also provide other in kind contributions which support local organisations. Clubs also commit significant staffing resources to deliver their community activities, and collectively employ over 400 full time equivalent dedicated community staff and over 1,000 qualified coaches in support of their community activities, an average of over 20 staff per club¹⁰.

10.4.6 Everton already takes its community responsibilities seriously. The move to the Kirkby Stadium presents a series of opportunities, both in terms of the stadium facilities provided and an opportunity to expand our community activities. Everton in the Community is the centrepiece of the club's community activities and is profiled in section 10.5 below.

10.4.7 The new stadium is a facility that could be used as a key focus for Kirkby community activities. It will include facilities which can be used for meetings, conferences and more formal occasions and we would be proud to provide facilities, where available, to support these initiatives, either as a key stakeholder, or by providing facilities.

10.4.8 Stadium moves by other clubs have been combined with effective community initiatives.

10.4.9 Our intention is to ensure that the Kirkby Stadium plays its full part in facilitating the regeneration of the area. An example of one area where the new stadium can have an immediate impact is on meeting and conference facilities, where the Kirkby area is currently very poorly supplied, limiting the ability of companies and agencies to fulfil these aspects of their business.

⁷Kirkby Town Centre Redevelopment: The Regeneration Case, DTZ, May 2008

⁸Premier League (2006/07) National Fan Survey

⁹Football and it's Communities - Report for the Football Foundation, May 2006

¹⁰Premier League Community Report 2007/08

10.4.10 The Kirkby Stadium will address this deficiency by providing additional, high quality facilities. Furthermore, the unique location and appointment, including pitch facing facilities, will present a compelling environment for events to take place. Everton are committed to ensuring high levels of usage of these facilities, while at the same time providing as much help and support to local organisations and the community as possible.

A boost to local employment

10.4.11 A move to a new stadium will be accompanied by an increase in employment, as a result of the larger scale of the overall stadium operation and the increased scale and scope of non-matchday activities delivered as a result of an increase in quality and capacity of the facilities in the stadium. With increased matchday attendances and greater corporate capacity, matchday employment is also likely to increase.

10.4.12 The table below highlights the impact of moving stadium on non-football employment, for significant stadium moves in recent years. For other stadium moves since 2000 made by smaller clubs, it is difficult to identify like for like changes due to many stadia having a stadium management company.

TABLE 10.1

Impact of stadium move on non-football employment for major clubs which have relocated to a new stadium since 2000.

Club	Stadium	Year Opened	Employment Category	Employment impact			
				Before move	After move	Change	Change (%)
Arsenal	Emirates Stadium	2006	Administrative and Ground Staff	231	291	60	26%
Manchester City	City of Manchester Stadium	2003	Commercial/ Administrative Staff	85	98	13	15%
Southampton	St. Mary's Stadium	2001	Office and Administration	29	51	22	76%

Source: Club financial statements

10.4.13 The table illustrates that, in each case, a significant increase in employment was witnessed. The scale of the increase varied between the clubs and ranged between 13 and 60 additional employees. In percentage terms the increase varied between 15% and 75%.

10.4.14 Everton currently has a total of 202 employees, 104 have non football related roles. I estimate that following a move to the Kirkby the club's full time employment base would increase by around 25 to 30 employees.

10.4.15 For clubs which moved stadium there was also an increase in numbers of temporary staff employed on matchdays. The table below illustrates the impact, with Arsenal employing 879 temporary employees on matchdays, an increase of 194 (28%) compared to the last year in their previous stadium and Southampton 350 temporary staff, an increase of 150 (75%).

TABLE 10.2

Impact of stadium move on temporary matchday employment for major clubs which have relocated to a new stadium since 2000.¹¹

Club	Stadium	Year Opened	Employment impact			
			Before move	After move	Change	Change (%)
Arsenal	Emirates Stadium	2006	685	879	194	28%
Southampton	St. Mary's Stadium	2001	200	350	150	75%

Source: Club financial statements

¹¹No information on temporary matchday employment is disclosed within the Annual Report and Accounts of Manchester City.

10.4.16 The table illustrates the significant increases in matchday employment witnessed. Everton currently employ 444 temporary matchday staff, therefore I would expect this number could increase by over 100 in a new stadium in Kirkby.

10.4.17 With the Club being located in Kirkby this additional employment may be sourced locally, providing a direct boost to employment.

10.5 Everton in the Community

10.5.1 In this section, I summarise the role of Everton in the Community ("EITC") and the work performed in the local community. A more detailed description of the organisation's activities is set out in Appendix 4.

10.5.2 EITC is a registered and independent charity and the community arm of Everton Football Club. It is considered to be one of the most forward thinking and innovative community schemes in the country, and strives to enhance Everton Football Club's reputation as 'The People's Club'.

10.5.3 EITC has a very clear mission statement, which is, "To be the best sporting charity in the UK" and this sits alongside its key objectives:

- To win the hearts and minds of the local community allowing people to get close to Everton Football Club;
- To utilise the power of sport to motivate, educate and inspire our local community; and
- To build the loyalty and scale of the Everton fan base by providing fun, relevant and engaging activities.

10.5.4 EITC works in partnerships with other organisations to operate a range of engaging sports related activities, programmes and initiatives that aim to make a difference to the lives of people on Merseyside. Examples of current partners include Alphacare, Healthy Schools Liverpool, Liverpool City Council, Mersey Care, The Princes Trust, Southern Cross and Young Addiction. These activities are structured and participative and designed to meet the needs of the community. The activities address issues that are current Government priorities such as Every Child Matters and obesity in young people and aim to educate on a range of topics such as crime and drugs, diversity and literacy.

10.5.5 All of EITC's activities and programmes are designed to attract external funding from government, business, private trust funds and individual donations. Everton Football Club makes an annual donation to EITC and also offers its support in a variety of other ways such as marketing and communications support.

10.5.6 EITC has achieved national recognition for the work it does within its local community and high profile support includes testimonials from the likes of Richard Caborn (Former Sports Minister) and Andy Burnham (Culture Secretary).

10.5.7 EITC programmes cover a wide range of activities and are outlined below:

- Disability Programme - EITC is one of the world leaders in providing football for disabled people with a combined total of 8,000 adults and children have participated in Everton's disability programme in 2007/08.
- Extra Time Study Centre - Our Extra Time Study Centre provides a wide range of study support and daytime programmes to enhance, enrich and extend children's learning at school. Currently based in the heart of Goodison more than 300 children have visited the Extra Time Study Centre in 2007/08. It is anticipated a new Study Centre would be incorporated into the stadium at Kirkby.
- Kickz - Kickz is a Premier League wide initiative that uses the power of football and the appeal of clubs to breakdown the barriers between the Police and young people, reducing crime and anti-social behaviour and encouraging them to think about social issues such as the dangers of being involved in gang activity, carrying guns/knives or alcohol and drug abuse. The project involves over 8,500 young people in Merseyside.
- The Healthy Schools Bus - The Healthy Schools Bus is a partnership between EITC, Arriva and Liverpool City Council. Over the past 12 months the first Healthy Schools Bus reached over 10,000 primary School children across 142 schools. A second Healthy Schools Bus was added in April 2008.
- Race & Diversity - As part of our anti-racism strategy EITC delivers anti-racism messages through various workshops to educate the local community. EITC was amongst the first three FA Premier League Clubs to achieve the Race Equality Standard for professional sports at both preliminary and intermediate level.
- Schools Programme - The schools programme is widely recognised for our innovative approach to incorporate a range of activities revolving around football. The government initiative 'Every Child Matters' has allowed EITC to engage with 25,000 children and young people through physical activity and promote a healthy active lifestyle.
- Soccer Camps - EITC provide a range of 'soccer and fitness' schools throughout the year. Over 1,500 children have attended EITC soccer camps in 2007/08.
- Volunteering - EITC has a vibrant volunteering programme with a database of over 130 'active' volunteers. 70 of these active volunteers contributed in excess of 5,000 hours of time and expertise in 2007/08.
- Women and Girls - EITC have an active women and girls football programme with 120 women and girls currently playing in 7 teams. Everton Ladies have very successful senior and junior teams that boast a number of international players.
- Everton Tigers - EITC uses the power of football and sport as a tool to educate people to reject racism, bullying, anti-social behaviour and other forms of exclusion. In June 2007 we partnered with the registered charity Toxteth Tigers to create a professional basketball team - Everton Tigers - who play in the British Basketball League (BBL). This has enabled EITC to engage with a community that traditionally has been hard for Everton Football Club to reach. The Tigers are an active participant in the Hoops 4 Health

initiative which uses basketball to convey a range of positive health messages to young people, including the importance of keeping physically active and eating healthily.

EITC in Kirkby

10.5.8 The presence of a Premier League football club in Kirkby will result in significant benefits to the community by virtue of the associated EITC initiative. EITC is in a unique position to facilitate the funding of numerous programmes by virtue of its unique ability to source funding from the Premier League, The Football Foundation and a variety of Central Government departments.

10.5.9 Everton's proposed move to Kirkby will provide an opportunity for EITC to extend its range of programmes to a wider community. It is the intention that the initiatives and programmes outlined above will be rolled out to the benefit of all residents across Knowsley.

10.5.10 Discussions have already taken place with Knowsley Metropolitan Borough Council (KMBC) and the following initiatives will commence before the end of 2008:

- EITC will have an office located at Brookfield High School;
- A Kickz initiative will be delivered in three areas across Knowsley;
- Five young people will be starting a three year apprentice programme in various departments in EITC and Everton Football Club;
- Hoops 4 Health Roadshow to take place in November 2008; and
- Everton Tigers are playing a British Basketball League home game on 19th December 2008 at Brookfield High School.

10.5.11 The Kirkby initiatives outlined above, represent the early stages of the Club's investment in Kirkby. It is anticipated that Kirkby will benefit from all the EITC schemes previously outlined.

11.1 Throughout the period of considering a relocation away from Goodison Park, the Club has clearly had to consider the alternative option, the redevelopment of the existing Goodison Park site, bearing in mind our long-term presence in Walton and also that this is one of our few key assets and thus must be revenue generating.

11.2 During the discussions about a relocation to King's Dock commencing in 2001/02, the most likely redevelopment option for the site was for a large supermarket, in the light of references within the Council's emerging Unitary Development Plan, levels of interest from developers and the relationship with the nearby County Road District Centre. Proposals were prepared and planning discussions were undertaken with Liverpool City Council on this basis. The decision not to proceed with King's Dock meant that the supermarket redevelopment option was similarly discontinued.

11.3 In recent years, during the Club's discussions with the City Council and others regarding a new stadium location, Chris Potts of Savills has held discussions with the City Council regarding the redevelopment options should the Club be successful in finding a new site. The feedback from the City Council, and the advice of our professional team, has indicated that the supermarket option is likely to be much more problematic in planning terms in the light of adopted policies and additional supermarket provision in this part of the City over the last six years or so. Thus, the discussions with the City Council over the last 18 months in particular have focused upon a residential reuse of the site as this is clearly a complementary use to the neighbouring occupiers, and the site is included within the boundary of the Housing Market Renewal Initiative which seeks to promote a range of accommodation types to stimulate better quality accommodation, variety of unit sizes and encourage private ownership.

11.4 Our team has prepared a residential redevelopment option which comprises a range of houses at the Northern end of the site (creating a very different feel to the existing football stand presence) rising in height towards the South (Park End) of the site which would be a mix of flats.

11.5 The technical supporting information in terms of transportation and design has been undertaken by our team and, subject to further discussion with the City Council and local residents, the Club would be in the position to submit an application for what we consider to be a conforming use in the near future.

11.6 Within our redevelopment discussions we have been keen to assess various legacy opportunities, these have included to date the following:

- An Everton Football Club youth club/ outreach centre for the children of Walton to be situated between the Church and Goodison Park Stadium;
- A Goodison Park communal playing field or garden for the residents of Walton; and
- Leaving the existing Dixie Dean statute with a plaque commemorating the former home of Everton Football Club.

11.7 We anticipate we will identify and implement further legacy initiatives over the coming months.

12.1 In this section I summarise the implications for the Club if the Project fails.

12.2 Given the severe deficiencies of Goodison Park, the Club would continue its search for an alternative new stadium site. However, given the comprehensive search undertaken over the last 10 years prior to Kirkby, specifically the paucity of viable options identified, the chances of successfully finding a suitable site that fulfils the requirements set out in Section 7 are considered extremely low, certainly in the short to medium term.

12.3 Hence, while the search would continue, we would look to invest in Goodison Park as best we could. For the reasons I set out in Section 7.2 meaningful redevelopment of Goodison Park would not be possible with only marginal improvements to the ground viable. In substance, these “improvements” would enable the Club to at best stand still, hence would be more akin to maintenance spend than facility improvements.

12.4 Maintenance spending would need to increase markedly as the stadium ages further, in order to ensure the Premier League licence and stadium safety certificates are protected.

12.5 While the Club would continue to maximise our matchday and commercial revenues to the extent possible given Goodison Park’s inadequacies, we would almost certainly fall further behind our rivals and indeed face the risk of real significant decreases in some of our key revenue streams.

12.6 The combination of higher costs and at best stagnant commercial and matchday revenues would place increasing pressure on the sustainable level of player budget (wages and transfers), such that the Club would find it increasingly difficult to compete with its Premier League rivals to attract and retain the best players.

12.7 The continued erosion of the Club’s financial and on-pitch competitive position would harm performance against the Competitor Clubs I discussed in Section 6, but also against emerging progressive Premier League clubs with the advantage of higher quality facilities and/or benefactor support. Further stadium developments at these Premier League clubs would further exacerbate the situation.

12.8 If this Project fails, the Club’s on-pitch performance is therefore highly unlikely to remain at the current levels, and indeed risks deteriorating significantly.

12.9 A deterioration in on-pitch performance leads in turn to a probable further reduction in total revenue, particularly in valuable broadcasting revenue, which in turn leads to further on-pitch declines – the Club would effectively enter a “vicious circle”.

12.10 Expectations of Premier League fans have been increasing with the increasing level of investment in stadia. These expectations have included factors such as comfort, sightlines and hospitality. All of which Everton fans do not currently enjoy at Goodison Park, in comparison to other Premier League clubs, and will not continue to until the Club are able to provide fans with a new stadium with modern facilities.

12.11 If consent is not granted and this unique opportunity is missed, the Club’s ability to improve facilities, generate additional revenues and secure long term success will be severely impaired.

13 CONCLUSIONS

13.1 In conclusion, the Club has a pressing need for a new stadium and has considered all of the possible options and Kirkby is the only option which is available, suitable, accessible, viable and deliverable. On this basis, the Club will be asking the Secretary of State to grant planning permission for the scheme.



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