

**Report of:** Business Unit Manager, Leisure and Parks

**Title:** Pegasus Theatre – request for Capital contribution

**Ward:** East Area and City wide

**Report author:** Claire Thompson – Arts Officer (Dance and Theatre)  
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**Key Decision:** Yes

**Lead Member:** Cllr Mary Clarkson

**Scrutiny responsibility:** Finance / Community

## **RECOMMENDATIONS**

That the Executive Board agrees to:

- Recommend to Council that a sum of £250,000 is added into the Capital programme as a contribution to the redevelopment of Pegasus Theatre over the period 2005/06 – 2006/07, subject to the contribution being made under suitable terms and conditions.
- Approve a virement of £250,000 from the Osney Court scheme to fund this proposal.

## **1. Summary**

- 1.1. Pegasus Theatre is a City Council core-funded Arts Partner which plays an important role in the cultural and community infrastructure of the City, and makes a valued contribution to the City Councils' Strategic Aims. The present buildings are no longer suitable and are deteriorating rapidly – without redevelopment of the site, Pegasus will probably be forced to close within 2 years.
- 1.2. Pegasus has been awarded £2.7million from the Arts Council England Lottery Capital funding scheme, towards an overall redevelopment valued at £5.8million. Pegasus formally requested funding from the City Council towards the redevelopment in November 2004. This report asks the Executive Board to recommend to Council an addition to the Capital programme of £250,000.

## 2. Council Vision and Strategic Aims

2.1. Pegasus' work and the recommendations covered in this report contribute to the following areas of the Council's vision –

- Providing More Affordable Leisure Activities
- Creating Local Prosperity
- Improving our Environment
- Improving Dialogue and Consultation
- Making Oxford a Safer City

2.2. Pegasus' capital redevelopment and work contribute to all five key themes of Oxford's Community Strategy –

- *A Vibrant and Inclusive Economy* – through increased employment and volunteering opportunity; promotion of cultural diversity and social inclusion through work with disadvantaged communities; contributing to continued social and economic regeneration of East Oxford; development programme for artists and performing arts companies
- *Safer Communities* – through development of organisation and environment offering safe and secure opportunities for young people and local communities; positive opportunities for young people to engage in leisure activity within a cultural setting; investment in outreach work in disadvantaged areas
- *A Better Living Environment* – enhancing quality of environment and facilities for local residents; ensuring development and operation is sustainable; integrating public art within the design of the new building
- *Opportunities for Life* – through fostering and nurturing skills of young people and adults; enhancing education for young people; ensuring access to families and those on low incomes; giving a representative voice to young people.
- *Active and Healthy Communities* – through promoting engagement with the arts at all levels and removing barriers; encouraging healthy lifestyles through use of space for dance, leisure and health activities; promotion of healthy food and drink; promoting an active lifestyle through workshops and project activity

2.3. Pegasus' capital development is featured within the final draft of Oxford City Council's Arts Strategic Plan, endorsed by the Executive Board on 1<sup>st</sup> November 2004. As a core funded Arts Partner, Pegasus has a key role to play in the delivery of significant strands of the Arts Strategic Plan, as well as the Dance Development Plan.

2.4. Oxford's cultural strategy, *Making the Difference* (endorsed by the Executive Board in June 2002) and the Cultural Strategy Monitoring Report (endorsed in November 2003) include commitments to supporting the redevelopment of Pegasus, linked to the delivery of key themes.

### **3. Background and Context**

- 3.1. Pegasus Theatre is an East Oxford based venue that actively and dynamically supports and contributes to the creation and presentation of contemporary theatre and the performing arts. Its work reflects the diversity of its local community, and focuses on three distinct but intertwined areas –
- Participatory arts programmes which target children and young people, and include those that are vulnerable and at risk.
  - Development programmes to support emerging artists and performing arts companies.
  - A professional performance programme by local, national and international companies.
- 3.2. Pegasus is one of Oxford City Council's Arts Partners, and receives a core revenue contribution of £25,688 per annum under a three-year grant assistance agreement that lasts until April 2006. As an Arts Partner, they play an important role in delivering actions within the Council's Arts Strategic Plan.
- 3.3. Pegasus has been working on plans to redevelop its current buildings since the early nineties. An earlier application for Arts Council England Lottery funding was turned down, due to intense competition. However, the deterioration of the buildings and the lack of space in which to expand project activities mean that a redevelopment of the site is now a necessity. Southern and South East Arts funded a capital review in 2002, carried out by ArtService.
- 3.4. The ArtService review highlights that Pegasus has to undergo capital redevelopment to survive – 'doing nothing is no longer an option.' This review formed the basis of Pegasus' bid to Arts Council England for support under the third round of the Lottery Capital funding in October 2003. In February 2004, Pegasus heard that they had been successful in securing the requested allocation of £2.7million towards the full redevelopment scheme valued at £5.8million (see Financial and Funding Summary in Appendix B). Release of Arts Council England funds will be conditional on partnership funding being secured.
- 3.5. Oxfordshire County Council has already committed £153,000 to the Capital scheme, and has a further amount of £780,000 (£405k in 05/06 and £375k in 06/07) allocated within its Capital budget, subject to the project going ahead. The County Council is committed to the principle of granting Pegasus Theatre Trust leasehold of the land, which will be for a minimum of 25 years to comply with Arts Council England requirements. The overall County Council contribution to Pegasus' redevelopment is valued at over £1.3 million within the budget for the £5.8 million scheme (see Appendix B).

- 3.6. On 15<sup>th</sup> March 2004, the Executive Board agreed a Capital contribution of £21,000 (previously agreed in principle on 24<sup>th</sup> February 2003) to Pegasus for site preparation works. This report highlighted that Pegasus would be requesting a significantly larger contribution to the redevelopment from Oxford City Council and Oxfordshire County Council, of £1.5million between the local authorities.
- 3.7. A formal request for Capital funding was received in November 2004 for £625,000. In light of the lack of available resources in the Capital programme, a revised application of £250,000 was made in April 05. Pegasus' bid was PIR scored by the Capital Monitoring Group in April 05, scoring 41/90. This lower contribution significantly increases Pegasus' additional fundraising target, and is considered the absolute minimum that will enable the redevelopment to remain viable.

#### **4. Advantages and Disadvantages**

- 4.1. As well as enabling Pegasus to survive, the redevelopment scheme will allow Pegasus to thrive, significantly increasing its service and providing greater value to the Oxford community. At present, Pegasus cannot meet the levels of demand for its services (eg. there are 400 young people actively waiting for youth theatre places, and demand for professional support far outstrips Pegasus' capacity).
- 4.2. The redevelopment will deliver a new auditorium; important increases in front-of-house, workshop and office space; two rehearsal spaces (including one equipped for dance); and will ensure that the building is compliant with the Disability Discrimination Act 1995.
- 4.3. The redevelopment of Pegasus will allow it to meet the following targets –
- Increase local audiences (from 10,000 in 2003/04 to over 16,000 in 2008).
  - Increase the numbers of young people (aged 5-25) involved in Pegasus' activity (from 250 in 2003/04 to 350 in 2008).
  - Increase support available for community orientated dance and theatre activities.
  - Allow the wider community to view Pegasus as a safe leisure resource and meeting space.
  - Increase opportunities for young entrants to employment to gain skills through placements, training and volunteering.
  - Allow Pegasus to take a greater role as a resource for the whole city, and increase its tourism market.
- 4.4. Pegasus plays an important and unique role in the city, encouraging and fostering emerging artists and companies in both dance and theatre, and contributing significantly to the local cultural economy. At least 150 Oxford professionals in dance and theatre benefit from the direct or indirect support of Pegasus, of which 25% have an active development plan agreed with Pegasus. Pegasus' redevelopment will

ensure this valuable work can continue, and increase access to creative workspace – recognised as a critical priority in the Arts Strategic Plan.

- 4.5. There are no major disadvantages to these recommendations, except for the difficulties associated with securing the necessary resources. Without redevelopment it is likely that the buildings to the rear of the Pegasus site will become condemnable within two years, forcing closure of the theatre. Lack of support from the City Council at this stage will jeopardize the viability of the redevelopment, the much larger investment from other stakeholders, and cause the closure of the theatre.

## **5. Financial Implications**

- 5.1. A discussion at the Capital Monitoring meeting revealed the potential deletion of the £500,000 Osney Court scheme from the Capital programme. This report recommends a sum of £250,000 Capital funding for Pegasus to come from monies made available through the Osney Court deletion, with the remaining £250,000 being returned to the Capital programme “pot”, if Executive Board sees this as an appropriate use of resources.
- 5.2. Pegasus Theatre is currently core funded from the grants budget at £25,688 pa. until April 2006. Funding agreements beyond April 06 will be subject to the pending arts funding / grants review.
- 5.3. Capital and Revenue funding profiles are included in the appendices.

## **6. Legal Implications**

- 6.1. In order to protect the Council's investment, the Executive Board is asked to authorise the Strategic Director (Physical Environment) to work with Legal Services to draw up suitable terms and conditions relating to the Council's proposed contribution set out in this paper.

## **7. Staffing Implications**

- 7.1. There are no staffing implications associated with the recommendations in this report.

## **8. Other means of achieving the objectives**

- 8.1. For Pegasus, there are no other viable means of achieving these objectives, and this was demonstrated within the ArtService feasibility study.
- 8.2. For Oxford City Council, the loss of Pegasus would have a severely detrimental impact on the service provided to young people, and the local theatre and dance community. It would impact on the ability to deliver objectives within the Arts Strategic Plan and Community

Strategy, particularly relating to developing a Vibrant & Inclusive Economy and providing Opportunities for Life. Loss of Pegasus would decrease access to theatre for Oxford people, in particular audiences from disadvantaged and culturally diverse communities, young people and those on low incomes (more than half of Pegasus audience claim concessions – much higher than the national average).

8.3. Pegasus is a unique organisation in the city, and one of few nationally that intertwine the fostering of young people's skills with development support for emerging professionals and a performance programme of professional and community work. While aspects of Pegasus' work may be deliverable in other ways, no other organisation could deliver all of these objectives, or offer the same level of skills and value for money.

## **9. Grounds for recommendation**

9.1. The recommendation to support Pegasus with a £250,000 Capital contribution has been made in order to secure the future of this organisation, and the valuable work it does on behalf of Oxford City Council for the wider community.

THIS REPORT HAS BEEN SEEN AND APPROVED BY:  
Portfolio Holder: Cllr Mary Clarkson  
Legal and Democratic Services: Lindsay Cane  
Financial Management: Emma Burson / Anna Winship  
Strategic Director: Sharon Cosgrove  
Neighbourhood Renewal: Val Johnson

Background papers: None

Appendix A – Financial Profile : Option 1

**(A) Expenditure pattern compared to Provision in Capital Programme**

	2005/06	2006/07	2007/08	TOTAL
	£ 000s	£ 000s	£ 000s	£ 000s
Expenditure for which approval is being sought	250.0	0.0	0.0	250.0
Provision in Capital Programme	0.0	0.0	0.0	0.0
Provision required in Capital Programme	250.0	0.0	0.0	250.0

**(B) Subjective Analysis of Expenditure**

	2005/06	2006/07	2007/08	TOTAL
	£ 000s	£ 000s	£ 000s	£ 000s
ESTIMATED PER THIS REPORT				
Works				0.0
Grants				0.0
Fees				0.0
Capital contribution (see Appendix C for overall project costs)	250.0	0.0	0.0	250.0
Land / Property £ 000s				0.0
TOTAL GROSS COSTS	250.0	0.0	0.0	250.0

**(C) On going Revenue Costs**

	2005/06	2006/07	2007/08	TOTAL
	£ 000s	£ 000s	£ 000s	£ 000s
REVENUE COSTS				
Employee Running Expenses Capital Financing Cost				
Existing revenue funding (grants budget)	25.7	tbc*	tbc*	tbc*
NET ADDITIONAL COSTS TO COUNCIL	0.0	tbc*	tbc*	tbc*

\* Subject to the pending arts funding / grants review and new application for 2006 onwards.

**Appendix B - Financial and Funding Summary**  
**Pegasus Capital Development Programme (2004 – 08)**

		£	£
<b>TOTAL PROJECT VALUE</b>			<b>5,775,277</b>
<i>Expenditure</i>			
Pre construction and feasibilities			246,527
Land transfer			450,000
Design and construction			4,045,528
Client costs, initiatives and management			655,400
Irrecoverable VAT			<u>377,822</u>
<b>Total project cost</b>			<b>5,775,277</b>
<i>Committed funds</i>			
pegasus theatre			7,000
BJH Partnership (inkind consultancy)			5,000
Oxford Inspires (inkind consultancy)			6,500
Arts Council England, South East	Phase One funds	140,000	
	RALP	72,777	
	Capital Review	<u>30,000</u>	242,777
Local authority commitment:			
Oxford City Council		21,000	
Oxfordshire County Council		153,000	
Oxfordshire County Council - value of land		<u>450,000</u>	624,000
Grants for the arts - Capital			2,700,000
<b>Total committed funds</b>			<b>3,585,277</b>
<i>Future funds</i>			
pegasus fundraising strategy	Trust and foundations	225,000	
	Corporates	60,000	
	General campaigning	<u>875,000</u>	1,160,000
Oxfordshire County Council Capital programme planning figures			
	2005/6	405,000	
	2006/7	<u>375,000</u>	780,000
Oxford City Council Capital Programme	requested figure		250,000
<b>Total future funds</b>			<b>2,190,000</b>
<b>Total project income</b>			<b>5,775,277</b>