

To: City Executive Board

Date: 3rd September 2008

Item No:

Report of: Head of Service, City Development

Title of Report: Pegasus Theatre – Request for Additional Capital Contribution

Summary and Recommendations

Purpose of report: The report outlines the request from Pegasus Theatre Trust (PTT) to Oxford City Council for additional funding of £100,000 to allow the completion of Pegasus Theatre's capital development project.

Key decision? No

Executive lead member: Cllr Mary Clarkson

Report Approved by:

Executive Director of City Regeneration: Mel Barrett

Finance: Chris Kaye

Legal: Lindsay Cane

Environmental Health: John Copley

Policy Framework: Arts Strategy 2008 – 2011

Recommendation(s):

1. CEB is asked to recommend to Council that a sum of £100,000 be awarded to Pegasus Theatre Trust (PTT) as further contribution to the capital redevelopment of the theatre. Within the overall approved capital programme this sum is affordable given the CEB decision to reduce the Warren Crescent development scheme for which £375,000 had been earmarked.

2. To grant approval of funding, subject to the contribution being made under suitable terms and conditions, as follows:

- Confirmation of agreed funding from Oxfordshire County Council and Arts Council England
- The continued achievement of fundraising strategy milestones
- Development of robust contingency / risk management plans for the fundraising strategy

3. To delegate mechanism for payment of funding to Executive Director of City Regeneration, allied to conditions being successfully met.

1. Background and Context

1.1 Pegasus Theatre Trust (PTT) is one of the South East's flagship youth arts organisations, offering high quality innovative performances and participatory arts for children and young people that promote social inclusion. For nearly 50 years, the Pegasus site in East Oxford has been a landmark cultural provision, pioneering theatre education work with young people, the local community and young professional artists at the start of their career. Pegasus provides a platform where cultures and different social groupings mix and evolve, where everyone feels welcome and included whether participating in a workshop, performing, or watching. It creates an ethos where diverse groups of people come, interact and work together, exchanging ideas, thoughts, and opinions and in the process develop an understanding and respect for each other and their community as well as achieve amazing creative results.

Pegasus is a place where there is a unique rich mixture of enjoyment / achievement and where young people:

- have access to a wealth of experience, are able to enjoy growing up and make life long friendships
- learn about the world through cultural activities
- are able to celebrate their successes and achievements
- as young professional artists are supported by a placement programme, paid training and mentoring, employment and free spaces to make and develop work. (A focus of this work has been aimed at Black and Asian artists who are under-represented in the arts education industry).
- have the opportunity to work in a proper theatre with professional staff and support – which has resulted in very high standards of achievement.

1.2 PTT is one of Oxford City Council's Arts Partners, revenue-funded through the commissioning process (with an agreed service delivery plan for 2008-11). Councillor Maureen Christian represents the City Council on the Pegasus Board.

1.3 The buildings where Pegasus Theatre is based are no longer fit for purpose. PTT has been advised that the workshop and rehearsal studios will need to be decommissioned within the next year, and the theatre within the

next five. The aim of the capital project is to replace the currently dilapidated facilities with:

- A fully refurbished performance space
- A full height fully equipped dance studio
- A new foyer, café bar, toilets, dressing rooms, meeting rooms and much improved office space
- New technical production facilities.

(See Appendix 1 for more details about their work)

1.4 Timescales –

- Planning permission granted – October 2006
- Partner funding confirmed – September 2008
- Start of construction on site – April 2009
- Capital works completed / opening of new building – September 2010

1.5 The key message of the detailed Business Case, prepared by PTT, is one of growth with reference both to their facilities and the quality, breadth and reach of their work. PTT are rebuilding the organisation to inspire and empower the creativity of young people and deliver an excellent programme of work. They are strengthening their capacity, not only to deliver the capital project, but also to give a strong base for income generation, and for staff to work more efficiently and confidently. They are also building on their rich legacy as a hub for participatory practice and theatre production at the heart of the local community, reaching out even further to existing and potential users.

1.6 Statistics for 2007/08 – (PTT's programme was reduced from 2007 to create capacity to deliver capital project. For participants - most are engaged on a weekly basis as oppose to a casual/drop in or one-off session)

Participants (statistics 2007/08)

<ul style="list-style-type: none"> • Total number of participants: 1494 • Number of sessions: 726 • Number of contact hours: 3166 • Participants claiming concessionary rate: 16% 		
Total number of projects: 72 * Projects for members: 46% * Open/community: 36% * Outreach: 1% * Other youth groups: 3% * Schools/students: 13% * INSET training: 1%	Age range: * Under 9: 12% * 10-12: 26% * 13-19: 26% * 20-24: 9% * 35+: 27%	Ethnicity: * Dual heritage: 8% * Black: 6% * White: 67% * Asian: 7% * Chinese/other: 12%
* OX1: 7% * OX2: 14% * OX3: 18%	* OX4: 43% * OX5: 1% * Other: 17%	

Audience members (statistics 2007/08)

<ul style="list-style-type: none"> • Total number of performances: 72 	
<ul style="list-style-type: none"> • Attendance: 73% 	<ul style="list-style-type: none"> • Oxford City: 79%

<ul style="list-style-type: none"> • Concession rate: 38% 	<ul style="list-style-type: none"> • Oxfordshire (exc City): 18% • Outside Oxon: 3%
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2. Partner funding

2.1 The cost of the full capital scheme is £6,746,000

2.2 Arts Council England has awarded £2.7 million to the scheme.

2.3 In 2005, Oxfordshire County Council committed £153,000 to the Capital scheme, and allocated a further £780,000 (£405k in 05/06 and £375k in 06/07) within its Capital budget, subject to the project going ahead. The County Council has granted 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 current County Council contribution to Pegasus' redevelopment is valued at over £1.3 million.

2.4 On 13th June 2005, the City Council's Executive Board agreed a contribution of £250,000 from the Capital Programme (this was in addition to £21k previously agreed on 15th March 2004).

3. Variation request

3.1 Developing the capacity and culture to enable an effective fundraising campaign proved more difficult for Pegasus than originally anticipated, and significantly delayed the design programme. By March 2008, only £177,648 of the £1.8 million fundraising target had been raised. In consultation with stakeholders Pegasus explored different options for alternative sites or reducing / phasing the design of the building scheme in an attempt to cut costs. No workable alternative to the full scheme was identified and this process also delayed the programme. The net result of these delays has been an increase in the budget of £369,400, taking the total overall cost to £6,746,000.

3.2 Pegasus Theatre Trust has approached its three key funding partners (Arts Council England, Oxford City Council and Oxfordshire County Council) with a request to provide additional funding in order to:

- allow Pegasus to work to more realistic and achievable targets, and
- mitigate the cost impact of a programme delay of one year on fundraising

3.3 In response to the above, Arts Council England has recently endorsed a variation award of £500,000 subject to agreed partnership funding (of £600,000) and the continued achievement of fundraising targets. Oxfordshire County Council considered a request for additional funding of £500,000 on 25th July 2008, but no decision as yet has been made. It will consider the request again on 5th September.

3.4 Additional £1.1million of stakeholder funding (£100K from Oxford City Council, £500K from Oxfordshire County Council and £500K from Arts Council

England) would leave Pegasus Theatre with a fundraising target of £940,000. An external Arts Council funded review of Pegasus' fundraising strategy and the likelihood of it achieving this target, advised that, whilst challenging, the target is achievable (having been broken into realistic phases), is well thought through, and the internal team now has the necessary skills to undertake the work, enabling the project to start on site in April 2009.

3.5 Pegasus has achieved a lead gift from one of PTT's patrons of £100k and has various applications pending. Notably, the Garfield Weston Foundation who visited the theatre in early July as part of their assessment process, for an application in the region of £200k. Final decision is due in September. £60k raised so far through community fundraising (parents committee / neighbours etc) is clear evidence of the commitment of the local community towards Pegasus and the support for the development plan. Youth theatre members have contributed a significant amount to this total.

3.6 Pegasus has applied for a grant of £1.1 million from the Big Lottery "My Space" fund. This application was submitted via the County Council to the 'fast track' application process. The theatre expects to hear by the end of September whether it has been successful in its application. The fund is heavily over-subscribed and it is considered that the theatre's chances of receiving the grant are very slim. However, it has confirmed that, if in the unlikely event that it were to receive this £1.1 million, it would not need the extra £100k it is seeking from the City Council, (nor the County Council).

4. Response to request to Oxford City Council

4.1 Pegasus Theatre makes a considerable contribution to Oxford City Council's corporate priorities (particularly in relation to developing Stronger and more inclusive communities and Improving quality of life). See Appendix 2 for detailed breakdown.

PTT lead the field in participatory arts activities for young people working alongside professional artists.

4.2 In 2007, 1,494 young people participated in arts based activities, delivered by over 80 artists. 73% of the users were under 25 years of age, and 33% were of ethnic origin. 16% of participants claimed concessionary rate and 38% claimed concessions for performances. Pegasus achieved a high attendance rate for performances, 79% of attenders live in Oxford City. PTT enables access to high quality 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).

4.3 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. The capital project will enable PTT to grow, adapt and make an even greater contribution to City Council objectives.

5. Financial implications

5.1 A total contribution from Oxford City Council of £371k (including £271k previously awarded) will lever in £6,375,000, and deliver a brand new building (which will be a significant investment in the City).

Funding to be properly identified as part of the Capital budget priority setting process. The expenditure will be incurred in 2009-10.

5.2 The project is affordable within the envelope of the overall General Fund capital programme following the CEB decision to reduce the size of the proposed Warren Crescent development for which £375 k had been earmarked. Using £100 k as the City Council's additional grant to Pegasus, this still leaves £275 k to be combined with current development contributions to be spent to deliver additional affordable housing should appropriate land or proposals come forward. The additional contribution to Pegasus would, nevertheless represent a new capital scheme and as such will need to go to Council as it is a change to the budget approved by Council in February.

5.3 It is recommended to further delegate authority to the Executive Director of City Regeneration to ensure payment of funding is allied to conditions being successfully met, to safeguard the City Council's investment in the scheme.

6. Risk / Risk Mitigation

Risk	Description	Impact (High/Medium/Low)	Counter Measures
Stakeholders (Arts Council England, Oxfordshire County Council, Oxford City Council)	Variation request of £1.1 million is not approved to cover full amount	High	PTT will need to raise any shortfall through their own fundraising
PTT's fundraising campaign (target £940,000)	Failure to meet fundraising targets and milestones as identified in fundraising strategy	Medium (Deemed challenging but achievable)	PTT to develop robust contingency plans for the strategy – to redirect and refocus campaign on revised targets
Rising costs	Design / build costs rising whilst on site	Low	Design reports and build related issues vigorously reviewed to ensure requirements are met and value for money is achieved. Appropriate financial controls in place with regular management

			accounts / cash flow forecasts provided.
Contingency	Not enough contingency to cover additional cost increases	Low	Minimum contingency of 15% of remaining construction costs to be retained at start on site. Fundraising strategy to build in capacity to cover any cost increases

7. Legal implications

7.1 With the assistance of Legal Services, officers will prepare terms and conditions to ensure payment is made on evidence of suitable conditions being met.

8. Staffing implications

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

9. Climate change and environmental impact

9.1 The overall design for the new building gives scope for ample sustainability measures. The building will be a low energy building, and PTT are developing policies on energy use. An organic and fair-trade approach is adopted to all bar / café sales within the building. The project involves re-using an existing site that is well located for users, and is easily accessible by bus.

10. Conclusion

10.1 Prior to this variation request PTT reviewed the alternatives to developing its current site. The 'doing nothing' option would see the collapse of the current buildings, and without its own buildings it is believed the organisation will be unable to continue.

10.2 The 'do less' options carried higher ongoing revenue need and jeopardised sustainability.

10.3 The 'phasing' option would merely delay the programme, increase costs, and add uncertainty of whether later phases would ever be delivered.

10.4 Officers are convinced that this capital scheme is a wonderful opportunity, both for Pegasus Theatre to fully realize the potential of their artistic ambitions, and for the city in the significant contribution Pegasus can make towards making Oxford a world class city for everyone. The quality and impact of the work of PTT with young people and disadvantaged communities

is immeasurable, and a successful scheme would enable the city to achieve so much more in the future with Pegasus as a trailblazer for contemporary participatory practice.

11. Grounds for recommendation

11.1 CEB is asked to recommend to Council that a sum of £100,000 be awarded to Pegasus Theatre Trust as a contribution to the capital redevelopment of the theatre, 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. Within the overall approved capital programme this sum is affordable given the CEB decision to reduce the Warren Crescent development scheme for which £375,000 had been earmarked.

11.2 To grant approval of funding subject to the contribution being made under suitable terms and conditions, as follows:

- Confirmation of agreed funding from Oxfordshire County Council
- The continued achievement of fundraising strategy milestones
- Development of robust contingency / risk management plans for the fundraising strategy

11.3 To delegate mechanism for payment of funding to Executive Director of City Regeneration, allied to conditions being successfully met.

Name and contact details of author:

Claire Thompson – Arts Officer (Dance & Theatre)

cthompson@oxford.gov.uk

01865 247164

Background papers:

Version number: 0.4

Appendix 1: Pegasus Theatre – an overview

The Work

In 2007, 1,513 young people participated in arts based activities through PTT, these were delivered by 70 artists. The organisation also provided support to numerous emerging young professional companies including Gelede Dance Company, and piloted new models of increasing young peoples involvement in the management and governance of the organisation. The capital project as described in the successful development plan of 2006 was crucial in enabling PTT to build on this valuable work.

Pegasus Theatre aims to engender a sense of ownership – Pegasus works collaboratively with young people in the creative delivery of projects and in the governance of the organization. There is formally a **Members Committee** that meets on a monthly basis with staff and Trustees and who inputting into the development of the organization (currently the different aspects of the capital project including design, fundraising, branding and website development). They also write and produce their own magazine, *Generation Pegasus*.

Pegasus breaks new ground, leading the field in participatory arts activities for young people working alongside professional artists. This symbiosis enables young people and emerging professionals to grow and learn from each other.

Partnership Working

Pegasus recognizes that more can be achieved by working in partnership with others and have established genuine partnerships with a hosts of organisations and agencies enabling us to do more across a wider community spectrum.

We have supported and teamed up with Cowley Marsh Mela and Cowley Road Carnival as part of commitment to support creative and cultural engagement in the community. During summer 2008 holidays, Pegasus will take a team of artists on the road working with young people at Cuttleslowe Community Association, Donnington Doorsteps and Blackbird Leys Community Development Initiative. This work is funded by BMW Plant Oxford through which we have also target provision for their workforce/factory floor.

The work of Pegasus not only provides and delivers activities directly for young people, but also in providing other youth groups access to a professional venue, with professional support, to showcase their creative talents and demonstrate what young people are capable of achieving. One example of this work, is our support for Messy Jam (dance troupe) from Barton.

In partnership with Oxfordshire County Council Extended Learning Department and Fusion Community Arts Agency, Pegasus has successfully developed and delivered a programme of After School Arts activities in the Isis & Headington School area as well as annual performances at Pegasus or in the community such as Cowley Road Carnival.

Access

Pegasus offers a facility that is about access for all. A place where young people, whatever their background, income bracket, disability, ethnicity, sexuality will be able to come together and be creative. Pegasus therefore provides an opportunity for young people to meet and work with others that they would not normally do or come into contact with.

With the creative process as their focus, young people from a diverse cross-section of society are able to work together to explore the world they live in, sharing, expressing and questioning each others views, attitudes and opinions. Through this creativity they are enabled to develop;

- respect for each other and the communities they live in
- build self-confidence and self-esteem
- expand their social and life skills
- a sense of working as part of a team and valuing each team member and their contribution
- an understanding of what it means to commit to something and the ability to see it through
- a belief in their voice being valued and listened to and subsequently a feeling of empowerment and therefore the potential to be cultural leaders of the future.

Everyone is welcome to come and watch a performance at Pegasus. Audience figures are strong at 10,000 per annum, with an average attendance rate of 75%. Nearly 50% of ticket buyers claim concessionary rates, well above the national average, which is an indication of the theatre's ability to attract a more diverse audience than is typical.

We operate a ticket subsidy scheme in which young people, schools and youth groups can purchase cheaper tickets to performances at Pegasus. Likewise, our participatory activities are heavily subsidised, and costs to participants are kept to a minimum so as to encourage youngsters from all backgrounds to participate. We firmly believe that financial status should not be a barrier for participating in the arts.

The Building

Pegasus has long operated from simple and rudimentary buildings and after decades of daily use they are dilapidated and several areas unfit for use and decommissioned due to their poor state of repair. Pegasus needs a home that will not only house its current activities but will allow the organisation to increase and extend its work. Our present facilities badly limit our activities and ambitions.

We aim to deliver a modern, safe, warm and welcoming world-class creative arts facilities with performance, rehearsal and workshop making spaces, all primarily for working with and delivery work from young people. Building plans have been drawn up, with the input and support of local people and planning permission has been granted. We are ready to go once all the required funding are in place.

The development will be DDA compliant and will include:

- A refurbished theatre space for showcasing the work of young people, community groups and visiting professional companies, especially those at the start of their career, catering for the widest exploration of the possibilities in performance.
- A new rehearsal and dance studio providing a focus and home for the large contingent of youth, community and professional dance in the area. This space will also be available for hire and use by other youth and community groups.
- New facilities for performers and participants - showers and dressing rooms complying with the protection of children, young people and vulnerable adults.
- A new community Fair Trade and organic café, providing healthy living, an awareness of the world we live in and as a much needed community hub in East Oxford.
- An extended foyer, warm, welcoming and socializing space
- A new technical training workshop meeting industry standards and enhancing the learning experience of our young production participants and ensuring that for those who wish to pursue this as a career, they are not disadvantaged when they go onto formal further education training.

The project has an holistic approach and the benefits and opportunities offered by this exciting new development are myriad, but above all, it will ensure greater pride and ownership in the value of Pegasus to young people, the arts and the local community. Young people will have safe, secure, warm and fully equipped areas in which to work.

This new home will not only house Pegasus's current activities but will allow us to adapt, grow and to fulfil the dreams of the next generation of theatre users, goers and practitioners. The period of construction offers Pegasus the opportunity to work off-site, operating out of different spaces in the community, to develop new projects to further engage young people currently not participating in cultural activities.

Appendix 2: Alignment to Oxford City Council's priorities

The following outlines how Pegasus Theatre currently contributes to the Council's Corporate priorities, and will contribute even more significantly as a result of the redevelopment:

	Objective:	Pegasus' Deliverables:
Corporate Plan	Stronger and more inclusive communities	<ul style="list-style-type: none"> • Culture bringing people together • Diversity within activities and programmes • Develop confidence of individuals in team working • Engagement with wide range of activity
	Improve environment, economy and quality of life	<ul style="list-style-type: none"> • Arts to transform lives and build communities • Partnerships with community projects • Develop creative thinkers/thinking • Work with individuals to reach creative potential
	Tackle climate change, promote environmental resource management	<ul style="list-style-type: none"> • Ample sustainability measures within design • Low energy building • Policies on energy use • Organic and fair-trade approach to bar/café sales
	Reduce crime and anti social behaviour	<ul style="list-style-type: none"> • Activities for young people • Work with agencies with young people at risk • Projects engenders a way of working that respects individuals and communities • Resource for young people to use
	Transform OCC by improving value for money	<ul style="list-style-type: none"> • Well run project • Economic barriers removed, particularly for those on low income • Pegasus levers other funding into the city for both the capital project and ongoing revenue support

	Objective:	Pegasus' Deliverables:
Community Plan	Vibrant and inclusive economy	<ul style="list-style-type: none"> • Employment and volunteering opportunities • Promotion of diversity and inclusive practice • Working with local disadvantaged communities to build capacity • Greater trading opportunity • Building improves local area and contributes to regeneration • Pegasus levers other funding into the city for both the capital project and ongoing revenue support • Active engagement in local events (eg: Cowley Marsh Mela & Cowley Road Carnival)
	Opportunities for life	<ul style="list-style-type: none"> • Access to life skill development • Fostering of self confidence and self esteem • Education is enhanced by project participation • Opportunities for those in economic hardship • Giving young people a representative voice and empowering them to make positive choices • Opportunities and space to form relationships with others outside of normal social or cultural groupings
	Active and healthy communities	<ul style="list-style-type: none"> • Engagement with the arts across generations • Project engenders team working • Participation removes isolation and improves mental and physical health • Promote healthy lifestyles • Give young people accessibility to quality information to inform choices • Promote healthy eating through organic/free trade policy