

Committee	<b>Cabinet</b>
Date	<b>9 March 2004</b>
Report By	<b>Director of Transport &amp; Environment and Deputy Chief Executive &amp; Director of Corporate Resources</b>
Title of Report	<b>Bentley Wildfowl and Motor Museum</b>
Purpose of Report	<b>To consider the future of Bentley Wildfowl and Motor Museum</b>

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## **RECOMMENDATIONS**

**The Cabinet is recommended to:**

- 1. declare Bentley surplus to the requirements of the County Council;**
  - 2. consider whether or not to open Bentley for the 2004 season pending disposal; and**
  - 3. agree an appropriate disposal strategy to secure best price on sale.**
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### **1. Financial Appraisal**

1.1 The current cost of operating Bentley in a full year is around £400,000 in revenue terms plus a further £40,000 annual capital investment. The revenue costs are partly off-set by income from admissions, rents from licences and letting fees to leave a net cost to be met from the Council's revenue budget of £110,000. Not included within these figures is the liability to meet future increased maintenance costs as they become due.

1.2 Of this sum, in a full year, the County Council could expect to save approximately £95,000 revenue expenditure to which should be added the full £40,000 capital investment, should it decide no longer to own or operate Bentley.

1.3 The financial position for 2004/05 will depend on the decision taken by Cabinet at this meeting and will reflect the disposal strategy adopted and the decision whether or not to open for the 2004 season. There are financial risks associated with disposal such as potential liability for damages if contracts are terminated. More detail is given in Section 4 of this report.

1.4 As well as saving the annual costs associated with owning and running Bentley, there is the possibility of realising a capital receipt should all or any part of the asset be sold.

1.5 The financial information is, however, only one factor to be considered in deciding a way forward and will need to be balanced against other risks and benefits.

### **2. Considerations**

2.1 Although the Council's objective has always been to ensure that Bentley is run as effectively as possible, during the last eighteen months Members have been reviewing its operation. The need for this action has been driven largely by the Council's wish to ensure activities and resources are focused on core priorities.

2.2 A joint Board of Scrutiny Members and Cabinet has worked together during the last six months and has reached a view that there is little potential for further efficiencies or to generate significant additional income through admissions to help reduce the funding gap. Similarly, there is little need or potential to use the asset for other Council purposes and indeed this would require further significant capital investment which is not available to the Council.

2.3 Members are conscious of the need to balance the benefits realised from Bentley, which is a non-core function of the Council, with the needs of other critical services such as Education, Social Services, Road Maintenance and high priority Environmental projects. Continuing this level of annual investment (with the likelihood of an increase in annual liabilities) is, therefore, not considered reasonable.

2.4 At its meeting on 27 January, Cabinet approved the commencement of a consultation exercise with key stakeholders and took a decision not to open Bentley at weekends from February, as would be usual, while the consultation took place.

2.5 As part of the review mentioned above officers have drawn together operational, legal and property related information to gain a full understanding of the implications of a decision to dispose and to ensure best value for the Council consequent to whatever decision is taken.

### **3. Results of the Consultation Exercise**

3.1 During the consultation period, two public meetings have been held, both chaired by Councillor Reid, Lead Member for Transport and Environment with the support of officers. The first meeting was attended by tenants at Bentley only and the second by a wider group of stakeholders including representatives of the Friends of Bentley. A complete list of attendees is included at Appendix A.

3.2 Both meetings sought to gather the views of those present in respect of the timing of a disposal strategy and alternatives which the Cabinet may wish to consider to achieve its aims. A summary of the key points arising at each meeting is included at Appendix B.

3.3 During the consultation period, many letters of representation have been received from the public both within and beyond East Sussex. Those representations are available for inspection in the Members' Room and responses have been sent to all.

3.4 Contact has also been received from a number of organisations, businesses and individuals expressing an interest in Bentley should it be put to the market at some time in the future. These have been acknowledged and registered with the Assistant Director-Property to pursue at a later stage if necessary.

3.5 Overall there appears to be a strength of feeling that the County Council's "relatively small" net investment in Bentley should be maintained to keep what is viewed as an important public facility open. The majority of consultees did however appreciate that this is a non-core function of the County Council and the need for any continued investment to be balanced against the needs of other core services.

3.6 Ultimately, there appears an over-riding feeling that should the Council decide to dispose of its interest in Bentley it should seek to identify an alternative provider to acquire and run the facility and that Bentley should remain open for the 2004 season to provide the best chance of securing a sale on a going concern basis.

### **4. Further Financial Considerations**

4.1 The financial implications for the County Council arising from a decision to dispose of Bentley are largely dependent, at least in 2004/05, on the timing of that disposal and the decision regarding public access in the interim period. Members will wish to consider the financial information set out in Appendix C in reaching that decision.

4.2 Appendix C shows the estimated net cumulative cost to the County Council at any point in the financial year on the basis of three separate scenarios as follows:

- Run as usual for the full financial year and secure a disposal after March 2005
- Decide to remain closed from March 2004 but assume no sale until March 2005
- Decide to close at the end of the usual season (i.e. autumn 2004) but assume no sale until March 2005.

4.3 Each scenario takes account of the operating expenses and income that would accrue and gives consideration to such factors as the welfare of the birds and livestock (feeding costs, need to retain a birdkeeper, breeding season etc), the need to maintain the fabric of the house and maintenance of the grounds.

4.4 All three scenarios assume that no sale would be achieved before March 2005 and therefore demonstrates the varying financial implications in relation to the public access decision only. The scale of the difference between the scenarios in a full year amounts to some £45,000. While this may be a significant difference in revenue terms it should be considered in the context of achieving longer term aims and savings and the potential to generate a significant capital receipt.

4.5 Appendix C also demonstrates that the cumulative net cost to the Council increases if a decision is made to remain closed AND a sale isn't secured until June or later.

4.6 Ultimately, the revenue impacts during the year, and hence the decision when to close, need to be considered in the context of the latest professional judgement on the likelihood of securing the best disposal value. It may be necessary to consider an oral update in confidential session at the time of the meeting.

## **5. Conclusion and Reason for Recommendation**

5.1 It is apparent that Bentley is not a core activity of the County Council. Despite best efforts over many years, the Council does not have either the entrepreneurial skills, a will to refocus Bentley's activities or access to the level of investment funds necessary to improve the current operation. Further, the effort which would be required to secure an improvement would divert energies and resources from other core and statutory responsibilities and would not, therefore, be appropriate.

5.2 Given this, it is recommended that Bentley is declared surplus to the requirements of the Transport and Environment Department and the County Council as a whole, and a disposal sought.

5.3 As with the disposal of any asset, the County Council has a duty to secure best value on behalf of the residents of East Sussex.

5.4 The Cabinet will wish to take into account the results of the consultation exercise and the range of professional advice available in considering the options for and timing of any disposal. The options regarding public access in the meantime fall into 3 broad categories:

- Open and operate Bentley for the 2004 season and take a decision now to secure a disposal in the autumn;
- Decide that Bentley should remain closed this year and market immediately to secure an early disposal;
- Open Bentley for the season and market actively to secure a disposal as early as possible, but on the basis that Bentley will NOT open in 2005.

5.5 The essence of the decision will be a matter of judgement and will need to address the risk management issues on the basis of best intelligence available at the meeting.

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