

YMCA Kirkham

Disposal Plan

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Audience	Fylde Borough Council

SCOPE

This disposal plan aims to provide the necessary detail for the Council to approve the plan and for YMCA to work in partnership with Council officers in order to take the plan forward. As per the 2009 Agreement, it addresses three items:

1. How the premisses will be disposed of
2. The anticipated timescales
3. The anticipated use of proceeds

It does not seek to set out all the due diligence and contractual requirements associated with the plan. This will be carried out by legal teams as and when the disposal is initiated.

TIMEFRAMES

The Agreement relating to the transfer of the facility from Fylde Council to YMCA sets out timeframes that were, in the first instance, initiated by the Closure Event notification. In turn, the submission of this Disposal Plan gives the Council 28 days to inform YMCA whether it approves or rejects the plan. If rejected, the Council should identify the elements of the plan that it is dissatisfied with. If a decision is not given within 28 days, then it is deemed that the Council approve the plan.

CONTEXT

Kirkham Pool (the 'Facility') dates from 1914 with a large-scale refurbishment taking place in 1979. The car park is shared with Kirkham Bowling club which is situated at the back of the car park behind the building. There is a pool house attached to the building which forms part of the Facility, and which was rented via YMCA social housing team. It is currently vacant. As well as public swimming, the Facility when operational provided both wet and dry activities to communities and local schools, with circa 15 schools using it for their swimming lessons.

YMCA Fylde Coast began to operate the Facility in 2009 under an Agreement with Fylde Council. At that time the estimated operational life of the Facility was approximately 10 years. The Agreement provided for a lease of the Facility to YMCA, followed by the transfer of the freehold. The freehold was transferred to YMCA in accordance with the Agreement in 2011. The Agreement also provides for the council to pay an annual subsidy to YMCA to deliver leisure provision from the Facility. Budget provision for this was £50,337 for 2023/24.

YMCA lodged a closure event in June 2023. The closure event was triggered because the Net Cumulative Deficit exceeded 50% of the asset value and supported by a detailed paper submitted by YMCA to the Council on 26th June 2023. The Council confirmed that there were no grounds for dispute on 26th June and the formal announcement took place on 10th August. This report does not seek to re-state the detail contained within the Closure Event paper.

As per the Agreement, YMCA is now obliged to submit a Disposal Plan to Fylde Borough Council. The Disposal Plan requirement is referenced in Schedule 6, 'Effect of Closure Event', clause 5, 'Asset Destination'. The Agreement is included as Appendix A.

YMCA Fylde Coast

YMCA Fylde Coast is a registered Charity whose vision is to create communities where all young people can thrive. We do this by creating networks and relationships so that they can be healthy in mind, body, and spirit. Our charitable operations cover leisure provision - both via our own assets and through management agreements, supported, affordable and social housing provision, outdoor education and youth and community work.

YMCA has extensive experience as an operator within our core work areas of leisure, housing, outdoor education, youth, and community. We aim to make our service provision as accessible as possible whilst understanding that we need to operate in a financially viable way. The majority of our income is revenue generated income, with a relatively small amount coming from fundraising activity or trust and grants.

We are governed by a Board of Trustees and regulated by the Charity Commission. All owned buildings are considered charitable assets and Charity commission guidance informs how those building should be treated if they are to leave YMCA Fylde Coast's portfolio.

Current Losses: From the lease commencement date up to financial year 20/21 and when subsidy support from the Council has been accounted for, YMCA Kirkham incurred no losses as a result of operation of the facility. However, financial losses have been recorded since the closure in December 2021. As of August 2023, these losses amount to £69,079.

Losses will be offset by the insurance award, with costs continuing to be monitored via our management account reports. It is expected that disposal options will be concluded before losses exceed the insurance award. If this is not the case, then the deficit will be netted to zero using the monies received via a sale, in accordance with clause 5.2.7.1 of the Agreement.

PROPOSED METHOD OF DISPOSAL

1. YMCA will initially seek to dispose of the freehold of the premises for nil consideration to a charity, community group or local authority that can demonstrate a feasible reinstatement programme or will hold the premises in trust to deliver the objectives in clause 5.2.7.3 of the Agreement. The method of disposal will reflect the established 'Community right to bid' process, in that YMCA will allow a six-week period for any charity, community group or local authority to express an interest in the facility on the basis set out above. Any expressions of interest will be assessed, accepted, or refused by a mechanism outlined below. If accepted it will trigger a twenty-week period during

which the charity, group or authority will be expected to work up its proposal for assessment, acceptance, or refusal.

EOI ASSEMENT & ASSOCIATED TIMEFRAMES

If the Council does not agree to the EOI Proposal within 14 days of receiving it, the Council has a further 14 days to provide YMCA written notice of the changes that would make the Proposal acceptable to the Council ('Changes').

If YMCA accepts the Changes within 14 days of receiving them, it will amend the EOI Proposal accordingly and the Council will be deemed to have accepted the amended EOI Proposal.

If YMCA does not accept the Changes or does not respond to the Council within 14 days of receiving the Changes, the EOI Proposal will be referred to a surveyor appointed jointly by the parties or, if they cannot agree, appointed by the President of the Royal Institute of Chartered Surveyors on application by either party ('the Surveyor').

The Surveyor (acting as an expert, not an arbitrator) will determine whether the original EOI Proposal is one that a reasonable seller in YMCA's position would accept ('a Positive Determination'), taking into account the purpose of the arrangements between the parties and the market for similar property in the locality, or is one that such a seller would not accept ('a Negative Determination').

If the Surveyor makes a Positive Determination, the Council will be deemed to have accepted the original EOI Proposal.

If the Surveyor makes a Negative Determination, the EOI Proposal will be deemed to incorporate the Changes and the Council will be deemed to have accepted the amended EOI Proposal.

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2. If no charity, community group or local authority comes forward, or if the proposal is not accepted, YMCA will dispose of the freehold of the property for the best price reasonably obtainable on the open market by way of a sale by private treaty. The proceeds of sale will then be treated in accordance with clause 5.2.7.3.

ANTICIPATED PROCEEDS OF DISPOSAL

If the premises are disposed of to a charity, community group or local authority as set out in option 1 above, the anticipated proceeds of disposal will be nil.

A valuation of the premises carried out by Lancashire County Council on 23rd July 2023 returned a value of £300,000 if sold on the open market. Once legal and agency fees are accounted for it is anticipated that the net proceeds would amount to circa £270,000.

INDICATIVE TIMESCALE FOR DISPOSAL

As indicated above, the Premises will first be offered to charities, community groups or local authorities for a period of six weeks, and then a period of up to twenty weeks would be allowed for any interested group to work up its proposal.

Upon agreement of this Disposal Plan, the EOI period would commence on 8th January 2024. If an EOI is received and accepted, a further 20 weeks period will commence to allow for receipt of a full proposal.

Should no EOI be received during this 6 week period, YMCA will move to an open market disposal. Professional advice is that it would be realistic to hope for a sale on the open market within 4-6 months of the Premises being offered for sale.

APPENDIX A – 2009 Agreement



**Kirkham Asset
Transfer Agreement.**