

# THE DISPENSARY

THE BEATING HEART OF ANCOATS

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Business Plan summary, March 2017



# OUR BUSINESS CASE FOR THE REVIVAL AND RESTORATION OF THE FORMER GRADE II LISTED ARDWICK & ANCOATS DISPENSARY IN ANCOATS, MANCHESTER.



## INTRODUCTION

“The Dispensary project began with the people of Ancoats coming together to use their collective voices to save a Grade II listed architectural masterpiece. What started as a campaign has now transformed into a pioneering showcase of how local people, in partnership with a professional delivery team, can do amazing things.

The Ancoats Dispensary Trust is now working with award-winning, socially responsible experts igloo Regeneration, in a joint venture partnership to realise the vision for this £6m project. Designed by specialist heritage architects Purcell UK, the new Dispensary will be an exciting place and a shared space for the people of Ancoats to come together as a community to take charge of their own health and wellbeing. The Dispensary will once again become the beating heart of Ancoats.

With a community café, community event space and meeting rooms on the ground floor, and two floors of space for occupiers who share the building’s health and well-being ethos, the Dispensary will be a sustainable community hub that can respond rapidly to the changing demographic of the urban village of Ancoats. Together with partners, the Dispensary will build a resilient community that can navigate cuts to health and social care and make the best of opportunities afforded by the devolution process.

To turn our vision into a reality requires a sound and robust business plan. This document is a summary of a much more extensive 75 page plan that we have prepared to help us secure the remainder of the funds we need to kick start this project in October 2017 with a scheduled opening for spring 2020.

Our thanks to the Heritage Lottery Fund for believing in us so far with their Round 1 grant of £771,000 via their Enterprise Scheme, and for Power to Change, Architectural Heritage Fund and other generous donors for getting us to where we are today. As we continue to develop relationships and share our vision for the space, we gather more and more support.

This document is designed to provide a quick overview of the project – we hope you enjoy reading it and look forward to hearing from you if you feel you can help us make the vision a reality.”

**Trevor MacFarlane FRSA,**

Chair Ancoats Dispensary Trust Chair Ancoats Dispensary Limited



## WHO IS DELIVERING THE PROJECT?

**Restoring a grade II listed building and creating additional new build elements is a complex task, both technically and financially, not least because the scheme is funded entirely from voluntary donations. This is why the project will be led and implemented by Ancoats Dispensary Limited (ADL), a joint venture between Ancoats Dispensary Trust (ADT) and Igloo Regeneration Ltd.**

Established in 2011 Ancoats Dispensary Trust is a well-organised Development Trust, incorporated as a company limited by guarantee with a governance and financial structure to process grant funding. The Trust has sourced Directors from all walks of life to form a robust Board, possessing the relevant expertise to shape the future of The Dispensary. Our current Board has representatives from across a diverse range of sectors, including: Heritage, Arts and Culture; Health and Wellbeing; Construction; and Legal. Trevor MacFarlane, Chair of ADT, is an experienced Cultural Affairs Manager at the European Parliament, and a Special Advisor working closely with the Labour Party spokesperson for Culture and Education.

The organisation is dedicated solely to the restoration, completion, occupation and sustainable running of the Grade II listed Ardwick and Ancoats Dispensary. ADT has worked with Igloo Regeneration, a leading responsible real estate development business, to establish a special purpose vehicle called Ancoats Dispensary Ltd (ADL) to deliver the restoration project.

As the long-leasehold owner of the Ardwick and Ancoats Dispensary, and the original Heritage Lottery Fund (HLF) grant applicant, Ancoats Dispensary Limited will be responsible for all aspects of the HLF project development and delivery, including the refurbishment, fit out and commissioning of The Dispensary. ADL will also be the landlord and operator of The Dispensary, following completion of the refurbishment project.



# THE STRATEGIC AIMS OF THE PROJECT

**The restoration of Ancoats Dispensary will make a significant contribution to the regeneration of Ancoats, providing an important community facility that adds to the area's assets and helps to make it a better place to live, work and visit.**

This Project will also contribute to the achievement of the Greater Manchester Health & Social Care Devolution Plan, helping to reform health and social care services in the region by creating a facility that enables people in the local community to take greater charge of and responsibility for their own health and wellbeing. The Project is focused on achieving economic growth by investing in heritage. It will play a significant role in the wider regeneration of Ancoats, creating an important community, health and wellbeing asset. It will also generate a wide range of positive outcomes, set out below.

- **Heritage.** Our project will save Ancoats Dispensary from imminent demolition.
- **Community.** The Dispensary is a key piece of community heritage and a nationally-important heritage treasure but is severely degraded. The project will save the physical building and key heritage features, along with the wealth of social and medical history that it represents.
- **Attractiveness.** With the restored Dispensary at its heart, Ancoats will become a more attractive place to visit. Presently the area is dominated by private apartments and contains little public space or historical interpretation.
- **Well-being.** In keeping with the history of the building, The Dispensary project is fundamentally about individual and community wellbeing. The restored building will once again become 'the beating heart of Ancoats'.

- **Skills and Confidence.** Through our volunteer, training, work experience and employment programmes local people will improve their skills, qualifications and confidence to access further education and employment, creating a local workforce with the skills required by employers.

## WHAT THE DISPENSARY WILL OFFER

The **ground floor** will offer open, communal spaces for the community to come together to eat, to learn more about health, wellbeing and healthy lifestyles, and to take part in a range of classes, activities and fun events. The focus of this space will be on bringing people together to improve health and wellbeing by tackling some of the primary causes of preventable illness, such as loneliness, stress, unhealthy eating, physical inactivity, smoking and drinking.

The **first floor** will offer people access to a wide range of health services, treatments and therapies. It will have its own dedicated reception and waiting area, and a range of private consultation and treatment rooms.

The **second floor** will be a space dedicated to businesses and organisations operating in the health and wellbeing sector. Providing a combination of small and medium sized offices for established organisations, and an open plan break-out space for meetings, it will offer places to work plus the benefits of co-location and networking. Some offices will be available to rent on flexible lease terms, others will be operated on longer leases to provide security of income.

More details on this can also be found in our Tenants Prospectus which can be found at [www.manchester-dispensary.co.uk](http://www.manchester-dispensary.co.uk)

# DISPENSARY

The Dispensary will provide a range of services and activities aimed at improving the health and wellbeing of communities in Ancoats and the neighbouring areas, and across Manchester more broadly. The basic business model is that income will be generated from organisations leasing business space at The Dispensary, as well as from the hire of events space and meeting rooms. As landlord, ADL will be responsible for managing all aspects of the ongoing operation of the building, including leasing space to tenants, ensuring smooth operation of the common areas and other parts of the building. ADT will be a tenant of ADL, and will operate the community space and meeting room on the ground floor.

Our financial forecasts demonstrate that, after deducting operating costs, The Dispensary will generate a small, sustainable surplus each year. This surplus will be re-invested in enabling Ancoats Dispensary Trust to operate

the community space on the ground floor, providing a range of activities and events that will enhance the health and wellbeing of the local community.



# CREATING A SUSTAINABLE DISPENSARY - RENTAL LEVELS AND INCOME GENERATION

**Income streams from The Dispensary will be as follows:**

- **Rental income from tenants** - The first and second floors of the building will provide accommodation for businesses and organisations in the target markets. This will include mainly office accommodation, supplemented with some space for service delivery (e.g. counselling rooms).
- **Rental income from the café** - An operator will be appointed on a long lease to run the café facility on the ground floor, with the operator paying rent to ADL. We have a firm expression of interest from Real Junk Food Manchester (RJFM), who are interested in taking a 15 year lease to operate the café.
- **Service charges** - The tenants and the café operator will pay a service charge (in addition to rent) to contribute towards the shared costs of operating the building (e.g. maintenance, cleaning, insurance). Service charges are calculated on a pro rata basis, and charged to tenants on the basis of net floor area occupied.
- **Hire of events space and meeting room**  
On the ground floor a community events space and meeting room will be hired out for use by VCS organisations and businesses at an hourly and / or daily rate. The market research undertaken as part of the Business Plan development has demonstrated that there is interest in hiring (and paying for) the events space and meeting room, particularly from VCS organisations.

## Rental levels

The rents to be charged are £12.50 / sq ft pa (£134.55 / sq m pa) for larger offices, and £15 / sq ft pa (£161.46 / sq m pa) for smaller offices. This is in line with feedback from property agents and businesses about market rents for this type of accommodation, in this area of Manchester.

Occupancy rates for the business accommodation are assumed as 50% in year 1, and 75% in year 2, rising to 90% from year 3 onwards. This is the steady state position, which is maintained from year 3 onwards. The occupancy rates are again based on feedback from local property agents, although they have been adjusted down to more conservative levels to account for any potential 'optimism bias'. Feedback from the property agents is that they would expect accommodation of this type in Ancoats and the Northern Quarter to be fully let within 6 to 9 months of going on the market.

Based on the stepped occupancy rates, total gross rent from business accommodation is £38,670 in year 1, and £58,004 in year 2, rising to £69,604 from year 3 onwards.

# THE DEVELOPMENT AND DELIVERY PHASES — AN EXPLANATION

The main parties involved in the project development, delivery and ongoing operation phases are Ancoats Dispensary Limited (ADL), Ancoats Dispensary Trust (ADT), and Igloo Regeneration Limited.

## DEVELOPMENT PHASE

ADL (with support from Igloo and ADT) will take the lead on completing the remainder of the project development work, up to the final HLF submission date. This will include: financial management; completion of the capital project design and development; finalising the activities and services to be provided at The Dispensary (including securing commitments from tenants); securing match funding; and completion of the final HLF submission documents and Business Plan. This will conclude in July 2017.

## DELIVERY PHASE

ADL will be the long-leasehold owner and landlord of the building. As such, ADL will be responsible for the project delivery work, including commissioning all contractors, overseeing successful completion of the capital works, financial management (including liaison with funders), and commissioning of the building, ready for opening. Igloo will act as Development Manager on behalf of ADL throughout this phase, with day-to-day responsibility for key project delivery tasks. All expenditure and income during the project delivery phase will be processed through ADL, which is a separate legal entity. **This phase will start in October 2017.**



# PROJECT MILESTONES

**Complete all remaining aspects of project development work -**

June 2017

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Project Team Recommence RIBA Stage 3 -

January 2017

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Submit HLF Round Two Bid -

June 2017

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Secure HLF Permission to Start -

October 2017

## DEVELOPMENT PHASE

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Appoint Enabling Works Contractor -

October 2017

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Commence Enabling Works on Site -

November 2017

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Commence RIBA Work Stage 4 -

December 2017

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Complete Enabling Works -

March 2018

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Appoint Main Construction Works Contractor -

July 2018

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Commence Construction Works -

Sept 2018

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Complete Construction Works -

August 2019

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Complete Fit-out Works -

September 2019

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Facility Open -

September 2019

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The above time-line may be subject to change following our conversations with the Heritage Lottery Fund as we enter the next critical stage in our Round 2 submission.

Cost Item	total £	development spend £	delivery spend £
Starting value of the property	1		
<b>Expenditure</b>			
Safeguarding works	360,472	360,472	
Build cost	3,225,509		3,225,509
Construction contingency	387,061		387,061
Finance	37,555	32,660	4,895
<b>Total construction costs</b>	<b>4,010,597</b>	<b>393,132</b>	<b>3,617,465</b>
Professional fees	604,724	320,879	283,845
Development management fee	221,000	131,000	90,000
Cost contingency	80,212		80,212
Inflation % of build costs	354,886		354,886
<b>Total capital costs</b>	<b>5,271,419</b>	<b>845,011</b>	<b>4,426,408</b>
Developer risk return	500,000	capped	500,000
Adt staff and activity costs (incl volunteer time)	434,782	199,781	235,001
<b>Total expenditure</b>	<b>6,206,201</b>	<b>1,044,792</b>	<b>5,161,409</b>

## INCOME (DELIVERY PHASE)

Income Item	Income £
Cash Match Funding	873,361
Volunteer Time	28,863
HLF Request	4,259,185
<b>Total</b>	<b>5,161,409</b>

# FUNDRAISING SUMMARY

**WE WILL FOCUS ON SECURING THE MATCH FUNDING REQUIRED TO COMPLETE THE FULL FUNDING PACKAGE AND SUCCESSFULLY DELIVER THE PROJECT.**

**WE HAVE PREPARED A FUNDRAISING PLAN WHICH SETS OUT THE ACTIONS WE WILL TAKE, AND THE FUNDERS WE WILL TARGET, TO DELIVER THE £873,361.**

**THIS WILL BE OUR PRIORITY AND A KEY FOCUS OF OUR WORK THROUGHOUT THE REMAINDER OF THE PROJECT DEVELOPMENT PHASE. THIS WORK WILL BE ONGOING UNTIL JUNE 2017.**

# PARTNERS AND FURTHER INFORMATION

The Dispensary Project is a community-led collaboration between **Ancoats Dispensary Trust, igloo Regeneration and Purcell UK.**

The development company behind this project is Ancoats Dispensary Limited, of which Ancoats Dispensary Trust is a majority shareholder. The promotion, marketing and letting of space within the building is currently being managed by key people within the Ancoats Dispensary Trust who are helping shape the vision for this community asset.

The entire project will be voluntarily funded and we are grateful to the Heritage Lottery Fund for their initial grant which has enabled the project to get this far. The Dispensary is due for completion in early 2020.

Please note that details in this document may be subject to change and alteration and in no way represent the final confirmed design or allocation of space. However, we believe these to be a fair and honest representation of our proposed vision for each floor of the building at this stage of the project. Further editions will be released as we head towards our completion date.



# INTERESTED IN JOINING THE DISPENSARY TENANT COMMUNITY?

**Interest in The Dispensary is already gathering momentum and we're currently talking to a number of prospective tenants. Early interest also helps us understand tenants' specific needs and requirements.**

To register your initial interest please contact Trevor MacFarlane or Amy-Grace Whillans-Welldrake. Thank you for your interest in our project.

**Please email**  
**[info@manchester-dispensary.co.uk](mailto:info@manchester-dispensary.co.uk)**

**Or call Trevor MacFarlane on 07538 027526**

**[MANCHESTER-DISPENSARY.CO.UK](http://MANCHESTER-DISPENSARY.CO.UK)**

**[@DispensaryMCR](https://twitter.com/DispensaryMCR)**