OUR LIFE SCIENCES TEAM

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LIFE SCIENCES: PLANNING FOR THE FUTURE

CGI of Belgrove House following redevelopment

Based on our recent success in achieving planning permission for 270,000 sq ft of office and laboratory space at Belgrove House, we share our insights into the booming life sciences sector and the intricacies of the planning system. Fresh from this success in the heart of London's Knowledge Quarter, and with future permissions in our pipeline, this bulletin will help you understand the things to consider.

WHAT IS HAPPENING IN THE LIFE SCIENCES SECTOR?

Given the events of the past 12 months, it is unsurprising that life sciences have emerged as a hot topic for 2021. As a sector that employs over 250,000 people in the UK and generates £70 bn per year, it has been identified as a strategic growth area by UK Government and has seen a 155% increase in stock market valuations alongside some £15 bn of foreign direct investment.

As the occupational demands of the sector evolve, the property industry is looking at ways to satisfy demand from this high growth industry. Alongside the traditional science park locations, operators are becoming increasingly drawn to the vibrancy of cities. With universities, hospitals and a myriad of transport links, these cities also offer experiences beyond the workplace such as restaurants, bars and culture. We look at where the demand is coming from, how it can be met, and the various opportunities and challenges planning presents for development in the life sciences sector.

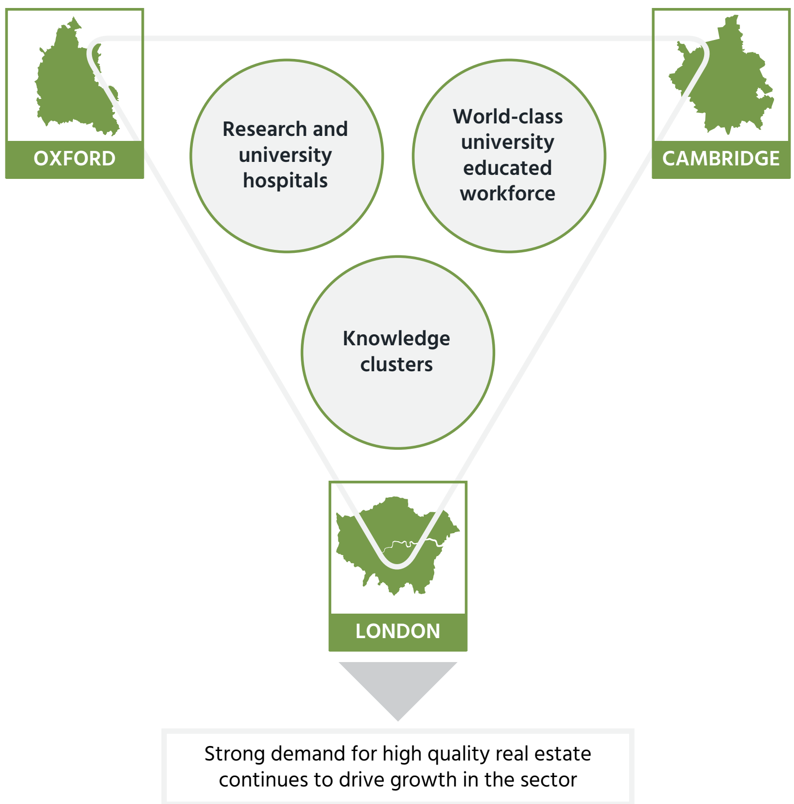
The life sciences sector was already fuelling extraordinary demand for R&D facilities pre-pandemic, with the situation now further exacerbated. Unlike office workers, the nature of life sciences research means that staff are unlikely to be able to work from home. These working practices ensure consistency of demand across the board, from start-ups through to larger lab / office space.

WHERE IS THIS HAPPENING?

This demand is UK wide but is largely centred upon the 'Golden Triangle' of **London**, **Oxford** and **Cambridge** driven by the presence of four of the world's top 25 universities.

Brockton Everlast has recently acquired seven buildings at Cambridge Science Park demonstrating the appeal of campus / business parks across the Oxford / Cambridge Arc. In Oxford, Legal & General and Oxford University recently gained planning permission for a new £200m life sciences building known as the Life and Mind Building – The University of Oxford's largest ever building project. Northern cities such as Manchester and Leeds are also seeing growth in this sector.

The Golden Triangle



The demand for life sciences in the UK is likely to further increase because of the Covid-19 crisis. Even before the pandemic the sector was fast becoming one the leading areas for growth in the country. The challenge is whether supply can keep up with demand as both small start-up businesses and large global companies want to locate themselves near clusters of academic and commercial innovation.

Angus Minford
Partner, Gerald Eve

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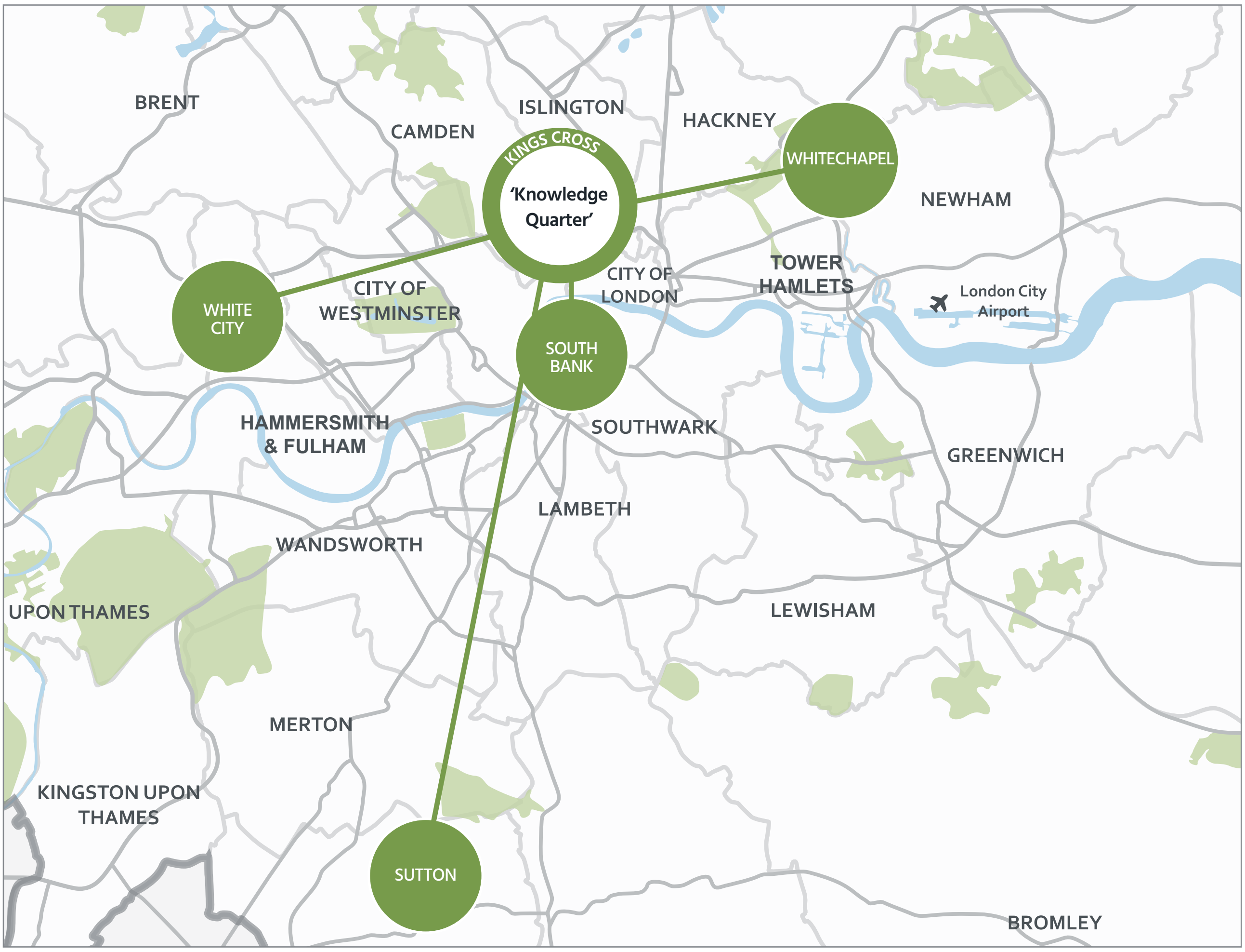
In London, the sector was initially confined to the 'Knowledge Quarter' centred on Kings Cross and 'knowledge anchors' such as **The Francis Crick Institute**, **Wellcome Trust** and **University College London Hospital**. In the past few years, life sciences clusters have emerged in White City, Whitechapel, Stratford, Southbank, Sutton with others such as Canary Wharf, being mooted.

Life Sciences are expanding out across London



HOW ARE LANDLORDS REACTING?

We are seeing landlords in these emerging sub markets responding to the needs of life sciences occupiers with adaptations such as floor to ceiling heights of 4m plus, separate risers, high load bearing capacity, fresh air supply and larger goods lifts for specialist equipment.

- Slab to slab: 4m+
- Separate risers
- High load bearing capacity
- Fresh Air supply
- Larger goods lifts for specialist equipment

To offset the supply imbalance, landlords are also increasingly exploring options such as repurposing existing buildings such as banking halls, warehouses and even department stores in an attempt to meet the growing demands of this sector.

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WHAT IS THE PLANNING OPPORTUNITY?

Class E

The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 which came into effect on 1 September, are hugely positive for the life sciences sector. The new Class E (Commercial, business and service) incorporates numerous categories across the old classes, meaning considerably more scope for change of use without planning permission.

With more and more life sciences operators looking for city centre locations, the increased flexibility that this change brings, opens up a far greater number of property options and developers can focus on tackling other issues such as appearance, structure and M&E without also worrying about land use.

Planning policy – Implications of class E

Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020	Introduced the new Class E (commercial business and service)	More scope for change of use without planning permission	**A booming life sciences sector in urban locations**
Effective September 2020	Incorporates numerous sector categories from old legislation	Thus allowing developers to focus attentions on appearance, structure, M&E etc.	Benefiting from proximity to other knowledge economy users in urban locations

PLANNING POLICY

There is clear policy support for growth of this sector as outlined in the recently adopted New London Plan 2021 which advises that local authorities should support the range of both existing and proposed uses that fit within these life sciences uses. MedCity – a collaboration between London, Cambridge and Oxford Academic Health Science Centres, co-funded by the Mayor – seeks to promote and grow this life sciences cluster.

We are seeing local authorities seizing the opportunity from the growth in the life sciences sector to contribute to the lives of the local communities in and around the clusters. Priorities include affordable workspace (with Camden aspiring to 20% in the Knowledge Quarter); reducing inequalities and maximising social value from development (new jobs and training opportunities throughout all phases of the development); collaboration with key stakeholders; and the overall contribution that the development can make to the surrounding physical and social infrastructure i.e. new homes, amenities, public realm enhancements and transforming pedestrian and cycling transportation movements.

In our experience, the provision of affordable workspace can be a particular sticking point in negotiation over the wider package of public benefits delivered by schemes coming forwards as policy and guidance varies between local authorities, and the New London Plan leaves it to the boroughs. This is particularly the case for life sciences and knowledge economy developments where there is not a ‘one size fits all’ to the provision of incubator spaces and such like.

ADDITIONAL PLANNING CHALLENGES

Whole life cycle carbon assessments

The New London Plan has introduced a requirement that all referable developments should calculate whole life-cycle carbon emissions through a nationally recognised Whole Life-Cycle Carbon Assessment and demonstrate actions taken to reduce life-cycle carbon emissions i.e. both their operational and embodied emissions. In our experience, proactive local authorities are pushing for these assessments even on non-referable schemes. This means there is increased pressure on developers to consider refurbishment options first before redevelopment.

For life sciences developments with specific requirements for structural make-up, floor to ceiling heights and ventilation, this adds a further challenge for developers in identifying appropriate sites and in navigating the increasingly complex planning process.

Social value and community benefits

It is clear that a key trend arising from the increase in development within the life sciences industry is a drive to ensure that the communities affected by the emergence of development within this sector are significantly benefitted.

Alongside the rapid demand for life sciences in the UK there are local authorities needing to rebuild communities and wanting to address issues of social exclusion and inequality that the Covid-19 crisis has merely exaggerated.

A study by the British Council for Offices has revealed that the importance of social value in the planning process is likely to increase in the wake of the Covid-19 crisis.

Acting as planning consultants for the proposed development of MSD's 270,000 sq ft UK Research Discovery Centre and HQ at Belgrove House in Kings Cross, Gerald Eve helped to formulate, amongst a long list of other public benefits, a package of education and employment measures including a community education / innovation space for Camden's secondary schools with the intention of raising awareness, understanding and knowledge of the innovative work that will take place inside the building and complementing that with new opportunities for high quality jobs for local communities.

Whilst MSD clearly has the firepower to make these commitments, we think this is likely to be the direction of travel for other upcoming Knowledge Quarter schemes coming through the pipeline.

> The overall package of economic commitments and initiatives at Belgrove House constitute an ambitious and forward thinking set of measures which will ensure that local residents will benefit from education and employment opportunities created by the development. These benefits will contribute to delivering prosperity making a tangible difference to the quality of life of the local people.
>
> **Lisa Webb**
> **Partner, Gerald Eve**

Reducing social inequalities
(Skill and employment opportunities throughout construction and beyond)

Affordable Workspace
(20% target in Knowledge Quarter)

Collaboration of key stakeholders

Enhancing physical and social infrastructure
Public realm; new homes

Sustainable transport
Pedestrian and cycling provision

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