

# **How to turbo-charge construction in the Life Sciences sector**

A roundtable discussion hosted by Linesight

# Key takeaways



-  **Early engagement** with supply chain is crucial
-  **Suppliers** should be treated as partners
-  **Two-stage development** process is becoming the norm
-  **ESG** should be in legislation to get sector traction
-  **Alternative materials** such as timber should be assessed
-  **Insurance implications** arise when using alternative materials like timber
-  **Retrofit considerations** include floor-to-ceiling heights, power and external areas
-  **Planning system** needs reform

# Participants



**Tim Burke**  
Deputy editor, EG (chair)



**Nigel Barnes**  
Head of Life Sciences  
EMEA, Linesight



**Will Fogden**  
Senior Development  
Manager for UK & Ireland  
at Kadans



**Natalia Gospodinova**  
Associate, Linesight



**Giles Heather**  
Director, Linesight



**Ed Hayden**  
Life Sciences Director at  
Scott Brownrigg



**Nic Leonard**  
Senior Manager in global  
procurement, Charles  
River Laboratories



**Jack Lonergan**  
Head of Estimation at  
Lonza



**Fatos Peja**  
Design Principal at HDR

# DISCUSSION SUMMARY

With an estimated £20 billion looking for a home in UK life sciences real estate, according to a JLL report, the appetite to build is clear. But at the same time, construction is facing one of its most challenging times, with supply chain disruption and price volatility topping a long list of barriers to delivering projects successfully. Linesight gathered leading experts to discuss how best to power the British life sciences sector forward with high-quality projects delivered on time and on budget. Tim Burke, deputy editor, EG, chaired the discussion.

## Managing suppliers

One of the key challenges to tackle, the discussion found, is a lack of visibility around demand – “which can change overnight”.

This has the knock-on effect of causing suppliers in this environment to be reluctant to commit to fixed-price lump sums”, said **Nic Leonard, Senior Manager in Global Procurement at Charles Rivers Laboratories.**

This requires more creative thinking, he said: “It’s about managing relationships, paying for materials and equipment upfront,” although companies adopting this approach “run the risk that if the supplier goes bust you lose out”.

Mitigating that risk, said **Nigel Barnes, Linesight’s Head of Life Sciences EMEA,** involved being open with suppliers. “You can have a well-balanced, risk-free project that runs late and then, ultimately, you’ve missed your product launch date. Openness with suppliers is vital, as is flexibility around the design of your asset. Risk can be managed by running financial checks on the supply chain and implementation of protective mechanisms such as advance payment bonds.”

Treating a supplier as a valued partner is crucial, **Jack Lonergan, Head of Estimation at Lonza**

said. “Talking regularly to suppliers, sharing your pipeline with them. We’re open about what we need, and we like them to be open with us about whether they can achieve that.”

Early engagement and collaboration with the contracting and supply sides are crucial, as is collaborative design, said **Ed Hayden, Life Sciences Director at global architectural practice Scott Brownrigg.** “We need to engage early and work closely with the whole supply chain to ensure the design of every element can be delivered.”

Design options at an early stage should be managed carefully, however, added **Fatos Peja, Design Principal at architecture and engineering practice HDR.** “You can pick a material and by the time you present your project it may not be an option anymore, because the lead time has gone way over.”

The developer’s view came from **Will Fogden, Senior Development Manager for UK & Ireland at Kadans:** “Across sectors, two-stage tendering is increasingly the norm and we are seeing more collaborative contractor input early in the design process. Whilst budget control is essential, we want to review buildability and supply chain pressures. This creates a more efficient procurement process and consistent design narrative for planning.”



## Innovative solutions

In the current volatile market, a lateral approach is needed to deliver the right projects at the right time. This can mean, for example, considering retrofitting an existing building, even in the life sciences market where the perception that facilities are highly bespoke lead some to assume retrofit won't work.

**EG's Tim Burke asked if there was a definitive list of the sort of asset that developers were looking for to turn into a life sciences facility.**

**Kadans' Will Fogden** said: *"We look at each building on its merits."* But his team looks at three key areas: floor-to-ceiling heights, the potential for power, and external servicing – these three elements always need to be right in the existing building.

Looking beyond the traditional life sciences areas of London, Oxford and Cambridge – the 'Golden Triangle' – was an option that needs more consideration noted **Will Fogden**.

*"There's a natural push in alternative areas like Manchester, Bristol and Glasgow. The opportunity is there. It just needs further appetite from those people who are currently focused on the Golden Triangle to look further afield."*

Meanwhile, speculative development remains a strong strategy, given demand levels, although how long it will continue is a valid question. *"At what point does it make commercial sense to do a fit-out for a minimum period of time?"*, asked **Lonza's Jack Lonergan**.

## The role of ESG

**With construction being widely recognised to be responsible for 39% of global carbon emissions**, the chair asked whether environmental, social and governance (ESG) goals could be a barrier to building facilities.

**Linesight's Nigel Barnes** said ESG was a consideration, but it would always be balanced against the sector's ultimate aim of saving lives. He said carbon emissions can be controlled in the sector nonetheless, and the key is to look at the activities that will happen in the facility you are building. *"Look at what it is you're producing, and how efficient the process is, because ultimately much around the facilities you build will be determined by that process above other priorities."*

**Jack Lonergan** added that he expects the efficiency of buildings to move up the agenda for life sciences occupiers: *"This winter will definitely focus people's minds on costs. I know of businesses with available space that are installing solar farms next to their facilities. It all helps."*

Buildings designed and constructed to BREEAM Excellent standards are not the same as buildings able to run efficiently for occupiers, argued **Will Fogden**. He forecasted increasing demand within life sciences for meeting BREEAM In Use and NABERS and noted that occupiers are also using smart technology increasingly to understand their buildings' efficiency.

**Giles Heather, Director at Linesight** noted life sciences clients still have an opportunity – and a responsibility – to decrease embodied carbon, and he explained how it's being done: *"We have built a service that can provide consistent and accurate assessments of a project's embodied carbon count from an early design stage. This will play a vital part in our clients' journey towards a robust, measurable net zero ambition. Unlocking innovation like this is key to ensuring that our industry is part of the solution to tackling the pressing social, environmental and economic challenges we face."*

The use of timber is becoming increasingly popular within life sciences real estate, but a potential stumbling block is insurance. **Natalia Gospodinova, an associate at Linesight**, said: *"It's likely to come with a high premium, which has to be reflected in the project's financial model. From the cost point of view, then, timber is not necessarily much cheaper, however, it could be more programme efficient."*

## Policy and planning issues

**Some believe that the ESG agenda will only be driven more once it is embedded in regulations. That, and once sustainability "is in our DNA, just as health and safety is", said Nic Leonard.**

**Nigel Barnes** agrees: *"A driving force will be the requirement to come in below a certain threshold of embodied carbon, or else the project can't go ahead."*

On the flipside, legislation should not render the UK uncompetitive, said **Nigel Barnes**.

**Tim Burke** added that a chief executive of a REIT has told him that if he *"did everything he could do, in every building he worked on, to make that building sustainable, he'd be out of business"*.

Meanwhile, local government and policy could be improved to support life sciences construction projects. It was suggested some planners do not understand the life sciences sector properly. Better public positioning of proposed schemes – the jobs they created, the products they manufacture – could help.

**Giles Heather** called for the *"alignment gap"* between government policy and planning policy to be closed.

*"The government 'gets' life sciences, but it's policy-driven, rather than facilitating where and when these buildings are built. We need to simplify the system and allow planning applications for life sciences schemes to go through, particularly in urban areas rather than science parks – which will help clients attract talent and increase the potential sites available for development. Also, if we are to Level Up the country, we can't simply build more homes. We also need to rethink how we use existing places, particularly those with in-built community benefits such as health facilities, life sciences and other social infrastructure. By placing community, health, sustainability and people at the heart of regeneration it will act as an enabler to deliver both homes and jobs for local people."*

## Conclusion

Life sciences sector continues as a growth area for the UK, but it does face acute challenges which need to be overcome to ensure the UK remains a leading contributor to the continued fight for the improved health and wellbeing of the global population. The meeting concluded that providing the required facilities and real estate requirements to support the sector can be overcome through a collaborative supply chain, lateral thinking about developments and a local and central government support. And encouragingly, this growth can happen while ESG targets are met.

**Our next Life Sciences Round table will take place in March 2023.**

