

Discretionary Rates Relief for Labcorp Drug Development (formerly known as Covance by Labcorp)

Date: 12 August 2021

Report of: Inward Investment Manager

Report to: Chief Officer Financial Services

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

Executive Board approved the creation of discretionary rates relief policies, including one for strategic investments creating new jobs in Leeds, in March 2014. This supports the Council's priority to promote sustainable and inclusive economic growth.

Enhancing Leeds position as a leading UK Health & Lifesciences centre.

- Labcorp Drug Development announced plans in June 2021 for a New Clinical Pharmacology Site in Leeds.
- Work is underway to transform an existing building in the heart of Leeds's Temple district into a fit-for-purpose facility that will raise the bar for clinical conduct and volunteer engagement. The new site will consolidate our two existing central Leeds locations into one facility just minutes away from hospitals and key transportation links.
- The Temple district is an emerging economic development zone housing several technology and life science companies. This investment will expand the Leeds clinic bed capacity by over 30%.
- The combination of talent and innovative design will support efficiencies and enhance collaboration, offering key benefits to clients and volunteers. Higher capacity for residential stays, screening and outpatient visits and all clinical operations conducted on a single floor.
- By refurbishing rather than rebuilding, the project will limit the embodied carbon emissions otherwise generated by demolition and the production and transportation of new construction materials.

Background

- Labcorp is a leading global life sciences company that provides vital information to help doctors, hospitals, pharmaceutical companies, researchers, and patients make clear and confident decisions. Through diagnostics and drug development capabilities, the company provides insights and accelerate innovations to improve health and improve lives.
- This includes everything from advancing diagnostic testing, to helping launch new drugs, to offering new perspectives through data, all drawing from a deep well of scientific expertise.

The company provides a range of specialty and esoteric testing services in the areas of women's health, allergy, diagnostic genetics, cardiovascular disease, infectious disease, endocrinology, oncology, coagulation, pharmacogenetics, toxicology, and medical drug monitoring.

- More than 70,000 employees worldwide, and clients in more than 100 countries.
- Labcorp headquarters are located in Burlington, North Carolina, U.S. Laboratory Corporation of America Holdings is listed on the New York Stock Exchange (NYSE) as LH.
- Labcorp serves managed care organizations, biopharmaceutical companies, governmental agencies, physicians and other healthcare providers, hospitals and health systems, employers, patients and consumers, contract research organizations, and independent clinical laboratories.

Recommendations

The Chief Officer Financial Services is recommended to approve the request from Labcorp for rates relief and to offer £335,000 over a three year period from FY 21/22 and the rates relief be released incrementally over 3 years as follows: 40% in FY 2021/22 (£134,000), 40% in 2022/23 (£134,000) and 20% in 2023/24 (£67,000).

Why is the proposal being put forward?

- This presents a strategic opportunity for Leeds to generate sustained growth in the sector, establish a nationally significant industrial cluster, develop new innovative products and services and grow employment across the region. Retaining and creating almost 300 highly skilled scientific and healthcare jobs in the city.
- It marks further investment by Labcorp into the local economy. The company currently operates out of two sites in Leeds and plans to consolidate the team into one building for more efficient, collaborative working, as well as having the opportunity to double in size.
- The new Labcorp Drug Development facility will be a gold standard clinical pharmacology investigational unit, commensurate with the outstanding global reputation of the UK Life Sciences sector,
- The delivery of the new facility aims to enable occupation by Autumn 2022. It would include a 100-bed clinic, pharmacy and Labcorp Drug Development's UK office headquarters for its Clinical Pharmacology Services business.
- The UK Centre of Excellence for Labcorp Drug Development's Clinical Pharmacology Services business will be a sustainable and energy efficient development.
- The investment will bring a welcome economic boost to The Temple district supporting the city's post-COVID recovery plans and helping to create a cluster for science, knowledge and innovation and act as a catalyst to attract further investment into the city.
- The investment will position Leeds at the forefront of the UK Health & Life Sciences Sector.

What impact will this proposal have?

Wards Affected: Beeston Holbeck Ward

Have ward members been consulted?

Yes

No

What consultation and engagement has taken place?

- 1 Councillor James Lewis, Leader, Leeds City Council, Councillor Jonathan Pryor, Executive Member for Economy, Culture and Education, Councillor Debra Coupar, Executive Member

for Resources and ward councillors for Beeston and Holbeck have been consulted on the detail of this implementation and are supportive.

What are the resource implications?

- 2 The rates relief is good value for money as it will create and retain substantial highly skilled jobs in Leeds directly, also through the wider Health & Life sciences ecosystem supporting our economic recovery from Covid-19. This will sit alongside the new investment in the city as a result of Labcorp Drug Development's consolidation and expansion in Leeds.

What are the legal implications?

- 3 Localism Act powers underpin the new discretionary rates relief schemes, and our use of them is enabled by the March 2014 Executive Board approval for the policy.

What are the key risks and how are they being managed?

- 4 There is a risk that Leeds does not capitalise on the wider growth, regeneration, economic and social benefits to be achieved through the presence of a National HQ of a major Global Life Sciences enterprise in the city.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 5 The direct investment supports the Council's priorities to promote sustainable and inclusive economic growth in Leeds, to retain and create highly skilled jobs in the city in leading sectors, as well as ensure all new developments adhere to high sustainable standards. The UK Centre of Excellence for Labcorp Drug Development's Clinical Pharmacology Services business will be a world-class sustainable and energy efficient development.

Options, timescales and measuring success

a) What other options were considered?

- 6 Labcorp is a leading global life sciences company and establishing a new Clinical Pharmacology site was a global site selection process, Site considerations included Europe and other UK regions.

b) How will success be measured?

Key measures of success include (but not limited to);

- 7 The retention and creation of up to 300 highly skilled jobs in the city in a leading sector.
- 8 The creation of a leading UK Centre of Excellence in Health & Lifesciences.
- 9 The creation of a sustainable and energy efficient development.
- 10 The growth and development of the Leeds Health & Lifesciences sector and supply chain.
- 11 The growth and development of The Leeds South Bank regeneration district.

c) What is the timetable for implementation?

12 Site improvements for this sustainable development are scheduled to be completed during the autumn of 2022 to develop a world-class clinic in the heart of Leeds.

Appendices

None

Background papers

None