



BUSINESS PLAN 2015-16

***The MedCity vision is for London and the Greater South East (GSE) to be a world leading, interconnected region for life science research, development, manufacturing and commercialisation - delivering health improvements and economic growth.***

The experience and evidence gathered in MedCity's first year of operation underlines the huge opportunity to increase health and wealth opportunities in London and the GSE by making the region the global destination of choice for life sciences entrepreneurs and investors - speeding patient access to new technologies and therapies, and creating high value jobs. MedCity has been created to drive economic growth in life sciences across the region.

London and the GSE already host world leading life science assets - including academic institutions producing cutting-edge research, technology transfer, Catapult and bio-incubator facilities. A state-of-the-art science complex, the Francis Crick Institute, will open in 2016. There is a large, diverse patient population for clinical trials and, through the NHS, the opportunity to access large data sets. London and the GSE also have a mature business environment, including large legal and financial sectors which can provide vital support to the life sciences sector, given its highly regulated nature and the need for risk-funding to underpin the establishment and growth of life sciences companies.

Despite these assets, London still underperforms in comparison to its global peers in translating this research excellence into economic outcomes. Research conducted by McKinsey (2011) has shown that London compares unfavourably with San Francisco and Boston in terms of the number of patents, spin outs and investment. San Francisco, Boston and Medicon Valley had over five times as many patents per publication as London. Many of our entrepreneurs still find their funding and markets overseas.

To reap the collective economic benefits of London and the Greater South East's life science base, there is a need to influence behaviour across a range of constituencies, including investors, business, healthcare provision and academia.

MedCity has already, in just its first few months, begun to address priority areas. We are:

- **Creating a ‘front door’** for businesses, entrepreneurs, investors and academics to come to when they are confused by the complex environment across the region. MedCity has welcomed, directed and supported more than 100 approaches, from large pharmaceutical companies to digital entrepreneurs, businesses seeking research collaborations and investors considering setting up new funds. We will continue this work and work with partners to provide signposting and relationship formation within and across the region. We are working in partnership with FDI teams in London & Partners and UKTI to target and support potential inward investment.
- **Promoting the region** as a base for life science investment and growth. MedCity has spoken at a range of business, academic and charity conferences, displayed its agenda by using targeted support to leverage interest in others’ activities, developed a wide stakeholder base for communications and been successful at attracting international, trade and domestic media – and think-tank - interest. We still have more to do to explain our role and turn awareness into real projects within the region, however there is already evidence that the MedCity concept is developing as a brand, as a number of external parties have cited the creation and operation as MedCity as a reason for enquiring about opportunities to locate or develop in London. In February, MedCity will support the Mayor on his visit to the East Coast of the USA and will undertake a number of activities and host events in Boston and New York as part of the Mayor’s programme.
- **Encouraging and enabling entrepreneurialism.** A large part of MedCity’s first year activity has been dedicated to understanding and starting to address entrepreneurial barriers. These programmes have underlined the importance of MedCity’s fundamental approach – to work with others, leveraging and shaping their activity rather than duplicating it. For example;
  - MedCity has worked with business plan competitions, particularly *OneStart*, to encourage and support the development of ideas from the earliest stages; with Angel investment organisations to attract early stage investment and with the London Stock Exchange and representative organisations to start the process of attracting significant funds back into healthcare;
  - MedCity is working with the GLA to bring some coherence to the physical investment and developments in facilities for startup, incubation and follow-on space in London; and
  - MedCity has shaped and agreed to lead the digital health work programme as part of the Mayor’s response to the London Health Commission report, including bringing together the players working on digital health incubation and scoping the role for a new Digital Health Institute, working with the London Academic Health Science Networks. MedCity is also examining the gaps

in the support environment for medical technology and devices companies and is exploring a number of activities to help this sub-sector of the life sciences industry to develop.

- Playing a vital, but less visible role in **explaining the market**, by enabling academic/business interaction at the early stages of idea development, for instance by bringing actors together to develop potential collaboration models for dementia research and by helping London institutions run a pilot 'open doors' opportunity for businesses to see potential areas for collaboration.

## ***Action plan and key year 2 milestones:***

### ***Front door service***

In year two of operation, MedCity will continue to develop and build the MedCity brand and communicate London and the south east's capability; raising awareness amongst the international life science community of the benefits of locating activity in London and the south east, including access to one of the world's most innovative entrepreneurial ecosystems.

MedCity continues to be approached by and work with a wide range of businesses, including small UK companies and start-ups. We will continue to help them understand the development environment and market structure, and introduce them to appropriate and relevant academic, clinical and NHS contacts as well as to sources of business support. In addition, MedCity will also signpost businesses to sources of advice, such as existing services within NICE and MHRA; and potential funding, by providing information on the many different funding opportunities that are available.

The market is already starting to deliver solutions to address the difficulty of finding scarce/expensive equipment resources and expertise. This is of particular relevance to entrepreneurs who lack the purchasing power of larger corporates. For example, the company Rareshare is developing an online contracting service for equipment and expertise. MedCity has helped Rareshare establish academic contacts to expand their reach and they should be running commercially from Q1 2015. Where appropriate, MedCity will assist customers to identify commercially available tools to assist in addressing business requirements, in particular in relation to access to equipment, facilities and expertise.

<b>Front door service: actions</b>	<b>Timing</b>
Provide a professional, timely and responsive service to customers approaching MedCity, backed by an effective "triage" service for the problems/issues that need to be addressed, underpinned by a concierge service that helps identify and introduce customers to solutions and/or resources that can assist them to progress and grow their businesses.	Ongoing
Continually monitor and validate and, if appropriate, further develop the signposting for supporting networks and contacts, including within the NHS system, for developing and testing innovations	Ongoing

Work with London & Partners FDI team and with UKTI sector specialists to proactively identify the inward investment London needs to maintain its position as a world leading life science cluster. On appointment of MedCity analytical support (expected to be in place by end of March, 2015) develop an evidence base to support London specific targeting of inward investment opportunities.	Evidence base developed by end of August, 2015 (subject to successful appointment of resource)
Continued population of MedCity webpage supporting signposting to sources of advice and funding, including those specific to small businesses, with a particular focus on (a) access to sources of finance; (b) innovation pathways for development of devices/technology products for the NHS.	June, 2015
Support market solutions to facilitate access to available life sciences equipment, expertise and space so that entrepreneurs, funders, businesses and investors can navigate the resources.	Review progress at end of Q1 2015/16 and determine extent to which the market will address the issue. Develop plans accordingly.

### ***Promote the region***

<b>Promoting the region: actions</b>	<b>Timing</b>
<p>Publish data online relating to the mapping of London's science and technology businesses, based on a project being conducted by SQW and Trampoline Systems.</p> <p>London's widespread strengths in science and technology are unclear to both domestic and global businesses, investors and potential collaborators. While the SQW/Trampoline project will provide a useful dataset, we ideally need an interactive, searchable, comprehensive map of the industrial base which will enable firms to update their own activity and which can draw on external real time data sources to ensure it is up to date. The key to success will be ongoing management of the service to ensure the map accurately reflects London's rapidly evolving ecosystem. This idea is subject to a funding bid by the GLA Economic and Business Policy team, and private sector partnership support being secured to host, update and manage the</p>	<p>May, 2015</p> <p>Subject to funding being agreed and partnership support being secured – time table to be determined.</p>

map website. Should partnership support be secured, MedCity will support the development and publication of such tools.	
Support the Mayor's export programme to introduce London based SMEs to new markets and global business collaborations. Ensure opportunities to participate in activities are communicated widely.	Dependent upon the export programme plans, which currently include a mission to BIO in June, 2015.
Plan and deliver at least one MedCity promotional mission to a key target market, in collaboration with London & Partners (tentative discussions have already taken place in relation to South Korea, however, planning will also need to take into consideration any external visit programmes planned by the Mayor in 2015/16)	March 2016
Participate in at least 2 significant, externally facing, international conferences to promote MedCity and the region. Ensure at least 3 meaningful investment projects are identified as a result.	March 2016
Generate relevant and effective marketing, PR and online material to support promotion of the MedCity offer and region. Continue to build relationships with academic institutions, industry and relevant networking/membership organisations to ensure a steady flow of news stories that support development of the reputation of MedCity and life sciences across the region.	Ongoing – monitor and report
Working with London & Partners and other relevant stakeholders from across the life sciences community, hold at least 2 events within London, focused on highlighting London and the south east's capability in life sciences research and development	2 events to have been held by March, 2016

### ***Entrepreneurialism***

Evidence gathered to date reveals the key growth challenges facing entrepreneurs to include: access to finance, access to expertise (e.g. mentoring), affordable work space, grow on space, and access to the NHS as a primary market. Through the work of the London Health Commission MedCity has been asked to take a role in the delivery of recommendations relating to the development of London's digital health offer and the development of research facilities to support the global dementia challenge.

## **Access to finance**

From MedCity's engagement with the entrepreneurial and investment communities, we have identified opportunities to attract greater angel investment through raising awareness of the investment opportunities in this growing sector. In year 1 of operation MedCity has partnered with London Business Angels and Angels 4 Life Sciences to create a high profile, year-long programme: Angels in MedCity. The programme aims not only to recruit and 'educate' Angels, but also to give entrepreneurs the opportunity to pitch at supported pitching events. Prior to these events, the selected companies are given investment readiness support by expert delivery partners. This activity has been funded for a one year period (to July 2015). MedCity will evaluate the programme and determine whether it should be extended beyond the first year. The programme has already been successful in leveraging direct financial and in-kind support from a number of commercial entities, as well as ERDF CAP (Capital Accelerator Programme) funding. Opportunities to expand the programme will be explored, along with opportunities to expand the range of contributors.

In addition to the Angels in MedCity programme, MedCity has a small amount of funding intended for seed investment (HEFCE grant funding will be matched with private sector funding). The seed fund aims to support the commercialisation of innovation emerging from the convergence between different sectors and disciplines, promoting and enabling academic and student entrepreneurship. The specific access to finance gaps and the most effective way of leveraging the seed funding are currently being assessed.

## **Access to mentoring and expertise**

MedCity wants London and the greater south east to be the natural place for entrepreneurs, where they can access the partners, funding and space, develop a skilled management team, and make the connections that will support them throughout the arc of growing a successful company. Starting a life sciences business is not always a clear and simple process, so enabling access to mentoring and expertise is a step towards encouraging more entrepreneurs to look to the life sciences sector to fulfil their ambitions. In year 1, MedCity has already been actively leveraging support for early-stage entrepreneurial thinking, by partnering with the Oxbridge Biotech Roundtable on **OneStart**, a business plan and accelerator competition aimed at biotech entrepreneurs under the age of 35. OneStart brings some of Europe's most innovative young entrepreneurs to the region, many of whom will stay to develop their idea. MedCity will continue to identify opportunities to boost this kind of venture in year 2 of operation. MedCity has also provided support and advice to a number of other activities, including Tech London Advocates as they develop their programme to support digital health entrepreneurs and with Healthbox.



## **Infrastructure/facilities**

A range of life sciences facilities/sites/clusters are under development or proposed for development across London – from Imperial West and Whitechapel to Sutton for Life at the ICR/Royal Marsden and at the vacated pharmaceutical site in Dagenham. MedCity aims to support the growth of life sciences clusters and to ensure London provides the most globally competitive business environment. MedCity is working with all the emerging cluster/site organisations and institutions, to help ensure their wider environment supports future growth, be this with regard to planning policy, investment in infrastructure, or any other barriers they may be facing. Furthermore, closer working with each “cluster” will enable MedCity to build its understanding of each site’s offer and USP. This in turn will help MedCity to promote a coherent picture of the established and emerging life science clusters and sites across London to domestic and international investors and collaborators.

While the prospects are good in relation to the development of London’s real estate to support life sciences and bio-medical innovation, there remains much to be done, including easier identification of existing sites for emerging or investing companies to locate in London. This will be a focus for work in 2015/16.

## **Analysing the growth challenges entrepreneurs face by sub sector: Digital health**

Digital health is a rapidly developing sub-sector of the life sciences eco-system, with huge opportunity for growth and to be a vibrant part of the region’s offer. However, there are challenges to increasing innovation adoption and diffusion within the NHS and it is currently difficult for entrepreneurs to navigate the facilities and support systems available to them within London and the region. In the summer of 2014, MedCity organised a digital health workshop to bring entrepreneurs, and the research and dissemination communities together with potential support channels. The following challenges for digital health entrepreneurs were identified at the workshop:

- Early stage entrepreneurs want access to clinicians.
- Post-early stage, entrepreneurs struggle to define and evaluate the success of trials, and to navigate regulatory requirements.
- In scaling up their businesses, entrepreneurs face challenges in navigating the NHS procurement system.

In addition to working to address such challenges (which may also apply to other life sciences sub-sectors), MedCity has also been asked to deliver the London Health Commission’s digital health recommendations, working with the London AHSNs.

Encouraging and enabling entrepreneurship: actions	Timing
Complete delivery of the year-long Angels in MedCity investment programme. Evaluate effectiveness of the programme and in light of this evaluation, develop plans for continuation of the programme, if appropriate.	July, 2015  November, 2015
Evaluate the effectiveness of the Future of Healthcare Investment event (delivered in partnership with London Stock Exchange, with support from BIA and One Nucleus) sponsored by JP Morgan and Numis. Determine whether the event should be repeated and developed in year 2.  Working with the same group of partners and supporters, develop plans for a complementary set of roadshow events focused on assisting life science companies to understand opportunities for public market finance. Subject to agreement across the consortium, ensure timely delivery of workshops throughout second half of 2015/16.	April, 2015    March, 2016
Develop a fully worked through and costed programme of activity to seed fund collaboration across research institutions within London. Achieve support for the seed fund proposals, develop the chosen model and launch. Target and identify up to £260k external funding to support the programme of activity within its first year of operation.	Launch in September, 2015
First MedCity-enabled inter-institutional research collaboration launched	December 2015
Scope a Med Tech Innovation programme for London (in partnership with SEHTA) to address barriers to success and growth for the Med Tech industry.	June, 2015
Work with partner organisations to scope and develop innovation vouchers that will provide a range of wider business support across the academic partner organisations within London.	September, 2015
Building on last year's GLA/MedCity co-hosted workshop that convened the London based organisations that are developing plans to create new life sciences/bio-medical research facilities, bring together the group of sites/clusters on a biannual basis as a London life sciences cluster roundtable, with the aim of developing a clear and coherent plan for London.	Group to have met at least twice by May, 2015
Use material and data from the group identified above to produce marketing material (provisionally a prospectus) setting out the offer and opportunity of London's life science clusters	July, 2015

and sites for potential investors.	
Develop a database of life science facilities, including available (ideally real time) workspace, pan London, subject to being able to identify a suitable source of funding to allow the project to progress.	Determine likelihood of securing funding to support this activity by July, 2015
MedCity, GLA, London & Partners and other stakeholders in the life sciences sector have only anecdotal evidence that there is unmet demand for life sciences incubation and grow-on facilities. A more robust evidence base is required – including the type of business space required, the scale of demand and how requirements differ for key sub sectors. Pending a funding bid by the GLA Economic and Business Policy team, MedCity will work in collaboration to conduct an evidenced based study of demand for workspace.	Subject to successful funding via the GLA Economic and Business Policy team. Plans to be developed if funding is secured.
Work with the AHSNs to agree on core deliverables, funding, governance arrangements and set out the delivery timetable to deliver the recommendations of the London Health Commission regarding digital healthcare - to establish a 'digital health institute' with data analytics and accelerator functions.	Plan for implementing the recommendation to be established with the AHSNs – April, 2015.
<b>(Subject to funding) Medtech Innovation Network:</b> This aims to increase the convergence between healthcare and technology, and accelerate the rate at which new innovation is brought to market. The Network will link the demand side (Clinical Commissioning Groups, Academic Health Science Networks, NHS Trusts, pharma and local authorities) with tech entrepreneurs innovating with digital, medical and health technology. Through better articulating unmet clinical need and providing the support entrepreneurs need to access the market - including practical support to navigate the market and evaluate products on both clinical and cost outcomes - the Network aims to increase the quality and take up of innovations emerging from London's entrepreneurial community, and promote London as a more accessible market place.	Subject to funding

## ***Explain the market***

MedCity aims to help academic centres to promote their expertise to domestic and global businesses; encourage an entrepreneurial mind set; and enhance their understanding of business need (e.g. how business works, what areas businesses are interested in). MedCity is working with the AHSCs and other universities to help them collaborate better with the life sciences industry at all levels. This includes encouraging them to promote their expertise to different types of businesses, for instance by initiating the 'Open Doors' day in association with the Genesis conference in London in December 2014. Through the 'open doors', Genesis conference delegates had the opportunity to engage with some of London's leading research institutions: the Francis Crick Institute, Imperial Innovations and the Cell Therapy Catapult. This was a first step in exploring how we can get industry to engage in different ways with the academic base and through 2015/16 we will be exploring other ways to make this happen.

MedCity is working with academic centres and NHS bodies (critically the Clinical Research Networks and the AHSNs) to increase the level of clinical trial activity, not only of drugs but also digital health and devices and care pathway innovations. MedCity is undertaking a strand of work to bring stakeholders together with the aim of sharing progress on initiatives that are targeting increasing late phase clinical research within London, and agreeing goals and priorities that can be implemented. This work will continue into 2015/16.

<b>Explaining the market: actions</b>	<b>Timing</b>
Develop relationships with at least 4 new (new to MedCity) multi-national life science companies in order to gather information and intelligence relating to their pipelines and strategic requirements. Use this information to support development of MedCity's plans and marketing activities.	October, 2015
Encourage and support the involvement of businesses in the shaping of the programme to improve the clinical trial environment, particularly in London. Ensure there is a good understanding of business need and perception in relation to London and the region's offer on clinical trials and reflect this into all marketing materials and activity relating to the growth of clinical trial work.	June, 2015
Continue work, as recommended by the London Health Commission, to develop London and the region's offer on dementia research, with a particular focus on (a) supporting academic collaboration across London and the region; (b) engagement between academia and industry; (c) developing plans for the long term provision of research facilities to support dementia research	Develop short, medium and long term plans in relation to dementia research as a framework for future work with

and collaboration with industry.	industry – July, 2015
Provide support, as required, to the London LEP to support the existing programme of university-business collaboration networking events.	As required by the LEP
Building on the recent REF exercise and other relevant analysis, develop at least three therapeutic or technology related propositions, with international benchmarking, in order to effectively communicate and market London and the region's capabilities in a pro-active way with investors.	3 complete by December, 2015.
Working with London & Partners analysis team, FDI team and with relevant parties from other organisations, such as UKTI, develop an analysis to support the proactive targeting of inward investment opportunities from key markets for London.	June, 2015

### ***Future funding***

As identified within MedCity's first year business plan, the ambitious vision for MedCity will require additional, future funding streams. This is expected to include sponsorship funding from private, charity and public sector organisations and individuals. A strategy will be developed to ensure funding sustainability post 2016, from which point GLA funding may decline or cease. MedCity had indicated that it would set out a future funding model for the MedCity Advisory Board members by March, 2015. However, given the scheduling of Advisory Board meetings, this timetable is no longer appropriate and the required discussion is more likely to take place in May/June, 2015. For more information, please see the budget allocation section at the end of this document.

<b>Future funding: action</b>	<b>Timing</b>
Set out a future funding model to founders and Advisory Board members.	September, 2015

## ***MedCity Organisation:***

MedCity Ltd operates with a Management Board of Directors, tasked to run the company, and an Advisory Board, drawn from the life sciences community, to provide strategic direction and to act as advocates for the region and for MedCity's work. MedCity is accountable to its funders. Further detail is set out in the Articles of the Company and Terms of Reference of the Boards. Details of current Advisory Board members can found on the MedCity website ([www.medcitylondon.com](http://www.medcitylondon.com)). Following discussion at the Advisory Board meeting of 1<sup>st</sup> May, 2014, a chair is being recruited to the Advisory Board from outwith its current membership.

### **Management Board:**

The Management Board comprises voting Directors and observers. The Executive Directors include the Executive Chair and COO. The Non-executive Directors include one representative for the AHSCs collectively and one from London Medicine (until April 2015). The Board shall not exceed 10 members.

The GLA and the other founder AHSCs shall each have an observer at the Management Board. GLA may choose to appoint a Director to the Board. At the time of writing this document, a number of Directors and non-executive Directors have been identified and recruited.

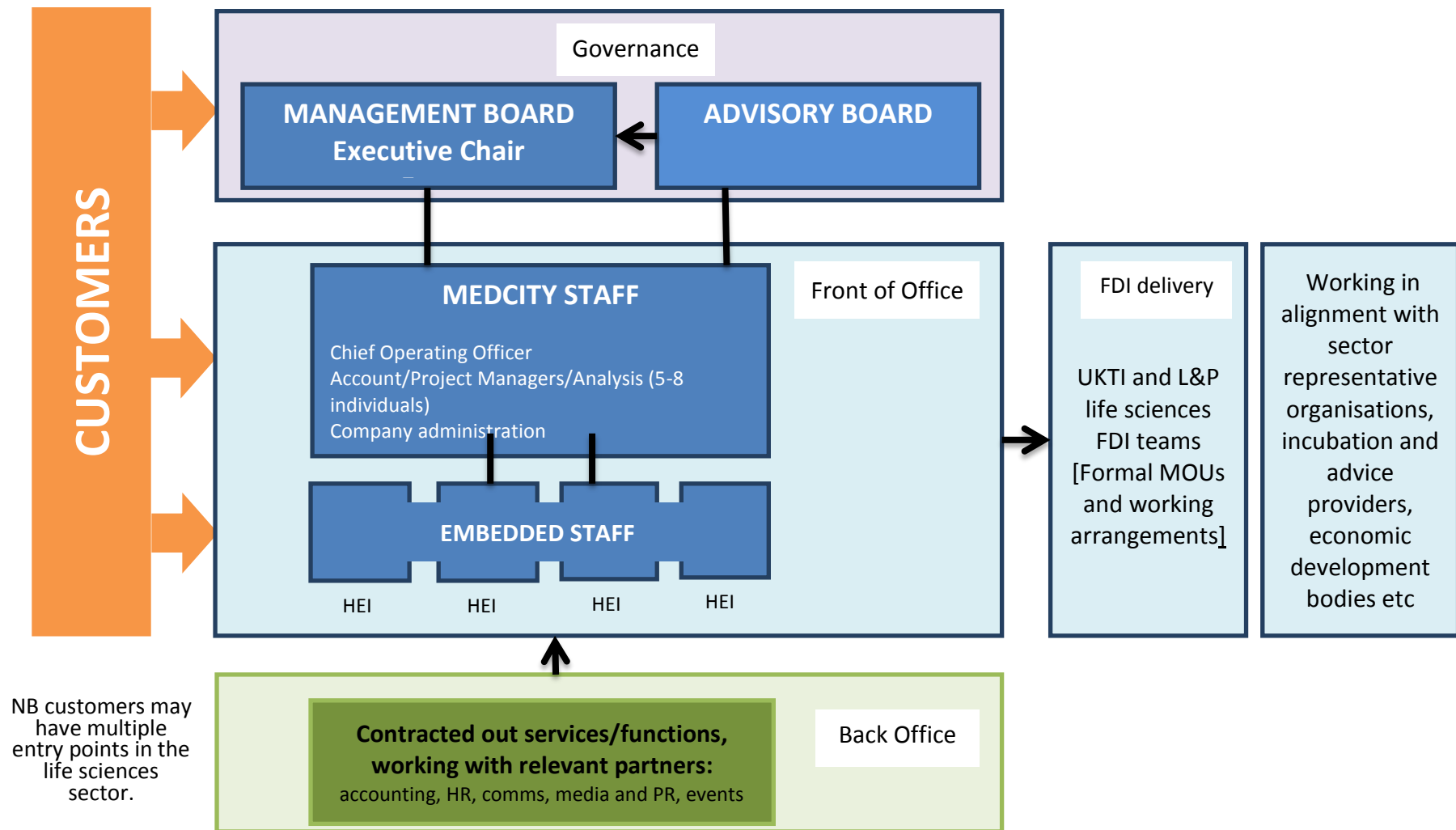
The members are:	Executive Directors:	Eliot Forster (Chair) Sarah Haywood (COO)
	Non-executives:	Gordon Innes, CEO, London & Partners Prof. Sir Robert Lechler, Vice-Principal (Health) and Executive Director, King's Health Partners AHSC (AHSCs' appointed Director)
		Dr David Roblin, COO, The Francis Crick Institute Dr Annalisa Jenkins, Managing Director, Annalisajenkins LLC

### **Operational structure:**

MedCity Ltd will continue to employ few people directly: it will deliver the connectivity into the AHSCs and other research institutions by having a distributed and partly embedded team. MedCity will work with individuals, on a project or consultancy basis, to draw on specific skills and knowledge. Part of the institutions' contributions-in-kind will be their own members of staff who are internally identified. They will continue to

be employed by the institution and will support MedCity objectives and delivery. These individuals act as access points into their home institutions and identify and approach the right people for potential collaborations, enable and take part in the mapping of resources and capability, ensure SLAs for metrics and monitoring are in place, etc. This model draws on the commitment of the partners, builds a team between and across the institutions, and ensures that there are individuals in place who have an explicit remit to deliver collaborative working and champion MedCity's aims and objectives within institutions.

MedCity will work in an aligned way with the economic development support in the region, both publicly and privately provided. MedCity will partner with representative organisations, incubation and advice providers, economic development bodies and others, as needed, to shape delivery and leverage greater impact.





## ***How will we measure success?***

At a **strategic level**, MedCity will increase the health and wealth outcomes from life sciences research and commercialisation across London and the GSE. It must be recognised that there are factors far outside MedCity's control which will also influence the availability of global capital and the attractiveness of the UK and the region for investment.

Following the first MedCity Advisory Board discussion, MedCity committed to develop a set of strategic impact measures. These are likely to be in the areas of investment, jobs and number of life sciences companies in the region. Work to develop these measures is on-going and the analysis being undertaken by SQW and Trampoline is critical to establishing the baseline data from which impact will be assessed. At the time of writing, the analysis had not yet been completed.

At an **operational level**, MedCity will understand and be accountable to our funders for its direct impact and programme of work. We have identified a basket of lagging indicators which are not comprehensive for every aspect of MedCity's activity, but which MedCity believes collectively provide a 'barometer reading' as a proxy for the effectiveness of MedCity. These indicators have been discussed extensively with policy and economic advisors within the GLA and L&P.

We have indicated targets at:

- year 2 (2015/16) – once MedCity established and operating;
- year 3 (2016/17) – the end of the GLA grant; and
- year 5 (2018/19) – the end of the HEFCE award.

We will, of course, monitor performance outside these milestone times as well. The first report on these indicators will be in July 2015 (subject to confirming methodology of data collection).

In addition, performance indicators will be developed in the following areas:

- **Front door service:** Number of approaches from customers
- **Promote the region:** AVE of media coverage; newsletter subscribers; Twitter followers
- **Explain the market:** Website hits for science and technology map / MedCity website (track both – funding for cluster map not confirmed yet)

### ***The key indicators MedCity will track:***

The performance indicators set out below collectively provide a ‘barometer reading’ as a proxy for the economic impact of MedCity activity. MedCity will report progress in Year 3 and 5; Year 4 figures are therefore not shown in this document, but growth in that year has been taken into account in the underlying calculations. Strategic impact measures will also be developed for discussion with the MedCity Advisory Board in May 2015. These are likely to be in the areas of investment, jobs and number of life sciences companies in the region in order to capture overall growth. Baseline figures relate to London. Indicators will need to be agreed as stakeholder engagement progresses with Oxford, Cambridge and other partners. The draft MedCity business plan therefore must be viewed as a live and evolving document.

MedCity is a project without precedent. Evidence of what is reasonable to set may be either absent or not easily transferred from other projects. In particular it is difficult to isolate the causal variable of MedCity intervention as investment is attracted into the region and jobs are created. Such activity is subject to a wide range of variables. The values used are therefore subject to a degree of uncertainty, but are based on the best available information.

MedCity has agreed a methodology for assessing the value of direct jobs (from relevant FDI investments) resulting from the MedCity involvement. The proposal for estimating the prospective benefits relies on estimates of FDI in London as the major source of direct jobs, and through them, GVA. However, the difficulty of forecasting FDI jobs should be noted, as large investments cannot be accurately predicted. Due to the volatility of the data series, over the course of five years of jobs created (job persistence of three years is assumed), the calculated average annual jobs created is 10% above the previous trend (5% above trend is assumed for 2014/15). This provides a benefit cost ratio in excess of 2. In addition there will be wider benefits from MedCity activity, which cannot be accurately estimated here, as a result of activity derived from other funding sources, such as European funding (e.g. ERDF) and projects sponsored by private sector partners.

Measure and metrics <sup>1</sup>	Yr 2 – 2015/16	Yr 3 – 2016/17	Yr 5 – 2018/19	Baseline	Measurement method <sup>2</sup>
<b>Economic impact</b>					
GVA (cumulative) of additional direct life sciences jobs resulting from the MedCity project <sup>3</sup>	£1.7m	£3.7m	£8.4m	n/a	GVA calculated by using cumulative discounted direct job years <sup>4</sup> (see row below) multiplied by GVA per job in this sector of £87,200 in 2015 prices. <sup>5</sup>
Number of direct life sciences jobs	110	110	110	100 <sup>6</sup>	No. of jobs recorded by L&P for FDI projects.
Number of additional direct life sciences jobs resulting from the MedCity project <sup>7</sup>	10	10	10	-	No. of jobs with direct involvement recorded by MedCity for UK investment <sup>8</sup>

<sup>1</sup> All data in this table is subject to final verification.

<sup>2</sup> Methodology of data collection to be confirmed.

<sup>3</sup> Calculations are based on Year 1 FDI jobs. For the purposes of the final evaluation of the MedCity project, Year 3 FDI jobs data will be used, aligned with the evaluation method of London & Partners in assessing the impact of inward FDI.

<sup>4</sup> A job-year may be defined as full-time work for a year. The job benefits of a project with, say, five years of work will be a series of job years, each discounted by the Treasury Green Book discount rate of 3.5% in real terms from the start of project funding. “Cumulative discounted job years” is the cumulative sum of the present value of the jobs expected to be created as a result of project funding (hence additional job creation is realised).

<sup>5</sup> The GVA per workforce job in the life sciences sector is estimated at £87,200 in 2015 prices, based on a methodology developed by GLA Economics using data from the Office for National Statistics (ONS). Life sciences is not a specific sector within the Standard Industrial Classification (SIC) of the ONS, and has been based upon selecting individual industrial codes which best match the activities within life sciences (particularly parts of divisions 21 on manufacture of pharmaceutical products, and part of division 72 on scientific research and development). The SIC codes used are felt to be the most relevant to FDI; other investments – such as investment in digital health, or private sector investment in healthcare – have not been included. The methodology used towards these estimates is to be published in a forthcoming GLA Economics Working Paper “Gross Value Added per workforce job in London, the regions and the UK” in early 2015.

<sup>6</sup> Average of 6 years of Year 1 FDI jobs data from London & Partners, including new businesses coming to London and growth projects. These jobs are in life sciences. Data is gathered from an FDI questionnaire and a manual assessment of the sector where required.

<sup>7</sup> Year 1 FDI jobs. This figure will include jobs from FDI projects where MedCity has played a brokerage role. It is inappropriate to devote excessive effort to determining the allocation of these jobs between L&P and MedCity and so the FDI jobs will be reported by MedCity but should be considered within L&P’s target.

Measure and metrics <sup>1</sup>	Yr 2 – 2015/16	Yr 3 – 2016/17	Yr 5 – 2018/19	Baseline	Measurement method <sup>2</sup>
<b>Commercialisation<sup>9</sup></b>					
Number of spinout companies created	27	28	29	27 <sup>10</sup>	Recorded by London AHSCs
Proportion of spinouts retained in GSE	Track <sup>11</sup>		Track On course to Boston – 85%	N/a	Recorded by London AHSCs
Each AHSC has taken a very different approach to supporting commercialisation and simple identification of growth in activity is not appropriate. The numbers for spinouts, patents and licensing deals should therefore be viewed in combination, to reflect successful overall commercialisation activity.					
No. of new patents filed	70	72	73	70	Recorded by London AHSCs
New licences awarded	147	150	154	147 <sup>12</sup>	Recorded by London AHSCs
<b>Collaborations</b>					
Additional collaborations <sup>13</sup> with MedCity involvement	3	4	6	n/a	Recorded by MedCity

<sup>8</sup> No. of jobs recorded using L&P's FDI questionnaire on life science investment and job creation.

<sup>9</sup> The numbers of spinouts, patents filed and licences awarded are expected to be cyclical within the forecast time horizon; it should be expected that the projected totals over the period will have a higher confidence level than the number being achieved in any one year. Given the lead times around innovation, a lagging effect of MedCity influence should be expected.

<sup>10</sup> The overwhelming majority of spinouts in the baseline data were from one AHSC.

<sup>11</sup> MedCity will monitor spinouts from the 2012-13 cohort onwards, and report on retention in the GSE as part of a longitudinal study.

<sup>12</sup> Most of the licences awarded in the baseline data are from one AHSC.

<sup>13</sup> Inter-institutional or inter-disciplinary projects generated through the MedCity seed funding activity.

Measure and metrics <sup>1</sup>	Yr 2 – 2015/16	Yr 3 – 2016/17	Yr 5 – 2018/19	Baseline	Measurement method <sup>2</sup>
Increase in commercial clinical trials Ph II - IV <sup>14</sup>	+10%	+13%	+15%	495 <sup>15</sup>	Recorded by NIHR/CRNs
Increase in patients recruited to commercial clinical trials <sup>16</sup>	+10%	+13%	+15%	3,029 <sup>17</sup>	Recorded by NIHR/CRNs
<b>MedCity revenue</b>					
Future operational funding model for MedCity	Propose funding model Sept 2015	£50k	£485k	n/a	Recorded by MedCity
Additional seed funding capital raised	£260k	£760k	£760k	n/a	Recorded by MedCity

<sup>14</sup> This is a MedCity indicator for which NIHR data will be used to measure growth as a surrogate marker. Baseline data is for all Phase II-IV commercial, open recruiting studies within the NIHR portfolio, that are being conducted in the Greater London area. Further data is being sought from the London AHSNs on the number of clinical trials outside of the NIHR portfolio; this data may assist in providing a wider picture of commercial clinical trials that are active within Greater London. This indicator may be revised accordingly.

<sup>15</sup> 2013/14 figure – baseline to be confirmed.

<sup>16</sup> This is a MedCity indicator for which NIHR data will be used to measure growth as a surrogate marker. Baseline data is for all Phase II-IV commercial, open recruiting studies within the NIHR portfolio, that are being conducted in the Greater London area. Further data is being sought from the London AHSNs on clinical trial patient recruitment outside of the NIHR portfolio; this data may assist in providing a wider picture of commercial clinical trials that are active in Greater London. This indicator may be revised accordingly.

<sup>17</sup> 2013/14 figure – baseline to be confirmed.

### ***High Level Risk Register:***

	<b>Mitigating actions</b>
Key stakeholders not committed at operational level to MedCity – academic and clinical staff not encouraged to collaborate across institutions, inter-institution competition	Early engagement. Commitment at most senior level has brought about the MedCity concept and its funding through HEFCE. Raising awareness of, and evidence of, economic benefit and opportunity from collaboration. Seed funding criteria could be used to incentivise collaboration
MedCity cannot fulfil its role in working across the GSE because Oxford and Cambridge AHSCs and GSE institutions do not actively engage or refuse to participate	Senior engagement deployed to attract them, explore and resolve issues Continue working level engagement with relevant players across the region, e.g. technology transfer teams, NHS trusts, clinical research and academic health science networks Continue to hold regular engagement events in each area to raise profile and excitement
Insufficient staff/ of suitable calibre appointed as embedded team(s) – unable to deliver resources from within their institution	Senior agreement to role descriptions Deploy existing relationships with senior stakeholders/MedCity founders to ensure appropriately skilled individuals are identified MedCity will support with its own recruitment of a small number of appropriately skilled project managers/operational staff of suitable senior calibre, experience and contacts
Market confusion: MedCity role unclear	Clearly articulated proposition and careful branding Close engagement with industry and scientific membership bodies to ensure alignment and to resolve conflicts Communications tailored to segmented audience Targeted publicity campaigns Specific agreements and relationships established with LLS and GMEC
Insufficient funding to deliver required outcomes fast enough	External fundraising from public and charity sources and from partners

## ***Indicative Summary Budget allocation of external income:***

This budget allocation table set out below does not show the in-kind funding/costs associated with the embedded teams.

The lines highlighted in blue under expenses reflect activity which will not take place (or at that scale) without the additional income similarly highlighted in blue.

The MedCity organisation will require additional income to continue operations at the proposed scale beyond April 2017, the end of the current GLA grant period. We intend to raise this additional funding from private, charity and public sources and have indicated this accordingly. We will also explore options to commercialise services, where appropriate. We will develop the funding model throughout 2015. It should be noted that early discussions relating to the financial model for MedCity proposed that future funding streams may include (i) membership income through provision of services to a membership clientele and (ii) potential income from inward investors. During the first year of operation, MedCity has examined and ruled out both of these potential financial models on the grounds that (i) a membership model would provide additional competition to the existing group of membership organisations and it is not clear that MedCity would be able to establish a form of membership operation that could be distinguished or distinct from that already being offered; (ii) it is not clear how an inward investment fees system would work or how this would sit alongside the public good model offered by the FDI functions offered by London & Partners and/or UKTI at national level. Consequently, MedCity will explore a future sustainability model that is based on sponsorship for programmes and activities. Consequently, the budget allocation data provided below only includes income generation relating to the seed funding programme at this stage.

It is also worth noting that MedCity has significantly revised the allocation of budget in light of the first year of operation and as a result of a number of cost pressures that have required reallocation of funding between activities. The three areas of pressure are: (a) office and company costs, which are much higher than previously anticipated, particularly in relation to accommodation costs following MedCity's relocation from the Francis Crick Institute office within Wellcome Trust to the London Bioscience Innovation Centre; (b) costs associated with communications and marketing activities which were subject to competitive tender in 2014; (c) new areas of work related in particular to the recommendations from the London Health Commission. On the positive side, the level of reserve required from 2015 to address any potential redundancies associated with the early closure of MedCity or cessation of activity is considerably lower than initially calculated due to the small number of directly employed staff within MedCity. The result of this reallocation is that certain activities undertaken in year 1 will need to be reviewed and some will have to be ceased in order to deliver the activities set out within this business plan. The most significant impact relates to MedCity's ability to participate in conferences and to organise events as well as to seed new activities such as the Angels in MedCity programme, which was established in 2014 and support to the OneStart competition. MedCity will continue to seek additional sources of income within year in order to allow it to grow these areas of work.

Theme		Yr 2 15/16	Yr 3 16/17	Yr 4 17/18	Yr 5 18/19
<b>EXPENSES (1,000s)</b>					
Salaries	Board, operational and project management, analysis, events and analysis	487	499	511	524
Office	Office costs, equipment, IT, legal costs and company functions, including HR	60	60	65	65
External engagement	Conference/international missions	25	35	40	45
Events	Events & travel	11	25	30	35
Marketing and communications	Marketing Communications PR Brand development Website development and maintenance	139	139	144	150
Programme	Working funding and projects	38	45	45	48
Seed fund		500	1000	1000	1000
Reserve		10	10	10	10
	<b>TOTAL</b>	<b>1270</b>	<b>1813</b>	<b>1845</b>	<b>1877</b>
reserve					
	GLA (note: GLA funds will not be used for the seed fund)	400	393		
	HEFCE (incl. £240kpa for seed fund)	610	610	630	632
<b>INCOME</b>	Additional funding required for seed fund programme	260	760	760	760
	Additional funding required for operation of MedCity		50	455	485
	<b>TOTAL</b>	<b>1270</b>	<b>1813</b>	<b>1845</b>	<b>1877</b>
	<b>YEAR END BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional funding that will be bid for through the GLA's Economic and Business Policy team, or which will be sought through private sector partnership. A number of activities identified within the plan are contingent on the GLA team successfully securing these funds. If this money is not available each activity will be examined to determine whether it can be progressed through alternative means, whether it should be deferred or whether it should be deleted from the plan.					
	Medtech innovation network	50			
	Real estate market demand analysis	c.40 <sup>18</sup>			
	Interactive industrial map of life science activity across London and the region <sup>19</sup>	40	25	25	25
	<b>Total</b>	<b>130</b>	<b>25</b>	<b>25</b>	<b>25</b>

<sup>18</sup> To be matched by life science cluster participants.

<sup>19</sup> Funding to be sought from private sector partnership.



## ***Glossary:***

AHSC – An Academic Health Science Centre (AHSC) is a partnership between one or more universities and healthcare providers focusing on research, clinical services, education and training. AHSCs are intended to ensure that medical research breakthroughs lead to direct clinical benefits for patients.

AHSN – Academic Health Science Networks (AHSNs) have been created to be the driving force behind the identification, adoption and dissemination of innovative healthcare in the NHS. Aligning education, clinical research, informatics, training and healthcare delivery, the shared goal of the regional AHSNs is to "improve patient and population health outcomes by translating research into practice and developing and implementing integrated health care systems".

HEFCE – The Higher Education Funding Council for England (HEFCE) promotes and funds high-quality, cost-effective teaching and research in universities and colleges in England, to meet the diverse needs of students, the economy and society.

TTOs – Technology Transfer Offices (TTOs) within organisations such as the AHSCs, where expertise and support for commercialisation is centred.