



**MedCity business plan 2021 –2022**

## Introduction

MedCity represents the life sciences cluster for London. We boost innovation and investment in the region, securing the UK's position as a global science superpower.

Working in close partnership with London's world-leading universities, MedCity connects private industry with partners in the NHS, charity sector and research institutes to catalyse exciting new opportunities that advance cutting-edge R&D in areas such as AI, diagnostics, and rare diseases. MedCity builds collaborations to accelerate uptake of medical innovation and growth across the UK. We help policymakers understand what life sciences requires to thrive in a competitive international landscape

## **Achievements to date** FY 2015 – 2020

Since its conception, MedCity has played a pivotal role in driving economic growth in life sciences with many achievements to its credit, increasing the reputation of London's life sciences and driving investment.

- Supported **147** new clients in 2020/21 and over new (to MedCity) **1260** life sciences organisations (2016-2020). (The MedCity 5-year report includes testimonials from some of the organisations we have supported.)
- Supported over **£8.5m** Gross Value Added (GVA) in 2020/21 (based on updated methodology 2020) as a result of jobs from inward investment projects arising from promotion of London internationally as a destination for life sciences as well as through our business support
- Despite the pandemic and travel restrictions, **12** additional life science jobs in 2020/21 created through inward investment and an active pipeline of foreign direct investment (FDI) leads, creating a total of **142** jobs over the last 5 years.
- Enabled SME growth through establishing **12** SME research collaborations through MedCity's Collaborate to Innovate Programme and provided mentoring to **20** SMEs on Digital Health.London Accelerator generating 39 jobs in 2020.
- Enabled 82 Small and Medium-Sized Enterprises (SMEs) to pitch at 15 Angels in MedCity company showcases. Collectively they have raised at least £31M with circa £6.5M raised directly from MedCity Angels investors.
- MedCity has been integral to the development of the British Library site amongst others such as Imperial White City. MedCity has demonstrated demand to potential developers to realise the project. This will result in 900k square feet of life science space, creating infrastructure for huge investment into the Kings Cross region.
- In 2020, MedCity has focussed on amplifying London's strengths through our 'unleashing innovation' campaign to establish a stronger cohesive London voice with policy-makers aligned to the 'levelling-up' agenda.
- In 2020, MedCity leveraged its convening power to set up the testing alliance leading to significant investment into London HEIs for development of infrastructure to conduct over 20,000 PCR tests per day.
- In 2020, MedCity progressed delivery against the Research England Development Fund and other committed programmes and maintained international relationships virtually as well as saw the fruits of their labour over the last 4 years when MSD chose to develop their R&D facility in Kings Cross.

Our aim for financial years 2021-23 is to stay true to our mission, vision, and values as a not-for-profit organisation, and to develop a business model that aims to achieve a fair and realistic ratio of grant to commercial income that establishes MedCity as a more financially sustainable organisation. This business plan outlines at high level, the actual and potential income streams to focus on in 2021 and 2022 recognising that our mainstay grant, £600K from Research England ceases in March 2023, and that additional grant funding will need to be sought in advance in order to sustain a mixed funding model for MedCity beyond March 2023.

## **Strategic Priorities**

Our strategic priorities that will help us to achieve this are as follows:

### **1. Develop and leverage compelling health and life science networks and offers to industry that promote and demonstrate the strengths of the region to attract inward investment.**

Historically, MedCity has promoted the strengths of the region internationally through creating platforms for knowledge exchange and a 'front door' to support companies by using the deep relationships and ecosystem insights that we have. Taking this a step further, we will leverage the learnings and positive impact of our work with the AHSCs within the testing alliance and our considerable experience advising partners and stakeholders on infrastructure development and providing expert business support to SMEs. We will focus on establishing joined-up pathways and networks, for example for diagnostics, creating a stronger international offer driving investment into the region for both regional and national economic benefit. In order to fund these initiatives, we aim to attract funding through a blend of grant-funded programmes (e.g. LEAP funded diagnostics collaborative), sponsorship and commercially derived income for services provided to companies through our platform. For example

- In 2021-22, we will convene partners to scope and test the establishment of a Diagnostics pathway/testbed, a connected, agile and seamless service for clients including industry to access the region's diagnostics capabilities and capacity to drive the faster development, manufacture and commercialisation of quality, evidence-based technologies.
- In 2021-22 we will build on the early scoping work undertaken for Data/AI and facilitate and convene stakeholders to simplify the ecosystem and make it easier for industry-academic collaborations. We will scope and test the potential for implementation of an offer in 2022-23.

### **2. Be the leader in life sciences infrastructure and cluster development within London and the wider region to attract inward investment and supplement the offers created in 1 above.**

MedCity has been pivotal in the development of life science space to meet demand, attracting large scale investment into London (e.g. Knowledge Quarter, Kings Cross, White City etc.). Demand for this expert advice is growing and now as a result of the pandemic and the potential reassignment of office space to lab space, there is even greater demand. MedCity has a unique bird's eye view of the demand from industry for life science space, the challenges with supply and the capabilities within the ecosystem to develop the right type of space to meet the demand. MedCity also has the ears of developers, planners and councils and the ability to match supply and demand. MedCity plays a crucial role being objective and transparent to ensure that London benefits from the right infrastructure development that will enable the growth of the sector in the region and beyond, for economic benefit. MedCity can also connect the strengths of the region and the offers (e.g. diagnostics in 1. above) to the short- and long-term plans for infrastructure development. For example

- In 2021-22, we will publish a Demand Study 2 to refresh on the demand and supply for life science space in London. We will use the study to generate both collaborations and commercial deals aligned to the strengths of the region and to grow inward investment.
- In 2021-22 we will create a service offer for MedCity to generate revenue through this expert advice nationally and internationally.

### **3. Create productive long-term partnerships nationally and internationally for MedCity's offers for the benefit of the region and the UK.**

Delivery of our strategic priorities will require us to continue to re-evaluate our existing partnerships and to explore new strategic partnerships in order to deliver the objectives outlined in this business plan. For example

- In 2021-22, we will continue to strengthen the relationship with L&P to maximise the value of their marketing reach to support MedCity's offers to Digital, AI, therapeutic and diagnostic companies work in new markets.
- In 2021-22, we will continue to further develop existing and explore new strategic partnerships with other organisations including international cluster organisations

### **4. Develop and deliver customer-centric programmes and services**

In order to support MedCity's services offer, we will continue strengthen our offer to the life sciences SME community in terms of commercial and investment advice to support company development, access to finance and specialised communities (e.g. ATN) and access to free or discounted services from professional services companies.

We are creating new ways for professional services to support our SME community using learnings from the pandemic. We will maximise our digital presence and aim to improve our offer to companies willing to sponsor our initiatives and events and will explore other sources of sponsorship.

### **5. Operational priorities**

This plan outlines the goals that MedCity aims to achieve in the financial year 2021-22 and the resources and finance required to achieve these goals. With a new leadership team in place, addressing the challenges and uncertainty arising from the pandemic and Brexit, this business plan illustrates how MedCity aims to build on its achievements and prioritise those activities that will achieve our vision and our long-term sustainability. Despite the pandemic, MedCity has continued to build an active pipeline of foreign direct investment (FDI) leads.

Focusing on MedCity's broad offer to support industry to access research partnerships, expertise, investment and to locate and grow their business within the region, the MedCity team will focus on business development activities, aiming to generate commercial income through new partnerships and ventures, as well as continuing to deliver on our committed grant funded activities, and nonbillable activities to support the ecosystem. The membership of both the management board and the advisory board to advise on how London can continue to be an enabler for the national levelling up agenda have been refreshed.

#### **Team structure and development**

In order to deliver both existing commitments and the strategic priorities outlined in this business plan, and to work towards a more financially sustainable future for MedCity, the leadership team undertook a strategic review and put a plan in place to deliver a change agenda to strengthen the operating model and create an organisation that is fit for purpose. Operating costs have been minimised and through a strategic reorganisation including a voluntary redundancy programme, staffing costs have been reduced, and will be expanded using a flexible staffing model.

MedCity's value proposition rests on our detailed knowledge, relationships, and extensive networks within ecosystem. Our senior team will continue to be the subject matter experts for high value inward investment and ecosystem projects, supported by senior managers who will work across business areas on programme delivery, and more also on business development and developing new client relationships. This will allow for better matrix working within the team and the opportunity for junior members of the team to grow and develop working alongside senior subject matter experts. Our support staff are vital for outward facing marketing and communications.

The draft new organogram is shown in Appendix A. The draft 2021/22 operational plan is supplied.

### **Financial plan 2021/2022**

Appendix B details summary of income and expenditure for 2021/22

### **Key performance indicators (KPIs)**

- Number of new clients/ongoing clients supported and client journey reported.
- Number of additional direct life sciences jobs in London resulting from inward investment supported by MedCity, and jobs resulting from our programmes and services (eg Collaborate to Innovate, Digitalhealth.London Accelerator).
- GVA (cumulative) of additional direct life sciences jobs from contestable inward investment in London supported by MedCity.
- Number of commercial contracts signed
- Additional capital raised for the continuation of the Collaborate to Innovate programme and other collaborative regional programmes (e.g LEAP Diagnostic Collaborative programme).
- Additional collaborations with MedCity involvement (related to our programmes).
- Number of companies supported to locate in London
- Additional commercial income target (internal target £225,000); (GLA target £100,000)

In addition to the above, communications and engagement with target audiences is measured by metrics relating to key engagement metrics with the MedCity newsletter, website and social media accounts. MedCity actively promotes equality and diversity at its events and monitors participation accordingly through impact reporting.

The following table illustrates performance according to KPIs over the last 5 years.

Measure and metrics <sup>1</sup>	Yr 3 – 2016/17 (target) - actual	Yr 4 – 2017/18 (target) - actual	Yr 5 – 2018/19 (target) - actual	Yr 6 – 2019/20 (target) - actual	Yr 7 – 2020/21 (target) - actual	Yr 8 – 2021/22 (target) - actual	Measurement method
<b>Customers:</b> number of new customers supported <sup>2</sup>	(120) Actual: 334	(150) Actual: 229	(150) Actual: 262	(125) Actual: 288	(125) Actual: 147	(100)	No. of approaches recorded by MedCity
<b>GVA</b> (cumulative) of additional direct life sciences jobs from inward investment in London supported by MedCity <sup>3</sup>	(£3.4m) Actual: £8.2	(£11.2m) Actual: £13.6m	(£14.8m) Actual: £14.9m	(£21.3m) Actual at end Q2: £21.8m)	(£8.5m) (based on updated methodology) Actual: £7.4m (£8.5m based on 3-year persistence of 2020/21 jobs)	£9.3m (based on 3-year persistence of 2021/22 jobs)	
Number of additional direct life sciences jobs resulting from the MedCity project	(10) Actual: 39	(25) Actual: 10 (5 counted for GVA calculations)  92 cumulative total 2015/16 to 2017/18	(25) Actual: 14 (11 counted for GVA calculation)	(20) Actual: 25	(20) Actual: 12	(16)	No. of jobs with direct involvement recorded by MedCity for UK investment <sup>4</sup>

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

<sup>2</sup> Individuals, SMEs, inward investors, investors, multi-national companies and any other legitimate client supported by MedCity with advice or consultation, and who have not previously engaged with MedCity.

<sup>3</sup> Please see 2020/21 Business Plan for details of updated GVA methodology. In this table, data for years prior to 2020/21 are based on the previous methodology, which included an assumption of 100% additionality. GVA based on lower additionality is provided for comparison in previous MedCity Business Plans. GVA is based on some jobs reported through L&P, and some which were not included in L&P's FDI completions, but which MedCity have also reported involvement in. The underlying information for the latter is therefore not of the same standard of documentation as those jobs reported through L&P. Due to reasons of commercial confidentiality, some of the jobs reported by MedCity are based on estimates. Only jobs that are considered to be contestable are included in GVA calculations. 'Actual' GVA data is subject to assumptions about likely persistence and number of jobs.

<sup>4</sup> No. of jobs recorded using L&P's FDI questionnaire on life science investment and job creation. It is possible that MedCity may also report jobs where they have had engagement, but which may not be in L&P's FDI completions. The underlying information may therefore not be of the same standard of documentation as those jobs reported through L&P.

External gross funding raised for the MedCity project (Commercial and Sponsorship Income)	(Not a KPI)	(£48k) Actual: £48.4k	(£120k) Actual: £196k	(£140k) Actual: £139K	(170k) Actual: £53K	(£100K)	Income recorded by MedCity
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Measure and metrics	Yr 3-2016/17 (target)-actual	Yr 4-2017/18 (target)-actual	Yr 5 – 2018/19	Yr 6 2019/20	Yr 7 2020/21	Yr 8 2021/22	Measurement method
Additional capital raised for the continuation of the Collaborate to Innovate (from 2020 additional regional initiatives)	(£170k) £74,920	(Tbc) £249,998	£1.047 million to 2019	C2N2 ERDF extension: £840k (tbc 2019-21) – Connecting Capabilities £5M (2018-21) -£200k From Stroke Association	Nil	£50K CCF extension  £50K C2N Diagnostics LEAP funded programme	Recorded by MedCity
Additional Collaborations with MedCity involvement <sup>5</sup>	(4) See <sup>6</sup> Actual: 0	(5) Actual: 15, exceeding target of 12 over 3 years	(0) Unless new funding is confirmed	(10 over 2 years) Actual 12 (Correct Jan 2020). Possibility of an additional research England/ERDF funded project. Stroke association plan to fund four)	Nil	LEAP-funded C2N: London Diagnostics – up to 10 funded collaboration & up to 10 through partnering events	Recorded by MedCity

<sup>5</sup> Inter-institutional or inter-disciplinary projects generated through the MedCity seed funding activity. Please note that inter-institutional and inter-disciplinary can refer to company to academic institutions, as well as collaborations that involve NHS/clinical services, as well as academic and/or company collaborators.

<sup>6</sup> C2N, project delayed due to a pause of DCLG at time of Brexit. Programme launched Sept 2016, awards made in Feb 2017, 15 projects commenced after April 2017.

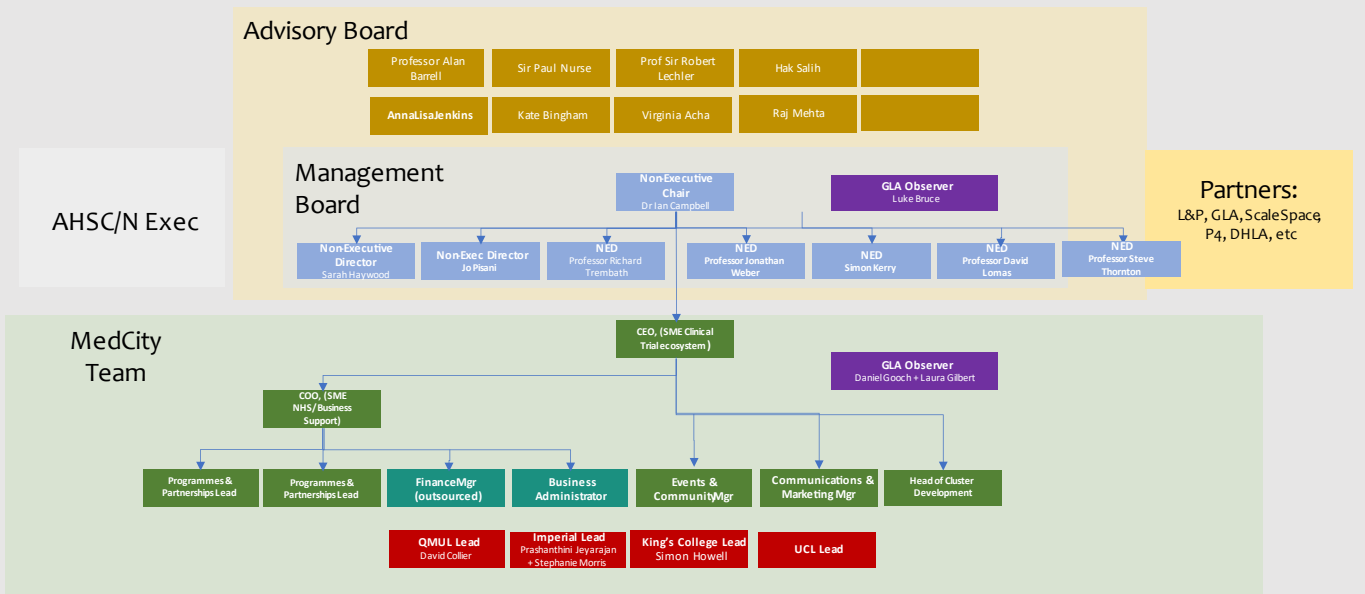


## Risk register

	Scenario	Impact H/M/L	Likeli- hood H/M/L	Mitigating actions
1	Failure to secure adequate funding to deliver on committed activities at the required pace. The current financial climate as a result of the Covid 19 pandemic and Brexit will make commercial income generation even more challenging to achieve and sponsorship income will be harder to attract due to the lack of international missions and face-to-face events.	H	H	Deliver sustainability agenda within business plan.  Seek commercially viable business development opportunities
3	Organisational change agenda will create a period of instability and risks around business continuity	H	M	Business continuity plan in place. Where possible functions will be out-sourced or immediate short-term contract arrangements put in place
4	Coronavirus pandemic continues to prevent international travel and face-to-face meetings/networking events, impacting on inbound jobs, income streams from sponsorship and international missions.	H	H	Continue to engage with organisations interested to sponsor MedCity communities and activities and continue to host online events
5	Pandemic plus inadequate budget in year to fund office space if return to London is possible this financial year	M	H	Team members currently set up to work remotely. Conduct further working from home/occupational health review and assume
6	Inability to recruit to new posts	H	L	Networks, social media and recruiters will be used
8	Failure to secure adequate funding to develop new strategic initiatives such as diagnostics collaborative pathway	H	M	Partnership discussions continue and project will not continue at risk if funding cannot be secured
9	Impact of Brexit on trade, free movement, funding.	H	H	Prioritise activities relating to international markets and collaborate further with cluster organisations, London and Partners, Department for International Trade, and the Office for Life Sciences to create a unified message.
11	Levelling up agenda risks funding for both MedCity and academic institutions in the region	H	M	Continue to work with Academy of medical sciences, , NHTA, cluster organisations, BEIS and other organisations to minimise impact.

Appendix A: Draft Organogram

# MedCity Organisation



MEDCITY

## Appendix B

### Draft Summary Budget 2021/22

Income	Q1	Q2	Q3	Q4	Total
Continuing Grants					
GLA	£50,000	£50,000	£50,000	£50,000	£200,000
RED	£150,000	£150,000	£150,000	£150,000	£600,000
ERDF - DH.LA	£3,016	£3,016	£3,016	£3,016	£12,063
ERDF - Collaborate to Innovate	£0	£17,823	£0	£0	£17,823
CCF	£0	£50,000	£0	£0	£50,000
LEAP - London Diagnostics Collaborative	£0	£75,000	£25,000	£0	£100,000
Additional Income	£140,271	£68,833	£71,080	£0	£280,184
Event Income	£0	£0	£7,500	£2,000	£9,500
<b>TOTAL</b>	<b>£343,287</b>	<b>£414,671</b>	<b>£306,596</b>	<b>£205,016</b>	<b>£1,269,570</b>

Expenditure	Q1	Q2	Q3	Q4	Total
SALARIES inc CONSULTS	£152,965	£159,194	£152,340	£228,015	£692,514
COMMS AND VISIBILITY	£20,340	£37,000	£24,350	£18,750	£100,440
COMPANY & OFFICE	£4,718	£6,381	£15,352	£14,947	£41,399
PROFESSIONAL SERVICES	£12,745	£77,374	£65,374	£30,374	£185,867
PROGRAMME/ WORKING SPEND	£0	£10,500	£1,000	£26,000	£37,500
BIO AND OTHER INTERNATIONAL VISITS	£250	£2,000	£0	£18,000	£20,250
EVENTS	£0	£2,500	£5,000	£750	£8,250
<b>TOTAL</b>	<b>£191,018</b>	<b>£294,949</b>	<b>£263,416</b>	<b>£336,836</b>	<b>£1,086,220</b>

<b>Profit/Loss</b>	<b>£152,268</b>	<b>£119,722</b>	<b>£43,180</b>	<b>-131,820</b>	<b>£183,350</b>
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Note our reserve policy is £150,000 (subject to board approval), which will bring our end of year balance to be £33,350. This reserve has been calculated to support overhead costs and redundancy should the company fold in any circumstances. It is not a cumulative sum year on year.

Previous reserves: MedCity's end of year accounts are currently being finalised. It is anticipated that a minimal amount of reserves will be left, due to redundancy and restructuring costs during the pandemic.

## **Financial sustainability**

MedCity currently has a mixed funding model consisting of grant-based funding from GLA, Research England, ERDF, Connecting Capabilities Fund and a small amount of commercial income from programmes, services and sponsorships.

MedCity will receive £600K grant income from research England until June 2023 but will need to demonstrate financial viability both in terms of commercial income and confirmed grant funding by December 2022 at the latest in order to sustain its operations.

The ambition in 2021/22 is to move from a largely grant funded not-for-profit to a more financially sustainable organisation drawing income from commercial programme services and sponsorship.

Our aim is to generate 30% of annual income from commercial contracts supported by 70% income from public/grant funding. A target to raise 30% of MedCity's budget from additional income has been set for financial year 2021 – 22. This target of £225,000 additional income includes sponsorships and consultancy contracts. A commercial pipeline has been generated to support this activity, although the pandemic has impacted on MedCity's income streams.

We will continue to seek and leverage partners to bid for nondilutive funding, and we continue to work with national cluster organisations to prioritise funding of clusters to boost innovation nationally and support levelling up. However a continued and significant proportion of public funding will be required to support at least 70% of MedCity's operating budget to ensure long-term financial sustainability.