

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2817

### Title: MedCity Business Plan 2021-22

#### Executive summary:

MedCity was established in 2014 by the GLA and London's three Academic Health Science Centres: Imperial College Academic Health Science Centre, King's Health Partners and UCLPartners. Since its establishment, MedCity has received grant funding from the GLA. The GLA's most recent funding agreement expired on 31 March 2021.

MedCity's vision is to make London the place of choice for world-leading health and life sciences research and development, manufacture, and commercialisation. It aims to drive cluster growth through support to the life sciences industry, including small and medium-sized enterprises, and research collaborations, and to secure foreign direct investment (FDI), focusing on advanced therapies, health data, AI and, most recently, diagnostics.

During the 2020-21 financial year, MedCity's activities included establishing the London Covid Testing Alliance, to increase the supply of Covid-19 tests. Alongside that and despite the pandemic, MedCity has continued to build an active pipeline of FDI leads. MedCity's 2021-22 Business Plan sets out how the organisation will support London's economic recovery and future resilience.

It is proposed that the Mayor approves expenditure of up to £200,000 in grant funding to MedCity as a contribution to its costs of delivering its 2021-22 Business Plan. MedCity's Business Plan outlines a total projected income for 2021-22 of approximately £1.3m.

#### Decision:

That the Mayor:

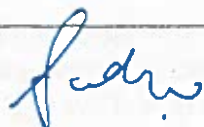
1. Approves MedCity's Business Plan for the 2021-22 financial year
2. Confirms the award of £200,000 of grant funding to MedCity in the 2021-22 financial year.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

31/8/21

## PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

### Decision required – supporting report

#### 1. Introduction and background

- 1.1. MedCity was established and funded to promote and support the life sciences sector – an innovative growth sector in London. Prior to the establishment of MedCity, there was no dedicated life sciences body in London. Specialist knowledge of, and connections with, London's intricate life sciences ecosystem – which L&P would not have – were required to promote the capital's life sciences expertise internationally and support inward investment opportunities.
- 1.2. In July 2014, the previous Mayor approved the allocation and expenditure of up to £1.125m of grant funding from the LEP Growing Places Fund as a contribution to the costs of the establishment of MedCity, over a three-year funding period.
- 1.3. Since the expiry of the original funding agreement with MedCity, the present Mayor has approved further grant funding to MedCity under cover of the Mayoral Decision forms outlined in the table below.

Year	MD number	Approved expenditure
2016-17	MD1615	£400,000
2017-18	MD2071	£500,000
2018-19	MD2241	£375,000
2019-20	MD2436	£295,000
2020-21	MD2584	£200,000
2020-21	MD2739	£650,000 LEAP funding for the Collaborate to Innovate: London Diagnostics programme. £500,000 of this grant funding is to be disbursed from MedCity to SMEs.

- 1.4. The release of GLA grant funding is conditional upon the Mayor's approval of MedCity's 2021-22 Business Plan, as requested under this MD. Subject to that approval, the Mayor is also asked to confirm the award of £200,000 grant funding to MedCity for the financial year 2021-22.
- 1.5. Subject to Mayoral approval as outlined above, a new grant agreement will govern the GLA's funds.

#### 2. Objectives and expected outcomes

- 2.1. MedCity's vision is to make London<sup>1</sup> the place of choice for world-leading health and life science research, development, manufacture and commercialisation. The organisation's mission is to advance cutting-edge health and life sciences innovation in London and beyond, and in doing so support industry growth and investment, and improve health and wellbeing.
- 2.2. At a strategic level, MedCity's objectives are focused on increasing the health and wealth outcomes from life sciences research and commercialisation. For example, MedCity has supported inward investment that has created jobs with a total estimated cumulative gross GVA of £8.5m.<sup>2</sup>
- 2.3. GLA grant funding will be utilised to enable MedCity to meet its staffing costs including those of its non-executive chair, chief executive officer and chief operating officer, enabling it to undertake

<sup>1</sup> MedCity's work focuses in large part on London's life sciences sector. It is also recognised that London is part of a wider regional life sciences cluster that is important when promoting London's life sciences offer internationally. The Mayor's funding is to be used for London-focused activities.

<sup>2</sup> This refers to year one FDI jobs in London – based on London & Partners' (L&P)'s categorisation or as reported by MedCity – from FDI projects where MedCity has played a brokerage role.

activities aimed at growing and promoting the life sciences sector in London. In doing so, it will seek to deliver against its strategic priorities as set out in Appendix 1, which include:

- developing and leveraging compelling health and life science networks and offers to industry that promote and demonstrate the strengths of the region, to attract inward investment
- being the leader in life sciences infrastructure and cluster development within London and the wider region, to attract inward investment
- creating productive long-term partnerships nationally and internationally for MedCity's offers, for the benefit of the region and the UK
- developing and delivering customer-centric programmes and services.

2.4. Operational objectives that support GLA priorities in 2021-22 include:

- publishing a 'Demand Study 2' on the demand and supply for life science space in London; MedCity will use the study to generate both collaborations and commercial deals in London and to grow inward investment
- strengthening MedCity's offer to the life sciences SME community, in terms of commercial and investment advice, to support company development, access to finance and specialised research communities
- further developing existing strategic partnerships, and exploring new ones, with other life sciences organisations including international cluster organisations
- scoping and testing the establishment of a new diagnostics pathway/testbed, to complement the LEAP-funded London Diagnostics programme; aimed at driving the faster development, manufacture and commercialisation of quality, evidence-based medical technologies.

2.5. During the course of 2021-22, MedCity will also progress some rescheduled activities, which had been delayed as a result of the pandemic. This negatively impacted MedCity's international work and necessitated a strategic reorganisation to minimise operating costs and support the Covid-19 response, including diverting some resources to lead essential test-related work across London's research universities.

2.6. MedCity currently has a mixed-funding model consisting of grant-based funding from the GLA, Research England and the European Regional Development Fund, plus a small amount of commercial income from programmes, services and sponsorships. This includes £600,000 per annum in grant income from Research England until June 2023 (£1.8m over three years – part of a joint award to MedCity and the Northern Health Science Alliance (NHSA)).

2.7. MedCity's ambition in 2021-22 is to begin to reduce its reliance on grant funding and to draw a greater proportion of income from commercial programme services and sponsorship. MedCity will need to demonstrate financial viability in terms of both commercial income and confirmed grant funding by December 2022, at the latest, in order to sustain its operations beyond June 2023.

2.8. MedCity has made positive progress to date in generating additional income from diversified sources, although the pandemic has had an impact on its income streams. Nonetheless, MedCity's draft 2021-22 Financial Plan (see Appendix 1) indicates that a continued significant proportion of public funding – whether from the GLA, Research England, LEPs or universities – will still be required in the short term. This income mix reflects the need for continued public funding to address deep-seated market failures, and the impact of Brexit and Covid-19, alongside a diverse range of other funding streams to support long-term financial sustainability.

### 3. Equality comments

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities must have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2. Relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.3. The GLA will ensure, via the enforcement of provisions within the funding agreement, that MedCity adheres to the requirements of the Equality Act to make decisions in a fair, transparent and accountable way, considering the needs and rights of different protected groups. This will be achieved through assessing the impact that changes to programmes of work could have on people with different protected characteristics, where appropriate. The GLA recognises that, when providing grant funding to MedCity, assessing the impact on equality of proposed changes to policies, procedures and practices is not just something that the law requires, it is a positive opportunity to ensure that better decisions are made based on robust evidence.
- 3.4. MedCity will ensure equality of opportunity for all protected groups through the organisation's staff recruitment and selection processes, and when organising events, in particular through ensuring MedCity events are accessible for people with disabilities.
- 3.5. The GLA's 'Equality, Diversity and Inclusion Evidence Base' identifies that young women are less likely to study science, technology, engineering or maths (STEM) at A-level. MedCity will therefore continue to consider opportunities to promote female entrepreneurship at MedCity-facilitated/hosted events, to address the current under-representation of women in the STEM sector.
- 3.6. MedCity has engaged additional staff resource to focus MedCity's work on equality, diversity and inclusion. Working with the MedCity team, the GLA will continue to explore how MedCity could support improving the representation of Black, Asian and minority ethnic people in life sciences organisations; and the representation of women and Black, Asian and minority ethnic people at senior levels in life sciences organisations. Objectives relating to this activity will be included in the funding agreement.
- 3.7. MedCity supports the growth of the life sciences sector, which is not only key to London's economic recovery, but also a source of innovations that have the potential to improve the health and wellbeing of Londoners and narrow health inequalities.

### 4. Other considerations

#### *Key risks and issues*

Scenario	Impact H/M/L	Likelihood H/M/L	Mitigating actions
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	H	H	Deliver sustainability agenda within business plan. Seek commercially viable business development opportunities.

commercial-income generation even more challenging to achieve, and sponsorship income will be harder to attract if international missions and face-to-face events cannot be held.			
Inability to recruit to key senior post following the recent death of postholder.	H	M	Outsourced or short-term contract arrangements where needed.
The Covid-19 pandemic continues to prevent international travel and face-to-face meetings/events, creating an impact on income streams from sponsorship and international missions.	H	M	Continue to engage with organisations interested in sponsoring MedCity communities and activities. Continue to host online events.
Continued effects of the pandemic, plus inadequate budget in the year to fund office space if there is a return to London, are possible this financial year.	M	H	Continue to work remotely where needed. Conduct further working from home/occupational health review.
Failure to secure adequate funding to develop new strategic initiatives such as Diagnostics Growth Hub.	H	M	Continue partnership discussions noting that initiatives will not continue at risk if funding cannot be secured.
Impact of Brexit on trade, free movement and funding.	H	H	Prioritise activities relating to international markets and collaborate further with cluster organisations, L&P, the Department for International Trade (DIT) and the Office for Life Sciences to create a unified message.
Levelling up agenda risks funding for both MedCity and academic institutions in London.	H	M	Continue to work with the Academy of Medical Royal Colleges, the NHSA, cluster organisations, the Department for Business, Energy and Industrial Strategy, and other organisations to minimise impact.

#### *Links to Mayoral strategies and priorities*

- 4.1. Life sciences was identified in the Mayor's Economic Development Strategy as one of seven sectors that have an especially important role to play in helping to deliver his vision for the economy. Life sciences is also a key sector in London's recovery from Covid-19. The sector has attracted investment due to its essential role in the pandemic response. Alongside the direct economic and public health benefits that a strong life sciences cluster provides, the sector also maintains many technical, administrative and other jobs in supporting roles. Examples are provided below of MedCity programmes that align with the Mayor's priorities for the recovery of London post-pandemic.

<b>London Recovery Programme</b>	<b>MedCity activity</b>	<b>How the activity supports recovery</b>
Supports the Helping Londoners into Good Work Mission; aligns with the key outcome of reversing lost economic growth.	Provide leadership in life sciences infrastructure and cluster development to attract inward investment.	Business growth across the life sciences sector has the potential to create a diverse range of good quality employment opportunities for Londoners. A sufficient supply of life sciences workspace is critical for the creation of jobs through inward investment and company growth.  MedCity has been at the heart of life sciences infrastructure development in London, supporting multinationals such as MSD, GSK and others to establish



		<p>a presence in King's Cross and White City. Further new developments such as the MedTech campus at King's College London, and major developer interest in life sciences development in Whitechapel, look to continue this trend. MedCity provides expert assistance and orientation to major overseas investors regarding the potential opportunities, partnerships and approaches that exist in London. This function is vital to the curation of the right supply and in attracting demand, leading to FDI.</p> <p>In addition to long-term developments, there is pressing need for laboratory capacity that can be delivered in the next 18 to 24 months, including repurposing underused buildings in critical life science hub areas close to institutions offering academic and research excellence. MedCity seeks to produce an updated demand study that can reflect both how clusters are evolving and the short-term demand, to support near-term growth.</p>
Supporting Business, Jobs and Growth is one of the GLA's Recovery Foundations. This includes international promotion.	Maintain and adapt international relationships and links with key markets to drive forward inward investment and domestic business growth.	<p>International promotion is essential for continued life sciences investment and collaboration and remains central to London's ongoing success as a world-leading life sciences hub. During the pandemic, MedCity evolved rapidly to sustain its key markets through virtual engagement, in particular Japan and Korea. This led to new collaborations with FIRM, Japan's leading regenerative medicine organisation. MedCity also held a virtual conference with KPBMA, Korea's main pharma organisation, attended by over 85 delegates from leading Korean companies, with partnering for London institutions and companies.</p> <p>MedCity is currently working with AMED (the Japanese national health research body), JETRO (the life sciences trade body in Japan), the Japan Bioindustries Association and the DIT on options for a larger-scale delegation in 2021, should conditions allow. MedCity is also exploring options in the Shanghai and Beijing areas of China.</p>
Supports the cross-cutting principle of improving the health and wellbeing of all Londoners.	Scope and test the establishment of a diagnostics pathway/testbed.	MedCity's ambition is to better connect the sector ecosystem with a view to driving the faster development, manufacture and commercialisation of quality, evidence-based medical technologies. Earlier and better diagnosis of diseases and conditions will improve health outcomes and help to address inequalities.

#### *Consultations and impact assessments, including data protection*

- 4.2. The MedCity team has undertaken an action plan to ensure GDPR compliance. There is currently no data sharing between the GLA and MedCity.

#### *Conflicts of interest*

- 4.3. There are no notable conflicts of interest to declare for officers involved in the drafting or clearance of the MD.

## **5. Financial comments**

- 5.1. The proposed GLA Grant of up to £200,000 for 2021-22 has been included in the GLA budget and held within the GLA's Regeneration and Economic Development Unit.
- 5.2. In line with previous arrangements, payments will be made on a quarterly basis subject to satisfactory monitoring of performance against the deliverables approved as part of the 2021-22 Business Plan. This requirement as well as the standard break clauses will be incorporated into the funding agreement to ensure that performance and risk is managed effectively during the duration of the grant agreement.

## **6. Legal comments**

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor concern the GLA's exercise of its general powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation in Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
  - pay due regard to the principle that there should be equality of opportunity for all people
  - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
  - consult with appropriate bodies.
- 6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. If the Mayor is minded to make the decisions in respect of which approval is sought officers must ensure that a funding agreement is entered into and executed by the GLA and MedCity Limited before any commitment to the funding is made.

## **7. Planned delivery approach and next steps**

- 7.1. MedCity's Operational Plan sets out actions to deliver against MedCity's strategic priorities (see Appendix 2).
- 7.2. The GLA will monitor MedCity progress against a number of KPIs and project milestones, which are agreed with the GLA Governance team each year. A quarterly monitoring form is submitted to GLA Governance. The lead GLA officer attends regular project update meetings with the MedCity team. The GLA – represented by the Assistant Director of Economic Development and lead officer – also attends MedCity Management Board meetings as an observer.

### **Appendices and supporting papers:**

- Appendix 1 – MedCity Business Plan 2021/2-22
- Appendix 2 – MedCity Five-Year Report

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 – Deferral**

**Is the publication of Part 1 of this approval to be deferred? NO**

Until what date: (a date is required if deferring)

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Laura Gilbert has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Rajesh Agrawal has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 9 August 2021.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

*D. Gove*

**Date**

16 August 2021

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

*D. Bellamy*

**Date**

16 August 2021