

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2241

Title: MedCity

Executive Summary:

The MedCity vision is to deliver regional health improvements and economic growth and be at the centre of a growing, global life sciences sector for the benefit of the country. MedCity's mission is to enable London, Oxford, Cambridge and the Greater South East (GSE) to be a world leading, interconnected region for life science research, development, manufacturing and commercialisation.

MedCity seeks to:

- address barriers to growing the life sciences sector in London and the GSE;
- catalyse and enable more research collaborations;
- foster a more entrepreneurial environment within academic and NHS institutions; and
- attract significant investment into the sector and region.

The decision sought is that the Mayor approves MedCity's 2018/19 Business Plan, and grant funding as a contribution to MedCity Limited's costs of meeting the above objectives.

Decision:

The Mayor approves:

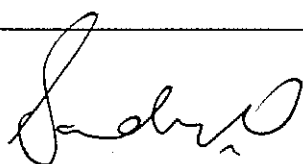
1. MedCity Limited's business plan for the 2018/19 financial year; and
2. the award of up to £375,000 of grant funding to MedCity Limited in the 2018/19 financial year.

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:

21/3/18

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

Decision required – supporting report

1. Introduction and background

- 1.1. In July 2014 the Mayor approved the allocation and expenditure of up to £1.125m of grant funding from the LEP Growing Places Fund (GPF) as a contribution to the costs of the establishment of MedCity, over a three-year funding period. This has been allocated as outlined in paragraphs 1.2 to 1.5 below.
- 1.2. The Mayor (under cover of MD1298) approved expenditure of £150,000 for activity related to the interim delivery of MedCity, and later (under cover of MD1375) approved expenditure of up to a further £975,000, over a maximum of three years, by way of grant funding to MedCity Limited. £182,000 was made available in 2014-15 and the rest would be subject to the GLA's annual approval of the MedCity business plan.
- 1.3. In the financial year 2015/16, the Mayor (under cover of MD1458) approved MedCity Limited's 2015/16 business plan and expenditure of up to £400,000 of grant funding to MedCity Limited.
- 1.4. Separately from the main grant, the Mayor approved (under cover of MD1561) expenditure of up to £40,000 of grant funding in the financial year 2015/16, as a contribution to its costs of a life sciences workspace study. The Executive Director, Resources approved (under cover of DD1445) additional expenditure of up to £12,000 of grant funding in the financial year 2015/16, as a further contribution to the same study.
- 1.5. In the financial year 2016/17, the Mayor (under cover of MD1615) approved MedCity Limited's 2016/17 business plan and expenditure of up to £400,000 of grant funding to MedCity Limited.
- 1.6. Following the expiry of the original funding agreement with MedCity, the Mayor (under cover of MD2071) approved the further award of funding to MedCity Limited and its 2017/18 business plan, expenditure of up to £500,000 of grant funding being made available in the 2017/18 financial year. A new funding agreement was entered into in this regard which also made provision for the award of up to a further £875,000 (£375, 000 in 2018/19, £295,000 in 2019/20 and £200,000 in 2020/21), subject to the GLA's approval of business plans for the same.
- 1.7. MedCity Limited has submitted its 2018/19 business plan for GLA approval, which is a condition of the release of 2018/19 grant funding of up to £375,000 as a contribution to its costs of delivering that business plan for this coming financial year.
- 1.8. EBPU officers support approval of the 2018/19 Business Plan, as MedCity is delivering benefit to the life sciences sector in London and Greater South East, as outlined in paragraphs 2.11 to 2.15 below.

2. Objectives and expected outcomes

- 2.1. The overarching vision of MedCity is to deliver regional health improvements and economic growth and be at the centre of a growing, global life sciences sector for the benefit of the country. MedCity's mission is to enable London, Oxford, Cambridge and the Greater South East (GSE) to be a world leading, interconnected region for life science research, development, manufacturing and commercialisation.
- 2.2. MedCity Limited was established by the GLA and London's three Academic Health Science Centres (AHSCs) – Imperial College Academic Health Science Centre, King's Health Partners and

UCLPartners. The Oxford and Cambridge AHSCs also formally joined MedCity in 2016 and 2017 respectively.

- 2.3. The GLA is not a member of MedCity Limited, but has entered into agreements with each of the Members to afford it the right to become a Member in future. The Agreements state that Members of the company are not permitted to change the articles or to invite other organisations to become a Member without the consent of the GLA, and cannot take a decision on any matter that requires GLA agreement or consent, without first gaining the GLA's agreement or consent.
- 2.4. A grant agreement is in place to govern the GLA's funds. Each year's grant award is subject to the GLA's approval of MedCity's annual Business Plan and to the GLA issuing a grant award letter.
- 2.5. GLA grant funding is essential to enable MedCity to meet its staffing costs including the MedCity Executive Chair, Chief Executive Officer, and Chief Operating Officer costs – to undertake activities aimed at growing and promoting the life sciences sector in London and the GSE. These activities include (see Appendix 1):
 - **Providing a 'front door' service** meeting the needs of international and national clients.
 - **Promoting the region** as a base for life science investment and growth as well as '**explaining the market**' by highlighting the unique expertise of London, Oxford and Cambridge and the GSE so that this is recognised globally as an interconnected region of excellence.
 - **Encouraging and enabling entrepreneurialism** by increasing the opportunity to commercialise through enabling access to funding, space and access to collaborations.
 - **Influencing policy with partner organisations** – an example is MedCity's joint work with the GLA and with other cluster organisations to provide input to the Government's Life Sciences Industrial Strategy.
- 2.6. Cutting across these four themes, MedCity aims to ensure a long-term sustainable model of operation, and is exploring funding options. This is of particular importance given that the GLA grant funding is on a reducing trajectory from 2018/19.
- 2.7. Priority projects for 2018/19 include:
 - Extend MedCity's front door capacity by piloting a service to specific types of clients, where support is very bespoke or niche (this offer will be opportunistic and driven by demand).
 - Continuing a campaign to promote the region as a centre for Genomics. The UK's genomics market value is nearing £1 billion (10% of the global market), with 40% of companies based around London, Cambridge and Oxford.
 - Exploring options to replicate the successful Collaborate to Innovate (C2I) model – which matches SMEs with academics at London's top universities with the aim of increasing innovation and making products commercially viable – and apply this to new partnerships.
- 2.8. MedCity seeks to:
 - address barriers to growing the life sciences sector in London and the GSE;
 - catalyse and enable more research collaborations;
 - foster a more entrepreneurial environment within academic and NHS institutions; and
 - attract significant investment into the sector and the region.
- 2.9. At an operational level, MedCity has identified a basket of indirect, lagging indicators which MedCity believes collectively provide a 'barometer reading' as a proxy for the effectiveness of MedCity (see Appendix 1).

- 2.10 MedCity has agreed a methodology for assessing the value of direct jobs (from relevant Foreign Direct Investments (FDI)) resulting from the MedCity involvement (see Appendix 1). The proposal for estimating the prospective benefits relies on estimates of FDI in London (including in London-registered companies) 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. Over the course of jobs created during the period of GLA funding of MedCity (job persistence of three years is assumed), the calculated average annual jobs created is an aspirational 25% above the previous trend. Taking actual jobs figures into account for 2015/16 and 2016/17 and assuming 25% above trend for 2017/18 and 2018/19 provides a benefit cost ratio of almost 5 (at 100% additionality). This is an aspirational target which will need to be reviewed in 2019. It should be noted that outcome of the Brexit negotiations may have an impact on job creation, which is outside of MedCity's control. Furthermore, other organisations (such as London & Partners) also work on attracting FDI, including in partnership with MedCity, and the intention is to avoid creating perverse incentives which prevent organisations working together.
- 2.11 At a strategic level, MedCity is undertaking activities that will increase the health and wealth outcomes from life sciences research and commercialisation across London and the GSE. For example, MedCity has reported supporting five inward investment projects in 2016/17, bringing in an estimated 39 jobs in London and the GSE.¹
- 2.12 MedCity is also helping companies to grow – to date, 17 companies in London and the GSE have raised over £2.6m as direct result of the Angels in MedCity programme. However, there are factors far outside MedCity's control – such as Brexit – which will also influence the availability of global capital and the attractiveness of the UK and the region for investment.
- 2.13 MedCity has also facilitated 15 new collaborations between companies and academic institutions as a result of its Collaborate to Innovate (C2I) programme. In addition, to date MedCity has supported 60 companies through the DigitalHealth.London (DH.L) Accelerator.
- 2.14 As part of the organisation's ongoing work to promote the region and provide a front door for potential investment, MedCity has actively assisted and organised visits for overseas delegations to gain exposure to key areas of life science expertise in the Golden Triangle, including from: British Columbia, several Chinese states, Denmark, Finland, India, Japan, Korea, New Jersey, New Zealand, Norway, India, Quebec, Singapore and the UAE. MedCity has also been appointed a Global Partner with the Japan BioIndustry Association.
- 2.15 To date, MedCity has hosted four annual Future of Healthcare Investor Conferences, in partnership with the London Stock Exchange and the BioIndustry Association, bringing together government, trade and business to promote life sciences as a sector for investment and recognise successful companies.
- 2.16 Some elements of MedCity's planned work in 2017/18 have been subject to delay, for example:
- MedCity needs to deliver tangible benefits from the new formal partnership with Oxford and Cambridge, and increase collaboration across the wider region.
 - There is potential for greater partnership working with LEPs in the GSE, for example in inward investment and trade support. Cooperation nonetheless occurs on an ad hoc basis, and is partly dependent on factors outside of MedCity's control.
 - Customer journey evaluation will be implemented in 2018/19, due to previous difficulties in securing staff support to take this forward. It will be important to understand and communicate customer outcomes and the impact of MedCity programmes.
- 2.17 MedCity has nonetheless made good progress to date, including formalising the partnership with the Oxford and Cambridge AHSCs. GLA grant funding for 2018/19 will support further progress towards delivering the project's vision.

3. Equality comments

- 3.1 The GLA will ensure that when MedCity is planning and delivering its programme of activities, that it adheres to the requirements of the Equality Act to demonstrate that it is making decisions in a fair, transparent and accountable way, considering the needs and the 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 when providing grant funding to MedCity, that 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.
- 3.2 The GLA has compiled a comprehensive collation of a wide range of evidence by policy area for the protected characteristics identified in the Equality Act, the GLA's 'Equality, Diversity and Inclusion Evidence Base'. The Evidence Base identifies that young women are less likely to study science, technology, engineering and maths (STEM) at A-level. Within the STEM subjects, variations between young men and women can be seen. Girls have a stronger focus on biological sciences whilst boys have a stronger preference towards mathematics and physics. MedCity will consider opportunities to promote female entrepreneurship at MedCity-facilitated/hosted events to address the current under-representation of women in the STEM sector.
- 3.3 MedCity will also ensure equality is mainstreamed through the organisation's staff recruitment and selection processes, and when organising events, in particular, through ensuring MedCity events are fully accessible to deaf and disabled people.

4. Other considerations

4.1 *Key risks and issues*

- 4.1.1 The risks are set out below, and are shared evenly amongst founding partners.

Risk description	Mitigation/risk response	Current probability	Current impact	RAG
Financial resources: Failure to secure adequate funding to deliver on committed activities at the required pace. (Additional funding needs to be secured for the operation of MedCity when GLA funding starts to taper from 2018/19.)	GLA Senior level GLA liaison (incl. at Dep Mayoral level) with MedCity, including attending Management Board meetings, to monitor and assist efforts to secure funding. Decisions on MedCity's future will need to be taken by Q2 in 2018/19 and options are in development.	3	3	Red
Capacity (1): Loss of experienced staff due to uncertainty about future funding. One senior staff member has expertise in core work of attracting investment.	MedCity pursuing avenues for potential external funding. GLA supporting MedCity in engagement with potential funders. Officers to discuss with MedCity options for allocating further	2	3	Amber

	resources to core work areas.			
Capacity (2): Insufficient MedCity staff resource to deliver the work programme, incl. new commitments not originally envisaged. Insufficient staff/ suitable calibre appointed as embedded team(s).	Watching brief on staff resources. MedCity to deploy existing relationships with senior stakeholders/MedCity founders to ensure appropriately skilled individuals are identified. Effort needs to be placed on Oxford/Cambridge outreach and recruiting extended 'satellite' team members representing key stakeholders.	2	3	Amber
Institutional competition: Key stakeholders not committed at operational level to MedCity – academic and clinical staff not encouraged to collaborate across institutions, inter-institution competition	Continued active engagement & ongoing work with Oxford, Cambridge and wider GSE LEPs/partners to further develop relationships. Oxford & Cambridge AHSCs have now formally joined MedCity.	2	3	Amber
MedCity profile: MedCity role unclear; insufficient public profile of MedCity and the region's life sciences offer.	Communications need to be tailored to segmented audiences, with clear demonstration of outcomes & impact. GLA press office and EBPU officers continue to work closely with MedCity to maximise opportunities for profile-raising.	2	2	Green

4.2 *Links to Mayoral strategies and priorities*

- 4.2.1 The Mayor's draft Economic Development Strategy outlines the Mayor's aim to work with the life sciences sector and MedCity to address challenges to company growth and to improve collaboration across the sector in the wider southeast.
- 4.2.2 MedCity helps to deliver against the Mayor's manifesto commitments as outlined in the grid below.
- 4.2.3 Engagement with, and the provision of advice to, companies is core to MedCity's activities. In promoting the growth of the life sciences sector, MedCity also indirectly promotes greater opportunities for jobs and training in a high-tech sector.

BUSINESS, PROSPERITY AND OPPORTUNITY		IMPROVING LONDON'S HEALTH
Supporting small business and protecting workspace	Championing London industry at home and abroad	Leadership on health, Improving public health
Over £2.6m raised by 17 companies in London and the GSE as direct result of the Angels in MedCity programme.	MedCity is creating a promoting a joined up and globally distinctive life sciences offer – securing both the Oxford and the Cambridge Academic Health Science Centres as MedCity members.	Innovation – MedCity has facilitated 15 new collaborations between companies and academic institutions in London, as a direct result of its Collaborate to Innovate programme (for which MedCity secured c. £1m ERDF funding).
MedCity is routinely called upon to provide advice to planned capital projects based on overall demand in the region for multiple sites – including: <ul style="list-style-type: none"> - extensive and ongoing advice relating to the British Library site in Euston - advising Camden Council on opportunities for Life Sciences in the Knowledge Quarter - providing advice and supported proposed new mixed-use sites in White City in addition to the existing Imperial White City site. 	MedCity reported supported five inward investment projects in 2016/17, bringing in an estimated 39 jobs in London and the GSE. Total estimated gross cumulative GVA: over £8m. ¹	Digital health – health inequalities, prevention MedCity is a delivery partner in the DigitalHealth.London Accelerator programme, established further to the London Health Commission's report. Through the Accelerator, MedCity has supported 60 companies.
Provides advice to entrepreneurs on accessing funding, space and navigating the NHS.	Supports Mayor's International Business Programme (e.g. to Japan in October 2017) and promotes the sector at major international life sciences conventions – e.g. digital health promotion at BIO USA.	MedCity has supported DigitalHealth.London in being commissioned by RYSE Asset Management LLP to provide screening and evaluation of promising early stage digital health businesses that exhibit the potential to address health and care needs.
MedCity accepted as sponsor of the NHS Clinical Entrepreneur Programme to mentor and support innovators within the NHS Cohort.	Regularly hosts and assists business delegation visits, e.g. from China, Japan and India. MedCity has also been appointed a Global Partner with the Japan BioIndustry Association.	Provides advice to entrepreneurs on navigating the NHS.

¹ Year 1 FDI 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, therefore the FDI jobs are reported by MedCity but should be considered within L&P's target. This figure is based on 15 jobs reported through L&P and an additional 24 jobs which were not included in L&P's FDI completions, but in which MedCity have also reported involvement. 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. The gross GVA figure is in current prices and does not take programme costs into account. GVA at 100% additionality.

Publishes regularly updated information on availability of life sciences workspace across London.	In January 2018 held the fourth annual MedCity-London Stock Exchange Future of Healthcare Investment Conference – highlighting the significant investment opportunities available to generalist and specialist public market investors, and venture capital representatives in the UK healthcare sectors.	
In partnership with the GLA and SEHTA, helps deliver 'MedTech London' programme to respond to sector's growth needs – providing networking opportunities, support in accessing the market and training workshops.	Holds events focused on highlighting London and the south east's capability in life sciences R&D.	
Held a Cambridge, London, Oxford Biomedical Research Centre (BRC) event focused on promoting industry collaborations with the centres in cell and gene therapies – a second such event is planned.	Produces a variety of promotional material to support London's and the region's offer. Including the MedCity Map – an interactive map of the sector, showing employee numbers and turnover.	

5. Financial comments

- 5.1 £375,000 has been earmarked within the 2018-19 GLA budget for the proposed grant to MedCity Limited (within the Economic Business Policy Unit), for which payment will be dependent on the organisation delivering against their 2018-19 Business Plan. The proposed grant will be governed by a GLA Funding Agreement, which will include clear deliverables and milestones linked directly to the Business Plan.

6 Legal comments

- 6.1 The foregoing sections of this report indicate that the decisions requested of the Mayor fall 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:
- 6.1.1 pay due regard to the principle that there should be equality of opportunity for all people;
 - 6.1.2 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; and
 - 6.1.3 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 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 and

foster good relations between persons who share a relevant protected characteristic 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 the proposed release of funding is administered and managed in accordance with the funding agreement between the GLA and Medcity Limited.

7 Planned delivery approach and next steps

- 7.1 The MedCity 2018/19 Business Plan sets out an Action Plan and deliverables, which cover the following key areas of MedCity's activities (please see Appendix 1 for further detail):
- Providing a 'front door' service
 - Promoting the region and explaining the market
 - Encouraging and enabling entrepreneurialism
 - Influencing policy with partner organisations

Appendices and supporting papers:

- Appendix 1 – MedCity Business Plan 2018/19

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

Part 1 Deferral:

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

If YES, for what reason:

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

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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:

Fiona Fletcher-Smith 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 the 19 March 2018

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M D. Allen

Date

19.3.18

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

19/3/2018.