

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2436

**Title:** MedCity

### Executive Summary:

MedCity was established in 2014, assisted by grant funding from the LEP Growing Places Fund (GPF) and has subsequently received grant funding from the GLA. MedCity seeks to:

- Provide a 'front door' service to the region's life sciences sector;
- Connect excellence to support collaborations within the sector;
- Attract investment to London and the Greater South East; and
- Support the growth of a globally dynamic hub for SMEs and spinouts (a start-up company formed to commercialise university research).

Under cover of MD2071, the Mayor approved the GLA's entry into a new funding agreement in 2017 which made provision for the award of grants in future years through to 2020/21, subject to GLA approval of annual business plans.

MedCity's 2019/20 Business Plan presents the organisation's refreshed vision of being a key enabler for London and the Greater South East to continue to be a world-leading, globally connected life sciences cluster.

The decision sought is that the Mayor approves MedCity's 2019/20 Business Plan, and confirms grant funding of £295,000 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 2019/20 financial year; and
2. Confirms the award of up to £295,000 of grant funding to MedCity Limited in the 2019/20 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:**

2/4/19

## **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 for Development, Enterprise and Environment 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. In the financial year 2018/19, the Mayor (under cover of MD2241) approved MedCity Limited's 2018/19 business plan and expenditure of up to £375,000 of grant funding to MedCity Limited.
- 1.8. MedCity Limited has submitted its 2019/20 business plan for GLA approval, which is a condition of the release of 2019/20 grant funding of up to £295,000 as a contribution to its costs of delivering that business plan for this coming financial year.

#### **2. Objectives and expected outcomes**

- 2.1. MedCity's refreshed vision is for the organisation to be a key enabler in London and the Greater South East, so that the region continues to be a world leading, globally connected life sciences cluster, gateway to the UK and top in Europe. Taking into account market context and external factors such as Brexit, the vision has evolved but is complementary to the previously outlined vision of delivering regional health improvements and economic growth and being at the centre of a growing, global life sciences sector for the benefit of the country. The MedCity Business Plan (see Appendix 1) states that the organisation's purpose is to enable economic growth in life sciences and support the development of an ecosystem in which all parts of the sector can thrive.

- 2.2. To achieve this vision, MedCity's mission is to connect multi-disciplinary excellence across academia, industry and healthcare systems in order to drive growth and investment across research, development, manufacturing and commercialisation.
- 2.3. 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.
- 2.4. 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.
- 2.5. 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.
- 2.6. 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'<sup>1</sup> service:** meeting the needs of international and national clients;
  - **Connecting Excellence:** with the ambition of London and the Greater South East to continue to be recognised internationally for excellence in key capabilities, and, as a result, increase the numbers of industry/academic partnerships and collaborations as well as clinical research activity;
  - **Attracting investment:** MedCity's ability to influence and shape the investment space, planning and real estate sector, enabling significant global and strategic partnerships; and
  - **Supporting the growth of a globally dynamic hub for SMEs and spinouts:** with the ambition for the region to be globally recognised as a dynamic hub for SMEs and spinouts across the life sciences sector, but in particular in MedTech, Digital and AI.
- 2.7. Overall, MedCity seeks to:
  - Attract significant investment into the sector and the region;
  - Increase the numbers of industry/academic partnerships and collaborations as well as clinical research activity; and
  - Increase and accelerate opportunities for small companies to commercialise.
- 2.8. A prudent approach has been taken in the MedCity Business Plan 2019/20 (Appendix 1), which outlines an operational plan based on continued financial support from the GLA, bids for further ERDF funding, approved funding from Research England via a King's-led programme, and commercial and sponsorship income. Projects that MedCity hopes will be enabled by additional income as a result of successful bids to the Research England Development Fund and the LEAP are outlined separately (Appendix 2).
- 2.9. MedCity has secured the following funding for 2019/20 (see Appendix 1):
  - £295,000 GLA grant funding (subject to Mayoral approval of the 2019/20 MedCity Business Plan).

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<sup>1</sup> MedCity's 'front door' service provides a single point of contact to the life sciences ecosystem for companies, investors and any other legitimate clients that wish to invest, start up or grow in London and the Greater South East.

- £100,000 as delivery partner for the Research England Connecting Capabilities Fund Advanced Therapies Programme, led by King's College London.
- £100,000 underspend from the HEFCE funding, ringfenced for MedCity's Collaborate to Innovate programme.

2.10. In addition, MedCity:

- Is awaiting written approval for £120,000 interim funding from Research England (RE). A bid for a further £380,000 of RE funding is in process;
- Has a further two funding bids in play – one of which is London-specific – for a potential total of £150,000; and
- Projects commercial and sponsorship income in the region of £100,000 (related KPI subject to discussion by the MedCity Management Board).

2.11. MedCity objectives that support GLA priorities in 2019/20 include:

- Developing and implementing a plan for active promotion of the 'Front Door' Service to ensure MedCity continues to be widely known in its target markets;
- Assess MedCity's role vis-à-vis trade and export with partners (L&P), and implement recommendations; and
- Evaluate whether real estate and demand for space has changed since the publication of the last demand study, recommend and implement next steps.

2.12. 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, 92 additional direct life sciences FDI jobs resulting from the MedCity project by end 2017/18, with a total estimated cumulative gross GVA of over £13.6m – cumulatively above target.<sup>2</sup>

2.13. MedCity has made good progress to date in generating additional income from diversified sources. As of January 2019, MedCity have reported generating approximately £136k from a combination of commercial projects, and sponsorship and participation fees for specific events and programmes (includes some VAT, tbc).

2.14. MedCity's draft 2019/20 financial plan (see Appendix 1) outlines that a continued significant proportion of public funding – whether GLA, LEAP or Research England – will be required, in addition to ongoing diversification of income sources. This income mix reflects the need for continued public funding to address deep-seated market failures, alongside a diverse range of other funding streams to support long term financial sustainability.

### 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 2010 to demonstrate that it is making decisions in a fair, transparent and accountable way, considering 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 protected

<sup>2</sup> Year 1 FDI jobs in London – based on L&P's categorisation or as reported by MedCity – 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. In addition to jobs reported through L&P, this figure also includes jobs that 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, many of the jobs reported by MedCity are based on estimates. The gross GVA figure is in 2015 prices and does not take programme costs into account. GVA at 100% additionality. See Appendix 1 for further details.

characteristic and persons who do not. 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 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.
- 3.3. MedCity aims to advance equality of opportunity in the delivery of the MedCity programme of activity. 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.
- 3.4. 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. It will also consider ways to improve the representation of women and black, Asian and minority ethnic people at senior levels in life sciences organisations. The Mayor has made commitments to make improvements in these areas as part of his Equality, Diversity and Inclusion Strategy.

#### 4. Other considerations

##### a) Key risks and issues

<b>Risk Description</b>	<b>Mitigation/risk response</b>	<b>Current probability</b>	<b>Current impact</b>	<b>RAG</b>
<b>Financial resources:</b> Additional funding is not secured for the operation of MedCity when GLA funding starts to taper from 2018/19 and majority funder HEFCE funding ends in 2018/19.	GLA funding approved for up to the next 3 years, albeit at a reduced level. MedCity pursuing Research England & LEP funding with GLA officer support. GLA officers also supporting MedCity in engagement with other potential funders, including LEAP.	3	4	Red
<b>Capacity:</b> Loss of experienced staff due to uncertainty about future funding.	MedCity pursuing avenues for potential external funding. GLA closely monitoring MedCity's fundraising efforts and supporting MedCity to engage with potential funders.	3	4	Red
<b>Inward investment (1):</b> FDI	Watching brief on FDI	3	3	Red

jobs figures below target for 2017/18 (although cumulatively jobs & GVA targets met). 2018/19 & future targets may be missed.	investment pipeline in 2018/19 & beyond. MedCity & L&P to coordinate more closely on FDI opportunities.			
<b>Inward investment (2):</b> Decline in L&P/MedCity collaboration on inward investment & promotion; missed opportunities for London life sciences.	GLA supporting L&P/MedCity discussions. Deputy Mayoral intervention if required. MedCity funds three full-time posts at L&P to support their collaboration on life sciences promotion.	3	3	Red
<b>Future focus of project:</b> Potential pivot of MedCity priorities in order to secure Research England funding.	Full engagement with MedCity as they discuss potential funding with Research England.	3	3	Red
<b>Regional engagement:</b> Key regional stakeholders do not commit to operational support of MedCity. LEP engagement is of particular importance since the Oxford & Cambridge AHSCs are no longer formal members of MedCity.	GLA to support MedCity engagement with LEPs across the Greater South East.	3	3	Red

*b) Links to Mayoral strategies and priorities*

- 4.1. The table below illustrates how MedCity supports the aims outlined in the Mayor's Economic Development Strategy to work with the life sciences sector to support further growth, and to help address the major healthcare challenges facing society.

<b>MAYOR'S ECONOMIC DEVELOPMENT STRATEGY – LIFE SCIENCES ACTIONS</b>	<b>MEDCITY ACTIVITY</b>
Promote London and the Wider South East as a pioneer of life science innovation.	<ul style="list-style-type: none"> <li>Promotion of the sector at major international life sciences conventions, resulting in further industry interest with respect to investment and partnership in the region. For example, for a mission to Japan and South Korea in October 2018, MedCity – working with the Northern Health Science Alliance (NHSA) – brought together 7 HEIs, including King's, Imperial, QMUL, UCL and University of Cambridge Milner Institute; and 13 companies for a programme of industry and academic engagement.</li> <li>Campaigns to promote London &amp; the wider region's strengths in Genomics and Advanced Therapies.</li> <li>Coordination of international delegations/orientations</li> </ul>

	<p>across the region for major overseas companies and research institutions. This has resulted in successful engagement with companies such as Samsung Biologics and other multi-nationals.</p> <ul style="list-style-type: none"> <li>• From 2019/20, MedCity plans to continue to invest in the BIOUS and BIOJapan conventions, working with partners including L&amp;P, HEIs and industry.</li> <li>• MedCity also plans to develop China as a target market to the same extent as Japan, enabling the creation of Chinese-UK collaborations within the sector.</li> </ul>
Work with partners to explore options for the safe use of health and care data for both service delivery and research, supporting efforts to increase NHS uptake of innovation.	<ul style="list-style-type: none"> <li>• Working with NHS England, NHS Digital, NICE and Public Health England to address the lack of standards in evidence for Digital Health Technologies by publishing a Standards Framework for Evidence in December 2018. This is the first standards framework for digital technologies published globally and will help companies in developing evidenced technologies that are applicable to the healthcare system, thereby supporting the uptake of innovation.</li> <li>• In 2019/20, MedCity will map the region's AI capabilities: including companies, data sources, and academic capabilities in data and analytics.</li> </ul>
Support collaboration across different sectors to help meet healthcare challenges.	<ul style="list-style-type: none"> <li>• 15 new collaborations between companies and academic institutions as a result of MedCity's HEFCE/ERDF-funded Collaborate to Innovate programme. MedCity has reported that 10 new products developed by the companies under Collaborate to Innovate have and/or are expected to reach the market in the next three years.</li> <li>• In November 2018, MedCity launched a new Advanced Therapies Network in conjunction with King's, Imperial and UCL. The Network aims to bring together industry, academics and professionals working to share knowledge and forge collaborations.</li> <li>• From 2019/20, MedCity plans to work with partners to create and promote a cohesive regional offer for industry relating to Data/Analytics and AI. The aim is to enable cross industry/academic collaboration and a growth in investment in these areas as a result.</li> </ul>
Help to increase the availability of longer-term capital for the sector.	<ul style="list-style-type: none"> <li>• 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.</li> <li>• £3.4m raised by companies in the Greater South East to date through the Angels in MedCity programme, contributing to a total of over £18m including follow-on funding.</li> <li>• MedCity has supported DigitalHealth.London in being</li> </ul>

	<p>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.</p> <ul style="list-style-type: none"> <li>• MedCity has supported the GLA's research on the demand and supply of patient capital for drug development.</li> </ul>
Secure the workforce London needs and support the career development of current and future employees.	<ul style="list-style-type: none"> <li>• 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 indirectly promotes greater opportunities for jobs and training in a high-tech sector.</li> <li>• The HEFCE/ERDF-funded Collaborate to Innovate programme has supported the creation of 22 jobs across the SMEs and the partnered academic research groups.</li> <li>• MedCity has been accepted as sponsor of the NHS Clinical Entrepreneur Programme to mentor and support innovators within the NHS Cohort.</li> </ul>
Support the growth of new life sciences developments.	<ul style="list-style-type: none"> <li>• 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"> <li>– Extensive advice relating to the British Library site in Euston;</li> <li>– Advising Camden Council on opportunities for Life Sciences in the Knowledge Quarter; and</li> <li>– Providing advice and supporting proposed mixed-use sites in White City, in addition to the existing Imperial White City site.</li> </ul> </li> <li>• MedCity publishes regularly updated information on availability of life sciences workspace across London.</li> </ul> <p>From 2019/20, MedCity plans to:</p> <ul style="list-style-type: none"> <li>• Provide objective, credible advice to developers, academic partners, companies, providers and funders, helping to influence the growth of the right real estate capacity, at the right size (from incubation through to grow-on), and in the right places for life sciences to thrive.</li> <li>• Lead in the articulation of the opportunities in the Life Science real estate sector by situating development and opportunities for development.</li> <li>• Provide thought leadership in articulating an understanding of the changing nature of both industry and cluster convergence dynamics.</li> </ul>
Help improve workforce diversity in boardrooms, and other senior positions,	<ul style="list-style-type: none"> <li>• MedCity has supported an event aimed at improving diversity in biopharma boardrooms and is supporting a GLA proposal to host a Mayoral roundtable on what more</li> </ul>



in this and other sectors.	the GLA, MedCity and partners can do to increase diversity in boardrooms.
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*c) Consultations and impact assessments, including data protection*

- 4.2 The GLA commissioned Regeneris Consulting Ltd to evaluate the MedCity programme in December 2016. The evaluation report concluded that the programme was performing well against KPIs and that it had also delivered added value to the life sciences sector across the Greater South East region and nationally.
- 4.3 The MedCity team has undertaken an action plan to ensure GDPR compliance. There is currently no data sharing between the GLA and MedCity.

**5. Financial comments**

- 5.1 The proposed GLA Grant of up to £295,000 for 2019/20 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 2019/20 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:
  - 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 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 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 2019/20 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):

- Provide a 'front door' service to the region's life sciences sector;
- Connect excellence to support collaborations within the sector;
- Attract investment to London and the Greater South East; and
- Support the growth of a globally dynamic hub for SMEs and spinouts.

7.2 . The GLA monitors MedCity progress against a number of KPIs and project milestones, which are agreed with GLA Governance each year. A quarterly project Dashboard is submitted to GLA Governance. The lead GLA officer attends regular project update meetings with the MedCity team. The Manager of the Industry and Innovation Team is also in regular contact with the MedCity leadership and maintains oversight of the project. The GLA – represented by the Head of Economic Development and lead officer – also attends MedCity Management Board meetings as an observer.

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

Appendix 1 – MedCity Business Plan 2019/20

Appendix 2 – MedCity Additional Projects

### 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 – NO**

### 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:**

Debbie Jackson 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 1 April 2019.

### EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

01.04.19

TOM MIDDLETON ON BEHALF OF MARIN CLARKE

### CHIEF OF STAFF:

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

Signature



Date

1/4/2019

