

# GREATER **LONDON** AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1615

**Title: MedCity**

### **Executive Summary:**

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

This decision is requested to approve MedCity's draft 2016/17 Business Plan, and release the grant funding as a contribution to MedCity Limited's costs of meeting the above objectives.

### **Decision:**

The Mayor approves:

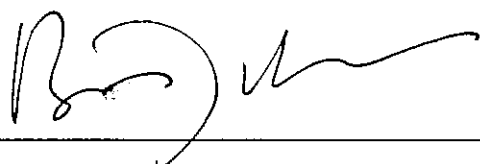
1. MedCity Limited's business plan for the 2016/17 financial year; and
2. the award of £393,000 of grant funding in 2016/17.

### **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:**

17.3.2016

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

### **Decision required – supporting report**

#### **1. Introduction and background**

In July 2014 the Mayor approved £1.125m funding from the LEP Growing Places Fund (GPF) to create MedCity, over a three year funding period. This has been allocated as follows:

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 annual approval of the MedCity business plan.

In the financial year 2015/16, the Mayor (under cover of MD1458) approved expenditure of up to £400,000 of grant funding.

MedCity Limited has now requested that the grant funding which the agreement provides may be provided, subject to Business Plan approval and the issue of an award letter, in 2016/17 is released in order to deliver the MedCity business plan for this coming financial year. IPB on 17<sup>th</sup> February 2016 agreed in principle to the release of up to £393,000 of grant funding in the financial year 2016/17.

To note that, separately to the main grant, the Mayor (MD1561) approved expenditure of up to £40,000 of grant funding in the financial year 2015/16, for a life sciences workspace study. The Executive Director, Resources (DD1445) approved additional expenditure of up to £12,000 grant funding in the financial year 2015/16, for the same study.

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

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

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 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.

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.

GLA grant funding is essential to enable MedCity to be appropriately staffed – including the MedCity Executive Chair, Chief Executive Officer, and Project Director – in order to undertake activities aimed at growing and promoting the life sciences sector in London and the GSE. These activities will include (see Appendix 1):

- **Creating a 'front door'** for businesses large and small, entrepreneurs, investors and academics.
- **Promoting the region** as a base for life science investment and growth.

- **Encouraging and enabling entrepreneurialism** by supporting the development of a business environment that supports life sciences and creating the ecosystem and a culture which encourages entrepreneurialism.
- **Explaining the MedCity offer to the market** by articulating the offer to the market, working with the academic community to demonstrate our expertise.

In addition to these four themes, MedCity is also playing a more active role in contributing to or influencing policy development. An example is MedCity's contribution to the GLA's work on the availability of capital for life sciences.

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

MedCity has the following strategic goals:

- 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 - including more spin-outs being created, growing and retained in the region; and
- Attract significant investment into the sector and the region.

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

At an operational level, MedCity has identified a basket of lagging indicators which MedCity believes collectively provide a 'barometer reading' as a proxy for the effectiveness of MedCity (see Appendix 1). Indicators and other aspects of the business plan will need to be agreed as stakeholder engagement progresses with Oxford, Cambridge and other partners.

MedCity has agreed a methodology for assessing the value of direct jobs (from relevant FDI investments) resulting from the MedCity involvement (see Appendix 1). The proposal for estimating the prospective benefits relies on estimates of FDI in London as the major source of direct jobs, and through them, GVA. However, the difficulty of forecasting FDI jobs should be noted, as large investments cannot be accurately predicted. Due to the volatility of the data series, over the course of five years of jobs created (job persistence of three years is assumed), the calculated average annual jobs created is 10% above the previous trend of 100 jobs per year (5% above trend is assumed for 2014/15). This provides a benefit cost ratio in excess of 2.

The baselines, 2015/16 forecasts and subsequent years' targets for several of the indicators (those on spin-outs, patents, licences, clinical trials and patients in clinical trials) have been updated in the 2016/17 Business Plan. The reasons for these changes are set out in Appendix 1.

### 3. Equality comments

MedCity will aim to advance equality of opportunity in the delivery of the MedCity programme. Actions will include ensuring equality of opportunity for all protected groups through MedCity's staff recruitment and selection processes, and when organising events, in particular through ensuring MedCity events are accessible for people with disabilities. MedCity will also take the present under-representation of women in

the STEM sector into consideration by ensuring that equality and diversity are taken into account for future appointments to its Advisory Board and Management Board, and by considering opportunities to promote female entrepreneurship at MedCity-facilitated/hosted events.

#### 4. Other considerations

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

<b>Risk description</b>	<b>Mitigation/risk response</b>	<b>Current probability</b>	<b>Current impact</b>	<b>RAG</b>
<b>Institutional competition:</b> 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 Ox, Cam and wider GSE LEPs/partners to further develop relationships. MedCity presence at monthly AHSC/N executive group. Raising awareness, and evidence, of economic benefit and opportunity from collaboration. Seed funding criteria could be used to incentivise collaboration.	2	3	Amber
<b>Geographical competition:</b> MedCity cannot fulfil its role in working across the GSE because Oxford and Cambridge AHSCs and GSE institutions do not actively engage or refuse to participate	Pilot to bring GMEC within MedCity umbrella. Senior engagement continually deployed. Continue working level engagement with relevant players across region.	2	3	Amber
<b>Capacity:</b> Insufficient MedCity staff resource to deliver the work programme, incl. new commitments not originally envisaged. Insufficient staff/suitable calibre appointed as embedded team(s). In particular, insufficient resource to fully support successful delivery of DigitalHealth.London project and unable to exert sufficient influence.	Watching brief to monitor pressures on staff resource. DigitalHealth.London: Identify complementary activities, e.g. campaign, comms and marketing, to influence the programme. MedCity to be on project steering group.	2	3	Amber

<b>MedCity profile/market confusion:</b> Insufficient public profile of MedCity and the region's life sciences offer; MedCity role unclear.	City Hall press office and EBPU officers working closely with MedCity to maximise opportunities for profile- raising. Clearly articulated proposition and careful branding. Close engagement with industry and scientific membership bodies to ensure alignment and resolve conflicts. Communications tailored to segmented audience. Targeted publicity campaigns. Decision on future of GMEC in spring 2016.	2	2	Green
<b>Financial resources:</b> Insufficient funding to deliver required outcomes fast enough	External fundraising from public and charity sources and from partners, or prioritise activities in line with available funding.	2	3	Amber

(Please see Appendix 1 for high level risk register.)

## 5. Financial comments

- 5.1 This report proposes the endorsement of Med City's draft Business Plan for 2016-17 and the consequent award of £393,000 revenue grant funding in respect of 2016-17. The grant award for each financial year is conditional on the GLA's approval of Med City's annual Business Plan.
- 5.2 This will be the final instalment of the three year £1.125m funding approved by the Mayor through the Growing Places Fund. Additional funding through to 2018-19 was secured from the Higher Education Funding Council for England (HEFCE).
- 5.3 The 2016-17 draft Business Plan identifies shortfalls in funding for the next three years as follows:  
2016-17: £55,000  
2017-18: £480,000  
2018-19: £528,000
- 5.4 Additional funding is also required for the Seed Fund programme:  
2016-17: £250,000  
2017-18: £750,000  
2018-19: £750,000
- 5.5 The Business Plan also draws attention to areas of cost pressures including the need to relocate and higher than anticipated international marketing and event costs. The shortfall in funding will need to be raised through external fundraising from public and charity sources by Med City. If this cannot be achieved, cost savings will be required.

## 6. Legal comments

- 6.1 The foregoing sections of this report indicate that the decisions requested of the Mayor fall within the GLA's statutory 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 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.
- 6.3 Given that the expenditure proposed relates to activity extending beyond the current mayoral term officers must also observe the principle that an incumbent administration should not unreasonably fetter the discretion of any future administration. Officers should ensure that the project is managed in a manner, including (without limitation) ensuring that it considers the exercise of the break clause within the current agreement which enables the GLA to terminate this project (or elements thereof) on six months' notice for convenience and milestones and payments are structured so as to minimise any practical impact on the exercise of such termination rights.

## 7. Investment & Performance Board

The MedCity draft Business Plan for 2016/17 was presented to the IPB on 17<sup>th</sup> February 2016 and was approved in principle.

## 8. Planned delivery approach and next steps

The MedCity 2016/17 Business Plan (see Appendix 1) sets out an Action Plan and Year 3 milestones. The milestones cover the following key areas of MedCity's activities:

- Creating a 'front door'
- Promoting the region as a base for life science investment and growth
- Encouraging and enabling entrepreneurialism
- Explaining the MedCity offer to the market

Activity	Timeline
Procurement of contract [for externally delivered projects]	N/a
Announcement [if applicable]	N/a
Delivery Start Date [for project proposals]	N/a
Final evaluation start and finish (self/external) [delete as applicable]:	Jan 2017
Delivery End Date [for project proposals]	N/a
Project Closure: [for project proposals]	N/a

**Appendices and supporting papers:**

- Appendix 1 – MedCity Business Plan 2016/17

**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 – 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 have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

Mark Kleinman has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**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:**

Joe Mitton has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Bell*

Date

*15.3.16*

**CHIEF OF STAFF:**

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

Signature

*Approved by Sir Edward  
Lister by email*

Date

*15.3.16*