

# GREATER **LONDON** AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2071

**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 2017/18 Business Plan, and grant funding as a contribution to MedCity Limited's costs of meeting the above objectives.

### **Decision:**

The Mayor approves:

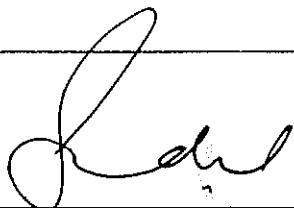
1. MedCity Limited's business plan for the 2017/18 financial year; and
2. the award of up to £500,000 of grant funding to MedCity Limited in the 2017/18 financial year.

### **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:**

3/4/17

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

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

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

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 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 GLA's annual approval of the MedCity business plan.

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.

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 grant funding in the financial year 2015/16, as a further contribution to the same study.

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.

MedCity Limited has submitted its 2017/18 business plan for GLA approval, which is a condition of the release of 2017/18 grant funding as a contribution to its costs of delivering that business plan for this coming financial year.

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

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. The vision has been slightly updated since the 2016/17 MedCity business plan.

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 AHSC also formally joined MedCity in 2016.

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 meet its staffing costs including the MedCity Executive Chair, Chief Executive Officer, and Chief Operating Officer costs – in order 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** for businesses large and small, entrepreneurs, investors and academics.
- **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 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 contribution to the GLA's work on the availability of capital for life sciences.

Cutting across these four themes, MedCity aims to develop funding streams to ensure a long-term sustainable model of operation.

Priority projects for 2017/18 include:

- exploring proposing a more formal relationship with the Department for International Trade (DIT) – and the potential for leveraging funding – to conduct industry engagement and regional marketing activity in a more structured way and as part of MedCity's front door service. Such a relationship and funding would provide the potential for MedCity to increase marketing of London and the GSE's life sciences offer, and work with other regional and national partners to position the region as a national asset.
- establishing industry/academic collaborations and inter-institutional collaborations (which support the progression of innovative research into products, generating economic and health benefit), including through continued work in the ERDF-funded programme Collaborate to Innovate and partnerships with the NIHR Biomedical Research Centres.
- continued focus on encouraging investment in life sciences workspace, in particular for bioincubators – to help ensure that there is sufficient workspace for companies to start-up and to grow in London and the GSE.

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.

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 supported three inward investment projects in 2015/16, bringing in 43 jobs in London and the GSE. MedCity is also helping companies to grow – nine companies in London and the GSE have raised over £1.4m 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.

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 may need to evolve as stakeholder engagement progresses with Oxford, Cambridge and other partners.

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 (actual jobs figures have been taken into account for 2014/15 and 2015/16 and 10% above trend was assumed for 2016/17). This provides a benefit cost ratio in excess of 5. This is an aspirational target which will need to be reviewed in 2018. It should be noted that outcome of the EU referendum 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 not to create perverse incentives for such organisations to work together.

### 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

#### *Key risks and issues*

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>Financial resources:</b> Financial sustainability of MedCity after current GLA funding ends - project may need to be significantly downscaled	Funding bid to GLA being progressed. GLA communicating (incl. at Dep Mayoral level) urgency of progressing other funding sources	4	3	Red
<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. Oxford AHSC has now formally joined MedCity. Cambridge AHSC Board is understood to have agreed in principle to join. MedCity/GMEC service agreement in place. MedCity presence at monthly AHSC/N executive group.	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	MedCity/GMEC service agreement in place. Oxford AHSC has now formally joined MedCity. Cambridge AHSC Board is understood to have agreed in principle to join. 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).	New COO in post since 1 December; watching brief on staff resources.	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 continue to work closely with MedCity to maximise opportunities for profile-raising. Clearly articulated proposition and careful branding particularly important in wider GSE context. Close engagement with industry and scientific membership bodies to ensure alignment and resolve conflicts. Communications need to be tailored to segmented audience. Targeted publicity campaigns.	2	2	Green

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

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

In 'A City For All Londoners', the Mayor highlights life sciences as one of the sectors where there has been high growth in recent years. The Mayor's Manifesto also recognised that London is "a growing force in newer industries such as tech, low carbon and life sciences". In a recent visit to the Francis Crick Institute,

the Mayor noted that: “London remains one of the most attractive places for life science companies to do business in the world.”

MedCity helps to deliver against the Mayor’s manifesto commitments as outlined in the grid below. Engagement with, and the provision of advice to, companies are 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.

<b>BUSINESS, PROSPERITY AND OPPORTUNITY</b>		<b>IMPROVING LONDON’S HEALTH</b>
<b>Supporting small business and protecting workspace</b>	<b>Championing London industry at home and abroad</b>	<b>Leadership on health, Improving public health</b>
Over £1.4m raised by nine companies in London and the GSE as direct result of Angels in MedCity	MedCity is creating a promoting a joined up and globally distinctive life sciences offer – securing the Oxford Academic Health Science Centre as a MedCity member, and merging with the Global Medical Excellence Cluster (GMEC), which comprises London, Oxford and Cambridge universities.	Innovation - Secured c. £1m ERDF funding to develop the MedCity Collaborate to Innovate seed fund – launched in September 2016
Workspace study and associated efforts to secure lab space at British Library site and Whitechapel	MedCity supported three inward investment projects in 2015/16, bringing in 43 jobs in London and the GSE. Total estimated gross GVA: over £3.7m <sup>1</sup>	Programme of activity to increase the number of commercial clinical trials taking place in London – which would enable more patients to participate in clinical trials
Provides advice to entrepreneurs on accessing funding, space and navigating the NHS	Supports Mayor’s International Business Programme –e.g. at BIO in the USA – and promotes the sector at major international life sciences conventions – e.g. cell & gene therapy campaign at BIO and BioJapan	Digital health – health inequalities, prevention (MedCity a delivery partner in the DigitalHealth.London Accelerator programme, established further to the London Health Commission’s report)
Partnered with The Design Council to provide in-depth design support to ten companies, with a focus on assisted living products.	Regularly hosts business delegations e.g. from Japan, the UAE and the Commonwealth	Provides advice to entrepreneurs on accessing funding, space and navigating the NHS
Publishes regularly updated availability of life sciences workspace across London	In January 2017 held the third 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	
Established a Med Tech Innovation network for London (in partnership with SEHTA and	Holds events focused on highlighting London and the south east’s capability in life sciences	

<sup>1</sup> 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. The gross GVA figure is in current prices and does not take programme costs into account.

the GLA) to address barriers to success and growth for the Med Tech industry.	R&D.	
	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 £500,000 has been earmarked within the 2017-18 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 2017-18 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

The MedCity 2017/18 Business Plan sets out an Action Plan and Year 4 milestones.

The milestones 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

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 2017/18



**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:

**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 27 March 2017.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Bllg*

Date 27.3.17

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date 29/3/2017

