

LEAP Investment Committee

Date of meeting: **21 May 2019**

Title of report: **MedCity Funding Proposal**

To be presented by: **Laura Gilbert, Senior Policy Officer – Life Sciences, Regeneration and Economic Development**

Cleared by: **Nabeel Khan, Head of Economic Development**

Classification: **Public, with reserved appendices**

1 Executive Summary

- 1.1 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 Wider South East (referred to by MedCity as the Greater South East) to be a world leading, interconnected region for life science research, development, manufacturing and commercialisation.
- 1.2 The decision is sought for LEAP funding to support the following MedCity activity, which are priority areas for the GLA:
- Continuing the MedCity 'front door' service
 - a) Inward investment
 - b) Life sciences real estate
 - c) Attracting talent to London
 - Continuing MedCity's work to promote London & explain the market
 - a) Ecosystem awareness
 - b) Trade support
- 1.3 While the recommendation of this paper falls below the spending threshold for this Committee, consultation with LEAP Members in the process of considering the item suggested that the Committee's consideration would be beneficial.

2 Recommendations

- 2.1 That the proposed LEAP investment of £100,000 for MedCity (£50,000 in 2019/20 and £50,000 in 2020/21) be endorsed.

3 Introduction and Background

- 3.1 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.
- 3.2 Following the expiry of the original funding agreement with MedCity, the Mayor (MD2071) approved expenditure of up to £500,000 of grant funding being made available in the 2017/18 financial year; and the award of up to a further £875,000 (£375,000 in 2018/19 – approved by MD2241, £295,000 in 2019/20 – approved by MD2436, and £200,000 in 2020/21), subject to the GLA's approval of the business plan.
- 3.3 The £100,000 of funding over two financial years requested in this business case will help to ensure sufficient support for areas of MedCity's work that are of key importance to the GLA. These areas – which may differ from other funders' priorities – include MedCity's valuable 'front door' service to London's intricate life sciences ecosystem, and its work to promote London's life sciences expertise internationally. Outputs and outcomes are outlined in Appendices A and B, including details of additionality to activity funded from other sources, including core GLA funding.

4 Issues for consideration

- 4.1 **Strategic aim of project** – to support inward investment, jobs growth and opportunities for collaboration and expansion in London's life sciences sector.
- 4.2 **Rationale for investment** – The Wider South East – particularly the 'Golden Triangle' of London, Cambridge and Oxford – is viewed internationally as a world-leading life sciences cluster. MedCity is a front door for the region's life sciences ecosystem and, similarly, it promotes the life sciences strengths of the region. MedCity therefore delivers benefits for the 'greater good' of London and the wider region and consequently the private sector would not fund this type of promotional activity, where the benefits are so widely shared.
- 4.3 At the same time, UK Government is providing funding to cluster organisations based outside the Wider South East – but not to MedCity – and it is anticipated that this will continue to be the case for the immediate future. LEAP funding would therefore also help to level the playing field for MedCity.
- 4.4 LEAP funding would be focused on two areas of MedCity activity, which the GLA sees as priority areas. Such support would help to maximise the profile of, and investment in, London's life sciences sector.
- 4.5 It has been suggested that there should be a requirement for match funding from surrounding LEPs. As this has not been secured in this instance the proposed outputs are London specific. Please see Appendices B and C for further details.
- 4.6 **Nature of the investment** – This recommendation is for a one-off investment. The GLA's expectation remains that MedCity will need to continue to diversify its funding streams.
- 4.7 **Budget source** – LEAP Core Funds 2019/20 grant. Secured sources of external funding – relating to the entirety of the MedCity project, not necessarily GLA priority areas – are outlined in the table below.

	2019/20	2020/21
GLA core DEE funding	£295k	£200k
Research England	£120k interim funding for 3 months from 1 April 2019	Tbc (pending bid outcome)
Connecting Capabilities Fund (Advanced therapies project led by King's College)	£100k	£100k

4.8 In addition, for 2019/20, MedCity:

- a) Has a £100k underspend from the HEFCE funding, ringfenced for MedCity's Collaborate to Innovate programme;
- b) Has a European Regional Development Fund (ERDF) bid in play for a potential total of £100,000 for Collaborate to Innovate 2: Advanced Therapies; and
- c) Projects commercial and sponsorship income in the region of £100,000.

5 Equality comments

- 5.1 Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 5.2 This involves having due regard to the need to remove or minimise any disadvantage for those who share a relevant protected characteristic that is connected to that characteristic, taking steps to meet the different needs of people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low.
- 5.3 The relevant protected characteristics under section 149 of the Equality Act are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, and sexual orientation.
- 5.4 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.
- 5.5 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.

6 Risks arising / mitigation

Risk Description	Owner	Probability (Low, Medium, High)	Impact (Low, Medium, High)	Mitigation
Inward investment targets not met	Laura Gilbert	M	M	MedCity & L&P to work ever more closely on inward investment
Loss of staff due to uncertainty of funding & departure of CEO	Laura Gilbert	M	H	GLA officers working closely with MedCity to ensure smooth CEO handover, and supporting MedCity to engage with potential funders
Other LEPs do not provide funding	Laura Gilbert	M	M	MedCity senior staff & GLA officers to engage with LEPs

7 Financial Comments of the Executive Director Resources

- 7.1 The proposed LEAP investment of £100,000 will be earmarked from within LEAP Core Funding and phased equally in 2019-20 and 2020-21 (£50,000 each year). This is in addition to the main grant for these years, which is tapering off, thus ensuring some financial support for a key MedCity activity.
- 7.2 It should be noted, the draw-down of LEAP funding was originally dependant on securing match funding from the other LEPs. At this stage this has not been secured and a decision will need to be made whether to waive this condition of funding.

8 Next steps

- 8.1 The next steps following consideration by the Investment Committee are summarised below:

Activity	Timeline
Any subsequent approvals e.g. MD or DD	June 2019
Procurement of contract	June 2019
Delivery Start Date	July 2019
Delivery End Date	March 2021

Appendices:

- **Appendix A** – Business Case for LEAP funding
- **Appendix B** – Proposed outputs
- **Appendix C** – Potential MedCity funding from surrounding LEPs

Background Documents:

The following documents are available upon request:

- MedCity Annual Report
- MedCity Business Plan 2019/20
- Analysis and commentary on MedCity 2017/18 inward investment KPI