

**Programme Management Group Meeting**

**11<sup>th</sup> July 2019**

**Health Tech Accelerator – Item 6b**

The Programme Management Group is asked to:

**AGREE:** A Local Growth Fund grant of £1,687,647 to Surrey and Borders Partnership NHS Foundation Trust (SABP) towards establishing a Health Tech Accelerator.

**1. Background**

- 1.1 The Health Tech Accelerator (HTA) will accelerate economic growth in the M3 corridor by supporting high value, home-grown innovative health technology companies. The HTA will help SMEs develop products, services and processes, which are designed to meet patient need and which can be fast tracked into the domestic NHS and private health & social care markets, and international markets.
- 1.2 The HTA's goal is to strengthen collaboration between industry, the public, health & care services, and academia to accelerate economic growth in the M3 corridor. It will essentially consist of the equipment and refurbishment of two pre-existing labs, plus space for a start-up/SME 'business lounge', based at the University of Surrey in Guildford.
- 1.3 The aims of the Health Tech Accelerator align to several themes in our developing Local Industrial Strategy: Science & Innovation; People; Exporting; Clean Growth, Digital, Future Mobility. They also help put the UK at the forefront of the industries of the future as set out in the Government's Grand Challenges: Artificial Intelligence & Data; Ageing Society; Clean Growth; Future Mobility.
- 1.4 As part of the Local Growth Deal, the Enterprise M3 LEP launched a £20 million Growth Fund in December 2018 to back innovators and entrepreneurs who can deliver projects which will drive clean growth, enhance productivity and create jobs across the digital, aerospace, defence, space, transport, med tech and digital health sectors. In response, SABP NHS Foundation Trust submitted an expression of interest (EOI) proposing the Accelerator. An independent assessment of the EOI judged the project as an "A", meaning it is a well written proposal and responds to the Enterprise M3 SMART objectives across all areas. In March 2019 the PMG gave approval for the applicant to proceed to a full business case. AECOM Ltd. were appointed to carry out a Due Diligence report of that case. That report has now been completed.

**2. Details of Project**

- 2.1 Health tech companies are defined in the Business Case as those companies who are in the business of producing, making or offering digital health technology and services and medical technology.
- 2.2 The HTA will include the equipment for and refurbishment of two pre-existing labs, with space for a start-up/SME 'business lounge', based at the University of Surrey campus in Guildford with kit, technology and facilities as follows (See Appendix 1 for map and layout):

- An **Engineering Design Laboratory**. This facility is based in the University's Centre for Vision, Speech and Sensory Processing (CVSSP). The space needs some light refurbishment will be accessible to health tech SMEs based in the EM3 region to test and work on the technical design for their prototypes and products supporting market creation. **Engineering Design laboratory** (Living Lab) shown as A on the map above. Once developed the produce will be trialled within the Digital Ward Laboratory.
- A **"Digital Ward Laboratory"** This facility will be located on the 1<sup>st</sup> floor of the CRC (Clinical Research Centre) building. This facility will accommodate 'participants/patients' who will trial the digital health technologies developed by the SME's. Some of these technologies will be developed by SME's within the Engineering Design Laboratory above. The aim is for health tech devices and systems which address local physical health priorities (e.g. cancer, cardio-vascular disease, diabetes, musculoskeletal issues) and mental health priorities (e.g. depression, anxiety, psychosis and personality disorders) to be demonstrated, trialled and evaluated with clinicians and their patients and carers.
- **Dedicated 'business network lounge' / hot desking space** with printing facilities, and Wi-Fi access which will house staff from Surrey Heartlands senior clinicians, the AHSN, academics from university and health tech businesses and others. In the interim this will be set up within SETsquared's Guildford office base until it can be permanently located on or closer to the Health Tech Accelerator.

Please note: Although the Health Tech Accelerator will comprise each of these 3 elements, the Enterprise M3 grant is required for reconfiguration and refurbishment of the two laboratories only. The scheme promoter is exploring private and commercial sponsorship for the business lounge.

### 2.3 Official partners to the project include:

- Cisco
- Kent Surrey Sussex Academic Health Science Network (KSS AHSN)
- SETsquared
- Surrey and Borders Partnership NHS Foundation Trust (SABP) (lead promoter)
- Surrey Heartlands Academy (Integrated Care System)
- University of Surrey (UoS)

## 3. Project Funding & Outcomes

- 3.1 The project is expected to cost £3,848,870. The grant requested from EM3 for capital costs is £1,687,647(exc VAT). The Partners have committed to contribute match funding (in-kind) in the aggregate amount of £2,161,223 towards the revenue costs of The Project.
- 3.2 The EM3 capital grant would be spent on refurbishment of the areas at the University of Surrey campus including its segregation into bespoke spaces to allow multiple scenarios to be tested, including moveable partitions to provide flexibility. It is also needed for IT infrastructure and equipment beyond that supplied in kind by Cisco. More detail is set out in the table below:

Description	2019/2020	2020/2021
Refurbishment	780,320	
Furniture/Equipment	70,257	
IT Cost	323,340	

Programme management function	88,470	138,940
Data Lake	30,000	70,000
Project manager	40,000	80,000
<b>Total</b>	<b>1,332,387</b>	<b>288,940</b>
2019-2021 Cost	1,621,327	
Application Fee as per Hampshire CC	66,320	
<b>Total Cost</b>	<b>1,687,647</b>	

- 3.3 The Project is due to start on 16 September 2019 and is estimated by the Scheme Promoter to take eighteen months to complete. The Scheme Promoter expects The Project to be completed by 31 March 2020.
- 3.4 The Business Case states that due to the nature of NHS financial settlement, ongoing spending constraints and pre-existing financial commitments for the year 2020/21 both health and academic partners are only able to provide in-kind labour, 'know-how' and infrastructure, as opposed to cash contributions. This leaves a funding gap to cover the main capital costs of, £1,687,647(exc VAT). which is the subject of the application to EM3 for a grant. The funding allowances are summarised in the table below.

Partner	Funding	Status of funds
EM3	£1,687,647	Subject of due diligence; to be decided by EM3
UoS	£950,368 in kind	Secured and agreed in writing
KSS AHSN	£319,000 in kind	Secured and agreed in writing
Surrey Heartlands Academy	£304,975 in kind	Secured and agreed in writing
SABP	£200,880 in kind	Secured and agreed in writing
Cisco	£130,000 in kind	Secured and agreed in writing
SETsquared Surrey	£106,000 in kind	Secured and agreed in writing
SETsquared Partnership (Network Partner)	£150,000 in kind	Secured and agreed in writing
<b>TOTAL</b>	<b>£3,848,870</b>	

- 3.5 The "in kind" contributions from these partners are critical to delivery and success of the HTA. Cisco will provide leading-edge collaboration technology infrastructure, such as video (Cisco WebEx), messaging and team/project collaboration tools (Cisco WebEx Teams). They will also provide experience and scale-up knowledge, including access to its healthcare sales teams for commercialisation.
- 3.6 The AHSN and SETsquared will provide a wrap-around offer to SMEs including free market access advice, business case and funding advice; support for those nearest the market to commercialise - such as signposting and networking opportunities, introduction to commissioners with health and social care budgets and forging cross trade opportunities with international markets such as Denmark, Estonia, Finland and beyond.

- 3.7 NHS and University partners will provide a range of services including clinical expertise, R & D support to SMEs, advice on commercialisation and patenting.
- 3.8 The project's intended benefits and outcomes for the Enterprise M3 area economy are:
- By March 2021 create 70 FTE employment opportunities in SMEs and Start-Ups using the HTA
  - 20 apprenticeships created generating a minimum £239,850 into the economy.
  - HTA attracts interest from venture capital funding firms.
  - Raising productivity in the life sciences, digital and health technology sectors by increasing the number of products, devices and services that are near to market.
  - Levering wider investment of an average £5.4m from large health and digital technology businesses. This is based on the median of investment across the UK.
  - Improve workforce capacity and capability within the health sector thus aiding retention and recruitment – providing a response to high vacancy rates.
  - Health Tech may aid recovery and improve health outcomes resulting in people being able to return to work or play a more active role in their communities.

#### **4. Outcome of Scrutiny**

- 4.1 The full business case and appendices are available to PMG members on request.
- 4.2 AECOM has reviewed the robustness of this scheme and note the original cost of £2,160,632 including VAT to construct the project within the c. two-year timeframe seemed viable in principle.
- 4.3 However, the applicant has reduced the amount originally requested from the EM3 Local Growth Fund after our own further scrutiny revealed revenue costs had been included in the original bid. These costs have been removed, and the applicant has resubmitted the lower grant request, having secured a commitment from the University of Surrey that the revenue salary costs initially proposed will be met by the University to ensure the HTA goes ahead.
- 4.4 The applicant has further confirmed the renewed bid is to cover costs wholly associated with bringing the asset into working condition for its intended use and do not include any ongoing management/maintenance costs.
- 4.5 Other assurances of viability were recommended by AECOM and have been sought and received. In summary:
- University of Surrey have confirmed in writing their consent for the proposed layout changes/refurbishments to go ahead
  - SABP have set out robust and reliable sources of data which informed their prediction of economic benefits eg ONS, MedCity, AHSN, Enterprise Research Centre, DWP and ERDF & ESF economic performance data
  - The University of Surrey have confirmed in writing that the reconfiguration and refurbishment works are within the University Project Office schedule of forthcoming project works with a start date of September 2019 and a completion date of March 2020.
  - The University of Surrey have confirmed in writing the costs presented are based on agreed internal procurement rates using industry standards for refurbishment of the type of space within this project. Further, a contingency of 10% has been included to cover unforeseen issues and the University commits to absorb any unforeseen inflationary costs.

- SABP state the University has requested independent verification of costs from a consultant QS

## 5. **Conclusion/Recommendation**

- 5.1 It is recommended members of PMG approve a grant of £1,687,647(exc VAT) to Surrey and Borders Partnership NHS Foundation Trust (SABP) towards establishing a Health Tech Accelerator.

Sue Littlemore  
Future Initiatives Manager  
3<sup>rd</sup> July 2019

## **APPENDIX 1**

### **Health Accelerator bid – University of Surrey/SABP**

#### **Capital refurbishments at the University of Surrey**

There are two spaces within the proposal which will require capital investment to provide refurbishments in order to conduct the proposed activities and deliver the stated outcomes.



Fig 1 (above) map showing University campus

#### **Space 1 – Engineering Design laboratory (Living Lab) shown as A on the map above.**

This facility is based in the University's Centre for Vision, Speech and Sensory Processing (CVSSP). The space needs some light refurbishment and will be accessible to health tech SMEs based in the EM3 region to test and work on the technical design to develop their prototypes and products. Once developed the produce will be trialled within the Digital Health Ward.

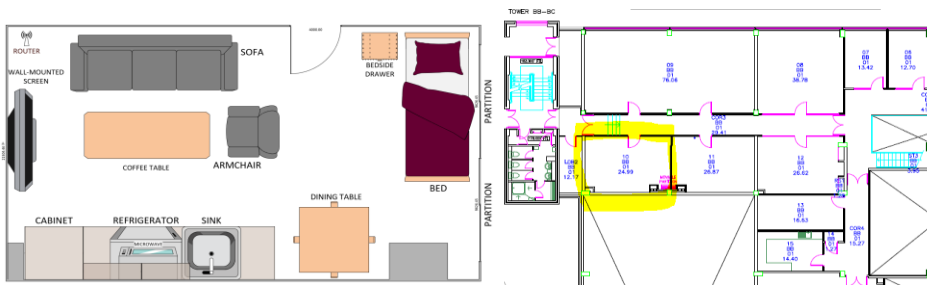


Fig2 (above) Engineering Design Lab layout and floor plan

#### **Space 2 – Digital Health Ward – shown as B on the map above.**

This facility will be located on the 1<sup>st</sup> floor of the CRC (Clinical Research Centre) building. This facility will accommodate 'participants/patients' who will trial the digital health technologies developed by the SME's. Some of these technologies will be developed by SME's within the Engineering Design Laboratory above. It is intended that health tech devices and systems to address local physical health priorities (e.g. cancer, cardio-vascular disease, diabetes, musculoskeletal issues) and mental health priorities (e.g. depression, anxiety, psychosis and personality disorders) can be demonstrated, trialled and evaluated with clinicians and their patients and carers.

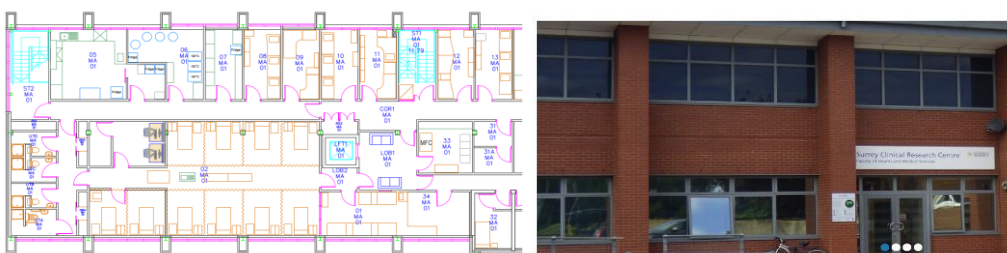


Fig 3 (above) Digital Health Ward floor plan and front elevation of CRC building

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