

Programme Management Group Telecon Meeting

16th August 2019

Health Tech Accelerator - Item 3a

The Programme Management Group is asked to:

Agree: A Local Growth Fund grant of £1,687,647 (exc VAT) to Surrey and Borders Partnership NHS Foundation Trust (SABP) towards establishing a Health Tech Accelerator. Please note the Group was minded to support this project at its meeting in July. A final decision was deferred pending further information on partner contributions.

1. The Project

- 1.1. The Health Tech Accelerator (HTA) will aim to 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 with patients, and which can be fast tracked into public and private health markets, home and abroad. The applicants say this is the first facility of its kind in the UK.
- 1.2. The HTA will address a current national obstacle to innovation in health and care services where health tech innovators are failing to develop concepts which meet the clinical challenges and priorities of the main customer, the NHS. Collaboration between industry, academia, health & care services, and, importantly patients and carers, will be at the heart of the HTA, ensuring products and services are fit for purpose and the health and care market. An essential role of the HTA will be to provide live testing of new concepts and design of products.
- 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.

2. Project Details & Outcomes

- 2.1. The project is requesting £1,687,647 capital funding from Enterprise M3. The contribution by the Health Tech Accelerator partners is £2,095,223. The total project cost is £3,782,870.
- 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:
 - A **"Digital Ward Laboratory"** where health tech devices and systems – in areas of local physical health priority (e.g. cancer, cardio-vascular disease, MSK), mental health priorities (e.g. depression, anxiety, psychosis and personality disorders) and early intervention through primary care can be demonstrated, tested and evaluated with clinicians, their patients and carers who have agreed to become early adopters of technology.
 - An **Engineering Design Laboratory** based in the University's Centre for Vision, Speech and Sensory Processing (aka "Surrey AI") building. This space 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.

- **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 near 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 “networking lounge”/ hot desking space.

2.3. 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.

3. Clarification of Funding and Partner Contributions

3.1. The applicant proposes to “match” the £1,687,647 capital funding from Enterprise M3 with a contribution from the partners equivalent to £2,095,223, bringing the total project cost to £3,782,870

3.2. Official partners to the project are:

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

3.3. At July’s meeting, PMG members acknowledged the merits of this project, in principle, and were keen to see the project go forward. However, a final decision was deferred pending clarification on four issues set out as follows:

1. - The nature of the partner contributions to the project.
2. - Clarification on how long the HTA will operate once the capital improvements have been made.
3. - Funding arrangements and plans for sustaining the project and its facilities.
4. - Clarification of whether the services of the HTA will be free to businesses.

3.4. The applicant has now provided detailed information addressing each of those points. They are summarised as follows:

1. The applicant has provided detailed information on the resource contributed by each partner and their allocation of staff with accompanying costs. These contributions include, for example, technology hardware; staffing of the engineering design laboratory and the digital health ward and staff to run SME engagement in the project including running competition calls and market awareness training for SMEs. They have further confirmed in writing, “We want to emphasise that the staffing is a real resource and that these outputs do not form part of the existing work of any of the staff. The partners will therefore prioritise this additional capacity requirement in their staff planning and will use revenue to fund these and/or backfill capacity where staff are taken out of existing tasks.”

2.& 3. The applicant has stated the HTA Programme will run from Contract award to 31 March 2021, and that they have already begun to consider potential future investment options which include seeking investment from Surrey Heartlands Integrated Care System (a system wide approach to improving Surrey), exploring investment from the private sector, potential grants and potential wider investment. They have also started to identify relevant government and industry bodies who might provide support going forward e.g. Department for International Trade, AHSNs. By enabling an important regional pilot in health tech innovation, the capital investment from Enterprise M3 can be seen as providing confidence to other potential investors going forward.

4. The applicant confirms HTA programme will be free to businesses.

4. **Conclusion/Recommendation**

4.1. In view of the information received from the applicant in response to PMG members’ queries, 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
7th August 2019

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 1st 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 |
| Total | 1,332,387 | 288,940 |

| | |
|-------------------------------------|------------------|
| 2019-2021 Cost | 1,621,327 |
| Application Fee as per Hampshire CC | 66,320 |
| Total Cost | 1,687,647 |

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 |
| TOTAL | £3,848,870 | |

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
 3rd 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.

