

The Rt Hon Rishi Sunak MP
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

24 September 2021

Autumn Budget and Spending Review 2021: Invest and Innovate

Dear Chancellor,

I write on behalf of the UK research based pharmaceutical industry. The ABPI exists to make the UK the best place in the world to research, develop and use new medicines and vaccines.

The pharmaceutical industry is one of the UK's key strategic industrial sectors: a key driver of productivity, as the largest investor in R&D, as well as a major source of export revenues and high value employment in all areas of the country. In all these areas, with the right policies, there is further substantial growth potential, as recognised in the Government's *Life Science Vision*.

The publication of the *Vision* was built on the partnership between Government and industry which was pivotal in the response to COVID-19. Delivering meaningful investment through the **2021 Autumn Budget and Spending Review is essential if Government is to deliver the foundations of the *Vision*, upon which the UK's global ambitions for the life sciences sector can be taken forward.** The potential economic benefits from doing so are profound. Our submission focuses on the essential priorities for this investment.

Investment in the world class institutions that underpin the UK's life sciences sector

The *Vision* set out an ambitious blueprint for the UK to become a global hub for life sciences and a science superpower, and is fully supported by the life sciences industry. It's critical that the right infrastructure is in place to leverage private sector investment and ensure the ambitions of the *Vision* are realised.

Regulation

- The *Vision* recognises the post-Brexit opportunity to make the UK a global leader in medicine regulation. This would bring direct economic as well as patient benefits, by incentivising companies to research, develop, manufacture and launch innovative

medicines in the UK early. If this goal is not properly resourced, the UK risks standing still, then falling behind.

- Alongside a robust regulatory framework, there must be an adequate and stable funding regime for the MHRA, allowing it to fully deliver on the ambition to expand its Early Advice Service and the Innovative Licensing and Access Pathway (ILAP), to improve the UK's competitiveness in clinical research, regulation, evaluation and adoption.
- For this to be successful, NICE must also be sufficiently resourced to efficiently conduct the technology appraisals that follow regulatory approval. Regulation and health technology assessment are now inextricably linked in the UK, and the right level of investment across MHRA and NICE is crucial to delivering on the ambition.
- We are also supportive of a UK Centre of Excellence for Regulatory Science and Innovation (UK CERSI) as identified in the recent Taskforce on Innovation, Growth and Regulatory Reform (TIGRR) report and Regulatory Horizons Council report on medical devices. Discussions with UK Regulators (FSA, MHRA, OPSS, HSE) have highlighted that they are deeply supportive of this initiative.

Clinical Research

- The *Vision and the Future of UK Clinical Research Delivery* set out a UK-wide commitment to create a digitally enabled and pro-innovation clinical research environment, which is more efficient, resilient and patient-centred, with research embedded across the NHS.
- Delivering on these commitments will help attract new commercial clinical research investment in the UK. This yielded for the NHS an estimated £355 million in 2018/2019, supporting the UK's growth agenda.ⁱ
- Critical to the success of this will be enhancing NHS research workforce and capacity, clearing the NHS backlog or ensuring research takes equal priority for resources, embedding research and adoption of innovation in Integrated Care Systems, and promoting opportunities for all UK patients to be offered participation in clinical trials. This investment is essential and urgent if the UK is to reverse the costly decline in its share of global clinical trials.

Data and Genomics

- We fully support the joint DHSC/BEIS proposals to harness the well-recognised potential of UK-wide data assets, building on the structures already established to accelerate progress towards interoperability, consistent curation and ready accessibility of health data. This was identified as a "precondition" for the successful delivery of the Life Sciences Vision, and is key to delivering the aims of the Innovation Strategy and 2.4% ambition. With global competitors investing at pace and scale, financing the full delivery of the Data Saves

Lives Strategy at the forthcoming Spending Review is an imperative if the UK is to establish a competitive advantage.

- These proposals can help to underpin better patient outcomes and increased efficiency within the NHS. They will also help attract investment, by supporting all stages of R&D for novel medicines and vaccines, as well as the creation of new high-value, high-skilled jobs within the Life Sciences Sector and NHS.
- The value of genomics was demonstrated earlier this year with scientists sequencing the COVID-19 virus within weeks of discovery. As such, we fully support the Government's ambition to build further on the most advanced genomic healthcare system in the world.
- Priorities supported by industry are expanding the new-born screening programme, enhancing recruitment of deep genomic and phenotypically characterised patients into adaptive trails in the NHS, accelerating the adoption of genomics into mainstream clinical care, and funding of a functional genomics initiative to improve medicine discovery and development.

Skills

- If the sector is to meet its growth potential and maintain competitiveness globally, it must be able to access talent in the disciplines and emerging skills needed to capitalise and deliver on new innovations. These include the newer disciplines of information management, data science and health economics, where there is presently a shortage in supply of talent.
- Within this context, a sector-based skills policy must be delivered including: driving up provision of training from level 2-7; incentivising uptake of apprenticeships in all parts of the sector; establishing parity of esteem with academic routes; and boosting utilisation of the levy. Funding must also remain in place to maintain academic degree qualifications as part of the degree apprenticeship for science, and degree apprenticeships should continue to support a broad base of science skills to enable future career pathways.

A pro-innovation fiscal policy

The Government's plan to invest £22bn per year in R&D by 2024/25 is an essential foundation for life sciences growth. Alongside this, the right incentives must be in place for business investment.

Combining increased public investment with globally competitive incentives would be seen by investors as a signal of the Government's intent to turn the UK into an innovation powerhouse. Attention must be paid to both R&D and manufacturing.

R&D Tax Credit Modernisation

R&D is an engine of growth, catalysing innovation across the economy. To stimulate greater private sector investment in R&D, the RDEC and RDTTC credits should be enhanced:

- Firstly, capital should be made an eligible expense. ABPI analysis indicates that this would stimulate up to £1.2bn per annum of additional private sector R&D, raise GDP by £4bn by 2030 and pay for itself within 11 years, improving tax revenues.
- Second, data and cloud computing costs should be brought within the scope of the credit, in line with your Manifesto commitment. Both play a growing share in modern R&D and governments are increasingly moving to recognise this in their tax systems.

Capital Grants for Manufacturing

- The launch of the Medicines and Diagnostics Manufacturing Transformation Fund was hugely welcome; such a facility is essential to a competitive offer and ensuring investments are secured in the UK. The initial £20m fund was understood to be at a seed level while the concept was tested; excess demand was quickly demonstrated.
- Expanding the fund to meet demand would bring significant new investment in this critical sector. Flexibility is also required if the UK is going to compete with other countries, as time limited processes may not fit with organisation planning cycles for strategic investments. In doing so, you have a unique opportunity to drive exports and bring high value jobs to some of our most disadvantaged regions, putting the UK back on the world stage in the high productivity sector.

Support for NHS recovery, boosting productivity through innovation

The *Build Back Better Plan for Health and Social Care* recognises the importance of improved NHS productivity. Ensuring that all eligible NHS patients can access the latest treatments is fundamental to this – improving patient outcomes now and moderating future demand growth.

Industry provides financial security to enable this via the Voluntary Scheme, which caps growth in branded medicines spending to 2% per year. This should allow the NHS to quickly adopt and use NICE recommended medicines, consistently across all eligible patient populations. This is not happening: OLS Competitiveness Indicators show that on average, one year after NICE approval, new medicines are used at half the rates seen in comparator countries.

To ensure the *Life Sciences Vision* is fully realised, the following is required:

- Successful delivery and full implementation of an ambitious NICE *Methods and Process Review*, including changes to severity modifiers and the discount rate.
- Full support to expand the AAC early adoption and rapid uptake programmes.

- Full delivery of the Voluntary Scheme commitment to raise uptake to the upper quartile of comparator countries in the five categories of “highest health gain” medicines.
- Funding to enable extension of the Academic Health Science Networks’ licenses, which have been a vital conduit for catalysing the uptake and spread of innovation in the NHS.

Finally, there is an opportunity to further strengthen the Joint Committee on Vaccination and Immunisation (JCVI) following its ground-breaking work on COVID vaccines. Investment to allow JCVI to develop better horizon scanning, processes and methods, including stakeholder engagement processes, is required to make it world class – matching NICE’s status in health technology assessment of medicines. Making the UK a global leader in both medicine and vaccine evaluation would deliver an important plank of the *Life Sciences Vision*.

Kind Regards,



Richard Torbett | Chief Executive

Executive Assistant, Kim Donnison | kdonnison@abpi.org.uk (020) 7747 1427

¹ National Institute for Health Research. Impact and Value of the NIHR Clinical Research Network 2019. Available from: https://www.nihr.ac.uk/documents/partners-and-industry/NIHR_Impact_and_Value_report_ACCESSIBLE_VERSION.pdf