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7th February 2025

Dear Chief Secretary,

Comprehensive Spending Review Call for Evidence

I was pleased to have the opportunity to meet you at the British Chambers of Commerce Business Council on Wednesday 5th February. I am writing to provide additional information which I hope will be considered in the forthcoming CSR. Our evidence is relevant to the local economy of the Thames Valley region for which we are the Accredited Chamber of Commerce (Berkshire, Buckinghamshire, Oxfordshire, Swindon) and can also be applied nationally to support the key growth sectors identified in HMGs Invest 2035: UK's Modern Industrial Strategy green paper. Our aim is for the Thames Valley business community to reach its full potential and contribute solutions to the UKs wider growth, health and decarbonisation challenges.

Heathrow and Surface Access

The Chancellor has announced government support for a third runway at Heathrow, which we fully support and new projects to support regional economies. We are also calling for support for surface access to the airport, specifically the timely delivery of the Western Rail Access to Heathrow scheme.

We are at a key stage in Western Rail Access. We have secured funds from business and local authorities to commission a revised economic refresh and business case for the scheme. If the business case is proven, the case will be brought to the attention of Government in the next six months and development could commence on site in 4-5 years subject to the Development Consent Order process. This would be transformative for the Thames Valley but also grow the GVA of communities in the Southwest and Wales. 14 million people will benefit from improved access. We have a workable model to attract majority private sector finance, any significant contribution required from Government or Heathrow Airport will fall c 2029 when construction could begin.

Local Skills Improvement Plans

The Chambers of Commerce performing as "Employer Representative Bodies" delivering Local Skills Improvement Plans on behalf of the Department of Education to provide employer engagement remain unclear regarding future funding (the contract ends on March 31st, 2025). To momentum with this programme now would impact on the ability to bring together employers in the future to co-develop skills solutions with training providers and local colleges. We've reached key milestones in engaging employers and aligning educational strategies with local needs. Our focus remains on creating meaningful collaborations that yield tangible results for communities. We call upon Treasury to ensure that sufficient funding is available to the Department of Education to deliver a long term Local Skills Improvement plan programme across England.

"Building Berkshire Together"

We are extremely disappointed with the announcement that this new hospital programme (NHP), not for the first time, has been significantly delayed. While we are pleased that the government has recognised the case for a whole new hospital, the announcement sees us delayed by at least another six years and there will be little prospect of a new hospital before 2040. The original Royal Berkshire was built in 1839.

Each year of delay means additional inflation costs as high as £33 million a year being added to the costs *(ref. Mott Macdonald independent Viability Report 2024*) In the last 18 months 50 operations have been cancelled due to estate / infrastructure issues including power cuts, water supply issues, broken lifts and inadequate temperature controls in theatres.

The new hospital programme for Royal Berkshire NHS Foundation Trust is in Wave 3 with a construction start date of 2037-39. We ask the Treasury to reconsider the current situation that no further funding for the programme will be available until after 2030 and we invite you to work with the Chamber, and other key stakeholders, to advance the timetable.

Power Shortage/s

This was raised at numerous times during the roundtable and the issue is exacerbated in the Thames Valley. The region is home to Europe's largest trading estate in single ownership, and 2nd largest cluster of datacentres in the world (largest in Europe), in Slough owned and operated by FTSE 50 business SEGRO. Despite having land, planning for our 10-year pipeline, customers, and demand – meaning that SEGRO could immediately deploy capital and capture huge amounts of inward investment – they are unable to do so because of a lack of power. The consequences of this power shortage are significant, resulting in delayed investments, missed opportunities, and uncertainty in the energy sector. Developers and their customers require certainty on power to commit to investments that take several years to be operational. There are similar challenges across our region and for specific sectors, such as the creative industries for which we are at the forefront of securing new investment. What is the Treasury's commitment to upgrading the grid, and ensuring projects can connect to the grid when they are ready? Power, resilience, and supply is a barrier to future economic growth and £bn's worth of investment, not just in locations such as Slough but across the Thames Valley region.

The recent decision by Buckinghamshire Council to delay the approval of the Iver upgrade only exacerbates the problem. Delays to the certainty have a knock on impact on international businesses being able to commit to investment. It is crucial for all parts of the public sector to prioritise and support the development of power infrastructure to avoid further delays in investment and economic growth. The impact of this power shortage is substantial, as the UK stands to lose or delay several billion pounds in investment due to its inability to support the demand. Other markets (mainly Frankfurt, Dublin, Cork and Amsterdam) will be the beneficiary from delay and uncertainty on power delivery.

The cost of building, fitting out and operating a data centre is substantial, with a minimum investment of £500 million required, per data centre. This significant expenditure is typically borne by the end customer, who are usually funded by international rather than British investors. Investment in data centres leads to a considerable amount of inward investment into the UK economy. We have an opportunity right in front of us to deliver a number of data centres and to capture £bn's of inward investment but are at a significant risk of missing out.

The cost of achieving compliance with Zero Emission Vehicle (ZEV) Mandate

We call for a continued focus on ensuring the rollout of electric vehicle charge points is accelerated under the Labour government.

The government has recognized that the Zero Emission Vehicle (ZEV) mandate has not produced the desired outcomes, and we request the Treasury support new measures to improve electric vehicle adoption and reduce compliance costs. The review of the ZEV mandate is expected to lead to extensions of flexibilities throughout the lifetime of the scheme, ensuring compliance costs are lowered and that consumers have access to a variety of hybrid and electric vehicles up to 2035.

As the government acknowledges the need for additional support to facilitate a successful transition to electric vehicles, we ask government to establish a way forward with industry that encourages greater uptake of zero-emission vehicles while addressing the concerns and challenges faced by manufacturers and consumers alike.

Health and Life Sciences (HLS) and the 'unprecedented opportunity to join the dots'

Last year, and shortly before the general election, the Thames Valley's HLS working group published its Manifesto for Investment, Health, and Growth in the sector. The region is at the heart of the HLS 'golden triangle' and is/will be a key driver of the UK government plans for economic growth and modernising the NHS. The Manifesto summarised several key asks, centred on ensuring the sector is best placed to deliver economic growth and its global reputation. These asks included laying the foundations for greater, long-term, investment, a focus on regulatory and fiscal action, and the frameworks (e.g., taxation) that help create certainty and can help modernise healthcare and drive innovation.

Ahead of the Comprehensive Spending Review, we urge the Chancellor to recognise that policies to deliver growth in the health and life sciences sector will not succeed, unless the government also addresses the historic disinvestment in medicines that has taken place in the NHS over the last decade.

By example, members of our working group have raised issues regarding the Voluntary Scheme for Branded Medicines Pricing and Access (VPAC) – the renegotiation of the new Voluntary Scheme for medicines pricing payment for newer medicines. The Scheme is the primary mechanism for controlling total branded medicines expenditure in the NHS. To do this, pharmaceutical companies pay rebates on their revenues back to the NHS, above a capped limit on sales. We continue:

- we understand that in December 2024, the government announced that the 'headline' payment rate, applying to newer medicines for 2025, would rise from the expected 15.3% to 22.9%. Our members have indicated that this is beyond expectations / outside of both industry and government forecasts meaning a real and immediate impact on the sector capacity to invest and retain/recruit staff. (i.e., we understand this means the industry will need to pay around £3.4 billion to the government this year, more than the total payments made over the 5-year scheme 2014-2018).
- to drive economic growth in the UK it is critical that the HLS sector continues to be incentivised through reasonable returns to develop new therapies.
- the development of drugs, including the COVID vaccine, which was developed in the Thames Valley, is a highly costly endeavour, with much attrition, along the way and significant additional costs such as effected through a substantial increase in the Voluntary Scheme and render it uneconomic for a company to bring a drug to market in the UK.
- the lack of availability of new drugs to address clinical and patient need will impact upon the broader health - and hence ultimately - the prosperity of the UK

In support of the above, we draw your attention to the most recently published statements by the ABPI (see HERE and HERE).

Our working group members inform the Chamber that the industry remains committed to the Voluntary Scheme. However, given these factors, they are wanting closer dialogue in the run-up to a formal review of the Scheme in the Autumn to ensure we are focused on the mutual goal of bringing the UK back to a position of international competitiveness is back on track. As the government moves to publishing three important new plans in 2025 (the NHS 10-year plan, the Industrial Strategy, and a Life Science Sector Plan) for which TVCC, alongside the British Chambers of Commerce, have been contributing, there is an unprecedented opportunity for cross department collaboration to ensure HMG plans for health, investment and growth are aligned.

With a pride in our region and based on a proven history of delivering economic development and productivity growth, we believe that the Thames Valley is very much part of the government's solution to delivering future economic growth and prosperity to UK plc. As a Chamber we stand ready to support the Treasury, and government. How can we best help?

Yours sincerely,

Paul Britton
Chief Executive Officer