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Dear Dominique,

**Invest 2035 - the UK's modern industrial strategy.**

Our government published its industrial strategy, *green paper*, in November 2024 for which Thames Valley Chamber of Commerce (TVCC) submitted a consultation response last year.

We were pleased to receive your approach, earlier this year, to help convene a cross-regional business roundtable on the Industrial Strategy to help inform and shape the next stage *white paper* and the forthcoming '**Investment Plan for Britain.**' This roundtable is scheduled to take place on the 27<sup>th</sup> of March 2025.

In preparation for the above, we discussed the sector focus of the industrial strategy, highlighting that of the six [growth sectors](#) identified, the Thames Valley is – arguably – world leading in all six, particularly [life sciences](#). We shared that TVCC hosts an established, and successful, business-led curated industry network for [health and life sciences](#) (referenced as a good practice industry network in the Life Sciences Vision) which you expressed the value of - and welcomed our working group to provide a sector-specific response to the industrial strategy.

Last year the working group [published](#) a [Manifesto for Investment, Health and Growth in Health and Life Sciences](#) which outlined the key 'asks' of government. This document remains of relevance and forms the foundation of the working group discussion on the industrial strategy. These 'asks' are summarised as follows:

- A. **Invest in the success of the Thames Valley** and the sector ecosystems, like our working group, which are enhancing/developing industry collaboration. Shout a little louder!
- B. Addressing Sector Issues:
  - move to a value-based procurement model for the NHS.
  - digitalisation of the Healthcare system.
  - Wider definition of life sciences to include agritech.
- C. Establish consistent, long-term regulatory and fiscal framework.
- D. Creating certainty and a good tax regime – including:
  - actions that drive productivity (and its proxies, skills, capital investment in infrastructure and digital infrastructure, inc. application of artificial intelligence).
  - innovation (e.g., R&D tax credits that foster innovation).
  - longer-term financial planning for the NHS.

- continued need for adaption and innovation – to drive productivity improvement and service change.
- E. Lay the foundations for greater investment/incentives for medicines manufacturing.
- F. Rapid improvement for the regulatory pathways, including:
  - accelerate regulatory response times for clinical trials and medical devices.
  - enhance communications between regulatory bodies and stakeholders engaged in the clinical approval process.
  - create incentives for domestic clinical work, encourage R&D in the UK.
  - reducing the cost of compliance.

Our Health and Life Sciences working group met on 12<sup>th</sup> February 2025 and we took the opportunity to hold a facilitated discussion. Building on the foundation of the Manifesto 'asks,' the attached appendices provide you with a summary of this discussion and the responses subsequently received. They are framed by the three questions you posed.

For your information and attention:

- We look forward to welcoming Karen Frieze to our forthcoming Windsor Debates, 21<sup>st</sup> March 2025, covering the topic of ['Health and Life Sciences – The Foundations for UK Growth'](#).
- Our working group has a forward schedule of meetings in 2025. As always, representatives of DBT and the Office for Life Sciences are welcome and invited to participate. Our programme includes keynote speakers from NICE, ABHI and Skills England (in October we focus on Healthtech).
- We are minded to share this letter with selected MPs, including Layla Moran and the Secretary of State for Health and Social Care.

We thank you for the opportunity to comment in detail. We look forward to continuing our discussion on the 27<sup>th</sup> March and trust the above are welcome in the Department's wider review.

Yours sincerely,



**Paul Britton**  
Chief Executive Officer



**Sue Staunton**  
Joint Managing Partner, James Cowper Kreston  
Chair, Thames Valley Health and Life Sciences working group.

## HLS comments by question

### **1. How can government (HMG) support the health and life sciences (HLS) sector to further innovate and scale? Where are the opportunities in the Thames Valley (TV) & at national level?**

- Curated Industry Networks: Enhance/strength business-led industry network/s, like the business-led TV's HLS working group (which can function as a national pilot) to foster/develop:
  - greater ecosystem development, connecting SMEs with large corporates, academia, and other innovation networks (regionally / nationally).
  - sub-sector strengths and centres of excellence, including genomics, agritech, pharma, medical devices/manufacturing, artificial intelligence (AI) (Healthtech).
  - structures that build the connectivity, across regions, which can link expertise, facilities, resources, training and access to VCs and potential industry partners.
  - investable commercial opportunities that can drive foreign direct investment.
  - a partnership approach, with an existing investor network, e.g., British Bank / sector investor/pension fund, with ringfenced funds alongside to support SMEs (see below).
  - 'pilot' sandpit events to bring in-region Universities, industry, NHS Trust/s, and other key stakeholders together to develop a population health innovation strategy for the TV.
  - existing research clusters and infrastructure to attract more investment & international collaboration & drive economic growth ambitions (that draws on the regional strengths of the TV in biotech & pharmaceuticals – opportunities lie in leveraging these networks).
- Regulation/Legislation/Policy:
  - take a long-term view/perspective. Recognise/support the long term develop cycles with supportive regulation/s that don not change too quickly and put company investment at risk because that factors they cannot plan for. Certainty is king.
  - focus on developing policies that enable innovation to reach service users (noting there is a wealth of innovation across healthcare, but no funding and 'a mountain of barriers for implementation in service pathways). The TV can pilot an approach and draw on existing toolkits that have been developed.
  - invest in the UK's vaccine infrastructure (called out by HMG's own Ministers/specialists).
  - boost/enable HLS startups to grow by increasing the Seed Enterprise Investment Scheme (SEIS) limit up to £1 million.
  - more/fairer support for the diagnostics and medtech industry (like the offering for pharma/drug development/manufacturing).
  - support the industry to use innovation and adopt at scale (e.g., like smart phones and TV) (Given that we are needing to develop more public health approaches for an integrated care model).
  - later stage investment and greater funding to enable growth and scaling.
  - prioritise long-term investment in bioscience and regional R&D coordination.
  - the creation of a National Wealth Fund and commitments to STEM education reforms are promising first steps.
  - growth can be driven by continued participation in Horizon Europe, improved STEM education and workforce training, and a cohesive R&D strategy.
  - consider change 'Innovate UK' to 'Productive UK' (reflecting the 'productivity crisis' the UK needs to continue to address, rather than any innovation crisis). World class innovation (for which the UK is good) often finds investment, esp. at the first phase/s. Consider a (significant) proportion (50%) of funds allocated to projects that can bring solutions to increase productivity. Consider also longer-term/next stage investment to enable growing companies to become profitable businesses – owned and here in the UK owned.
  - Celebrate success. We have superb innovation taking place and great academic institutions leading the development of our healthcare sector. Support them and enable innovation/collaboration flourish for the benefit of UK plc.

- Operation/Access to the NHS:
  - greater and simplified mechanisms and/or points of entry to gain industry access to the NHS, especially relating to gaining health economics data / evaluation.
  - address longstanding issues of NHS procurement (lowest cost model is not sustainable / best value for money).
  - establish a digital portal to evaluate Healthtech innovations in the NHS.
  - Simplify the rules and NHS structures – one of the biggest reasons for inefficiency is the complexity of the system/rules. For most services, processes should be very simple.
- Innovation and Technology:
  - increase productivity by automation (A), delegation (D) and replication (R) approach. When you have limited resources, you can use the 'ADR' approach to increase productivity by many folds.
  - automation: use AI/other digital tools to automate various tasks.
  - delegate: HMG should delegate all sorts of diagnostic procedures & physiotherapy to the private sector to increase efficiency (funded by NHS)
  - replicate: systems/processes that are working well, should be replicated for further productivity increase.
  - replicate & productivity: HMG should identify one/two locations/regions in the UK (with evidential capacity in life sciences, such as the TV) and create a new type of simplified Healthcare Structure. This might include a large hospital (Royal Berkshire) with facilities connected to a network of modern, digitally enabled, GP centres. If such a model is successful & efficient, it should be replicated in the rest of the UK like a franchise model.
- Skills and Talent Retention/Development:
  - support domain specific talent-hiring/upskilling platforms to address labour market / recruitment inefficiencies.
  - support the continued funding of Local Skills Improvement Plans to help delivery business-led solutions for the sector.

In addition, one of our region's key foreign direct investors wrote (which has been echoed by several of our working group members):

The pharmaceutical sector invests more in R&D than any other private sector in the UK (in 2022 this amounted to approx. £8.7bn). The sector is well-placed to deliver growth for the UK economy, in addition to its role in improving human and animal health. As a company we create value through innovation for our customers. In the UK and Ireland alone, we invested £21.7m in 2023 in R&D in the UK (globally our R&D investment in 2023 was €5.8bn) and have twenty-four current partnerships with NHS organisations, plus a further thirty-two collaborations with biotechnology companies and academia. In addition, and despite the number of industry-led clinical trials falling 41% between 2017 and 2014, we continue to conduct clinical trials, with £10m invested in 2024 and over fifty trials now running in the UK and Ireland.

This investment comes in a challenging landscape, where the UK spends about 9% of its health budget on medicines, compared with 14% in Australia, 15% (France); 17% (Germany). The UK also continues to lag behind comparable European countries for patients' ability to access new medicines.

HMG needs to work effectively with the life sciences sector to create a commercial environment that truly values innovation. This includes more investment in the NHS across all areas, such as medicines, disease prevention, and timely diagnosis. Post-Brexit there is now faster recognition by the MHRA of international regulatory decisions by the FDA and EMA. However, these faster regulatory pathways need to be matched by increased flexibilities in the re-imbursement landscape.

## 2. What are the greatest growth opportunities in the HLS sector & where are the UK's specific strengths and capabilities?

- Building on the UK's good public healthcare system, with decades of experience & clinical / patient data, & a well-educated NHS staff & patients, a digital & AI transformation of HLS is needed. Due to the established strengths in HLS & technology advantage & international-focused skilled talent pool, The TV is well-positioned to take a lead and pilot programmes.
- The UK has the advantage to take a lead in the application of AI in HLS, incl. healthcare / NHS. The TV, and wider UK, has an AI innovation expertise (inc. Google DeepMind's AlphaFold AI model) and the ability to analyse large dataset/data needed to create effective narrow AI models in the healthcare. These large datasets might include electronic health records, to predict an individual's risk of a disease, for example. Early detection and diagnosis of disease links well to the HMG's intention to shift from treatment to a prevention-oriented model. For example, AI can be used in retinal scanning which helps to detect diabetic retinopathy with a high degree of accuracy, enabling earlier diagnosis and treatment ([Optain, 2024](#)).
- HMG needs to continue to work, collaboratively, with industry to realise the potential of health data. In turn, this will generate real-world insights, accelerate research, and enhance commercial opportunities.
- Personalised therapies, including cancer vaccines, nucleic acid therapies for rare diseases; early-stage diagnostics and patient monitoring tools for use in the community; sustainable materials and processes; Digital Health; Pandemic response and vaccinations for common/ endemic conditions. We showcase a number of these at our [Windsor Debates](#) (03/2025).
- Close the women's health gap (including increasing the % of research/funding dedicated). UK can lead the way (economically and morally).
- Embed the public as your key stakeholders to any / all future implementation plans.
- The UK already has a health infrastructure within the Integrated Care Systems to promote integrated care innovation to reduce health inequalities and this is an asset and resource. Institutions, based in the TV, such as Royal Holloway University London (RHuL) are part of a Global Alliance for Integrated Care. Alongside thirteen other global universities RHuL are developing a framework of how this might look in practice to provide a bridge for implementation, including reforms in service pathway development and provision.
- The UK's key growth opportunities in HLS include tackling climate change, antimicrobial resistance, biodiversity loss, and food insecurity. The TV/UK has specific strengths in biosciences, pharmaceuticals, & medical research, supported by a strong academic / research infrastructure. Continued investment in STEM education, R&D work-force development, and practical science training will further enhance the UK's global position in HLS.
- Growth opportunities must be about creating an ecosystem that genuinely collaborates and offers opportunities for life science companies to validate their technologies and products within it. The AZ and University of Oxford collaboration is a good example. Wider sub-sectors, incl. food testing and aquaculture, needs also to be considered/on the radar. The agriculture biotechnology sub-sector is embracing life science technologies at a significant pace, from farmers to fishing ports to food testing labs. We need to celebrate & highlight this activity and not lose within the wider narrative of life sciences, healthcare, and the NHS.
- HMG needs to transform its approach to valuing and paying for innovation in the HLS sector. Global boardrooms see both the challenging commercial environment & make decisions on levels of R&D & manufacturing investment (inc. the UK). There is a huge amount of data in the NHS that is not realised. The provision of interconnected data is further complicated by changing IT infrastructures, increasing governance and tighter legal frameworks. The move to a Secure Data Environment, in the NHS, is helping systems codify & translate their data into meaningful insights as a driver for population health planning and positive change to improve patient outcomes and experiences.

### 3. What are the key barriers to growth for the HLS sector? What do you think is holding back investment?

- Complexity of current NHS system & rules: Is this one of the biggest problems. For example, if a company/group has found a good healthcare solution (e.g., digital/AI/medical device/drug), its adoption in the whole NHS can still be a problem due to the last-mile problem. Many UK HLS companies find it hard to commercialise life science products in the UK market due to the complex NHS structure.
- Productivity/Efficiency Problem (reference above): The UK, across many sectors, suffers from a lack of productivity and efficiency, including the NHS and HLS sector. No matter how tax funding is allocated to it, if the NHS and especially its systems are not productive and efficient, change and growth are unlikely to be realised at pace/return on investment.
- Skills and talent shortages (inc. STEM) and inefficient recruitment processes hinder growth across the UK HLS sector & have a resultant impact on productivity. Wider issues include a restricted & overburdened national curricula & insufficient long-term funding for HLS/applied related R&D.
- Investment is held back by uncertainty in R&D budget commitments, barriers to international collaboration, and a lack of systemic coordination in HMG policies. Addressing these issues with targeted investment, workforce development, and international research partnerships will be crucial for sustained growth.
- Translation. There are big challenges linked to gaining health economics evaluations for new products, & when one Trust has made assessments, these should feed into or become widely accepted (by others/wider NHS), rather than having to repeat assessments for other trusts using similar criteria.
- Late-stage investment and competition/enticement from abroad.
- Difficulty of gaining access to UK market/NHS adoption.
- Access to patient data, incl. between primary/secondary care, and to community settings.
- Reimbursement models that will enable R&D and innovations associated with early detection, prevention, and monitoring (in the community) vs acute care response.
- Lack of agility and the ability to drive innovation to market in health is off putting for industry and limits impact emerging from university research. As a result, a lot of initiatives and innovation gets lost 'in the ether!'
- Promote a more transparent approach to the successful partnerships/collaboration HMG has with companies/private sector, to enable others to learn and understand processes 'to pitch' and foster greater investment. Success, breeds success?
- NHS resource – under resourcing has a negative impact on HLS companies' ability to conduct clinical trials.
- Taxation
  - Voluntary scheme for branded medicines (VPAG) – see specifically our recent submission on the [Comprehensive Spending Review](#). The challenging NHS commercial environment in the UK is compounded by a 23.5% VPAG rebate rate for cost-effective medicines that are only 3 years old. (We need to reflect investment decisions/opportunities are truly global.
  - NICE ICER (incremental cost-effectiveness ratio) threshold for reimbursing medicines has not increased in line with inflation since it was introduced in 1999.
  - R&D tax credits – tax credits can be used to effectively encourage investment (see our Manifesto).