

20 August 2012

Dear Colleague,

**LIFE SCIENCES STRATEGY UPDATE**

At the Global Health Summit on 1 August, the Prime Minister reaffirmed the Government's commitment to the life sciences industry and to our Strategy. Andrew Lansley and I then hosted the Healthcare and Life Sciences Global Business Summit in London on 2 August. It was a fantastic opportunity for us to speak to over 300 leaders from around the world and discuss exciting developments in the industry. During the day, these leaders told us of their confidence that the UK is going in the right direction through the 'Strategy for UK Life Sciences' and through Sir David Nicholson's report 'Innovation Health and Wealth; Accelerating Adoption and Diffusion in the NHS'. Now they rightly want to see those ambitions delivered.

Harnessing and building on the various strengths of the UK life sciences industry, the Strategy laid out a challenging set of actions to strengthen the UK's position as a global hub of biomedical innovations and investment. Through your continued support we have been able to make good progress in implementation. This letter sets out some of the achievements to date, and indicates where we will focus going forward.

First, the Strategy recognises the UK's excellent science base, and we are building on this through important investment in research-based activities. The Medical Research Council's Laboratory of Molecular Biology in Cambridge, the birthplace of DNA sequencing, is being rebuilt and is due to be completed in autumn this year. The Crick Institute will be opening in 2015 to become a world leading centre of biomedical research and innovation.

Secondly, the Strategy focuses on ensuring that the UK's skills base consists of high quality graduates, technicians and apprentices. This is why the Society of Biology is introducing a degree accreditation programme, and Cogent has launched a Technical Apprenticeship one-stop shop, which will source training providers for employers.

From this research and skills base come the ideas which we need to take through to commercialisation. This is the third element of the Strategy. We launched the Biomedical Catalyst in April, to help bridge the gap in funding for SMEs and academics trying to pursue early stage research. The Catalyst has already awarded nearly £10 million in the first round of awards, and more will follow in the autumn.

Fourthly, we recognise that the National Health Service (NHS) is a powerful engine of research within the life sciences industry, and an invaluable source of information in the form of patient data. We are strengthening the NHS infrastructure through an £800m investment in Biomedical Research Centres (BRCs) and Units (BRUs), and are making NHS research and development more accessible to industry through the launch of the Clinical Practice Research Datalink. We recognise the importance of empowering patients to participate in clinical research, and have set up the Clinical Trials Gateway, with associated mobile applications.

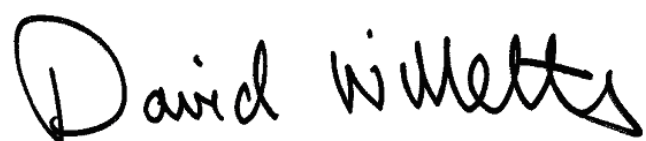
The final focus of the Strategy is on improving the environment for businesses to operate in the UK through tax incentives and reduced regulatory barriers. To this end, Budget 2012 confirmed the launch of the Patent Box from April 2013, and we have committed to an above the line R&D tax credits scheme from 2013.

In implementing the Strategy, it has been essential that we work closely with other Government departments and partner organisations, collaborating towards our shared goals. I know from talking to industry that a vital element of the Strategy is the adoption and diffusion of innovation in the National Health Service, being taken forward through the implementation of Sir David Nicholson's report 'Innovation, Health and Wealth'. Sir David will publish an update on progress with the commitments set out in his report later this month.

We are pleased with progress so far on implementing the Strategy commitments, but we are not complacent, and want to be far-reaching in our ambition. We will continue to drive delivery, focusing on areas which you tell us are important and where we think we can do more. Our two Government-appointed life sciences Champions, Chris Brinsmead and Sir John Bell, are busy helping us do so, supported by my life sciences adviser George Freeman, MP.

Thank you for your contributions thus far. We hope to continue to make progress in months to come, and will report on further progress later in the year.

I am very aware that the Strategy is a long term vision, and that it will take a number of years to achieve its full impact. I hope I can count on your ongoing involvement and continued support.

A handwritten signature in black ink that reads "David Willetts". The signature is written in a cursive, slightly slanted style.

**THE RT HON DAVID WILLETTS MP**

# Strategy for UK Life Sciences, Progress Update August 2012

In implementing the Strategy, we have focused on five key themes: research clusters and collaborations; data; improving the environment, including for SMEs; global marketing of the UK, and; skills, talent and workforce. The headline progress made within each theme is highlighted in the update below.

## **1. Research Clusters and Collaborations**

Through collaboration and partnerships, the Strategy aims to build a fully integrated life sciences ecosystem based on our world-class research and clinical infrastructure. This will enable the UK to compete globally in attracting investment in research and product development.

Key progress:

- The record Government investment of £800 million over five years for new National Institute for Health Research (NIHR) **Biomedical Research Centres (BRCs) and Units (BRUs)** began in April. These centres and units will boost translational research in areas such as cancer, neuroscience, diabetes and joint-related inflammatory diseases. In addition, NIHR are supporting BRCs in Cambridge, Oxford and London and the Leicester BRU in Cardiovascular Disease to develop a national NIHR Bioresource.
- The establishment of the **Cell Therapy Catapult** (previously known as the Technology Innovation Centre) is close to completion. To be based at Guy's and St Thomas' NHS Foundation Trust, London, and operational by this autumn, this centre aims to grow a UK-based cell therapy industry with access to finance, clinical and technical expertise to allow rapid exploitation of cell therapies. Keith Thompson was appointed CEO of the Catapult in May.
- Collaboration between the Research Councils and the TSB to develop a national programme for Regenerative Medicine has led to the publication of the Strategy for UK Regenerative Medicine [<http://www.mrc.ac.uk/Utilities/Documentrecord/index.htm?d=MRC008534>] in March 2012.
- As part of the strategy, Research Councils have established a **£25 million UK Regenerative Medicine Platform** to ensure the connection between Research Council-funded discovery science and engineering to the Cell Therapy Catapult. The scheme will fund a limited number of interdisciplinary research hubs based on scientific excellence and with the critical mass to address the key developmental challenges for the field.
- It is expected that there will be between 12 and 18 **Academic Health Science Networks (AHSNs)** in England by March 2014, aligning clinical research, informatics innovation, training and education and healthcare delivery, improving the quality and productivity of health care through a focus on the adoption and spread of innovations and best practice. The designation

criteria to establish the networks have been published and expressions of interest have been received. Work on full applications is now underway.

- The establishment of AHSNs is also key to ***NHS adoption of innovation***.

## **2. Data**

The concept of open data is key to the Strategy. We aim to ensure that data from research and clinical practice are available for the benefit of improving clinical outcomes and enhancing the UK position as the leading country to undertake research and product development.

Key progress:

- The **Clinical Practice Research Datalink** was established in March 2012 by MHRA in partnership with NIHR. This £60 million investment (50:50) provides researchers with access to anonymised patient data for clinical trials and observational studies. The launch of the NHS Information Centre secure data linkage service will follow in September this year.
- The NIHR-supported **Clinical Trials Gateway** website and mobile applications have been launched, providing patients/public with information on clinical trials in the UK. The Gateway has also been significantly augmented with additional sources of lay summary information. This aims to empower patients to participate in clinical research.

The NHS Future Forum group on the **NHS Constitution** met in early March and will advise the Secretary of State for Health on potential changes to the NHS Constitution. The group is expected to advise on potential changes late this summer, with the consultation taking place in early autumn.

## **3. Improving the environment, including for SMEs**

The Strategy committed to overcoming barriers and creating incentives to ensure that the life sciences industry is primed to operate effectively and efficiently. Measures outlined in the Strategy draw on intellectual property and investment, recognise and nurture the role of SMEs in the new pharmaceutical model, and make it easier for products to reach the market.

Key progress:

- The **Biomedical Catalyst** was launched in April, and is jointly operated by TSB and MRC. This £180 million programme to support the maturation of an idea from concept to commercialisation is available to UK businesses (SMEs) and academics looking to develop innovative solutions to healthcare challenges either individually or in collaboration. The first awards of funding have been made, totalling just under £10m. The MRC has awarded £7.41m of *Confidence in Concept* funding to 14 UK universities for around 150 projects. The TSB awarded an additional £2.45m to 18 SME-led projects. Applications are currently being accepted for the second round of funding.

- Budget 2012 confirmed the launch of the **Patent Box** from April 2013. Phased in over 5 years from 2013, this will give a reduced 10% rate of corporation tax on profits from patents and certain other similar types of IP. We are seeing positive signals that these changes will enhance the competitiveness of the UK tax system and attract investment.
- In March this year, the **MHRA published guidance for SMEs** on licences, support, and existing regulatory tools to support patients' access to innovative breakthrough products. Over 10,000 subscribers were alerted by email and, up until June, the section has had a total of 1,264 page views - around 334 of which were accessed via links in the email alerts that were sent out.

Through the Medicines and Healthcare products Regulatory Agency (MHRA), progress has also been made in **reducing the burden of regulation** on research-active businesses, universities and NHS trusts, ensuring that patients have access to promising, cost-effective new treatments.

Key progress:

- The **Regulatory audit and Red Tape Challenge** was completed in April 2012. The MHRA is considering the wide variety of proposals put forward, and will test their impact with industry to ensure that, where appropriate, those with greatest potential can be prioritised. A package of proposals will be published in the autumn.
- The creation of the **Health Research Authority (HRA)** will combine and streamline the current approval system and promote consistent, proportionate standards for compliance and inspection. The HRA was established as a Special Health Authority in December 2011 and, in June 2012, the Chair and Chief Executive of the HRA were appointed. The Government has published clauses establishing the HRA as an executive non-Departmental public body for pre-legislative scrutiny in July. This will place the HRA on a permanent, independent footing to command public confidence and enable effective, credible delivery of functions.
- MHRA published its consultation document on an 'Early Access Scheme' [<http://www.mhra.gov.uk/Publications/Consultations/Medicinesconsultations/MXs/CON173755>] in July. This aims to support treatments where there is a high unmet clinical need, and will conclude in October 2012.
- MHRA has drawn together a group of experts to discuss healthcare regulation issues. The **Expert Group on Innovation in the Regulation of Healthcare** will be looking at various aspects of the regulation of medicines to explore the potential of new innovations and initiatives. At its first meeting in June, the group determined its focus will be on the regulation of pharmaceuticals and of clinical trials of pharmaceuticals including a review of the Early Access Scheme consultation and helping develop a clearer understanding of the various models of adaptive licensing. The next meeting is scheduled for early October.

#### **4. Global marketing of UK**

**Global communication** is paramount to ensure that all opportunities are taken to promote the UK as the leading country for product development, research, and investment. In recognition of this, opportunities for the promotion of the sector at key events are being maximised through UK Trade & Investment.

Key progress:

- The **Healthcare and Life Sciences Global Business Summit in London** on 2 August 2012 was part of the biggest business summit ever hosted by the UK government, and the biggest Olympic business summit in history. Over 300 delegates attended the day, including over 100 senior international figures. The Strategy was promoted throughout the day, through panel discussions, seminars and networking opportunities. It was a major achievement in showcasing UK life sciences globally.
- The 2012 **BIO International Convention took place in Boston** in June. The BIO convention attracted 16,500 attendees from the international life sciences industry – this was the perfect opportunity to premier the Strategy on a global stage, and showcase the UK's assets and opportunities. It was also an opportunity to meet with world-leading pharmaceutical, biotechnology and contract research organisations, as well as potential overseas investors.
- To ensure consistent, maximum-impact overseas promotion of the Strategy for UK Life Sciences and the UK offer for inward investment, UKTI is adopting a **new global communication approach** with two main pillars:
  - The development and dissemination of a **unified Invest in UK Life Science core proposition** for use by the **whole UK Life Science community** – including Government, trade associations, businesses and intermediary organisations. This will be a useful tool for UKTI's partners like the NIHR Office for Clinical Research Infrastructure (NOCRI).
  - The initiation of a **targeted business development campaign**, capitalising on recent updates to UK capabilities and responding to evolution in the life sciences industry. For the first wave of the campaign, UKTI will focus on four core themes – Dementia and Neuroscience, Translational Medicine, Stratified Medicine, and Medical Technologies.
- UKTI will also be strengthening specialist support around life sciences venture capital, with the creation of the **Venture Capital Unit** to increase direct investment into UK companies and UK funds.

#### **5. Skills, Talent & Workforce**

The Strategy recognised that the UK needs to develop, recruit and reward the best talent in life sciences to make the UK a world-leader in this field.

## Key progress:

- NIHR is awarding eight new **Research Professorships**, offering selected leaders capable of making a real difference to the effective translation of research long-term funding support in the early parts of their career. The first round was completed in February, and we expect the second round to be awarded in October this year. The scheme will run annually thereafter.
- The **Society of Biology** launched their **undergraduate degree accreditation programme** in March 2012 following the successful completion of a 2011-12 pilot programme involving eight institutions and covering biochemistry and in-vivo sciences. This aims to address industry's concern about the varied quantity and quality of practical training, numerical and analytical skills offered by biological degrees. Plans to expand the programme to cover the whole of the biological sciences are currently being developed.
- The pilot phase of Cogent's **High level Apprenticeship (HLA)** for Professional Technicians was launched in February 2012. The HLAs will provide an alternative pathway to enter the life sciences industry at the technician level. There are nine places on the pilot, which includes the Applied Bioscience Technology Foundation Degree accredited by Kent University. An additional 20 will begin in September.
- Early in 2012, the Technical Apprenticeship Service (TAS) [<http://www.the-tas.com>] 'One-stop shop' for employers in science-based sectors became functional. TAS takes forward the sourcing of training providers for employers, making apprenticeship programme more accessible to business, taking advantage of economies of scale and saving time.
- A **one-stop shop website for life sciences skills information** is currently being developed. When operational, the website will provide details of placements, apprenticeships, mentoring, and research and careers advice for existing and potential employees.