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The Outlook for UK Life Sciences

A View From the Industry

An interview with Richard Torbett, Chief Executive of the Association of the British Pharmaceutical Industry (ABPI).

[Ben Hirschler](#) and James Paton
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The UK government wants to make the country a life sciences 'superpower' by building on its academic strengths and deep pharmaceutical heritage. But in recent years, this enthusiasm has been at odds with a worsening operating environment that has made the UK a particularly tough market to navigate.

As the head of the trade body leading negotiations with the government on pricing and other matters, Richard Torbett has a front-row seat on the challenges and opportunities ahead. He told Brunswick's Ben Hirschler and James Paton how three factors will shape prospects for the industry:

1. New UK pricing scheme is a chance to turn the corner.
2. Recovery in UK clinical trial capacity is essential for success.
3. Balancing innovation and value is more important than ever.

We've heard a lot about the aspiration to make the UK a life sciences champion. How is that going?

This is still a strong industry in the UK, and we've got enormous potential to grow. But the recent story has been one of turmoil, and many of our competitiveness indicators have been going in the wrong direction. We're now at a real crunch point.

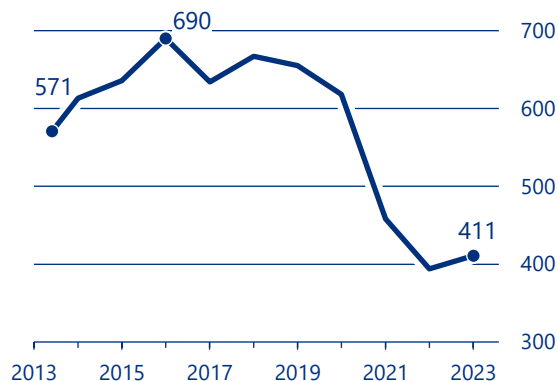
Our industry invests more in private sector R&D than any other – about £5 billion annually – but that number has been broadly flat for years. Because the rest of the globe is increasing its rate of spending much more rapidly, it means we are losing share.



One of the largest parts of R&D is the 'D' element, for 'development,' which involves clinical trials – and trials in the UK have been in decline since around 2017. That's down to the setup process in the UK being long and complicated, as well as a lack of consistency in contracts within different parts of the National Health Service (NHS). What's more, despite the world-leading clinical trials that the UK ran on COVID treatments during the pandemic, the NHS has struggled to recover since then, and the capacity in the system to administer clinical trials has been less robust than in other countries. More recently, there has been some pickup in clinical-trial starts but it's not yet enough to restore the UK's global ranking.

There's a big prize here if we can get it right. We did a piece of work with PwC about 18 months ago that calculated there could be a £70 billion boost to UK GDP over 30 years if we were to reach the sort of R&D levels seen in countries like Germany.

Plunge in Clinical Trials: Trials Initiated in the UK Fell by About 30% Over the Past 10 Years and 40% Since 2017



Source: ABPI, Getting back on track: Restoring the UK's global position in industry clinical trials, November 2023

You've just concluded a tough round of pricing negotiations. Does the new deal make the UK a better place for investment?

The last two years have damaged the UK's reputation. The fact that the amount pharmaceutical companies pay back on sales that exceed the government's threshold went up from 5% to 15% initially and then to 26.5% caused real dismay among industry leaders.

Companies have heard so many prime ministers and other ministers over the years say that life sciences is a key growth sector of the economy, but that is completely at odds with the idea that you have one of the worst operating environments in the world for companies actually delivering medicines.

With the new agreement, we and the government have done our very, very best to come up with a new scheme that aims to turn the corner. So, the government has put in more allowable growth than we've had in the last 10 years, which is a good step in the right direction. And in principle, the payment rates under the scheme should come down to around 7% over five years.

Look, it's tough. Clearly, the industry is in a phase now where it is under an awful lot of cost-containment pressure around the world, and there are worries this will affect the industry's ability to invest in the future. The real concern is that there might be a snowball effect. It is particularly important that nations that have been the primary engines of innovation over decades do not lose sight of the policy framework that has allowed the industry to grow and deliver life-saving medicines.



How are you preparing for a potential change of government in the UK?

For pharmaceuticals, the government doesn't just have the role it has for every industry in terms of setting the framework in which you do business. The big difference in our industry is that the government is also the customer. So, the relationship with government is absolutely vital, and it's really important that the pharmaceutical industry is able to work constructively with whoever comes into power next year.

We've had very collaborative relationships with this government, by and large, and we've also had very collaborative relationships with previous Labour governments, by and large. Pharmaceuticals is an industry that I think and believe very strongly will be prioritized by whoever is in power because it is unique in playing not just to an economic agenda but to a public health agenda.

We have had discussions with [Labour Party leader] Keir Starmer's team, and they have been very keen to engage in discussions. It's what we always do in the normal course of business: We engage right across the political spectrum.

How can the industry best tell its value story in the UK?

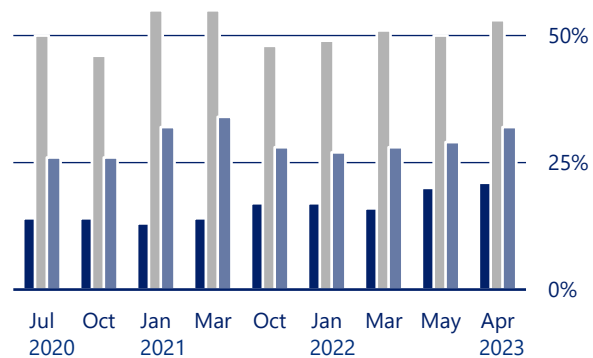
Part of my job at the ABPI is to tell the value story of medicines in as clear a way as possible. We are always looking for better data and better evidence. One of the challenges is that although this is a massive science-based industry, much of the data is product-specific, and from a communications perspective you really want to talk at a disease level rather than a product level.

There are obviously lots of regulations and this is not a country where companies are allowed to promote medicines to the public, so we need to have that conversation in a responsible and respectful way. I'm very keen that the way the industry communicates about value is done with enthusiasm, tempered with responsibility. I also think we can allow others to speak for us. We have the National Institute for Health and Care Excellence (NICE) in the UK, and a NICE recommendation is a clear endorsement that a medicine not only provides a benefit but is also cost-effective.

Our polling on industry reputation shows there was a definite bounce during the pandemic that has now gone away – but when we ask the public for their views, the reputation of the industry doesn't come across as poorly as many people assume. There is also a strong positive correlation between understanding what the industry does and its reputation. So, the more people know us, the better the reputation typically tends to be – and if we compare our reputation score with other major sectors, it is not terrible.

Public Sentiment Toward the Pharmaceutical Industry Has Held Up Reasonably Well

Familiarity, Favorability and Trust in UK Pharma



Source: ABPI, UK Pharma Reputation Survey; Jul 2020 - April 2023; participants: UK adults, 2000 at each wave



Get in touch with Brunswick



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Ben is a former journalist with extensive experience covering the healthcare sector and life sciences industry. He has written widely about innovations in life sciences and the societal impact of medical advances.