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How well is the UK Life Sciences Industry performing globally?

The life sciences sector represents one of the dominant knowledge-based economic sectors in the UK. The UK has recently set a 10-year strategy for the life sciences sector to build on successes of the Covid-19 response and accelerate delivery innovations to patients to address some of the significant health care and public health challenges including treatments for cancer and dementia. In addition to the enabling primary legislation, there are new government policies seeking to engender greater collaborations between the government, industry, the NHS, academia and medical research charities to achieve the bold ambition for scientific excellence and reinforce the UK's world-class life sciences sector.

Attorneys
[Lincoln Tsang](#)
[Daisy Bray](#)

In addition, the UK Government has published its periodic report on the [Life Sciences Competitiveness Indicators 2021](#). The report provides metrics from the latest available data on the overall performance of the UK life sciences sector. Overall, the data shows that the UK life sciences sector continues to perform well globally despite Brexit and the Covid-19 pandemic.

Financial Investment

The financial investment in the UK life sciences sector since 2019 has improved, likely as a result of the UK being at the forefront of global Covid-19 research. There has been a 58.7% increase of direct foreign investment from £566m to £898m. Furthermore, UK Initial Public Offerings (IPOs) in life sciences raised £133m in 2020. This compares to approximately £36m raised in 2019 (although it should be noted there is extreme volatility in these figures year to year). This data highlights the foreign market interest in the UK life sciences sector and shows the UK continues to be a global leader in the field.

Research and Development

The amount of funding invested into research and development in the UK remains amongst the highest globally, showing that the UK is still seen as a leader in innovation. The latest data from 2019 shows that the UK Government spent \$3.4bn on R&D, the pharmaceutical industry spent £4.8bn and medical research charities contributed £1.9bn. All of these numbers have increased since 2018; however, data from 2020 shows charitable contribution has decreased to £1.7bn.

During the Covid pandemic, medical charities suffered a huge loss of income as a result of charity shop closures and cancellation of fundraising events, resulting in charities such as the British Heart Foundation halving their research investment in 2020. A report by the Institute of Public Policy Research has shown that the shortfall in charitable research spend could result in a £7.8bn loss for health R&D in the next eight years. The Association of Medical Research Charities are now calling upon the government to commit to a life-sciences charity partnership fund to tackle this problem and reduce the impact it could have on the UK's future R&D efforts.

Exports and Imports of Pharmaceutical Products

Pharmaceutical trade encompasses various cross-border processes, procedures and supply chains. The impact of Brexit is reflected in the reduction of the value of UK exports and imports of pharmaceutical products. The value of UK exports of pharmaceutical products decreased in 2020 to \$25.9bn from \$28.5bn in 2019. UK exports peaked prior to Brexit in 2015 at a value of \$36.7bn, meaning there has been a drop of 29% since then.

Similarly, UK imports have been negatively impacted. There has been a decrease in the value of UK imports of pharmaceutical products of \$2.0bn from \$28.7bn in 2019 to \$26.8bn in 2020. As this decrease is smaller than the decrease in value of pharmaceutical exports, the UK's pharmaceutical deficit has widened from \$0.2bn in 2019 to \$0.8bn in 2020.

NICE output

NICE¹ have previously faced criticism that the appraisal process takes too long, increasing the amount spent by companies throughout the process and delaying access of cost-effective technologies to patients in the NHS. However, despite the impact of Covid on NICE's work, the NICE appraisal process in the UK took an average time of 1.5 months from marketing Authorisation to first NICE output, and 3.3 months to final NICE output in 2020/21. This is a decrease in the length of time taken in 2019/2020. Overall, between April 2013 and March 2021, NICE had a positive recommendation rate of over 80%. These figures show that market access for cost-effective medicines has not been impacted in the UK and that the UK process has become both quicker and more efficient.

In general, the figures provide a positive outlook of the UK life sciences sector and their global position, particularly post-Brexit. Investment and funding in the UK is still high, and although the trade value has reduced since 2019, the UK places as the ninth-largest exporter of pharmaceutical products and tenth-largest importer of pharmaceutical products amongst comparator countries in 2020. Despite the impact of the Covid pandemic on charitable investment, foreign direct investment has substantially increased and the length of time for NICE appraisals has reduced. Overall, the UK has maintained its global position and continues to perform well. The stated missions for the life sciences sector have been repeatedly supported by successive UK Governments to drive economic growth, particularly in view of its excellence in basic and translational research.

¹ NICE (National Institute for Health Care Excellence) is an independent health technology agency responsible for determining cost-effectiveness in the UK