

## PPP COMMENT ON THE SPRING BUDGET MARCH 2023



### LIFE SCIENCE

*A much-needed boost for the sector, but more needed to turn UK into 'superpower'*

There are welcome developments for the UK's life science sector. The prospect of regulatory reductions for simplified rapid approvals by the MHRA of medicines and technologies already approved by respected bodies in other jurisdictions is good news. So too is a new swift approval process from next year for "the most impactful new medicines and technologies."

In the 2021 report from PPP's Clinical Research Coalition, we called for such reforms that would allow for the MHRA to establish procedures for faster approvals in collaboration with industry, academia and health care professionals. While we are glad that the government has taken on board this recommendation, we now encourage the relevant authorities to proceed quickly with any public consultations or guidelines on these new processes essential for forward business planning.



NHS

### HEALTH & CARE

*Another missed opportunity to address a deepening workforce crisis*

The government missed the opportunity to directly address the industrial, capacity, or infrastructure needs of the NHS. The announcements regarding pension reforms and increases to childcare provisions will benefit only some staff within the NHS. Repeated promises have failed to produce a long-term strategy for the health and care workforce that includes a comprehensive ring-fenced funding package. Recent pledges to improve access to primary care services will be left as empty soundbites if a sustainable workforce plan, along with an updated GP contract, is not unveiled soon.

Without immediate engagement on workforce issues, the government creates new risks of disruptions to services and losing highly skilled individuals to overseas jurisdictions willing to offer better pay and conditions. There are reports that a pay deal may be imminent, but that alone will only be one element to the multi-faceted resourcing issues that confront the NHS.



## NET ZERO

*The UK's investment window is closing*

In his speech, the Chancellor confirmed the pre-announced support for Carbon Capture, Use and Storage with an extra £20bn and a commitment to capture 20-30Mt of CO2 by 2030. That announcement will go some way to addressing the need to develop a domestic CCUS supply chain that supports a UK design and construction skill base, a key recommendation from PPP's 2022 report Carbon Capture and Storage in the UK. Hunt also announced that nuclear energy will be reclassified as sustainable, and the government will launch Great British Nuclear to "address constraints in the nuclear markets and support new nuclear builds."

However, the government failed to announce a decisive package in support of the UK clean technology energy sector in response to the US\$365 billion worth of green subsidies within the US Inflation Reduction Act (IRA). Brussels has been quick to respond with the Net-Zero Industry Act, while the UK has lagged in developing its own plans. By not addressing the IRA sooner, the UK government is missing an opportunity and risks letting the UK being left behind in the global competition for green growth investment. Later this month, ministers are due to update the Net Zero Strategy – yet another opportunity for the government to send a clear message of support to the UK clean technology sector – will the UK government take it?

In response to the Spring Budget, the Chair of PPP, the Rt Hon. Stephen Dorrell said:

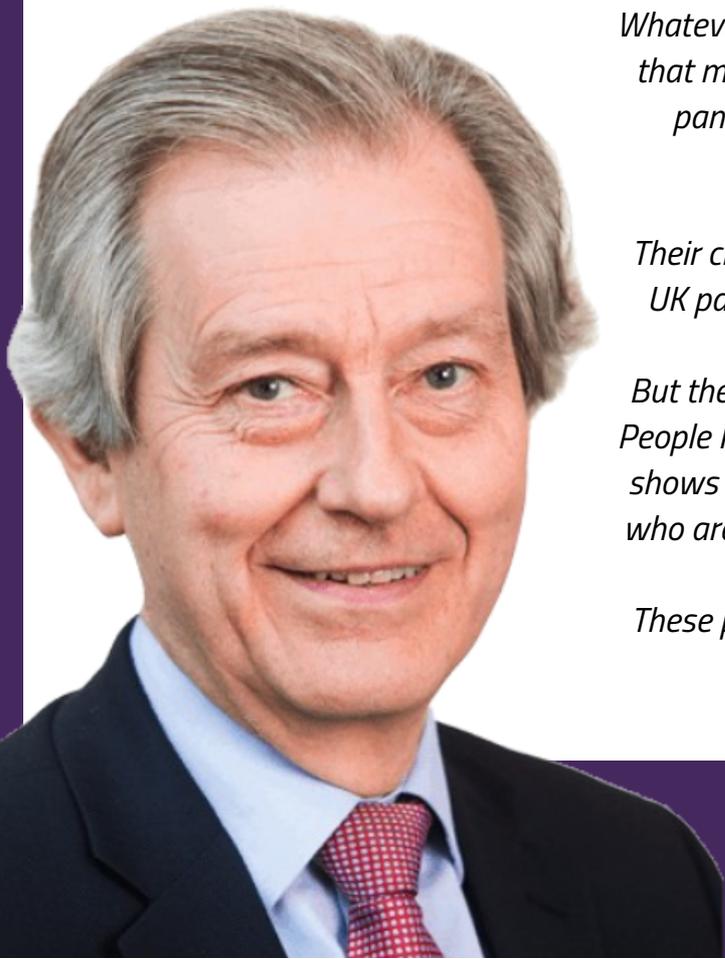


*Whatever your view of Brexit it is good news for UK life sciences that ministers will ensure the MHRA learns the lessons of the pandemic and avoids unnecessary hurdles for new drug developments.*

*Their challenge is to ensure the NHS plays its part in providing UK patients with prompt access to effective new medicines.*

*But the biggest outstanding challenge is the need to develop a People Plan which covers both health and social care and which shows how the government plans to recruit and train the staff who are needed to deliver world class health and care services.*

*These plans have been repeatedly promised; they are overdue and represent urgent unfinished business.*



**Rt Hon Stephen Dorrell**  
Chair, Public Policy Projects

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## COMMENT & ANALYSIS

### *Only long-term strategy will encourage investment and save the NHS*

This year's spring budget offered the government an opportunity to set out its plans to navigate the current social and economic turmoil in the UK. The war in Ukraine, problematic inflation and interest rate rises, escalating energy and food costs, and the Truss government's failed economic experiment are all having their rippling effects. The impacts of these multifaceted set of challenges are felt by all to different degrees but are readily visible in the protracted industrial action across multiple sectors, as well as in the increased demand for social sector assistance.

Calming this environment and giving businesses the confidence to invest requires a varied and comprehensive set of fiscal and policy responses, and unfortunately, Jeremy Hunt's statement provides only some of these reassurances. The government will need to do much more to keep key specialists and sector leaders in-place to carry out the research and development that the UK needs to advance its reputation as a place for health, life science and net zero industries.

This government has long touted the UK as a place for life science and technology industries, with repeated promises of turning the nation into an innovation and life science 'superpower'. The proposed ability for the MHRA to quickly and simply approve medicines and technologies that are authorised by regulatory bodies in certain jurisdictions overseas will be hugely encouraging for business and consumer alike. Similarly, the ability for SMEs to write-off more quickly their infrastructure investments will add to the UK's attractiveness as a place for life science businesses. However, the recent collapse of the Silicon Valley Bank highlights the precarious nature of such businesses within the industry that often emerge to commercialise recent discoveries and rely on start-up finance.

Post start-up phase, corporation tax becomes an increasingly relevant factor in decision-making about ongoing presence. As such, the government's affirmation of the increase in corporate tax from 19 to 25 per cent this April has already been blamed for decisions from some businesses to invest in other jurisdictions. In a similar vein, changes to the UK's Voluntary Scheme for Branded Medicines Pricing and Access, which requires manufacturers of branded medicines to return revenue to HM Treasury, may see more companies withdraw from the UK market.

While a race to the bottom in tax rates and revenue raising is not good public policy, nor is the current ad-hoc nature of the government's policy engagement with the sector. Developing a coherent, joined-up and well-rounded life sciences policy that makes the UK as a whole an attractive place to invest must be a priority for government. The newly formed Department for Science, Innovation and Technology would be well-placed to conduct this much needed policy review and demonstrate its credentials as a capable and effective department of state.

Industrial action across the NHS has almost become as common as strikes in public transport. Nurses, ambulance crews, physiotherapists, and now junior doctors are all demanding better pay and conditions. While the current inflation crisis may have brought issues to a head, long-term deficiencies in funding meant that health sector personnel were left exposed to the economic downturn. Already chronically understaffed, the NHS itself is now vulnerable to having its remaining essential health workers poached by other jurisdictions offering higher pay and better working conditions.

Pay is one issue, so too is investment in infrastructure. NHS estate strategy has long needed an overhaul, with backlog maintenance figures hitting £10 billion last year and health facilities in desperate need of new money to accelerate refurbishment plans. The NHS needs a rejuvenated capital plan that not only allows for the construction of new facilities but enables greater use of digital innovation to boost efficiency and patient outcomes. Doing so can address multiple issues at once. It can help increase staff satisfaction levels, encourage construction firms to generate new employment opportunities and lower the NHS carbon footprint. Further, the success of England's still new integrated care systems will be increasingly dependent on the development of modern, flexible infrastructure that enables the delivery of community rooted, personalised healthcare delivery. As such, NHS infrastructure strategy must go beyond constructing shiny new hospital buildings and should instead focus on developing locally responsive and adaptable health facilities.

This government similarly advocates for the UK to be a global leader in technology development that addresses climate change. Yet, concerningly the government continues to delay a response to the American Inflation Reduction Act and its redefining role in green technology investment patterns. Unfortunately the lack of response in this Spring Budget will put the UK at risk of being left behind, caught between revitalised US investment strategy and similar approaches from the EU. We encourage the government to address this gap quickly.

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