

British In-Vitro Diagnostics Association Budget Submission 2021

Introduction

BIVDA is the national industry association for the manufacturers and distributors of *in vitro* diagnostic products in the UK. We currently represent more than 95% of the industry with almost 200 members ranging from British start up companies to UK subsidiaries of multinational corporations. BIVDA members currently employ over 8,500 people in the UK, with a total industry turnover of approximately £820 million. The industry consistently supports patients through diagnostics which inform clinical decisions, but throughout the previous twelve months our members have played a critical role in developing, manufacturing and operating COVID-19 testing systems that have made an invaluable contribution in our ability to detect, manage and track the virus.

The British IVD industry is a growing and innovative part of our economy. This Budget, coming as the health service and our economy begin to recover from the effects of the COVID-19 pandemic, offers an opportunity to ensure the IVD sector receives the focus and funding it requires in order to play its role in supporting the restart of normal NHS operations, and contributing to making the United Kingdom a science superpower, in line with government policy, and as part of our wider economic recovery. In our submission, we recommend policies and funding decisions that will have a real impact and help grow this vital part of our life science sector if adopted by the Treasury and Department of Health & Social Care in their considerations.

Embedding sustainability across the life sciences sector

The past year, with the unprecedented scaling up of production and use of testing apparatus, PPE and disposable medical equipment, countries around the world have seen a steep and sudden increase in demand for medical waste processing. Even before the pandemic, the NHS produced 5.4% of the UK's carbon emissions, a figure that will have only increased over the last 12 months.

The IVD industry is keen to play our part in making our sector more sustainable. We call on the government to consider schemes to encourage the development and use of reusable and recyclable testing equipment and more environmentally friendly ways of disposing of unavoidable medical waste, to ensure that the NHS and associated bodies and industries can contribute to reducing our carbon emissions in line with our Paris commitments and in the spirit of the forthcoming COP26 conference.

Driving innovation, and making Britain a world science superpower

In order to ensure that we can grow and compete on a global scale, there is a need to build a UK diagnostic industry of critical mass. COVID-19 has highlighted certain challenges the UK faces in terms of the limited diagnostic manufacturing capacity as well as the issues dealing with a stretched international supply chain, which has become an acute issue in the face of a global pandemic.

Building a larger UK diagnostic industry from our strong base should be seen as a matter of national importance for the UK and should be seen as a strategic asset, worthy of specific attention in this Budget, for a number of reasons, including:

- Enhancing our ability to translate world class science from our top UK universities into global products creates a virtuous circle of innovation and commercialisation.

- We have some of the best research talent and projects in the world (as evidenced by the collaboration to create the Oxford/AstraZeneca Vaccine), but historical lack of funding and investment in diagnostics means this doesn't reach its full potential. For example, the UK spends only £12 per capita on IVD products, approximately half that of Germany and two thirds that of France.
- Scalable manufacture provides the UK with huge export potential in a truly global market. It also provides significant of manufacturing onshoring opportunities, a trend we are likely to see across all manufacturing in the next decade.
- Close collaboration between a growing diagnostic industry and the NHS provides the UK with a significant opportunity to improve patient outcomes. Validation by the NHS also has enormous international prestige which helps with exports.
- Provision of UK diagnostic solutions to developing markets will enhance UK's standing in the world, particularly needed in a post-Brexit world and aid our response to future pandemics. The UK is already a net exporter of IVD products and with more focus and support, our exports can only grow.
- As such, future trade deals should ensure that industries associated with UK advanced manufacturing (such as the import of raw materials and specialist parts) are treated favorably when assessing tariff levels and quotas.

How should this happen?

BIVDA believes there are three critical building blocks:

Innovation – allocate greater resources towards translating science into commercial products. This can be achieved by better co-ordination of diagnostic funding activity across the various UK Government organizations (NIHR, Innovate etc.) and a focus on innovation in manufacturing and investment in manufacturing capability. The critical difference to make will be to ensure that funding does not just develop the ideas here but translates them into products which are made in the UK to boost our manufacturing capability in IVDs. When developing this capacity, the focus should be on automated manufacturing to enable the UK to compete with low labour-cost countries.

The Government should also ensure that tax and funding policies related to innovation should be properly targeted. Specific policies should include:

- A clear roadmap for additional public investment – this will help to encourage private investment and aim to close the gap between the UK and comparable countries such as Germany, who already invest almost 3% of GDP.
- Maintain the balance of funding across research and innovation in the dual support system and allocate public resources to diverse streams, from the Charity Research Support fund, to the network of Catapults that drive innovation.
- Align tax regimes, access to long term patient capital, and support for medicines manufacturing and uptake to create an internationally competitive environment for private research.

Scaling up advanced manufacturing – As referred above, building the UK critical mass by supporting investment in manufacturing in the UK will be vital in ensuring, amongst other things, that we have the capacity to rapidly scale up our innovative SMEs. This can be done on a macro-level, providing organisations like the Northern Powerhouse with financial support to invest in manufacturing-focused diagnostic business, or on a company-level, provision of asset-backed support to allow SMEs to grow and scale-up, or as above under Innovation, greater R&D funding for automated manufacture and innovation in manufacturing processes.

Scaling up can also be supported on the supply side through additional measures, for example export tax credits, to promote the manufacture of products that have real export potential, in line with government policy to boost out trade with the rest of the world.

Investing in people – Developing a large pool of talent within the UK to support the growth of the sector will underpin all other efforts – advanced research and manufacturing simply cannot happen without a highly-skilled workforce. Investment in higher education should be a priority, e.g. to develop a specific diagnostic apprenticeship, alongside building diagnostic-focused research and degrees capability within UK universities (who should have a direct remit to work collaboratively with the UK businesses) and supporting more directly UK industry and their investment in training and development.

For the UK to tackle the challenges of the future, the Government should invest in an R&D workforce with a range of different skills, experiences and training, drawing on the contribution of individuals from diverse backgrounds. By 2025, there could be up to 4.2 million highly skilled jobs without suitable candidates – a skills gap that could cost the economy £90 billion each year. Therefore several steps should be taken to support the R&D workforce;

- The Treasury should work with the Department for Education to ensure investment starts in schools, and continues through the duration of peoples’ R&D careers – and that the new Kickstart programme for school leavers fully recognises the opportunities in the life sciences sector.
- Every child should have the opportunity to pursue a STEM related career; and encouraged towards the STEM areas in which young entrants are currently lacking, such as life sciences and IVD development in particular.
- Value the contribution of everyone working in research, including support staff, students, technicians and lead investigators.

Conclusion

A thriving and well-supported IVD sector will be vital to both the economic and physical health of the United Kingdom over the coming months and years as we look to take advantage of new export opportunities abroad, and technological advance at home. This Budget presents a real opportunity to turn the focus of policy onto an area of research, manufacturing and medical innovation that has traditionally not seen the government support it enjoys in other European countries, to ensure the advances and lessons learned in life sciences during this pandemic are built upon.

We hope the Government will consider these policies and stand ready to provide more information or support if needed.

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