

BIA response to the Mayor's Economic Development Strategy

March 2018



Introduction

The BioIndustry Association (BIA) welcomes the opportunity to comment on the Mayor of London's Economic Development Strategy.

The BIA is the trade association for innovative life sciences in the UK. Our goal is to secure the UK's position as a global hub and as the best location for innovative research and commercialisation, enabling our world-leading research base to deliver healthcare solutions that can truly make a difference to people's lives.

Our members include:

- Start-ups, biotechnology and innovative life science companies
- Pharmaceutical and technological companies
- Universities, research centres, tech transfer offices, incubators and accelerators
- A wide range of life science service providers: investors, lawyers, IP consultants, IR agencies

We promote an ecosystem that enables innovative life science companies to start and grow successfully and sustainably.

The Mayor's Strategy is right to identify London's life sciences sector as key to its economic and social future. The BIA's vision is for the UK to be the third global bioscience cluster. With its world-leading academic and NHS institutions, legal and financial services, and investment community, London will be at the heart of that cluster. This will bring new jobs and economic growth to the Capital, and ensure that its citizens benefit from the medical innovations that the sector produces.

Partnering with the NHS to harness economic growth and patient benefit

The NHS and extensive health data that it contains is a great resource and the BIA welcomes the Mayor's recognition of the need to promote its safe use by academic and industry researchers in the life sciences. Like a number of large conurbations in UK, the mix of universities, hospitals and life sciences businesses means London holds great potential to be a global go-to destination for drug discovery and early-stage clinical trials. The BIA supports the Mayor's ambition to make London a test-bed for health innovation.

The NHS is a unique asset but a very complicated organisation, which is why previous attempts to link its data have failed. The government's regional exemplar approach, set out in the Life Sciences Sector Deal, to link up electronic patient records and provide access to researchers is therefore sensible. Once London and other regional hubs have addressed their local technological challenges to linking up data, it will then be possible to begin linking systems nationally. Although this could take years or even decades, this should be part of London's plans from the beginning.

Addressing the short supply of patient capital

The Strategy is right to identify the supply of long-term, patient capital as a challenge for London's businesses. It notes that the long development timelines for medicines (often over ten years) means life science companies are particularly susceptible to this problem.

The BIA supports the Mayor's ambition to improve access to finance for these companies. However, the funds developed by the Greater London Authority have shown little interest in investing in this area to date. None of the 19 investments made by the London SME Fund are bioscience SMEs¹, and the London Co-Investment Fund portfolio of 90 companies includes only two diagnostic companies and one that applies Artificial Intelligence to drug discovery². As part of the life sciences sector focus in the Economic Development Strategy, the Mayor should look at why these mandated funds are not meeting his own objectives for the life sciences sector and act to address the problems. The BIA would welcome the opportunity to work within him on this challenge.

A further means through which the Mayor has power to improve the provision of long-term, patient capital is the investment strategy of the London Pension Fund Authority (LPFA), which has pooled assets with other local authorities through the Local Pensions Partnership (LPP). It is important for these funds to be administered prudently to ensure they can meet their liabilities when they fall due. This should include investment of venture capital in early-stage companies, which hold the potential to provide market-beating returns, with risk managed through a diversified portfolio. The Mayor should work with the LPFA and LPP to ensure the investment strategy has an explicit focus on this objective, which will in turn complement the Economic Development Strategy's aim to support the life sciences sector; due to the size of pension funds, even a small allocation to the VC asset class could have a significant impact on the supply of finance to new and growing SMEs. The Mayor could seek to work with the British Business Bank to leverage its £2.5 billion Patient Capital Equity Fund for pension fund investment. Furthermore, by demonstrating the benefits of such an investment strategy, the LPFA and other public pension funds may help address the historic risk-averse approach taken by the UK pensions sector as a whole.

Leaving the EU

The UK leaving the European Union presents a significant challenge to the way that medicines are developed, trialled, regulated and supplied to patients, which may have a direct impact on the health of Londoners and other EU citizens. The life science industry is highly integrated across Europe and regulated under EU law through a sophisticated system of legal and regulatory arrangements involving EU Institutions, Member States and national competent authorities. It is critical that negotiators understand this challenge and prioritise patients in the Article 50 negotiations. The Mayor can help by voicing this as his primary concern.

Life science priorities should also cover the following:

- **People:** The life sciences workforce, including their families and spouses, should be protected by a solid citizens' rights agreement.
- **Regulatory cooperation:** Close cooperation in the regulation of medicines, including mutual recognition of regulatory activities and quality testing, is essential in ensuring that patients in the EU and the UK can continue to access medicines. This is an issue that will affect patients from the day we leave the EU. The BIA welcomes the announcement by the Prime Minister that the UK will seek to remain part of the European Medicines Agency³.
- **Trade:** Trade between the UK and EU must ensure that medicines are able to continue to move between both regions, ensuring that both UK and EU patients can continue to access medicines. This is an issue that will affect patients from the day we leave the EU.
- **Intellectual property:** Provided the UK remains in the single market or in a new legal arrangement with the EU based on consistency of regulatory frameworks, the EU and the UK IP systems should remain aligned in order to avoid uncertainties for industry.

¹ <https://www.mmcventures.com/portfolio/> (accessed 28 February 2018)

² <http://lcif.co/portfolio-2017/> (accessed 28 February 2018)

³ <https://www.gov.uk/government/speeches/pm-speech-on-our-future-economic-partnership-with-the-european-union>

- **Transition period:** A period of transition beyond March 2019 will be critical to ensuring that companies, national competent authorities and the EMA can deliver the necessary changes so that patients can continue to access their medicines after the UK leaves the EU.

An issue not identified in the Economic Development Strategy is the UK's continued involvement in the Unified Patent Court (UPC) and the location of the life sciences division of the court in London. The system will provide the option for businesses to save time and money, which will be of particular benefit for SMEs, as they will be able to register their patents across the participating countries at reduced cost and enforce them through a centralised court system rather than multiple local courts. Since the EU Referendum in June, there has been much uncertainty over the future of the reforms since the system is established between EU Member States and decisions of the UPC are subject to appeal to the Court of Justice of the European Union. The Mayor should work with the UK government and other partners to ensure the UK's continued involvement long-term in the UPC and the location of the life sciences division in London, which will help cement the Capital as the premier destination for life sciences intellectual property protection services.

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