

Debate Pack
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Debate on the voluntary scheme for branded medicines and the Life Sciences Vision

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Summary

A Westminster Hall debate has been scheduled for 4.30pm on Wednesday 3 May on the voluntary scheme for branded medicines and the Life Sciences Vision. The debate will be opened by Anne Marie Morris MP.

1

Background: branded medicines

Medicines can be identified by their generic name (the name of the active ingredient), or their branded or proprietary name (the name that the pharmaceutical manufacturer chooses to market the medicine under).

When a pharmaceutical company successfully develops a new medicine and launches it on the market, it is granted an exclusive right to market that medicine (a patent) for a number of years. Under this arrangement, no other company can manufacture that medicine.

During this exclusivity period, the cost of that medicine tends to be higher because the pharmaceutical company aims to recoup the investment it made during the drug development process. Once the patent ends, other manufacturers will be allowed to make that medicine, and this competition usually leads to the cost of the medicine falling.

2

Controlling the price of branded medicines in the NHS

All companies that supply licensed branded medicines to the NHS are subject to one of two schemes designed to control the NHS' overall spend on branded medicines:

- The Voluntary Scheme for Branded Medicines Pricing and Access (VPAS), or;
- The Statutory Scheme.¹

Any company that does not choose to join the VPAS is automatically enrolled under the Statutory Scheme.

The schemes operate exclusively – only one scheme can apply to each manufacturer or supplier at a time. All products within the company's portfolio are subject to the terms of the relevant scheme.

¹ DHSC, [Proposed changes to the statutory scheme to control the costs of branded health service medicines: consultation response](#), 1 June 2022

3

The Voluntary Scheme for Branded Medicines Pricing and Access

The Voluntary Scheme for Branded Medicines Pricing and Access (VPAS) is a voluntary agreement between the Government and the UK pharmaceutical industry which limits the NHS spend on branded medicines. The Government's power to introduce and vary the terms of a voluntary scheme are set out in the [NHS Act 2006](#).

Its main objective is to achieve a balance between keeping NHS medicines costs low and a fair return for the industry to enable it to research, develop and market new and improved medicines.

A fundamental part of the scheme is the affordability mechanism; under this, scheme members pay a rebate of their revenue from medicines sales back to the Government if the Government's total spend on branded medicines exceeds a specified threshold.

If a company chooses to join the VPAS, all of its branded medicines will be considered within a company's measured sales. There are, however, some medicines which are exempted, including centrally procured vaccines, and small company or low value sales.

[The DHSC set out](#) the Scheme's aims:

- Improve patient access to medicines by getting the best value and most effective medicines into use more quickly.
- Keep the branded medicine bill affordable for the NHS through a cap in growth of branded sales.
- Support innovation and a successful life sciences industry in the UK.²

The parties to the scheme are:

- The Department of Health and Social Care (DHSC), acting on behalf of the UK Government and the governments of Scotland, Wales and Northern Ireland;
- NHS England
- The Association of the British Pharmaceutical Industry (ABPI); and

² DHSC, [2019 voluntary scheme for branded medicines pricing and access operational review and mid-scheme review minutes: 26 September 2022](#), published 23 April 2023

- Manufacturers or suppliers of Branded Health Service Medicines that have joined the Voluntary Scheme (Scheme Members).

The scheme is usually negotiated in five-year agreements; the current scheme came into force on 1 January 2019 and will remain in place until 2023.

The DHSC has [estimated that the NHS will have saved £7 billion](#) across the five-year scheme.³

3.1 The affordability mechanism

The affordability mechanism aims to limit the growth in the overall cost of branded medicines to the NHS.

The mechanism does not place any restrictions on the price a manufacturer may set for individual medicines. Instead, the mechanism caps branded medicines' sales at 'allowed growth rate'. The 2019 – 2023 VPAS sets this allowed growth rate at 2% for each calendar year of the VPAS.

The NHS continues to pay the commercially agreed prices to manufacturers for the medicines it purchases. At the end of a given period, the total spend for branded medicines is calculated. If the total is above the allowed growth rate, scheme members will pay the DHSC a percentage of their eligible sales.⁴ The amount that is paid back after each period depends on how much revenue, that is above the agreed growth rate, companies have made.

A [DHSC fact-sheet](#) illustrates the mechanism in light of arrangements for the current VPAS:

VPAS sets a cap on the total allowed sales value of branded medicines to the NHS each year. The cap grows at an agreed rate of 2% per annum and any medicine sales above the cap are paid back to DHSC via a levy. For example, members of the scheme currently pay back 26.5% of their medicine sales in payments, which is calculated so that the NHS' net branded medicines sales increase only to that 2% rate per year.⁵

The DHSC has described the VPAS as a "portfolio-wide profit control scheme".⁶

³ DHSC and Will Quince MP, [NHS set to save £7 billion thanks to world-leading medicine pricing scheme](#), 24 April 2023

⁴ Scheme members pay this percentage on their 'eligible sales'; that is, sales of all of their products, not including those which are exempted from the scheme.

⁵ DHSC, [Voluntary scheme for branded medicines pricing and access \(VPAS\) – media fact sheet](#), 28 March 2023

⁶ DHSC, [Voluntary scheme for branded medicines pricing and access](#), last updated 20 January 2022

Further detail on how the agreed growth rate, and percentage to be paid back are calculated, is available in [DHSC guidance](#).⁷

3.2 Payment percentages for each year of the 2019-2023 Scheme

In December 2022, the [DHSC announced that the payment percentage for 2023](#) would be set at 26.5%.⁸

The Government said this was based on growth in total measured sales and updates to payment calculations (set out in Annex 4 and 5 of [DHSC guidance on the VPAS](#)).⁹ It also noted that an agreement made in January 2022, to defer some part of the payment owed in 2022 to 2023, had contributed to the increase.

The payment percentage for previous years of the 2019-2023 VPAS Scheme, and corresponding total payments are:

- [15% in 2022](#). This followed an [amendment, agreed by DHSC and ABPI](#), to mitigate what would have been a higher rate of 19.1% owing to sales arising from Covid-19 demand. The agreement set out that the payment percentage for 2023 would consequently increase to capture this deferred income.¹⁰
- [5.1% in 2021](#).¹¹
- [5.9% in 2020](#).¹²
- [9.6% in 2019](#).¹³

⁷ DHSC, [The 2019 voluntary scheme for branded medicines pricing and access: payment percentage for 2023](#), published 15 December 2022

⁸ DHSC, [The 2019 voluntary scheme for branded medicines pricing and access: payment percentage for 2023](#), published 15 December 2022

⁹ DHSC, [Voluntary scheme for branded medicines pricing and access](#), last updated 20 January 2022

¹⁰ DHSC, [The 2019 voluntary scheme for branded medicines pricing and access: payment percentage for 2022](#), published 20 January 2022

¹¹ DHSC, [Voluntary scheme for branded medicines: payment percentage for 2021](#), last updated 2 February 2021

¹² DHSC, [Voluntary scheme for branded medicines: payment percentage for 2020](#), published 13 December 2019

¹³ DHSC, [Voluntary scheme for branded medicines pricing and access: chapters and glossary](#), December 2018

The [DHSC has published data on the total revenue](#) generated by the VPAS and Statutory Schemes since 2018.¹⁴

3.3

Government comment on the VPAS

[The Government responded directly](#) to suggestion that medicines price regulation was reducing the number of clinical trials taking place in the UK:

With regard to the impact of price regulation on the placement of clinical trials in the UK and access to new medicines, the Government's assessment is that price control schemes in general are more likely to impact decisions about the location of late-stage than early-stage trials, as the location of late-stage trials may be more influenced by commercial considerations about where to launch a new medicine. However, VPAS includes strong commercial incentives to launch new products in the form of freedom of list pricing and exemptions from payments for innovative medicines containing a new active substance. These incentives have contributed to VPAS driving significant improvements in patient access to clinically and cost-effective medicines, whilst ensuring sustainable and predictable spend growth for the National Health Service and industry during a period of economic uncertainty.¹⁵

[The Government has said](#) it is working to better understand the impacts the operation of the current VPAS on the UK life sciences industry.¹⁶

3.4

Stakeholder comment on the VPAS

The ABPI represents the pharmaceutical industry in the UK. [It has set out a range of concerns](#) about the increase in the payment percentage to 26.5%.

It notes that "the unforeseen circumstances of increased post-pandemic NHS demand have led to dramatic rises in these payments, far above historic levels".¹⁷

The ABPI has suggested VPAS repayment rates are not competitive, as compared to those of countries with similar rebate-linked price controls, and warned that higher VPAS rates could contribute to existing challenges:

- Lower economic growth and investment
- Declining UK manufacturing competitiveness

¹⁴

DHSC, [Aggregate net sales and payment information: February 2023](#), 16 March 2023

¹⁵ [PQ162214](#), 17 March 2023

¹⁶ [PQ162214](#), 17 March 2023

¹⁷ ABPI, [The current VPAS is undermining UK life sciences competitiveness](#), accessed 1 May 2023

- Collapse in industry clinical trials and research
- Variations in access and uptake of medicines
- Poor patient outcomes¹⁸

The ABPI has also suggested that increasing payment percentages “are posing major challenges for the UK life science sector and undermining efforts at delivering the UK Government’s ambitions for life sciences”.¹⁹

An ABPI press article captures responses to the 2023 VPAS rate from representatives of several pharmaceutical companies, who warned that higher VPAS rates would make the UK a less attractive place for investment in science, innovation and the launch of new medicines, and created an unsustainable operating environment for pharmaceutical companies.

Pharmaceutical companies AbbVie and Eli Lilly were both reported as having left the VPAS due to concerns about the payment percentage.²⁰ An Eli Lilly representative said “the current scheme has harmed innovation”, and the company “simply cannot stay signed up to a scheme which has such a punishing impact on innovation”.²¹

Noting that the Statutory Scheme (which is the default Scheme for companies who do not opt in to the VPAS) generally has a higher repayment rate, a BMJ article discusses why companies might decide to leave the VPAS, and includes comments from stakeholders who suggest that such moves may be seen as a negotiation tactic.²²

3.5 The voluntary scheme beyond 2023

The current VPAS scheme is due to end at the end of 2023. Sir Hugh Taylor, former Chair of Guy’s and St Thomas’ and King’s College Hospital NHS Foundation Trusts, has been appointed to oversee negotiations for a successor scheme to the VPAS.²³ The DHSC has said it will “aim to continue to provide better access to medicines for patients and investment opportunities for pharmaceutical companies in the UK”.²⁴

¹⁸ ABPI, The current VPAS is undermining UK life sciences competitiveness, accessed 1 May 2023

¹⁹ ABPI, The current VPAS is undermining UK life science competitiveness, 28 March 2023

²⁰ BMJ, AbbVie and Eli Lilly leave UK pricing scheme over revenue repayments, 30 January 2023

²¹ BMJ, AbbVie and Eli Lilly leave UK pricing scheme over revenue repayments, 30 January 2023

²² BMJ, AbbVie and Eli Lilly leave UK pricing scheme over revenue repayments, 30 January 2023

²³ DHSC, Press release, Sir Hugh Taylor appointed as chief adviser for VPAS negotiations, 23 March 2023

²⁴ DHSC, Voluntary scheme for branded medicines pricing and access (VPAS) – media fact sheet, 28 March 2023

Commenting on a successor to the VPAS scheme, the [Government has said](#) it:

[...] is open to ideas about how a successor to VPAS should operate from 2024 onwards. We are working with industry to agree a mutually beneficial successor that supports better patient outcomes; ensures the sustainability of National Health Service spend on branded medicines; and enables a strong UK life sciences industry.²⁵

[The ABPI has set out its vision for a new Voluntary Scheme for Pricing, Access and Growth](#), in which a fixed payment rate of 6.88 % is levied across all eligible NHS sales.²⁶ The vision also includes proposals to increase investment in the life sciences industry and improving UK patient access to new medicines.

[The Government has called the ABPI's proposals "completely unaffordable"](#) and warned that it would increase the cost of medicines for the public and reduce NHS patients' access to new medicines.²⁷

²⁵ [HL6113](#), 20 March 2023

²⁶ ABPI, [At the crossroads: how a new UK medicines deal can deliver for patients, the NHS and the economy](#), March 2023

²⁷ Financial Times, [UK says drugmakers' call for fixed-rate medicines tax 'unaffordable'](#), 1 March 2023

4

The Statutory Scheme for branded medicines

Companies which supply branded medicines to the NHS and opt not to join the VPAS Scheme are enrolled onto the Statutory Scheme. [The NHS Act 2006](#) provides the Government with powers to implement a Statutory Scheme.

Earlier versions of the Statutory Scheme enabled the DHSC to limit the price of a particular medicine (a cut to the 'list price' of the medicine), or the profit of a Scheme member. The Government later amended the Statutory Scheme so that it instead required companies to make payments based on sales – similar to the voluntary scheme.²⁸

Since 2018, the Statutory Scheme's allowed growth rate has been 1.1% (nominal) per year.

In March 2022, the [Government consulted on increasing the statutory scheme payment percentages for 2022 and 2023](#). This was because, [the DHSC explained](#), "the 2020 and 2021 statutory scheme payment percentages of 14.7% and 20.5% respectively are not expected to meet the Government's objectives for the scheme in the light of lower than expected growth in sales of branded medicines".²⁹

[The DHSC's consultation response](#) set out an intention to update the payment percentage from 10.9% to 14.3% (for 2022 and 2023).³⁰ Where companies have made payments at the lower rate of 10.9% between January and June 2022, they will pay a higher rate of 17.7% for the rest of the year.

[The Government set out its consideration](#) of the impact of the changes:

These changes will continue to control the growth of medicines sales in the statutory scheme at 1.1% and maintain broad commercial equivalence with VPAS. The changes are expected to result in savings to the NHS of between £1 billion and £1.5 billion by 2023 compared leaving the payment percentage unchanged. Our impact assessment estimates a total net present value of the changes of between £4.4 billion and £6.7 billion, largely due to the additional services and treatments that the NHS will be able to provide.³¹

²⁸ See [DHSC consultation on pricing of branded health service medicines](#), 2015 and subsequent provisions in [the Health Service Medical Supplies \(Costs\) Act 2017](#)

²⁹ DHSC, [Proposed changes to the statutory scheme to control the costs of branded health service medicines: final impact assessment](#), 21 February 2023

³⁰ DHSC, [Update to the statutory scheme to control the costs of branded health service medicines](#), updated 1 June 2022

³¹ DHSC, [Proposed changes to the statutory scheme to control the costs of branded health service medicines: consultation response](#), updated 1 June 2022

The Statutory Scheme does allow for some exemptions, such as small companies with under £5 million in sales to the NHS annually, and some agreements which fall outside of specified dates.³²

³² DHSC, [Consultation outcome; Proposed changes to the statutory scheme to control the costs of branded health service medicines](#), updated 10 March 2020

5

The life sciences sector

The [Government defines the life sciences sector](#) as “high-tech, innovative and highly diverse, spanning pharmaceuticals, medical technology (devices and diagnostics) and medical biotechnology, and has applications across many other sectors”. In 2020, the sector employed “268,000 people across 6,330 businesses and generated a turnover of £88.9bn”, according to [figures from the Department of Health and Social Care](#).

The Government’s [Life Sciences Vision](#) (PDF), published in 2021, is its “[blueprint for ensuring the UK becomes a world leading science superpower and global life sciences leader](#)”. In the Vision document, the Government reiterated its commitment to “improve the access, adoption and spread of innovation across the NHS”, adding that this was “underpinned by the 2019 Voluntary Scheme for Branded Medicine Pricing (VPAS)” which, it stated, demonstrated “Government, NHS and Industry’s shared commitment to help patients access new treatments while managing affordability”.

More recently, in response to a Government consultation, held in late 2022, on the [proposed update to the 2023 statutory scheme to control the costs of branded health service medicines](#), concerns were raised by some life sciences stakeholders about VPAS and its impact on the UK’s life science industry. [Specifically, they argued that](#) the “payment percentages at the level set in VPAS were too high and would negatively affect the life sciences industry in the UK thereby reducing its competitiveness”.

6

PQs

[Voluntary Scheme for Branded Medicines Pricing and Access](#)

Asked by: Morris, Anne Marie

What recent assessment he has made of the potential impact of changes to the Voluntary Scheme for Branded Medicines Pricing Access rebate on foreign direct investment into the British Pharmaceutical Industry.

Answering member: Will Quince | Department: Department of Health and Social Care

We have been working directly with industry to understand the impact of changes to VPAS on investments into the UK life sciences sector. We remain firmly committed to VPAS and to working with the pharmaceutical industry to create an environment that facilitates innovation for the development of medicines in the UK.

HC Deb 25 April 2023 | PQ 904617

[Voluntary Scheme for Branded Medicines Pricing and Access](#)

Asked by: Shannon, Jim

To ask the Secretary of State for Health and Social Care, pursuant to the Answer of 17 March 2023 to Question 161293 on Voluntary Scheme for Branded Medicines Pricing and Access, what evidence his Department has to support the statement that VPAS is driving significant improvements in patient access to clinically and cost-effective medicines; and what recent estimate he has made of the number of new medicines available in other countries that have (a) not been launched or (b) been delayed being introduced in the UK owing the NICE's work programme.

Answering member: Will Quince | Department: Department of Health and Social Care

Commitments in the voluntary scheme for branded medicines pricing and access (VPAS) around access and uptake for innovative medicines have had a substantial positive impact on the speed of medicines access in England. VPAS commits the National Institute for Health and Care Excellence (NICE) to publishing draft recommendations on all newly licensed treatments around the time of licensing, with final guidance within three months of licensing wherever possible. NICE works closely with the Medicines and Healthcare products Regulatory Agency to ensure that licensing procedures and health technology assessments are as streamlined as possible. For example,

average times between GB MA and NICE appraisal publication, for new medicines, have been reduced from 10.2 months for 2017/18 to 3.1 months for 2022/23. The proportion of positive NICE recommendations increased from 79% in 2017/18 to 92% in 2022/23.

No estimate has been made of the number of new medicines available in other countries that may have been delayed or not launched in England owing to NICE's work programme. However, a recent report from the Pharmaceutical Research and Manufacturers of America found that, between 2012 and 2021, the United Kingdom was consistently in the top three G20 countries for availability and speed of access to new medicines. The National Health Service has delivered world-leading rollout of medicines such as cystic fibrosis triple-therapy, Kaftrio® and '5-min' breast cancer combination PHESGO®, as well as delivering expected levels of uptake on all cancer drugs fund treatments.

Voluntary Scheme for Branded Medicines Pricing and Access: Life Sciences

Asked by: Lord Warner

To ask His Majesty's Government, further to the Written Answer by Lord Markham of 14 February (HL5163), whether they will undertake a comparison of the impact of the UK's rebate rates in the voluntary scheme for branded medicines with the more favourable rebates in other European countries, given their declared ambitions for the UK life sciences sector.

Answering member: Lord Markham | Department: Department of Health and Social Care

We have no plans to undertake such a comparison. Differences in the structure of medicine pricing policies and systems make direct comparisons of payment percentages or rebates with other countries difficult and potentially misleading.

The Government is open to ideas about how a successor to the voluntary scheme for branded medicines pricing and access should operate from 2024 onwards. We will be considering a range of factors and will work with industry to consider learning from approaches in the United Kingdom and internationally, to agree a mutually beneficial successor that supports better patient outcomes; ensures the sustainability of National Health Service spend on branded medicines; and enables a strong UK life sciences industry.

HL Deb 03 April 2023 | PQ HL6286

[Voluntary Scheme for Branded Medicines Pricing and Access: Disclosure of Information](#)

Asked by: Zeichner, Daniel

To ask the Secretary of State for Health and Social Care, with reference to his Department's ongoing VPAS pre-negotiation workshops, if he will publish the (a) minutes and (b) attendees of those workshops.

To ask the Secretary of State for Health and Social Care, with reference to his Department's ongoing VPAS pre-negotiation workshops, whether he plans to make the outputs of those discussions publicly available.

Answering member: Will Quince | Department: Department of Health and Social Care

The objective of the pre-negotiation workshops was to enable a mutual understanding of the impact of the current voluntary scheme for branded medicines pricing and access (VPAS) upon the different organisations represented and to discuss the potential objectives and priorities for a new voluntary scheme. The discussions in the workshops will feed into the upcoming negotiation of a successor to the 2019 VPAS. In order to facilitate a transparent and candid discussion, participants agreed that all contributions and resulting outputs would be kept confidential to those who attended.

The following organisations were invited to the workshops:

Industry bodies (including representatives of their member companies):

- Association of the British Pharmaceutical Industry;
- British Generic Manufacturers Association;
- Ethical Medicines Industry Group;
- BioIndustry Association.

Patient organisations and civil society organisations:

- Cancer52;
- The Blood Cancer Alliance;
- The Charity Medicines Access Coalition;
- National Voices;
- The Patients Association;
- Alzheimer's Research UK;

- Anthony Nolan;
- Cystic Fibrosis Trust;
- Genetic Alliance UK;
- The Association of Medical Research Charities;
- Breast Cancer Now;
- Myeloma UK;
- Office of Health Economics;
- King's Fund;
- NHS Confederation.

HC Deb 30 March 2023 | PQ 174320; PQ 174321

Voluntary Scheme for Branded Medicines Pricing and Access

Asked by: Shannon, Jim

To ask the Secretary of State for Health and Social Care, with reference to the consultation outcome on Proposed update to the 2023 statutory scheme to control the costs of branded health service medicines, what steps he taking to help secure an agreement that will deliver increased (a) access to medicines, (b) funding in research and development and (c) value for money for the NHS.

Answering member: Will Quince | Department: Department of Health and Social Care

The recent update to the statutory scheme will ensure the continued affordability of the National Health Service medicines budget and will maintain the longstanding policy of broad commercial equivalence between the statutory scheme and the voluntary scheme for branded medicines pricing and access (VPAS). By controlling growth in the cost of medicines we ensure value for money for the taxpayer and enable the NHS to continue investing in patient access to new medicines.

The Government remains firmly committed to VPAS and to the negotiation of a successor scheme that supports better patient outcomes, including access to new medicines; that ensures the sustainability of NHS spend on branded medicines; and that enables a strong United Kingdom life sciences industry.

To this end, I have held roundtable discussions regarding the future voluntary scheme with a number of trade associations and leading companies, and the Department has held a series of workshops with industry bodies, patient organisations and civil society organisations.

HC Deb 30 March 2023 | PQ 166221

[Voluntary Scheme for Branded Medicines Pricing and Access: Research](#)

Asked by: Esterson, Bill

To ask the Secretary of State for Science, Innovation and Technology, whether her Department has made an assessment with the Department of Health and Social Care of the impact of rebates in the Voluntary Scheme for Branded Medicines Pricing and Access on investment in research and development.

Answering member: George Freeman | Department: Department for Science, Innovation and Technology

The Government has considered in broad terms the link between volume-based rebate payments in our medicine pricing schemes and various kinds of investment in our Impact Assessment of recent updates to the Statutory Scheme for branded medicines pricing, which operates alongside VPAS. The Government's 2023 Impact Assessment of updates to the Statutory Scheme can be found here: www.gov.uk/government/consultations/proposed-update-to-the-2023-statutory-scheme-to-control-the-costs-of-branded-health-service-medicines.

The Government is working to better understand the impacts the operation of the current Voluntary Scheme for Branded Medicines Pricing and Access (VPAS) on investments and the footprint of the UK life sciences industry. We are therefore in direct conversations with companies to understand these impacts. The Department for Science Innovation and Technology is in close discussions with the Department of Health and Social Care, and Department for Business and Trade about the business environment for life sciences and its impact on investment.

HC Deb 27 March 2023 | PQ 169516

[Voluntary Scheme for Branded Medicines Pricing and Access](#)

Asked by: Lord Warner

To ask His Majesty's Government what assessment they have made of the findings of the report by The Association of the British Pharmaceutical

Industry [False economy? How NHS medicine procurement threatens the UK's Life Sciences growth engine](#), published on 23 February, that the continued current high rebate rates under the voluntary and statutory schemes for branded medicines during the next five years would mean foregoing £50 billion in GDP and £17.9 billion in tax revenues as a result of lost research and development investment; and what are their estimates of the value of the potential lost investment in this sector.

Answering member: Lord Markham | Department: Department of Health and Social Care

The Department carefully considers all evidence in the public domain on matters relating to the growth and competitiveness of the United Kingdom's life science sector, including the recent report by the Association of the British Pharmaceutical Industry. This occurs in combination with broad engagement with individual companies, the National Health Service and with charities and patient representatives and will continue moving forward as part of the delivery of the Government's Life Science Vision.

HL Deb 23 March 2023 | PQ HL6287

[Life Sciences: Industry](#)

Asked by: Shannon, Jim

To ask the Secretary of State for Health and Social Care, what recent steps he has taken with Cabinet colleagues to help support the life sciences industry.

Answering member: Will Quince | Department: Department of Health and Social Care

The Government recognises that the life sciences sector is one of our most important industries, growing the economy, establishing the United Kingdom as a science and technology superpower, and driving innovative solutions to healthcare challenges. The Government's Life Sciences Vision sets out our plan to support the life sciences industry, while the new Science and Technology framework, as well as the creation of the Department for Science, Innovation and Technology, demonstrates the commitment this Government has to science and innovation.

HC Deb 23 March 2023 | PQ 158914

Voluntary Scheme for Branded Medicines Pricing and Access

Asked by: Lord Warner

To ask His Majesty's Government, further to the Written Answer by Lord Markham on 6 February (HL5236), when they will publish their final impact assessment on changes to the Statutory Scheme for Branded Medicines.

Answering member: Lord Markham | Department: Department of Health and Social Care

The Government published its final impact assessment of updates to the statutory scheme on 2 March 2023. [A copy of the impact assessment is attached.](#)

HL Deb 22 March 2023 | PQ HL6284

Voluntary Scheme for Branded Medicines Pricing and Access: Life Sciences

Asked by: Lord Hunt of Kings Heath

To ask His Majesty's Government, further to the Department of Health and Social Care's ongoing Voluntary Price and Access Scheme (VPAS) pre-negotiation workshops, what assessment they have made of the (1) the impact of VPAS 2019 on the UK life science sector, and (2) the implications for their negotiations on VPAS 2024.

Answering member: Lord Markham | Department of Health and Social Care

The Government is working to better understand the impacts of the operation of the current voluntary scheme for branded medicines pricing and access (VPAS) on the United Kingdom life sciences industry. We are in direct conversations with pharmaceutical companies, including in the recent pre-negotiation workshops, as well as with the Department for Science, Innovation and Technology, and the Department for Business and Trade about the business environment for life sciences.

The Government is open to ideas about how a successor to VPAS should operate from 2024 onwards. We are working with industry to agree a mutually beneficial successor that supports better patient outcomes; ensures the sustainability of National Health Service spend on branded medicines; and enables a strong UK life sciences industry.

HL Deb 20 March 2023 | PQ HL6113

Drugs: Prices

Asked by: Hayes, Sir John

To ask the Secretary of State for Health and Social Care, what steps his Department takes to avoid overcharging by suppliers of (a) antibiotics and (b) other drugs; what cases of overcharging have been identified in the last 12 months; what recent discussions he has had with drug manufacturers on overcharging mechanisms; and if he will make a statement.

Answering member: Will Quince | Department: Department of Health and Social Care

The Department regularly engages with industry regarding medicine pricing. Suppliers of branded medicines need to agree a maximum price with the Department before launching any product or line extension in the United Kingdom. On the very rare occasions where we identify that a supplier has exceeded their maximum allowed price, we work with the company to ensure that prices are restored and where necessary, any excess sales are recovered through standard operational processes.

The Government relies on competition to drive down prices of generic medicines including most antibiotics. This has led to some of the lowest prices in Europe and allows prices to react to the market. In an international market this ensures that when demand is high and supply is low, prices in the UK can increase to help secure the availability of medicines for UK patients. In secondary care, tendering for antibiotics on a frequent basis ensures best value and supply resilience is optimised.

Where companies are found to be abusing their dominant position by charging excessive and unfair prices, the Competition and Markets Authority (CMA) can take action against businesses and individuals engaged in anti-competitive conduct. Specifically with regard to antibiotics, the CMA is working to establish the facts of what is currently happening in the antibiotic market. They stand ready to take action if there is evidence of anti-competitive behaviour that breaks the law.

HC Deb 20 March 2023 | PQ 165202

Voluntary Scheme for Branded Medicines Pricing and Access

Asked by: Green, Chris

To ask the Secretary of State for Health and Social Care, if he will make an assessment of the potential impact of the rebate rates under the (a) voluntary and (b) statutory scheme for branded medicines on (i) the placement of clinical trials in the UK, (ii) the prioritisation of the UK as a

launch market for new medicines and (iii) patient outcomes in the next five years.

Answering member: Will Quince | Department: Department of Health and Social Care

The Government has assessed the link between volume-based rebate payments in our medicine pricing schemes and various kinds of investment in our impact assessment of recent updates to the statutory scheme for branded medicines pricing, which operates alongside the voluntary scheme for branded medicines pricing and access (VPAS).

The Government's 2023 impact assessment of updates to the statutory scheme is available at the following link:

<https://www.gov.uk/government/consultations/proposed-update-to-the-2023-statutory-scheme-to-control-the-costs-of-branded-health-service-medicines>

The Government is working to better understand the impacts the operation of the current VPAS on the United Kingdom life sciences industry. We are in direct conversations with pharmaceutical companies, including in the recent pre-negotiation workshops, as well as the Department for Science Innovation and Technology, and the Department for Business and Trade about the business environment for life sciences.

Controlling medicine spend is a key aim for both current and future schemes to improve patient outcomes by simplifying, streamlining and improving access, pricing, and uptake arrangements for cost effective medicines, and deliver faster adoption of the most clinically and cost-effective medicines.

With regard to the impact of price regulation on the placement of clinical trials in the UK and access to new medicines, the Government's assessment is that price control schemes in general are more likely to impact decisions about the location of late-stage than early-stage trials, as the location of late-stage trials may be more influenced by commercial considerations about where to launch a new medicine. However, VPAS includes strong commercial incentives to launch new products in the form of freedom of list pricing and exemptions from payments for innovative medicines containing a new active substance. These incentives have contributed to VPAS driving significant improvements in patient access to clinically and cost-effective medicines, whilst ensuring sustainable and predictable spend growth for the National Health Service and industry during a period of economic uncertainty.

HC Deb 17 March 2023 | PQ 162214

Voluntary Scheme for Branded Medicines Pricing and Access

Asked by: Green, Chris

To ask the Secretary of State for Health and Social Care, whether he has had discussions with the Secretary of State for Science, Innovation and Technology on the Association of the British Pharmaceutical Industry proposals for a new Voluntary Scheme for Branded Medicines Pricing and Growth, including the proposals for (a) an investment facility, (b) to build a data recruitment centre and (c) a fund for a Medicines Equity Partnership.

Answering member: Will Quince | Department: Department of Health and Social Care

The Department carefully considers all evidence in the public domain on matters relating to the growth and competitiveness of the United Kingdom life science sector, including the recent report by the Association of the British Pharmaceutical Industry.

The Department of Health and Social Care is in close discussions with Ministers from the Department for Science, Innovation and Technology and the Department for Business and Trade about the business environment for life sciences and its impact on investment.

HC Deb 17 March 2023 | PQ 162213

Voluntary Scheme for Branded Medicines Pricing and Access

Asked by: Green, Chris

To ask the Secretary of State for Science, Innovation and Technology, what assessment she has made for the implications for her policies of the recent analysis published by WPI Economics: False Economy Report on the impact of rebate rates under the Voluntary and Statutory Schemes for Branded Medicines Pricing and Access on the level of future R&D investment.

Answering member: George Freeman | Department: Department for Science, Innovation and Technology

The Department carefully considers all evidence in the public domain on matters relating to the growth and competitiveness of the UK Life Science sector, including the recent report by WPI Strategy. This happens in combination with broad engagement with individual companies, the NHS and with charities and patient representatives, and will continue in future as part of the delivery of the Government's Life Science Vision.

HC Deb 17 March 2023 | PQ 162212

Life Sciences: Manufacturing Industries

Asked by: Green, Chris

To ask the Secretary of State for Science, Innovation and Technology, how much and what proportion of the £354m funding allocated to life sciences manufacturing has been allocated to life sciences manufacturing projects; and which projects have received this funding.

Answering member: George Freeman | Department: Department for Science, Innovation and Technology

This Government recognises the valuable role that life sciences manufacturing plays in the UK economy, as outlined in the Life Sciences Vision published in 2021. Last March, we launched the £60 million Life Sciences Innovative Manufacturing Fund to encourage manufacturing investment in the UK. The fund has received a large number of high-quality applications and we expect to announce the grant recipients shortly. In addition, the UK has supported several other life sciences manufacturing investments including through a grant of up to £15.9m to chemical producer Croda to increase the UK's capacity to manufacture lipid nanoparticles for mRNA vaccines at their site in Leek, and up to £12.3m to support Smith&Nephew's new Advanced Wound Management manufacturing and R&D site near Hull. The Government continues to work with the life sciences industry to support manufacturing investments in the UK.

HC Deb 17 March 2023 | PQ 162210

Life Sciences: Research

Asked by: Baroness Ritchie of Downpatrick

To ask His Majesty's Government what steps they have taken to deliver on the commitment made in the Life Sciences Vision, published in July 2021, to introduce new treatment possibilities such as novel cell and gene therapies for patients with rare genetic diseases such as haemophilia.

Answering member: Lord Markham | Department: Department of Health and Social Care

The Life Sciences Vision sets out how we will accelerate the adoption and uptake of innovative new treatments and technologies, including for rare diseases. The Accelerated Access Collaborative is central to delivering these commitments and has initiatives aimed at accelerating adoption of innovation in the National Health Service.

The UK Rare Diseases Framework outlines our priorities in tackling rare diseases such as haemophilia. This includes improving access to specialist care, treatment and drugs. England's first Rare Diseases Action Plan sets out actions to achieve this, including developing a strategic approach for gene therapies and other Advanced Therapy Medical Products. Two gene therapies for adults with haemophilia B are expected to be available within the next few years.

HL Deb 27 February 2023 | PQ HL5712

Medical Treatments: Innovation

Asked by: Zeichner, Daniel

To ask the Secretary of State for Health and Social Care, whether his Department is taking steps to help streamline processes for future medical innovations so they are available in similar timeframes to covid-19 treatments.

Answering member: Will Quince | Party: Conservative Party | Department: Department of Health and Social Care

The Government is committed to supporting timely patient access to promising and innovative new treatments. Our Life Science Vision published in 2021 set out our ambition to build on the scientific successes and ways of working from COVID-19 to tackle the biggest disease challenges.

The United Kingdom's participation in Project Orbis and the creation of the Innovative Licensing and Access Pathway (ILAP) are already enabling the more rapid review and approval of promising new medicines. In addition, the National Institute for Health and Care Excellence is introducing a more proportionate approach to appraisals that will create more flexibility in its medicine evaluation processes and speed up access for patients.

HC Deb 20 February 2023 | PQ 142723

NHS: Drugs

Asked by: Lord Warner

To ask His Majesty's Government what assessment they have made of the link between the use of innovative medicines by the NHS and (1) the placement of clinical trials in the UK, (2) patient outcomes, and (3) employment levels in the life sciences industry in the UK.

**Answering member: Lord Markham | Party: Conservative Party |
Department: Department of Health and Social Care**

Whilst we have made no specific assessment, the Government's Life Sciences Vision sets out our ambition to stimulate the United Kingdom's life sciences sector. The vision commits the Government to supporting the National Health Service to test, purchase and spread innovative technologies more effectively, so that cutting-edge science and innovations can be embedded widely across the NHS as early as possible, and rapidly adopted in the rest of the world. We are working with industry and system partners to make the NHS the country's highest driver of innovation.

HL Deb 09 February 2023 | PQ HL5234

[Drugs: Trade](#)

Asked by: Lord Hunt of Kings Heath

To ask His Majesty's Government, further to the report by the Medicines Manufacturing Industry Partnership [Fulfilling the potential identified in the Government's Life Sciences Vision](#), published on 24 January, what assessment they have made of its findings that since 2010, the UK has fallen from 4th to 98th place in overall trade balance in pharmaceuticals.

Answering member: Lord Callanan | Department: Department for Business, Energy and Industrial Strategy

Life Sciences pharmaceutical manufacturing was responsible for \$27.7bn exports in 2021. Official statistics from the Office for Life Sciences show that employment in core biopharmaceutical manufacturing employment declined between 2009 and 2019, but increased by 5% between 2019 and 2021. The Life Sciences Vision sets out an ambition to create a globally competitive environment for Life Science manufacturing investments. To help meet these ambitions, the Government launched the £60m Life Sciences Innovative Manufacturing Fund in March 2022 to incentivise globally mobile manufacturing investments in the UK.

HL Deb 07 February 2023 | PQ HL5075

[Drugs: Manufacturing Industries](#)

Asked by: Patel, Priti

To ask the Secretary of State for Business, Energy and Industrial Strategy, what support he is providing to businesses in the pharmaceutical sector to (a) expand their premises and (b) manufacture more products.

Answering member: Ms Nusrat Ghani | Department: Department for Business, Energy and Industrial Strategy

In 2021, the Government published the Life Sciences Vision, which set out an ambition to create a globally competitive environment for Life Science manufacturing investments. To help meet these ambitions and incentivise globally mobile manufacturing investments in the UK, the Office for Life Sciences launched the £60 million Life Sciences Innovative Manufacturing Fund (LSIMF) in March 2022. The LSIMF will provide capital grants for investment in the manufacture of human medicines (drug substance and drug product), medical diagnostics and medical technology products. The fund has received a large number of high-quality applications and we expect to announce the successful grant awards from spring 2023.

HC Deb 07 February 2023 | PQ 136593

[Drugs: Expenditure](#)

Asked by: Lord Warner

To ask His Majesty's Government what assessment they have made of the impact of the real terms decline in medicines spend since 2019 on (1) patient outcomes, and (2) foreign direct investment into UK research and development.

Answering member: Lord Markham | Department: Department of Health and Social Care

An impact assessment was published in December 2022 as part of the consultation on the impact of changes to the Statutory Scheme for Branded Medicines. The Department has received materials from pharmaceutical industry Trade Associations and from individual companies about a wide range of issues relevant to both the voluntary and statutory schemes for branded medicines pricing. We will be considering this evidence over the coming weeks and will publish our response alongside the final impact assessment.

The latest data published by the NHS Business Services Authority on prescribing costs in hospitals and the community for 2021/22 shows spending on medicines increased from £15.74 billion in 2019/20 to £17.78 billion in 2021/22, which is also an increase in real terms.

HL Deb 06 February 2023 | PQ HL5236

Drugs: Manufacturing Industries

Asked by: Lord Hunt of Kings Heath

To ask His Majesty's Government, further to the report by the Medicines Manufacturing Industry Partnership Fulfilling the potential identified in the Government's Life Sciences Vision, published on 24 January, what assessment they have made of its findings that the UK has seen (1) a significant loss of traditional medicines manufacturing capacity over the last 25 years, (2) 7,000 jobs lost, and (3) a fall in production volumes of 29 per cent since 2009.

Answering member: Lord Markham | Department: Department of Health and Social Care

Life Sciences pharmaceutical manufacturing was responsible for approximately £20.1 billion worth of exports in 2021. This figure is based on a US dollar figure of \$27.7 billion, using the 2021 OECD average conversion rate.

The official statistics from the Office for Life Sciences show that employment in core biopharmaceutical manufacturing employment declined between 2009 and 2019 but increased by 5% between 2019 and 2021. The Life Sciences Vision sets out an ambition to create a globally competitive environment for Life Science manufacturing investments. To help meet these ambitions, the Government launched the £60 million Life Sciences Innovative Manufacturing Fund in March 2022 to incentivise globally mobile manufacturing investments in the United Kingdom.

HL Deb 06 February 2023 | PQ HL5074

Medical Treatments: Innovation

Asked by: Shannon, Jim

To ask the Secretary of State for Health and Social Care, what steps his Department is taking to help increase the uptake and availability of innovative medicines across the UK.

Answering member: Will Quince | Department: Department of Health and Social Care

The Government wants National Health Service patients to benefit from access to effective new medicines in a way that represents value and is fair to all parties. The National Institute for Health and Care Excellence (NICE) develops guidance for the NHS on whether all new medicines represent a clinically and cost effective use of NHS resources and aims to publish guidance on new medicines as close as possible to the point of licensing. The

NHS in England is legally required to make funding available for NICE recommended treatments. As part of the appraisal process, companies are able to agree commercial arrangements in line with the NHS Commercial Framework.

NICE recommends the vast majority of medicines for use in the NHS, whether for routine commissioning or through the Cancer Drugs Fund. NICE is also now able to recommend non-cancer medicines for use through the Innovative Medicines Fund.

The Government established the Accelerated Access Collaborative (AAC), the umbrella organisation overseeing the health ecosystem, to bring together leaders from across the life sciences sector and tackle the barriers to adoption of innovation in the NHS. The AAC is delivering real success. In 2021/22, the AAC supported over 570,000 patients with access to proven innovations, secured £445 million of investment, supported 3,000 innovations and created and safeguarded over 3,900 jobs.

As outlined in the ambitious Life Sciences Vision, which was co-developed with industry, the Government is committed to going further and addressing concerns about the uptake and spread of proven innovations, with a particular focus on identifying and addressing any unwarranted variation in uptake. The AAC will continue to be at the forefront of this agenda and work is underway to consider how to best utilise regional, local and frontline delivery partners to support the adoption and spread of proven innovations.

HC Deb 30 January 2023 | PQ 132364

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News and press releases

Times [subscription required]

13 April 2023

[Biotech is in Britain's DNA but still needs investment](#)

Pharmaceutical Journal

13 April 2023

[Ministers need a new approach to generic medicines](#)

Pharmaceutical Journal

13 April 2023

['A global outlier': how drug firms are fighting back against UK tax increases](#)

Association of the British Pharmaceutical Industry (ABPI) press release

1 March 2023

[ABPI sets out new proposals to support the NHS and economic growth](#)

Guardian

1 February 2023

[GSK boss warns UK life sciences at 'tipping point' despite Sunak's R&D pledge](#)

Guardian

25 January 2023

[Ignore the 'superpower' boasts – UK pharma looks superchallenged](#)

Association of the British Pharmaceutical Industry (ABPI) report

23 January 2023

[Fulfilling the potential identified in the Government's Life Sciences Vision](#)

FT [subscription required]

19 January 2023

[The battle over European drug pricing](#)

Association of the British Pharmaceutical Industry (ABPI) press release

16 January 2023

[Leading global pharma firms exit UK drug pricing agreement](#)

Times [subscription required]

16 January 2023

[Soaring NHS drugs levy 'forcing life sciences sector to cut investment'](#)

Association of the British Pharmaceutical Industry (ABPI) press release

15 December 2022

[UK medicines revenue clawback rockets to 26.5% putting Life Sciences Vision at risk, says ABPI](#)

New Statesman

11 November 2022

[How investment can unlock the UK's healthcare potential](#)

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