

Budget 2021: How Rishi Sunak can stem flow of top UK biotechs to US

By punching significantly above its weight in the Covid-19 vaccine race, the UK's life sciences sector has muscled its way firmly into the global spotlight.

But to keep it there, ministers must find ways to help the industry reverse a flow of the brightest talent and most promising start-up companies from Oxford, Cambridge, London and elsewhere to the US.

So as the world fixates on the totemic 1.5° celsius Paris target, another outwardly small but similarly critical number is dominating conversation in the laboratories and boardrooms of UK biotech.

The government has set a target of spending 2.4% of GDP on supporting research and development by 2027 to realise Boris Johnson's ambition to forge Britain into a 'scientific and tech superpower'.

PM points at science

/ PA

"You cannot stop a scale-up company for a year to go out and start a financing round: it will lose momentum, lose talent and lose competitiveness.

"I would never say UK companies should not list on the Nasdaq but I would like people to have the choice.

"It's always better if you have a home market that you can penetrate fast, because you understand the intricacies of that

market and can grow rapidly.”

Mounting pressure for sustainable investing – putting environmental, social and governance (ESG) at the heart of industry – provides another opportunity for the healthcare biosciences industry.

Richards said: “Investors are more aware of healthcare than they have ever been and there’s a huge wave of ESG money coming in.

“The government can’t put in the scale of money that’s needed in to make sectors really happen on a global basis. But what it can do is work on the infrastructure and regulation to bring in institutional pension funds.”

He adds: “What people get wrong about life sciences is that whilst on the face of it the majority of things they do don’t technically succeed, particularly in therapeutics, the good companies rarely go bust.

“They are usually working in the right areas and even if their lead product doesn’t succeed, they adapt and evolve and down the line everyone backs a later product.

“Life sciences is based on strong data, on intellectual property and on doing the right thing at the right time.

“For the government, it’s not so much about picking winners – anointing the next Nanopore – as having a really refined view of what themes are right and then creating an environment in which they can succeed and move forward.”

One UK biotech which has reached a billion dollar ‘unicorn’ valuation without either selling up or going public is Touchlight, a manufacturer of synthetic DNA founded in 2008.

The firm, based in south-west London, has been through several funding rounds using the government’s Enterprise Investment Scheme (EIS), which offers tax breaks to investors in small,

innovative companies.

DNA drones fly over Newcastle

/ PA

“Of course, because particularly if you are delivering a drug or product there’s a cliff you go off when you go through phase one trials and the government could be there to help build a bridge into both building effective new therapies and the life sciences sector more broadly.”

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The calls will land on the intray of George Freeman MP, a former life sciences investor who returned to government last month as science minister to work alongside chief scientific adviser, Patrick Vallance at the newly created Office for Science and Technology Strategy.

Freeman led the Taskforce on Innovation, Growth and Regulatory Reform (Tiggr, obviously) whose report on reshaping regulation to unlock opportunities from Brexit is now being digested by Downing Street.

A spokesperson for the BEIS, the department for business and innovation, said: “Research and development are central to igniting the UK’s economic recovery, boosting productivity, creating new jobs, and improving people’s quality of life, and we remain committed to achieving our target to increase total UK R&D investment to 2.4% of GDP by 2027.

“Our commitment to maintaining the UK’s position as a science superpower is unwavering. We have pledged to invest £14.9 billion in research and development in this financial year – the highest level in four decades.”