HOUSE OF COMMONS

Science, Innovation and Technology Committee

Oral evidence: Life sciences investment, HC 1331

Tuesday 16 September 2025

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Watch the meeting

Members present: Dame Chi Onwurah (Chair); Emily Darlington; George Freeman; Tom Gordon; Kit Malthouse; Dr Lauren Sullivan; Adam Thompson; Martin Wrigley.

Health and Social Care Committee member present: Andrew George.

Questions 1 - 27

Witnesses

I: Ben Lucas, VP Managing Director UK and Ireland, MSD; Dr Richard Torbett MBE, Chief Executive Officer, The Association of the British Pharmaceutical Industry (ABPI); Tom Keith-Roach, UK President, AstraZeneca.

Examination of witnesses

Witnesses: Ben Lucas, Dr Richard Torbett and Tom Keith-Roach.

Q1 **Chair:** Welcome to this one-off evidence session exploring Merck's decision to halt the expansion of its UK operations and what it means for wider investment in the UK's life sciences sector. I would also like to welcome Andrew George MP, who is a member of the Health and Social Care Committee, who will be guesting for this session of the Science, Innovation and Technology Committee. I appreciate you joining us at short notice. We have a lot to get through, so I am going to ask you to keep your answers concise, and I will try to keep our questions concise. Please introduce yourself the first time you speak. I am going to start with Ben Lucas. Can you tell me why you decided to pull out of the King's Cross investment and when you first informed the Government?

Ben Lucas: Thank you for this opportunity. I am the managing director for MSD here in the UK and Ireland; we are Merck & Co. in the US and MSD outside the US. I am aware that this decision was only communicated last week, and I want to acknowledge that I have a number of scientists who are going through a consultation and a process at this moment in time, having had this communicated to them just last week. I thank them for their patience and engagement as we are going through this process.

The decision has been a fair while in the making, I would say. The reality is our company is going through a significant strategic shift as we reach the end of a period of time when we have been quite focused on two areas of business: oncology and vaccines, on the whole. We have a rich legacy of history in a number of disease areas, and hence the lifecycle changes. As we look to the future, we have a really exciting portfolio. Our late-stage clinical portfolio has tripled since 2021, and we find ourselves in a place where we are having to diversify into new disease areas. That has meant a considerable set of strategic challenges for our organisation to decide how we pivot resources from where we currently are to where we need to be to invest in the future pipeline and drive sustainable growth for our company.

The company has publicly declared a $3 billion restructuring that is going to happen globally. We talked about that being done on a division-by-division basis, to be able to release those resources and pivot capabilities towards the future. We also talked about assessing our global footprint as part of that assessment. My research lab colleagues made the decision that in terms of their early discovery research, they would no longer pursue what had been a long-in-the-making investment here in London.

On that basis, we will put at risk nearly 125 of our scientists whom we had started to build. Our plan had been to build up 200 scientists to occupy this new facility, but at this moment in time, the decision has been influenced both strategically from a company perspective and by

where we find the UK in terms of just an ability to do end-to-end business here, from the life sciences side of things.

It is a multifactorial decision and a difficult decision. It has not been made easily. We are very conscious of the impact it has on our people and on the economy, both locally and in the UK at this moment in time.

Q2 **Chair:** We will come back to look in more detail at the ability for the life sciences sector to do end-to-end business in the UK. I just want to ask a follow-up on the global environment in which Merck is operating, and its decision—as you said—to reduce investment globally by $3 billion and the workforce globally by 6,000, as I understand it. Merck's diabetes drug Januvia has a current US list price of $547 and a UK price of $45, which is less than one tenth.

Biden's changes to Medicare's powers, which I know Merck is currently challenging in the courts, provide for a list price of $117, a fifth of what it currently is in the States, but still two and a half times greater than in the UK. These prices come into effect from January. How much is this disinvestment in the UK about the UK environment, and how much is it about the global and particularly the US environment?

Ben Lucas: Maybe I could correct one thing. We have announced a $3 billion restructuring, but we have also announced at the same stage that that is just a pivot of our resources. We are going to reduce costs from one area of our business and pivot them to new areas of our business. We are not reducing overall investment on a global basis. It has meant that our investments in different divisions and different therapy areas will change.

Our business is global. It is complex. The decisions that are made are taken due to a number of different reasons. However, on the Januvia front, I can say with some confidence that that is not in any way associated with this decision at all. Januvia is in a different part of its patent life in the UK from the US, and it is subject to some ongoing legal discussions and legal challenges in the US.

You raised two or three important issues. The reality is that the US taxpayer—US consumers—have been funding the vast majority of revenues for pharmaceutical companies around the world for some period of time now, essentially footing the bill for research and development on the whole. As you know, the US Administration has voiced some concerns about the current balancing of the way that the global pharmaceutical businesses' revenues are raised.

I would say, though, with some caution, that this is a decision that has been made about our early research and discovery. It has been made as part of a strategic assessment by that division. Our company continues to have 1,600 people working here, many in late-stage development: in clinical trials with patients, regulatory assessments, in our medical affairs organisation and human health organisation commercially, and in animal

health. The continued investment and what we hope for in the future are very much focused around what we think is going on here in the UK.

It would be unfortunate for any decisions and for these topics to be explained away as simply a function of what is going on in the US. The UK commercial operating environment needs to be addressed, and we find that difficult. That is in complete end-to-end, from our development all the way through to commercialisation of our medicines.

Chair: We will now go into that in more detail.

Q3 **Kit Malthouse:** Mr Lucas, you did not answer the second question about when you first told the Government.

Ben Lucas: We communicated on Monday last week to No. 10 and to the Office for Life Sciences. We felt we wanted to do it respectfully because we have been in connection with the Prime Minister, obviously, because it is in his constituency. We were keen to make sure we informed them.

Equally, we have adopted a priority here around our people, and we did not want to play this out in public before we had had a conversation with our employees about our intentions. I would say, though, I do not believe any of the topics that we have raised are inconsistent with conversations that we have had with Secretaries of State in any of the major Departments over the last year.

Q4 **Dr Sullivan:** I would just like to refer to my entry in the register of interests: I am an unpaid visiting research scientist at the Francis Crick Institute. Could you just confirm that the MSD base at Francis Crick is also being removed?

Ben Lucas: Can I take a moment to explain our investments at this moment in time? Subject to consultation—as you will know, we have to go through a proper process—we have announced our intent to stop our discovery research investments, which include our laboratory and staff that are based at the Crick at this moment in time.

Q5 **Dr Sullivan:** Okay. That is very disappointing and upsetting. They are on the same floor as me, so I saw them on a regular basis, and they had huge ambition for the future. Has Merck lost its ambition? Just looking at Keytruda, which is one of your main drugs, can you tell us what the origin of that drug is, please?

Ben Lucas: Do you mean which company, or the history, or anything?

Dr Sullivan: The company, the history.

Ben Lucas: As you may be aware, some early research was done through MRC. In fact, there was a royalty payment to MRC for some period of time. As you know, this is an interconnected discovery world, and we rely on those relationships. It is important to make this point, and I know I can communicate this from our research leaders: in no way was this a reflection on the science that was being done at the Crick, or within

LBIC, or with our scientists here. It was not a reflection on their work or the value of the science that can be conducted in the UK. That has been something we have been keen to emphasise. The science here remains in very good shape.

The challenge for us is about connecting that through the entire ecosystem to be able to find use for our medicines, and on a global basis making decisions about whether we are going to achieve our goals by having those teams located there. I would completely concur with you; it is a sad day that we are leaving, because we valued the collaboration with the Crick.

Q6 **Dr Sullivan:** Absolutely. Given that this was an MRC-funded project, from many of your huge profits over the last while, Keytruda has really made an impact in the business model. Where is a better place to do science if R&D in the Crick and the UK appear not to be the case?

Ben Lucas: If you would not mind, could I just make one small point in terms of Keytruda being funded by the MRC? A small part of the early research was done in the UK, on the mode of action and then the target. That was taken forward by another company, we then acquired that company; you will be aware of that story. Keytruda is a good example of the power of what this industry has to bear. We have done over 1,200 late-stage clinical trials with Keytruda in over 35 indications for oncology. It has totally transformed cancer care outcomes and treatments. That is something that we are hugely proud of.

I am not here to say there are better places to do science than the UK, but I am here to say—and I think this is important —that we are a multinational company, we are pretty serious and pretty good at what we do, and we have huge ambitions for the future in terms of saving and improving lives, branching out into new areas of care, and adding new standards of care. But we have made this decision thoughtfully, and we think we will be better off not taking this forward at this moment in time. That is about an interconnected system, and it is for the UK to reflect on how we can avoid these things moving forward.

Q7 **Emily Darlington:** Before I go on to something else, I just have a quick follow-up question for you, Ben. MSD Animal Health is in Milton Keynes, in my constituency. Are there any jobs at risk there?

Ben Lucas: You may be aware already.

Emily Darlington: No, I am not.

Ben Lucas: In late 2023, we also announced the divestment of our animal health business and the full closure of our Milton Keynes site. That was announced in 2023 and communicated fairly widely to the Departments. The technology that we have at our Milton Keynes site is going to be transferred to Austria and to Spain, in order to be able to maintain our business.

The animal health decision was slightly different, to be honest with you. We were operating post-Brexit, in a world where the regulations to export product into Europe, to our other parts of the supply chain, became really quite challenging. Ultimately, we had to make that sad decision over a year ago. We are working with UK Land and other Departments to make sure that we can appropriately leave that site and help to redeploy the workforce as much as we can. But yes, that decision was taken and communicated a while ago. I would be more than happy to pick up with you afterwards if you do not feel that was communicated.

Q8 **Emily Darlington:** Yes, I have met the team on several occasions and, in fact, hosted them and helped to facilitate meetings with Ministers for that team. I thought that was in anticipation of not closing that site. That is clearly what the local team were hoping for. I did not realise that the decision was final.

Ben Lucas: Maybe we could take that outside this room. I would be more than happy to follow up with you, by all means. I am sorry if in any way that was not made clear to you.

Q9 **Emily Darlington:** Right. I wanted to come to you, Tom Keith-Roach. We have met and had chats before. I was surprised to see that you are pausing the £200 million development in Cambridge. I know in the past we have talked about cost in the Cambridge area. Is this a Cambridge issue or is this a UK issue? When you say pause, does that mean stop, or does that mean you are looking for other locations—in which case, we seem to have one available in Milton Keynes, I might suggest. I am trying to understand better what is going on in your thinking, in your decisions. Is it related to what we have just heard from Ben, or are there other factors at play in that decision?

Tom Keith-Roach: Clearly, when this was leaked to the media on Friday, this was really disappointing and devastating news for AstraZeneca and for our employees, similar to Ben. This is very sensitive right now within our organisation. As you know, we are extremely proud to be the leading life sciences company and investor in the UK. We are deeply rooted in Cambridge, and not just there, but in Liverpool and Macclesfield. Our teams are really deeply embedded as part of the research environment, from the top to the bottom of this country.

Equally, I want to say that we as a company are committed to working with the Government and with the life sciences ecosystem in the UK to deliver on the sector plan and the ambition to make the UK one of the most attractive places in the world to develop and bring medicines forward for patients. This leaked news is clearly extremely disappointing in that context.

This was part of a £650 million further investment that we announced as part of the March mini-budget at the beginning of 2024. It involved £450 million for a new vaccines partnership with the UK Government in Liverpool and £200 million to develop the south site in Cambridge to

accommodate around about 1,000 staff who are not directly involved in R&D, but who support the 2,500 scientists that we currently have in The Discovery Centre on the biomedical campus in Cambridge. That investment is now on pause.

I know it will not be lost on the Committee, given the history of Macclesfield in 2022 and Speke in January of this year, that there have been a number of decisions over the course of the last couple of years which—very sadly—have either been stopped or put on pause. We have been very transparent about the details for those; they are actually independent decisions. For example, in this case, we lost the UK patent on our largest product in the UK, a product called Farxiga—the generic name is dapagliflozin—which has forced us to review our UK footprint. It is also part of a broader review of our global investment footprint that is currently going on with the board.

What I would say—this is one of the challenges that we have been confronting in partnership with Government—is that on any metric, the UK has one of the richest environments for research and drug discovery in the world. Whether we are talking about research-intensive hospitals, the genomics environment or the data environment, the talent that exists in this country is world-class. Actually, this is an industry in which investment is accelerating. If you look at the total amount invested in the industry in 2022, which is approaching $200 billion, that is double what it was 10 years previously. We expect as an industry to invest $800 billion in R&D and innovation globally between now and 2030. By rights, tens of billions of that investment right now should be flowing into the UK.

One of the challenges we have—and this is not new news; it has been a long-standing conversation—is that building successful, high-growth, innovation-led pharmaceutical companies involves taking huge risk in drug development. Actually, if you look back on the history of this industry, there is a long history of companies that have failed and been absorbed. Wyeth was bought by Pfizer, Aventis was bought by Sanofi, and we as a company were in that position ourselves in 2012. Companies can just disappear. Making those big bets on research that we do requires that somewhere around the world there are health systems and Governments that value that innovation in a way that allows our business model to be sustainable globally.

One of the challenges that we have had as an industry—it is not a recent one; this has been building and accumulating over the last 20 years—is that the UK is an increasingly challenging place actually to bring forward innovation to get through the front door of NICE into the NHS and bring forward innovation to patients. We are ultimately motivated to improve public health and patients' lives, and that operating environment, or at least that part of the operating environment, is becoming increasingly challenging.

While it was not, let us say, the primary factor in any of those three, it would be remiss of me not to say that in the current global environment, we are increasingly seeing discretionary investment and new investment in R&D and in capital manufacturing flowing into countries that are seen to value innovation, and seem motivated to pull that through into patients. It is increasingly challenging to bring new investment. I have worked extremely hard at that over the last five years in an environment that is apparently not, or at least less so. That is something we need to address in partnership with Government and alongside the outstanding research environment that exists here.

Q10 **Emily Darlington:** Let me ask my follow-up question to that, because I really appreciate the honesty of that response. You will find a lot of agreement around this table; it is something we have talked about quite a lot here. What you are talking about, in terms of setting an environment of innovation and absorption into our own health service, and how that is something that has been a challenge for quite some time here in the UK, comes from the top, does it not? Others may want to respond to this as well: how do you find your interactions with Ministers? Are they at a senior enough level? Are they able to direct that investment into the rest of the system? Where do you think that is currently?

Tom Keith-Roach: I want to give a very clear view on this, notwithstanding all the rhetoric we see in the media. In my view, we are in this together. We are involved now in a highly constructive conversation with Government at the highest level, notwithstanding that this is an extremely difficult moment in history and a very substantial challenge. The issue of underinvestment in medicines has been a continued and worsening trend in the UK. If you look at the data that was presented in Darzi over the last 20 years and over the course of multiple Governments and administrations, it is not a quick fix. It is very difficult to resolve overnight, particularly in the current fiscal environment in which the UK finds itself.

Chair: Mr Keith-Roach, you are saying that it is good collaborating with the Government and engaging in other areas of concern. Emily wanted you, Richard Torbett and Ben Lucas, to also just talk briefly about your relationship with the Government.

Dr Torbett: I am the chief executive of the Association of the British Pharmaceutical Industry. Very briefly, I would echo those comments. These are very difficult conversations, but they have been highly constructive with multiple Ministers across Government. I would also just echo that we have worked in a collaborative partnership way with successive Governments for many years. We have had voluntary schemes and partnership agreements with Governments for 70 years in this country. It is in the recent couple of decades that things have become very difficult, but I would echo what we have heard from Tom here.

Ben Lucas: I would just echo and add to that. We do not feel like we have had a challenge—

Q11 **Emily Darlington:** Can I just ask the obvious follow-up question? If it is really constructive, and it has been difficult over the last decade or two decades, what is happening in terms of the conversations that is going to make it any different or better now? It is very difficult, it has been like that for 20 years, but there are very constructive conversations: that is nice language, but we are interested as a Committee in whether there is a commitment from this Government to make the changes so we do not see investment leave the UK. We are interested in whether you, who are making the decisions on the investment, think there will be changes and what those changes need to be.

Chair: Those are big questions. Could each of you respond briefly? You must have thought about this.

Dr Torbett: I am very happy to kick it off. At the root of this is that since 2014, the NHS budget has increased in real terms by 43%. What is less known is that the investment in branded, innovative medicines has declined by 10% since 2014. That divergence between where the NHS budget is going and medicines is at the root of this problem. What we really need is a concerted effort to turn that around. We have some specific requests that we have put to the Government, and we are eager to keep talking about this.

Chair: Okay, we will come back to that in more detail. Ben Lucas?

Ben Lucas: I would say three to four things. There is a chronic underinvestment in medicines. The investment in medicines—the budget spent on innovative medicines—has not raised at the same rate that other spend in the NHS has over time. The UK has dropped down the league tables in terms of spend on medicines, either as a proportion of GDP or as a proportion of the overall health spend.

We continue to see a challenge with the undervaluation of medicines. Maybe I could just draw your attention to the fact that all our medicines that come to market have to be assessed for cost-effectiveness, as you will be familiar with. The threshold for cost-effectiveness—the value that the Government put on a quality-adjusted life year—has not moved since 1999, yet in that period of time, our costs associated with running clinical development increased, I think, tenfold; *Nature* published it last year. There has to be a serious conversation. That is quite technical, but in principle, there has to be a conversation about undervaluation.

Can I add just one small part about the connectiveness? I believe successive Governments have demonstrated that the way to do this is to connect across the top of Departments. Unfortunately, when it comes to the system, the plumbing is not connected. The lived experience for a number of companies will be that the promise is there, and it fails to

deliver because we are not connecting the system up in the right way. That will be important to note.

Tom Keith-Roach: Thank you for the opportunity. I echo what my colleagues have said. For me, there are three elements that we need to address, and we are having the right conversation now on all three of them. In the short term, the industry is being asked to pay back to the Department of Health and Social Care £13.5 billion of sales over the course of the current VPAG scheme. That is what governs the overall size of the medicines market in the UK, and we need to come to a sensible resolution on that.

It is important that, to unlock investment in UK life sciences, we have to have some idea of what happens beyond 2028. The industry is willing to accept some pain in the current environment, but we need to do that in the context of a clear, shared, long-term plan that addresses long-standing issues such as NICE willingness-to-pay thresholds. It should also probably commit to a phased and risk-managed step up from UK investment in innovative medicines, which at the moment is 0.27% of GDP—it really is the bottom of all other comparative countries—in a measured way up towards something that is more around about the middle of the pack.

If we do a combination of those three things, it provides the long-term certainty and shared commitment that as investors we are looking to, to believe that we can invest in a predictable environment that values innovation.

Chair: You spent a little time on this, but it was a useful response. I want to bring in George now.

Q12 **George Freeman:** We called this emergency meeting because this is pretty serious. It is not just this announcement; we have also heard AstraZeneca is cancelling a £450 million vaccine project and pausing a £200 million expansion, Eli Lilly is pausing its Gateway, and Sanofi is freezing its investment. This is pretty serious. We have the Ministers coming in 11 minutes, so in this session we are really trying to understand what is actually going on.

There is a view that this is a very effective pharmaceutical negotiation off the back of the VPAG negotiations. They are always horrible—I have done two of them—and in the end, we find a solution. Is this just a negotiation and the rest of the life science strategy is good? If not, at the end of a year in which the Government have been consulting with you—you said, admirably—and set out a life science plan, this looks like a massive rejection.

Should we conclude this is just a VPAG issue—sort VPAG, and we are back to business? Or are you really saying there is an NHS uptake problem, a trials problem, a data problem, or is this a Trump problem? We really need to understand what it is we should be saying to Ministers

in a minute that they have not understood in their conversations with you. Tom and Richard?

Tom Keith-Roach: You are absolutely right to be concerned. If you look at the announcements over the last five or six years, there has been an increasing number of site closures, R&D withdrawals, and investments that have been put on pause. That is simply a response to the economic gravity of reward for innovation in other jurisdictions versus headwinds here. It is a combination of those three things; it is not just a VPAG issue.

In the long term, we see VPAG as a symptom of the problem rather than the cause. It is a decision on a long-term commitment to an investment in medicines. We can negotiate about VPAG, but in the long term, this needs to be a country that is committed to investing in innovation, to making innovation available to patients, and to providing a front door to the NHS through which innovative medicines can pass.

Dr Torbett: It is definitely not a short-term issue, and it is definitely not only about VPAG. We have lost share in global R&D for about a decade; we lost a third of our share over the last decade. I have a list of about 20 examples here over the last 10 years. There are two examples that happened to come out last week, but this is definitely a long-term trend. I would agree with Tom. We published a comprehensive report on the competitiveness of the sector last week—if you have not seen it, we would be very happy to send it to the Committee—where we have really tried to look at all the factors that drive investment decisions.

Chair: Yes, we have it.

Q13 **George Freeman:** What was it that you wanted in the Life Sciences Sector Plan that you do not have?

Dr Torbett: It really is about connecting the market. It is a great plan in many ways.

Q14 **George Freeman:** I understand, but this is bad news. What is it missing?

Dr Torbett: We need to sort VPAG and the NICE threshold, and have that sustained commitment to bring the UK up to the level of comparable countries.

George Freeman: In terms of innovation uptake?

Dr Torbett: This is the single biggest missing piece of the jigsaw. Everything else in the plan is really good. There is more we can do with health data, there is more we can do with many of the research assets that we have here, which you know very well.

Q15 **Andrew George:** You have mentioned VPAG a number of times. Tom, you said that it is a symptom rather than a cause. Richard, why did negotiations break down this summer? I note that you said that the lack of a deal undermines the Government's plan for the UK to grow in its life

sciences sector, arguing that pricing is the "core issue holding the UK back." You were clearly indicating that VPAG is an indication as to why the UK is failing, so where do we go from here?

Dr Torbett: If I can start at the end of your question, where we go from here? It is very important that we start talking again as soon as possible to try to keep finding a solution. In my understanding, the reason that the Government took the decision to end the review is that we had reached a point where the positions were very different. At the outset of the review of the scheme, we had a very clear objective to bring the UK back to a position of international competitiveness again.

We worked in good faith, there was a good collaboration with Government, and the Government made a set of proposals to the industry, which included £1 billion into the market over the next three years. But to set that in context, it would have still left the industry with £13.5 billion to pay back. At its core, the industry could not in all honesty agree that that was a competitive position for the UK. That is why the particular review stopped. Having said that, it is too important to not try again, in my view.

Q16 **Andrew George:** The conversations are going on at the moment? Or are you not talking?

Dr Torbett: That particular review has come to an end, but we are certainly keen to keep conversations going. We have constructive relationships with Ministers and officials.

Q17 **Andrew George:** So no, you are not having a conversation. We have Ministers before us shortly, in 10 minutes' time. What should we be pressing them to do?

Dr Torbett: Our request would be to restart talks with us in order to try to find a solution.

Q18 **Tom Gordon:** There have been a number of things that you have all said as we have gone along so far. Ben, you mentioned that the UK commercial operating environment needs to be addressed. Tom, you mentioned high growth needs and high risk; we need a stable market for it. Richard, you mentioned international competitiveness. Obviously, you mentioned a number of decisions that have been taken over recent decades. How has the UK leaving the EU, the EMA and various other components impacted on this, and is this something that feeds through to the decisions that you have been taking? Tom?

Tom Keith-Roach: I do not view that as relevant to the conversations that we are having here. Actually, the challenges in the UK environment are linked to UK policy that has been in place since 1999, particularly associated with NICE thresholds, which were established under a Labour Government but have not moved since then. Then the other piece is escalating clawbacks, which until five years ago had been counted in the hundreds of millions in total, but, through covid and post-covid have

escalated up to £3 billion plus per year. Sadly, they have started to be used almost as a balancing item.

Q19 **Tom Gordon:** Is there anything you want to add, Ben?

Ben Lucas: No; the point I made before was a separate topic. We work within the policy environment we have, and there are some positives and some challenges. I would echo that; I don't think it is the same.

Dr Torbett: I agree, it is not the primary driver. There are things related to the EU that we could talk about, but it is not the primary driver of these conversations.

Q20 **Tom Gordon:** In the discussions you have with Ministers, having access to the European market in a much easier way would not be something that would help growth in the sector?

Dr Torbett: Not in terms of the big questions around investment that we have been talking about today.

Q21 **Adam Thompson:** I want to continue the conversation about the international picture and particularly US policy. Focusing on favoured nation pricing and potential pharmaceutical tariffs, Tom and Ben, respectively, how much is Trump's policy affecting your thoughts about investment in the UK?

Tom Keith-Roach: You are right to acknowledge that this conversation is happening in the context of a broader and very active international conversation right now. President Trump has made clear that he is trying to make sure that countries are pulling their weight according to their GDP in terms of covering the global cost of developing new medicines. I would say that that is not a new conversation. Actually, that is one of the few issues on which Republicans and Democrats would probably find common cause. The previous Administration's policies around the Inflation Reduction Act were moving in a similar direction. It is actually not just limited to the US. There are similar conversations happening in China about funding R&D and medicines pricing.

It is not new, but the context of the position that the Trump White House has taken has meant that this is a far more active conversation than it has been historically. That is really posing a clear question to the UK from a policy perspective. Actually, as a sovereign nation outside Europe, the UK has control over its regulator, its pricing and its medicines policy in a way that other European countries do not. The question is how we move forward as a country in that context to improve access to medicines and in a way that allows the life sciences industry to attract investment and grow.

Ben Lucas: I concur with Tom's thoughts, so I am not going to repeat them. If I may, coming back to our decision that we are talking about, our decision is not linked to the MFN policies. We do not manufacture in

the UK and export to the US, so it is not linked to the decision that we have made from our side of things.

Would you mind if I just went back slightly to the question from George? I understand it can be confusing because on one side we are saying, "Well, we seem to work well with senior Ministers," and we have done, and the Life Sciences Sector Plan looks like it works. I might categorise it as a credibility challenge. The reality is that we have been having this continued conversation with successive Governments about the potential of the UK to be able to pull down and realise—in an economic growth way—the talent that it has. But we failed, and that has been a collective failure across the board.

As an ex-UK, US-based executive team looking into the UK, the challenge I continually get is, "Well, we've heard that plan before, Ben, but it hasn't necessarily delivered." The difference is that the ingredients are there, but the commitment and the choices to get behind those need to exist. As Richard and Tom have referred to, that will unlock the potential to really pull through and maximise on what could be. It is pretty fertile ground on the whole, but it needs to be joined together. It needs to show that there is a commitment, and that commitment needs to be pulled through to be shown it is credible.

Q22 **Adam Thompson:** The other side of the coin to my previous question: looking again at the US, obviously Trump has made some quite significant cuts to publicly-funded research. Is that affecting your perspective on investment in the US?

Dr Torbett: I could offer a quick response. Those decisions are really challenging for the US, but it is a real opportunity for the UK that it has the potential to grab. All the trends we are concerned about significantly predate the MFN conversation around this year. We are still the largest R&D investor in the country by a long way. We still export almost double what the NHS spends on medicines. That is fantastic for the UK economy, but, if we do not point out these sorts of trends that we are seeing right now, the real concern is that we end up losing that edge. We have such a vibrant start-up and scale-up community here. We have the potential to grow, and we have the potential to capitalise on some uncertainty in the US by really doubling down on life sciences if we get this right.

Q23 **Emily Darlington:** I have a quick question. Who do we lose that to? What country is going to pick it up, given the US problems? You are saying we have problems here.

Dr Torbett: There are a variety of countries that we are losing out to. We are still losing out to the US; we are losing out to Belgium, Ireland, Singapore and Germany. We have lots of examples of decisions that have been in the balance, and those are the sorts of countries that we have lost out to.

Q24 **Kit Malthouse:** There was an investment meeting in February where a

number of CEOs were present, when the Prime Minister said that he would "sort the VPAG."—I do not know whether the Merck global CEO was there. There has obviously been a period during which your expectation was that what the Prime Minister had promised was going to happen. Ben, presumably your decision has come about after that has not transpired, or the offer was not what you were expecting. Is that right?

Ben Lucas: It is fair to say that the engagement that was shown by Government at that meeting was cross-Department, it was clear, it was unequivocal. There is a clear commitment to get behind life sciences in this country. That was the message that was shared to the CEOs, and the CEOs shared back some of the challenges, and there was a commitment to try to sort that. That is what we have been engaged with. The actual process of our engagement over the last six months has been trying to find ways that that could be delivered, and that ultimately has ended in failure.

Q25 **Kit Malthouse:** It just did not get anywhere.

Ben Lucas: It did not. We cannot find a solution for both sides to, understandably, find a meeting point in the middle at this moment in time. But, as Richard has said, I hope we can continue working on this because the prize is large, and the importance of being able to get medicines to patients in the UK is a deeply-held purpose for me, my company, and I am sure my colleagues.

Q26 **George Freeman:** I am taking a really clear message from this, which is that the real problem here is an NHS adoption, uptake and pricing issue in our life sciences ecosystem. It is not the MRC, the Department for Business and Trade or OLS. The problem is the NHS and DHSC policy on purchasing, innovation and drugs. That is what I think I am hearing from you loud and clear. That is the principal problem.

Chair: Yes or no?

Ben Lucas: Yes.

Tom Keith-Roach: Yes, that is exactly it. That is the message we have tried to land.

Q27 **Chair:** Are you saying to the Committee, to Ministers and to the British public that the NHS needs to spend more on medicines from its very hard-pressed budget, or that it needs to change the way it spends the current amount on medicines?

Dr Torbett: The NHS needs to invest more in medicines.

Ben Lucas: Yes, it does. It is not just about the procurement of medicines; it includes the late-stage clinical trials as well. The NHS is missing out on that, and that is about investment into the NHS, not about taking money out.

Chair: Okay, I am afraid we are going to have to bring it to a close there. We have the Minister outside. Thank you very much for your contributions and for the discussion. Your message has come across clearly to the Committee.

George Freeman: We have a DHSC Minister about to join us.