Department for Science, Innovation & Technology

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SIT committee

20 July 2026

Dame Chi Onwurah MP
Chair, Science, Innovation
and Technology
Committee

House of Commons,
Palace of Westminster
London SW1A 0AA

Dear Chi,

I am writing to provide an update since my previous letter of 2 April 2026 which set out the terms of the UK-US Arrangement on Pharmaceuticals Pricing and Tariffs.

Implementation of the Arrangement has progressed well, and following the changes to NICE's cost-effectiveness threshold in April 2026 there have already been nine additional medicines approved for NHS patients in England and Wales, which would previously have been unlikely to be recommended. These include a brain cancer drug available to patients as young as 12, and a last-resort treatment for people with a rare, aggressive stomach cancer who have already exhausted other options. This is clearly a direct benefit to patients.

Over the last 10-15 years, UK spending on medicines fell from nearly 15% of the NHS budget to as low as 9%, meaning the UK was losing out on access to important new treatments, with companies even considering not launching their products at all in the UK. We are in an era of rapid advances in medicines discovery, with important opportunities to prevent, treat and cure diseases. Medicines bring major societal and economic benefits, whether that be helping people stay in work, reducing pressure on public services or giving patients a second chance at life. As we enter the next era of cures, our medicines spend commitments will play a central role in enabling access to these life-changing medicines across the UK.

These commitments also continue to support greater investment in UK life sciences, where foreign direct investment was around 58% lower in 2023 than in 2017. Since the start of 2026 the Government has secured a series of major investments, including AstraZeneca's £300 million investment in Cambridge and Macclesfield to expand R&D and establish a new digital drug development laboratory, UCB's £530m investment in a new global R&D hub and Boehringer Ingelheim's £150 million AI/machine learning centre in Kings Cross.

Joint Taskforce process and recommendations

As part of the terms of the Arrangement, we committed to working with industry on ideation around the future of the commercial environment for innovative medicines. I was pleased to co-chair, with Minister Gill, a joint Industry/HMG Oversight Committee to oversee this process and sponsor a Sprint Taskforce, tasked with developing policy options to support

delivery of our newly agreed medicines spend targets in a way that maximises benefits for UK patients and the UK economy.

Thise ideation was a collaborative process between industry, government, NHS and NICE representatives, alongside input from patient organisations. Balancing ambition with affordability, capacity to deliver and clarity of direction, the Government has chosen to prioritise four key pilots recommended by the Taskforce for rapid implementation:

- Reforms to the delivery of managed access agreements, to enable faster and wider access to medicines with high data uncertainty, including rare diseases;
- A new approach to account for the productivity benefits of new medicines in NICE HTA, such as recognising the value of enabling people who receive treatment to return to work;
- A mechanism allowing industry to co-invest in screening, testing and the full care journey of patients through the Budget Impact Test, to better enable the NHS to offer innovative therapies at speed and scale as soon as they are recommended by NICE; and
- Dedicated regional funding to improve patient access to priority medicines, supporting local systems to provide faster and wider uptake of transformative innovations.

These pilots have been welcomed by patient groups including the Genetic Alliance and the Charity Medicines Access Coalition, who fed into the process, and will test ways to deliver faster, fairer and equitable NHS patient access to cutting-edge therapies.

We will also deliver supporting research projects, to further understand the opportunity to consider wider, non-health elements of value, such as productivity and carer burden, within value assessment and, separately, to consider approaches to valuing medicines for rare disease.

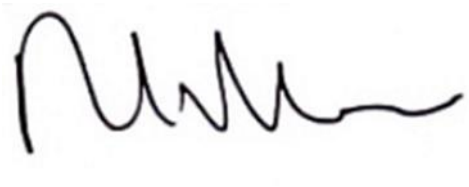
Finally, the government has also established joint principles with industry to inform negotiations of the future voluntary scheme, to begin June 2027. The successor scheme will aim to support fast, fair adoption of innovative medicines and attract further inward investment to the UK.

While the commitment to increase spending on innovative medicines is focused on supporting timely access to important new patented treatments, this does not diminish the importance of the off-patent sector, and indeed many savings can be made for the NHS by managing off-patent use of medicines effectively. The Government remains committed to engaging with the off-patent sector, and separate collaboration has also taken place to ensure their important perspective is captured. Our objective is a balanced medicines ecosystem that supports both innovation and long-term affordability.

Conclusion

If you have further questions regarding any aspect of the Arrangement and the Taskforce recommendations, my officials will be pleased to receive them. I welcome your continued engagement on this matter.

Yours sincerely,



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