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Britain

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A new optimism

Breathing life into Britain's life-sciences industry

The government has high hopes for a sleeping giant





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A FEW YEARS ago, Seth Harrison, an American venture capitalist, was looking to open an office in Europe. The choice came down to Britain or Switzerland. “I got quite acquainted with the whole UK biotech scene,” he recalls. “The fantastic research ferment that occurs in the Golden Triangle. You know, the London, Cambridge, Oxford area...And I just said, ‘Wow, this reminds me of Cambridge, Massachusetts, 25 years ago.’”

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The response to the covid-19 pandemic has highlighted that research capability—and many believe the world to be on the cusp of a “biological century” driven by biotech innovation. On April 29th Matt Hancock, the secretary of state for health and social care, gave a speech about the government’s desire to turn Britain into a “life-sciences superpower”. By some measures, it already is. Only American scientists are more highly cited.

But Britain struggles to produce superstar firms, or even the middling ones that build clusters. “Why is there not a Regeneron-type company or a Gilead-type company? That’s a fair question given the quality of the science,” says Matthias Evers of McKinsey, a consultancy. Last year British firms raised £1.4bn (\$2bn) of venture capital: more than anywhere else in Europe; far less than the American hubs, Massachusetts (£4.7bn) and San Francisco (£4.5bn).

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Firms that turn to public markets tend to cross the Atlantic, lured by the promise of heftier valuations. Recent ones include Immunocore (which develops drugs for cancer, and infectious and autoimmune diseases) and Vaccitech (a spin-off from Oxford's Jenner Institute, of covid-19 vaccine fame). "We're seeing UK biotech flourish," says Alistair Campbell of Liberum, an investment bank. "It's just not necessarily being listed on the UK stockmarket."

The numbers suggest the pipeline is being replenished. The UK BioIndustry Association finds that in total biotech firms last year raised £2.8bn, up from an average of £1.6bn over the past three years. This reflects both a global increase and optimism about local strengths in cell-and-gene therapies and genetics. The country provides investors with "some pretty unfished waters", notes Samantha Roberts of Legal & General, a financial-services provider.

These waters have enticed Mr Harrison's firm, Apple Tree Partners. It took longer than expected to hire staff, he says, partly because "one thing the UK does need is more people on the industry side." They are now in place, and the firm hopes to unveil a few investments this year. "The ambition, pace and scale have picked up," says Andy Richards, a veteran British investor.

Successive governments have tried to make this happen using tax inducements and investment—with only some success before the pandemic. Now investors expect spending in new areas. "You've got this...concern about sovereignty of supply," says Ms Roberts. "You start to think, 'Hang on, there's going to be a big manufacturing base we will have to build here.'"

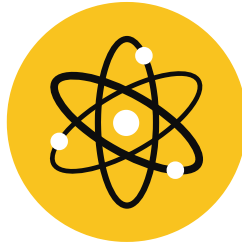
The government also hopes to improve less tangible bits of the country's infrastructure. Britain currently carries out few late-stage trials. A government paper promises to build on the RECOVERY trial, which uncovered two treatments for covid-19, by streamlining research and embedding it in the health service (further papers will explain exactly how). Mr Hancock wants to replicate fast regulation seen during approval of covid-19 vaccines, and to make the health service a more enthusiastic buyer of new treatments.

There are plenty of barriers to overcome, from the fact that lots of trials have

been on hold over the past year to what one investor calls the "inertia in the soul" of the British scientist when it comes to exploiting discoveries financially.

SOUL OF THE BRITISH SCIENTIST WHEN IT COMES TO EXPLOITING DISCOVERIES FINANCIALLY. Yet insiders are optimistic. As Sir John Bell, who advises the government on life sciences and is chairman of Immunocore, puts it: "I'm pretty confident that we can build a substantial new industry from the ground up." The coming years will show whether private money and government efforts can do just that. ■

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