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Amy Ackroyd
International Science and Innovation Unit
Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET

4 January 2011

Dear Ms Ackroyd,

I am writing on behalf of the BioIndustry Association (BIA) with regards to the Department for Business, Innovation and Skills call for evidence on the EU Framework Programme. The BIA welcomes the Government's call for evidence and we believe it offers an opportunity to improve the uptake of the available funding by making the programme more accessible, streamlined and relevant to UK industry in particular.

Not all of the consultation questions are relevant to our organisation or our members so we have restricted our focus within this submission to those areas that are of most concern to us. We have made a number of overarching observations and suggestions that we feel would be beneficial to the Framework Programme and would be happy to provide additional information on any of these points. For further information please contact Antonis Papasolomontos, Policy Manager, on apapasolomontos@bioindustry.org or 020 7565 7192.

About the BioIndustry Association

Established in 1989, the BioIndustry Association (BIA) exists to encourage and promote a financially sound and thriving bioscience sector within the UK economy and concentrates its efforts on emerging enterprise and the related interests of companies with whom such enterprises trade. With over 250 members, the BIA supports a wide range of companies, majoring on the human health benefits of bioscience and represents the interests of those innovative companies to a broad section of stakeholders from patient groups to politicians, advancing its members interests both within the UK and internationally to create a healthy UK bioscience sector which benefits society.

BIA comments

As the consultation document notes UK industry participation in the programme remains lower than for France and Germany. This is a missed opportunity for British businesses and particularly in sectors such as bioscience where we have a demonstrable competitive advantage that we are well positioned to build from[1].

[1] Recent Government figures show that the UK bioscience community is growing, with annual turnover increasing 18% to £5.5bn in the last year, http://www.bis.gov.uk/assets/biscore/business-sectors/docs/s/10-p90-strength-and-opportunity-bioscience-and-health-technology-sectors .Furthermore, UK firms now account for 40% of biotechnology products in the pipeline amongst European public companies and biopharmaceuticals is the biggest investor in R&D in the UK accounting for £4.5 billion of investment in 2007.

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The double dividend of bioscience, alongside the jobs and growth it creates, is in the improved health outcomes it promises for patients throughout the world. Bioscience companies are at the forefront of developing highly innovative and groundbreaking treatments to a whole range of conditions.

The UK leads the world in many of these areas, such as regenerative medicine, and is in a position to offer further development across Europe. However, programme funding, which should form a significant funding stream for such product development, has not been utilised by industry for a number of reasons.

We would like to make the following observations on the programme:

- Administration – as has been highlighted in previous reviews of the Framework Programme the administrative burden in applications for funding is often cited as a disincentive, particularly for businesses. The BIA would echo those views and would specifically point to two particular issues cited by members as hindering involvement:

  - consortium requirements – there is a view that a successful application for funding through the collaboration route, which necessitates a number of consortia partners, can be too cumbersome to establish and orchestrate. In some cases a smaller number of members within the consortium, from as little as two or three members, would reduce levels of bureaucracy and potentially encourage more businesses to engage;

  - grant delays – there are concerns that it takes too long from time of application to grant decision and then on to grant funding being made available. For small and innovative bioscience businesses this can represent a serious cash flow issue. If programme funding is seen as an unreliable source of revenue for project development and R&D it can dissuade industry from seeking funds in the first place.

- Perception – Framework Programme funding is not considered as a reliable or worthwhile source of funding with the possible finance available not perceived as outweighing the added administrative hurdles associated with the programme (some of which are outlined above). Tackling the negative reputation programme funding has within industry is urgently necessary so as to stimulate further involvement.

  There is also a lack of clear information and assistance available to industry which leads to poor uptake. This is a particular issue amongst SMEs who do not have the resource, both in financial and personnel terms, to stay informed of European funding mechanisms and developments.

  One possible solution that would go someway to solving this problem would be more proactive and visible National Contact Points (NCPs). The perception is that these NCPs currently are not afforded the focus and a clear strategy required to adequately promote programme funding opportunities and encouraging applications by UK industry. There is evidence in other member states where giving a dedicated resource for the NCP has better championed the programme and encouraged more successful

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applications[2]. This approach would also work for the UK, going a long way to raising awareness of programme funding.

Such an initiative in the UK should be the 'go to place' for SMEs requiring practical advice, information and support on funding applications. The Go Health programme in France and Spain, which helped to direct businesses towards health orientated framework funding, is one such example.

Given the need to streamline this process and avoid duplication, sector specific trade associations, such as the BIA, would be best placed to deliver this function. This would require consideration as to how it would be adequately funded.

- Considering the whole development pipeline – for those that are successfully awarded framework funding and develop their project there is a need to give consideration to what follows the end of the funding period. This is not relevant to all sectors where, for example, a short period of development can suffice to complete a project. However bioscience, as in other sciences, has a long research and development pipeline. It takes on average ten to fifteen years to develop a drug. This is, in short, significantly longer than one round of funding from the programme.

  Policymakers should therefore consider the need to support research throughout the development timeline and particularly support efforts to translate basic research into market ready products. The process currently lacks this long term vision and there is no logical progression after programme funding. The resulting waste of research not taken forward due to a lack of continued or next stage funding needs to be addressed.

  This problem is particularly noticeable when compared to US public funding schemes such as BARDA[3] . Here, funding schemes tend to be tiered through the development process providing industry with logical steps to follow through their development process and clearly outlining what funding and assistance will be available at different stages. Indeed, it does not have not to be the same level of funding or support provided throughout each tier but rather the process adds long term clarity to the complete process from start to finish and businesses understand how one tier flows into the next.

- Intellectual Property Rights – Patents are the lifeblood of bioscience companies. By protecting the value of the product being researched and developed they form the key value to a company's asset base. To that end the integrity of a company's patent

[2] http://www.fitforhealth.eu/common/home.asp

[3] BARDA provides an integrated, systematic approach to the development and purchase of the necessary vaccines, drugs, therapies, and diagnostic tools for public health medical emergencies http://www.phe.gov/about/barda/Pages/default.aspx

portfolio is vital to that company's success in attracting investment and developing its product.

Programme funding should not undermine a company's IPR unnecessarily otherwise this will ultimately dissuade businesses from applying. An example of where IPR provisions have greatly hindered industry, particularly SME, involvement is the Innovative Medicines Initiative. This scheme uses £1bn of framework funding, matched by a similar amount from industry, made available for consortia bids.

However the programme has encountered difficulty around its model IPR terms. In short, many SMEs viewed the IMI guidance as resulting in agreements that did not or would not adequately protect their background IPR nor was there sufficient clarity regarding sideground and foreground IPR resulting from the project. This was accentuated further by concerns over the IPR access granted to consortia members affiliates and third parties.

The difficulties with the drafting of agreements that adequately protect a company's IPR has been an ongoing feature of the IMI during its first two funding calls. Additional guidance is now being developed for release, at what is the initiatives halfway stage, to clarify these issues and others on what are considered fair and reasonable terms and this is welcome

Of course UK consortia have been created and successfully applied for IMI funding but the uptake has perhaps not been as strong from industry as first hoped, to date, because of these difficulties. The new Framework Programme model must address these issues early.

- Use of European Investment Bank – In future there may be scope in Framework Programme funding to utilise the European Investment Bank on a greater scale. However consideration would need to be given to the most appropriate model, or models, to adopt.

  Some loan based models are not appropriate to sectors such as bioscience, one example being the Risk Sharing Finance Facility (RSFF) which has been successful in other sectors. The RSFF is a debt based model and we would encourage an examination of models offering equity finance.

  To provide one example, the Wellcome Trust's loan to equity model has benefited bioscience companies within the UK. This involves the initial provision of a loan which can then be turned into equity as and when certain stipulated milestones are achieved. Turning a loan into an equity stake provides financing not tied to collateral.

In summary, the BIA believes the EU Framework Programme presents a huge opportunity to the UK's innovative industries. Whilst undoubtedly it is being used successfully by many, it could further be enhanced to ensure greater and more effective uptake by UK industry. If areas of concern that act to dissuade business from seeking funding can be examined and

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addressed, UK industry could gain more from the scheme to the ultimate benefit of research and development, scientific knowledge, growth and product delivery.

The BIA would be happy to provide additional information on any of the above comments and to examine further issues going forward to develop the Framework Programme and enhance the role of UK bioscience in it.

Nigel Gaymond
Chief Executive, BIA