

INVESTING FOR SECURE AND SUSTAINABLE GROWTH IN LIFE SCIENCES

March 2026

The UK investment management industry is committed to ensuring that the UK is an investor-friendly destination where capital can be efficiently channelled into companies and projects that demonstrate strong growth prospects.

The UK Government's Industrial Strategy has identified eight growth-driving sectors, and the Investment Association is engaging with representatives of these industries and investors with specialist knowledge to identify how policymakers, investors, and industry leaders can support growth.¹

This paper outlines the key themes that have emerged through extensive dialogue with representatives from across the life sciences ecosystem, including investors, industry bodies, and companies. It sets out recommendations for policymakers to support the sector and attract investment.

LIFE SCIENCES IN THE UK

The life sciences sector encompasses businesses and organisations involved in the research, development, and manufacture of products that improve health and wellbeing. It includes a broad range of activities such as pharmaceuticals, biotechnology, medical devices, diagnostics, and digital health solutions. The sector brings together research institutions, start-ups, major pharmaceutical firms, and medical technology companies, to develop innovative medicines, therapies, and technologies that address medical challenges and support public health.²

In the UK, the life sciences sector is recognised as a significant driver of economic growth and innovation, with strong links between academia, the NHS, and industry. The Government estimates that the life sciences sector could grow by £41bn by 2035 if trends of the past five years continue. In the Industrial Strategy, the Government has identified "frontier industries" in the sector which merit focused support.³ These are BioPharma and MedTech, focusing on biopharmaceutical products, medical technologies, and supporting services, ranging from single-use consumables to advanced hospital equipment.

The strength of the UK's research base is also reflected in wider market evidence. The British Business Bank's Small Business Equity Tracker 2025 found that university spinouts raised £1.9bn in 2024 and accounted for a record

share of UK equity deals, underlining the importance of effective commercialisation pathways from research into high-growth businesses.⁴

THE ROLE OF INVESTMENT MANAGEMENT

The investment management industry can play an important role in the development of the Industrial Strategy high-growth sectors. Investment managers channel capital from a variety of sources, such as pension funds, insurance companies, and individual investors into businesses at different stages of their development, from innovative start-ups to established firms. By providing access to market-based finance, investment managers can help companies to fund research and development, scale up manufacturing, and bring new products and technologies to market.⁵

Investment managers engage with the sector through a range of asset classes, including debt instruments, equity, infrastructure, and real estate investments. Their involvement is driven by the growth prospects, risk profile, and capital requirements of life science businesses. As trusted stewards of capital, they not only seek returns for their clients but also support the sector's broader goals of advancing public health and driving economic growth. Collaboration between investment managers, government, and industry leaders is essential to identify barriers to growth and to ensure that promising life sciences innovations receive the funding needed to succeed in a competitive global market.

To maximise the potential of the UK life sciences sector, it is crucial that government strategies to attract investment are designed to appeal not only to overseas investors but also to domestic institutional investors such as pension funds and insurance companies. Local investors bring a deep understanding of the UK market and are often committed to supporting long-term national growth and innovation. By ensuring that policy frameworks, incentives, and regulatory environments are as inviting for domestic institutional investors as they are for international capital, the Government can foster a balanced, sustainable investment landscape. This approach helps to mitigate the risk of companies relocating abroad and ensures that the benefits of sector growth are retained within the UK economy.

EXECUTIVE SUMMARY

Three key themes have emerged from our engagement with investors, industry representatives and other stakeholders.

Together, they reflect the main areas where policy reform and strategic focus could strengthen the UK's attractiveness as a place to innovate, invest and scale life sciences businesses.

These themes are:

- **Enhancing the sector**, through a more supportive policy and regulatory environment;
- **Channelling patient capital**, to help firms secure the long-term finance needed for growth; and
- **Place-based investment**, to ensure that infrastructure, clusters and regional strengths support the sector's development across the UK.

ENHANCING THE SECTOR

A central theme emerging from our engagement with the life sciences sector is the need to enhance the policy and regulatory environment to strengthen the UK's attractiveness as a place to invest, innovate and scale. While the UK benefits from world-leading research institutions, a strong science base and close links between academia, industry and the NHS, stakeholders consistently highlighted that complexity, uncertainty and delays within regulatory and approval processes undermine the sector's competitiveness. **Simpler and faster approval pathways** would help reduce costs, improve predictability and make the UK a more attractive destination for companies seeking to develop and commercialise innovative products.

Alongside regulatory complexity, the current framework for medicines pricing and reimbursement was identified as a key constraint on investment. Although affordability and value for money remain essential, limited transparency and relatively low reimbursement levels can discourage companies from launching innovative therapies in the UK and reduce expected returns for investors. **A clearer and more competitive pricing framework** would help balance fiscal discipline with the need to incentivise innovation and accelerate patient access to new treatments.

Access to talent is also fundamental to sector enhancement. The UK's universities provide a strong domestic skills pipeline, but life science is an inherently global industry that depends on the ability to attract and retain international expertise. Stakeholders emphasised that visa processes which are costly, slow or inflexible risk constraining growth and pushing activity overseas. **A more responsive skilled visa system** would support innovation, strengthen investor confidence and help ensure that high-value activity remains anchored in the UK.

CHANNELLING PATIENT CAPITAL

A second major theme is the importance of channelling patient, long-term capital into the life sciences sector, particularly to support companies as they scale. While early-stage funding in the UK is relatively well developed, there remains a persistent gap in the availability of mid- to late-stage finance for research-intensive businesses. This scale-up funding gap increases the likelihood that promising UK companies seek overseas capital, exit prematurely or relocate, with associated risks to domestic growth, jobs and intellectual property.

A stronger scale-up funding ecosystem is therefore essential if the UK is to retain and grow its most innovative life sciences firms.

Recent government initiatives aimed at mobilising domestic institutional capital, including pension funds and public financial institutions, are highly relevant in this regard. However, engagement with the sector underlined that investment must be driven by positive incentives and strong commercial fundamentals rather than compulsion. Pension schemes and other institutional investors operate under clear fiduciary duties, and policy frameworks must ensure that life sciences investments are attractive on a risk-adjusted basis. **Investment incentives should support, not override, fiduciary duty.**

Public financial institutions have a potentially important role in bridging the scale-up gap through co-investment, risk-sharing and targeted support, but stakeholders noted the need for a more coherent and accountable approach. Clear articulation of roles, responsibilities and strategic priorities across institutions would help ensure that life sciences are not crowded out by competing sectors. **A more joined-up public finance strategy** would improve confidence that promising businesses can access support throughout their growth journey. In addition, strengthening sector expertise within key initiatives and improving governance capability across companies would help increase investor confidence and improve the flow of long-term capital. **Better expertise and stronger boards** would reinforce the sector's ability to scale successfully.

PLACE-BASED INVESTMENT

The third theme centres on the role of place-based investment in sustaining and expanding the UK life sciences sector. Clusters that bring together universities, hospitals, businesses and investors play a critical role in driving innovation, facilitating collaboration and anchoring economic benefits within regions. Stakeholders strongly supported place-based approaches that build on local strengths, develop skills pipelines and support resilient supply chains, while ensuring that growth is inclusive and geographically balanced. **Regional clusters need targeted support** if the UK is to make the most of its life sciences strengths across the country.

Within this context, the Oxford to Cambridge Growth Corridor was highlighted as an area of strategic importance, given its concentration of scientific excellence and life sciences activity. However, realising its full potential requires coordinated action to address infrastructure constraints, including housing, transport and water supply. Without sufficient investment in these enabling factors, the region risks losing momentum and failing to retain growing companies and skilled workers. **Infrastructure must match sector ambition** if this cluster is to fulfil its potential.

More broadly, the sector emphasised the importance of promoting the value of life sciences across the whole of the UK, not only to attract international capital but also to mobilise domestic investors and public support. A coherent, public-facing narrative that recognises the sector's contribution to health, productivity and long-term growth would help underpin place-based strategies and strengthen confidence in long-term investment.

A stronger national case for life sciences would support both local development and wider investor engagement. By aligning infrastructure delivery, regional development and sector policy, place-based investment can support sustainable growth while ensuring that the benefits of a thriving life sciences sector are felt across the country.

ENHANCING THE SECTOR

The long-term growth and global competitiveness of the UK life sciences sector, and its ability to attract sustained investment, rely on the development of supportive policy tailored to the sector's needs. Policy stability and predictability are particularly important in a research-intensive sector characterised by long development timelines and high upfront capital requirements. Investors and firms must be able to make decisions with confidence in the durability of the frameworks that govern regulation, pricing and market access. It is therefore essential to foster an environment where investors are confident not only in the sector's prospects, but in the consistency and reliability of the policy landscape that supports them.

This section explores how targeted enhancements to policy and regulatory structures can increase the investibility of life sciences. By addressing these areas, the UK can enhance its position as a leading destination for life sciences investment, supporting both scientific advancement and economic growth.

REDUCING COMPLEXITY IN APPROVALS

The UK's regulatory approval process is widely recognised as complex and, in many cases, more costly and time-consuming than those of other countries. This can result in protracted timelines for companies hoping to introduce innovative therapies, increasing both development costs and uncertainty. The fragmented nature of commissioning, coupled with high costs and slow regulatory procedures, often drives companies to conduct trials and seek approvals abroad where processes are more streamlined. As a result, the UK may appear less attractive to investors and global pharmaceutical companies, who may prioritise markets with faster, more predictable routes to market. This situation risks stalling innovation, limiting patient access to new treatments, and undermining the UK's reputation as a leading destination for life sciences investment and development.

The process for approving new medicines in the UK is overseen by regulatory bodies such as the Medicines and Healthcare Products Regulatory Agency (MHRA). Companies seeking to bring a new medicine to market must submit comprehensive data from preclinical studies and clinical trials. This is followed by a rigorous review process that evaluates the submitted evidence, often involving multiple rounds of queries and additional data requests. Once regulatory approval is granted, further assessments by bodies like the National Institute for Health and Care Excellence (NICE) may be required to determine cost-effectiveness and support reimbursement decisions by the NHS.

International comparisons suggest that several jurisdictions are regarded as leading markets for regulatory frameworks, including the United States, the European Union, Singapore and Switzerland. In the US, the FDA is notable for expedited routes such as Fast Track, Breakthrough Therapy, Accelerated Approval and Priority Review, while the EMA's PRIME scheme offers early and enhanced support for promising medicines. Singapore and Switzerland also provide structured accelerated pathways through priority review and fast-track authorisation procedures. These examples underline the value of early engagement, clear expedited routes and predictable review processes in making regulatory systems more attractive to innovative firms and investors.

RECOMMENDATION

The UK should streamline and align approval processes to reduce duplication, delay and cost. In doing so, it should learn from other leading markets that combine early engagement with clear and expedited regulatory pathways. Greater regulatory capacity and wider use of accelerated routes, where appropriate, would create a faster and more predictable path to market, strengthening the UK's attractiveness for clinical development and investment.

ROBUST FUNDING FOR MEDICINE

Public funding for medicine plays an important role in the competitiveness of the UK pharmaceutical sector. Adequate and strategic government investment not only supports research and development but also enables pharmaceutical companies to innovate and bring new medicines to market more efficiently. This financial backing can help UK firms to compete globally, attract further private investment, and plan partnerships with academic institutions. Insufficient public funding risks stalling innovation, limiting access to cutting-edge therapies, and making it harder for UK companies to compete with better-resourced international rivals.

In the UK, the process for setting medicine prices is primarily determined by the NHS, with oversight from bodies such as the National Institute for Health and Care Excellence (NICE). Pharmaceutical companies propose a price for new medicines, which is then subject to evaluation by NICE to determine whether the treatment offers value for money based on its cost-effectiveness. NICE assesses clinical and economic evidence to decide if the medicine should be recommended for use in the NHS at the proposed price or whether a lower price is warranted to meet value thresholds.

The UK's approach to medicine pricing, which often results in lower reimbursement levels compared to other major markets, can be a significant disincentive for companies to launch innovative therapies domestically. While this policy helps manage healthcare budgets, it restricts the potential returns for pharmaceutical and biotech firms, making the UK a less attractive destination for investment and new product launches. As a result, companies may prioritise markets with higher prices and greater commercial rewards.

Several international markets offer more commercially attractive launch environments than the UK. In Germany, new medicines can enter the market immediately and the manufacturer's price applies during the first six months before benefit assessment and reimbursement negotiation. France has established an early access regime that allows prompt, publicly funded access for innovative medicines addressing unmet need. The United States remains attractive because the market supports higher prices than in comparable countries. While recognising the importance of preserving value for the health system, these examples suggest that more predictable processes, earlier dialogue and greater flexibility in pricing and reimbursement can help make a market more attractive to innovative firms. By modernising its approach to medicine pricing, the UK can better balance affordability with the need to incentivise innovation, making the life sciences sector more competitive and ensuring faster patient access to new therapies.

RECOMMENDATION

The Government should review the UK's medicines pricing framework to better support innovation, investment and timely patient access. In doing so, it should learn from leading markets that offer greater clarity, flexibility and predictability in pricing and reimbursement. Earlier dialogue between the NHS, regulators and industry, alongside the use of outcome-based or other flexible pricing mechanisms where appropriate, would help create a more attractive and transparent environment for innovative medicines.

A SKILLED LABOUR MARKET

A skilled labour market is fundamental to the sustained growth of the life sciences sector. Access to highly qualified talent enables companies to innovate, tackle complex scientific challenges and remain competitive. The UK's world-leading universities provide a strong domestic pipeline of graduates and researchers, underpinning the sector's reputation for excellence. But, as in many other high-growth and research-intensive parts of the economy, life sciences also depend on the ability to attract international talent with specialist skills and experience.

The challenges associated with the visa system are not unique to life sciences. Across the economy, employers face concerns about cost, complexity and administrative burden when recruiting internationally. For life sciences firms, these pressures can be particularly acute because of the sector's reliance on scarce technical, scientific and commercial expertise, but the underlying policy issue is broader. Any action to support life sciences should therefore sit within a wider programme of immigration and labour market reform, rather than creating separate sector-specific routes that risk adding further complexity to the system.

A more efficient and predictable framework for recruiting skilled workers would benefit life sciences alongside other sectors that rely on global talent. A simpler system, with clearer rules, faster processing and lower administrative friction, would help firms grow and invest in the UK while avoiding a fragmented approach in which different sectors are subject to different arrangements. This would support competitiveness across the economy, while ensuring that life sciences businesses are able to access the skills they need to innovate and scale.

RECOMMENDATION

The Government should implement reform of the skilled worker visa system in a way that works for life sciences, a sector that depends on highly specialised international talent. Reform should reduce cost, delay and complexity for employers, while avoiding bespoke sector-by-sector routes that add fragmentation. A simpler, more predictable system would make the UK a more attractive place to invest, innovate and scale life sciences businesses.



CHANNELLING PATIENT CAPITAL

The Government's vision, as set out in the Life Sciences Sector Plan, is for the UK's capital markets to play a pivotal role in supporting and funding entrepreneurs to scale their businesses. By fostering an environment where innovative enterprises can readily access growth capital, the plan seeks to ensure that high-potential life sciences companies are able to expand, compete globally, and contribute to the UK's leadership in scientific advancement and commercialisation.

Achieving this vision will require an honest assessment of how effective domestic capital markets currently are in supporting the growth ambitions of life sciences and other innovative sectors. The British Business Bank's Small Business Finance Markets report has found that UK equity finance markets are maturing, becoming deeper and increasingly attracting new investors to support companies at all stages of their development. However, they find that challenges remain for later venture capital stages and in research intensive sectors.⁶ Recognising both the strengths and the limitations of the UK's financial ecosystem is essential to identifying where improvements are needed, ensuring that policy interventions are targeted and evidence-based.

PENSION INVESTMENT

Recent government initiatives, such as the Mansion House Accord and Sterling 20, are directly relevant to the ambition of channelling capital into the life sciences sector and other innovative industries. These initiatives can play a useful role in improving understanding of the sector's investment profile and in connecting investors with credible opportunities.

The Pension Schemes Bill, which is currently progressing through Parliament, contains measures that would allow the Government to require pension schemes to invest in certain types of asset. Representatives of the life sciences sector believe this power could be used to compel UK pension schemes to invest in the scale-up of domestic life science companies.

While the life sciences sector is understandably attracted to government policy which might mandate greater investment, it is important to recognise that pension schemes have a fiduciary duty to act in the best interests of their beneficiaries. This responsibility means that investments must be justified by the potential for appropriate returns and risk management considerations. Policy should focus on creating positive incentives that make investment in the sector both attractive and aligned with fiduciary obligations. This approach would encourage pension funds to support the sector without compromising their core responsibilities.

Events such as the Sterling 20 Life Sciences Showcase, which bring together pensions, private capital and life sciences leaders and highlight investible companies across different stages of growth, illustrate how government-backed convening can help strengthen market visibility and support stronger deal flow into the sector.

RECOMMENDATION

The Government should ensure that initiatives such as Sterling 20 are designed with meaningful life sciences expertise and used to strengthen engagement between pension investors, private capital and life sciences businesses. By improving visibility of investible opportunities, showcasing companies at different stages of growth and supporting stronger deal flow into the sector, these initiatives can help channel more long-term capital into life sciences on a commercially credible basis, while remaining consistent with fiduciary duty.

SCALE-UP CAPITAL

The life sciences sector in the UK reports significant challenges in accessing scale-up capital, which is widely recognised as a critical barrier to the successful commercialisation of scientific innovation. While early-stage venture funding is available, there is a sense of a pronounced gap when it comes to securing the larger sums needed to transition companies from promising start-ups to globally competitive businesses. This shortage of mid- to late-stage capital means that many firms are compelled to seek investment in overseas markets, particularly in the US, where capital pools are deeper and investor expertise is more sector-specific. Industry organisations such as the BioIndustry Association (BIA) highlight that the sector relies heavily on venture capital, and that the UK struggles to fund its companies through the crucial scale-up phase, with international investors often stepping in to fill the gap. In recognition of this issue, the last Government established a UK Life Sciences Scale-Up Taskforce which provided its response to government in December 2021.

This broader concern is reflected in the British Business Bank's Small Business Equity Tracker 2025, which found that the UK still requires more investment to close the gap with the United States, particularly in R&D-intensive industries and growth-driving sectors such as life sciences. While the report notes that investor appetite remains for high-potential companies, it also points to more challenging overall market conditions and a more selective investment environment.

The Department for Business and Trade has acknowledged this as a cross-sectoral problem and recently commissioned the Enterprise Research Centre and Middlesex University to conduct a survey of early-stage UK companies with the potential for high growth. In reporting the survey results, they noted that companies dedicate significant management resource when seeking finance, potentially detracting from the company's ability to grow during this time. Most of these companies are still not successful in obtaining the finance they are seeking.⁷ This lack of sufficient scale-up funding not only hampers the ability of UK companies to grow domestically but also increases the risk of early exits or relocation abroad, leading to the potential loss of high-value research, development, and leadership roles.

The Government's Life Science Sector Plan comments on the difficulty that emerging life science firms experience with access to finance when scaling up. Alongside this, it highlights the Chancellor's request in the statement of strategic priorities for the National Wealth Fund (NWF) to consider the role it can play in supporting the delivery of the wider Industrial Strategy, including in life sciences.⁸ The NWF has since developed a strategic plan which sets out an initial approach to supporting life sciences which is rooted in its broader approach of accelerating place-based investment.⁹ This approach can make a useful contribution by alleviating shortages in laboratory space and financing manufacturing facilities and supply chains. However, it leaves a potential gap in the Life Sciences Sector Plan which needs to be addressed.

The British Business Bank (BBB) is also expected to support the sector as it commits capital to support investment and growth across the Industrial Strategy. The Life Sciences Sector Plan states that the sector will benefit as the BBB commits £4bn of growth capital to support investment and growth in all eight of the Industrial Strategy growth-driving sectors. The BBB operates the Life Sciences Investment Programme (LSIP), which is a targeted initiative designed to address the funding gap faced by UK life sciences companies as they scale from early-stage innovation towards public listing. It is committing £200m to the initiative and aims to attract a further £400m of private investment.

RECOMMENDATION

The Government and public financial institutions should set out a coordinated plan to support the scale up and retention of UK life sciences companies, with clear roles and accountability across delivery bodies. A more joined up approach to co investment, risk sharing and targeted support would help bridge the funding gap between early stage innovation and public markets, ensuring that life sciences firms are not crowded out by competing sectors.

HEALTHCARE AND BIOTECHNOLOGY SECTOR CLASSIFICATION

IA sectors are a series of classifications used to group investment funds with similar characteristics, strategies, or underlying assets, providing a consistent framework for comparison and analysis. These sectors help investors understand the focus and risk profile of different funds, making it easier to select investments aligned with their objectives. Each IA sector is defined by specific criteria, such as asset class, geographical focus, or industry, and funds are regularly reviewed to ensure they remain appropriately classified.

We recently undertook a review of the IA Healthcare sector, focusing on the potential inclusion of biotechnology funds within its classification. This process involved consulting with sector stakeholders and considering proposals that highlighted the integral role of biotechnology companies in driving innovation and developing new medicines, which are essential to the wider healthcare system. The IA recognised that many funds in the existing Healthcare sector already hold biotechnology investments, and that the sector's definition was inconsistent with approaches taken in other industry-focused sectors.

ACTION

By proceeding with plans to allow biotechnology funds to be formally classified within a newly named Healthcare and Biotechnology sector, the IA aims to increase the visibility of biotechnology funds to investors. This reclassification is expected to facilitate greater clarity and transparency for investors seeking exposure to both traditional healthcare and the rapidly growing biotechnology field. As a result, it is anticipated that the change will enhance the flow of capital into the life sciences industry, supporting innovation and growth within the UK's life sciences sector.

GOVERNANCE AND BOARD CAPABILITY

The Life Sciences Sector Plan makes clear that the UK's challenge is not scientific capability, but delivery, scale up and execution. These requirements place renewed importance on the quality and composition of company boards.

The life sciences sector has raised concerns about a shortage of suitably qualified non executive directors with deep STEM, regulatory and commercial experience. This gap can weaken boards' ability to oversee complex development pathways, assess scientific risk, engage credibly with regulators, and guide companies through late stage growth and major transactions. In contrast, boards in more mature markets, particularly the United States, often draw on a deeper pool of individuals with experience of scaling life sciences businesses, executing large deals, and operating in highly specialised markets.

Companies require boards that can provide informed challenge, strategic oversight and demonstrate credible leadership to investors. Questions over board capability risk undermining investor confidence, especially at the scale-up stage where execution risk is highest and capital requirements are most acute.

To address this constraint, a collaborative initiative between investors, the Office for Life Sciences and industry could help broaden and strengthen the pipeline of non-executive talent. This could include identifying high-potential candidates from academia and industry, targeted training that combines governance essentials with sector specific challenges, and mentorship from experienced board members. Strengthening board capability in this way would support the Sector Plan's objectives by improving delivery, enhancing investor confidence, and increasing the likelihood that UK life sciences companies scale and remain anchored in the UK.

RECOMMENDATION

The Government, working through the Office for Life Sciences and in partnership with investors and industry, should strengthen the pipeline of non-executive talent for life sciences companies. A collaborative initiative should identify candidates with relevant STEM, regulatory and commercial experience, and support them through targeted training, mentoring and board-level placements. This would help improve governance, strengthen delivery and increase investor confidence as companies scale.

PRESERVING AND ENHANCING UK LIFE SCIENCES THROUGH PLACE-BASED INVESTMENT

The UK boasts a highly successful life sciences sector, underpinned by world-class research institutions, a skilled workforce, and a robust track record of innovation. These strengths have established the UK as a global leader, contributing significantly to both public health and economic growth. Despite these advantages, UK life science firms are increasingly attracted to US capital markets, which offer deeper pools of investment, more specialised investors, and greater opportunities for scaling up operations. The sophistication and scale of US investors, alongside more dynamic market mechanisms, create a strong pull for British companies seeking to expand rapidly and realise their full commercial potential.

While other sections of this paper address how the UK can further enhance its life sciences sector and improve capital flows from domestic markets, this section focuses on a pragmatic strategy for preserving and enhancing the UK's attractiveness as a location for life science businesses. Rather than viewing international capital markets as a threat, the UK can position itself as an ideal base for firms wishing to access global investment.

The National Wealth Fund has identified place-based investment as an important element of its strategy, with particular salience for the needs of the life sciences sector. The Government's sector plan outlines a place-based approach which seeks to make interventions which support clusters in Scotland, North East and North West England, Northern Ireland, the East and West Midlands, Yorkshire, Wales and London.

Our engagement with the industry revealed a strong interest in broader infrastructure investment in one of these clusters, the Oxford to Cambridge Growth Corridor. The corridor is widely recognised as a powerhouse for life sciences in the UK, benefitting from the proximity of world-leading universities and research institutes, fostering a culture of innovation and enabling strong collaboration between academia, industry and the NHS. The concentration of highly skilled talent in these academic clusters ensures a steady flow of expertise, supporting the growth and competitiveness of life science companies. An agglomeration effect, where businesses cluster together geographically, amplifies opportunities for knowledge sharing, investment and recruitment. Furthermore, the region's rich cultural offer helps attract and retain top talent from the UK and abroad, reinforcing its status as a global hub for life sciences. While supporting interventions in each of the clusters the Government has identified, we regard the housing, transport and water infrastructure challenges around the Oxford to Cambridge corridor as particularly acute and our recommendations in this section focus on how these can be overcome.

A STRONGER NATIONAL CASE FOR LIFE SCIENCES

The life sciences sector is of clear national importance. It contributes to improved health outcomes, scientific innovation, economic growth and high-value employment across the UK. However, our engagement suggests that the strategic importance of the sector is not always articulated with sufficient clarity or consistency beyond specialist audiences. A stronger national case would help create a more supportive environment for investment, policymaking and long-term growth.

A clearer national narrative would also strengthen the UK's investment proposition. Investor confidence depends not only on the quality of individual businesses, but also on the wider policy and public context in which the sector operates. Consistent government messaging on the economic and strategic value of life sciences would reinforce confidence that the sector will be supported over the long term, complementing wider efforts to improve regulation, capital flows and regional growth.

A stronger public case for life sciences would help build support for the infrastructure and enabling policies on which the sector depends. Housing, transport, utilities, skills and local planning all have an important bearing on the sector's ability to expand. Greater public and political recognition of the sector's value would help support the investment and policy decisions required to sustain growth over the long term.

RECOMMENDATION

To strengthen the profile of the UK life sciences sector, the Government should support a campaign led jointly by the Office for Life Sciences and the Office for Investment. The campaign should communicate the sector's contribution to public health, economic growth and national innovation, and should be directed not only at international audiences but also at domestic investors, including pension funds and other sources of long-term capital. This would help build wider understanding of the sector's value and support stronger investment across the UK.

THE OXFORD TO CAMBRIDGE GROWTH CORRIDOR

There is strong support for the Government's ambition for the Oxford to Cambridge Growth Corridor, given its significance as one of the UK's leading concentrations of life sciences activity. The Corridor benefits from the presence of world-class universities, research institutions and innovative businesses, and offers clear advantages in terms of collaboration, talent and agglomeration. However, its continued growth cannot be assumed. Realising the Corridor's potential requires a more coordinated approach to the infrastructure constraints that risk limiting expansion and undermining investor confidence.¹⁰

The most pressing constraints are housing, transport and water supply. Each is important in its own right, but together they determine whether the Corridor can continue to attract investment, support the growth of innovative businesses and retain the skilled workforce on which the life sciences sector depends. A fragmented approach to these issues would weaken the Government's wider objective of supporting a world-leading life sciences cluster. A more integrated strategy is therefore required, bringing together the Treasury and departments responsible for housing, transport and utilities to ensure that infrastructure provision matches the scale of the Government's ambition for the region.

Housing is a central part of this challenge. A significant increase in the supply of new homes around the Corridor will be required if growth in life sciences and other high-value sectors is to be sustained. Without sufficient and affordable housing, it will become more difficult to attract and retain the skilled workers needed by expanding firms. Well-planned residential development would not only support labour market needs, but also strengthen the wider attractiveness of the Corridor to domestic and international investors by helping to create connected and economically vibrant communities.

Transport connectivity is equally important. The Government has identified East West Rail as a central component of its plans for growth in the Oxford–Cambridge regional economy, with the potential to contribute an additional £6.7 billion each year.¹¹ Improved rail links would reduce journey times, widen the available talent pool, and make collaboration between research, industry and investment communities easier and more efficient. Better transport infrastructure would also enhance the attractiveness of the area to investors and visiting experts, for whom connectivity is an important consideration in location decisions.

Water supply is a further strategic constraint, particularly in the Cambridge area, where inadequate local resources have already become a barrier to expansion.¹² Reliable access to water is essential for laboratories, manufacturing facilities and other science-based infrastructure, and broader concerns about water security risk deterring future investment if left unaddressed. The proposed Fens Reservoir in Cambridgeshire is currently at the planning stage, with government and regulatory bodies actively considering its development as part of broader efforts to address water supply challenges in the East of England. In addition, a major new reservoir project is being proposed for Oxfordshire, known as the White Horse Reservoir and the Government's Water White Paper makes a wider commitment to support new reservoir development.¹³ These can make an important contribution to sustaining growth in this part of the country.

Taken together, these issues demonstrate that the future of the Oxford to Cambridge Growth Corridor depends on more than sector policy alone. If the Government wishes the Corridor to fulfil its potential as a globally competitive life sciences cluster, it will need to ensure that housing, transport and water infrastructure are addressed as part of a single, delivery-focused programme. This would provide greater confidence to businesses, investors and local communities that the enabling conditions for long-term growth will be put in place.

RECOMMENDATION

The Government should adopt a coordinated infrastructure strategy for the Oxford to Cambridge Growth Corridor, bringing together housing, transport and water as integral components of its approach to life sciences growth. A dedicated delivery mechanism should oversee this work across the relevant departments, ensure that commitments such as East West Rail are progressed, and align infrastructure planning with the needs of a growing life sciences sector. This would strengthen the Corridor's ability to attract investment, retain skilled workers and support the long-term expansion of one of the UK's most important life sciences clusters.



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