Better Health, Better Access, Better Value

A submission by Medicines UK to the Autumn Budget 2025

MedicinesUK®

“Becoming a world leader in the uptake of off-patent medicines. Building on our strength of a high rate of generic prescribing, there is an opportunity to save £1 billion over 5 years by rapidly taking up new biosimilar drugs that have or shortly will be available in the UK market. This would create space for new innovations, so is win for both generic and innovative parts of the pharmaceutical sector.”

Life Sciences Sector Plan, July 2025

About our sector

Medicines UK represents 43 pharmaceutical companies, including eight of the ten largest medicine suppliers to the NHS [1]. These manufacturers supply the NHS with off-patent generic and biosimilar [2] medicines, accounting for approximately 85% [3] of all NHS-prescribed drugs.

Generic and biosimilar manufacturers supply over 2.5 million packs of medicine a day to UK patients [4]. This competition brings down medicine prices by around 70-90% from those before patent expiry [5]. Without generics and biosimilars, the NHS drugs bill would be £20 billion higher each year [6].

In each of the next five years (2026-2030), the patents on medicines costing the NHS on average £1.5 billion a year will expire in both primary and secondary care [7]. The compounded savings opportunity to the NHS from these patent expiries is worth up to £10 billion. NHS England has declared that it aims to save at least £1 billion in secondary care from biosimilars coming off-patent alone up to 2030.

One third of our members have production facilities in the UK, and we produce domestically around 25% of the medicines [8] consumed in the NHS. In the past year, several of our members have announced or opened new UK R&D labs (Sandoz in Cambridge), manufacturing plants (Accord Healthcare in Newcastle and Wockhardt in Wrexham) and European headquarters (Celltrion and Accord Healthcare in Uxbridge).

The chancellor Rachel Reeves visited the Accord site after it received funding from the Life Sciences Innovative Manufacturing Fund. This shows that there are UK life sciences success stories happening.

[1] Largest by volume of medicines used by the NHS.
[2] https://www.england.nhs.uk/publication/what-is-a-biosimilar-medicine/
[3] Unbranded generics account for 81% of community pharmacy prescriptions; and of the 19% of branded prescriptions, around 40% are branded generics or biosimilars. https://www.nhsbsa.nhs.uk/statistical-collections/prescription-cost-analysis-england/prescription-cost-analysis-england-202425 - Additional Tables, Table A5; and IQVIA 2022 dispensing data.
[4] https://www.nhsbsa.nhs.uk/statistical-collections/prescription-cost-analysis-england/prescription-cost-analysis-england-202425 - Additional Tables, Table A5.
[5] https://www.oxera.com/insights/reports/oxera-study-on-the-supply-of-generic-medicines-in-the-uk/
[6] The additional cost if all community pharmacy scripts were reimbursed at the average brand price: https://www.nhsbsa.nhs.uk/statistical-collections/prescription-cost-analysis-england/prescription-cost-analysis-england-202425 - Additional Tables, Table A5.
[7] Aharav Consultants HORIZONS data, August 2025.
[8] At the finished product level. The UK is reliant on active ingredient production and the starting materials from other countries.

Introduction by Mark Samuels

Reclaiming the UK's life sciences reputation

The UK's international reputation for life sciences has taken a hit in recent years – most tangibly in the supply of medicines. Since leaving the European Union (EU), the UK has had to compete globally to attract sufficient supplies. That means creating a business environment that appeals to international companies, all of which have limited product availability. Unfortunately, the UK has increasingly been seen as a costly and complex destination, contributing to rising shortages and growing patient frustration. Regulatory delays and a high-tax environment on branded products, affecting both on- and off-patent suppliers, have deepened uncertainty and eroded trust among pharmaceutical companies.

This has been exemplified most recently by the on-patent branded sector seeking to renegotiate the VPAG deal signed with the previous government less than two years ago. The resulting stalemate has led to some high-profile withdrawals of planned investments by several international firms. For many, this undermines the UK's life sciences reputation – especially given the government's own identification of the sector as a key driver of growth. Meanwhile, other major players, such as the US and EU (via the Critical Medicines Act), have moved decisively to strengthen their own positions. The reality is clear: international sentiment towards the UK's life sciences sector has shifted – and this must be addressed.

At Medicines UK, we represent the manufacturers and suppliers of the vast majority of prescription medicines used by the NHS. While the UK's reputation as a life sciences powerhouse has been damaged, it is far from irreparable. In fact, the roadmap to recovery is already drawn up and, if enacted, could realise billions of pounds in additional savings to the NHS.

The Life Sciences Sector Plan, published in July 2025, is a thoughtful and ambitious document. Its implementation will help restore the UK's international competitiveness and unlock sector-led growth. We are already in active dialogue with government advisers to bring key recommendations to life – and we urge policymakers to maintain momentum and double down on delivery.

Several important areas not covered or only briefly mentioned in the Sector Plan could, with further government support, deliver significant economic impact. These areas – outlined in this submission – should be strongly considered as part of the chancellor's forthcoming Autumn Budget.

By delivering targeted reforms across five priority areas – VPAG, community pharmacy, biosimilars, EPR packaging, and free-trade agreements – the UK government can:

- Repair the reputational damage sustained over the past year.
- Attract greater life sciences investment and earlier product launches.
- Ensure taxpayer funds are directed towards NHS medicines that improve outcomes and ease system pressures.

The UK cannot afford to let its life sciences reputation drift further from its potential. With the Sector Plan as a foundation and targeted reforms in place, we can restore confidence, unlock investment and deliver better outcomes for patients. Medicines UK stands ready to work with government and the NHS to turn ambition into delivery. Let this be the budget that reclaims our reputation – and repositions the UK as the global destination for life sciences innovation, supply and growth.

Executive summary of our Autumn Budget submission

- The reputation of the UK as a life sciences leader has taken a significant hit this year.
- At Medicines UK, we do not agree with this characterisation. Indeed, we can point to a number of UK investment success stories in the last 12 months. These include Accord Healthcare's site at Fawdon, which the chancellor visited.
- But through the playing out of VPAG and trade and tariff issues in the media, the UK's international reputation has been damaged nonetheless.
- The Autumn Budget is an opportunity to turn this around, and in doing so, capitalise on up to £10 billion of potential NHS savings from medicines losing patent protection between 2026 and 2030.
- For example, from March 2024 to April 2025, the NHS spent £333 million on a patented medicine called dapagliflozin (brand name Forxiga in the EU), the most costly drug in NHS primary care. Generic companies successfully challenged the patent in August 2025. With generics on the market and NICE recommending wider usage following the drop in price, NHS England predicts patient demand to rise by 230% from September 2026. This increased patient access looks likely to be achieved for just one third of what the NHS spent in 2024/25 when the product was under patent.

We are calling for:

- Any official government confirmation of a stepped rise in NHS medicines spending to apply to all medicines, not just innovative ones. Genuine preventative health for the population is as much about using existing medicines earlier as it is about funding new patent-protected treatments.
- The government to make clear it will fund the dispensing of NHS medicines through a financially sustainable community pharmacy agreement from April 2026.
- Continued support of the positive engagement between Medicines UK and NHS England to enhance the regulatory and procurement environment, thereby making the UK market more attractive for launching more biosimilars beyond the high-value examples already identified.
- A commitment to funding NICE technology appraisals for biosimilars to widen patient access to previously more expensive and therefore limited treatments. Most biosimilar suppliers will not ordinarily pay £500,000-750,000 for the total appraisal costs, including in-house and consultancy expertise, when it confers no benefit over a competitor and simply increases the cost of goods. This will cost government several million pounds a year but will be offset many times over by the savings to the NHS. Additionally, an abridged cost-effectiveness appraisal may be possible for some biosimilars.
- A rethink of the current VPAG tax of 10-35% since it clearly makes supply to the UK less attractive and competitive, particularly for smaller patient populations.
- Amend the extended producer responsibility (EPR) packaging tax so it doesn't apply to medicines. The government is set to apply a packaging tax on NHS medicines, despite these being low-cost treatments, prescribed to keep people alive and healthy, and having packaging for which the regulator will not allow change. It will simply make NHS medicines more expensive and act as a drag on UK launches and investment.
- Confirmation in the Autumn Budget that the UK will seek a mutual recognition agreement on medicines regulation with the EU, and that it will move at pace to attract Indian life sciences investment and collaboration following the India–UK trade deal. These trade opportunities need to be seized quickly so the economic benefit is felt in this Parliament.

Our five focus areas for the Autumn Statement:

- VPAG
- Community pharmacy
- Biosimilars
- EPR packaging
- Free-trade agreements

Ensure VPAG benefits the NHS and patients

The prolonged stalemate and subsequent fallout between the patented side of the pharmaceutical industry and the government over renegotiating the VPAG scheme, less than two years after they agreed the deal, has cast a shadow over the UK's international reputation as a priority supply destination. There appears to be a thawing in the impasse between the two sides, with government ministers publicly conceding they will need to spend more on medicines in the future. Where that money comes from is another debate.

Should the UK government officially signal a stepped increase in NHS drugs spending, we believe that it should apply to all medicines, not only innovative ones. This is a small nuance, but an important one. The average cost of a generic medicine used to treat a patient for a month is currently less than £3 [1], nearly half of which is paid to wholesalers and pharmacies. Off-patent antibiotics are now 10% cheaper than they were in 2020 [2]. Generics also account for less than 30% of the UK's medicines spend [3] while also improving patient access to vital treatments. Yet the use of off-patent medicines must increase still further if we want to make actual population health gains, particularly for the preventative care we know this government wants, be that smoking, diabetes, heart failure or, in due course, weight loss.

Take dapagliflozin (marketed by AstraZeneca as Foxiga) as an example [4]. This was the most costly NHS primary care drug in 2024/25, costing £333 million, an increase of nearly £100 million from 2023/24 [5]. In mid-August, when generic companies overturned the patent in the courts, a generic market was formed. Dapagliflozin cost the NHS in England £333 million in 2024/25 [5]. Now that generic alternatives can significantly lower costs and increase supply, NICE has consulted on widening their use as a first-line treatment for chronic heart failure [6] and diabetes [7]. This is because under patent protection, the dapagliflozin list price was £38 per pack; applying a typical generic selling price reduction of 90% for a large-volume molecule means that it is likely to be sold for around £4.

With generic competition, dapagliflozin's use will significantly grow, and from September 2026, it is likely that prescriptions will rise in number by 230% to treat 2.4 million people [8]. This is a strong example of how replacing end-of-patent medicines with generic ones can increase patient access significantly while still saving the NHS money. The same impact is likely to be true for the GLP1 weight loss drugs in the next five years. Genuine preventative health is as much about using existing medicines earlier and more widely to transform healthcare pathways at scale as it is about funding new patent-protected treatments. In other words, if the government is going to spend more money on medicines, this spend needs to derive full value now by lowering NHS costs and keeping patients healthy, productive and out of hospital.

[1] IQVIA, August 2025.
[2] https://www.viatrispolicy.eu/en/about/securing-access-improving-lives
[3] Unbranded generics account for 81% of community pharmacy prescriptions; and of the 19% of branded prescriptions, around 40% are branded generics or biosimilars. https://www.nhsbsa.nhs.uk/statistical-collections/prescription-cost-analysis-england/prescription-cost-analysis-england-202425 - Additional Tables, Table A5; and IQVIA 2022 dispensing data.
[4] Used to treat type 2 diabetes, chronic kidney disease and heart failure.
[5] Prescription Cost Analysis data for England, 2024/2025.
[6] https://www.nice.org.uk/news/articles/nice-draft-updated-guideline-to-increase-access-to-treatments-for-early-stage-chronic-heart-failure
[7] https://www.nice.org.uk/guidance/indevelopment/gid-ng10336/documents
[8] Based on NHS England demand estimates.

Create a sustainable community pharmacy agreement

The front line of the pharmaceutical industry – community pharmacy – is struggling to remain financially viable. Lloyds Pharmacy collapsed in 2024, and we have seen a reduction in English pharmacies by 10% in the last four years [1]. Some 82% of our members surveyed have this year reported pharmacies, driven by a growth in independents, refusing to purchase stock at or near to the reimbursement price (what government pays them for dispensing each pack of medicine).

As prices cannot just continue to go down, this will eventually break a system of medicines pricing and reimbursement that each year drives generic competition saving the NHS £20 billion [2] (of which dapagliflozin is one of thousands of examples). In the short to medium term, it means that more patients will be unable to get their treatments from their local pharmacy despite an adequate supply existing. This risks exacerbating public perception that NHS medicine shortages are on the rise, when the market is comparatively well supplied.

We are working with the DHSC to look at ways to spread the reimbursement margin so that it goes further and makes it more profitable for pharmacies to dispense more medicines. But this will only do so much. For the next community pharmacy agreement, which takes effect from April 2026, the system needs reform or the reimbursement margin needs to rise.

We agree with the recent Company Chemists' Association report suggesting that more money goes into community pharmacy [3]. Ideally, it should be a multi-year commitment to provide all with stability. The forthcoming Autumn Budget 2025 should provide more money to enable a sustainable pharmacy settlement.

Ultimately, pharmacies can only take traffic from GP surgeries and make use of their new prescribing powers if they are put onto a more sustainable footing. Once a more favourable community pharmacy agreement is struck, then government or NHS England is in a much stronger position to require that the automatic blocking by pharmacies of medicines purchases above or near the reimbursement tariff ends.

[1] IQVIA, August 2025.
[2] The cost to the NHS if all community pharmacy scripts were dispensed at the average brand price.
[3] https://thecca.org.uk/margin-is-430m-short-of-its-true-value-in-england/

Unlock the full potential of biosimilars

Biosimilars represent one of the NHS's most powerful levers for unlocking sustainable savings and expanding patient access. Building on recent success, there is now an opportunity to go further, faster. We have worked closely with NHS England to support the nationally prioritised Best Value Biological Medicines programme. This initiative targets five high-cost biologics nearing patent expiry and equips clinicians and the wider NHS to switch swiftly to biosimilars, ensuring rapid uptake and competitive pricing.

The first of these, ustekinumab [1], lost patent protection earlier this year. Uptake has been strong, with biosimilars reaching 86% penetration within eight months. Later this year, aflibercept [2] – which costs the NHS almost £1 million per day – will also lose exclusivity, and significant price reductions are expected as biosimilar competition enters the market. NHS England is aiming to deliver £1 billion in savings through increased uptake of biosimilars.

However, this is only part of the opportunity. Looking ahead to 2032, for nearly one third of biologics coming off-patent, there is currently no biosimilar candidate in development [3]. This means substantial savings are unlikely to be realised. At our July conference, the then Minister for Medicines, Karin Smyth, expressed her ambition to make the UK a world-class launch destination for biosimilars – a goal echoed in the national Industrial Strategy and Life Sciences Sector Plan.

Over the next five years, 44 biologics with a combined estimated NHS spend of £2 billion will lose patent protection. Applying a conservative biosimilar uptake rate of 70%, we estimate additional savings of £3.465 billion over the five years, but only if the right conditions are in place [4].

To realise this opportunity, we urge the government to:

- Continue to support the positive engagement between Medicines UK and NHS England to enhance the regulatory and procurement environment, thereby making the UK market more attractive for launching biosimilars beyond the high-value 'gold list'.
- Commit to funding NICE technology appraisals for biosimilars to widen patient access to previously more expensive and therefore limited treatments. Most biosimilar suppliers will not ordinarily pay £500,000-750,000 for the total appraisal costs, including in-house and consultancy expertise, when it confers no benefit over a competitor and simply increases the cost of goods. This will cost government several million pounds a year but will be offset many times over by the savings to the NHS. Additionally, an abridged cost-effectiveness appraisal may be possible for some biosimilars.
- Rethink the current VPAG tax of 10-35% since it clearly makes supply to the UK less attractive and competitive, particularly for smaller patient populations.

A concerted focus on biosimilars will not only deliver significant savings but also strengthen the UK's position as a global leader in life sciences innovation and access.

[1] Used to treat arthritis, colitis, Crohn's disease and psoriasis among other conditions.
[2] Used to treat wet age-related macular degeneration (AMD) among other conditions.
[3] IQVIA, August 2025.
[4] Aharav Consultants HORIZONS data, October 2025.

EPR packaging tax

We support DEFRA's overall sustainability agenda. For example, we could digitalise all patient information leaflets, thereby significantly reducing costs, increasing efficiency and supporting sustainability goals. As a small part of an improved pharmacy agreement from April 2026, pharmacies could be modestly reimbursed for printing out a physical leaflet in the very small proportion of cases where a patient actually wants one. However, we believe that the EPR packaging tax will have a detrimental effect on medicines provision.

Medicines suppliers produce life-saving and life-enhancing products inside packaging that cannot be changed unless there is explicit regulatory approval. Hence the EPR packaging tax is a seven-figure hit to the bottom line for our largest members that they can do nothing about. These are the same companies deliberating about where to spend millions on life sciences investment.

With generic medicines prices so low, the tax will be passed on in the form of higher prices paid by the NHS, or it will encourage portfolio pruning, leading to less competition or potentially shortages. It seems ludicrous that one part of government is taxing packaging for medicines, which is a mandatory regulatory requirement that must be adhered to.

Surely now is the time to, at the very least, amend the EPR packaging tax's focus so that it does not apply to sectors like healthcare that can do nothing about their tax liability due to regulatory compliance.

We believe that the Autumn Budget 2025 should reduce the scope of the EPR packaging tax so that it does not apply to healthcare products, or at least those provided to patients on prescription.

Evolve free-trade agreements

Several initial free-trade agreements with key trading partners have already been signed by the government. There is clear scope for these to be evolved and for medicine supply to feature prominently in future discussions. This can not only create economic growth but also support future supply resilience.

For example, the Autumn Budget 2025 should signal the UK's intent to enhance the current EU–UK health security pact by concluding a mutual recognition agreement covering medicines regulation. This would be of significant benefit to all in the life sciences industry and it would facilitate more UK manufacturing. Building on the MHRA's fast licensing commitments, it would ensure the UK is seen as a priority destination for launching medicines.

The Prime Minister has just returned from India, a country that supplies a third of all NHS medicines, mainly generic and biosimilar drugs. The Autumn Budget 2025 should reiterate the UK government's priority to quickly build on the trade deal signed with India this year.

We have seen individual Indian life sciences companies invest over £1 billion in the UK over the past decade, and we are aware that firms aim to accelerate this investment. Undoubtedly, there is a sizeable inward investment opportunity for the UK. Coupled with incentives for Indian companies to invest in R&D and manufacturing in the UK, we would like to see the UK begin a three-year pathway towards a mutual recognition agreement with India.

Medicines UK represents the interests of UK-based manufacturers and suppliers of generic and biosimilar medicines, which fulfil 85% of NHS patient prescriptions.
Find out more at www.medicinesuk.com or contact us at info@medicinesuk.com

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