

MOTION FOR THE DELEGATED LEGISLATION COMMITTEE AUTHORISING THE SECRETARY OF STATE TO PAY BY WAY OF FINANCIAL ASSISTANCE GRANT(S) THROUGH THE LIFE SCIENCES INNOVATIVE MANUFACTURING FUND UNDER SECTION 8 OF THE INDUSTRIAL DEVELOPMENT ACT 1982

Introduction

- This note has been prepared by the Department for Science, Innovation and Technology (DSIT) and contains information for the Delegated Legislation Committee.

Purpose of the motion

- The Committee considers the motion: “That this House authorises the Secretary of State to make payments, by way of financial assistance under section 8 of the Industrial Development Act 1982, in excess of £30 million to any successful applicant to the Life Sciences Innovative Manufacturing Fund, launched on 30 October 2024, up to a cumulative total of £520 million.”

Legislative Context

Section 8 (subsection 8) of the Industrial Development Act 1982

Section 8 of the Industrial Development Act 1982 contains powers enabling the Secretary of State to provide financial assistance to companies where, in his or her opinion, the financial assistance is likely to benefit the economy of the United Kingdom, or of any part or area of the United Kingdom.

Section 8(8) states that:

- “[...] the sums which [are paid, or undertaken to be paid,] by way of financial assistance under this section in respect of any one project, excluding sums paid or to be paid in respect of foreign currency guarantees, shall not exceed £10 million [in the case of payments made, or undertakings given by, the Scottish Ministers, or £30 million in any other case], except so far as any excess over the said sum of £10 million [or £30 million] has been authorised by a resolution of the Commons House of Parliament.”

In practice, this means that grants to be awarded under Section 8 of the Industrial Development Act 1982 in excess of £30 million require the approval of the House of Commons.

Policy background

What is being done and why?

- Through the Life Sciences Sector Plan and the wider Industrial Strategy, the government is taking targeted, concerted, and aggressive action to unlock growth. The plan focuses on enabling world-class R&D, making the UK an outstanding place to start, scale and invest in life sciences, and driving healthcare innovation and reform. This approach will support high-growth businesses, deliver better health outcomes, and cement the UK's global leadership in life sciences.
- One of the six headline actions in the Life Sciences Sector Plan is the delivery of the Life Sciences Innovative Manufacturing Fund (LSIMF), launched on 30 October 2024. The fund offers up to £520 million in capital grants to attract globally mobile manufacturing investments to the UK, aiming to reverse the decline in domestic manufacturing and reduce reliance on overseas production. By leveraging the UK's world-class R&D, LSIMF seeks to retain economic and health resilience benefits, strengthen supply chain security, and create high-value jobs nationwide.
- Support for manufacturing investment from LSIMF will strengthen the ability of the UK to respond to future health emergencies, such as pandemics, by expanding and enhancing the UK's manufacturing capacity and capability required to deliver medicines, medical technology and medical diagnostics at a time of need.
- Large, transformation investments are critical to support the UK's Life Sciences ecosystem as they bring significant economic and health resilience benefits to their local areas, and the UK as a whole. For LSIMF to unlock its full potential, the fund must be able to secure these significant investment opportunities, requiring the ability of the Secretary of State to - where appropriate - provide financial aid exceeding £30 million to individual companies. Successful passing of this Motion will give the Secretary of State this power.
- LSIMF is a competitive fund, and each application is thoroughly assessed against the economic growth and health resilience objectives, including through interview by a panel of industry experts. Each successful application undergoes a rigorous due diligence process to test projects case for assistance, financial viability and deliverability. Large grants require further scrutiny by the Industrial Development Advisory Board. Grants are then monitored for a 10-year period to ensure benefits are fully realised. This ensures all grants awarded provide maximal benefit to the UK taxpayer.
- At the Spending Reviews, LSIMF has secured funding of up to £520 million to 2029/30. LSIMF has also been reviewed by the Competition and Markets Authority's Subsidy Advice Unit to ensure compliance with the Subsidy Control Act 2022.

Extent and Territorial Application

- The territorial extent of this programme is the United Kingdom, and the territorial application of this motion is the United Kingdom.

Contact

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