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Voluntary Scheme for Branded Medicines Pricing and Access (VPAS):

As constituents may know, the VPAS is a voluntary agreement between the Government and the UK pharmaceutical industry, which aims to achieve a balance between keeping NHS medicines costs low while ensuring a fair return for the pharmaceutical industry to enable it to research, develop and market new and improved medicines.

A fundamental part of the scheme is the affordability mechanism, which caps branded medicines' sales at an 'allowed growth rate' - currently 2% for each calendar year. Pharmaceutical companies pay a rebate of their revenue from medicines sales back if the NHS's total spend exceeds this threshold.

The current VPAS agreement expires at the end of 2023. Negotiations for a new VPAS - between the Government, NHS England and the Association for the British Pharmaceutical Industry (ABPI) – opened on 4 May 2023, with a new scheme expected to take effect from 1 January 2024.

I recognise constituents concerns that the pharmaceutical industry is asking for a fixed rebate of 6.8%, rather than a cap on total expenditure. The Government has described the proposals as “completely unaffordable” and said it would reduce NHS patients' access to new treatments.

In my view, the objectives of the VPAS must be about improving patient access to medicines, getting the best value and most effective medicines introduced more quickly, and supporting innovation in a successful UK life sciences industry.

I am committed to harnessing the potential of life sciences: investment and reform of research and funding are key to improving outcomes. For example, I want to see, across our economy, research and development spending from public and private sources reaching 3% of GDP, above the level of other advanced economies, to develop the treatments and innovations we need for the future.

The Government said it is seeking a mutually beneficial VPAS that supports patient outcomes, a strong life sciences industry, and a sustainable NHS. I assure constituents I will follow negotiations closely and bear in mind the points raised.

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