British Heart Foundation
Budget representation
January 2021

Introduction

The British Heart Foundation (BHF) is the largest independent funder of medical research into heart and circulatory diseases in the UK, as well as a source of trusted information and support for the 7.6 million people living with heart and circulatory diseases. Our research has helped halve the number of people dying from these conditions since the 1960s. However, heart and circulatory conditions still cause more than a quarter of all UK deaths today. Our ambition is to beat heartbreak forever, and we work to transform the detection and treatment of, and support for people with, heart and circulatory diseases.

The Covid-19 pandemic continues to pose the biggest challenge the BHF has faced in its 60-year history. Research suggests that people with underlying health conditions such as coronary heart disease, heart failure and stroke are at increased risk of severe complications from coronavirus and an increased risk of death. Heart and circulatory disease risk factors, including obesity, high blood pressure (hypertension) and diabetes, also raise the risk of severe illness from the virus.[1] [2] [3] Anxiety among people living with heart and circulatory diseases has prompted us to increase support through our Heart Helpline and the coronavirus support pages on our website.

Additionally, lockdown measures have led to significant disruption to our fundraising activities and the closure of large parts of our retail network. Due to the significant impact on our income, we have had to halve this year's research budget for new grants from £100m to around £50m. The effects of the pandemic, through ongoing lockdowns impacting retail and fundraising, continue to have lasting repercussion for the research charity sector. For example, there could be a reduced supply of cardiovascular scientists as fellowships are cut, which is likely to hamper future scientific discoveries and patient care.

The pandemic has also created direct and indirect costs and burden for the NHS and social care. Furthermore, for the millions in this country living with heart and circulatory diseases, any prolonged health effects from Covid-19 could lead to lower resilience and greater challenges in future pandemics. Without investment and support from Government in the upcoming Budget, this could all have a lasting impact, which further damages the health and wealth of the nation as the UK seeks to recover from Covid-19.

Key points

This representation focuses on the following four priority areas for action in the forthcoming Budget. The BHF believes the Government must take these steps to realise its aim of strengthening the UK's economic recovery from Covid-19:

1. Support charity retail's contribution to the economy and the UK's recovery from Covid-19
2. Invest in charity-funded research to level up economic opportunity and productivity across the UK and support the UK's economic recovery from Covid-19
3. Raise revenue to put toward adequate funding of public health programmes, in order to build the nation's resilience to Covid-19

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[1] The OpenSAFELY Collaborative (2020) Factors associated with COVID-19-related hospital death in the linked electronic health records of 17 million adult NHS patients www.medrxiv.org/content/10.1101/2020.05.06.20092999v1
[2] Rey et al (2020) Eur J Heat Failure - Heart Failure In Covid-19 Patients: Prevalence, Incidence And Prognostic Implications https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7461427/
[3] Chao Gao et al (2020) Eur Heart J - Association of hypertension and antihypertensive treatment with COVID-19 mortality: a retrospective observational study academic. https://academic.oup.com/eurheartj/article/41/22/2058/5851436

4. Provide additional funding for the NHS and social care to address the impact of Covid-19 on the detection, treatment and care of people living with, or at risk of, heart and circulatory conditions

Support charity retail's contribution to the economy and the UK's recovery from Covid-19

The BHF is the largest charity retailer in the UK, with 730 shops and furniture and electrical stores across the four UK nations alongside our online eBay and Depop stores. This extensive network employs 3,500 people. It also delivers training and development for 10,000 volunteers who join our retail team each year, helping people to increase life skills and, in many cases, successfully re-enter the job market.

As well as contributing directly to the UK economy through the labour market, charity shops are also a key component of the UK high street and will play a critical role in the UK's economic recovery from Covid-19. Not only does the BHF pay rent to local landlords across the UK, but we also provide high quality items at affordable prices which are accessible to those on lower incomes. This will be increasingly important as unemployment is projected to rise in the first two quarters of 2021.[4] Furthermore, the charity retail sector supports the sustainability agenda: the BHF alone saves 78,000 tonnes of used goods per annum and the sector overall saves 339,000 tonnes of textiles from landfill. This in turn benefits local economies, having saved local authorities over £30 million in Landfill Tax in 2018/19.

The contribution made by charity retail to the economy has, however, been severely impacted by the Covid-19 pandemic. Lockdown measures have led to significant disruption to the BHF's fundraising activities and the closure of large parts of our retail network. Where possible, we have made use of the Government's support schemes, including furloughing around 80% of our staff during the first lockdown via the Coronavirus Job Retention Scheme, but we still had to reduce the number of staff in our offices to lower costs. We also welcome measures such as the business rates holiday being extended until the end of March 2021. However, even with this support, the BHF was losing £10m against expected revenues every month of the pandemic during the first national lockdown Since the end of the first national lockdown, we have seen continuous disruption to our retail and fundraising functions as restrictions have been, and continue to be, put in place around the UK. For example, the three-week lockdown in Leicester in June closed our three shops in the area, increasing store losses. Subsequently, in the autumn four-week lockdown in England we lost around £7m, and during October's sixteen-day 'firebreak' in Wales, we estimate lost sales of £320k across our 35 Welsh shops.

The current national lockdown, beginning in January 2021, will see us lose over £5m per month against expected revenues, which had already been revised down on the assumption that mass participation events and community fundraising would continue to be severely impacted through the first quarter of 2021.

As outlined, the effect of shop closures during the national lockdown and the ongoing threat of further closures where local lockdowns emerge has provided an unprecedented challenge for charity retail as an income stream. As we move into a new financial year with continued uncertainty arising from a new national lockdown, which will likely be followed by a tiered approach through much of the first half of 2021, there is an ongoing threat to high street retailers who are forced to close.

To enable charity retail to support the UK's economic recovery from Covid-19, the BHF calls on the Government to take the following actions in this Budget:

[4] Bank of England, *Monetary Policy Report: November 2020* (https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/november/monetary-policy-report-nov-2020.pdf)

Temporarily raise the effective tax rate at which Gift Aid is paid from 20% to 25% for a two-year period

A temporary rise in the amount that Gift Aid is worth would help to compensate for the long-standing shortfall in Gift Aid that can be claimed, at a time when charities are facing significant financial challenges. It would also provide a vital boost to donations as we look to recover from the impact of the pandemic moving into the 2021/22 and 2022/23 financial years, which in turn will help the BHF to continue to invest in life saving research and innovation, along with helping the wider charity sector.

The Government should therefore temporarily raise in the effective tax rate at which Gift Aid is paid from 20% to 25% for a two-year period in this Budget.

The Gift Aid Relief proposal is modelled on the 2008 Gift Aid Transitional Relief scheme and is therefore a tried and tested method of providing vital support to charities during a time of crisis. A temporary change in the effective tax rate at which Gift Aid is paid from 20% to 25% would result in the value of Gift Aid increasing from one quarter to one third, meaning that a £100 donation from a UK taxpayer would increase to £133.33 (from £125) for the charity once Gift Aid has been claimed. This method of support for charities will ensure that money reaches charities quickly and efficiently, using pre-existing and established systems that will minimise the administrative burden usually associated with grant-based support packages. Based on the levels of charity Gift Aid claims in 2018-19, this scheme could provide an additional £450m to support the vital work of charities over the two-year period. The National Audit Office estimates that the amount of eligible, unclaimed Gift Aid stands at approximately £560m each year. It is estimated that £180m is also claimed each year where it should not but, even with this considered, in net terms charities are losing out on potential Gift Aid claims of £380m each year.[5] This is broadly similar to the amount this temporary Gift Aid Relief would cost the Government, so the cost of this scheme could be mostly or entirely covered by the amount of Gift Aid that currently remains unclaimed each year.

Extend the 100% business rates relief for an additional year, through to the end of March 2022

Reducing the fixed costs of charity retail for this extended period will help ensure the viability of charity shops. This will allow charity retail to continue contributing to the UK's economic stability during its recovery from Covid-19 by providing employment and sales which, in turn, will increase economic opportunity and prosperity across the UK.

To support charity retail's contribution to the economy, the Government must extend the 100% business rates relief for an additional year, through to the end of March 2022 in this Budget.

Take into account the unique situation of charity retailers in the design of current and future business support measures announced in this Budget

The Retail, Hospitality and Leisure Grant Fund (RHLGF), while welcome, was subject to the EU's State Aid rules. This means that the BHF could only claim for around 30 grants on an estate of 550 qualifying shops (i.e. with a rateable value below £51k). We estimate that the impact of lockdown and the ongoing restrictions posed at local and national levels resulted in a loss of 40% of sales across our network of eligible shops in 2020. This looks set to continue through the first quarter of 2021 as stores remain closed.

Along with other charity retailers, we have been working with BEIS officials to make the case that State Aid rules should not have been applied to the RHLGF and other business support measures in relation to charity retail. We have also taken legal advice which indicates that there is a strong case that charity retail does not meet the tests for State Aid rules to be applied, primarily due to the lack of impact charity retail has on cross—border trade. While these talks have been positive and constructive, there has been a significant time lag on resolving the issue. In the example of the

[5] https://www.charitytaxgroup.org.uk/news-post/2020/charities-call-gift-aid-emergency-relief/.

RHLGF, disapplying State Aid rules for charity retailers would have cost approximately £150m. As of 30 August 2020, after the scheme closed to new applications, over £1.2bn of the funds originally allocated to this scheme remained unclaimed, so this cost could easily have been covered by existing resource.[6] Now that the Transition Period has ended, the UK is no longer subject to EU State Aid rules.

As such, we urge Government to ensure that the unique position of charity retail is recognised and its ability to contribute to the economy is strengthened by disapplying subsidy control measures and by current and future business support measures announced in this Budget, and in the design of any future UK subsidy control system.

Invest in charity-funded research to level up economic opportunity and productivity across the nations and support the UK's economic recovery from Covid-19

A robust, diverse and collaborative research and development (R&D) ecosystem is fundamental to the prosperity of the nation. The past year – in which a colossal effort saw the UK create one of the world's first vaccines effective against Covid-19 and become the first western country to authorise use of a vaccine – has highlighted the importance of the sector. As recognised in the 2020 Budget, medical research provides a vital mechanism for 'uniting and levelling up our country, giving people opportunity and hope'.[7] Not only does it contribute to major advances in scientific discovery and patient care, but also to the wealth of the nation - every £1 invested in medical research delivers a return equivalent to ~25p annually in perpetuity.[8]

We were therefore pleased to see the importance of R&D to the UK recognised in the Chancellor's November 2020 Spending Review. Given the challenging financial backdrop, we welcomed the increase in R&D budgets for 2021/22, as well as the multi-year R&D settlement for the National Academies and UKRI's core research budget. The Spending Review also included at least £490 million in core Innovate UK programmes and infrastructure to support ground-breaking technologies and businesses. While settlements for industry and Government are welcome, to ensure the stability of the whole sector and cement the UK's position as a science superpower, medical research charities will also require support.

Preserving the distinct contributions of medical research charities to the UK's research base by committing to a Life Sciences-Charity Partnership Fund

A vital component of the UK's R&D ecosystem is a thriving charity sector. Medical research charities are instrumental in building opportunities for innovation, increasing skills in every region and boosting investment by de-risking the transition from academic science to commercial research, all of which will be crucial for the UK's economic recovery from the Covid-19 pandemic. For example, BHF funding is often leveraged by research institutions to attract additional funding. In a 2019 analysis, BHF-funded researchers reported leveraging around £1.27 billion of additional funding from a BHF investment of £476 million. The average return on investment from sources other than the BHF was £2.14 per £1 of BHF investment.[9]

However, the BHF's ability to deliver its core mission as a medical research funder has been threatened by uncertainty caused by the pandemic; the significant loss of retail and fundraising income forced us to halve our research spend this financial year from £100 million to around £50 million, and we may continue to face tougher decisions and more substantial cuts into the next

[6] https://www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses
[7] Budget 2020 https://www.gov.uk/government/publications/budget-2020-documents/budget-2020
[8] King's Policy Institute (2017) Medical Research: What's it Worth? https://www.kcl.ac.uk/policy-institute/research-analysis/medical-research-worth
[9] BHF (2020) Research evaluation report: Outputs and impact metrics of BHF funded research. 2018-19 https://www.bhf.org.uk/-/media/research-funds/research-evaluation-report-2019_final.pdf

financial year. In fact, we do not expect income streams—and therefore research spend—to return to pre-pandemic levels for some years, reflecting a combination of societal and economic disruption being felt across the sector. The Association of Medical Research Charities (AMRC) – the membership organisation of over 150 leading medical and health research charities in the UK – forecast a £310 million shortfall in sector spend on research in FY20/21 and is anticipating it will take charities 4-5 years for their research spend at UK universities and hospitals to recover to pre-pandemic levels.[10]

Modelling from the Institute of Public Policy Research (IPPR) in October 2020 found that £4.1 billion less could be invested by medical research charities in health R&D between 2020 and 2027 as a result of financial uncertainty and changes in public giving habits caused by the Covid-19 pandemic. Reflecting medical research charities' core role in the R&D ecosystem, the modelling found that the knock-on effect of these cuts on private investment (i.e. reduced 'crowded-in' investment) could cumulatively result in £5.3 billion less being invested in health R&D by 2027 as a direct result of lost charity income. A subsequent concern as a result of this reduced investment is the long-term sustainability of the R&D workforce. Medical research charities currently fund the salaries of around 17,000 UK scientists. However, an October 2020 survey of AMRC members found that four in ten charity-funded early-career researchers have considered leaving medical research since Covid-19 hit the UK.[11] Without support for the sector the UK faces losing a generation of scientists and substantial levels of investment, severely harming the Government's progress towards its long-term R&D funding commitments and its ambition to cement the UK as a global science superpower.

There are currently no clear support mechanisms for medical research charities within Government Covid-19 support schemes. The £750 million of extra funding announced in April 2020 for charities providing 'essential services' in response to Covid-19 could not be used for medical research. In addition, the Sustaining University Research Expertise (SURE) package announced in June 2020 will only provide funding for one-year and has received limited uptake from universities due to the conditions attached to funding. It is therefore not a long-term solution to the challenges currently facing medical research charities, despite repeated sector efforts to be involved in discussions to ensure it was fit for purpose.

It was positive to see an uplift in R&D investment in the recent Spending Review, as well as the multi-year settlement awarded to UKRI, showing Government's continued commitment to science and research. We have also been pleased to see recent measures that the Government has made to encourage private investment in UK R&D, for example by increasing the R&D Expenditure Credit rate from 12% to 13% in last year's Budget. However, the BHF, along with other medical research charities, was disappointed not to see explicit mention in the Spending Review of how the Government is intending to support charity-funded medical research. Alongside Government and industry, charity R&D funding is a vital component of a thriving R&D ecosystem, and the sector will be destabilised if medical research charities are not supported.

We urge the Government to use this Budget to secure a ring-fenced budget for the Life Sciences-Charity Partnership Fund, a time-limited Government-charity co-investment scheme that will provide a level of match funding from Government for future charity research over the next three years. This would commence with a commitment to an initial £310m in 2021/22. Transitional funding will allow medical research charities to effectively return to pre-Covid-19 levels of funding and increase contributions to UK R&D thereafter.

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[10] AMRC (2020) Life Sciences-Charity Partnership Fund: An economic case for targeted support for charity funded research Briefing_Life_Sciences_Charity_Partnership_Fund_An_economic_case_for_targeted_support_for_charity_funded_research_October_2020.01.pdf (mcusercontent.com)

[11] AMRC (2020) Pandemic threatens future of research as early career scientists look to leave https://www.amrc.org.uk/news/pandemic-threatens-future-of-research-as-early-career-scientists-look-to-leave

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Ensuring that the UK's world-leading clinical trial ecosystem is properly resourced to enable it to recover from the pandemic and help meet the Government's long-term clinical trial aspirations

The UK's R&D ecosystem is underpinned by its reputation as a global hub for clinical research. In 2018 alone, 655 new commercial clinical trials were started across the UK, the second highest number of any country in the world.[12] This clinical research is underpinned by the National Institute for Health Research (NIHR) which, in addition to supporting clinical research to better understand the cause and nature of disease, also drives investment into the UK; in 2018, NIHR centres and facilities supported over 3,500 commercial studies, with over £100m in funding leveraged from industry.[13] The UK's unprecedented response to the Covid-19 pandemic, and rapid assessment of vaccine efficacy, has only been possible thanks to the strength and agility of this clinical research base. Working with NIHR and the British Cardiovascular Society, the BHF has also played a key role in this response. We quickly brought together research leaders at the start of the pandemic to explore innovative ways of supporting Covid-19 research. We went on to identify and support seven National Flagship Covid-19 Projects to benefit people with heart and circulatory disease. These Flagship teams aim to rapidly improve the treatment and care of Covid-19 patients with cardiovascular disease or cardiovascular complications caused by the infection.

However, the number of new commercial clinical trials starting in the UK each year has been falling, from a peak of 690 in 2015.[14] While the UK remains in a strong position globally, we are concerned that this may be due to uncertainty following the UK's decision to leave the European Union and that the decline could continue unless action is taken to ensure that our clinical research base remains attractive to international commercial partners. A 2020 report by the Association of the British Pharmaceutical Industry (ABPI), 'Clinical Trials: How the UK can transform the clinical research environment', suggests several actions that the UK should take to preserve its global competitiveness in this area.[15] Recommendations include; protecting time for clinical researchers to undertake research in the NHS, upskilling clinical and non-clinical staff in research and harnessing the UK's health data potential in order to redesign trials and improve their efficiency. These changes will require financial investment and longer-term assurance, while support will also be required to ensure trials that have been put on hold during Covid-19 can restart and recover safely and at speed - the UK has lagged behind other European countries in the restart of trials, which risks further diminishing the UK's attractiveness as a market to run clinical trials.[16] As of 14 October 2020, 30% of clinical research was paused due to the pandemic, with a further 2.1% cancelled.[17]

Despite its critical role in the clinical research environment, NIHR's annual UK budget has remained relatively small and constant for several years, increasing by less than 3% between 2014/15 (£984 million) and 2018/19 (£1,012 million) – well below the inflationary rate for the same period.[18,19] If the UK is to meet its substantial clinical trial ambitions, whilst ensuring that paused clinical trials restart at speed, then NIHR needs to be appropriately funded and supported. As such, we were disappointed that a multi-year R&D commitment for DHSC was not included in the Spending

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[12] ABPI (2020) Clinical trials: How the UK can transform the clinical research environment https://www.abpi.org.uk/media/8307/11275_abpi_clinical-trials-report-2020_aw-v1-high.pdf
[13] NIHR (2020) Annual Report 2018/2019 https://www.nihr.ac.uk/news/nihr-publishes-latest-annual-report/24524
[14] ABPI (2020) Clinical trials: How the UK can transform the clinical research environment https://www.abpi.org.uk/media/8307/11275_abpi_clinical-trials-report-2020_aw-v1-high.pdf
[15] *Ibid.*
[16] APPG on Access to Medicines and Medical Devices (2020) An Inquiry into the Impact of Brexit on UK Life Sciences Trade and Regulation
[17] NIHR (2020) NIHR issues fourth update on implementation of the Restart Framework https://www.nihr.ac.uk/news/nihr-issues-fourth-update-on-implementation-of-the-restart-framework/25896
[18] NIHR (2015) Annual Report 2014/15 http://www.rds-sw.nihr.ac.uk/documents/NIHR-Annual-Report-2014-2015.pdf (annual UK budget excluding £50m contributed to Genomics England)
[19] NIHR (2020) Annual Report 2018//2019 https://www.nihr.ac.uk/news/nihr-publishes-latest-annual-report/24524 (annual UK budget excluding £50m contributed to Genomics England)

Review. This would have given its affiliated research organisations, particularly the NIHR, long-term assurances required for future stability and growth.

To ensure that the resources are in place for clinical research paused during the pandemic to restart safely and at speed, and to support its longer-term transformational ambitions for the UK's clinical research base, the Government should announce in this Budget that a substantial proportion of DHSC's £1.3 billion R&D Spending Review allocation will be allocated to the National Institute for Health Research.

Reinforcing a long-term commitment to life sciences research by committing to a fixed non-industry R&D target

Having a world-beating science and research base is one of the UK economy's many strengths.[20] Life sciences R&D is more critical than ever, as it has a key role in supporting the UK's post-Covid-19 economic and social recovery and levelling up opportunity across the UK by building opportunities for innovation, boosting investment and increasing skills in every region, across the nations. The Government's commitment to increase the UK's investment in R&D to 2.4% of GDP by 2027 and to increase Government R&D spending to £22 billion by 2024/25 are vital steps in strengthening the UK's place in the world - both have been widely welcomed across the medical research sector. However, the BHF is concerned that GDP-based targets are likely to lose value in periods of economic instability. Statistics published by the ONS estimate that the UK's GDP fell by 8.3% between October 2019 and October 2020.[21] If the economy does not recover to pre-Covid-19 forecasts by 2027, we are concerned that lower than expected levels of investment in R&D by 2027 may be experienced, thus limiting the UK's growth as a global science superpower.

In the IPPR's 2020 report "The Science-Based Economy",[22] pre-pandemic estimates of GDP growth were used to predict real monetary investment in the life sciences through to 2027. The authors found that achieving the Government's 2.4% by 2027 commitment would require an annual £8 billion non-industry – Government and charity combined – life sciences R&D spend by 2027, roughly doubling pre-pandemic levels. However, the model predicted a pre-Covid-19 trajectory of non-industry spend of £6.7 billion per year by 2027, leaving a shortfall of £1.3 billion. This shortfall is now likely to be substantially larger than originally forecast, given the devastating, and projected long term impact of the Covid-19 pandemic on medical research charity budgets. If medical research charities are to help accelerate progress towards the target and make up the associated funding gap, then it is imperative that the sector is sufficiently supported so research budgets can return to pre-pandemic levels at speed.

To maintain the UK's position as a global research superpower, the Government should signal its commitment to life sciences research in the UK and its role in the post-Covid-19 economic recovery by committing to a fixed non-industry investment in UK life sciences R&D target of £8 billion per year by 2027.

Ensuring that regional research & development continues to thrive as the UK Shared Prosperity Fund is implemented across the UK

European Structural and Investment Funds (ESIFs) have long been key drivers of economic development and the reduction of regional inequalities across the UK; in the most recent funding cycle (2014–2020), the UK received €16.4 billion through this mechanism. The European Regional Development Fund (ERDF) in particular, has been invaluable in boosting the UK's R&D ecosystem;

[20] Budget 2020 https://www.gov.uk/government/publications/budget-2020-documents/budget-2020
[21] ONS (2020) GDP monthly estimate, UK: October 2020
https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/october2020
[22] IPPR (2020) The science-based economy https://www.ippr.org/research/publications/the-science-based-economy

between 2014 and 2020, the UK received €1.39 billion for research and innovation through the Fund. [23] [24]

These EU funding programmes, which are allocated based on regional GDP levels compared to the EU average, have been particularly beneficial in areas where research intensity would otherwise have been low, directly supporting the Government's ambition to level up across the UK. For example, Wales received the greatest per capita contribution of ERDF funds relative to other UK nations during the most recent funding cycle, supporting approximately €388 million on research and innovation through the funds since 2014.[25] This represented 26% of the UK total, despite Wales making up less than 5% of the population. These funds are enormously important given otherwise low R&D expenditure in Wales – which accounts for just 2% of total UK R&D expenditure[26] – and recent programmes have already attracted talent and investment to the region. The Sêr Cymru programme, which was supported through ERDF funding, is a multi-million pound programme aimed at bringing scientific talent into Wales. The programme has so far attracted 12 research Professors to the nation, all of whom remain in Welsh research posts.[27]

A UK Shared Prosperity Fund (UKSPF) has long been seen as a domestic replacement for ESIF, and the Government's intention to match EU receipts through the UKSPF has been widely welcomed. Through the Fund, the Government is set to prioritise investment in people, communities and place, and local business. While we welcome the ambition to prioritise funding and appreciate that there remains some scope to support R&D through these areas, we are concerned by the absence of R&D as an individual priority area of the Fund, especially as it was a focus area of the ERDF. We are particularly worried that university-based R&D may now miss out on UKSPF support. Given the importance of these previous funds to regional R&D, failure of the UKSPF to continue funding in these areas could see the UK struggle to hit its longer-term R&D targets and cement its position as a science superpower.

To ensure progress in levelling-up research opportunities across the UK is maintained, the Government should ensure that research and development is included as a key priority area of the upcoming UK Shared Prosperity Fund. R&D funding should also be allocated based on GDP in line with EU Structural and Investment Funds, and individual strategic funding decisions through the UKSPF should be taken in collaboration with devolved governments to ensure R&D in all nations of the UK prospers under the new fund.

Ensuring that UK receipts to the Horizon Europe Framework Programme do not deplete domestic R&D funding promises

The UK's research base has long benefitted from the diverse funding opportunities for collaboration and access to networks that have been delivered through membership of the EU's Framework Programmes for Research and Innovation (most recently Horizon 2020). Alongside over 100 other organisations and individuals representing the research community across the UK and Europe, the BHF has long argued for the UK's participation in Horizon Europe to preserve these unique opportunities.28 We are therefore pleased that negotiators have agreed terms in principle for the UK's association to the programme within the December 2020 Trade and Cooperation

[23] https://ec.europa.eu/regional_policy/en/policy/how/priorities
[24] The British Academy (2020) The European Structural and Investment Funds – Contribution to UK research and innovation https://www.thebritishacademy.ac.uk/publications/europe-futures-european-structural-investment-funds-contribution-uk-research-innovation/
[25] The British Academy (2020) The European Structural and Investment Funds – Contribution to UK research and innovation https://www.thebritishacademy.ac.uk/publications/europe-futures-european-structural-investment-funds-contribution-uk-research-innovation/
[26] Welsh Government (2020) Research and development gross expenditure: 2018 https://gov.wales/research-and-development-gross-expenditure-2018
[27] Welsh Government (2019) Sêr Cymru https://gov.wales/ser-cymru
[28] Wellcome (2020) Securing a strong outcome for research in the EU-UK future relationship: Reaching an agreement on UK participation in Horizon Europe reaching-agreement-uk-participation-horizon-europe.pdf (wellcome.org)

agreement.[29] Access to the programme will help ensure R&D stability as the UK continues to develop its new relationship with the EU.

To ensure that the UK's own domestic R&D sector continues to develop during this period, it is important that initial funding contributions made to Horizon Europe for 2021 do not result in a depletion of already allocated UK funding, namely the £14.6 billion promised for 2021/22 in the Spending Review.[30] This is particularly important as many of these funds are already being considered within important organisational planning and budgeting processes. Instead, the Government should set aside additional funding to contribute to the EU programme. This approach has already been taken by other countries seeking association: Switzerland has released €5.5 billion for the country's access to the programme, in addition to its own domestic R&D budget.[31]

To provide certainty to the UK's domestic R&D ecosystem and to ensure it is able to utilise promised R&D budgets, the Government should commit to setting aside further funding to cover UK receipts to Horizon Europe, separate to the £14.6 billion already allocated to UK R&D for 2021/22.

Raise revenue to put toward adequate funding of public health programmes, in order to build the nation's resilience to Covid-19

Better health for all is key to improving the nation's resilience to communicable and non-communicable diseases and is a fundamental driver of increased productivity and economic levelling up. Investment in the prevention of ill health represents value for money, with a £14 return to society from every pound spent on public health interventions.[32] Covid-19 has further shown the extent to which the health and wealth of the nation are intertwined. Research has shown that adults with a body-mass index (BMI) classed as obese are more likely to experience worse outcomes from Covid-19, including being more likely to be hospitalised, require intensive care and die.[33] The risk of severe outcomes grows substantially as BMI increases.[34] Preventing ill health and improving the treatment of health, including for the 7.6 million people in the UK living with heart and circulatory conditions, is therefore key to maintaining the UK's economic stability through the pandemic and recovery from it.

There are strong but complex connections between obesity and heart and circulatory diseases. In 2019, 17% of heart and circulatory disease deaths in the UK were attributable to high BMI[35], with an estimated 64% of adults in the UK having a BMI classed as overweight or obese.[36] Lifetime costs to society of obesity have been estimated at 3% of GDP, equivalent to £60 billion in 2018.[37] Smoking is another key risk factor for heart and circulatory disease. Tobacco remains a leading cause of preventable illness and death in the UK, leading to at least 100,000 deaths each year from heart and circulatory diseases, respiratory and digestive conditions, and cancer. In 2019, an estimated 21% of healthy years lost across the UK population due to heart and circulatory diseases were

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[29] UK Government (2020) UK Trade and Cooperation Agreement https://www.gov.uk/government/publications/agreements-reached-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-the-european-union
[30] HM Treasury (2020) Spending Review 2020 https://www.gov.uk/government/publications/spending-review-2020-documents
[31] Science Business (2020) Switzerland puts aside €5.5B for future EU research access https://sciencebusiness.net/framework-programmes/news/switzerland-puts-aside-eu55b-future-eu-research-access
[32] Department of Health and Social Care, Advancing our health: prevention in the 2020s, July 2019
[33] Public Health England, Excess weight and COVID-19: insights from new evidence, July 2020
[34] *Ibid.*
[35] Global Health Data Exchange, 2019, Global Burden of Disease (GBD) Results Tool, http://ghdx.healthdata.org/gbd-results-tool
[36] British Heart Foundation analysis of latest UK health surveys
[37] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837907/cmo-special-report-childhood-obesity-october-2019.pdf

attributable to tobacco.[38] This translates into a vast economic burden: analysis in 2018 placed the lifetime costs of tobacco at 3.6% of GDP, equivalent to over £70 billion per year.[39]

Inaction on public health simply moves the burden of poor health to other parts of the healthcare system and could lead to more expensive interventions and treatment in the long term.[40] Whilst the Public Health Grant received a small real-terms boost of £65m in 2021/22 prices in April 2020, this followed 5 years of real-terms cuts, still leaving the grant 23% lower in real terms than in 2015/16.[41] Further investment must be made to allow increased support for areas of greatest need and ensure improved health resilience across England. The Health Foundation estimated that a further £2.6bn is needed if we are to tackle inequalities and level up public health across the country.[42]

The BHF welcomed the Government's commitment in the 2020 Spending Review to provide 'further significant action to improve the population's health'. This must include substantial and sustained extra funding for the Public Health Grant, particularly given the heightened importance of protecting public health due to Covid-19.

The Public Health Grant should be allocated an additional £1.2 billion a year as an absolute minimum, starting with an announcement in this Budget, to restore it to 2015/16 levels and ensure the delivery of vital preventative services.[43] This will help build a healthier, more resilient nation, better able to overcome the impact of Covid-19.

We must also see the allocation of funding to NHS Long Term Plan commitments on smoking and obesity, including offering all people admitted to hospital who smoke NHS-funded tobacco treatment services by 2023/24 and providing a targeted support offer and access to weight management services in primary care for people with a diagnosis of type 2 diabetes or hypertension with a BMI of 30+ (adjusted appropriately for ethnicity). [44]

Funds to contribute to improving public health could be raised by the announcement of the following measures in the upcoming Budget:

A polluter pays levy on the tobacco industry: Tobacco manufacturers are highly profitable and the principle of 'polluter pays' dictates that they should bear responsibility for paying for the cost of tobacco control.[45] As such, we support the proposal from Action on Smoking and Health (ASH) to use legislative mechanisms set out in the Health Act 2006 to implement a 'polluter pays' tobacco levy, which would be administered by DHSC and could raise around £300 million a year to fund the recurring costs of tobacco control at national, regional and local levels.[46] More detail on this and further measures to support tobacco control can be found in the Smokefree Action Coalition's Roadmap to a Smokefree 2030 and in ASH and the SPECTRUM research consortium's submission to the Budget.[47]

Lowering the Soft Drinks Industry Levy (SDIL) threshold: The Government should lower the SDIL threshold and maintain hypothecation towards programmes that contribute to the Government target of halving childhood obesity by 2030.The SDIL continues to drive significant sugar reduction,

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[38] Global Health Data Exchange, Global Burden of Disease (GBD) Results Tool. http://ghdx.healthdata.org/gbd-results-tool
[39] McKinsey (2014) Overcoming obesity discussion paper (report compares the economic burden of obesity with other health risk factors, including smoking)
[40] The King's Fund, Public health: our position, November 2020;
World Health Organization, The Case for Investing in Public Health, 2014
[41] The King's Fund, Public health: our position, November 2020
[42] *Ibid.*
[43] The Health Foundation, Improving the nation's health: The future of the public health system in England, November 2020
[44] NHS England, *The NHS Long Term Plan*, January 2019. https://www.longtermplan.nhs.uk/publication/nhs-long-term-plan/
[45] Branston, J. R. and Gilmore, A. The extreme profitability of the UK tobacco market and the rationale for a new tobacco levy. 2015, University of Bath.
[46] Health Act 2006. Annex 2: Scheme Powers of the Secretary of State Deriving from the NHS Act 2006.
[47] https://smokefreeaction.org.uk/wp-content/uploads/2020/01/Roadmap-to-a-Smokefree-2030-FINAL.pdf

with average sugar levels in drinks subject to the levy falling by 44% between 2015 and 2019 for retailers and manufacturers.[48] However, the current lowest threshold does not go far enough; a typical 330ml can of orange Fanta contains well over half of a child's daily sugar limit but is not subject to the SDIL. Lowering the threshold to 4.5g of sugar per 100g would likely encourage further reformulation and associated health benefits from children consuming less sugar. This would also bring the SDIL in line with the current nutrient profiling model (NPM) which categorises food and drink as 'less healthy' or 'healthier' and is used in advertising restrictions.[49]

Aligning the SDIL with the NPM would increase policy coherence and incentivise drinks manufacturers to further reduce sugar from their products or raise additional revenue. The BHF would also recommend raising the rate of the SDIL to increase the revenue raised and further incentivise reformulation.

Provide additional funding for the NHS and social care to address the impact of Covid-19 on the detection, treatment and care of people living with, or at risk of, heart and circulatory conditions

Healthcare costs relating to heart and circulatory diseases are normally estimated at £9 billion each year,[50] whilst the cost to the UK economy (including premature death, disability, and informal costs) as a result of these conditions is estimated to be £19 billion each year.[51] Continued variation in the detection, diagnosis, treatment and provision of help with recovery for heart and circulatory diseases, as outlined below, pose further challenges. This Budget provides an opportunity to ensure that the NHS and social care receive the level of funding needed to support "a high quality, resilient healthcare system"[52], as envisaged by the Government.

It is vital that the Government acts now to address the immediate impact of Covid-19, but it is also important that the Government recognises in the next Comprehensive Spending Review that the NHS needs adequate long-term funding for the health and care system so that services can start planning how they will respond to the longer-term effects of the pandemic.

The Government should commit to providing additional funding, on top of what has already been pledged, for the following areas:

Financial year	What else is needed?
2021/22	£10 billion to deliver the aims of the Long Term Plan in the context of the indirect impact of Covid-19 on the NHS, including decreased productivity. This includes £900 million to address waiting times.
2021-24	£1 billion a year for NHS workforce.
2021-24	£1 billion a year for capital investment in the NHS.
2021/22	£6.1 billion for social care to help tackle the immediate issues caused by the pandemic.
2023/24	£11 billion to stabilise the social care sector, improve access to care and implement funding reform.

48 Public Health England, Sugar reduction: report on progress between 2015 and 2019, October 2020
49 https://www.gov.uk/government/publications/the-nutrient-profiling-model
50 BHF UK factsheet Jan 2021.
51 *Ibid.*
52 https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020

The impact of Covid-19 on heart and circulatory disease services

The Covid-19 pandemic has already led to significant costs for the health system, with increased costs for this financial year in the region of £47 billion.[53] While this spending – on NHS Test and Trace and personal protective equipment (PPE), among other things – has been vital, it does not contribute to the aims of the NHS Long Term Plan to transform and modernise healthcare services, while meeting underlying demand. The Health Foundation has estimated that the health system may need significant additional funding in 2021/22 to deal with the direct impact of Covid-19.[54] However, the indirect costs of Covid-19 – including the impact on the 7.6 million patients living with heart and circulatory diseases – are also significant and will be longer lasting.

Throughout the pandemic, access to specialist services in the community has been either slowed or depleted due to redeployment of staff for the Covid-19 response and the need for infection control measures and social distancing. During the first wave, a broad range of specialist heart and circulatory services were affected, and insight gathered from the health service and from calls to our Heart Helpline confirmed a significant and varied impact on community services needed to support people with long-term cardiac conditions, like heart failure. These trends have continued into the second peak of the pandemic. While many services have tried to limit staff redeployment, the system remains under significant pressure both due to the direct impact of Covid-19 (including the need for services to engage in the vaccination programme), and the ongoing indirect impact of the pandemic. Existing productivity issues have been exacerbated by the physical and emotional impact of the pandemic on health and care staff, who are currently experiencing high rates of sickness and absenteeism. The true impact of this loss of services cannot yet be fully quantified, but it could lead to more hospital admissions, extra demand on hospitals, and greater pressure on community services.[55]

The pandemic has also significantly reduced capacity for cardiac surgery, treatments and diagnostics, with thousands postponed or cancelled across the UK. In the first wave of the pandemic, NHS England figures show that echocardiograms fell by around two-thirds (67%) in April and May 2020 compared to February. Echocardiograms allow doctors to diagnose, give a prognosis and determine follow-up treatments for a range of heart conditions – without these tests, patients cannot get the treatment they need.[56] Despite some recovery in diagnostic activity since then, waiting lists remain well above pre-pandemic levels. Official data for England show that more than 190,000 people were waiting for investigations or treatment in cardiology or cardiothoracic surgery at the end of November 2020. Of these people, around 44,000 had been waiting longer than 18 weeks, and more than 2,800 had been waiting for at least a year – up from just 28 at the end of February 2020.[57] All of this will have a long-lasting impact. As people wait longer to get diagnosed and treated, and their condition worsens, the likelihood of developing preventable long-term complications increases. Worryingly, the backlog could increase, with the Health Foundation estimating that the waiting lists for routine hospital care could grow to 9.7 million by 2023.[58]

In its November 2020 Spending Review, the Government announced £3 billion of additional funding for the NHS. This included around £1 billion to begin tackling the elective backlog caused by Covid-19, and the rest to address waiting times for mental health services, invest in the NHS

[53] The Health Foundation, Spending Review 2020: Managing uncertainty, (2020).
[54] The Health Foundation, Spending Review 2020: Priorities for the NHS, social care and the nation's health, (24 November 2020).
[55] British Heart Foundation, Coronavirus and the perfect storm for heart disease, (24 July 2020).
[56] NHS England, Monthly Diagnostics Data 2020-21.
[57] NHS England, Consultant-led Referral to Treatment Waiting Times Data 2020-21.
[58] The Health Foundation, Spending Review 2020: Priorities for the NHS, social care and the nation's health, (24 November 2020).

workforce, and help ease existing pressures in the NHS amplified by the pandemic. While this funding is welcome, it falls short of what is needed to address the backlog in care and drive future improvements as outlined in the NHS Long Term Plan.

Increase funding for the NHS Long Term Plan and address the backlog of care

The NHS Long Term Plan identified heart and circulatory disease as the area it could have the single biggest impact in saving lives by 2028. At the start of the pandemic, NHS England began the second year of implementation of the NHS Long Term Plan. Underpinned by a 5-year funding settlement in 2018, it aims to improve outcomes and reduce health inequalities through better prevention and integration of services, and by creating additional funding to priority services, such as those for heart and circulatory diseases. Moving beyond this year's winter pressures, it will be important that HM Treasury adequately finances the Long Term Plan to achieve its long-term ambitions in the context of Covid-19 and beyond. Sustainable investment in health and care services, including substantial investment in public health, workforce, education and training and capital will help improve outcomes for people with heart and circulatory diseases and deliver the ambitions of the Long Term Plan.

The pandemic has made delivering the ambitions of the Long Term Plan much more challenging, and the NHS will require significant additional funding. The Health Foundation estimates an additional £10 billion this year is needed if it is to meet the aims of the Long Term Plan in the context of a backlog of care, reduced productivity due to infection control measures, and an increase in demand for services such as those for mental health.

This additional £10 billion for front-line NHS services also needs to be matched with up to £1 billion extra a year over the next three years for workforce, and an additional £1 billion a year capital investment.[59]

Without investment in all these areas the NHS will not be able to deliver the ambitions of the Long Term Plan and will lack resilience to future health shocks. In the November 2020 Spending Review, the Government committed to multi-year funding for the NHS, as required by the Long Term Plan settlement. The Chancellor confirmed a cash increase of £33.9 billion a year by 2023-24, with an increase of £6.3 billion this year. While this funding is welcome, it will not be sufficient to deliver on the ambitions of the Long Term Plan in the context of Covid-19.

It is vital that the Government acts now to adequately fund the NHS to first clear the backlog of care. The Health Foundation have suggested that setting a 6-year goal for clearing the backlog would be realistic. **To return to 18-week waiting times by 2026/27, NHS England will require an additional £900 million on top of the current spending plans in 2023/24.**[60] **The remainder of the £10 billion is then needed to meet increase in demand for services such as those for psychological support and to address the widespread decrease in NHS productivity caused by infection control measures.** The Health Foundation has estimated that, even with an optimistic scenario of a 5% drop in productivity in 2021/22 for the NHS, the additional cost could be £7 billion. Even if productivity quickly increases after that, there could still be an additional cost of £3 billion by 2023/24.[61]

[59] The Health Foundation, Spending Review 2020: Managing uncertainty, (2020).
[60] *Ibid.*
[61] The Health Foundation, Spending Review 2020: Priorities for the NHS, social care and the nation's health, (24 November 2020).

Consideration should also be given to further funding for Health Education England (HEE) to deliver the aims of the Long Term Plan around training and retention of the NHS workforce, as the impact of Covid-19 continues to be felt. Currently, the funding allocated in the November 2020 Spending Review falls short of what is required for HEE to provide high-quality training.

Increase investment in social care

Community-based services, including those provided by social care, play an important part in supporting people with heart and circulatory diseases to stay well, but are also key to relieving pressure on the broader health and care system by keeping people out of hospital and facilitating early discharge. However, Covid-19 has taken a heavy toll on people using and working in social care. This Budget should commit to an initial down payment of £6.1 billion to tackle the immediate issues caused by the pandemic, with a view to providing further funding to stabilise social care in 2023/24.

The pandemic hit a system that was already weakened by funding shortages. Over the past decade, public spending per person on adult social care services fell by around 12% in real terms between 2010/11 and 2018/19, while the number of people needing care has risen.[62] With health and care services working together to deliver the Long Term Plan, sustainable funding across the whole system will be critical to transforming and levelling up outcomes for people with heart and circulatory diseases. It is vital that barriers to effective cross-sector work are removed and all aspects of the health and care system are resourced sufficiently. Where strong relationships and new ways of working have been developing across primary, secondary, and community care boundaries – for example in newly-established Integrated Care Systems – these should be maintained to help improve long-term continuity of care. Where appropriate, this should entail sharing budgets.

In the November 2020 Spending Review, the Government announced a £300 million grant for local authorities to deliver social care, but a long-term solution was not offered. The proposed investment falls woefully short of what is needed to address the crisis in social care. Without long-term and sustainable funding, there is a risk that the reforms set out in the Long Term Plan will not happen, leaving both the health and care system unable to provide the right level of care and achieve its ambitions.

Based on analysis by the Health Foundation, this Budget should commit to an initial down payment of £6.1 billion in 2021/22 to help tackle the immediate issues caused by the pandemic, with a view to a minimum increase of £11 billion in 2023/24 to stabilise the sector, improve access to care and implement funding reform.[63]

This will help address pay and retention issues in the social care workforce, ensuring that it is adequately equipped to deal with future pressures. As the UK begins to plan beyond the immediate Covid-19 crisis, this £11 billion uplift in funding for social care is urgently needed, as a minimum, to ensure better outcomes for everyone living with a heart and circulatory condition, regardless of where they live in the country. As in the NHS, additional funding to respond to the immediate Covid-19 emergency will be needed on top of the £11 billion uplift, for example to pay for PPE and infection control measures.

[62] The Health Foundation, Spending Review 2020: Priorities for the NHS, social care and the nation's health, (24 November 2020); The Health Foundation, Social care funding and workforce: Our submission to the Health and Social Care Select Committee inquiry, (9 June 2020).

[63] The Health Foundation, Spending Review 2020: Priorities for the NHS, social care and the nation's health, (24 November 2020).