

**HUMBER ECONOMIC
STRATEGY FOR THE
HEALTHCARE SECTOR
(2001 – 2010)**



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**PREPARED BY
MEDILINK HUMBER STRATEGY GROUP**

c/o Medilink Yorkshire and the Humber
301 Glossop Road
Sheffield
S10 2HL

Tel: 0114 222 7451

Fax: 0114 273 0058

E-mail: info@medilink.co.uk

Web: www.medilink.co.uk

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HUMBER ECONOMIC STRATEGY FOR THE HEALTHCARE SECTOR

2001-2010

1.0 Introduction

- 1.1 The Healthcare Sector has been identified as a powerful, regional growth sector by the Regional Development Agency, Yorkshire Forward, and is expected to play a crucial part in the delivery of the Regional Economic Strategy towards achieving employment, wealth, growth and regeneration.
- 1.2 The Medilink Humber Strategy Group has compiled this strategy for Yorkshire Forward. It has been produced in consultation with businesses, the NHS, regional partners and policy groups to assist the creation of a joint forward plan for the Healthcare Sector. It will subsequently be integrated into a regional plan that will also comprise plans for West Yorkshire and the South Yorkshire sub-regions.
- 1.3 It is through consultation with key players, that we aim to produce a 10-year 'action orientated' economic strategy for the Yorkshire and Humber Healthcare sector, against which, future funding bids can be assessed and progress can be monitored. Review will take place through the sub-regional strategy groups for the Humber, South Yorkshire and West Yorkshire, at 6 monthly intervals.

2.0 Vision

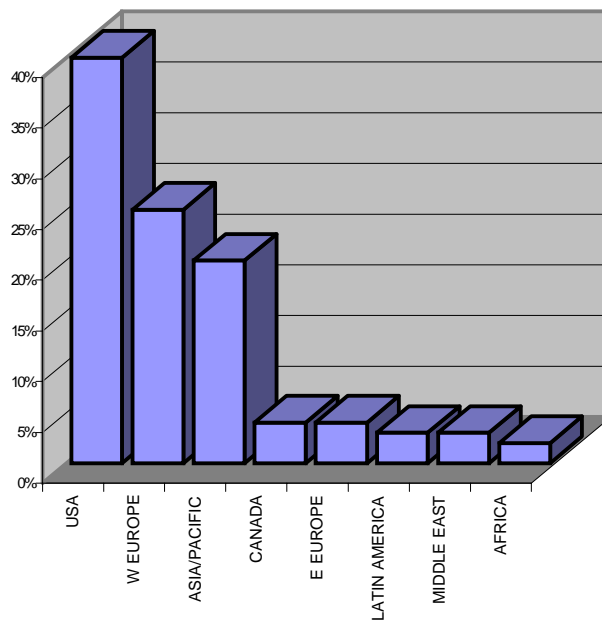
**To create
a
vibrant
Healthcare Sector
which positively contributes
to the
economic growth
of the
Humber Region**

3.0 Sector Assessment in Brief

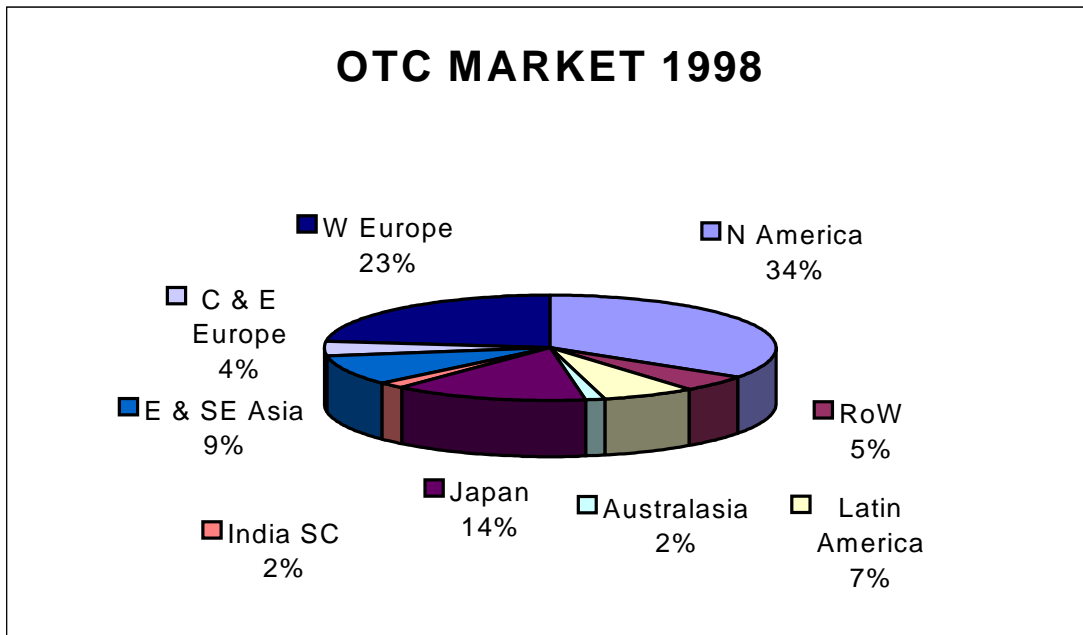
3.1 Global Sector Structure

The global market for medical devices is huge, standing at US \$130 billion in 1997, and this market is growing at an average of 4% p.a. In real terms it is predicted that there will be an exponential increase in niche markets such as ageing & rehabilitation and woundcare. The major markets for medical technology are the USA (41%), Western Europe (28%), Japan (18%) and Pacific Rim/Australasia (8%).

Medical Devices



Over the Counter Products



UK

In the UK, the medical device industry is valued at £2.7 billion per annum and has been growing steadily at around 7-8% per annum. The industry has maintained a strong balance of payments surplus of over £300 million per year by exporting around half of its total output. The NHS is the largest UK healthcare purchaser, spending over £4,000 million annually, around 50% of that on medical technology.

The OTC market in the UK has also grown between 7-8% over the last three years and the total market was valued at £1735 million in 1998 (source: Nicholas Hall & Company).

Yorkshire & Humber

A consultative process, facilitated by Cambridge Consultants and involving senior representatives from Industry, the Health Authority and academia, underpinned a technology mapping exercise which identified key growth markets where Yorkshire & Humber would secure maximum economic advantage over the next decade.

- Orthopaedics
- Nutrition
- Oncology
- Bio-materials and Tissue Engineering (Bioscience),
- Ageing & Rehabilitation
- Instrumentation

In orthopaedics, Yorkshire & The Humber have a strong industrial base and there is a need to bring together disparate research groups to grow the sector. In other areas we need to bring together the disparate but, outstanding research & consultancy centres, to create a critical mass which will be

needed to grow a strong industrial base. Within the healthcare sector, proximity to internationally renowned medical research and clinical trial facilities are considered important.

It has been well reported over previous years that Yorkshire & The Humber has one of the highest clusters of medical device companies in the UK, accounting for 14.5% of the UK manufacturing output in this sector. However, 90% of companies within this sector employ less than 50 employees and output per man is lower than the national average. In contrast, the turnover for just two OTC companies (Reckitt Benckiser and Seven Seas) is valued at £414 million employing 1,270 staff.

4.0 THE HUMBER STRATEGY

4.1 UNIQUE INDUSTRIAL PROFILE

THE PROFILE OF THE HEALTHCARE SECTOR IN THE HUMBER DOES NOT CONFORM TO THE GENERAL PICTURE REGIONALLY. IT HAS RELATIVELY FEW SMALL MEDICAL DEVICE COMPANIES (SUCH AS AFOS LTD AND BRAUN & CO LTD) AND IS THE HOME TO MAJOR GLOBAL HEALTHCARE COMPANIES SUCH AS SMITH & NEPHEW (GLOBAL WOUNDCARE CENTRE) AND RECKITT BENCKISER (IN THE TOP FOUR GLOBAL OTC COMPANIES). IT ALSO HAS LEADING COMPANIES MANUFACTURING NUTRITIONAL SUPPLEMENTS SUCH AS SEVEN SEAS AND ESSENTIAL NUTRITION, A GENERIC DRUG COMPANY, AND AN EXTREMELY STRONG CHEMICAL AND FOOD INDUSTRY WITH COMPLEMENTARY TECHNOLOGIES.

4.2 Building supply chain

To develop a proactive economic strategy, we need to build on the Humber's unique strengths in formulation and OTC manufacture, and look to develop both the specialist supply chain (medical packaging, specialist writing and translations etc) and the more traditional supply chain to major purchasers such as Smith & Nephew and the Hull & East Yorkshire Hospital Trust.

4.3 *Product Innovation*

Over the last year we have seen over 60 product ideas evaluated and progressed through Medilink's Product Innovation Officer based at the University of Hull's Product Design and Development Centre. This facility may be relocated to the new science park being developed at Reckitt Benckiser. It is likely that the product development function will need to be expanded beyond its current product stimulation and commercialisation role, to technical audits of non medical companies (see industrial diversification).

It is noted that the question of where the IPR resides for new medical products developed within the Humber, is a major issue, which needs to be resolved if opportunities are to be maximised. The Health Authority funds the University for its Postgraduate Medical School, the University issues contracts of employment for clinical staff and they in turn work within the Hospital Trusts.

4.4 *Industrial diversification*

The Humber has a rich diversity of specialist SMEs, many of whom operate in traditionally declining sectors. Medilink has had experience of assisting companies to enter the medical market and a targeted campaign will be required to raise the profile of opportunities in the medical sector and to assist non medical SMEs to diversify where appropriate (technical audits will need to be conducted to ascertain feasibility).

4.5 *Success through collaboration*

In addition to building on the Humber's specific strengths, it is also recognised that there will be the need to collaborate with region-wide initiatives (product development, telemedicine, orthopaedics, ageing & rehabilitation, bioscience and oncology) in order to maximise opportunities. The University, for example, recognises that it will need to extend its range of collaborative research to develop its current 'supportive' life science research agenda. In order to resubmit a bid for an Undergraduate Medical School (to combine with its current Postgraduate Medical School) it would need to collaborate with another university e.g. York.

4.6 *Research Strengths*

A recent research assessment review showed that the major area of NHS research spend in the Humber is in the area of oncology and cardio-vascular research, both of which are strengths within the region. The MRI centre in Hull houses two MRI scanners which provides a unique resource on which to build - this position being confirmed by a recent visit from the Regional NHS R&D Director. This is by no means the biggest in the country, but it is believed that this asset should be built upon.

4.7 *Physical Assets*

In terms of the Humber's physical assets it is believed that we should capitalise on the Humber Port and associated Humber Trade Zone, to encourage inward investment, particularly in the areas of Medical Distribution Centres and OTC/formulation companies. The location of Kingston Telecommunications and its recent technology advancements is also seen as an opportunity to strengthen community medicine and develop telemedicine, which will further promote Hull's image as the 'Digital City'.

4.8 *The time is right!*

With the recent rebirth of business support agencies (sub-regional SBSs & LSCs) and the merger of the major acute hospitals, both resulting in new strategic leadership, and the recent appointment of a new Vice Chancellor at the University of Hull, the time is now considered to be ideal to develop and execute a ten year economic strategy for the Humber's healthcare sector.