

TOWARDS RECOVERY AND GROWTH: THE NEXT STEPS FORWARD

**Second report of the Sandwich Economic
Development Task Force to HM Government**

May 2011

Foreword

By Paul Carter, Chairman of the Sandwich Economic Development Task Force and Leader of Kent County Council

February's announcement that Pfizer will exit its Sandwich site by the end of 2012 presented both a national and local challenge – a challenge the Task Force moved quickly to address.

Last month, we submitted our first report to Ministers, setting out the extensive progress that we made in just a few weeks. Since then, we can report that more has been achieved – but we also have significant challenges ahead.

We understand that commercially confidential negotiations with contract research organisations are ongoing. Together with Pfizer, we're working with venture capitalists, universities and employment agencies to ensure that Pfizer staff and contractors have access to the best support in developing new businesses and accessing new skills and new employment. Pfizer will shortly appoint their global marketing agents, and we are optimistic that a strong marketing strategy will be developed.

We are pleased to see that Government is taking national action to support business growth. We called for an extension of tax relief for research and development: Budget 2011 delivered this, extending R&D tax relief along with a package of measures to support the UK's global strengths in healthcare and life sciences.

However, time is of the essence. We will soon start to lose skilled staff: 900 Pfizer staff have already received their 'at risk of redundancy' notices, with more likely to come. Pfizer has put in place a strong package of measures to support its staff through the exit, but it is essential that the public agency support that can be offered to staff and contractors is effectively coordinated, duly communicated, and of the highest quality.

Time is also critical in planning for the longer term. In our first report, we set out how incentives could attract new investment to Sandwich through a Research, Innovation and Technology Zone. We are disappointed that as yet, Government has not backed our proposals. In particular, immediate uncapped rate relief for an extended period of time that could help the regeneration of the facilities at Sandwich for business use and avoid the potential demolition of the site is crucial, and we need to make this happen. If there is to be some form of state aid, it is needed now. Delay will cost job opportunities and detract from inward investment.

Yet we believe that Sandwich has the resources potentially to build a bright future. It has access to a pool of world-class talent, an excellent quality of life, top quality facilities and the potential for excellent transport links. We know from experience elsewhere that dynamic centres of business opportunity can be forged from former single-occupier R&D facilities. But this will only happen if skilled staff decide to stay in the area and incentives for investment are given to new businesses.

So we call for a renewed effort to coordinate the efforts of all parties to support Pfizer's staff and contractors. We must explore all investment interest in the site. And we call for a bolder approach from Government.

Together, we have the potential to build a vibrant business centre at Sandwich. But we must not let the window of opportunity close.

Executive Summary

This report updates Government on the progress made by the Sandwich Economic Development Task Force. It sets out the momentum that we have maintained in supporting the future of the Sandwich site following Pfizer's decision to exit. Chapter 1 outlines our activity to develop business, employment, skills and investment opportunities at Sandwich. Chapter 2 sets out our recommendations for a Recovery and Growth Package for East Kent, including a new Enterprise Zone and further investment in transport connectivity. Chapter 3 summarises our recommendations and proposed next steps.

Introduction

1. Pfizer announced in February that it will exit its research and development facility at Sandwich by the end of 2012. This will affect 2,400 staff directly employed at the site and potentially around 900 contractors that are based on site supporting Pfizer's activity.
2. The Government acted quickly to establish a Task Force under the chairmanship of Paul Carter, Leader of Kent County Council, to scope the actions that we must take to support the future of the local economy. In March, we produced our first report, setting out our initial recommendations to Government.
3. We have made progress over the past month, which this report sets out. We have had very positive support from MPs across East Kent and Ministers stand ready to do what they can. However, it has been disappointing that the Government has as yet failed to support our proposals for growth and investment in recent announcements. We are also entering a critical time for the future of the site: 900 'at-risk' letters have been issued to Pfizer staff during the ongoing first collective consultation period. Pfizer is delivering much to support its staff affected by the decision to exit the site. Much more needs to be achieved if Sandwich is to secure a strong future focused on advanced science, research and development and a broad range of other employment generating opportunities that could be developed at the site.

Driving progress

4. Over the past month, we have made progress in:
 - Understanding the long term **economic impact** of public sector contraction and other redundancies in the area, in addition to Pfizer's, have the potential for a total of 13,700 job losses. The need for action to stimulate local growth is clear.
 - Developing **transitional support for the Pfizer workforce, contractors and the community**. Pfizer have contracted with DBM (a specialist outplacement agency) to provide a comprehensive support service for staff. To supplement this, Jobcentre Plus is providing a Rapid Response service housed by Pfizer on the Sandwich site to those staff and contractors that are based on the site.
 - Working with the **higher education sector** to develop a co-ordinated approach to university support for business development.

- Developing new **business opportunities**. Pfizer is progressing commercially confidential negotiations with potential contract research organisations (CROs) and exploring the potential for small spin-out companies to develop from the site which could potentially involve a few people.
- **Promoting the Sandwich site** to market the site globally through joint action between Pfizer’s appointed agent, Locate in Kent and UK Trade and Investment.

Towards a long term future

5. Work is underway to develop proposals for an **East Kent Recovery and Growth Package**, capitalising on the investment already made in High Speed One to open up the opportunities associated with Sandwich and the neighbouring Manston airport and business park. In particular, line speed enhancements and a new Thanet Parkway station will bring Sandwich, Thanet and Dover to within an hour of London. There are also further opportunities to complete the Coalfield Programme at Betteshanger Colliery through proposals being developed by Hadlow College. KCC and partners will seek Regional Growth Funding and Enterprise Zone incentives to support the Package as it is developed.

Looking ahead

6. Over the next month, we will explore in greater detail activities that will:
 - Continue to help Pfizer and the public sector do all they can to support **staff and contractors**
 - Co-ordinate **support for R&D and other businesses**, bringing together links with the **higher education** sector co-ordinated by University of Kent and venture capital and business support activity
 - Work with BIS to bring together senior higher education representatives and research professionals to explore how we can ensure that we **retain the expertise in research groups** at Sandwich for the nation.
 - **Promote the Sandwich site internationally**, working with Pfizer to ensure a coordinated approach between the public and private sectors
 - Develop proposals for an **Enterprise Zone and other incentives** (including reductions in business rates on empty properties) at the core of an **East Kent Recovery and Growth Package**, which will include a submission to the second round of Regional Growth Fund alongside European and other funding sources.
 - **Consider all options for the future of the facilities**, including progressing opportunities for the public sector to develop proposals to lease part of the site.

The next month will be critical to the future of the Pfizer site at Sandwich. We have the potential to deliver a strong future for the site – but now is the time for concerted action to secure the world-class skills base and investment potential of Sandwich.

1. Driving progress

This section sets out the progress that the Task Force has made since our first report to Government. It outlines the work that is underway to understand the impact of Pfizer’s exit on the East Kent economy, provides an overview of progress in developing new business, employment and skills opportunities and highlights current activity to market and promote the site. But it also sets out the key issues and challenges that still need to be addressed.

1.1. Background: Pfizer’s exit and the vision for transition

1.1.1. Pfizer currently employs around 2,400 people, all supporting research and development activity. The buildings on the Sandwich site cover around 3 million sq ft, 2.3 million sq ft of which are purpose-built, high quality R&D and office premises.

1.1.2. Pfizer’s planned exit from the Sandwich site will be complete by the end of 2012. However, managing the impact of the exit and developing a new economic future for East Kent will be a five to ten year journey, moving from an immediate focus on preserving jobs and activity on the site through to the longer term delivery of wider opportunities for East Kent:

- **Phase 1:** Pfizer’s current efforts to attract contract research organisations (CROs) to the site will hopefully result in the transfer of some assets and staff.
- **Phase 2:** Building on any CRO core, focus on further opportunities to attract large scale occupiers capable of taking on whole buildings, as well as pursuing other smaller scale interests and venture capital investment in business start-ups.
- **Phase 3:** Consider a range of options for additional R&D and other high-tech activity (for example in food sciences, aviation and environmental technology) at Sandwich leading to the sale of parts or the whole of the campus to an investor/developer.
- **Phase 4:** Consider longer term ownership and management options for the future of the site.
- **Phase 5:** Delivery of a longer term strategy for the future of East Kent.

1.1.3. These phases of activity provide the framework for the Task Force’s activity:

	2011 H1	2011 H2	2012 H1	2012 H2	2013 H1	2013 H2	2014	2015+
Phase 1								
Phase 2								
Phase 3								
Phase 4								
Phase 5								

1.1.4. Linked with these phases, since the first Task Force report, we have focused on:

- Fully understanding the **economic impact** of Pfizer’s exit;

- Developing a **full package of transitional support** for the existing workforce and local community (linked with Phase 1);
- Working with the **higher education sector** to develop a co-ordinated approach to university support for business development (linked with Phases 2 and 3);
- Considering opportunities for **venture capital** investment (linked with Phase 2);
- Developing a **joint action plan between UKTI, Locate in Kent and Pfizer** to promote the site to investors (linked with Phases 3 and 4)

Government and political support

“I am pleased with the commitment and work of the Task Force in identifying a way forward for the site and for those employed by Pfizer and its contractors affected by the exit. David Willetts and I stand ready to do what we can”

Vince Cable, Secretary of State for Business, Innovation and Skills
Letter from Vince Cable to Paul Carter, see annexe 2.

As well as the strong backing of MPs from across East Kent, the Task Force has gained significant support from Government. David Willetts, the Minister of State for Universities and Science, regularly attends meetings of the Task Force, and we will be meeting Transport Minister Theresa Villiers and Employment Minister Chris Grayling shortly.

1.2. Understanding the impact of Pfizer’s exit

- 1.2.1. We need to understand the full scale of the challenge we face. Pfizer’s exit is a significant shock to the East Kent economy. The area is also vulnerable to anticipated job losses in the public sector as well as in other significant industries. Initial analysis in our first report gave an indication of potential job losses, but to provide a robust estimate, Kent County Council has commissioned a full **economic impact assessment**, being developed by consultants DTZ.
- 1.2.2. DTZ estimate that the combined impact of Pfizer’s exit, the decommissioning of the nuclear power station at Dungeness and forecast public sector job cuts will lead to the loss of around 13,700 jobs across East Kent by 2018¹.
- 1.2.3. The impact assessment has so far been based on economic modelling using broad estimates of job losses – so it is not yet based on an analysis of real supply chains and does not yet provide information on the impacts of job losses on groups with different skills levels. We are working to provide a more robust analysis – using detailed information provided by Pfizer, the public sector and Dungeness – and a full assessment will be published in due course.

1.3. Transitional support for the workforce, contractors and community

- 1.3.1. Much is being delivered by Pfizer and by the public sector to support existing staff and contractors. Yet the first staff collective consultation period will come to an end at the

¹ DTZ/ KCC (March 2011), Economic Impact Assessment (draft)

beginning of May, with staff expected to receive redundancy notices thereafter. Following the conclusion of the first Collective Consultation, redundancies can begin in May. So it is now absolutely essential that the right support is well co-ordinated.

- 1.3.2. Pfizer has contracted with DBM to provide a **comprehensive outplacement service** for its staff. To supplement the support offered by DBM, **Jobcentre Plus** is providing its Rapid Response Service to people on the Pfizer site and has been on site since 11 April. This includes support to Pfizer staff and contractors, including careers, self-employment and training advice and advice in accessing benefits and Jobcentre Plus services. A careers fair is planned for 18 May, which will be accessible to Pfizer employees and contractors on site.
- 1.3.3. A **Skills and Employment Sub-Group** has been established to discuss how Government agencies can best support training and access to available funding. Positive discussions have taken place with the Skills Funding Agency to secure potential European Social Fund support for adult training. The Sub-Group is working with Pfizer to input into its careers fair set out above as well as information days for higher education and business opportunities and is working to ensure the involvement of the local Chamber of Commerce and other key interests.

Offering new opportunities: Pfizer's outplacement offer

DBM's comprehensive outplacement service offers career management advice for every Pfizer employee – including access to company and job databases, e-learning programmes and monthly rolling webinars and on site seminars. DBM is managing a job posting site; establish strong links with employers, co-ordinate jobs and careers fairs and co-ordinate support from academic and other institutions to help staff develop their careers.

The Sandwich Colleague Forum has been working incredibly hard since the announcement of Pfizer's exit. After thoughtful planning, preparation and consultation with focus groups of colleagues across the site, the Forum proposed a site exit enhancement to the current redundancy policy in early March. As a result, Pfizer has offered Sandwich-based colleagues made redundant as part of the proposed exit an additional 25% (3 months) redundancy payment in addition to the standard payment. This means that colleagues will receive an additional payment equivalent to 3 months' base salary (plus shift allowance) as part of their redundancy. In addition, staff on Employment Seeking Leave will be able to make use of Pfizer's facilities to explore new opportunities during the notice period.

The company is granting this one-time enhancement in recognition of the specific situation in which the site exit places Sandwich colleagues, including the local economic conditions and impact of the site exit. It is also designed with the aim of giving colleagues increased financial flexibility, and a longer period of financial certainty, during which they can explore options locally; that may arise at Sandwich as we continue negotiations about the future disposition of the site; or elsewhere.

- 1.3.4. Beyond its role as a major employer, Pfizer has played a significant part in the life of the East Kent community for many years, offering financial support to a range of voluntary and community groups. We are pleased to report that Pfizer has announced the creation of a one-off grant to fund those local community groups that it has consistently supported in recent years.

1.4. Higher education links

- 1.4.1. As a knowledge-intensive employer, Pfizer has strong links with higher education. The **University of Kent** has played an active role in coordinating the response of the HE sector, working with DBM to ensure that Pfizer employees are aware of job opportunities at universities nationwide, including the three London medical schools.
- 1.4.2. In addition, it should be recognised that expertise lost from Pfizer could not only leave Kent, it could leave the UK. We recommend that BIS works with the **higher education sector nationally and with research groups** currently at Pfizer to explore how their skills and knowledge can best be retained.

1.5. Business opportunities

- 1.5.1. Pfizer is in commercially confidential negotiations with a number of potential contract research organisations (CROs) that may result in the transfer of assets, facilities, equipment and staff, potentially employing a few hundred of the site's current staff. Pfizer is also working with its staff and others to explore the possibility of spinning out small new companies from the site.
- 1.5.2. The **British Private Equity and Venture Capital Association (BVCA)** is playing an active role, providing training for Pfizer staff who may seek to form small spinout companies. A course run by BVCA in March focused on opportunities for venture capital investment, business planning and legal and IP issues has already generated significant interest. Pfizer is fully engaged and co-operating with BVCA.

1.6. Training and support for business development

- 1.6.1. In addition, in our first report, the Task Force recommended the establishment of a consolidated **R&D business support package**, supporting entrepreneurship by bringing together the business development activity offered by BVCA, higher education and potentially other agencies alongside the outplacement service provided for Pfizer by DBM. Working with Pfizer, we will focus on developing this further over the coming month.
- 1.6.2. We are also working with the Innovation and Growth Team to provide assistance and advice to Pfizer staff looking to set up their own businesses, including those outside of R&D activity. To support this, Pfizer has agreed to provide space on-site for business advisors.

1.7. Investment promotion

- 1.7.1. Pfizer is expected to shortly announce the appointment of a professional agency to carry out worldwide marketing of the Sandwich site. Once appointed, Pfizer's agents will be working together with **Locate in Kent**, UK Trade and Investment and the Department for Business, Innovation and Skills to promote the site internationally, and to public sector institutions in the UK. The site was highlighted by Locate in Kent at the major MIPIM international property conference in March. Locate in Kent will also play a key role with UKTI to ensure that their overseas offices are kept informed of the inward investment opportunity at Sandwich.
- 1.7.2. Locate in Kent will also undertake detailed analysis of potential demand for the Sandwich site, identifying the sectors and companies which might be attracted to locate there. This

will have a key role in supporting the Recovery and Growth Package and our proposals for an Enterprise Zone, set out in the next chapter.

- 1.7.3. In the shorter term, there is a major opportunity to promote Sandwich at the British Open Golf tournament held at the Royal St George's golf course in mid-July. Locate in Kent will work with Pfizer and others to ensure that this best supports wider site marketing efforts.
- 1.7.4. The rail operator, South Eastern, has confirmed that the high speed train service will run directly to Sandwich from London during the Open with a journey time of circa 80 minutes which will help demonstrate the attractiveness and possible future accessibility of East Kent.

Not just the site: Marketing East Kent's potential

With modern, high quality buildings, improved road infrastructure, enhanced broadband provision, proximity to Manston and the easy access to air and high-speed rail connections, the Sandwich site is unique.

Much is being done to further enhance the business environment. Eurokent, just north of the Pfizer site could offer 62,000 sq m of employment floorspace alongside a new community built to the highest environmental standards.

All major sites in Thanet and Dover also benefit from Assisted Area status - and with Adopted Local Development Frameworks in place and Growth Point Designation are well advanced.

- 1.7.5. Sandwich is unique, but many large R&D facilities have faced similar challenges after major restructuring. We must consider the role that Sandwich can play in a wider recovery and growth strategy for East Kent. The next chapter sets out the progress we have made in considering this, and the potential to take advantage of new incentive measures.

2. Towards a long term future

This section sets out our proposals to secure new growth at Sandwich and a positive economic future for East Kent following Pfizer's exit. It outlines our work in developing an East Kent Recovery and Growth Package, and emphasises the need for a bolder approach by Government to ensure that the right incentives are in place to secure a long term future for the site.

2.1. The need for investment

- 2.1.1. Recession and its aftermath has hit East Kent hard. As well as Pfizer's exit, East Kent will be badly affected by reductions in public sector employment and recent deprivation figures show a substantial deterioration. Unlike many other parts of the country, East Kent does not benefit from many measures to promote private sector growth (such as the National Insurance contributions holiday for business starts prevailing outside the South East), despite our current economic conditions.
- 2.1.2. So we were disappointed that Government has not at this stage recognised the need for further investment in East Kent, either in the allocation of Regional Growth Funds or the distribution of new Enterprise Zones. Limited public investment is essential to bring forward private sector growth in East Kent and we must set out a clear case for innovative forms of investment alongside a clear strategy.

2.2. An Enterprise Zone for East Kent

- 2.2.1. In our first report, we recommended the creation of a 'Research, Innovation and Technology Zone', bringing together incentives to attract high value businesses.
- 2.2.2. Since we published our first report, Budget 2011 has clarified the range of available incentive measures. Two measures in the Budget reflect our proposals. Firstly, the Budget has **improved the tax environment for R&D**, increasing the R&D tax allowance for small and medium enterprises to 200% in 2011 and 225% in 2012. This could have a positive impact on R&D business starts emerging from Pfizer. Secondly, the Budget **increased the rate of Enterprise Investment Scheme** tax relief to 30%².
- 2.2.3. In addition, the Government announced the creation of 21 new **Enterprise Zones**. Eleven have already been announced and we were disappointed that Sandwich was not among them, given our existing proposal. The Government's proposals also fall short of the more innovative ideas that we set out in our report. Nevertheless, there is an opportunity to apply for the remaining ten, with scope to negotiate additional incentives with Government.
- 2.2.4. Given the importance of a package of incentives to support the future of the Sandwich site, we **recommend that that the Local Enterprise Partnership seeks Enterprise Zone**

² The Enterprise Investment Scheme is designed to support smaller, high-risk trading companies by providing tax reliefs to investors who purchase new shares in them, further benefiting new firms engaged in innovative technologies and products.

designation. This will require clear analysis of the additional jobs and businesses that EZ status would generate, and Kent County Council has commissioned work to set this out.

2.3. Keeping Sandwich open

- 2.3.1. Alongside the proposal for an Enterprise Zone, we also urge the Government to be bolder in considering further measures. The reality is that Pfizer will exit the site by the end of 2012. **There is a real risk that the site remains unoccupied** (or largely unoccupied) beyond Pfizer's exit and we need to ensure that the facility remains viable for new occupation.
- 2.3.2. The Task Force therefore recommends that Government considers **exemption from business rates** for empty business premises on the site. This would reduce the cost of maintaining the business stock and is an immediate priority given that facilities of similar quality would be expensive to reinstate if buildings are demolished. Based on current levels of rates collected from Pfizer, the cost of full rate exemption over half the site would be around £2 million per year. We are examining the business case for empty property rate discounts and we will set these out alongside the Enterprise Zone proposals.
- 2.3.3. Exemption from business rates will be important in attracting investment to take the site forward as a technology and research centre. Kent County Council is starting to explore the potential for some form of public sector ownership or lease of part of the site.
- 2.3.4. The Task Force also stands ready to work with Pfizer, government agencies and stakeholders to ensure that there are no blockages to the future of the site which the public sector could take action to clear – and where appropriate, local partners will of course work on a confidential basis with Pfizer.

2.4. A Recovery and Growth Package for East Kent

- 2.4.1. Our first report to Government also set out proposals for an **East Kent Recovery and Growth Package**, bringing forward a co-ordinated programme of investment across the area. Building on the outcomes of the economic impact assessment mentioned in the previous chapter, Kent County Council has commissioned DTZ to develop a 'growth strategy', identifying the critical drivers for growth in East Kent the actions needed to improve the area's competitiveness.
- 2.4.2. There are major opportunities for the future of the East Kent economy, in particular with the development of the offshore wind industry and its emerging focus on Thanet. In support of this, the Kent Environment Strategy will be launched in Thanet in June, focusing on the job opportunities that a lower carbon economy will provide.
- 2.4.3. In addition, the emerging growth strategy identifies three key drivers of economic performance:

Strategic accessibility

- 2.4.4. East Kent has benefited from improved accessibility to London and from major highway schemes such as East Kent Access. However, further improvements are needed to unlock its full investment potential. We must capitalise on the investment already made in High Speed One to open up the opportunities of Sandwich, Manston and Dover and reduce journey times to East Kent, including **line speed enhancements** and a new station at Thanet

Parkway. The Open Golf Championship in July provides an immediate visible opportunity for use of High Speed One while bringing a multi million pound benefit to East Kent.

- 2.4.5. These improvements need to be supplemented through further measures, particularly the extension of HS1 services to **Sandwich and Deal** and increased frequency beyond Ashford.
- 2.4.6. Broadband connectivity is just as important as transport links, especially for smaller and home-based businesses. Outside the main urban areas, most of East Kent lacks adequate broadband, and it is unlikely that the market will deliver without some form of intervention. A **Local Broadband Plan** is being developed to offer solutions to deliver universal access and an application for funding to Broadband Delivery UK will be submitted shortly.

Skills

- 2.4.7. East Kent has a comparatively weak workforce skills base. Only 26.6% of working age residents are qualified to degree level, compared with almost 30% nationally³. Given the high concentration of knowledge-intensive employment at Sandwich, Pfizer's exit will have a significant impact on the area's knowledge base, so retaining skilled Pfizer staff in East Kent is a major focus of our future strategy.

Key growth opportunities in East Kent



³ ONS, Annual Population Survey

- 2.4.8. It will also be important to build on East Kent's strong higher education presence, while developing existing resident skills levels. A number of significant capital investments are planned for the area, although public sector capital is clearly limited in the current climate.

Quality of life

- 2.4.9. East Kent offers an enviable quality of life, and should prove attractive to many ex-Pfizer staff. Residential prices are competitive; Canterbury is a centre of culture of international significance and the area's schools, colleges and cluster of universities are of excellent standard. The investments in strategic accessibility set out above will reinforce these advantages, making East Kent as close to London in journey time as Oxford and Cambridge.
- 2.4.10. Further investment made to improve quality of life in East Kent is also starting to bear fruit with, for example, the opening of the new Turner Contemporary at Margate. The emerging growth strategy calls for a continued focus on redefining East Kent's offer, building from and developing the unique asset base across the area.
- 2.4.11. The Recovery and Growth Package will respond to these key drivers. Over the next two months, we will build on our existing RGF proposal for investment at Manston and associated rail infrastructure improvements to put forward a strengthened bid, focused on a strong Recovery and Growth Package.

3. Looking ahead

While much remains to be done, the Task Force has made proposals that could support the future of the Sandwich site. Government has not yet acted upon these, but the next two months are pivotal as current staff begin to leave, the outcomes of Pfizer's negotiations with potential contract research organisations become clear and proposals for the Recovery and Growth Package are developed. This section summarises our recommendations and next steps.

3.1. Task Force priorities

3.1.1. Over the next few weeks, the Task Force will:

- Consider **long term options for the future of the site**, addressing Phase 4 of the transition process. Initially for scientific R&D uses, and potentially a broader range of activities in the longer term. In support of this, we will work with Government to establish how its strategy for life sciences could support the future of the Sandwich site and what the potential could be for limited state aid to support the regeneration of the site for new business use. Consideration should also be given to a broader range of uses for the site that can create a critical mass of activity.
- As part of this, we will develop, via the Local Enterprise Partnership, proposals for an **Enterprise Zone** focused on the Sandwich and Manston sites and associated with additional incentives for investment, such as reductions in business rates on empty properties. Consideration will need to be given to ensure that incentives benefit all sizes of potential occupiers for the site. The Enterprise Zone will be at the core of an **East Kent Recovery and Growth Package** which will seek investment through the **Regional Growth Fund**, European and other sources. This will include improvements to line speeds on High Speed One, bringing Thanet and Dover to within an hour of London. Progress in developing the EZ proposition and the wider Recovery and Growth Package is well underway.
- Develop proposals for the **public sector, led by KCC, to lease part of the Pfizer facility** to provide essential accommodation for staff once released by Pfizer to develop new business and research opportunities.
- **Help Pfizer and the public sector do all that they can to support staff, contractors and the wider community.** We will help make sure that the activities undertaken by DBM, Jobcentre Plus and other agencies complement each other and we will continue to seek opportunities for additional funding to support skills and enterprise development.
- Communicate the Government's **consolidated R&D business support package** to support potential business starts emerging on the Sandwich site, bringing together links with the higher education sector co-ordinated by University of Kent and current venture capital and high-growth business support activity.
- Work with BIS to bring together senior **higher education representatives with research groups** based at Sandwich to explore how skills can be retained for the benefit of both East Kent and the country.

- Develop a **global promotional campaign** through a programme of joint activity between Locate in Kent, UK Trade & Investment and Pfizer's appointed agent, building on the close relationship that has already been developed.
- 3.1.2. In addition, Pfizer will continue to progress negotiations with potential **contract research organisations** (the first phase of the transition strategy outlined in Chapter 1). Potentially, these negotiations could result in the retention of a core of activity at Sandwich, and their success will be of fundamental importance to the longer term future of the site.

Supporting staff and business opportunity: A forward programme

Over the coming weeks, a series of events are taking place that are accessible to staff and contractors on the Sandwich site and to support new business opportunities:

- *5th May: Business Opportunities day*
- *18th May: Career Fair*
- *Early June: Higher Education Opportunities day (TBC)*

3.2. Support from Government

- 3.2.1. Government has taken several supportive actions following Pfizer's exit announcement. The Task Force was quickly established, Budget 2011 will contribute to the long term success of life sciences in the UK and Government has been highly engaged with our work so far.
- 3.2.2. However, we were disappointed by the Government's decision not to progress the Task Force's strong proposals set out in our last report. We recommend that Government works with us and the Local Enterprise Partnership to support the proposals for an Enterprise Zone building on the expression of interest that will be submitted by the end of April. To support our Recovery and Growth Package, Kent County Council is also preparing an application to the **Regional Growth Fund** in the second round. KCC would welcome detailed Government feedback on our previous RGF applications to ensure that our proposals in the next round receive support.
- 3.2.3. Finally, all our activities must be seen in the context of a real danger that the Sandwich site will be unoccupied following Pfizer's exit. The Task Force remains optimistic that a new future for the site is possible. But additional measures may be needed to ensure that the site and its facilities remain viable for business use following Pfizer's exit. Subject to the outcomes of Pfizer's CRO negotiations, we recommend that Government enters into further discussion with local partners on measures that may be taken to retain use of the buildings on the site (such as **business rate discounts for empty properties**).

3.3. Moving forward

- 3.3.1. Since our last report, the Task Force has gathered further momentum, and we are delivering against all the actions that we set out a month ago. We continue to maintain pace, exploring every avenue to ensure that we can deliver a better future for Pfizer's staff and contractors and the wider East Kent community and economy following the exit from the Sandwich site.
- 3.3.2. We are now approaching a pivotal point in securing a new future for the Sandwich site. The challenge before us is great – for Sandwich, for East Kent and for the whole UK. But we are determined that a positive new future for Sandwich can be found. The opportunity for new growth is in sight, and we will redouble our efforts to grasp it.

Annex 1: The Task Force

The Government moved swiftly to establish a Task Force to deal with the challenges and opportunities presented by Pfizer's exit. The Secretary of State charged the Task Force with producing regular reports outlining our work and our emerging recommendations.

The Sandwich Economic Development Task Force brings together Pfizer, local government leaders and industry experts. Chaired by Paul Carter, the Leader of Kent County Council, the membership of the Task Force by invitation includes:

- Ian Anderson, Pfizer
- Rob Bennett, BBP Regeneration
- Sir Brandon Gough, Locate in Kent
- Laura Sandys, MP
- Paul Watkins, Leader of Dover District Council
- Simon Walker, British Venture Capital Association
- Pam Alexander, SEEDA
- Prof Dame Julia Goodfellow, University of Kent
- David Smith, BIS

The Task Force is also advised by experts in the life science, property and finance sectors.

The terms of reference for the Sandwich Economic Development Task Force have been set by the Secretary of State. They state that the Task Force should examine all the issues relevant to supporting local people and communities in dealing with the decision to exit, including:

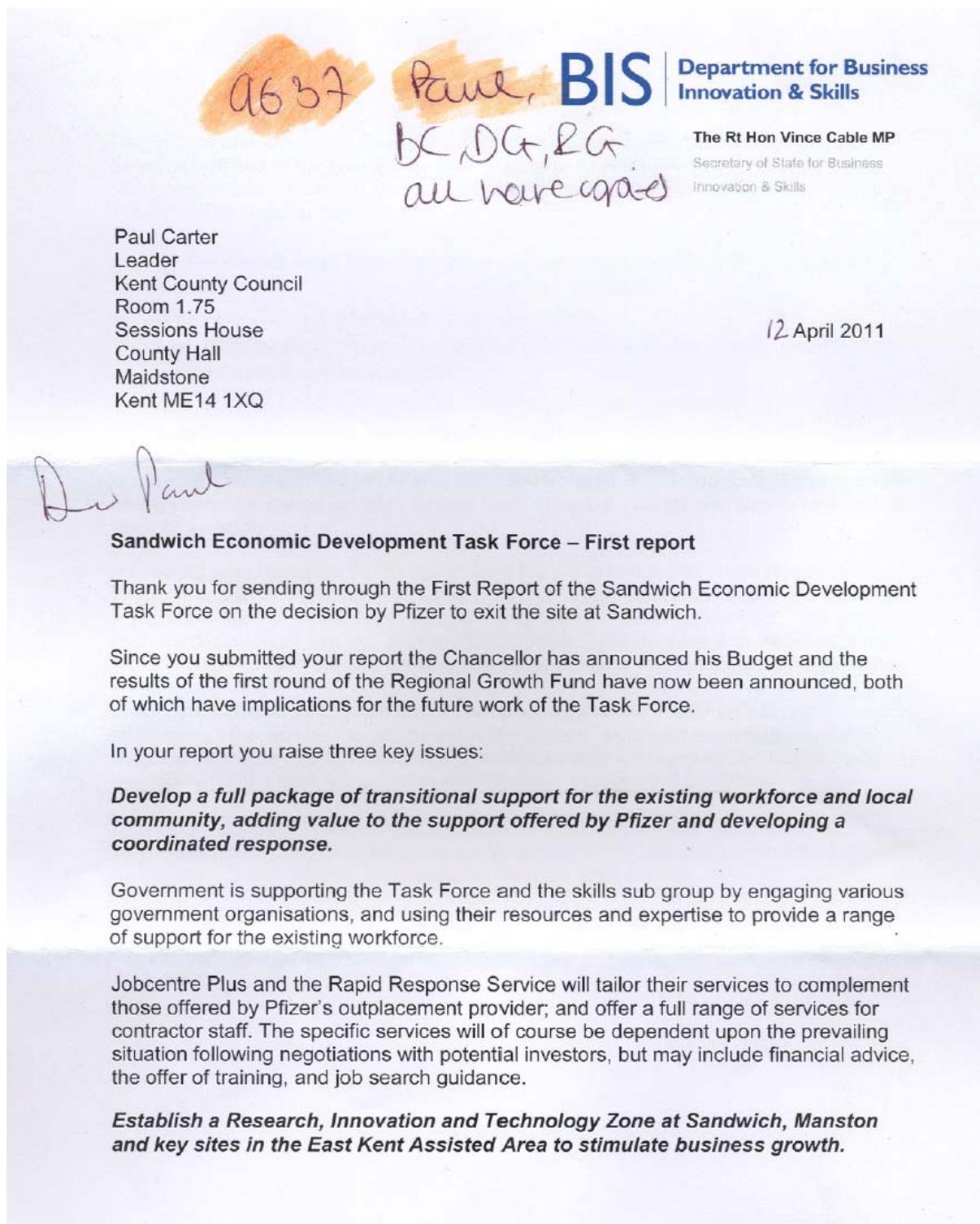
- Maximising the employment opportunities at the site and assistance for those individuals facing potential redundancy;
- Activities to encourage new partnerships to emerge between Pfizer, contract research organisations and companies that could relocate to or develop at the Sandwich site, building on the work that Pfizer is already doing;
- Longer term strategic partnering and site opportunities

Building on these, the primary **objectives** of the Task Force are to:

- Stimulate R&D and wider business opportunities to maintain and create employment in East Kent;
- Maximise public funding to support and grow employment in East Kent;
- Communicate the potential of the Pfizer site;
- Provide support to current staff in seeking employment opportunities

The work of the Task Force has focused on the effects of the Pfizer closure on the East Kent economy. However, life sciences are critical to the UK's economic future, specific proposals are set out in the Government's Plan for Growth and the Task Force will follow closely the development of the national life sciences strategy.

Annex 2: Letter from Rt Hon Vince Cable MP



The Budget announced 21 Enterprise Zones would be established. An Enterprise Zone, as outlined in the Budget, would not provide all what you propose, but with the other announcements in the Budget it would provide significant incentives to investors. The timetable in going forward:

- o **By the end of April** Local Enterprise Partnerships should send in expressions of interest
- o **Mid-April** DCLG workshop on Enterprise Zones.
- o **May** DCLG will write to all interested Partnerships with the criteria against which worked up bids will be assessed.
- o **End of June** Local Enterprise Partnerships will submit proposals.
- o **July** Government will announce successful bids.

Create an East Kent Recovery and Growth Package, including existing proposals to improve line speed on High Speed One, bringing Thanet and Dover to within an hour of London

As you will now be aware the Kent transport bid in the first round of the Regional Growth Fund (RGF) was unsuccessful. The RGF Team are happy to provide feedback in regard of this. In addition the second round has now been announced. This will invite Expressions of Interest, which will include an option to have a one-to-one meeting with the RGF team to discuss the bid. I would encourage you to take advantage of this

In addition to these three main topics I am pleased that the Task Force is also addressing other issues including inward investment, work with universities and the scope for spinouts and business start ups. We are fully engaged on the first of these two topics but the third will probably require fuller engagement by Pfizer.

I am pleased with the commitment and work of those in the Task Force in identifying a way forward for the site and for those employed by Pfizer and by its contractors affected by the exit. David Willetts and I stand ready to do what we can.



VINCE CABLE