

From: **Derek Murphy, Cabinet Member for Economic Development**

**Simon Jones, Corporate Director, Growth, Environment and Transport**

To: **Growth, Economic Development and Communities Cabinet Committee – 11 September 2024**

Subject: **Developing Discovery Park: Sandwich Task Force**

Classification: **Unrestricted**

Past Pathway of report: **N/A**

Future Pathway of report: **N/A**

Electoral Division **All**

**Summary:** This report describes Kent County Council’s support for Discovery Park, the work of the Sandwich Task Force following Pfizer’s decision to exit from the company’s Small Molecule Research and Development (R&D) facilities in Kent, and the development of an action plan using local potential to meet national challenges.

The Task Force focused on providing help to those being made redundant to find new jobs, to find and support new investors who could acquire the facilities which Pfizer was planning to vacate, and to enhance Discovery Park’s contribution to the national and regional science park and technology eco-system, securing long-term sustainability and growth.

Over a quarter of those made redundant have obtained new employment at Discovery Park and new investors have announced long-term plans for expansion.

**Recommendation:**

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Economic Development on the suggested actions described in paragraphs 7.6 – 7.8.

**1. Background history**

- 1.1 Discovery Park has long been a national centre of science and innovation, dating back to Pfizer’s original presence in Sandwich in the 1950s.

- 1.2 Pfizer's decision in January 2011 to close its European Research and Development (R&D) headquarters on its 220 acre research site at Sandwich was part of a global programme to reduce costs and to consolidate its R&D at sites in the USA. 1.6 million sq ft of laboratory, office and manufacturing facilities at Sandwich were to be vacated and the majority of its 2,400 employees were put on notice of redundancy.
- 1.3 To co-ordinate the UK's response to this situation, Government set up a Task Force to consider what actions should be taken to mitigate the impact on the economy of East Kent.
- 1.4 All the recommendations then put forward by the Task Force chaired by the then Leader of Kent County Council, Paul Carter, were taken forward. Pfizer decided to retain a significant presence at Sandwich on a leasehold basis, focusing on development of new medicines and producing samples for clinical trials, and the legal protection of its patented medicines.
- 1.5 Pfizer sold the freehold of site to Discovery Park Limited which planned to develop it into a self-contained science park. The Government designated the site as an Enterprise Zone which gave business rates reliefs over seven years to new businesses establishing in the Zone. Using part of the Government's Regional Growth Fund, Kent County Council set up the £35 million Expansion East Kent scheme to provide interest free loans and new equity for business investment and the creation of jobs at Discovery Park and the surrounding Districts.

## **2 Kent's potential for expanding its Life Sciences sector.**

- 2.1 For several decades, Oxford, Cambridge and London have been the foremost life sciences centres in the UK. The clustering of government funded research and the world's most innovative research-based pharmaceutical companies in this "Golden Triangle" has generated highly paid employment and high value-added supply chains.
- 2.2 Science parks elsewhere in the UK have attempted to emulate the success of the Golden Triangle. The facilities at Discovery Park, particularly those vacated by Pfizer in 2011, have made it an attractive location for investment for technology based companies and organisations. The Government designated the site as a Life Sciences Opportunity Zone in recognition of the site's innovative and collaborative environment and support services. Over the past ten years, the number of businesses located at Discovery Park increased from five to nearly two hundred, with the number of jobs rising from around 500 to over 3,500. But Pfizer was still the "anchor tenant" and a challenging economic environment meant that many of the facilities at Discovery Park remained vacant.

### **3 Life sciences post Covid**

- 3.1 Over the past decade, pharmaceutical companies across the world began to follow the model established by Pfizer: R&D has been increasingly outsourced to Contract Research Organisations (CROs) and Contract Development and Manufacturing Organisations (CDMOs). Pharmaceutical sites around Britain and across Europe have been vacated and CROs and CDMOs in India, China and the Far East have grown rapidly.
- 3.2 During the Covid-19 pandemic, governments in many countries supported research and development of vaccines and medicines, their manufacture and distribution. The UK was the first country to approve a fully tested Covid-19 vaccine which had been produced collaboratively between Pfizer and a German research company, BioNTech, using new messenger RNA (mRNA) technology to trigger the human immune system to produce protective antibodies. The Oxford – AstraZeneca vaccine, which was approved four weeks later, in December 2020, was based on traditional vaccine technology. A third vaccine, developed by Moderna of the USA based on mRNA technology, was approved by the UK in January 2021. These approvals enabled Pfizer, Astra Zeneca and Moderna to lead the world in the roll-out of Covid-19 vaccines. The Pfizer – BioNTech vaccine was proving to have an efficacy of 95 per cent, Moderna’s vaccine showed 94 per cent and AstraZeneca’s between 62 and 90 per cent.
- 3.3 The discovery in Kent of a cluster of very fast spreading mutations in late 2020 coincided with the UK’s approval of the three Covid-19 vaccines; future mutations showed that the AstraZeneca vaccines were less effective than the mRNA based vaccines, and this led to Pfizer and Moderna’s dominant market share world-wide for their vaccines and consequent extraordinary profitability during the Covid period.

### **4. Pfizer’s withdrawal from its Small Molecule facilities at Sandwich and the establishment of a new Task Force.**

- 4.1 In November 2023, Pfizer announced proposals to exit its remaining Pharmaceutical Sciences Small Molecule (“PSSM”) facilities at Discovery Park putting 500 of its employees at risk of redundancy as part of the company’s \$3.6 billion global cost reduction programme, responding to a significant reduction in revenues following a substantial fall in earnings from its Covid-19 vaccine.
- 4.2 The remit of a new Task Force to be chaired by the KCC Leader, Roger Gough, was to help those being made redundant at Discovery Park, to find and support new investors who could acquire the facilities which Pfizer was planning to vacate, and to enhance Discovery Park’s contribution to the national and regional science and technology eco-system, securing long-term sustainability and growth. Pfizer agreed to be a member of the Task Force.

## **5. Supporting the staff.**

- 5.1 A programme of measures to support the staff affected was put in place, including:
- Pfizer organised a careers fair for colleagues with local and national employment opportunities.
  - Pfizer enabled multiple companies to showcase their businesses (in person at Discovery Park and virtually) leading to UK employment opportunities.
  - Canterbury Christ Church University, the University of Kent and the University of Greenwich together offered a specialist programme of business advice and science support to assist displaced Pfizer employees.
  - Discovery Park organised events offering support for new business start-ups. • Discovery Park organised an in depth “Biotech Bootcamp” providing sector-specific support for start-up businesses. “Bootcamp Rebooted” has subsequently provided further support. • Barclays Eagle Labs launched a ‘start-up club’ specifically for Pfizer staff, offering weekly free coaching sessions in business skills.
  - Pfizer has provided generous support for colleagues looking to start a business including help with laboratory facilities and equipment.
  - Kent County Council has offered financing support for these new start-up businesses.
- 5.2 The main aim was to accelerate the process for individuals looking for new roles and to share with them opportunities, many of which are local to Discovery Park, that they may not have had exposure to previously. These support measures have allowed skilled individuals to explore their choices both locally and within the East Kent area and more broadly in the UK Life Sciences ecosystem. Seed projects being developed by Discovery Park in partnership with other local organisations (e.g. the NHS and Kent’s Universities) have also provided opportunities for skilled and experienced individuals as well as leveraging transferrable skills developed through their employment with Pfizer.
- 5.3 The announcement on 21 May 2024 by Asymchem Laboratories Ltd that it will take over the small molecule API pilot plant and part of the development laboratories through a new lease agreement with Discovery Park is a significant step in retaining clinical small molecule development and manufacturing in Sandwich. Asymchem plans to employ approximately 100 staff by the end of 2024 including many previously employed by Pfizer. It has also announced plans to grow this business in Kent, serving UK and other European markets.
- 5.4 Kent County Council, Discovery Park, Barclays Eagle Lab, Innovate UK, and Pfizer have collaborated closely with those employees wishing to start their own businesses to ensure they have viable business plans and Pfizer owned equipment is being made available at a fair price. Two such companies have

now started up in business: both have in place trailing contracts with Pfizer to provide services from refurbished lab space at Discovery Park. Having satisfied the usual governance criteria, Kent County Council is providing them with interest free loans from the Kent and Medway Business Fund to enable them to expand.

- 5.5 In addition, Pfizer has confirmed its commitment to maintaining a significant presence at Discovery Park: the 450 employees in its Global Regulatory Affairs Hub are not affected by its decision to exit the PSSM facilities.

## **6. Finding new investors.**

- 6.1 The Task Force worked closely with Pfizer and Discovery Park, supported by the Department for Business and Trade and the Department for Science, Innovation and Technology, to find suitable organisations and companies which could acquire the facilities and assets at Sandwich no longer required by Pfizer.
- 6.2 An extensive international marketing programme, including paid digital campaigns on Google and LinkedIn targeting an international audience of over 92,000 C-Suite executives<sup>1</sup>, resulted in several serious expressions of interest in the other facilities being vacated by Pfizer.
- 6.3 At an early stage, a CDMO based in China, Asymchem Laboratories (Tianjin) Co Ltd discussed the possibility of acquiring the small molecule Active Pharmaceutical Ingredient (API) pilot plant and part of Pfizer's development laboratories. On 21 May 2024, negotiations were successfully concluded.
- 6.4 On 2 August, at Discovery Park, Asymchem's Board of Directors celebrated with its new employees the launch of its business in Europe. The Leader of Kent County Council was invited to give a speech welcoming the company to Kent.

## **7. Actions to enhance Discovery Park's contribution to the national and regional eco-system, securing long-term sustainability and growth.**

- 7.1 Based on Pfizer's previous investment in laboratory and science facilities, nearly two hundred companies and organisations have relocated to Discovery Park in the last ten years to take advantage of its research and development facilities, modern office space and bespoke warehousing. The site provides an innovative and collaborative environment and support services in a location which is exceptionally well served by Kent's outstanding countryside and educational establishments. It is five minutes away from Sandwich railway

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<sup>1</sup> "C-suite" refers to the executive-level managers within a company who have titles that start with the letter C, such as Chief Executive, Chief Finance Officer, and Chief Operating Officer.

station and the new Thanet Parkway station which connect the location to St Pancras in central London by High-Speed trains in 75 minutes.

- 7.2 Current economic uncertainty in world markets has meant that a suitable tenants for the other facilities available at Discovery Park could not be found at the present time.
- 7.3 The laboratory facilities and office space left unoccupied from Pfizer's 2011 partial withdrawal, and other areas of the site are still available for the building of new facilities where older Pfizer buildings have been demolished. With the excellent site infrastructure, these provide considerable potential for investment and the location of new developments.
- 7.4 For example, Building 500 is still only partially occupied. Previous support from the Government's Growing Places Fund enabled 50,000 sq. ft in Building 500 to be re-purposed for smaller occupiers. Since the newly refurbished space opened in March 2023, a thriving community of innovative and growing businesses already occupies almost sixty percent of the refurbished space.
- 7.5 The challenge therefore remains how to establish a viable basis for Discovery Park's future.
- 7.6 The immediate action would be for the Valuation Office to reassess the rateable value of the now empty space, building by building.
- 7.7 Pfizer has in addition suggested that the Government could provide a new framework for the site which would encourage new investment and facilitate international trade. Its proposal is attached as Annex 1.
- 7.8 Members of the Task Force have also been exploring the potential for establishing new ventures which can deliver national ambitions in areas such as medicine, biotech, agri-tech, and data management. Discussions have taken place with Kent's three Universities, Imperial College, Queen Mary University of London, and several Universities in continental Europe, as well as the Industrial BioTech Innovation Centre (IBioIC) and The Data Lab in Scotland.
- 7.9 The next phase of the Task Force's work will be to evaluate these proposals in more detail, assessing the viability and necessary support required to deliver long-term growth and sustainability. We shall invite Government to help us in delivering a successful outcome.

## **8. Financial Implications for KCC**

- 8.1 There are no direct financial implications for KCC arising from the issues in this paper.

## **9 Equalities**

- 9.1 Equalities impact assessments have been prepared for relevant KCC programmes, such as the Kent and Medway Business Fund. KCC involvement in future actions may require new assessments to be undertaken.

## **10 Data protection**

- 10.1 There are no data protection implications. Personal details of Pfizer's staff were not shared with the Task Force.

## **11 Next steps**

- 11.1 The Task Force will reconvene in the Autumn to focus on finding and supporting new investment and jobs at Discovery Park and to continue to develop and support the projects suggested by the Universities.

## **12. Recommendation**

- 12.1 The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Economic Development on the suggested actions described in paragraphs 7.6 – 7.8.

## **13. Background appendices**

Appendix 1: Proposal for an Investment Zone

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