

# CABINET SECRETARY FOR ECONOMY, JOBS AND FAIR WORK

## MEETING WITH UNITE UNION AND DOOSAN BABCOCK

23 FEBRUARY 2017

<b>Key messages</b>	<ul style="list-style-type: none"><li>• Pleased to have the opportunity to meet with you again to discuss developments at Doosan Babcock.</li><li>• Disappointed to learn that redundancies will be taking place at the Renfrew site.</li><li>• My thoughts are with the workers affected by this and their families for whom this will be a difficult time.</li><li>• Keen to get an update from the company on the outcome of the consultation and options considered to mitigate job losses?</li><li>• The Scottish Government and its enterprise agencies have been working with Doosan throughout the consultation period exploring all possible support options to avoid job losses.</li><li>• Our focus now is on supporting the affected individuals at this difficult time and doing all we can to help them back into work as quickly as possible.</li><li>• Our PACE initiative has a very good track record in supporting individuals in situations like these and continue to offer full support.</li><li>• I am keen to hear from you on where and how we work with you to best support the affected employees further.</li></ul>
<b>Why</b>	<p>To discuss the situation at Doosan Babcock following the conclusion of the company's consultation period.</p> <p>You met with the Union and company officials in December and committed to a follow up meeting.</p>
<b>Who</b>	<p><b><u>Unite Representatives</u></b> Pat Rafferty, Unite Regional Secretary. [Redacted] Unite Regional Officer [Redacted] Unite Shop Stewards.</p> <p><b><u>Doosan Babcock Representative</u></b> [Redacted] Doosan Babcock, Leadership Team [Redacted] Doosan Babcock HR.</p>
<b>Where</b>	Parliament
<b>When</b>	13:30 – 14:15.
<b>Supporting officials</b>	[Redacted], Scottish Enterprise Company Growth Team Leader [Redacted] [Redacted], PACE [Redacted] [Redacted]
<b>Attached documents</b>	Annex A: Summary Annex B: Biographies Annex C: Doosan Babcock background Annex D: PACE Engagement Annex E: Renfrewshire Taskforce Annex F: Unite Press Release Annex G: Infrastructure Projects Annex H: Manufacturing Action Plan

## SUMMARY

## ANNEX A

- In Dec 2016 Doosan Babcock entered consultation with staff across its UK operations, potentially leading to the loss of 470 jobs in the UK. 270 staff were considered to be at risk at the company's base in Renfrew. Crawley, Tipton and Gateshead are the other UK sites likely to be affected.
- A 45 day consultation period commenced Monday 12 Dec and concluded on 31 Jan.
- **164 staff have been made redundant to date.** SE understands that around **36 staff** have taken the option of **voluntary redundancy** and around **7 staff have been redeployed.**
- Doosan have also confirmed that their machining/assembly division will close as expected. The division previously employed c140 staff. Closure will be phased and some staff will remain in this division until the **end of April to complete outstanding work only. 62 staff are being retained currently, 33 remaining until the end of March and 29 until the end of April.**
- A comprehensive programme of support has been provided by PACE for employees at risk.
- Doosan also set up an Employers' Day and a Recruitment Agencies Day to support those at risk.

## LINES TO TAKES

- I was very disappointed to learn that redundancies will be taking place at Doosan Babcock in Renfrew.
- This continues to be a hugely difficult time for employees at the site and their families as well as for the local area. It is important that we do everything we can to support those affected.
- Helpful to have an overview of the company's current situation and options considered to mitigate job losses and support provided to affected staff?
- I understand that the company's machining/assembly division will remain open until the end of April, with 62 staff remaining to complete outstanding work.
- Encourage the company to look at further redeployment where possible.
- Keen to hear your thoughts on the consultation process and whether there is any further support SG/SE can offer to help employees at this time or if there are any other options we should consider?
- I know Scottish Enterprise has been in frequent contact with Doosan throughout the consultation period to explore all options for supporting the Renfrew site and retaining jobs in Scotland.
- Our focus now is on helping the affected employees back into work as quickly as possible, and our PACE initiative is providing skills development and employability support to help do that. It is important that we give the affected employees the full support they need and deserve at this difficult time and we are committed to doing that.
- Going forward Scottish Enterprise will continue work with Doosan to develop the business going forward focusing on key areas like process industries, low carbon technologies and asset integrity management.

[Redacted]

**Pat Rafferty, Regional Secretary**



Pat Rafferty is the Regional Secretary for Unite the Union in Scotland. He was first appointed as a Regional Industrial Officer with the Transport and General Workers' Union in 1989, subsequently being promoted to the role of Senior Regional Industrial Organiser in 1995. On the creation of Unite, through the merger of the Transport and General Workers' Union and Amicus, Pat was appointed as a Regional Coordinating Officer for Unite in 1998. Pat then went on to become Unite's Regional Secretary in April 2010.

Pat was born in Glasgow in 1957 and has lived in Grangemouth for the past 41 years. He is married with 6 children and 7 Grandchildren – his hobbies are being an unpaid babysitter for the Grandchildren. Pat was elected onto the STUC General Council in 2010.

[Redacted]

[Redacted]

**Additional attendees: (no biogs available)**

[Redacted]

[Redacted]

[Redacted]

Doosan Babcock Ltd, is part of Doosan Power Systems (HQ Crawley), a subsidiary of Doosan Heavy Industries & Construction (South Korea). The overall parent is the Doosan Corporation in South Korea.

It is a power and energy sector OEM, construction, upgrade and after-market services company that offers specialist services and technologies to the fossil-fired power generation, nuclear power generation, oil, gas and petrochemical industries.

The group has manufacturing facilities in the UK, Europe, Vietnam and South Korea, and 17 offices around the world.

Doosan Babcock employed circa 1,100 people in Scotland (circa 800 at the main Renfrew site) prior to the current consultation/redundancy phase.

Areas of focus are:

**Thermal:** Doosan Babcock provides through-life solutions to power plants burning traditional and renewable fuels, including project design and construction, plant maintenance, asset integrity, shutdown/turnaround management, plant life extension and upgrades. This aspect of their business is recognised as declining slowly as energy markets move from traditional fuels to low carbon and the recent announcement re the closure of Longannet is one example of this trend.

**Oil, gas and petrochemical:** Doosan Babcock provides project design and construction, plant maintenance, asset integrity assessment, shutdown/turnaround management, plant life extension and upgrade services to the global oil, gas and petrochemical industry.

**Nuclear:** Doosan Babcock has been a major supplier of specialist services to the nuclear industry for around 60 years and offers engineering, procurement and construction (EPC), plant maintenance and decommissioning services to the sector in the form of specialist support teams, bespoke projects and turnkey solutions. As a specialist provider of nuclear decommissioning services, Doosan Babcock has also managed decommissioning projects at sites around the UK. Doosan is also at preferred supplier status as part of a 3-way consortium for the provision of HVAC solutions for the planned new Hinckley Point C nuclear station.

**Asset Management Services:** Doosan Babcock deploys a range of asset integrity assessment technologies, which include non-destructive testing, laser 3D scanning and remote visual inspection. They have established a hub in the Middle East offering these services across the region there, feeding back in to the Technology Centre at Renfrew and are now exploring further international opportunities.

**Green Energy Solutions:** most recently, with the changing dynamics in the energy sector, Doosan Babcock has been developing in to the low carbon technologies sector. The first initiative launched is in Fuel Cell Technology linked to the PureCell stationary fuel cell solution. The Doosan Corporation acquired the US company that developed and sold this solution (with over 200 units installed globally to date) and Doosan Babcock have created a team (now numbering 15) to develop the UK and European markets for this technology.

## SE Engagement

Doosan Babcock is an account managed company with whom SE have a strong productive relationship. SE has been aware of the changing dynamics in their key market sectors, with a decline in the thermal sector in coal-fired power stations and oil and gas market conditions in particular, and has been working pro-actively with the company to help in their rebalancing of the business, providing support to key divisions as they develop new areas of opportunity such as:

- The development of **new sector and market opportunities for their process industries division**
- **Exploring new sector opportunities [Redacted]**
- **Development of their green solutions team**, in particular around the development of opportunities for their fuel cell technology capability.

Financial support provided to Doosan Babcock by SE for projects that are still live includes:

- £1.5m RSA in support of a planned £4.5m investment in a new Process Engineering Centre creating 129 permanent jobs in Renfrew and 400 jobs UK wide (Grant Award: July 2014)
- £260k in support of an Open Innovation Project with the R & D team (Programme initiated October 2015)
- £97,214 Training Aid for the Fuel Cell Division to (Grant Award: April 2016)
- **[Redacted]**

## Previous job losses

Late 2015/early 2016 Doosan Babcock undertook a restructuring process which resulted in c70 job losses at the site, these were mainly achieved on a voluntary basis

## Viridor Contract

Viridor has been working with Glasgow City Council since 2012 to establish a £154m Glasgow Recycling and Renewable Energy Centre (GRREC) in Polmadie. The project is intended to help Glasgow meet its statutory requirements on recycling, and prepare for the ban on landfilling of biodegradable municipal waste in 2021. Viridor notified Interserve (previous contractor) in November) that they were terminating their contract with the company

It was confirmed in February that Doosan Babcock has been contracted to replace Interserve as the engineering, procurement and construction contractor. The Unions have raised the company's contract with Viridor and have questioned whether there is potential for redeployment. Doosan have said that this may facilitate some positions to offer to employees at risk, but this will depend on skills required. Doosan has confirmed that they will not be contracted by Viridor for undertaking "blue collar" work on this contract

**[Redacted]**

**PACE support has been provided to employees facing redundancy as follows:**

- 11 PACE Presentations have been delivered, attended by 138 employees
- 7 Workshops were attended by 81 employees
- 101 interview slots have been scheduled for one to one advice
- 33 employees attended one to one support interviews between 8 February and 16 February
- Further one to one interviews took place on 17 February
- Two further dates for interviews have provisionally been arranged for week commencing 20 February but are not yet confirmed

**MAs**

- The company is now indicating that four apprentices may be included in those to be made redundant.
- Names of MAs and dates for redundancy have yet to be confirmed by the company which is discussing alternative employment for those affected with other potential employers.

**Positive Feedback**

- Positive feedback regarding PACE support has been received from the company.

**[Redacted]**

**ISSUE**

The Trades Unions could raise redundancies at Doosan Babcock as evidence to support a call for a Renfrewshire Task Force. Renfrewshire Council has previously made calls for a task force to mitigate the impact of Chivas Brothers' move to Dumbarton, despite there being no redundancies involving permanent staff.

Rather than a task force, the Business Minister convened a round table at Chivas Brothers on 9 February drawing together key local interests and politicians. It was agreed to reconvene the roundtable following the local government election to take stock of progress. A working group was also agreed to explore potential future uses for the site. However, Chivas is clear that it cannot discuss the future of the site until the planning process for their new site is resolved and corporate governance issues explored.

Separately Mr Wheelhouse has agreed to meet the Council on 1 March to discuss the challenges and opportunities facing the Renfrewshire economy.

**[Redacted]**

**Unite calls for government help at Doosan Babcock**

Unite the union has asked the Scottish Government to help get answers over massive job cuts at a Renfrewshire manufacturer.

In November, Doosan Babcock announced plans to cut around 270 staff at its offices and manufacturing facility in Renfrew.

Unite organised a meeting between the company and the Scottish Government on 14 December, and was able to secure an extension of the consultation on the plans, until the end of January.

But the union says the consultation has shown that there are opportunities to maintain a presence in Renfrew and to save jobs. The union has now written to ask Cabinet Secretary for Economy, Jobs and Fair Work Keith Brown MSP to get involved again.

Unite regional officer Alison MacLean said: "We have discovered that the company has a full order book up until the end of March, and there is clear evidence of strong demand from clients for the high-quality work produced by our members at Renfrew.

"There is so much work, that the company has had to introduce a completion bonus for machine shop members in an attempt to get orders fulfilled. Some of our members have been told that they could now be kept on until the end of March or end of April.

"More and more, we believe the company has made a mistake in pushing ahead with these closure plans. Instead of a snap reaction to short-term market conditions, they should be thinking ahead and planning for the future.

"We hope the minister and his officials can take a look at the evidence and help the company realise that Doosan Babcock has a future in Renfrew. That would be good for them, good for our members, and good for the regional economy in Renfrewshire and beyond."

At the previous meeting with the minister in December, Doosan Babcock gave a commitment to explore opportunities to protect jobs, including upskilling and retraining of workers with additional support from the Scottish Government's Partnership Action for Continuing Employment (PACE).

Alison MacLean said: "We welcomed the company's previous commitment to extending the consultation on their plans and to working with PACE. But since then, we've become concerned that they are not taking seriously our proposals to save jobs.

"The consultation needs to be more than a tick box exercise, and all proposals to save jobs should be taken extremely seriously. We hope the Scottish Government and Scottish Enterprise can help us do that."

**ENDS**

- See more at: <http://www.unitetheunion.org/how-we-help/listofregions/scotland/latestnews/unite-calls-for-government-help-at-doosan-babcock/#sthash.Tr0pRwMT.dpuf>



SE and SDI have recently jointly engaged with the Scottish Cities Alliance in the production of a 'Pitch-book' which outlines the significant investment opportunities for large-scale, high quality, investor-ready projects across the seven cities.

Scotland offers huge potential to international investors and the Scottish Cities Alliance has great ambitions for Scotland's city economies, which are all high quality locations in which to do business.

Our Investment Promotion team offers a diverse portfolio of large-scale, high quality, investor-ready projects, in both the public and private sectors, and provides a single point of contact for interested investors.

As global capital investment increases, and competition within markets intensifies, the Alliance works to develop large-scale projects throughout Scotland that will attract capital investment. We offer large-scale, site-specific projects, and can also bring together smaller schemes to create projects of scale that are more attractive to potential investors.

The pitch-book can be viewed online, although a new updated version is expected to be published shortly. SE/SDI would be please to keep Doosan updated when the new version is published.

## **INSPIRE**

SE/SDI are also currently developing a portfolio of large capital investment propositions referred to as INSPIRE, that will be a step change in the information provided to potential investors/developers.

The first tranche of projects is proposed to include: Dundee Waterfront, Falkirk Gateway, Magenta (Clyde Gateway), Inverness Campus and Edinburgh BioQuarter. More details on each of these opportunities will be available in Mid March 2017, and we would be pleased to share these with Doosan, as required, at that time.

**ISSUE SUMMARY**

- On **15 February 2016** we launched the manufacturing action plan (MAP) for Scotland – ‘**A Manufacturing Future for Scotland**’, a **commitment in the Programme for Government**.
- Development of the plan has been led by Scottish Enterprise in partnership with Highlands & Islands Enterprise, the Scottish Funding Council, Skills Development Scotland, Zero Waste Scotland and the Scottish Government.
- As part of the launch the First Minister announced **£70m of funding for the circular economy**: £30m of European Structural Funds, and £40m of public sector match-funding, to 2018.
- Plans for the proposed new **National Manufacturing Institute for Scotland** are under development.

**Top Lines**

- There should be no doubt about **the importance of our manufacturing industry** - which **employs over 180,000 people** in Scotland - to our future success.
- This plan reaffirms the **government's commitment to growing and investing in the sector**.
- The action plan is based on a commitment to **raising productivity through increased investment and innovation** and a long-term **partnership between government, industry, our Enterprise Agencies and other key stakeholders**.

**A Manufacturing Future for Scotland sets out the following actions to help strengthen the sector in Scotland:**

- A new joint centre for manufacturing excellence and skills academy, the **National Manufacturing Institute for Scotland**. The new institute will aim to **stimulate innovation, improve productivity and increase investment in the Scottish manufacturing sector**.
- Scottish Enterprise and Zero Waste Scotland's new **Circular Economy Investment Fund and Service**, helping businesses to design new products and change their business models helping to improve productivity, open up new markets, create jobs and improve business resilience
- A new **capital asset review service** to assist companies in assessing the benefits of investing in advanced manufacturing technologies and equipment, delivered through an enhanced Scottish Manufacturing Advisory Service (SMAS). The **review is free** to all manufacturers. Following the review, businesses are encouraged to **develop compelling investment plans that will drive their competitiveness** through plant, machinery and new technology options to **aid overall effectiveness and productivity**.
- Setting up **advanced manufacturing demonstrator facilities** to support companies to evaluate and de-risk acquisition of new process equipment.
- Tackle long-term future skills shortages by **promoting STEM subjects** throughout the school curriculum and improving engagement between industry and education.
- The new **Workplace Innovation service** to provide support for firms to increase workplace innovation.
- Support manufacturing SMEs to keep pace with technology and process developments by working in partnership with industry to develop and deliver a **Smart Manufacturing Excellence Programme**.
- Support more Scottish companies to achieve **supply chain excellence** by reviewing sector and cross-sector supply chain capabilities; and launching two re-shoring pilot projects.

**We are determined to progress this work quickly**

- On **23 February 2016** we launched ‘**Making Things Last – A Circular Economy Strategy for Scotland**’, taking forward our commitment to the new **Circular Economy Investment Fund and Service**.

- On **18 March** 2016 Zero Waste Scotland launched the **£18m Circular Economy Fund for business**
- On **1 June** 2016 the Scottish Manufacturing Advisory Service (SMAS) launched the new capital asset review service - close to 40 reviews have already been carried out
- On **22 August** 2016 Scottish Enterprise launched the new **Workplace Innovation service**
- We have established a multi-partner approach to take forward the development of a **National Manufacturing Institute for Scotland (NMIS)**. The Programme for Government published on 6 September 2016 states that **developing the business case for the NMIS is ‘a key action for the forthcoming year’**. This commitment was **confirmed in the draft Budget 2017/18**, published on 15 December 2016
- A **major conference** was **held by SMAS** in **September** 2016 attended by **around 400 manufacturing leaders** to reinforce the importance of manufacturing to the economy and the ambitions of the MAP
- On **7 November** 2016 I [First Minister] **visited the Advanced Manufacturing Research Centre (AMRC)** in Sheffield. The AMRC is a world leading research facility that researches and resolves advanced manufacturing problems, and it is **one potential model** that we are considering **for Scotland**.

[Redacted]