

FOI 202100230472: CORRESPONDENCE BETWEEN THE SCOTTISH GOVERNMENT AND PLADIS IN DATE ORDER – PART 1

LETTER 1 – PLADIS TO SG – 11 MAY 2021



FOI - 202100230472
- SG and pladis - Let

LETTER 2 – SG TO PLADIS – 1 JUNE 2021



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LETTER 3 – PLADIS TO SG - 4 JUNE 2021



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LETTER 4 – SG TO PLADIS 10 JUNE 2021



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LETTER 5 – PLADIS TO SG - 16 JUNE 2021



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LETTER 6 – SG TO PLADIS - 18 JUNE 2021



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LETTER 12 – SG TO PLADIS - 25 JUNE 2021



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LETTER 14 – PLADIS TO SG - 2 JULY 2021



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LETTER 16 – PLADIS TO SG – 13 JULY 2021



FOI - 202100230472
- SG and pladis - Let



Jamie Hepburn MSP
Scottish Parliament
Edinburgh
EH99 1SP

11 May 2021

Dear Minister,

I am writing to you from pladis, the global snacking company home to British brands including McVitie's and Jacob's, to follow-up on our meeting and formally confirm that today we have announced the beginning of a consultation period with employees on the proposed closure of our factory at Tollcross, Glasgow.

The decision to bring forward this proposal is not something we have come to lightly. As you know, we have fully reviewed a wide range of options to keep the factory operating, and sought advice from external parties, including Scottish Enterprise.

It is with regret that we start this process, but it is critical to ensure pladis and our brands continue to succeed, and that we safeguard the future of our business for our other employees and customers.

In the UK, the primary issue we face is that we have significantly more capacity across our sites than is needed to support the demands of the market. This overcapacity limits our ability to make the right investments in future capabilities to meet the very big changes in our industry.

We've tried to address this issue and work through it where possible. However, we are also facing a number of challenges within the UK industry which altogether mean we must now consider some difficult options.

To address this challenge, the Tollcross site has been identified for potential closure based on a comprehensive business analysis which considered several factors, including utilisation, volume, and product mix. If this proposal proceeds following consultation, the factory would cease operations in the second half of 2022.

We recognise this period of consultation will be difficult for those at Tollcross. Our priority now is to provide them with the right support.

Commencing next week, and over the coming weeks, we will be arranging regular meetings with representatives on the company's proposal. We will give full consideration to questions and inputs on the proposal which may be forthcoming from the representatives.

I appreciate you taking the time to meet with us last week and I will continue to keep you updated following the consultation period.

Yours sincerely,

David Murray
Managing Director, pladis UK and Ireland

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David Murray, Managing Director, Pladis UK and
Ireland
David.T.Murray@pladisglobal.com

1 June 2021

Thank you for your letter of 11 May to the First Minister regarding the decision by Pladis to enter into a consultation period with employees on the proposed closure of your factory at Tollcross in Glasgow. I am responding as Cabinet Secretary for Finance and Economy and co-chair of the recently convened Pladis Action Group which will seek to secure the long-term future of the Pladis Tollcross site and its associated jobs.

Thank you for taking the time to speak with both Councillor Aitken and me on Monday 24 May and providing details of the business rationale behind the decision for the consultation and your commitment to ongoing engagement on this matter. I understand that you have also shared the same details of the business rationale with staff and Trade Unions at the Tollcross site and would be grateful if you were able to provide a copy of this for sharing with the wider Action Group.

As you may be aware, on 26 May, Councillor Aitken and I convened the first meeting of the Action Group where we had very positive discussions with Trade Unions, Scottish Enterprise, Skills Development Scotland and Clyde Gateway. These discussions raised a number of issues for which it would be helpful to have further information to allow the Action group to fully consider all options for safeguarding the site and the jobs.

Therefore, in addition to my above request for a copy of the business rationale behind this decision it would be helpful if you could supply the following information to the Action Group:

- Detailed analysis of performance (financial and non-financial) of the Pladis UK sites and the full set of metrics KPIs used in that analysis.
- A breakdown of the product mix and product movement across sites since 2016
- Details of any assessment undertaken on the financial viability of the Tollcross site and possible routes to viability, including key milestones and timelines. This should include any potential to reduce fixed overheads by reducing the site footprint (including new premises), concentrating activity on profitable areas or work and/or repurposing the site to attract other commercial business.

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- A detailed and costed options appraisal to consider what would make Tollcross a viable site (e.g. a full site analysis and land valuation including investment requirement, change of shift patterns, review of terms and conditions, transfer of additional and seasonal product volumes)
- Details of the cost of closure of the Tollcross site including severance, pension and remediation costs.
- New market opportunities and diversification potential that has been considered.
- Consideration given to the level of public sector support that would be required to safeguard jobs in Scotland and details of any other UK sites that have received public sector funding or investment.
- A copy of the Pladis strategic plan and plans for new product development.
- Minutes of the meeting that the company had with its workforce and Trade Unions on 25th.
- Planned timescales for the consultation, including the intended start date for the statutory element.
- Details of workforce demographic for the Tollcross site.

I understand that Trade Union representatives have also asked a number of questions of the company and I would encourage you to respond to these openly.

I thank you in advance for your assistance with these matters and I would welcome the opportunity to speak with you again in the coming weeks as the Action Group progresses.



KATE FORBES

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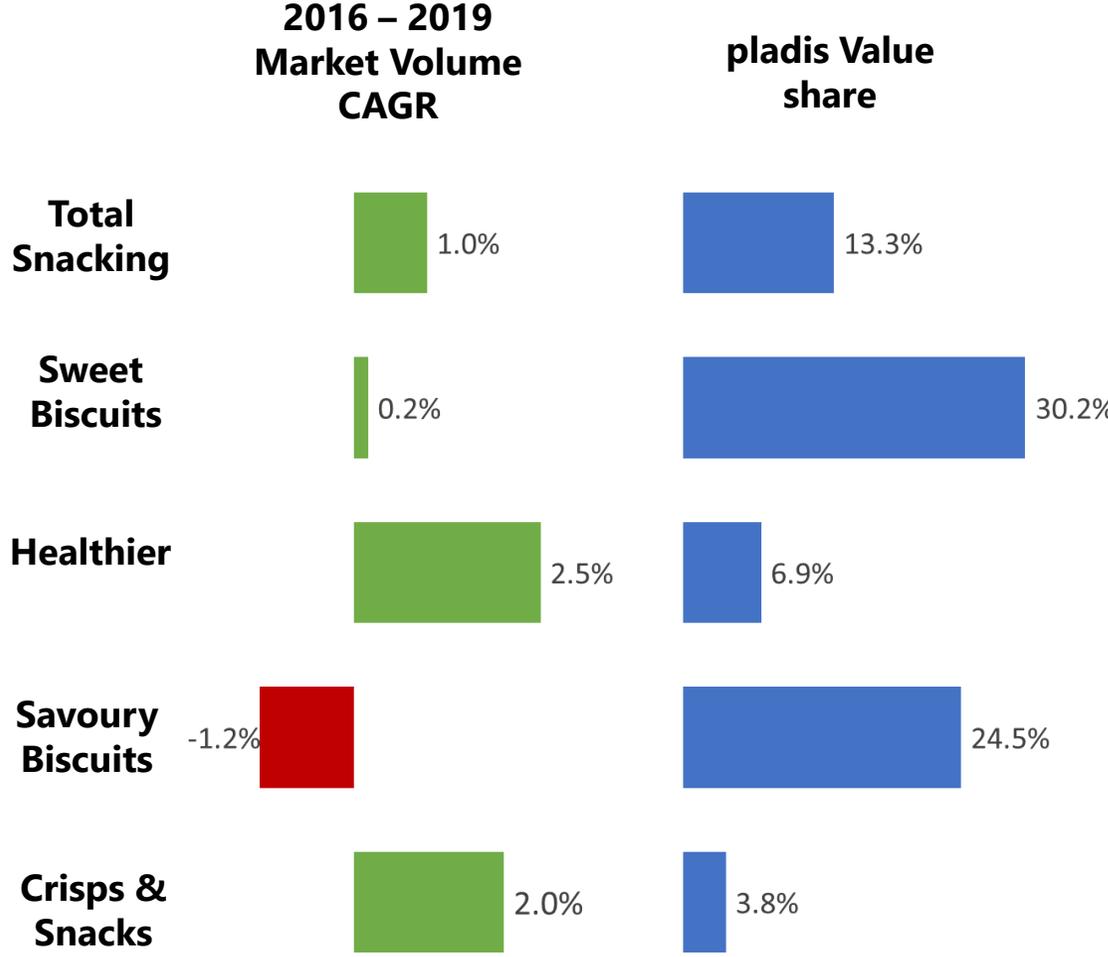
Action Group summary deck

24 May 2021

All content should be regarded as a proposal pending a thorough and meaningful consultation.

The mature UK biscuit market has historically been stagnant with pressure on profit

- The UK biscuit market is a mature market which, aside from the impact of COVID in 2020, has historically been stagnant, and where we face pressure on reducing manufacturing costs in order to be cost competitive
- We hold the strongest share in the lowest growth categories



CAGR: Compound Annual Growth Rate

Source: Nielsen data

We have seen a significant challenge to our profitability over the last 5 years



EBITDA: Profit

Source: Internal

We have significantly more capacity across our UK sites to support the demands of the UK market

- pladis has a historic legacy of excess capacity and the situation is no longer sustainable
- We need to invest capital strategically, in future technologies and capabilities, to meet the future eating habits of our consumers and best protect our brands in a highly competitive market
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At the same time, our business faces a number of major challenges in the market

- These include customers driving cost efficiencies and changes in consumer trends:



Focus on healthy eating



Rise of Discounter's and Own Label

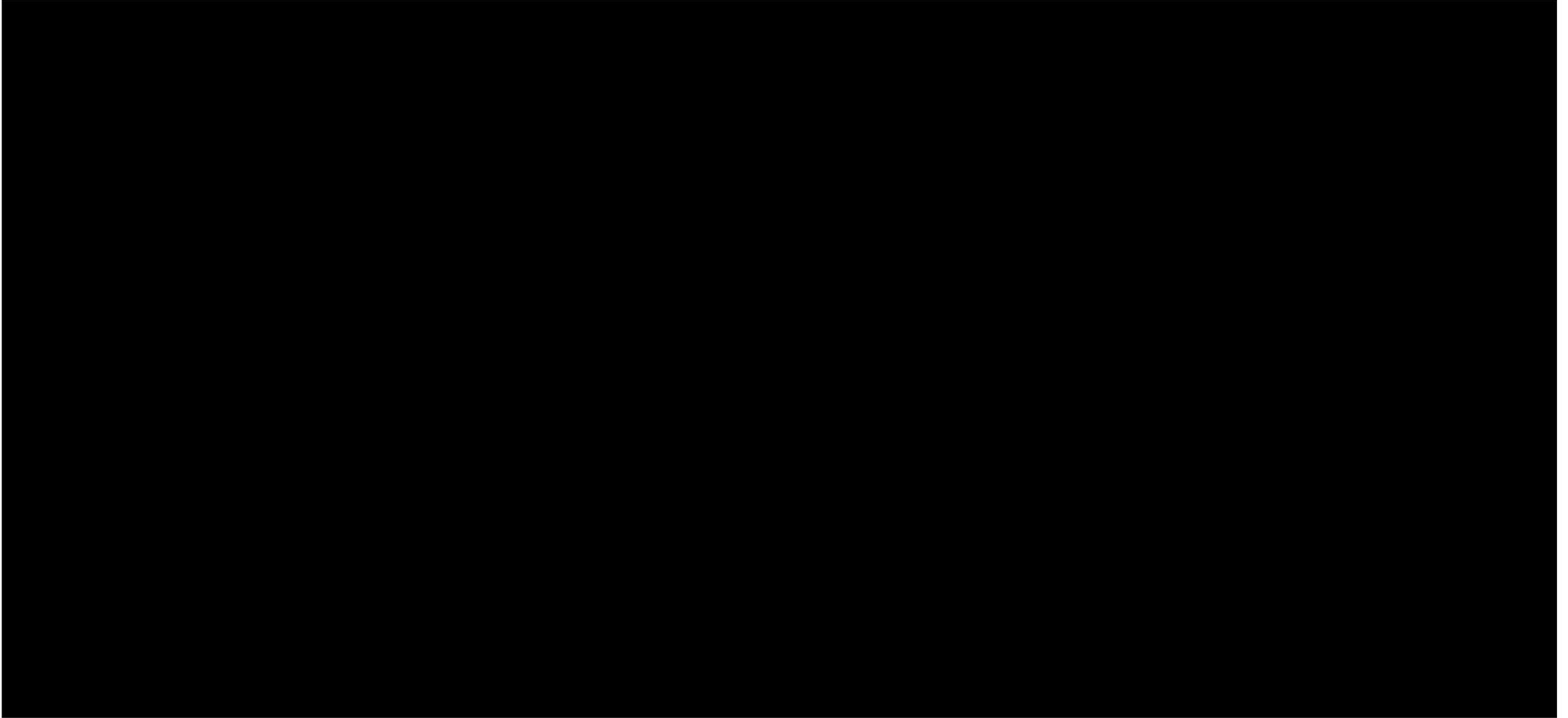


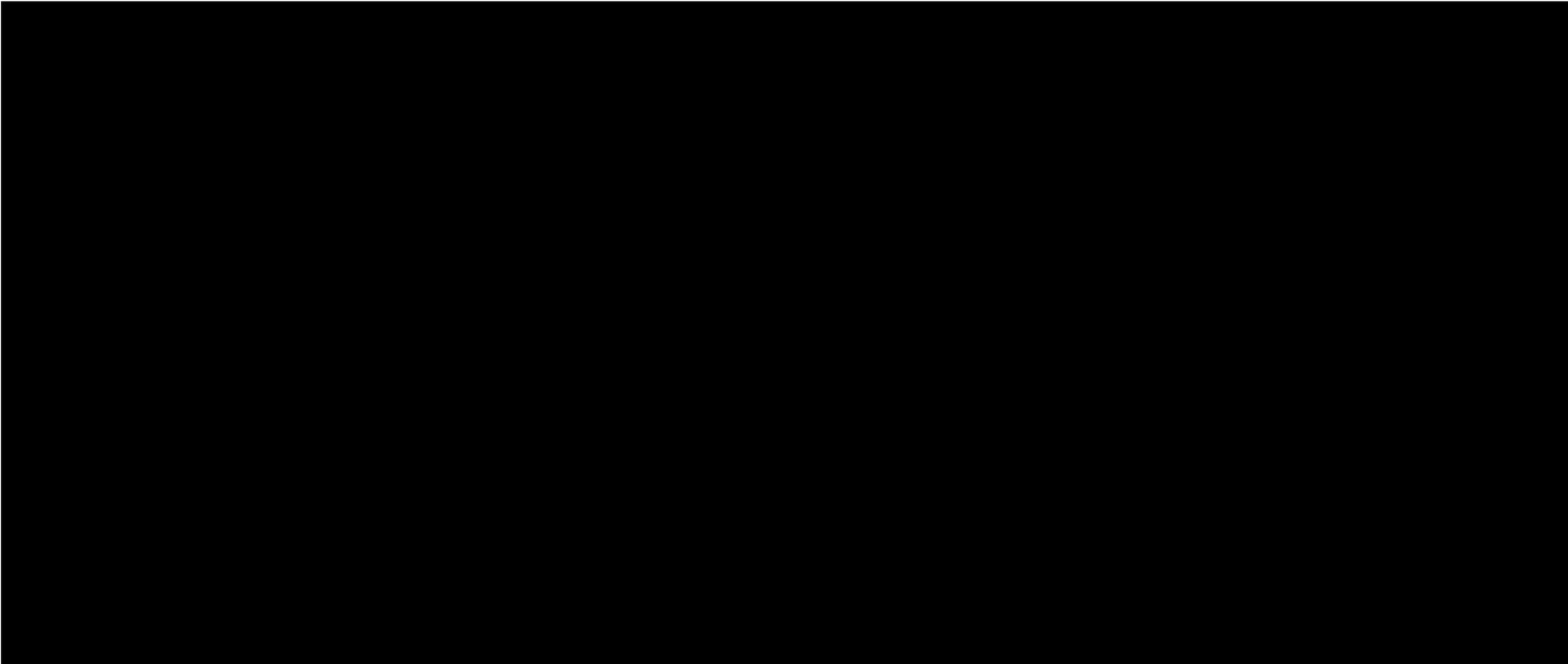
Price pressure in store

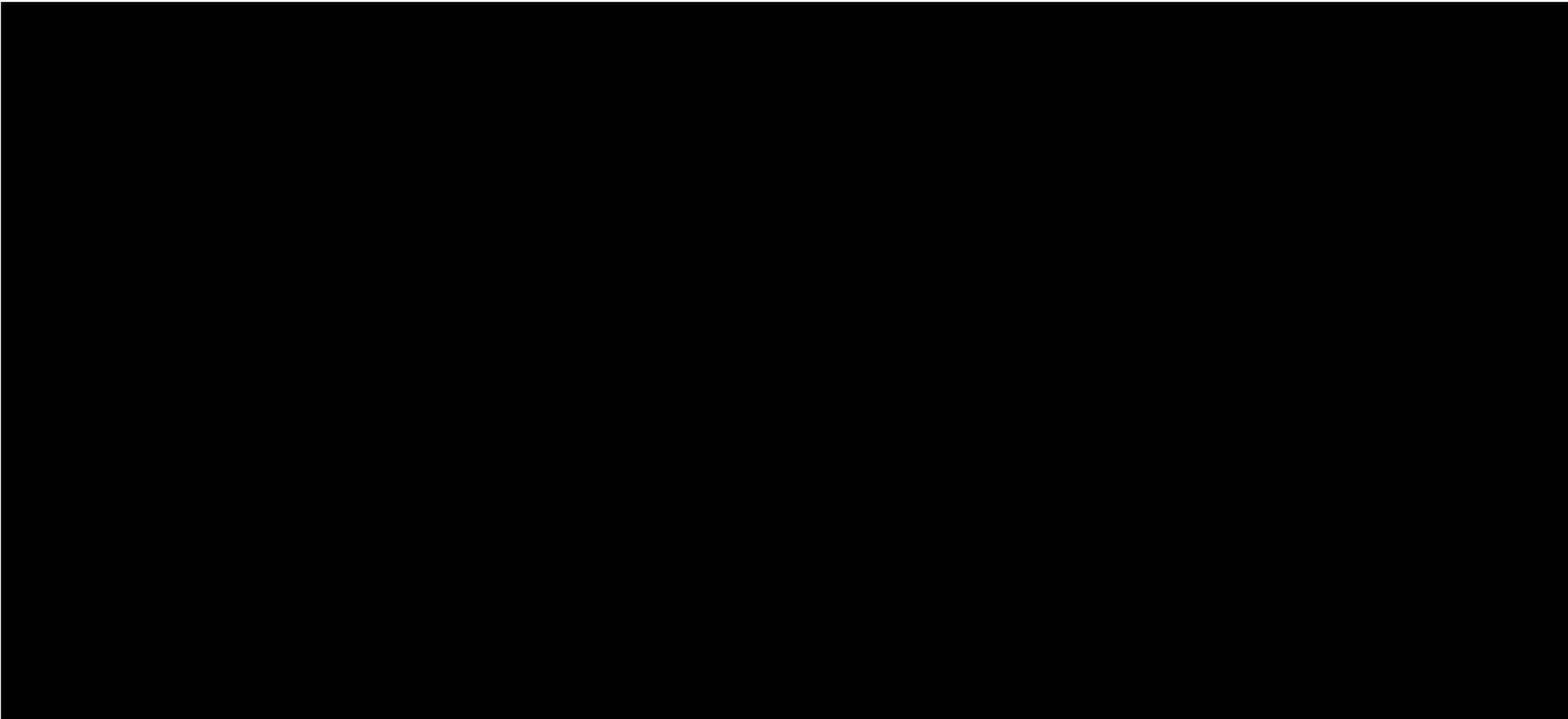
Tollcross was identified based on a business case which considered several factors

To address over-capacity, Tollcross was identified based on a compelling business case which considered several factors, including utilisation, volume, and product mix

Why Tollcross?







Why Tollcross?



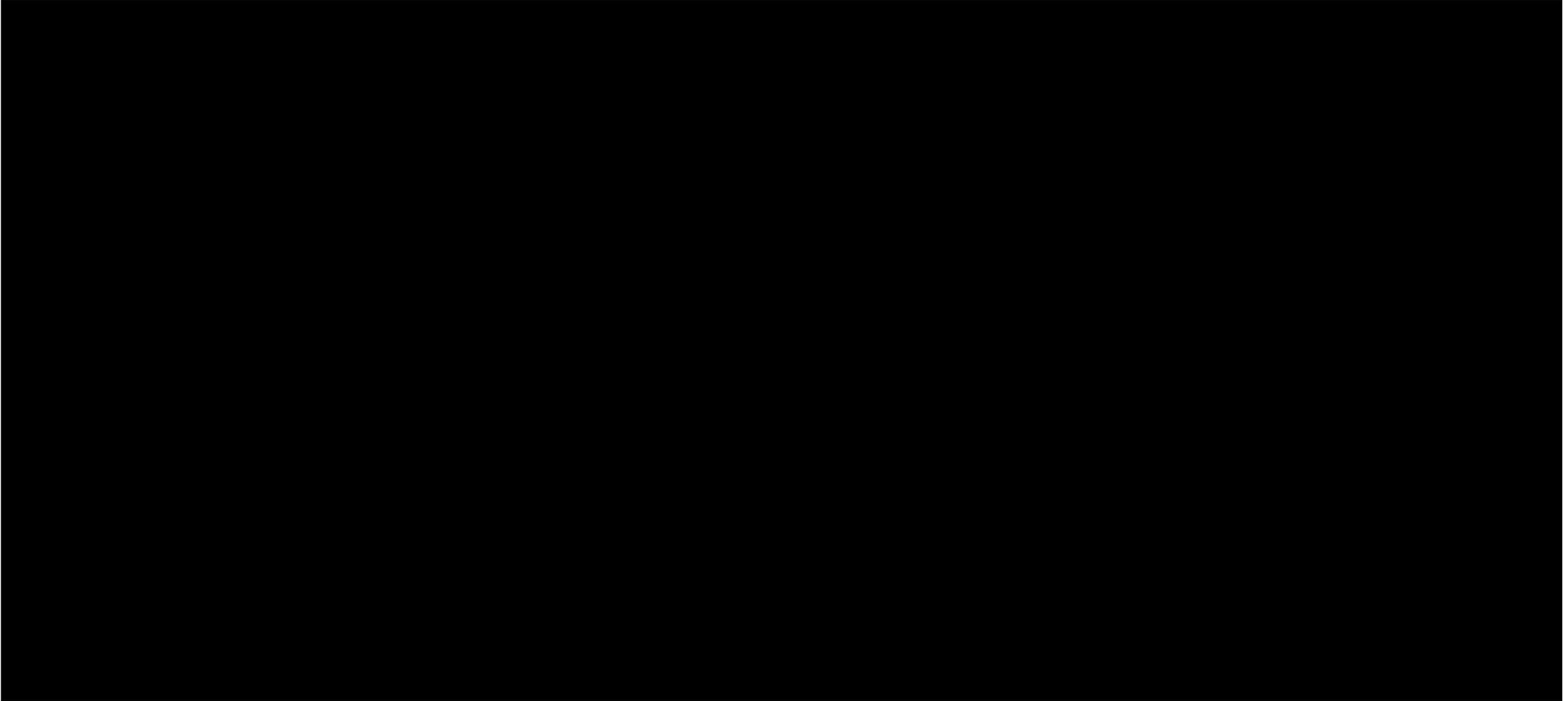
Tollcross has the lowest utilisation within the group



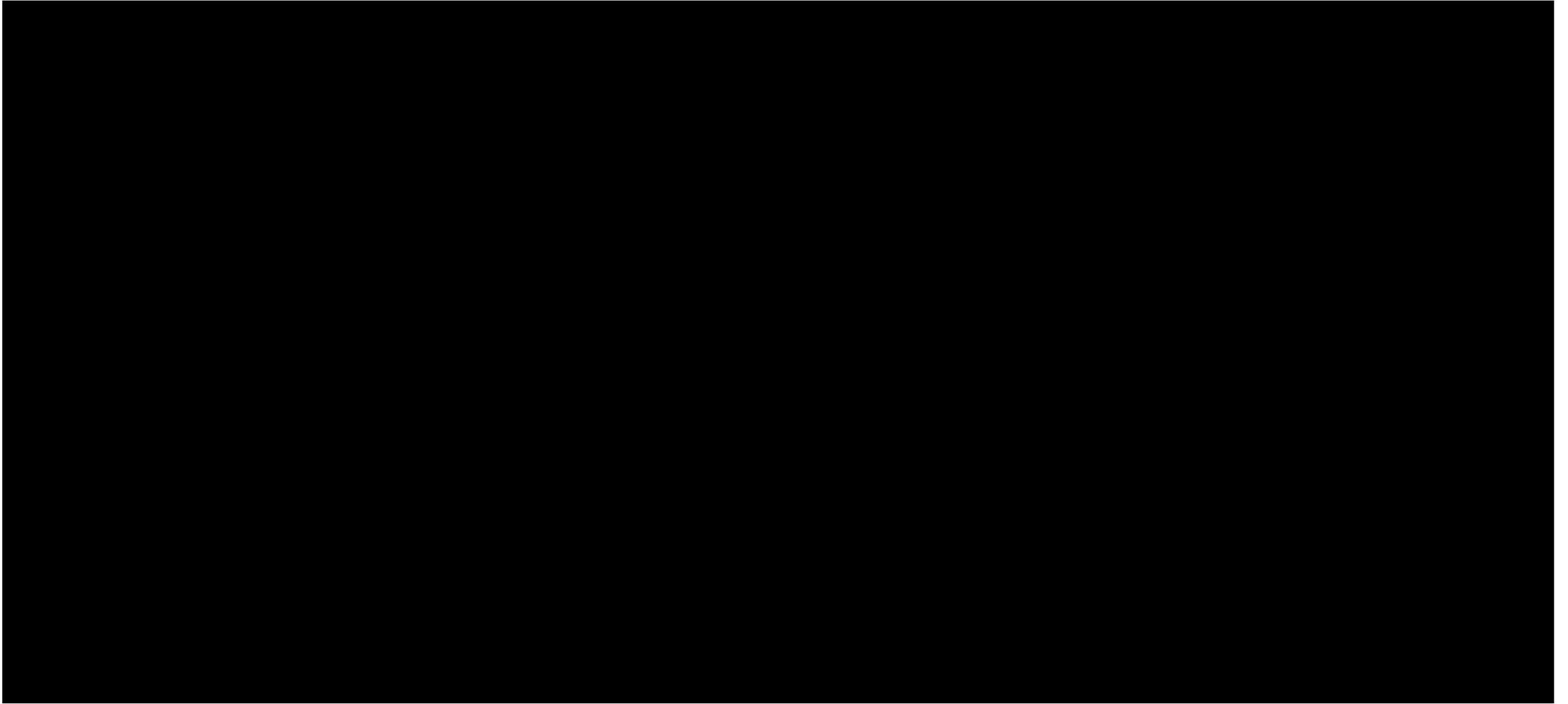
Why Tollcross?



Tollcross has the highest Cost per Tonne for a biscuits manufacturing site within the group



Why Tollcross?





Cabinet Secretary for Finance and the Economy
Scottish Parliament
Edinburgh
EH99 1SP

4 June 2021

Dear Cabinet Secretary,

Thank you for your time on Monday 24 May; we appreciated the opportunity to talk you through our proposal and business rationale directly.

As mentioned during the call, it has not been an easy option to propose the closure of Tollcross to our employees and the wider community in Glasgow. We have faced the challenges we discussed for a number of years and can assure you that the choice to bring forward this proposal is based on a strong and carefully considered business case.

In this regard, and in response to your letter of 1 June, we have been forthcoming in providing the relevant details of these challenges as well as the key data points which support the business rationale for the proposed closure of the Tollcross site. We also provided input to Scottish Enterprise's Economic Impact Assessment which includes workforce demographics at Tollcross, the GVA impact of the site and supply chain details.

The additional information you ask for in your letter is commercially sensitive and highly confidential, and therefore not something we can share externally.

We are also mindful of the formal consultation process which is currently underway with our employees and their representatives. We won't be providing any further data outside of what is already being shared through the formal consultation.

The presentation which was shared with you in our meeting is attached for further reference. In terms of timescales for the consultation, we are currently holding weekly meetings with employee representatives and it is our intention to issue the HR1 notice w/c 14th June.

It is important to us that we seek to engage constructively with yourself, the Action Group and Scottish Enterprise in the best interest of our employees and the local community, however there are clear commercial constraints to the level of information we can provide.

We are still open to any meaningful proposals the Action Group would like to offer as we complete this stage of consultation with our employees. To this end, I understand our teams are arranging a call for us early next week.

I look forward to speaking with you then.

Yours sincerely,

David Murray
Managing Director, pladis UK and Ireland

SAFEGUARDING PLADIS IN SCOTLAND - FUTURE OPTIONS

FOR DISCUSSION

7 JUNE 2021

Three options have been considered:

- Option 1: Re-develop the existing Tollcross facility
- Option 2: Develop a new facility at Tollcross to replace current buildings;
- Option 3: a new location;
 - 3A – relocated to facility developed for Pladis, or
 - 3B – relocate to an existing building.

Disclaimer - All figures provided in this report are high level and cannot be relied on, we would recommend that professional advice be commissioned. SE have not had sight of any site information or demolition costs.

All figures quoted are exclusive of VAT with the following costs excluded, finance costs (including interest), agent fees, planning, inflation and FF&E, abnormals or specific fit out such as creation of offices etc.

Construction figures used are from the RICS Building Costs Information Service (BCIS), we would stress that at the current time prices are fluctuating.

Broad Assumptions

All the options assume the creation of an identical unit on each site, therefore the benefits of a new unit would be for all options for which a new unit is delivered.

A brief has not been provided by the company, **[redacted]**. The assumed space has been based on the following criteria

- **Total size – [redacted](est)**
 - Manufacturing Area – **[redacted]** square feet (comprising **[redacted]**)
 - Ancillary space capable of being fit out for changing, offices, storage and plant machinery – **[redacted]** (potentially **[redacted]** sq ft if constructed over two floors)
 - Cost to provide food safe fit out in production area at **[redacted]**

- **Tonnage & Utilisation Rates**
 - There is potential to [redacted]. This would add [redacted]. We understand that preferred utilisation rates are [redacted] as this enables flexibility and contingency across the UK factories in the event of breakdown or other emergency. [redacted] This is another area for potential [redacted]. This would equate to [redacted] annum.
- **Overhead Costs**
 - Cost per tonne would be reduced due to increased tonnage and less overhead costs from the development of a new facility
 - Changes to shift patterns would also reduce overhead costs. Currently the Tollcross site operates [redacted]. Changes to [redacted] would reduce overhead cost further and increase the viability of the site.
- **Public Sector Support**
 - Scottish Government is about to launch its Food Processing & Marketing Grant (FPMC) scheme. This provides potential to access up to £4m to support capital investment for businesses involved in the processing of agricultural produce into food and drink products.
 - Other public sector support may be available for diversification of product range, environmental improvements to the site and/or training costs for new lines.
 - There is also the potential for the public sector to provide loan finance for the development of a new facility.
- **Production Efficiency**
 - The Scottish Manufacturing Advisory Service (SMAS) is available to provide advice on the re-configuration of any facility to maximise efficiency and reduce cost, This would be at no cost to Pladis.
- **Legislative issues**
 - The incoming HFSS legislation will have an impact on operations and the company's ability to sell more traditional biscuit products. Consumption of biscuits is not predicted to grow. This is another variable to address when considering viability of the Tollcross site.
- **Market Opportunity**
 - Tollcross has a history of trialling new lines for the company. This is a USP. New market opportunities for the Tollcross factory are currently being investigated with Scottish Government Food & Drink Team and Scotland Food & Drink. Given the focus on healthy eating, we believe that there may be opportunities for new [redacted].
 - Tollcross has a unique skill set on site, with the skills to produce most, if not all, biscuits in the McVities range. [redacted].

- **New Product Development/Research & Development Centre**

- Given the need to radically change the product portfolio going forward and reengineer products in the light of pending UK government legislation, a smaller, modern and efficient Glasgow site with flexibility could play a key role in future NPD, product trialling and packaging innovation to meet the future regulatory requirements. Scotland has a number of category-leading F&D companies, an experienced talent pool for R&D/NPD recruitment and a world class science base with proactive relationships with industry, to feed into the task of reformulating existing and creating new products which better fit with the healthier food category. There is a focus in Scotland also on the move to sustainable low carbon packaging which could provide technical and skills support to assist the business.
- The size of a new facility would depend on Pladis defining tonnage capability and efficiency levels for the site and machine tool size of lines etc for certain product. We believe that allowing space for not only production, but also product development and product diversification into cake or healthy snacks would be advantageous to site viability.

- **Distribution Costs**

- Reconfiguration of the Tollcross site could also incorporate a new distribution model for Scotland that would accommodate all product produced for Scotland, Ireland and Northern England. We estimate that this would reduce current distribution costs. As a result of Brexit complexities, some companies are moving to use the crossings to NI from Cairnryan for product destined for NI rather than use routes through Rol.
- Currently the business [redacted] and then out to the customer distribution centres. Tollcross [redacted]. The majority of this is done Mon to Fri, although some loads are shipped at weekends. [redacted].
- Scottish market tonnage is unknown, however we estimate this at [redacted] which may be conservative. Tollcross currently produces [redacted]
- [redacted]. As-suming some of the Tollcross product is for Scotland, we estimate that there are [redacted]
- This analysis suggests that it costs [redacted]

[redacted]

- If Tollcross had the necessary investment to reduce cost per tonne to [redacted] this would bring the additional advantage of minimal shipping costs to local distribution centres. Depending on the tonnage, this could range [redacted]

- **Costs of Closure**

We have asked Pladis for a breakdown of the costs of closure of the Tollcross site to investigate how this could be used as investment for the sustainability of the Scottish operation.

OPTION 1: RE- DEVELOP THE EXISTING TOLLCROSS FACILITY

Reconfiguration and investment of existing buildings at Tollcross to deliver space required and consider what could be retained or reused. The current site has a production area of [redacted]

The company previously provided information that [redacted] bring all of these up to an acceptable standard and this is considered by the company to be prohibitively expensive.

This option could consider reconfiguring the space against existing or planned production levels to make it more efficient.

Pros	Cons	Considerations
<ul style="list-style-type: none">• Retains existing site• Ability for Pladis to control project as site in existing ownership	<ul style="list-style-type: none">• Potentially disruptive option• Design constrained by existing structures on site	<ul style="list-style-type: none">• Site Access• Disruption to business

<ul style="list-style-type: none"> • Limited / no impact to staff on location • Can continue to use existing infrastructure on site, distributions, storage etc 	<ul style="list-style-type: none"> • Would require production to be completely stopped on site to allow work • Potential use would restrict what could be done on remaining land – reduces change to recoup receipt through a partial sale • Most expensive option • Health & safety • Does not solve some of existing issues around reduced capacity 	<ul style="list-style-type: none"> • Refurb of existing buildings may uncover further problems • Capacity levels against current levels • Cost prohibitive and lack of appetite of Pladis to invest • Public sector support to share financial risk
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OPTION 2: DEVELOP A NEW FACILITY AT TOLLCROSS TO REPLACE CURRENT BUILDINGS

There is an option to develop a more modern unit on part of the **existing site** thereby allowing the relocation of some parts of the business into a modern fit for purpose space.

If the unused area of land, car park and surrounding areas were considered there could potentially be a development of a **[redacted]** sq ft building, this option requires to be investigated further by architects to understand if an optimal layout could be achieved. This could be constructed (subject to Health and Safety around food construction sites) whilst the existing facility continues to operate, minimising downtime in the handover.

A new unit may be developed for a price of **[redacted]**. The existing distribution area could continue to be used, removing the creation of a new depot as part of any re-development and reducing costs. The vacated space could then be re-allocated to an alternative use or modernised or sold off) as part of an ongoing programme. The cost for doing this would be dependent on the proposed use and therefore difficult to quantify at this stage.

This option would allow for different delivery options;

- deliver unit through own resources (with potential public sector support) and continue to own the asset; or
- partner with an investor / developer to deliver the unit and lease the final product.
- The costs for delivery / rental would be similar to those outlined in the new build section on page 4

All figures provided are high level and require more analysis. SE has not had sight of any site information or demolition costs and have relied on figures provided by the company.

Key Assumptions:

- The car park and adjacent land is suitable for development;
- There are no underlying ground conditions preventing this;
- Restricted access can be overcome – potential for new entrance to be created; and

- No Health and Safety implications preventing construction whilst operating the neighbouring food production facility

Pros	Cons	Considerations
<ul style="list-style-type: none"> • Retains existing site • Ability for Pladis to control project as site in existing ownership • Limited to no impact to staff on location • Can use existing infrastructure on site, distributions, storage etc 	<ul style="list-style-type: none"> • Potential disruption to existing site • Design constrained by existing structures • Would require considering what happens to remaining site not used • Access requires to be addressed • Careful consideration needed on ground conditions – mine shafts 	<ul style="list-style-type: none"> • Site Access • Disruption • Only one area suitable unless demolition considered • Masterplan of site will be required • Developer appetite to be tested • Lease arrangement likely to be 20 - 40 years

OPTION 3A: BUILD A NEW FACTORY AT A NEW LOCATION

A suitable site could be identified, capable of delivering a [redacted]sq ft plus building, ideally near the existing Tollcross site, but other options out with this area may have to be considered.

There exist two avenues for the delivery of a new building;

- direct development by Pladis – i.e. Pladis pay to acquire the site, build the building and own on it on completion, or
- development by a third party - i.e. Pladis agree the design of a building with a third party, the third party pay for and deliver the building, Pladis occupy the space on a lease.
- As a guide, each option would take c. 18 – 24 months to deliver. Sites already owned by developers who will deliver a building may be able to be delivered marginally faster.

Direct Development

The cost to develop a new shell building in which to house an advanced manufacturing facility would mirror those for delivering a building on the existing site, however additional costs would be incurred due to the requirement to purchase a site; a price of [redacted] for a shell unit, with an additional [redacted]. These figures exclude VAT and the following costs excluded, finance, agent fees, planning, inflation and FF&E, landscaping, abnormals or specific fit out such as creation of offices etc. Land values could be in the order of [redacted].

Design and Build by Third Party

There may be the opportunity for a Design and Build option, allowing Pladis to have a bespoke unit created for them to lease.

There are a number of developers who own sites which would be capable of delivering this. There are several factors that would feed into the cost of this as well as a range of options that influence it. These include a requirement for a long lease, most likely a minimum of 20 years possibly requiring it

to be up to 40 years. The rent would be based on the end build costs, including whether fit out is included or not. It is worth noting that longer leases would most likely offer the lowest annual rental costs.

Based on these figures rents could be in the order of [redacted] per square foot to [redacted] per square foot, depending on the level of fit out that is included (assuming a 20 year lease), rates would be payable on top of this with potentially a small service charge, [redacted].

In consideration of all options we would recommend that [redacted] be involved in discussions as a major landowner and very experienced developer in the area.

Key Assumptions:

- The company are willing to consider an alternative location
- The company are willing to commit to a long term lease

Pros	Cons	Considerations
<ul style="list-style-type: none"> • Ability to create a bespoke modern unit available • No interruption of business at Tollcross site • No compromises, the unit required is what will be built • Injection of capital to business from Tollcross site sale • Lease option – <ul style="list-style-type: none"> ○ No requirement to raise additional capital, • Direct Development – <ul style="list-style-type: none"> ○ Pladis remain in control of facility creating an asset 	<ul style="list-style-type: none"> • Move from Tollcross • Direct Development – <ul style="list-style-type: none"> ○ Pladis would be required to raise full capital to fund (funding options could be discussed with SE) • Lease Option – <ul style="list-style-type: none"> ○ requirement to amortise rental payments over a significant timescale 	<ul style="list-style-type: none"> Are workforce willing to move from Tollcross Preference from company on leasing vs owning Developer appetite to be tested Transport Links Lease arrangement likely to be 20 - 40 years

OPTION 3B: RELOCATE TO AN EXISTING BUILDING AT A NEW LOCATION

To allow consideration of alternative locations, property searches have been conducted which show there is a limited number of suitable buildings available. During 2020 / 2021 there has been significant take up of industrial space in Scotland, particularly in and around Glasgow meaning there is a significant shortage of space, vacancy rates are c4.5%. This demand has been driven by logistics and distribution companies requiring a significant increase in space to support existing customers impacted by Covid-19.

As a general commentary to support this option we would outline the below considerations without reference to a specific building, however it is unlikely a suitable building would be found at this time.

If a building were found it would most likely be required to be fit out to a food safe standard, including any required cleaning before this, this cost would most likely require to be met by Pladis.

Lease options:

There are limited options within a 10 mile search area. Units currently on the market of this size are second hand, mainly focused on distribution. For a circa [redacted] sq ft building this could be a total commitment in the region of [redacted](plus rates and service charge payments). If a newer or bespoke building was taken this would be higher, all figures above would be subject to detailed negotiation.

Freehold options:

As above, there are extremely limited options to purchase a building of this size, there are not currently advertised options which would fulfil the current outlined requirement. Approximate values are hard to provide on this basis as any opportunity would be highly competitive, might require a bid high enough to convince an owner to sell rather than lease or sourced off market.

Key Assumptions:

- A suitable option can be found
- Any suitable option would be of good condition with suitable services to allow the unit to be converted to a food processing facility.
- A suitable unit exists and is available.

Pros	Cons	Considerations
<ul style="list-style-type: none"> • Jobs and productive capacity safeguarded in the Glasgow area • Fastest Timescales – no construction required • Potential cheaper rental than a new D&B option • Opportunity to reinvest sale receipt from Tollcross site sale • No interruption of business at Tollcross site 	<ul style="list-style-type: none"> • Very limited options to consider • Compromise - Fit out will have to be designed around existing building (new build would give ideal layout) • Move away from Tollcross site • New location would impact staff • Competition for space may drive up rents / purchase price 	<ul style="list-style-type: none"> • Need to understand the configuration and specification of an ideal building and whether these options fit • How far would the public sector support go and risk appetite

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David Murray, Managing Director, Pladis UK and
Ireland
David.T.Murray@pladisglobal.com

10 June 2021

Dear David,

Thank you for your letter of 4 June responding to my request for information required by the Action Group which has been formed to secure the long term future of the Tollcross site and its associated jobs.

I was disappointed that you were unable to share any of the information that was requested, however, I appreciate you taking the time to speak with Councillor Aitken and me on Monday 7 June to discuss the matter in more detail.

I fully appreciate the challenges being faced by Pladis at present, including the issues of excess capacity, operational costs and costs per tonnage. I am keen to understand what options have been explored previously for the Tollcross site and what support from the Public Sector would be acceptable by Pladis to allow for the site and associated jobs to be retained in Scotland.

As you may be aware, this morning Councillor Aitken and I convened the second meeting of the Action Group where we had very positive and productive discussions around potential alternatives to site closure.

I have included a copy of the draft paper outlining these options with this letter. However, in summary these include the following site options:

1. Redevelopment of the existing Tollcross facility
2. Develop a new facility at Tollcross to replace current buildings*
3. Identify a new location, either a facility developed for Pladis or an existing building*

*The size of any new facility will depend on Pladis defining optimal scale and tonnage, meantime options are based on an assumption of around **[redacted]** sq ft, given the overcapacity at the existing Tollcross site.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Options for direct build by Pladis and/or leasing through a third party have also been costed at a high level.

Options for the Tollcross site

- Reconfiguration of Tollcross could incorporate a new distribution model to drive cost savings.
- Potential to transfer seasonal volumes from **[redacted]**.
- Opportunity for production to transfer to Tollcross from sites, such as **[redacted]**.
- Overhead costs could be reduced by changing shift patterns from **[redacted]**.
- Exploration of new market opportunities for the Tollcross site including opportunities for new **[redacted]**.
- Tollcross has a history of trialling new lines for the company and the staff there can produce most biscuits in the McVities range, **[redacted]**.
- A smaller, flexible, modern and efficient Glasgow site could play a key role in future new product development, product trialling and packaging innovation to meet future requirements.
- Scotland's category-leading food & drink companies and experienced R&D talent pool can feed into reformulating existing products and creating new products with a better fit with the healthier food category.

Public sector support options

- The Scottish Government is about to relaunch its Food Processing and Marketing Grant (FPMC) scheme, providing potential access to up to £4 million to support capital investment.
- Other public sector support for diversification of products as well as loan financing to develop a new facility may be available.
- The Scottish Manufacturing Advisory Service (SMAS) can provide advice on re-configuring a facility to maximise efficiency and reduce cost. This service would be provided at no cost to Pladis.
- Other support may be considered, subject to fuller information from Pladis on the cost to safeguard employment in a viable facility in Glasgow.

I ask that you give full consideration to these options, presented in more detail in Annex A, and respond formally to the Action Group to advise whether these are options that you would be open to exploring further, and if not, it would be good to understand the reasons behind this decision.

The Action Group members would also appreciate your direct engagement on these matters and therefore Councillor Aitken and I would like to invite you to join the next meeting of the Action Group, which is scheduled to take place on **23 June at 09:45am**.

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I understand that Pladis intend to begin formal consultation period by issuing HR1 notices to employees on 17 June and request that you delay this until all options being put forward by the Action Group have been fully explored by Pladis.

I thank you in advance of your reply and look forward to your continuing engagement and confirmation that you will be able to attend the next Action Group on 23 June.

Yours sincerely



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Cabinet Secretary for Finance and the Economy
Scottish Parliament
Edinburgh
EH99 1SP

16 June 2021

Dear Cabinet Secretary,

Thank you for your letter of 10 June detailing Government support proposals, to be considered as rationale for a viable alternative to closure of the Tollcross site.

We have given due consideration to each component of the support proposal, and while very much appreciated, they do not present us with a viable commercial alternative in addressing the key challenge we face as a business, namely overcapacity across our UK sites. As you can appreciate, the business case in support of the proposal to close Tollcross has been deeply considered and we believe it is the appropriate course of action to help us secure the long term viability of our business in the UK.

In line with our commitment to our employees to provide them with greater certainty regarding the impact of the proposal on them personally, we will be continuing with our plan to issue the HR1 letter on 17 June. This was proposed and agreed with Union representatives during the consultation meeting on 1 June. Following the issue of the HR1, the consultation will continue as per established protocols.

An important point to clarify is that the HR1 does not immediately start a redundancy process. As per the timelines we have shared with you, any potential redundancies would not begin until Q4 2021 at the earliest.

Consultation is a critical process for the company to engage with our employees, providing a high level of engagement and transparency. As this is our primary focus, I do not think it is appropriate for me to attend the wider Action Group meeting on 23 June. However, I do want to continue working with yourself and Cllr Aitken as co-chairs of the Action Group, in the best interest of our people and the local community, and would be happy to meet with you again at the appropriate time.

Yours sincerely,

David Murray
Managing Director, pladis UK and Ireland

T: 0300 244 4000
E: scottish.ministers@gov.scot

David Murray, Managing Director, Pladis UK and
Ireland
David.T.Murray@pladisglobal.com

18 June 2021

Dear David

Thank you for your letter of 16 June in response to the proposals that were presented to you by the Action Group as alternatives to closure of the Tollcross site.

As you will appreciate, I am extremely disappointed that you are unwilling to explore the commercial viability of these options as an alternative to site closure. I would welcome further detail as to what evidence was used to reach this decision as the public sector is willing to consider alternative proposals to site closure. Whilst I understand that the business case for closure has been carefully considered, I believe equal consideration should be given to the alternative options presented. I would ask you to reconsider this decision.

In particular I would ask that you give further consideration to the proposition of a new purpose built facility that could address the issue you have highlighted as overcapacity across your various business units. It would be helpful for the Action Group to get a clear outline of what it would take to reconfigure your business and the optimum metrics required to meet your ambitions around cost per tonnage and the footprint required for a modern, state of the art facility capability .which will secure long term benefits to your business and retain its key asset which is an experienced and skilled Scottish workforce.

As you are aware, the remit of the Action Group is to leave no stone unturned in pursuing every opportunity to secure the future of the Tollcross site and so I must inform you of my intention to write to Pladis CEO, Mr Salman Amin to make further representations to secure the long-term future of the site and its associated jobs. I will also be looking for a call with Mr Amin to highlight the seriousness of our offer to consider alternative options to closure so that we can work with you to refocus your business for the future, thereby safeguarding the site and jobs at Tollcross.

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I appreciate your offer of a further discussion with Councillor Aitken and me. However, I am sure you will understand the frustration of the Action Group that you do not feel that it is appropriate to join the next meeting on 23 June as invited to discuss these matters with the group directly. Again, given the proposals have been compiled by the Action Group, the membership would value that opportunity to hear directly from you regarding your decision not to pursue any of these alternatives proposals. We would appreciate that you reconsider and join the Action Group on the 23 June. There is nothing to be lost in further discussions.

I look forward to speaking to you in the coming days, along with Councillor Aitken, to discuss this further.

Yours sincerely



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A. Salman Amin
Global CEO, Pladis
Salman.Amin@pladisglobal.com

18 June 2021

Dear Salman

I am writing to you regarding the decision by Pladis to enter into consultation over closure of its site in Tollcross, Glasgow. I have had a number of conversations with David Murray over the course of the last few weeks however I am now appealing directly to you in light of the potentially devastating impact of Pladis' decision.

I was very concerned to learn of this decision and my thoughts are with those employees who will be concerned for their jobs, particularly during such a difficult and unprecedented time for the country. I understand that the factory has continued production throughout the Covid-19 pandemic and that the workforce have contributed greatly to this effort.

The McVities brand was founded in Scotland almost 200 years ago and I'm sure you will appreciate how devastating it would be for the manufacturing of a brand with such rich Scottish heritage to be removed from the country.

As you may be aware, an Action Group has been formed, co-chaired by Councillor Susan Aitken, Leader of Glasgow City Council and I, which will seek to secure the long-term future of the Tollcross site and its associated jobs.

On 01 June I wrote to David Murray, Managing Director, Pladis, UK & Ireland to request a number of pieces of information that would allow the Action Group to develop a range of options as alternatives to site closure. However, this information has not been provided.

On 10 June, I wrote to Mr Murray again, outlining a number of options, which had been developed by the Action Group despite the lack of information provided by Pladis. On 16 June I received a reply to this letter, advising that these options were not considered to be viable commercial alternatives to site closure. Mr Murray also declined my invitation to attend the next meeting of the Action Group on 23 June to discuss these matters in person.

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I am extremely disappointed that the options presented do not appear to have been given full consideration and am equally disappointed at the lack of direct engagement from Pladis with the Action Group. Councillor Aitken and I have spoken to Mr Murray on two occasions, which has been valuable. However other members of the group would also value the opportunity to hear directly from Mr Murray regarding the decision not to pursue any of the alternative proposals.

I have therefore asked Mr Murray to reconsider his decision not to join the next meeting of the Action Group on 23 June.

I have also asked that particular consideration be given to the proposition of a new purpose built site that could address the issues which have been highlighted by Mr Murray on a number of occasions such as overcapacity across the business. It would be helpful for the Action Group to get a clear outline of what it would take to reconfigure your business and the optimum metrics required to meet your ambitions around cost per tonnage and the footprint required for a modern, state of the art facility capability which will secure long term benefits to your business and retain its key asset which is an experienced and skilled Scottish workforce.

I would welcome the opportunity to speak to you on this matter in the coming days as the Action Group progresses with its work to secure the future of the Tollcross site and its associated jobs. The impact of closure on this part of Glasgow cannot be overestimated.

Yours sincerely



KATE FORBES



Cabinet Secretary for Finance and the Economy
Scottish Parliament
Edinburgh
EH99 1SP

21 June 2021

Dear Cabinet Secretary,

Thank you for your letter dated 18 June 2021. We also acknowledge receipt of your letter on the same day addressed to our CEO, Salman Amin.

We have considered, in detail, the options proposed by the Action Group.

The bottom line is that we need to rationalise our footprint in the UK and we see no commercial case to build a new factory in Scotland, with or without the support of the public sector. While we appreciate the ultimate goal of the Action Group is to keep a site open in Scotland, we have discounted this as a commercially viable option as it would come at a significant cost and with considerable consequence to other factories within the UK.

I would be happy to provide you and Cllr Aitken with some specifics to illustrate this in a follow-up conversation, if that would be helpful.

We have already shared the numbers, metrics and costs of this proposal - as part of the business case - with union representatives in the consultation meetings. As previously discussed, this remains the most appropriate forum for us to share this information and respond to alternative proposals.

Regarding my attendance at the Action Group, it was clearly agreed between those on the call on 24 May that we would not be participating formally with this group. Our priority, and indeed our statutory responsibility, has always been to conduct any discussions with trade union and employee representatives regarding alternatives to closure via the formal consultation process.

In saying that, we have repeatedly demonstrated a willingness to engage through the appropriate channels and forums. I have met with yourself and Cllr Aitken twice, in addition to an initial meeting with Cllr Aitken shortly after our announcement. My team have engaged on a weekly basis with Scottish Enterprise and I also spoke twice with the former Minister for Business, Jamie Hepburn MSP. Throughout this engagement, I have been very transparent on the detail of our business case and the process we are following.

Therefore, it was of great disappointment to read press reports on Thursday suggesting a lack of engagement and transparency on our part from both the Scottish Government and the trade union representatives, despite us engaging directly with both groups. It has also been misrepresented that we have served redundancy notices on our employees when in fact the HR1 is a technicality to notify employees of the possibility of redundancy. Issuing the HR1 does not materially change our absolute commitment to continuing the full and meaningful consultation process with our employees that commenced on 25 May.



I continue to be available to discuss this process with both yourself and Cllr Aitken while my team will continue to engage with the trade unions as part of the consultation process.

Yours sincerely,

David Murray

Managing Director, pladis UK and Ireland

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David Murray, Managing Director, Pladis UK
and Ireland
David.T.Murray@pladisglobal.com

22 June 2021

Dear David

Thank you for your letter of 21 June in which you advise that you see no commercial case to build a new factory in Scotland, with or without support from the Public Sector.

I must express my deepest disappointment that you will not give further consideration to the options that were presented to you by the action group. I am particularly disappointed in your assertion that keeping the Tollcross site open has been discounted as a commercially viable option for Pladis, especially in light of the ongoing consultation with staff.

If it is indeed the case that the option of keeping the site open has been discounted and a decision on commercial viability has already been made I would ask what you would then consider to be a 'full and meaningful consultation' to look at counter proposals? As I have clearly stated before, the Action Group are willing to look at all available options for retaining the site in Scotland but this requires transparency from Pladis on exactly what will be considered during the consultation period.

I appreciate that you had previously expressed an unwillingness to engage with the Action Group directly and that you have spoken with Councillor Aitken and I, as well as the previous Business Minister, on a number of occasions. However, the members of the Action Group were understandably keen to engage with you also, in particular to hear from you on the reasons why Pladis do not consider the options presented as being commercially viable alternatives to site closure. Therefore, I would ask you to reconsider this decision and attend the Action Group on Wednesday (23 June).

I thank you for acknowledging receipt of my letter to Mr Amin and look forward to a positive response to my request for a call in the near future to discuss this matter in more detail with you both.

Yours sincerely,



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Cabinet Secretary for Finance and the Economy
Scottish Parliament
Edinburgh
EH99 1SP

24 June 2021

Dear Cabinet Secretary,

I am grateful for your letter dated 18 June and have noted your observations and comments.

I appreciate this is a difficult time for our colleagues at Tollcross and indeed the surrounding community in Glasgow. Please let me reassure you that we considered extensively all alternative options prior to announcing our proposal to consult on the proposed closure of the site at Tollcross.

The suggestions outlined in your letter have been considered carefully by my team, led by David Murray, the Managing Director of our UK&I business. They are also being examined as part of the formal consultation process, which is the appropriate forum for alternative proposals to be put forward.

Our priority continues to be our people and we are committed to engaging with them on any alternative proposals as part of the consultation process, as well as providing them with the support they need during this time.

I am confident that David and his team have engaged appropriately with you, and other stakeholders, and remain committed to doing so in the future.

I know that both yourself and Cllr Aitken have been meeting with David to discuss the proposal and I would be grateful if you would continue to work with him on this matter, as the representative of pladis responsible for our business in the UK and Ireland.

Yours sincerely,



Salman Amin
CEO, pladis



Cabinet Secretary for Finance and the Economy
Scottish Parliament
Edinburgh
EH99 1SP

24 June 2021

Dear Cabinet Secretary,

Thank you for your letter dated 22 June. You raise some important points that I seek to address below.

I know that this is a challenging time for our people at Tollcross and also those stakeholders in the local community. I fully understand the objectives of the Task Force, but I made clear in our first meeting and subsequent correspondence that we will be considering all alternative options to our proposal through the formal consultation process, with the appropriate representatives of those affected.

As the formal consultation is ongoing, we have not yet made a final decision regarding the future of the Tollcross site however, our proposal to close the site is an informed one which has been examined thoroughly. As part of that examination, the option of building an alternative site was considered, but was not found to be viable as it does not meet our primary challenge of over-capacity in the UK. Our thinking behind making the proposal was always subject to the consultation process which is on-going.

With this in mind, the next meeting of the formal consultation group has been scheduled for Tuesday 29 June and my team will be considering all the options put forward at that meeting by employee and Trade Union representatives.

If it would be helpful, I remain willing to engage with you directly as I have in the past. However, our primary duty is to our employees and their representatives, and the process underway with them.

Yours Sincerely,

David Murray
Managing Director, pladis UK&I

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Ali Ülker
Chairman
aumail@yildizholding.com.tr

Mehmet Tütüncü
Vice Chairman – CEO
mehmet.tutuncu@yildizholding.com.tr

25 June 2021

Dear Ali and Mehmet

I am writing to you regarding the decision by Pladis UK to enter into consultation with its staff over closure of its site in Tollcross, Glasgow. I have spoken to David Murray, Managing Director of Pladis UK and Ireland on a number of occasions and have recently written to Pladis' Global CEO Salman Amin to request a meeting with him also, which he has declined.

Both the First Minister and I were extremely concerned to learn of this decision and my thoughts are with those employees who will be concerned for their jobs, particularly during such a difficult and unprecedented time for the country. I understand that the factory has continued production throughout the Covid-19 pandemic and that the workforce has contributed greatly to this effort.

The McVitie's brand was founded in Scotland almost 200 years ago; it is now a world-leading brand with its heritage based in Scotland. I am sure you will appreciate how devastating it would be for the manufacturing of a brand with such rich Scottish history to be removed from the country. I know you will value this as leader of a company whose founders created the Ülker brand in Turkey in 1944.

The Scottish Government's priority has been to work in partnership with the company, trade union representatives and the local authority during this challenging time and, to this end, an Action Group has been formed which will seek to secure the long term future of the Pladis Tollcross site and its associated jobs. The group last met on 23 June and we discussed the viable alternative option which the unions will be putting forward as part of the consultation process. The Action Group will meet again in early July.

In addition to speaking directly with David Murray, I have also written to him on a number of occasions to outline a series of proposed options put forward by the Action Group as alternatives to site closure, with support offered from the Public Sector. Mr Murray has responded to unequivocally reject these options and to advise that keeping the Tollcross site

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open has already been discounted as a commercially viable option for Pladis, despite the ongoing consultation with the workforce.

The Action Group are willing to look at all available options for retaining this site in Scotland but this requires transparency from Pladis on exactly what will be considered during the consultation period. Mr Murray has not been forthcoming with this information and has declined my invitation to join the last meeting of the Action Group on 23 June to discuss these matters in person.

I have attached for your information, an outline of the options that we have submitted to Pladis as alternatives to site closure and I would very much welcome further direct engagement from both yourself, Salman Amin and Mr Murray on these options. The First Minister and I would welcome a call with you in the very near future.

Your sincerely,



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David Murray, Managing Director, Pladis UK and
Ireland
David.T.Murray@pladisglobal.com

29 June 2021

Dear David,

Thank you for your letter of 24 June in which you advise that you have not yet made a final decision regarding the future of the Tollcross site. I am pleased to hear that no final decision has yet been taken and that you will be considering all alternative options through the formal consultation process, with the appropriate representatives of those affected.

As you are aware, the Unions are currently working with the public sector partners of the Action Group on an alternative proposal for consideration by Pladis and I understand it will be presented to you through the formal consultation process. Therefore, I would therefore again ask you to give this proposal your full consideration and ask you again to join the next meeting of the Action Group which is scheduled for 15 July at 09:15 so that you can engage directly with the Action Group.

Trade Unions and staff representatives are working alongside me and the other Action Group members to do all that we can to save the Tollcross site and its jobs. This partnership approach has been at the very core of the Scottish Governments response to this issue and I would urge Pladis to join with us also and participate in meaningful and direct engagement with the Action Group and all of its members.

I look forward to your response.

Yours sincerely,

KATE FORBES





Cabinet Secretary for Finance and the Economy
Scottish Parliament
Edinburgh
EH99 1SP

2 July 2021

Dear Cabinet Secretary,

Thank you for your letter dated 29 June and your acceptance of my assurances regarding the process we are following.

While I appreciate the efforts being made by both the Scottish Government and other Action Group participants, I still believe a meeting between myself and the full Action Group would complicate the formal consultation by creating dual processes. However, as mentioned in previous correspondence, I want to continue to engage with yourself and Cllr Atkins and ensure that you are kept up to date with developments.

We agreed to delay consultation on 17 June to allow trade union and employee representatives to finalise alternative proposals. These were due to be discussed on 29 June this week however the expected alternative proposals have not yet been put forward.

Therefore, we have proposed that trade union and employee representatives provide an update on the alternative proposals in the consultation meeting of 20 July, the earliest date available when all representatives can be present, with a view to discussing the alternative proposal in the consultation meeting of 27 July.

I remain committed to giving the consultation group time and space to work through options for an alternative proposal.

Yours sincerely

David Murray
Managing Director, pladis UK&I

Rùnaire a' Chaibineit airson Ionmhas agus na h-
Eaconamaidh
Cabinet Secretary for Finance and Economy
Kate Forbes MSP



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David Murray, Managing Director, Pladis UK
and Ireland
David.T.Murray@pladisglobal.com

8 July 2021

Dear David,

Thank you for your letter of 2 July in which you advise the proposed dates for submission of the counter proposal from Trade Union representatives.

As you will know, the Scottish Government and our partners are working closely with Trade Unions to formulate this proposal. However, as I have previously expressed, it would be most helpful if you could share details of the evidence that was considered which led you to determine the option of a new site in Glasgow as unviable. This would allow the counter proposals to be fully evidenced and robust, giving sufficient detail for your operational and financial analysis.

As I have previously said, the public sector is willing to consider all alternative options to site closure and will also consider what support can be provided to that end. The paper I had previously submitted to you on 10 June outlining a number of options developed by the Action Group gave an example of one mechanism of support that could potentially be offered from the Scottish Government's Food Processing & Marketing Grant (FPMC) scheme, which could provide up to £4m investment. However I must stress that this is not the only option of support available. Indeed the full level of public sector support has not been fully considered and cannot be until we receive more information from Pladis.

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I would therefore again ask you to speak at the next meeting of the Action Group on 15 July to have the opportunity to provide further detail on the evidence that you considered when discounting the option of a new site in Scotland in a confidential space. Also, I would be grateful if you could also provide this to me in writing so that I can consider it prior to the Action Group

Yours sincerely,



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Cabinet Secretary for Finance and the Economy
Scottish Parliament
Edinburgh
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13 July 2021

Dear Cabinet Secretary,

Thank you for your recent letter which I believe was also sent to Mr Ali Ulker and Mr Mehmet Tutuncu.

I am fully aware of the proposal which has been put forward regarding the potential closure of the pladis factory at Tollcross. I understand that David Murray, pladis' Managing Director in the UK&I, has assured you that the formal consultation is ongoing and in accordance with that process, a final decision regarding the future of the Tollcross site has not yet been made.

David, as the Managing Director of the UK&I business, is best placed to continue any engagement with you and your colleagues regarding the ongoing consultation and I know he has offered to meet with yourself and Cllr Aitken again. If the First Minister wishes to join this meeting too, then pladis' Global CEO, Salman Amin, will also gladly make himself available.

I appreciate that this is a very difficult time for people at the Tollcross factory and the surrounding community. I know that David and his team are committed to carrying out a meaningful consultation with trade union and employee representatives and want to provide our people with the support they need throughout this period.

Yours sincerely

Murat Ülker

Member of Board, Yıldiz Holding

Chairman, pladis