

FOI 202100230472: CORRESPONDENCE BETWEEN THE SCOTTISH GOVERNMENT AND UNIONS IN DATE ORDER – LETTERS AND EMAIL ATTACHMENTS – PART TWO

EMAIL 12 – 24th JUNE – CONSULTATION MEETING 2 SLIDE DECK



FOI - 202100230472
- Consultation Meet

EMAIL 19 – 7th JULY – CONSULTATION MEETING 5 SLIDE DECK AND NOTES



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- Consultation Meet- Consultation Meet- Consultation Meet

EMAIL 20 – 12th JULY – CONSULTATION MEETING 6 SLIDE DECK



FOI - 202100230472
- Consultation Meet

EMAIL 21 – 13th JULY



FOI - 202100230472
- counter proposal s

EMAIL 22 – 15th JULY – LETTER FROM UNITE TO PLADIS



FOI - 202100230472
- unions and pladis

Proposed planned closure of Tollcross

Consultation meeting 2

1st June 2021

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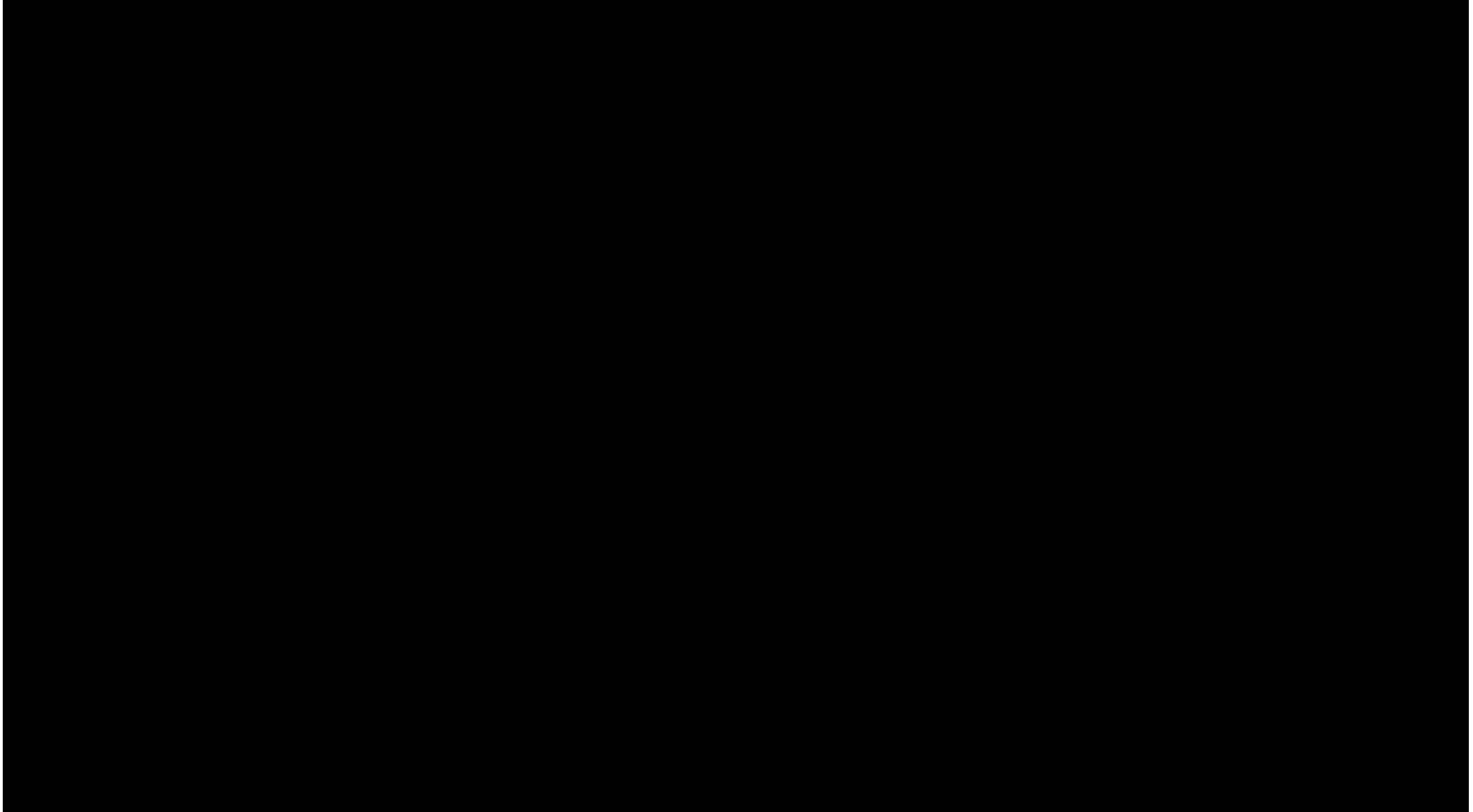
All content should be regarded as a proposal pending a thorough and meaningful consultation.

Agenda

- Minutes from Consultation meeting 1
- Recap of Tollcross rationale
- Q&A from 1st meeting

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Tollcross : Re-cap of the rationale



What does 0.2% growth equate to in volume, within sweet biscuit category?

2016 to 2019 Volume	Market		pladis	
	CAGR	Volume diff (kilos)	CAGR	
SWEET BISCUITS XH	0.2%	1,870,759	1.9	-2.1%
HEALTHIER BISCUITS	2.5%	4,697,686	4.7	-6.3%
SAVOURY BISCUITS	-1.2%	-2,376,946	-2.4	-6.0%
C&S	2.0%	17,659,974	17.7	-0.7%

Source: Nielsen - Total Market

Is the plastic tax a UK or EU regulation?

- It is a UK plastic packaging tax.
- Further packaging legislation to impact plastics at the end of 2023, Extended producer responsibility.

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What is the breakdown of the 21k tonnes from Tollcross?

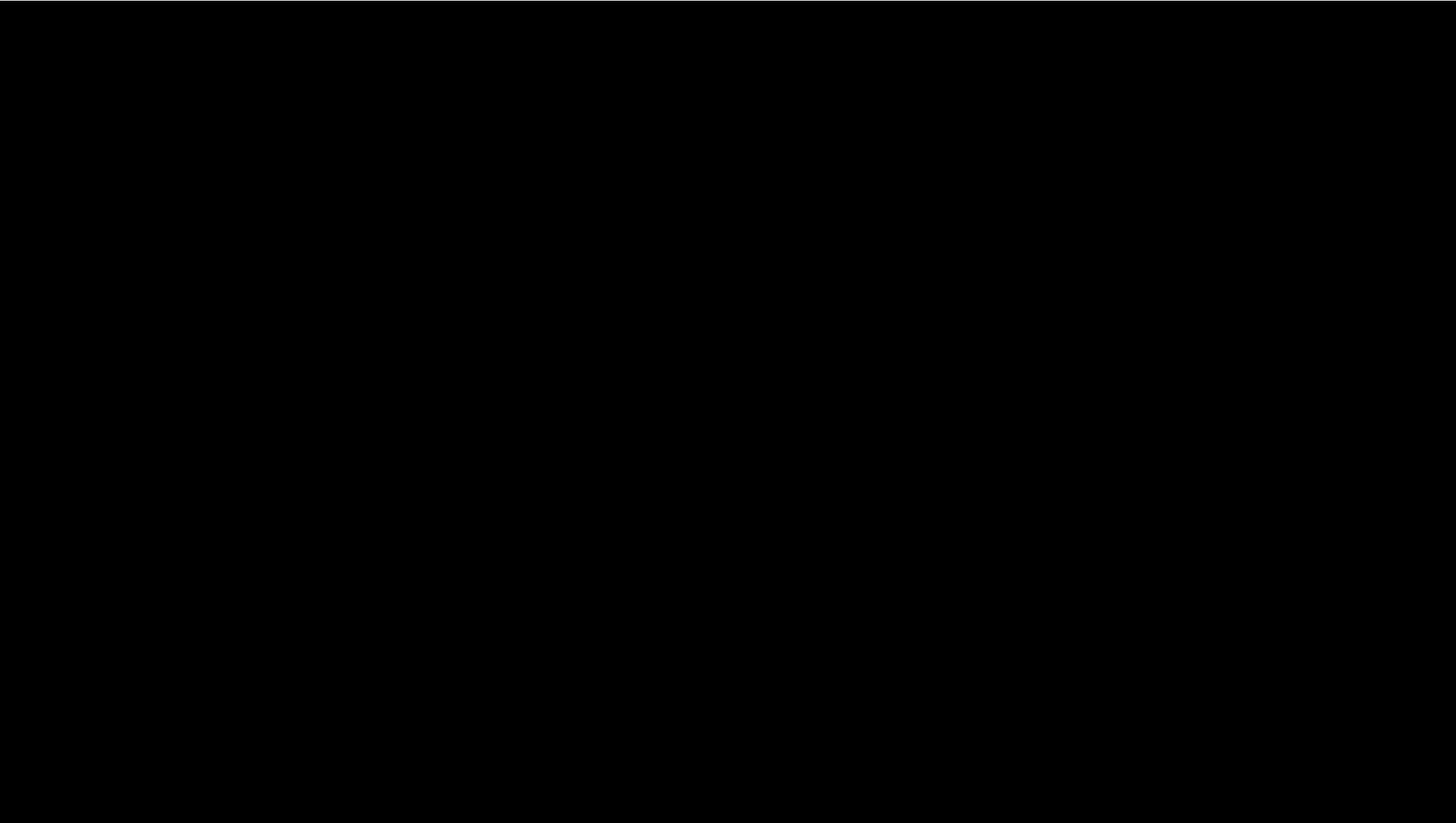


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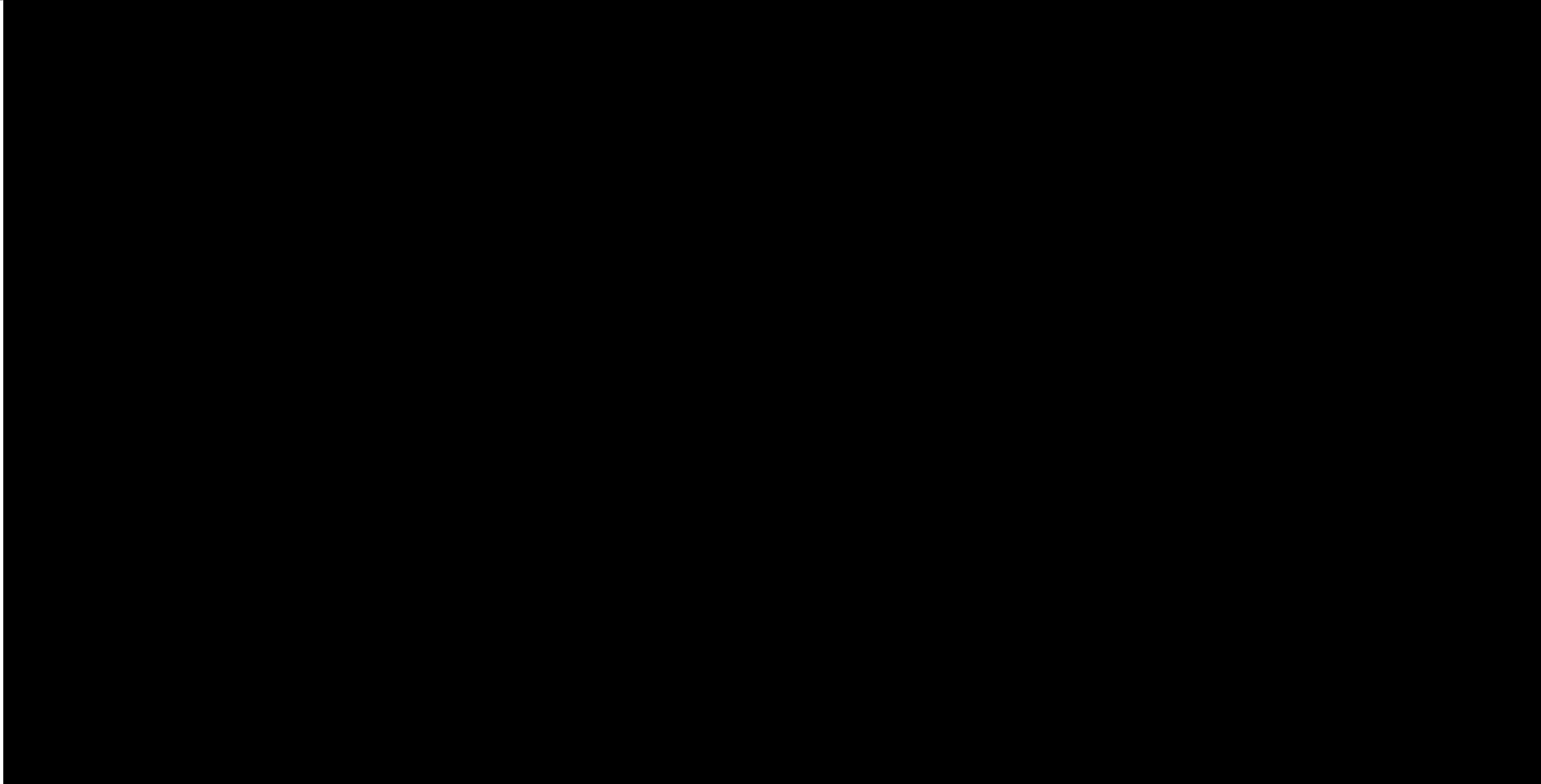
Source: Budget 2021

Manufactured volume evolution over the last 10 years

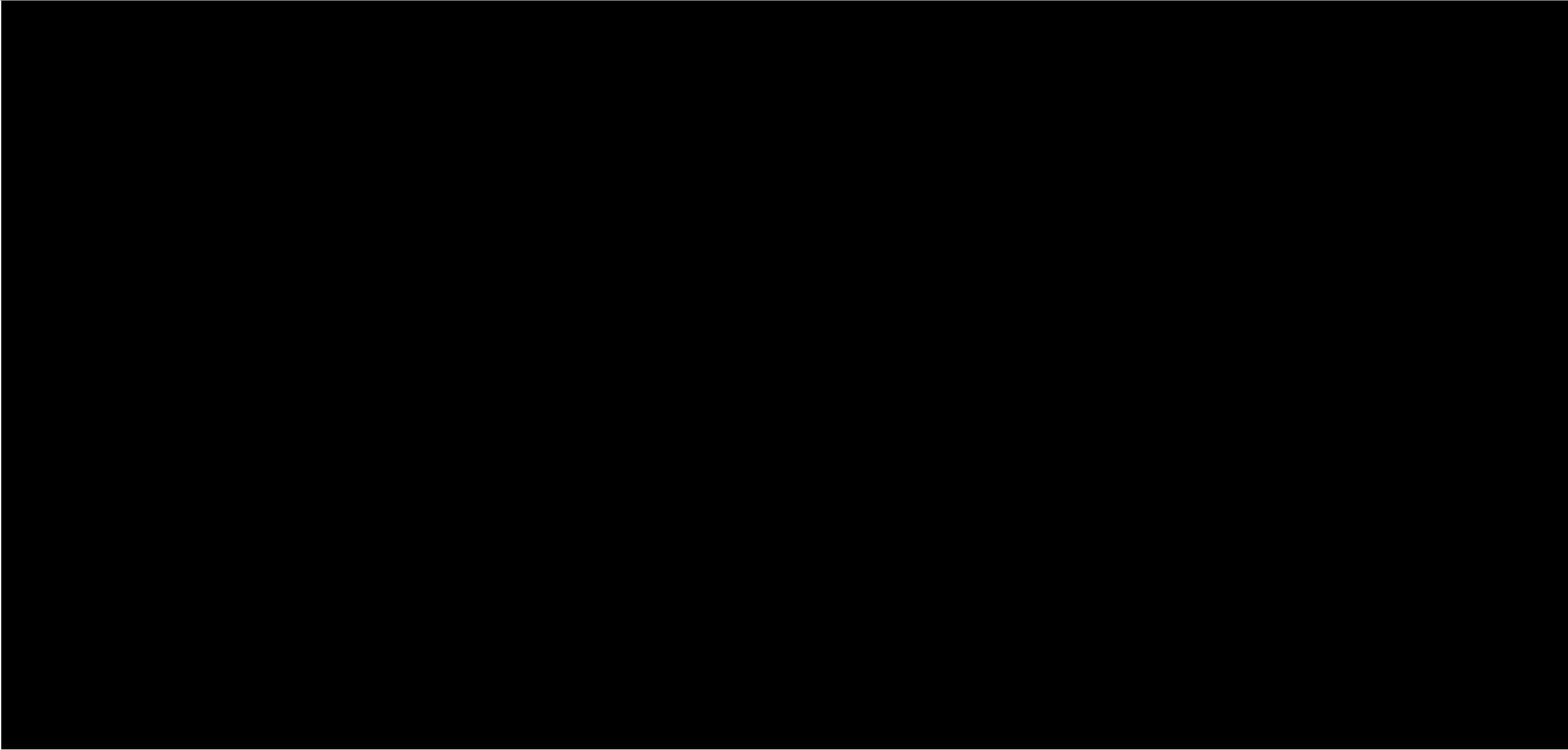


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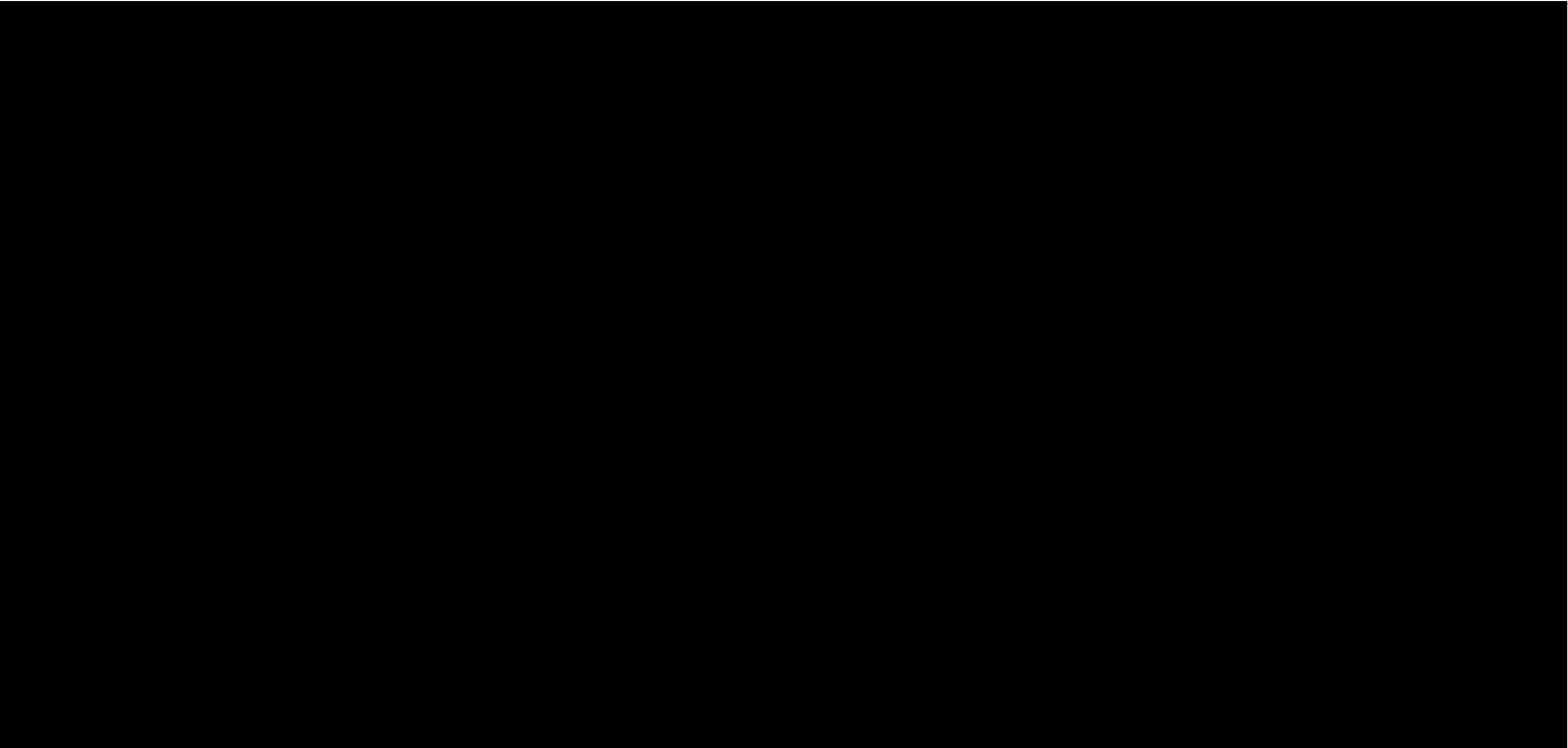
List of products that have been brought to Tollcross as others have been removed/dropped off?



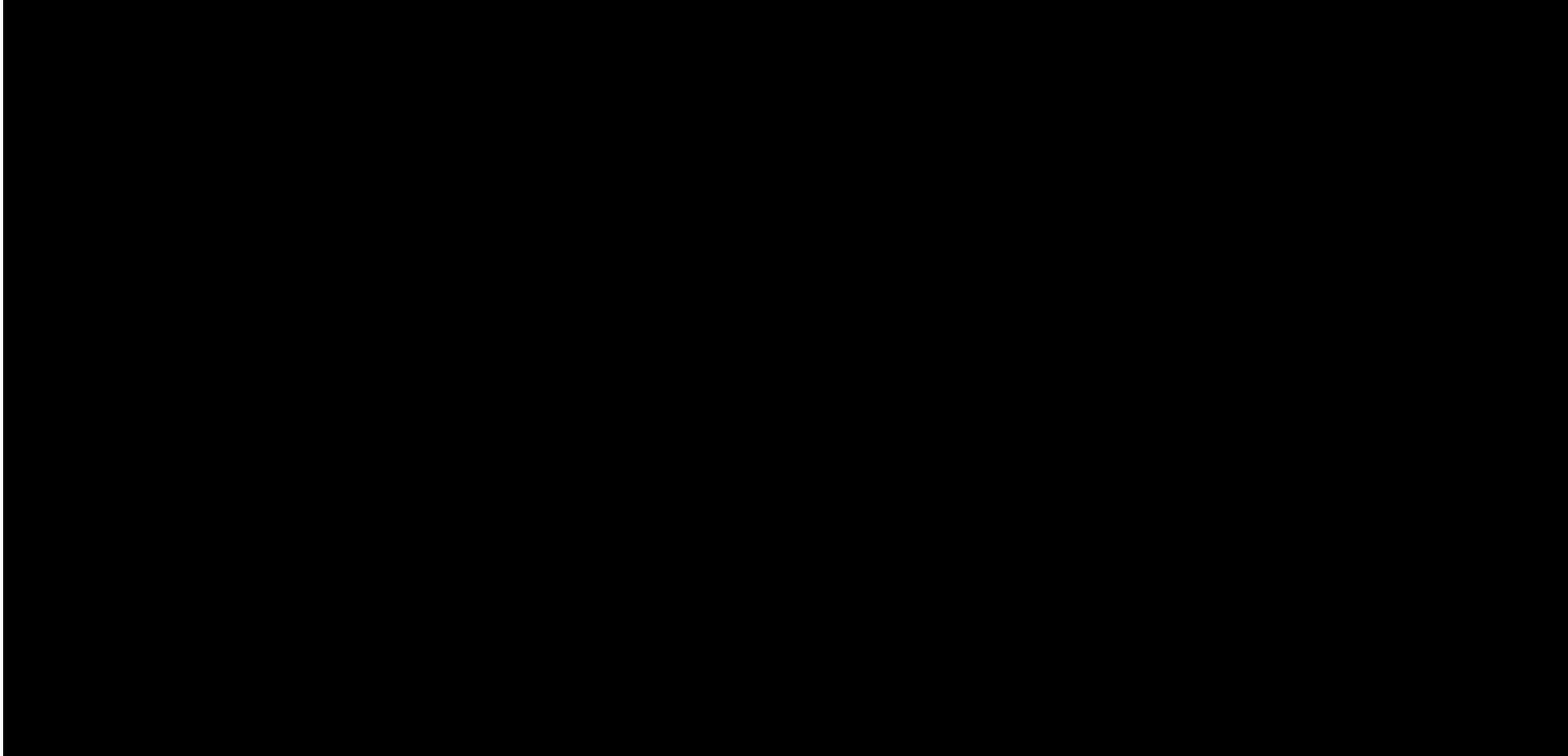
What is the Wigston product list & business model?



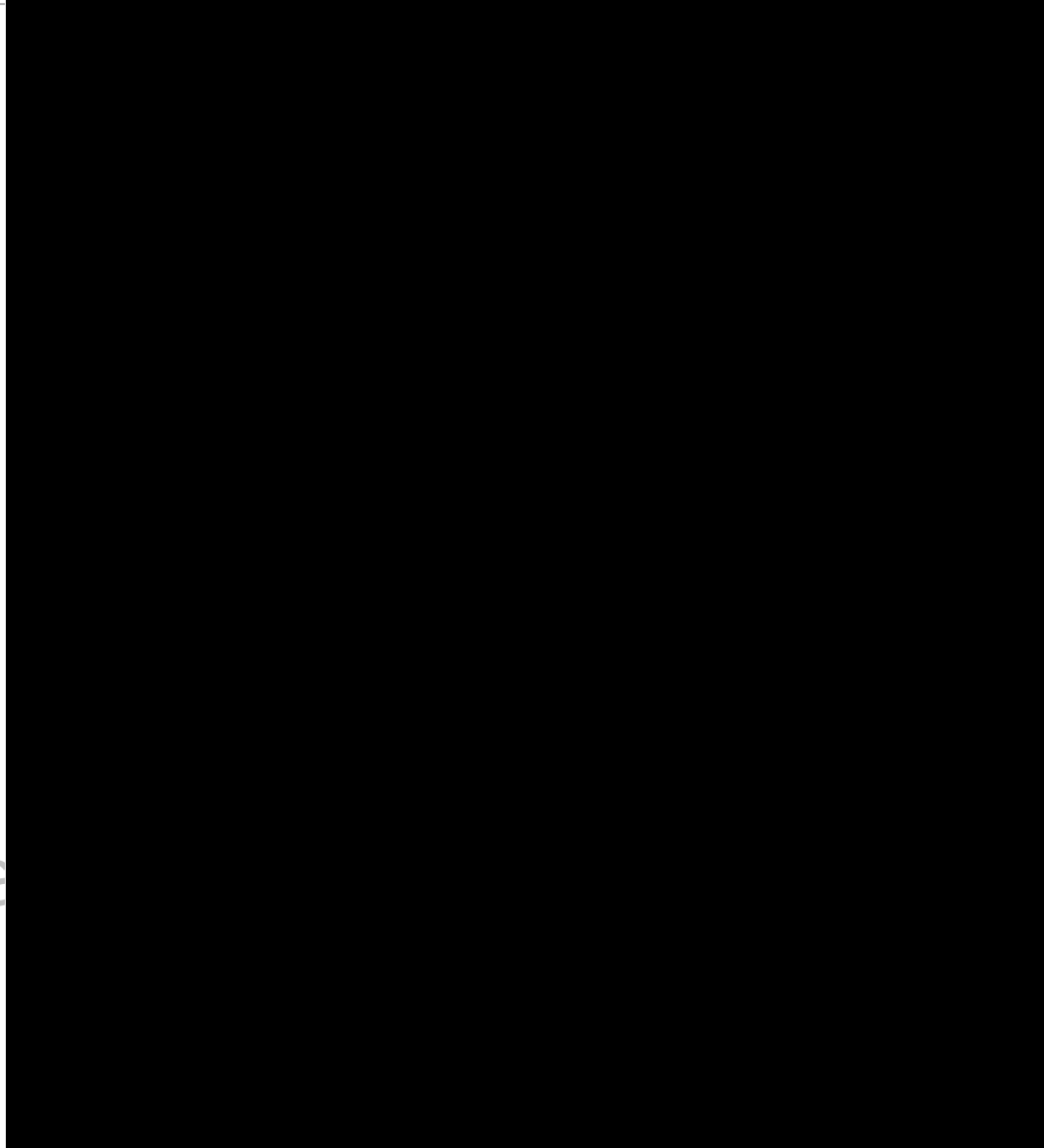
Wigston volume profile



Wigston labour profile fluctuates throughout the year



Wigston volume breakdown

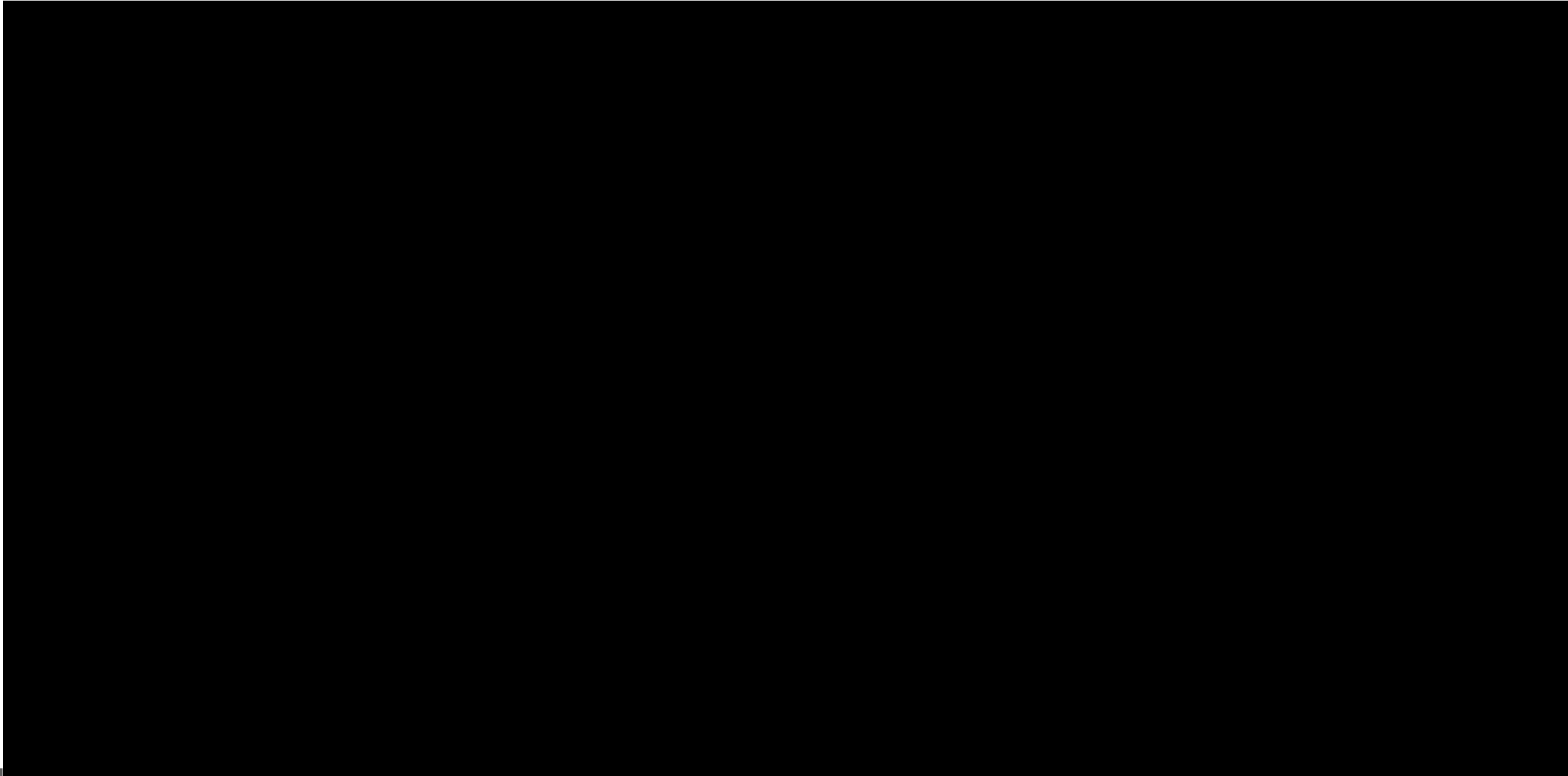


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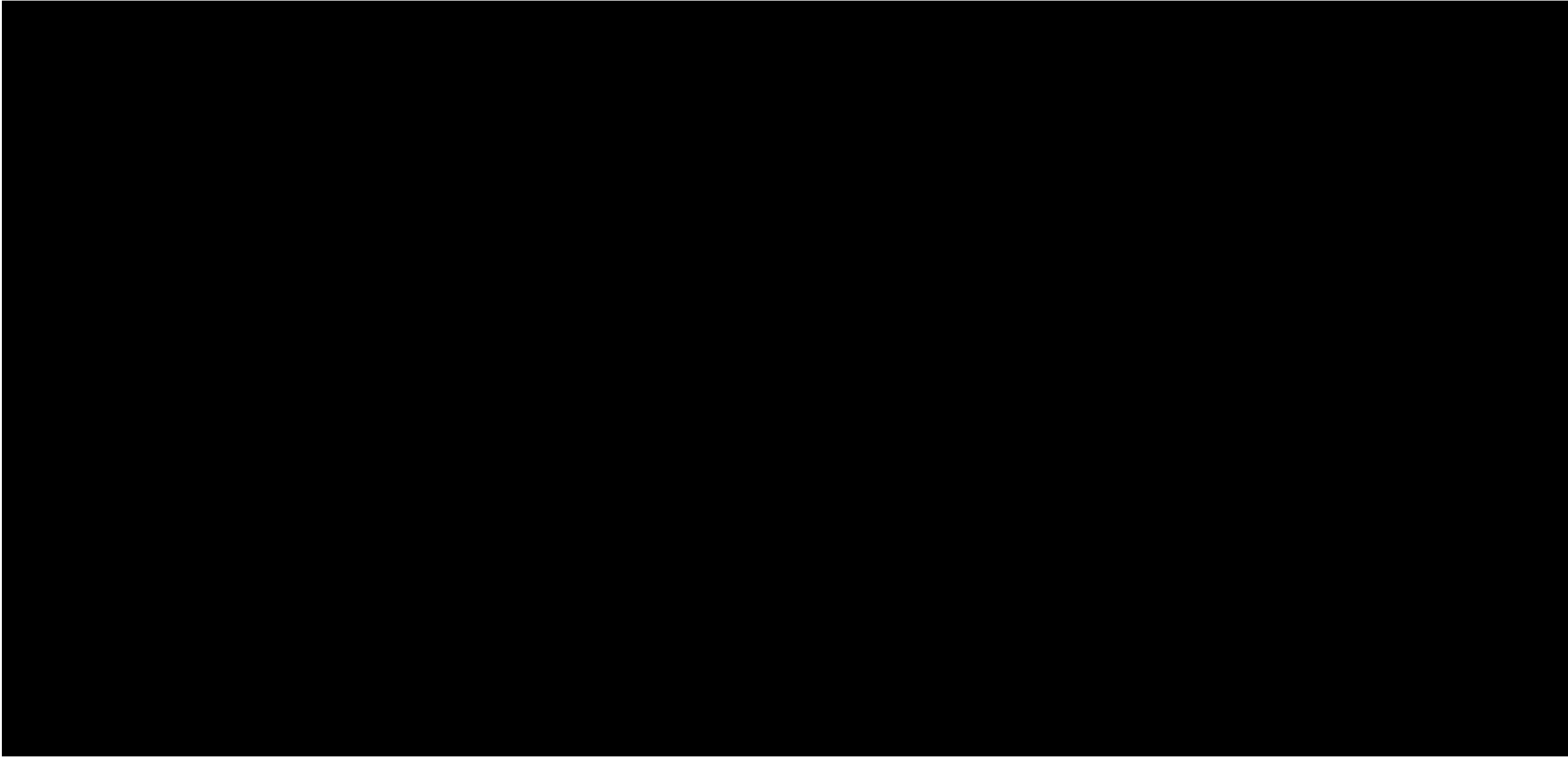
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Source: Budget 2021

Wigston volume pareto analysis



Wigston WIP logistics model



On-cost of replicating Wigston WIP logistics model in Tollcross

Cost per tonne analysis, what makes it up and how do you improve it?

- Cost per Tonne is calculated by dividing the sites total cost base by their manufactured tonnage
- Cost base includes both direct and indirect elements
- Direct costs include Labour, waste and energy
- Indirect costs include labour, agency, R&M and other.
- Sites cost base is primarily labour costs which makes up around 75% of the total

What do we need to do to improve the CPT?

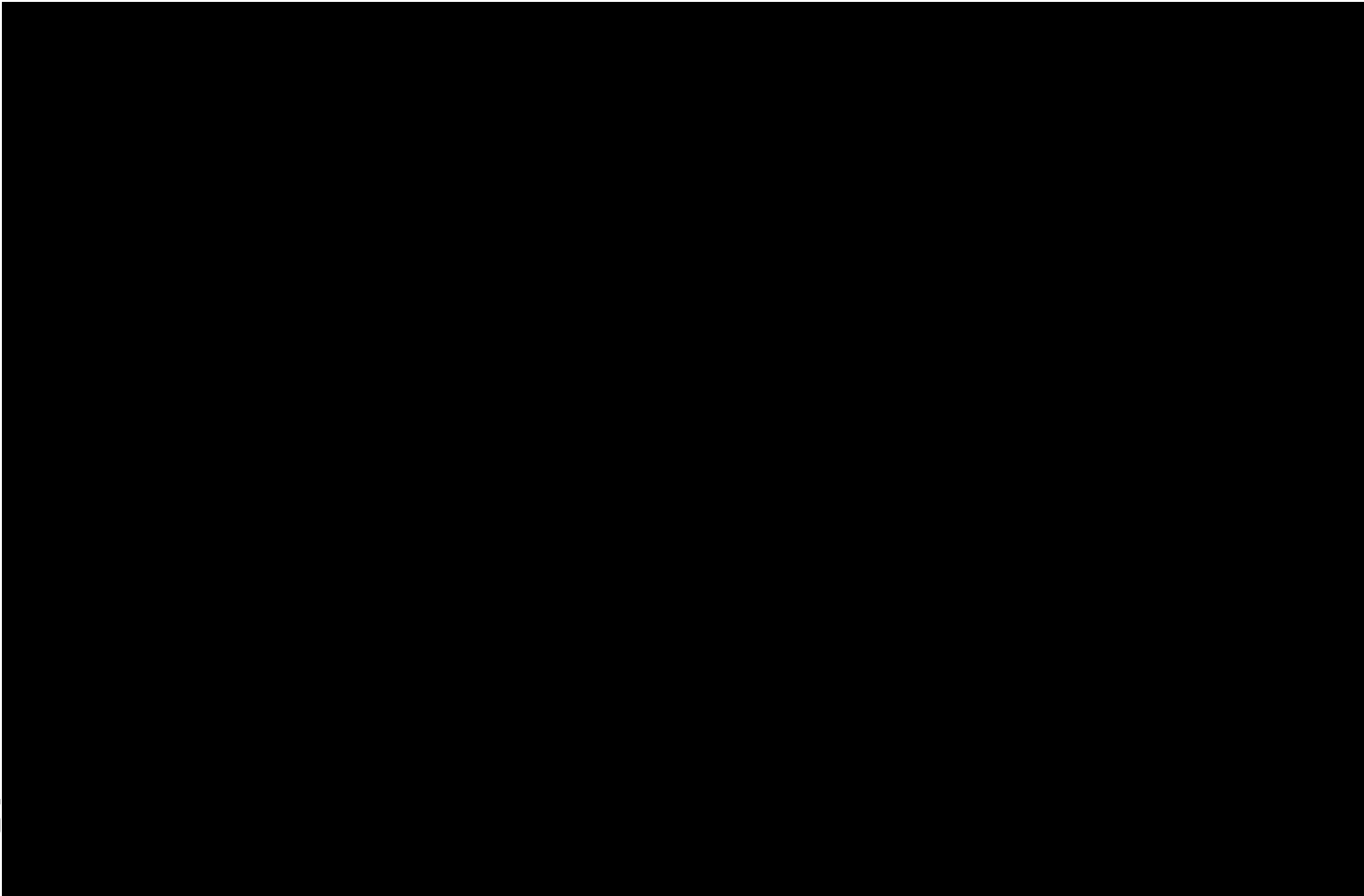
1. We need to reduce costs
2. We need more volume

What is the £25 million site investment breakdown?

Project Detail	LE
Roof replacement	9,600
Silos replacement	4,000
Old services and sprinkler replacement	2,300
Walls and floors	1,700
PLC control system for bulk	1,500
Fat and water lines replacement	1,000
Othere.g. <ul style="list-style-type: none"> - Employee facility upgrade - Chocolate tank upgrade - Electrical panel upgrade - Boiler house refurbishment 	4,900

Source: Internal review

Infrastructure investment required at sites to bring to sustainable operating standards



Source: Internal review

Why did the business not move forward with the greenfield site when previously offered?

This was a discussion which took place before our current MD, David Murray, was in place. Scottish Enterprise offered to help find a greenfield site and support the planning conditions. A new greenfield site would not address the core issue of excess capacity within the business.

Why did you the business not engage with Scottish Enterprise before this proposal?

Like many other large businesses in Scotland, we have a longstanding relationship with Scottish Enterprise, who have supported our business in the past. We have engaged in several discussions with them over the years on topics such as training and staff development, R&D, environmental aid, site development and manufacturing efficiency.

This year, we've been in contact with SE and engaged on the detail of their support resources and our business challenges including site utilisation, manufacturing over-capacity and external factors such as HFSS. As is normal practice, data was shared under a non-disclosure arrangement. The Tollcross closure proposal was not communicated to Scottish Enterprise until early May following our business approval process.

What are the metrics used to compare all of the sites across the UK and how does each site score compared to the others? What does it include?

Lost time accidents (LTA)

- *Number of lost time accidents*

Absence

- *Total site absence %*

Conformance to plan (CTP)

- *Volume of finished goods produced as a % of budgeted figure*

Internal service level (ISL)

- *Volume of finished goods supplied to customer as a % of budgeted figure*

Overall line performance (OLP)

- Overall equipment effectiveness (OEE) value taken from Shop floor on line

Gross loss

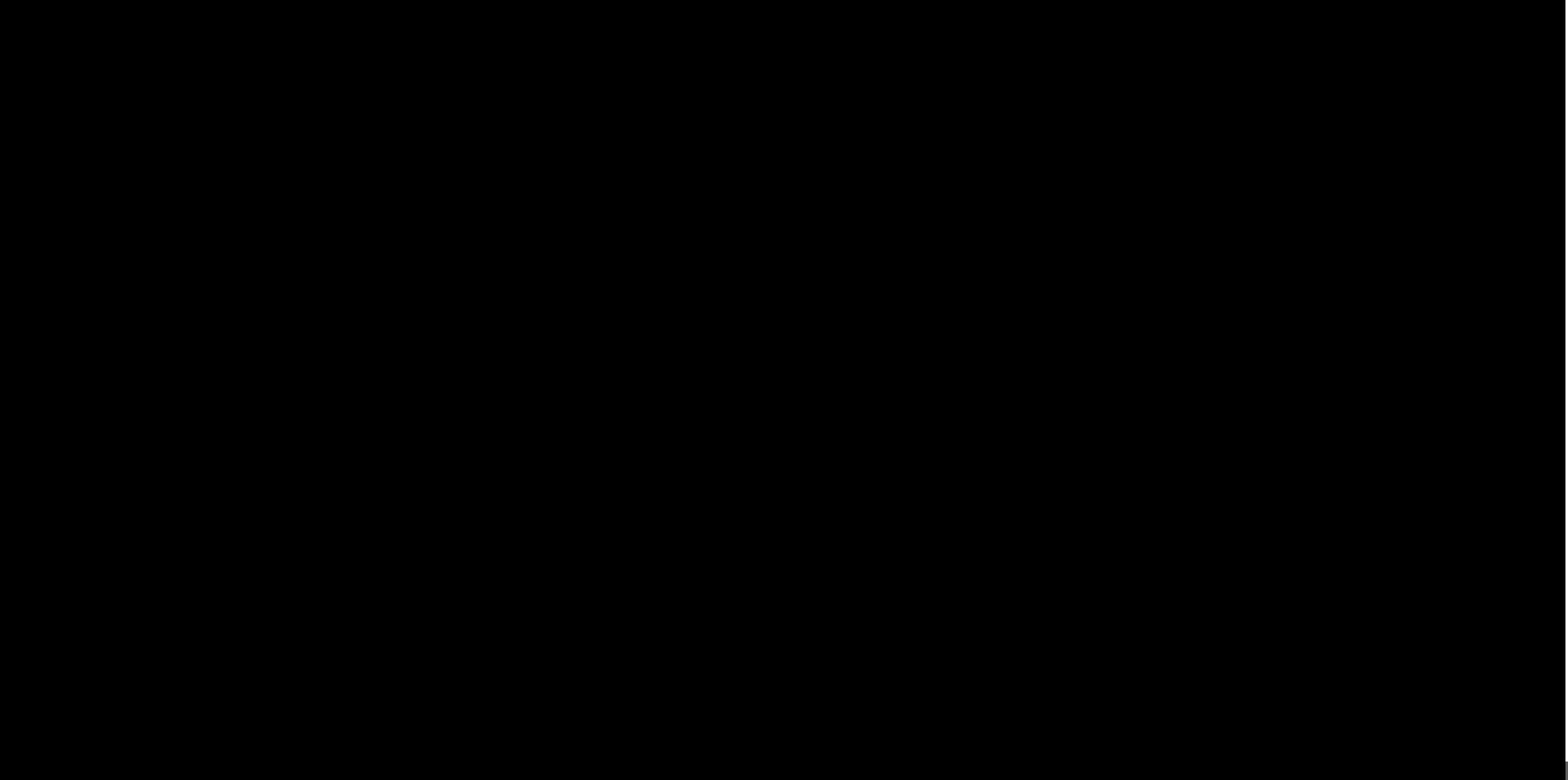
- % of waste to ratio of production

Tonnage (actual vs budget)

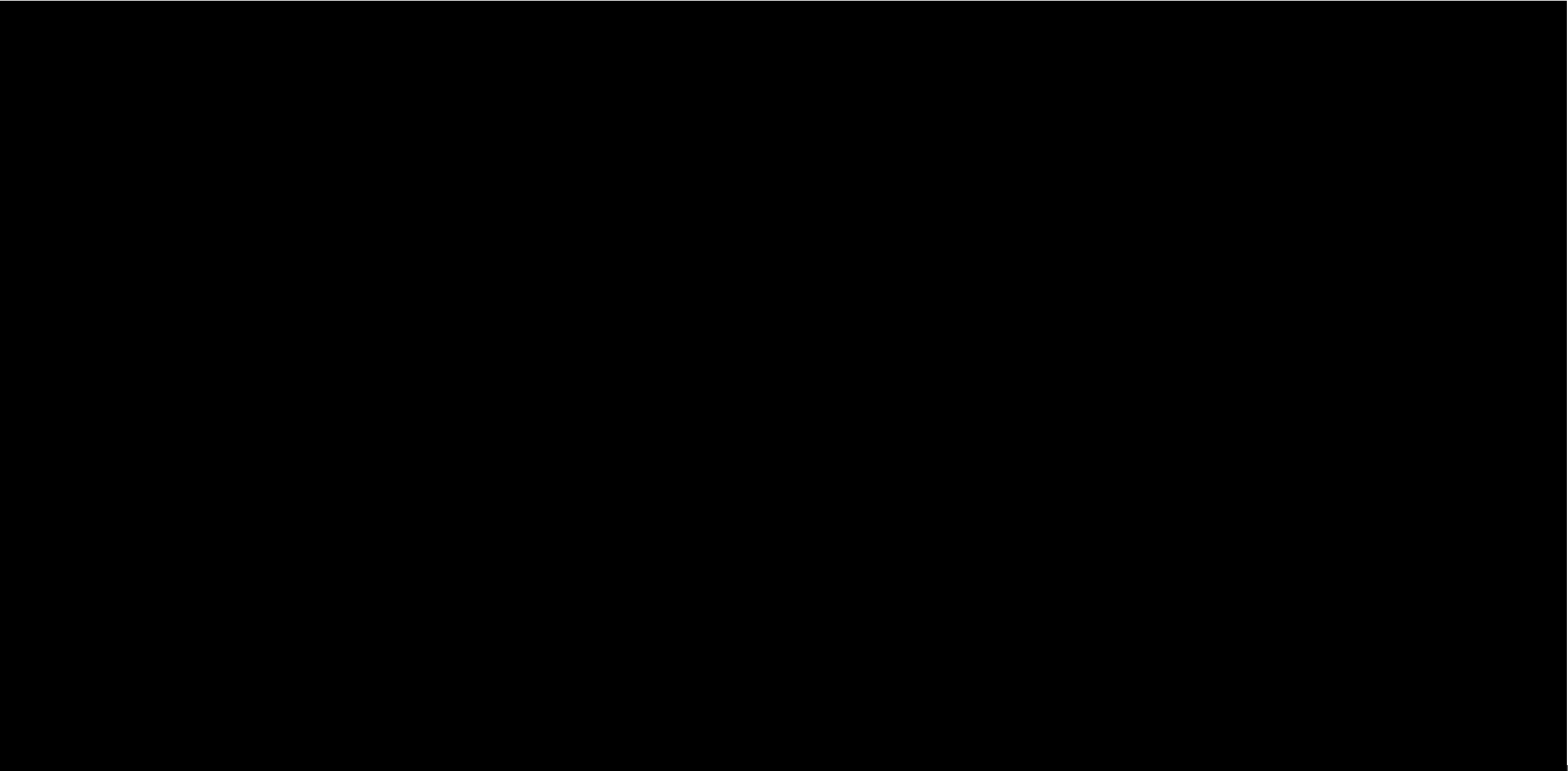
- Manufactured tonnage as a % of budgeted figure

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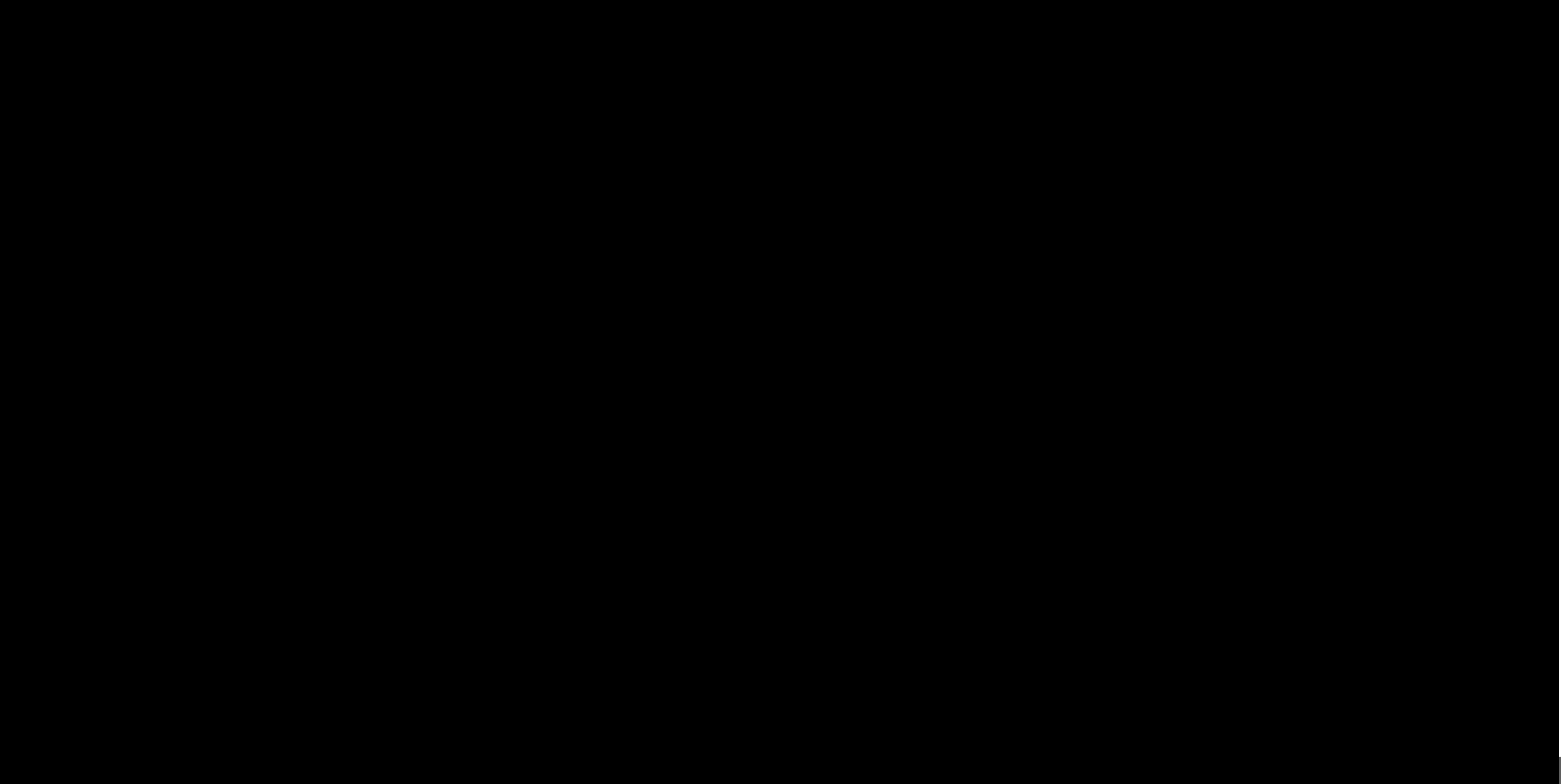
2017 Full Year - SC KPI's Performance V's Target & League Order



2018 Full Year - SC KPI's Performance V's Target & League Order

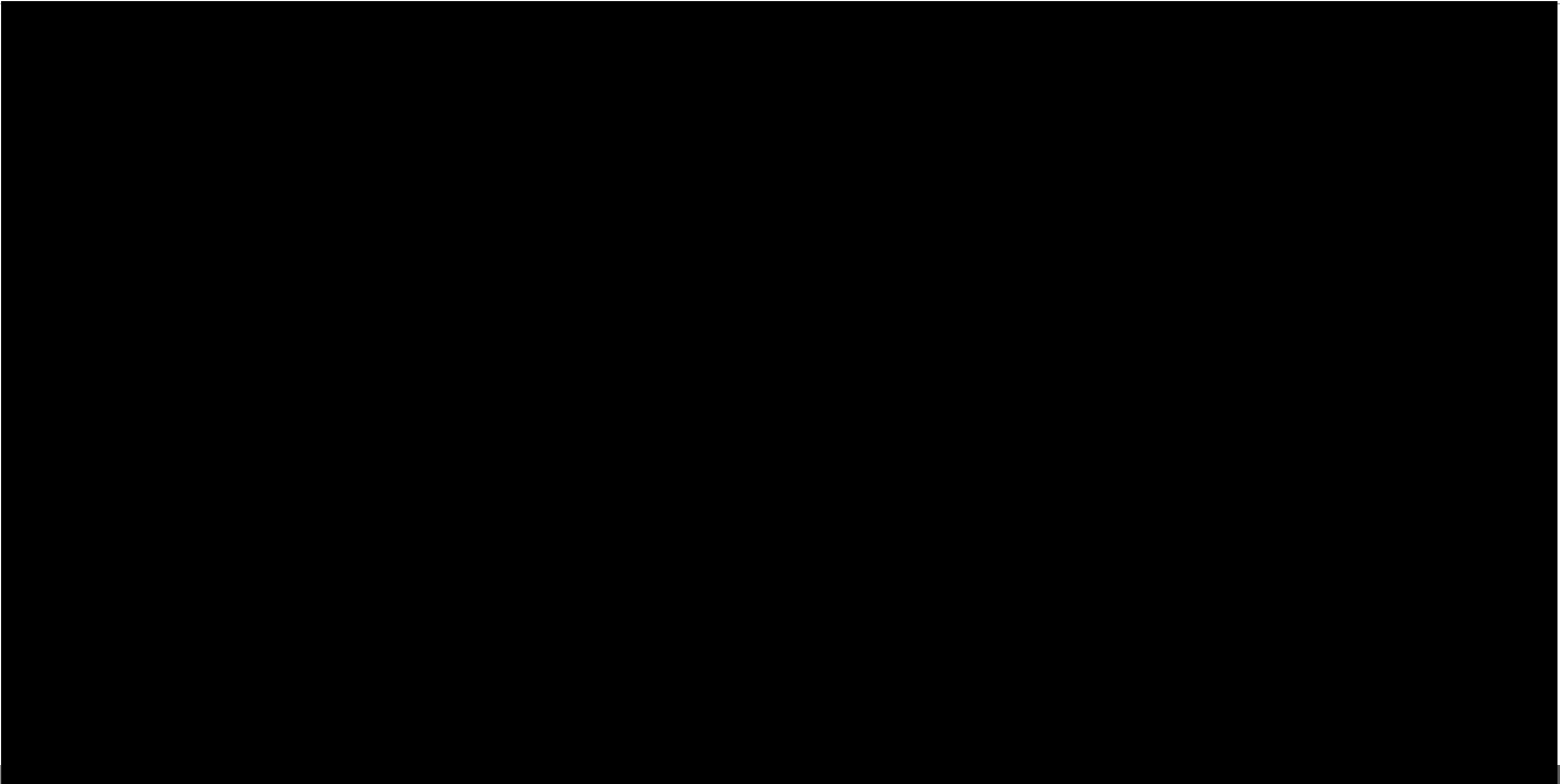


2019 Full Year - SC KPI's Performance V's Target & League Order



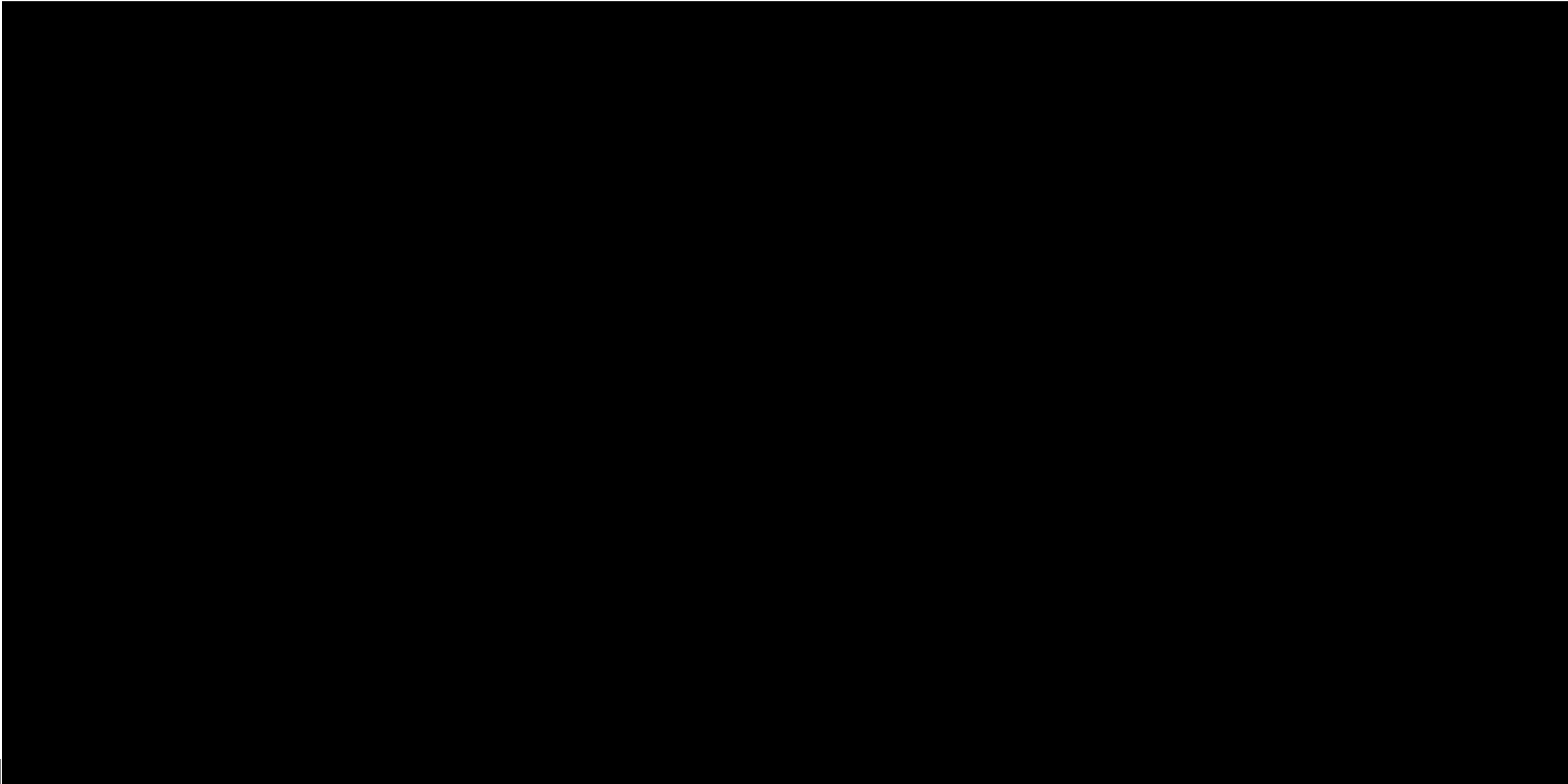
All content should be regarded as a proposal pending sign off of the project and a thorough and meaningful consultation should it go ahead.

2020 Full Year - SC KPI's Performance V's Target & League Order



All content should be regarded as a proposal pending sign off of the project and a thorough and meaningful consultation should it go ahead.

2021 Year to Date Wk 20 - SC KPI's Performance V's Target & League Order



All content should be regarded as a proposal pending sign off of the project and a thorough and meaningful consultation should it go ahead.

A demographic profile of the employees on the site

The numbers of employees of each gender

- Male – 307 (65%)
- Female – 165 (35%)

The number of employees in each 10-year band

Age range	Number of employees in age range	Average age in age range
Under 20	1	19 years old
20-29	37	26 years old
30-39	92	35 years old
40-49	87	45 years old
50-59	195	55 years old
60-69	60	62 years old
Total	472	48 years old

The service of employees in each 5-year band

Service	Number of employees in service grouping	Average service in grouping
up to 5 years	137	4.5 years
6-10 years	51	8.5 years
11-15 years	81	13.7 years
16-20 years	36	18.5 years
21-25 years	65	23.6 years
26-30 years	16	28.3 years
31-35 years	37	33.3 years
36-40 years	31	37.8 years
40 years plus	18	44.5 years
Total	472	17 years

A demographic profile of the employees on the site

The distance that employees live from the factory.

Post Code	Employees
G32	130
G31	41
G33	39
G71	30
G69	26
G72	25
G34	20
G21	13
G40	12
ML1	10
G73	9
ML6	9
ML3	8
ML4	7
ML5	7
G75	5
PA2	5
G74	4

Post Code	Employees
G15	3
G22	3
G52	3
G64	3
G67	3
G11	2
G42	2
G51	2
G53	2
G66	2
G68	2
G76	2
KA13	2
KA3	2
ML11	2
ML2	2
ML7	2
ML8	2

Post Code	Employees
EH47	1
EH48	1
EH49	1
FK1	1
FK2	1
FK7	1
FK9	1
G12	1
G13	1
G14	1
G20	1
G43	1
G46	1
G77	1
G78	1
G81	1
G82	1
G83	1

Post Code	Employees
KA1	1
KA26	1
KA30	1
ML10	1
ML12	1
ML9	1
PA1	1
PA10	1
PA16	1
PA3	1
PA4	1
PA5	1
PA7	1
Total	472

Consultation Timeline

- **24th May** - Scottish Enterprise have received the Business Rationale
- **25th May** – First Consultation Meeting
- Scottish Enterprise review underway and to be supported via pladis.
- HR1 Statutory notice

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Proposed planned closure of Tollcross

Consultation meeting 5

29th June 2021

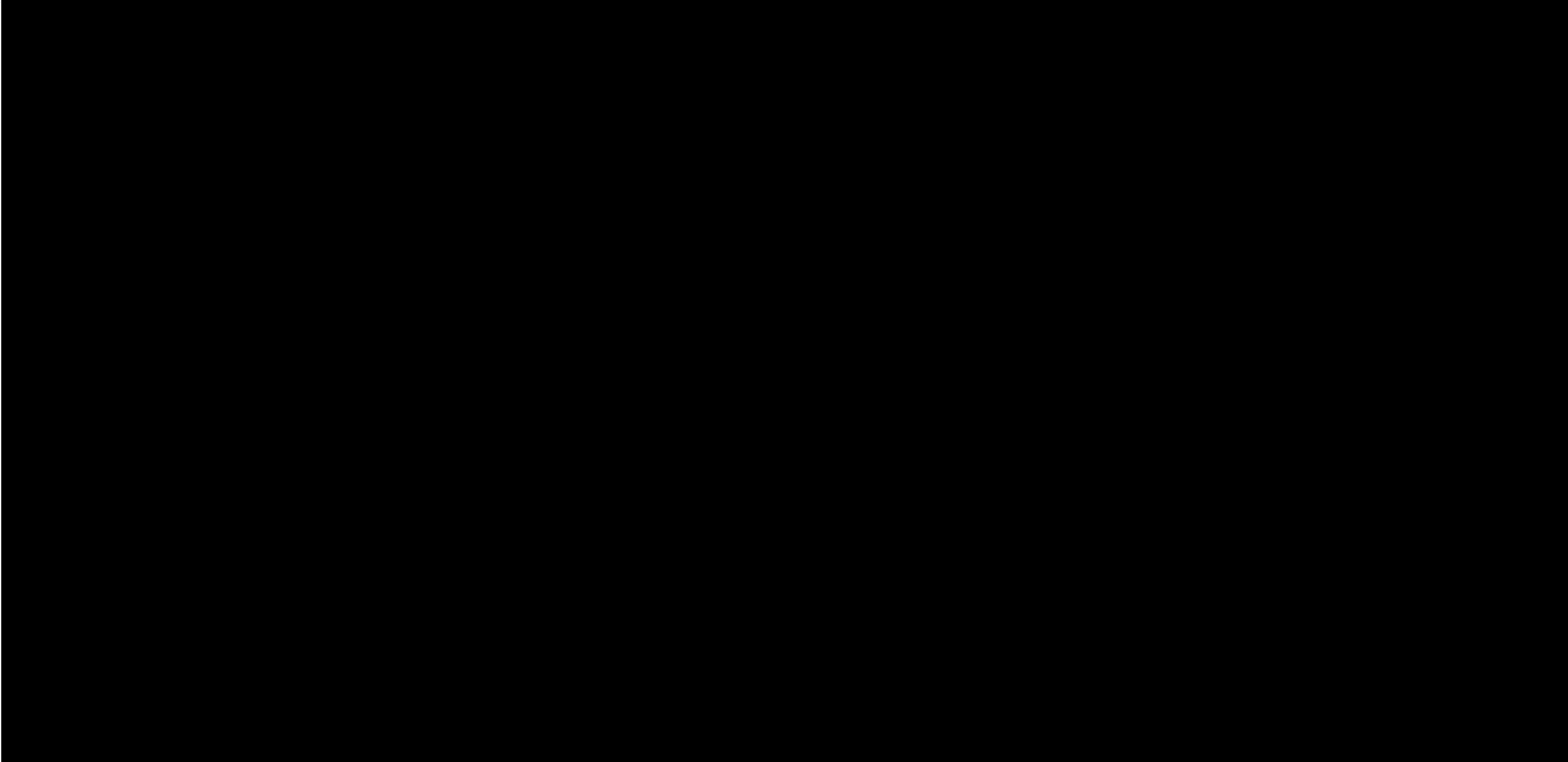
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Agenda

- Minutes from Consultation meeting 4
- Q&A from 4th meeting
- Review of alternative proposals

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What were the actual NPD products launched in each site over the last five years?

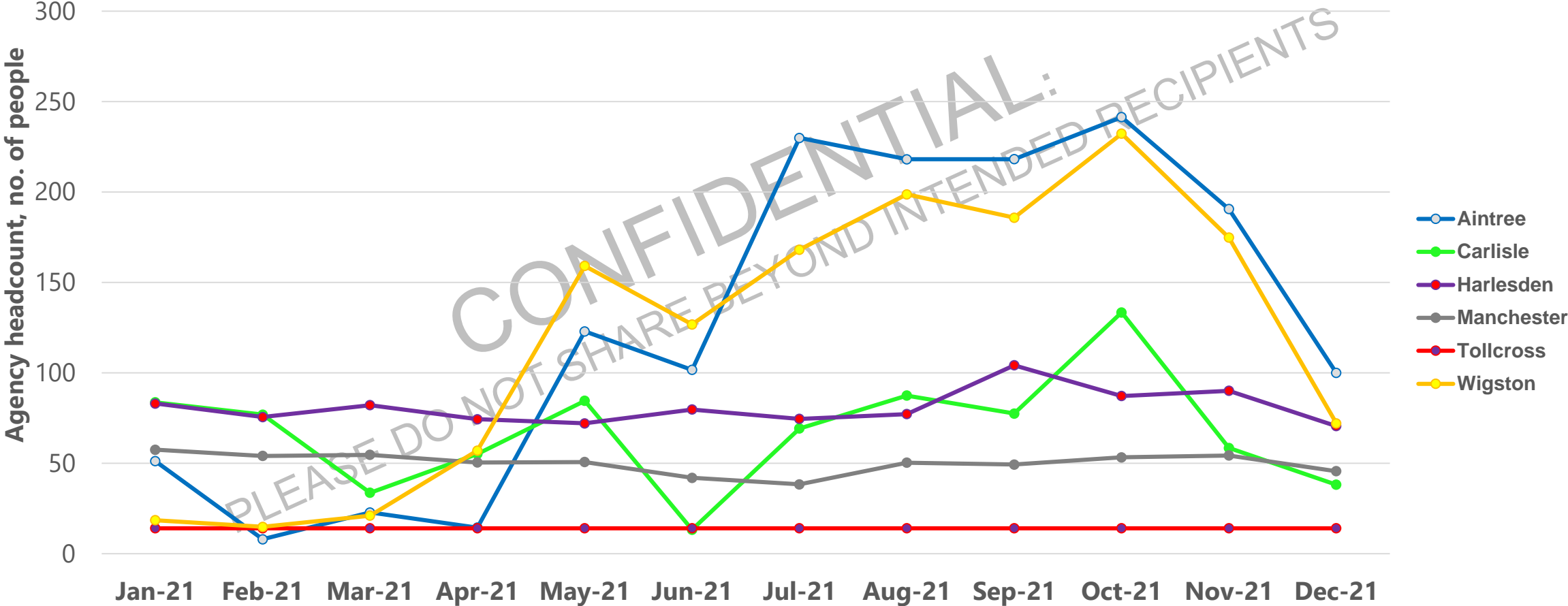


Have we considered a partnership with Universities for new product development?

- We have previously successfully collaborated with external agencies to support R&D development. A recent example is where we worked with Brunel University school of engineering to explore the application of Design Thinking to the pladis innovation pipeline.
- We are well connected with leading university departments to nurture industry/academic links and our future recruitment pipeline. We also collaborate with leading suppliers in technology development.
- Given our innovation pipeline is highly commercially sensitive, there are of course Intellectual Property considerations that need care when engaging with external providers, including universities.
- We also need to be able to advance product development projects at speed and quite often this can only come from dedicated in-house project resource and expertise.

What are the Agency numbers used per site and how many current vacancies do we have?

Direct Agency Labour Headcount (FTE)
(Source: Budget 2021)

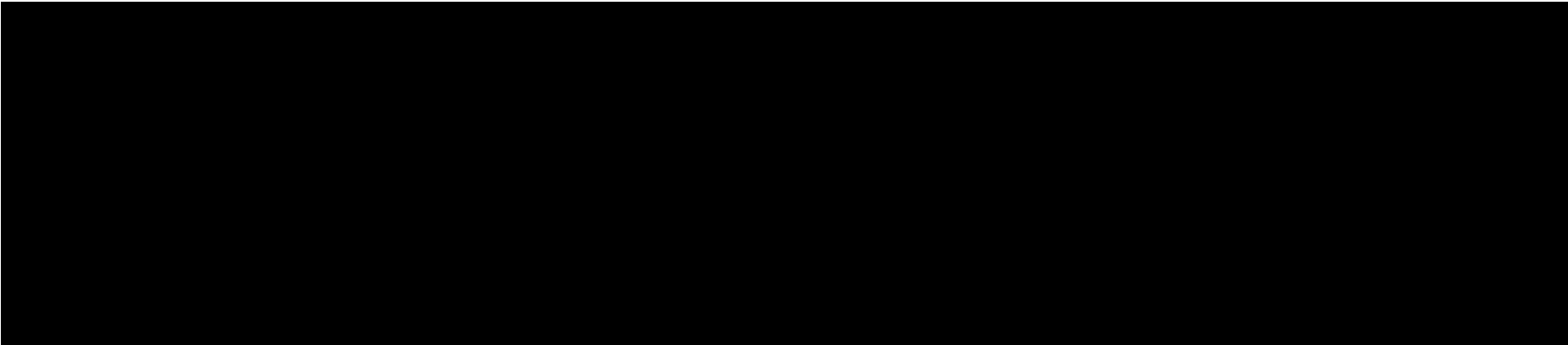


Can we have the cost per tonne for each site for the last five years?



Q&A from 4th meeting

- **How much advance notice do we have of Retailer Brand Product contracts coming up for tender?**
 - Contracts vary from rolling to annual but not longer than 2 years
 - Notice can range from 1 to 3 months depending on the size of tender and type of contract



Timescale	Customers
Annual – Max 2 year	Tesco, Sainsburys, M&S, Aldi, Lidl
Rolling	Asda, Co-Op, Waitrose, Spar

- **How much volume and what type of products are co-packed in Grange?**
 - MDC Co pack handles between 5 and 6 mil cases dependant on factory support volumes, circa 20kT.
 - Grange co packed 800T in 2020 (4%)
 - Currently the following 4 SKUs are co-packed due to Grange offering a more competitive rate than MDC:
 - Jacobs Mini Cheddars Bulk 32pk
 - McV 5 pack Biscuit Barrel Box
 - McV Jaffa Cakes Gift Pack 1 x 1205g
 - MCV EDT Gift Pack 1 x 1849g

Q&A from 4th meeting

- **What are the acceptable incremental steps required on a utilisation journey and if 80% is the target what is an acceptable level?**
 - The overriding objective when investing to a significant scale in new assets, is to achieve a high level of return for the capital deployed. This will require our asset utilisation to be at 80% as a minimum.
- **Has the company carried out a quality impact assessment which looks at how the proposal would impact people with disabilities and the local community?**
 - The economic impact assessment report will be shared post today's meeting
- **What does the business need in a counter proposal?**
 - Counter proposals need to be clear in their scope with sufficient detail to allow for prudent operational and financial analysis. The counter proposals need to address the challenges highlighted in Consultation meeting 1 Business rationale :
 - Stagnant market volumes
 - Excess capacity in the UK
 - Tollcross has the lowest output and utilisation across the UK Biscuit sites
 - Tollcross has the highest cost per tonne across the UK Biscuit sites
 - Disproportionate infrastructure investment required to bring the site to sustainable standards
 - **We will model the viability of any alternative proposal and will feedback the analysis**

Q&A from 4th meeting

- **Can you explain the specific reasons why you won't share the costs and benefit information?**
 - At our last consultation meeting on 17th June '21 you asked for disclosure of certain financial information and mentioned a claim to the Central Arbitration Committee if we fail to disclose the information requested.
 - We are at all times willing to provide relevant information, and so I would be grateful if you could set out your request for information in writing, giving all relevant detail of the information being requested, and also stating how the absence of such information would materially impede the Union in carrying out its duties.
 - We will then be in a position to respond, taking into account our right to be protected from any substantial harm which might result from the disclosure of the information requested, and also taking into account good industrial relations practice in such situations.

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**Consultation Meeting Five
29th June 2021**

Attendees

[redacted], [redacted], [redacted]

Gary Russell (Unite), Peter Lamb (Unite), Matt Gould (Unite), Pat McIlvogue (Unite)

Tony Bennett (non negotiated staff)

[redacted]

Jim Cuthbert (pladis), Richard Payne (pladis), James Spence (pladis)

*represents return to presentation

Notes

Meeting opens 10.05.

JC - Begins presentation.
Runs through agenda.

PM - Before continuing there are some points to be made. There is real concern about the Company's commitment to meaningful consultation. The employer would appear to have a closed mind to any proposal. The trade unions believe consultation is a sham: the proposal is a plan. What can the Company do to allay members' concerns that consultation is indeed meaningful?

JC - It is a proposal and a process. It means there is a proposal and the consultation is looking at whether there are alternatives to the proposal.

DH - Is there a proposal to save jobs?

JC - There needs to be a viable alternative, this was the position at the outset and remains the case.

PM - Still seeking to understand what the strategy is; manged rundown. The problem is the proposal is a plan as Mr Murray has discounted alternatives.

JC - Any counter proposal will be analysed, and we will justify any decision.

PM - *Having read an extract from David Murray's letter to Cabinet Secretary Kate Forbes.* I repeat the Company's legal obligation to meaningful consultation and to mitigate redundancies. The details of the letter are with union lawyers in relation to protective award.

JC - David Murray replied to Kate Forbes' letter of 22nd June 2021 details that proposals to be considered and analysed in consultation meetings.

PM - I believe this is a retraction on David Murray's part, having been made aware of the error he has made.

PM - That First Minister is supportive of our efforts yet on the same day a petition of some 75,000 signatures was presented to Parliament an announcement was made about investment and expansion at the Carlisle site. In the context of local consultation looks bad and pre-arranged.

JC - The information in relation to Carlisle is in the public domain, all you have to do is google and the information is there, have you done that? Newspapers run a story that does not reflect the reality. This is an efficiency proposal, it will not lead to any additional volume or headcount. It is part of capital project review that is undertaken across all sites every year. As an example, at Tollcross money has been spent this year on capital investment, £61k on a new KEK sifter, £134k on Metal detectors, £20k on Flow meters and £25k on an Endline taping machine for Line 5. All Carlisle have done is spend their allocation to rectify a long standing issue like we have done. There is absolutely no upside to the Carlisle story being managed. There is no linkage as has been suggested.

PM - David Murray's letter has significantly impacted on the perception of all of this being meaningful.

MG - That letter shuts the door.

JC - Proposal was difficult from the outset and that remains the case.

PM - David Murray's letter is an unequivocal rejection of anything that may be brought forward. We need something from the business.

JC - What is being sought?

PM - Communicate with the employees that there is engagement and commitment to meaningful consultation.

PM - Will you allow technical experts to come consultation meetings?

JC - let me reflect on your request.

PM - In addition to David Murray's letter and Carlisle announcement the HR1 has impacted on the workforce (sentiment echoed within the room by the other representatives).

JC - The issuing of the HR1 does not impact on the dates previously referenced, in the event that the proposal goes ahead. It was therefore disappointing that there were attributed quotes in the media that appeared to suggest otherwise. You said that the issuing of the HR1 would mislead the workforce into believing that the potential first redundancy date would be brought forward and you wanted to me to communicate that this was not the case. Then 90 mins after the meeting finished there are articles in the newspapers quoting David and you giving this very impression. Not much time for me to communicate.

PM - I said there would be consequences to issuing the HR1.

JC - So there were consequences and the factory paid them.

PM - What does the Company need to alter the proposal?

JC - The information shared to date has been comprehensive, what is lacking?

Adjournment called by PM at 10.45.

Reconvene at 11.15

PM - We are looking to demonstrate meaningful consultation. The opportunity to access data on what could work. Rather than working and waiting on a week-to-week basis could data be shared on a ready access basis?

TB - If I had access to data could work with the Action Group to deliver counter proposals

MG – We are entering holiday season so if we can flush out data or have access it would enable the ability to work on alternatives.

JC – That sounds like a reasonable request and I am happy to work with Tony and provide real time data to help generate the counter proposal.

TB – If you can provide the information I need I can have the draft proposal complete by Friday pm and then the action group can work on finalising it.

*

JC- outlines the slide pack.

PM - in reference to slide four (partnership with universities). There are good examples of working in partnership with universities to benefit industry, aviation being an example. Engaging further with universities could be an option linked with a potential greenfield site, however, would need large volume, greater than 20,000 tonnes.

* Agency numbers and vacancies per site (slide five)

JC - Details slide five which outlines agency numbers across all sites.

PM - Is there any of the volume, that requires agency staff, that can be transferred to Tollcross? Can we have details of the products and tonnage for other sites that could be moved to Tollcross?

DH - What is the ratio of agency to permanent headcount, can direct labour for each site be provided?

*Cost per tonne at each site over last five years (slide six).

DH - 


JC – Let's hold that question and I will relate the answer to a later slide and another question you asked.

* Notice period on own brand products (slide seven).

PM - Total own brand volume of 110kt that pladis doesn't do could be up for grabs.

*Questions and Answers from fourth consultation meeting.

PM - who makes the decision on viability?

JC - Specialists will provide analysis and share with the senior team, for the financials it will be Ian's account team.

PM - Cost and benefit information is required.

JC - If a written request can be made outlining just what the trade unions are seeking the Company will reply.

PM - Outline why the information is required, an NDA is a route to progress.

JC - Put the request in writing.

JC - Next steps?

PM - A group of the reps. can engage with you for sharing information to enable the counter proposal. It will be a few weeks before the counter proposal will be ready. There are holidays for some in the room but support dialogue continuing until we are all back together, most likely on 20th July 2021.

JC - Thanks to all for your presence and engagement.

Meeting closed 12.15.

Next meeting is Tuesday the 6th July at 10am.

Actions / Questions

- Will the company except technical experts, aligned to the action group, joining the consultation group?
- In looking to demonstrate meaningful consultation and to enhance the speed in which information flows, will the Company be prepared to share relevant data with designated representatives of the consultation group outside of set consultation meetings?
- What are the products and tonnage produced, at each site, with the use of agency workers and can that work be transferred to Tollcross?

Post meeting requests

United Biscuits Tollcross

Economic Footprint Analysis

Introduction

1. United Biscuits (part of the Turkish based Pladis Global Group) employs 479 Full Time Equivalents at its Scottish plant at Tollcross in the East End of Glasgow. The plant produces a range of McVitie's branded biscuits (including HobNobs) and supermarket own brands.
2. In the United Kingdom the company has 7 plants, with Tollcross being its only Scottish location. Of the plants, the one in London has seen significant capital investment. [REDACTED]
[REDACTED] The biscuit market is mature and has considerable overcapacity in the UK with the Tollcross plant having the lowest production by volume of any of the Group's UK sites.
3. The plant has had a challenging history in recent years, with closure threats and support from SE for such things as retraining and product support. Following management changes the company is again undertaking a review of its UK operations.
4. The purpose of this note is to outline the plant's economic impact on the Scottish economy to help with any decisions that SE may be called upon to make.
5. The company has provided a range of data about the employees and their characteristics. This has been drawn on here along with secondary data, from various Scottish Government statistical publications. The starting point is to look at the sector in Scotland.

The Sector in Scotland and Glasgow

6. The plant makes biscuits, which falls into SIC Division 10, manufacture of food products. Table 1 looks at the Sector in Glasgow and Scotland in 2018, although the Glasgow figures combine 3 SIC Divisions. What can be seen is that:-
 - Based on employment at Tollcross of 479 Full Time Equivalents (FTEs), the plant accounts for around 9% of employment in the food and drink sector in Glasgow and 1.5 % in Scotland;
 - When the Scottish figures are considered the sector is:-
 - Relatively unproductive in that the GVA:Turnover ratio is 0.24:1, that is for every £1 of turnover 24p of GVA is produced. The Scottish average across all sectors in 2018 was 41p of GVA per £1 of turnover¹; and
 - Paying relatively low wages, with the average being around 25% below the comparable 2018 "all economy" figure²; and
 - The figures for Glasgow are higher but this may be as they include the beverage sector, which in Scotland had an average salary of £32,356 in 2018 which no doubt increases the combined SIC 10,11 and 12 figure for the City

¹ This is for SICs 1-96, excluding the financial sector and parts of agriculture and the public sector.

² <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2018/11/summary-of-earnings-statistics-2018/documents/annual-survey-of-hours-and-earnings-2018-summary-slides/annual-survey-of-hours-and-earnings-2018-summary-slides/govscot%3Adocument/ASHE-summary-2018.pdf>
These figures need to be treated with some caution as the SABS figures are based on employee headcount whilst the figure from the Annual Survey of Hours and Earnings is the media Full Time employee figure.

TABLE 1 **Sector Statistics: Manufacture of Food, Beverages and Tobacco Products**

Metric	Glasgow (SICs 10,11 and 12 combined – manufacture of food, beverages and tobacco products)	Scotland (SIC 10 – manufacture of food products)
	Value	Value
Employment	5,100	33,100
Turnover	£1,317.7 m	£5,963.7 m
GVA	£473.0 m	£1,445.6 m
GVA/Turnover	0.36	0.24
GVA per head	£92,568	£43,698
Gross wages and salaries per head	£29,049	£22,069

Source:-

<https://www.gov.scot/publications/scottish-annual-business-statistics-2018/>**The Sector Multipliers**

7. The activities that the company is involved in fall within SIC 10720, Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes. In terms of Scottish Government statistics this falls into 10.7, Bakery and farinaceous products. Table 2 shows the relevant multipliers, with the Type I being the direct and supply chain impacts and the Type II these plus the impacts supported through wages (induced) spend.

TABLE 2 **Relevant Multipliers for SIC 10.7: Bakery and Farinaceous Products**

Multiplier	Employment	GVA
Type I	1.3	1.4
Type II	1.5	1.7

Source:-

<https://www.gov.scot/publications/input-output-latest/>

8. These will be used when calculating the plant's wider impact on the Scottish economy.

Employee Characteristics

9. Of the 479 employees:-

- A third are female (34% (165)); and
- Two thirds male (65% (314)).

10. it is perhaps unsurprising that most of the employees live in Glasgow (Table 3) followed by Motherwell, as defined by their home's postcode area (95% of the total).

TABLE 3 **Employees Residence by Postcode Area**

Postcode Area	Number of employees	Percentage of employees
G (Glasgow)	401	84%
ML (Motherwell)	52	11%
PA (Paisley)	12	3%
KA (Kilmarnock)	7	1%
FK (Falkirk)	4	1%
EH (Edinburgh)	3	0%
TOTAL	479	100%

11. When the Glasgow employees' residence is analysed at the more detailed postcode district level it can be seen (Table 4) that most live in the East of the City with a third of the Glasgow residents living in G32, close to the factory.

TABLE 4 Glasgow Employees Residence by Postcode District

Postcode	Number of employees	Percentage of employees
G 32 (Shettleston, Tollcross, Springboig, Mount Vernon)	130	32%
G31 (Dennistoun, Parkhead, Haghill)	43	11%
G33 (Cranhill, Riddrie, Barlanark, Stepps)	39	10%
G71 (Uddingston, Bothwell, Broomhouse)	32	8%
G69 (Gartcosh, Moodiesburn, Baillieston, Chryston)	27	7%
G72 (Cambuslang, Blantyre, Newton)	26	6%
G34 (Easterhouse, Provanhall)	20	5%
G40 (Bridgton, Dalmarnock, Calton)	13	3%
G21 (Sighthill, Springburn, High Balornock, Gamgad)	13	3%
Other G postcodes (26 codes)	58	15%
TOTAL	401	100%

12. Were the factory to close then the short-term effects would be quite localised, with a marked concentration on the East End, an area already characterised by high levels of social and economic deprivation.

13. Table 5 looks at the age profile of the employees:-

- A quarter are in the 57 to 66-year age band and a third in the 47 to 56 category; and
- Using the mid-point of the age bands the average age of the employees is 48.

TABLE 5 Employees Age Profile

Age Band	Number of Employees	Percentage of Total
18 - 26	18	4%
27 - 36	82	17%
37 - 46	86	18%
47 - 56	169	35%
57 – 66	121	25%
67 +	3	1%
TOTAL	479	100%

Job Characteristics

14. Table 6 looks at the job characteristics by job description annual salary and job numbers:-

- 25 of the jobs are High Value (5%), paying an annual salary above the £xx High Value salary threshold;
- The largest job category is Team Member 1 (34%, 161 posts) followed by Team Member 2 (30%, 146 posts). The average salaries of these 2 roles are, respectively, £23,230 and £28,917;
- The average salary is £26,847 and the median £28,917. For comparative purposes the 2020 full time median workplace-based salary in Glasgow was £32,573 and £30,820 in Scotland. The jobs are therefore paying 11% below the Glasgow median and 6% below the Scottish; and
- Comparison with the sector wages figures (Table 1) shows some interesting differences:-
 - The plant is paying an average salary some 18% above the Scottish average for the sector; and

- 8% below the Glasgow figures for SICs 10, 11 and 12 combined, although this figure seems likely to be inflated by the inclusion of the drinks industry which increases the average.

It might be that these relatively high salaries may impact upon the plant's efficiency although without figures on turnover this is speculation.

TABLE 6 Job Characteristics

Job Category	Number of Posts	Average Annual Salary	Total Annual Salary bill
██████████	1	£██████████	£██████████
Engineering Technician	22	£52,037	£1,144,814
Craft Engineer	8	£49,622	£396,976
██████████	1	£██████████	£██████████
Z3 Staff	15	£43,987	£658,805
Z4 Engineering	6	£34,026	£204,156
Z4 Staff	14	£31,411	£439,754
Line Coordinator	16	£30,352	£485,632
Advanced Team Member	21	£30,269	£635,649
Team Member 2	146	£28,917	£4,221,882
Engineering Apprentice	5	£24,780	£123,900
Team Member 1	161	£23,230	£3,740,030
Team Member	10	£21,438	£214,380
Team Member 1 (job share)	27	£11,678	£315,306
Team Member (job share)	3	£10,746	£32,238
TOTAL	479	£26,847	£13,817,647

Note:-

- Several the jobs are worked on day and night shifts with the night shift salary being higher. For these jobs the average between the 2 figures has been used in this Table.

Employees' Tax Contribution

15. Table 7 looks at the tax contributions made by the employees based on the average salary. As such this needs to be treated as indicative in that those who earn above the average will pay more tax, those below less. Annually Scottish Income Tax is around £1.5 million whilst Employees National Insurance is almost £1 million.

TABLE 7 Employees' Annual Tax Contribution

A	B	C	D	E	F
Average annual salary	Number of employees	Scottish Income Tax payable per employee	Employees National Insurance payable per employee	Total Scottish Income Tax payable (B x C)	Total Employees National Insurance payable (B x D)
£26,847	479	£3,101.34	£2,073.48	£1,485,541	£993, 197

- The tax rates are the ones for 2021/22.

16. It needs to be stressed that should the plant close this does not mean that there would be an annual loss of employee taxes of £2.5 million. For example, some of those who may be made redundant may get other jobs and so will continue to pay tax.

The Employment Impact of the Plant

17. Based on the current employment figure of 479 FTEs then, using the multipliers (Table 2):-

- The company supports 479 direct jobs (67% of the total);
- 144 in the supply chain (20%); and
- A further 96 supported through induced (wages) spend (13%);
- 719 jobs in total.

The GVA Impact of the Plant

18. Normally GVA would be estimated using plant specific management accounts. As the plant is a cost centre these are not available. Accordingly, GVA has been calculated based solely on the plant's wages and salaries. The normal GVA calculation includes profit. However, given that ownership is ultimately based in Turkey it seems likely that any profits have limited benefit on the Scottish economy. Omitting these from the GVA calculation is therefore unlikely to have any significant impact.

19. Based on the plant's annual salary bill (£13.817 million, Table 4):-

- The annual GVA contribution of the plant to the Scottish economy is £13.817 million; and
- Over 5 years this cumulates to £69.085 million or £64.572 million Present Value.

20. Applying the multipliers then annually:-

- There is £13.817 million of direct GVA (59%);
- £5.537 million in the supply chain (24%);
- £4.135 million through induced (wages) spend (17%); and
- An annual total of £23.489 million.

21. Over 5 years this equates to:-

- £38.097 million of direct GVA (Present Value (PV));
- £15.497 million in the supply chain (PV); and
- £10.978 million through wages spend (PV); and
- A total of £64.572 million (PV).

Employment Dynamics

22. Were the plant to close then it seems likely that the 479 staff would be made redundant, not necessarily all at the same time but over the period that the plant would wind down. What happens to those who no longer have a job will depend upon their individual circumstances so are difficult to predict with any accuracy-

- Given the age profile of the employees (for example over a quarter are 57 and over, Table 3) a proportion of these may decide to take themselves off the labour market, although this is likely to be dependent upon such factors as family and financial circumstances including the ability to access state or company pensions as well as views as to their chances of being able to get another job;
- Those with higher level skills and transferable skills (for example, management and finance) are likely to be relatively mobile and may therefore move elsewhere within Scotland or the UK to obtain work;

- Others may be able to obtain work locally, albeit that this will be very dependent upon the state of the economy at the time of the closure. As the economy emerges from lockdown then there may be more job opportunities although currently it is difficult to predict this;
- Depending upon what support is put in place others may be able to retrain and possibly secure other jobs in the local area; and
- Others may become unemployed and claim benefits.

23. What the above shows is that predicting the impact of a plant closure on the unemployment figures is difficult. The labour market is dynamic as are its constituent parts: employers and employees. Indeed, what tends to characterise labour markets is their resilience: large numbers of jobs can be lost but the unemployment statistics often do not register much change, often for the type of factors outlined above (Paragraph 22).

The Supply Chain

24. The multipliers take account of the supply chain for the sector. Information provided by the company identifies only 2 significant Scottish-based suppliers:-

- A Livingston based packaging supplier which provides £1.7 million of goods each year; and
- A Bathgate engineering services company (£0.3 million of sales each year).

25. Without having the details of the companies, it is not possible to know what impact the loss of the Pladis plant would have. For example, if the packaging company has a turnover of £100 million then the loss of an account worth £1.7 million could probably be absorbed without major problems. This might not be the case for a company with a turnover of £10 million.

26. It seems likely that there will be many smaller suppliers that would be affected although turnover losses would, in absolute terms, be limited. For some though the loss could be significant in relative terms.

Conclusion

27. Should the plant close then the headline figure will be the 500 or so job losses. It would seem likely that many of those made redundant will have worked at the plant for many years, as has been found when other long-established businesses close. In addition, there will be a limited supply chain impact although this may be dissipated across several suppliers so that the impact upon specific companies may be limited. There will also be a loss of and Scottish Income Tax. The extent to which these latter losses are permanent will be dependent upon the specific circumstances of the individuals, for example can they get another job or can they access a pension?

28. It seems likely that many of the jobs that could be at threat are semi or unskilled. Despite this they seem to be paid at levels above the sector average which may cause competitiveness challenges for the plant. One way of countering this may be through capital investment in the plant. Whilst this may require staff to have greater levels of skill it would seem likely to result in a need for fewer staff.



Proposed planned closure of Tollcross

Consultation meeting 6

6th July 2021

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

Agenda

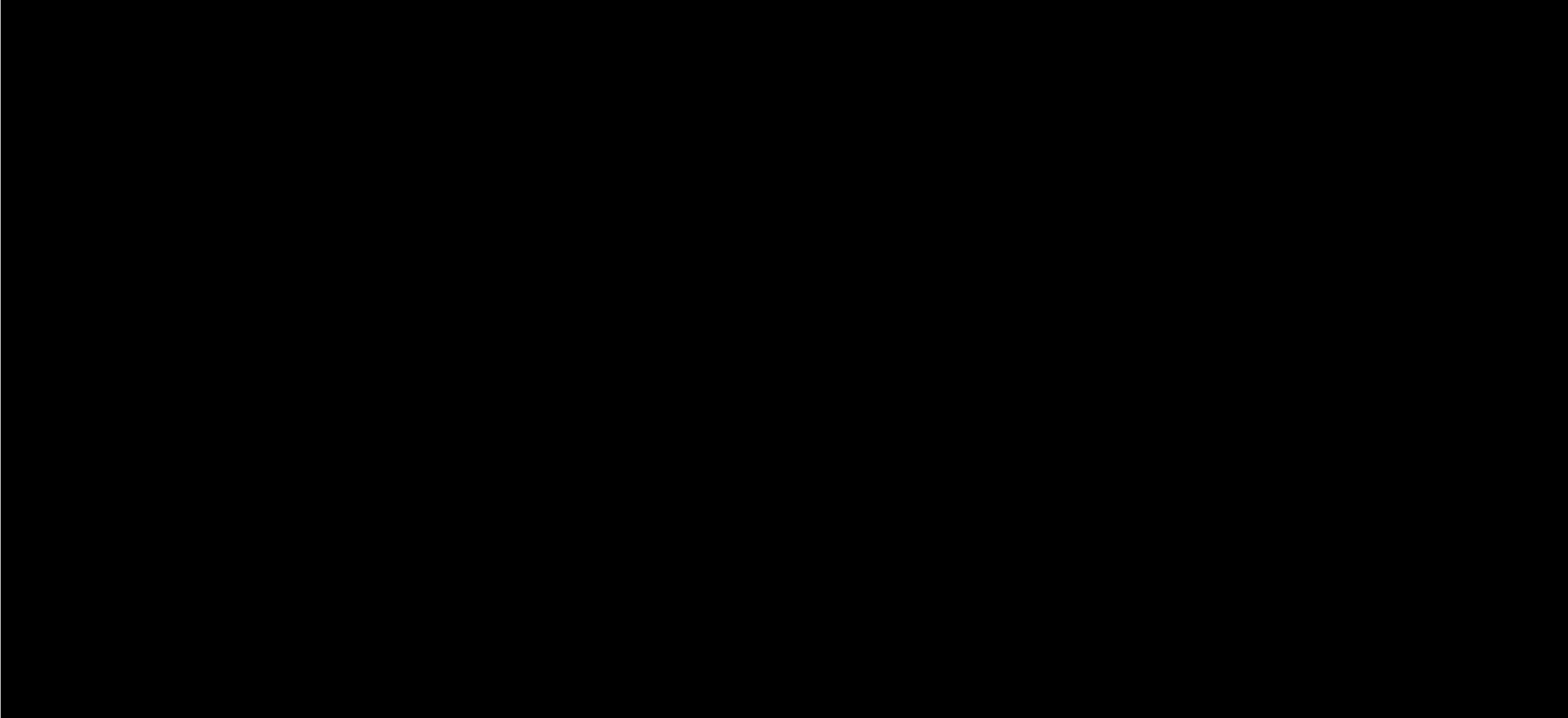
- Minutes from Consultation meeting 5
- Q&A from 5th meeting
- Review of alternative proposals

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Q&A from 5th meeting

- **Will the Company accept Technical Experts, aligned to the Action Group, joining consultation meetings?**
 - Addressed via email communication on 30th June.
 - The consultation process is with the union reps and their regional representatives
 - pladis are happy for you to share any information already provided or answer any further questions in a timely manner
- **In looking to demonstrate meaningful consultation and to enhance the speed in which information flows, will the Company be prepared to share relevant data with designated representatives of the consultation group outside of set consultation meetings?**
 - Addressed via email communication on 30th June.
 - Any requests for information/data can be emailed to myself and I will respond accordingly.

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What are the products and tonnage produced, at each site, with the use of agency workers and can that work be transferred to Tollcross?

This is not applicable as agency are used as and when required and not attributed to a particular product/line. As mentioned previously, agency can fluctuate day to day and even shift to shift as per the requirements of the factory and the skills required.

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

Line 1 Summary

Product [redacted]

Current Issues

- Moulder needs replaced
- Brick Oven needs upgraded
- No automation for shells
- Old hand feeding wrappers

Upgrade options and Cost

- Upgrade Moulder - **[redacted]**
- New modern oven - **[redacted]**
- Automation to pack end and shell feeding - **[redacted]**

Cost Upgrade Summary - [redacted]

Line 3

Product[redacted]

Current Issues

- Oven in poor condition more cost effective to replace
- Pack end old technology and high waste
- Low utilisation due to volumes

Upgrade options and Cost

See [redacted], and [redacted] summary

Line 4

Product [redacted]

Current Issues

- Oven in very poor condition more cost effective to replace
- Pack end old technology and high waste
- No volume, product delisted and remaining volume moved to Harlseden

Upgrade options and Cost

See **[redacted]**, and **[redacted]**summary

Line 5

Product [redacted]

Current Issues

- Oven in need of some upgrade works
- Pack end old technology and high waste

Upgrade options and Cost

See **[redacted]**, and **Hob Nob** summary

Line 9

Product [redacted]

Current Issues

- Pack end old technology and high waste
- Very low volumes

Upgrade options and Cost

This may be an option to de-list or move to **[redacted]**, the cost to upgrade would not justify the volumes

Line 10

Product [redacted]

Current Issues

- Mixer needs replaced
- Oven badly damaged in last fire
- Pack end old technology and high waste

Upgrade options and Cost

- Could re-use mixer from line 3 or 4 (No cost)
- Oven re-location and zone upgrade - **[redacted]**
- Pack end automation - **[redacted]**

Cost Upgrade Summary - [redacted]

Line 11

Product [redacted]

Current Issues

- **[redacted]**very low volumes, poor marketing

Upgrade options and Cost

- Only re-location to new site – Estimate cost -
[redacted]

Cost Upgrade Summary - [redacted]

Line 12

Product [redacted]

Current Issues

- Current extrusion equipment in need of upgrade
- Pack end old technology needs upgraded

Upgrade options and Cost

- V45 Upgrade - **[redacted]**
- Pack end upgrade - **[redacted]**
- Relocation to new site -
[redacted]

Cost Upgrade Summary - [redacted]

Line 14

Product [redacted]

Current Issues

- No current issues

Upgrade options and Cost

- Modern technology only needs relocation -
[redacted]

Cost Upgrade Summary - [redacted]

Line 15

Product [redacted]

Current Issues

- No current issues

Upgrade options and Cost

- Modern technology only needs relocation[redacted]

Cost Upgrade Summary - [redacted]

Line 16

Product [redacted]

Current Issues

- Promtek will need upgraded
- Depositor may need upgraded
- Packend automation

Upgrade options and Cost

- Promtek upgrade **[redacted]**
- Depositor upgrade **[redacted]**
- Packend wrapping**[redacted]**
- Relocation **[redacted]**

Cost Upgrade Summary - [redacted]

Line 17/21

Product [redacted]

Current Issues

- No current issues

Upgrade options and Cost

- Relocation
[redacted]

Cost Upgrade Summary - £150k

Line 3, 4 and 5

Product [redacted]

Current Issues

- Please see previous slides

Upgrade options and Cost

- Awaiting costs to consolidate all 3 lines into 2
- Assuming **[redacted]**
- Options to add **[redacted]**
- Site Volume increased from **[redacted]**
- Additional enrober, temperer etc - **[redacted]**

Cost Upgrade Summary - [redacted]

Process Equipment, Silo and ingredient storage and transport

Product All

Upgrade options and Cost

- New Silo Block **[redacted]**
- New ingredient storage, FAT, Glucose, etc **[redacted]**
- New pipework(relocate) **[redacted]**
- Scada/Rynex upgrade **[redacted]**
- Relocate/replace conveyors rynex etc **[redacted]**
- Services Boilers, Compressors, water treatment, air con, refrigeration, gas, Electrical
- **[redacted]**

Cost Upgrade Summary - [redacted]

Cost Summary

- Line 1 – **[redacted]**
- Line 3,4 and 5 - **[redacted]**
- Line 10 - **[redacted]**
- Line 11 - **[redacted]**
- Line 12 - **£5.5m**
- Line 14 - **[redacted]**
- Line 15 - **£150k**
- Line 16 - **£ 7.8m**
- Line 17/21 - **£150k**
- Support equipment - **[redacted]**

- Total Cost Approx **[redacted]**

Cost Summary

As discussed in the previous slide reducing CPT alone would not facilitate a pay back within 3 years. The only way to payback any capital funding would be by increasing tonnage. The slide below has estimated a new CPT for each line. Without knowing the new sites efficiency savings I have estimated a cost per tonne for each line, this is pure guesswork and is only designed to model required tonnage. With the CPT realigned based on reduced overheads and efficient equipment the site would need a minimum of [redacted]tonne to complete a ROI in 3 years. Unfortunately this would mean a massive increase in volume on products that don't have a huge market available. Ie. [redacted] The figures include all costs including services, silos etc.

LINE	PRODUCT	Volume('21)	TOTAL CPT	INVESTMENT	FULL INVESTMENT *	NEW CPT	Requ Volume
L1							
L5							
L10							
L11							
L12							
L14							
L16							
L17							
L21							
L22							

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Scotland Region

Our ref: PM/DM/JC/1

15 July 2021

Mr Jim Cuthbert
Pladis General Manager Tollcross
720 Tollcross Road
Glasgow
G32 8UD

FOR YOUR IMMEDIATE ATTENTION AND ACTION

Dear Jim

Information for collective bargaining to mitigate the need for compulsory redundancies.

Unite the Union's multiple previous requests for information through the formal redundancy consultation process that thus far have been denied by Pladis. The withholding of this imperative financial information is impeding the joint Trade Unions formulating a robust counter proposal.

To remedy this situation and in response to your request for this to be placed in writing, (despite detail being raised and recorded in minutes at consultation meetings), please see the following request below.

On behalf of the joint Trade Unions Unite & GMB we request the following information.

Request for information -:

The joint Trade Union Consultation group is requesting the calculations and analysis for closing the Tollcross site, split between key categories including inter alia:-

- **Redundancy costs;**
- **Overhead costs;**
- **Costs of holding and securing the property impending the sale;**
- **Estimated production inefficiencies arising during the wind down;**
- **Increased trading loss / working capital requirements during the wind down; &**
- **Any other relevant categories.**

Contd/...2

The absence of such information would materially impede the Trade Unions in carrying out their duties .

The Joint Trade Unions and Action Group are currently seeking to prepare a proposal for presentation to Pladis, which will provide an alternative to the closure of the Tollcross site.

The costs of closing the site are expected to be material, and should a closure be avoided, it would represent a significant benefit to Pladis as well as a potential opportunity to redeploy these monies in a more productive capacity. We require to include these savings within the analysis we are preparing and hence detailed quantification will support this.

Your response by return is required.

Yours sincerely

A handwritten signature in black ink, appearing to read "Pat McIlvogue".

**Pat Mcilvogue
Regional Industrial Officer
Unite the Union
Scotland**