

Consultation Update 3rd August 2021

As outlined in my previous letters to you, it is my intention to continue to offer updates on the consultation through both the site notice boards and directly to your home address.

I am committed to ensuring the free flow of information is maintained and that pladis' proposal is fully consulted on.

Over the course of the 10 consultation meetings held since 25th May, the focus has been on reviewing and consulting meaningfully on the data that underpins pladis' proposal to close the Tollcross factory. There have been over 100 questions posed and answered with over 100 slides of qualifying data shared.

Sharing relevant data has enabled the representatives to engage with the Action Group and external financial advisors and formulate an alternative proposal, which was presented to pladis on 27th July.

In the consultation meeting on the 27th July, the representatives presented their alternative proposal which included the following key elements:

- A new c. [REDACTED] facility situated in the Glasgow area with capacity to produce [REDACTED]
- Proposed manufactured volumes would be [REDACTED] (Utilisation of [REDACTED]
 - [REDACTED] of current Tollcross product
 - [REDACTED] of volume moved from [REDACTED]
 - [REDACTED] of new unidentified Retailer Brand contracts
 - [REDACTED] of current volume transfers out of [REDACTED]
- Proposed future site cost [REDACTED]
- Estimated cost for a new facility of [REDACTED]
- The reported return was over [REDACTED], with a projected annual saving of [REDACTED]

pladis have now had the opportunity to review this proposal and we fed back on 3rd August to the group. There were specific calculations and assumptions within the alternative proposal that we believe are incorrect and need to be adjusted.

Investment in the new facility

It is our belief, based on our technical knowledge and experiences of such matters that the new factory would require significantly more investment than the [REDACTED] proposed. This can be broken down as follows:

Alternative Proposal	[REDACTED]
<i><u>Additions following pladis appraisal</u></i>	
Square Footage Required ([REDACTED])	[REDACTED]
Transfer of vols out of [REDACTED]	[REDACTED]
New equipment into new facility	[REDACTED]
Pladis Appraisal of new facility costs	[REDACTED]

Savings assumptions

Similarly, there are significant inaccuracies in the suggested savings. The estimated savings were based on a current Tollcross cost per tonne [REDACTED] which can only be relevant to the volume produced in the site today ([REDACTED]). All other volumes will need to be considered based on their current cost per tonne delivery, e.g. [REDACTED] would be [REDACTED].

Alternative Proposal	[REDACTED]
<u>Additions following pladis appraisal</u>	
[REDACTED] of vol savings at incorrect cost per tonne	[REDACTED]
New RTB volumes incorrectly assumes savings (We do not currently run this volume today so no savings can be assumed)	[REDACTED]
Small adjustments on starting cost per tonne of [REDACTED] plus logistics on-cost	[REDACTED]
Pladis appraisal of the actual benefits	[REDACTED]

Having adjusted for these inaccuracies, the return calculation moves from [REDACTED] years to [REDACTED] years.

After carefully analysing the alternative proposal, the following feedback was given at the consultation meeting on Tuesday the 3rd August:

- The alternative proposal does not address the overcapacity issues in pladis. The alternative proposal would increase pladis utilisation by [REDACTED] whilst the proposed closure increases overall pladis utilisation by [REDACTED].
- It does not provide any new capability in pladis and focuses investment on Everyday biscuits, which are in low growth, and Retailer Brand volume which is not a strategic priority.
- Moving [REDACTED] of volume from [REDACTED] would cost money, not save it, as Harlesden has a lower cost per tonne and transportation costs would be more expensive due to the greater distance to our distribution centre.
- Winning [REDACTED] of new Retailer Brand contracts is not guaranteed and this type of volume is not the strategic priority as margins are low, competition is high, and contracts typically only last one to two years.
- The proposed new site of [REDACTED] would not be large enough to house the proposed new equipment. The size required would be closer to [REDACTED] which significantly increases cost.
- The proposed cost of a new facility is understated at [REDACTED] and pladis calculations take the total pladis investment required to [REDACTED].

The representation group have further questions following our feedback, in particular around the investment cost for the new facility. We will work with them over the coming days to support where possible and answer any questions that remain unclear.

The consultation process continues, with the next meeting scheduled for Tuesday 10th August 2021. In ensuring you continue to be advised on consultation developments I propose to write to you again in the near future.

I appreciate that it remains a difficult time at site so I will repeat that where and when required support is available; whether that is through the Employee Assistance Programme, onsite or counselling every Monday between 14:00-22:00 or Thursday 07:00-15:00, or any other relevant manner that I can arrange.

Yours faithfully,

Jim Cuthbert
General Manager – Tollcross Factory



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

11 August 2021

Dear Cabinet Secretary,

Further to my letter dated 5 August, I write to give you an update regarding the proposed closure of our site at Tollcross following the latest consultation meeting which took place yesterday.

In the meeting, my team had further discussions with employee representatives about the alternative proposal. However, after careful consideration, we concluded that the alternative proposal does not present us with a viable alternative as it does not address our primary challenge of over-capacity in the UK. The alternative proposal would only lead to a 1% increase in utilisation across our UK network, whereas our original proposal would see utilisation increase by 6%. Therefore, we informed employee representatives at the conclusion of the meeting of our intention to proceed with the proposed closure of our factory in Tollcross.

We have communicated this to our employees by letter, and our factory manager, Jim Cuthbert, is in the process of briefing all employees in small groups on site to explain the next steps.

We are acutely aware of the impact of this proposal on our employees and the potential impact on the community in Glasgow. Our priority is our employees and making sure they have the support they need.

The consultation process will continue, focussing on the collective redundancy arrangements.

Yours sincerely,

David Murray

Managing Director, pladis UK and Ireland

Proposed planned closure of Tollcross

Consultation

25th May 2021

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

Agenda

- Previous discussions
- Business rationale
- Rationale for Tollcross
- Proposal overview

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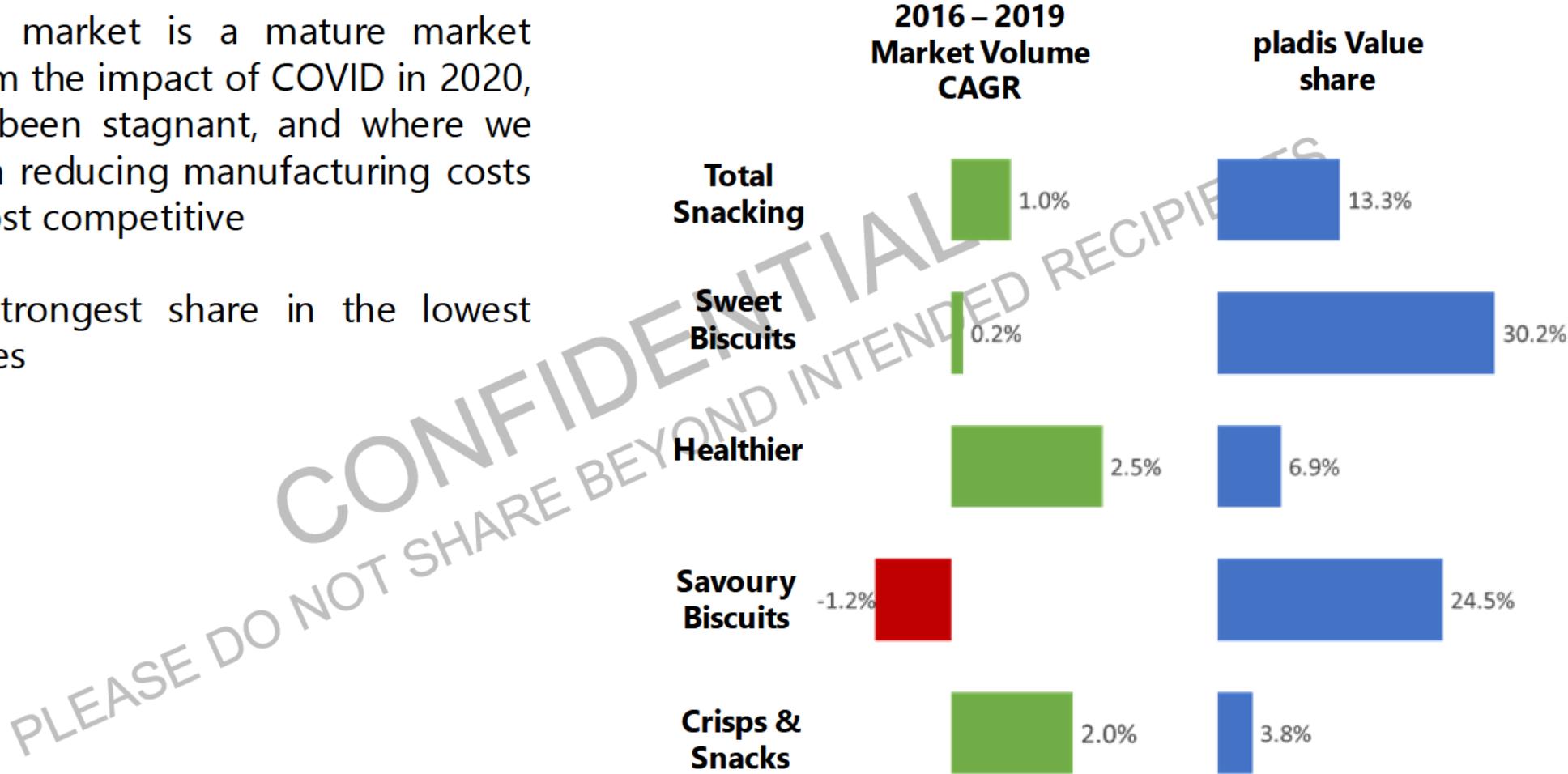
What about the options previously discussed?

- Previous analysis of the UK business and Tollcross was conducted by Nick Bunker in February of 2018, the MD of pladis UK&I at the time and centred around a number of options. When Nick left, the business formally closed down those options at that point.
- Nick was succeeded by David Murray in October 2019. Since joining the business, David has taken the time to work through and understand the business, formulate his own strategy before making any proposals of this sort
- This has led to the re-opening of discussions to determine the best way to address the challenge and ensure the continued growth of our business

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

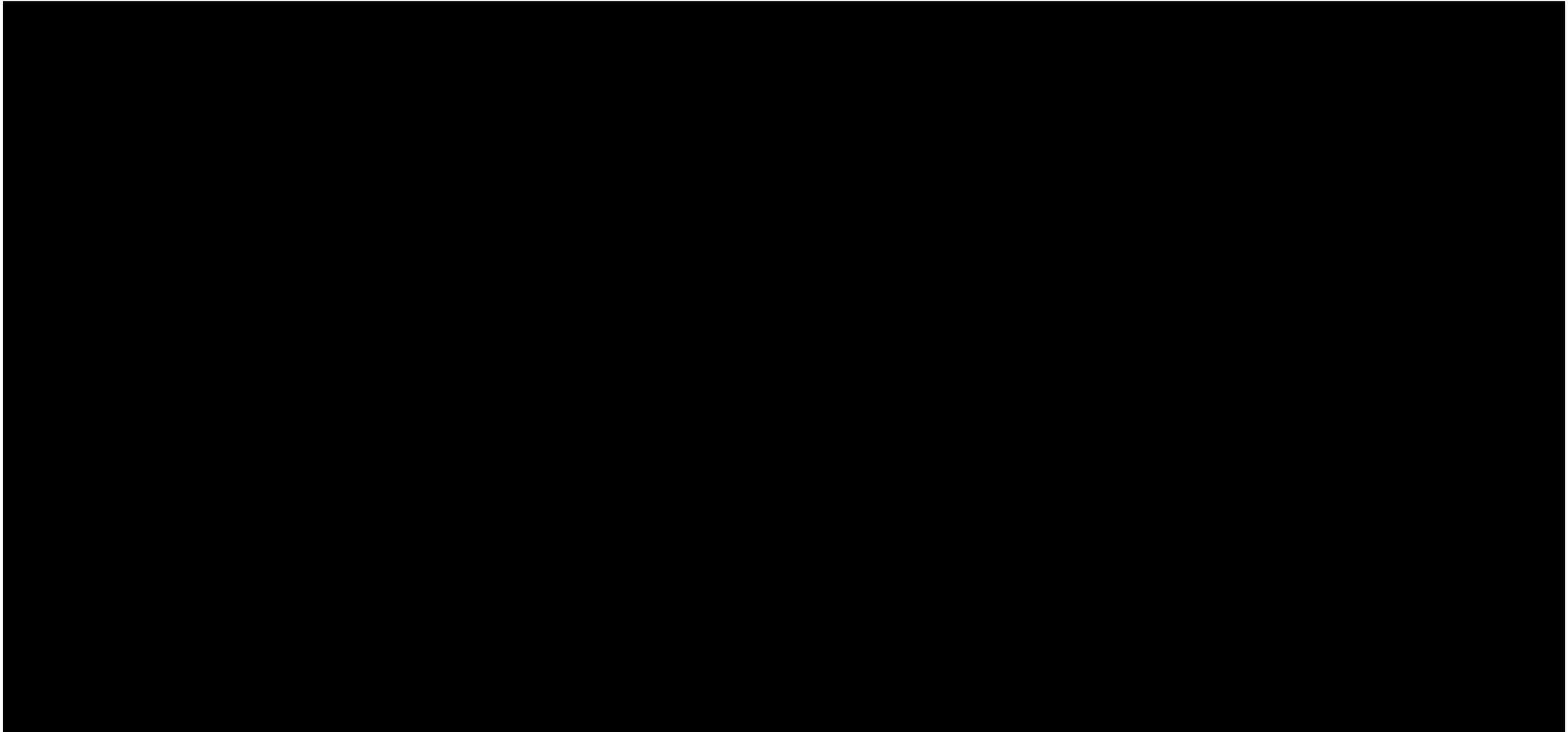
- The UK biscuit market is a mature market which, aside from the impact of COVID in 2020, has historically been stagnant, and where we face pressure on reducing manufacturing costs in order to be cost competitive
- We hold the strongest share in the lowest growth categories



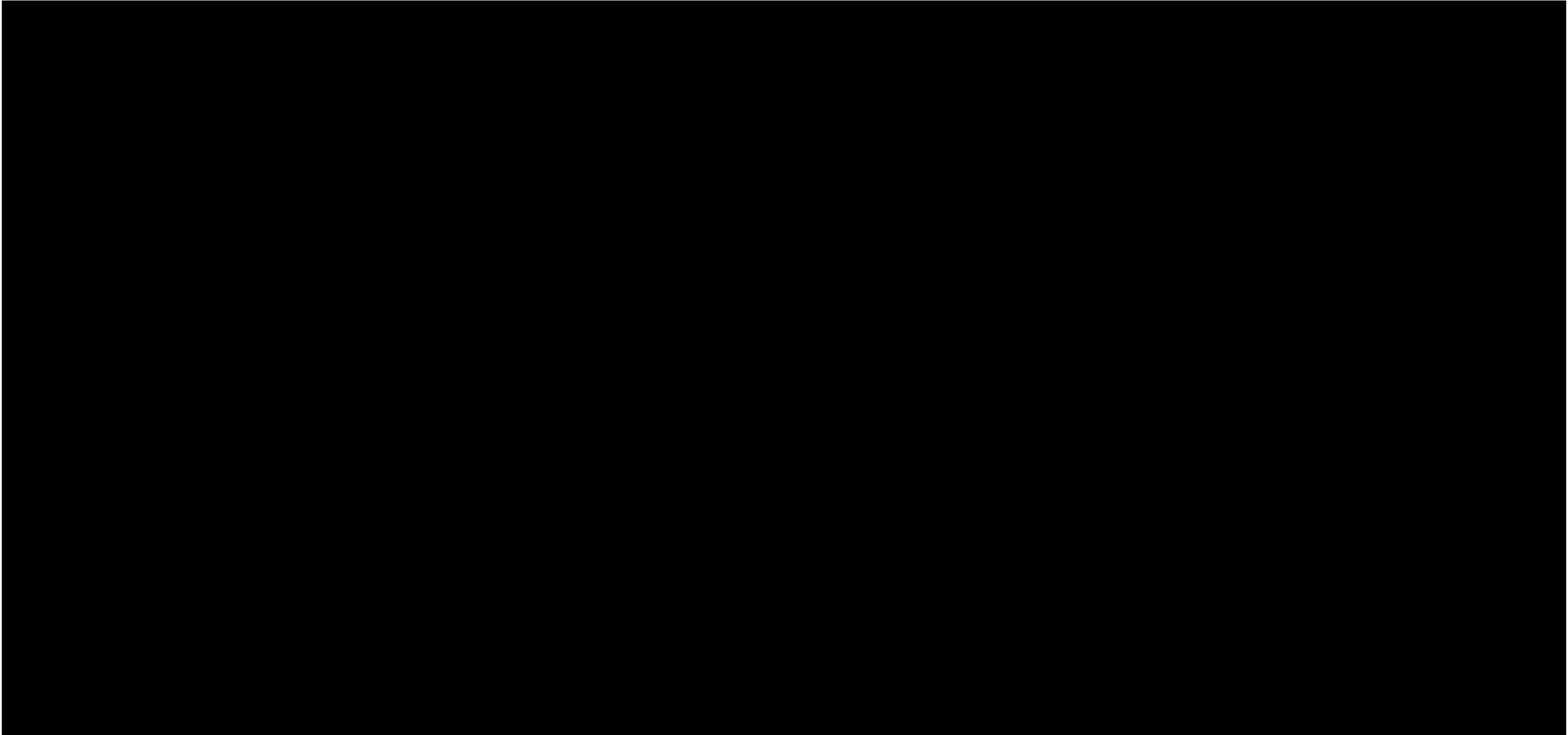
CAGR: Compound Annual Growth Rate

Source: Nielsen data

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



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



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



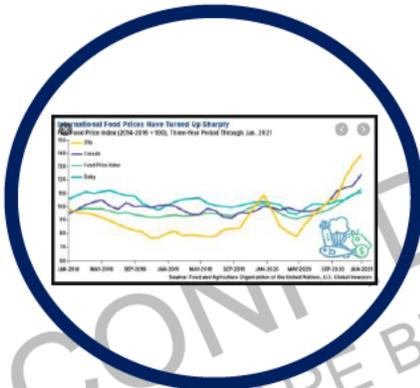
Price pressure in store

And further major challenges in the UK

- Further impact from Government policy, such as the plastic packaging tax, Brexit implications and the Obesity Strategy.



HFSS Regulations
(high in fat, sugar and salt)



Significant Commodity Inflation



Plastic Packaging Tax



Brexit Impacts

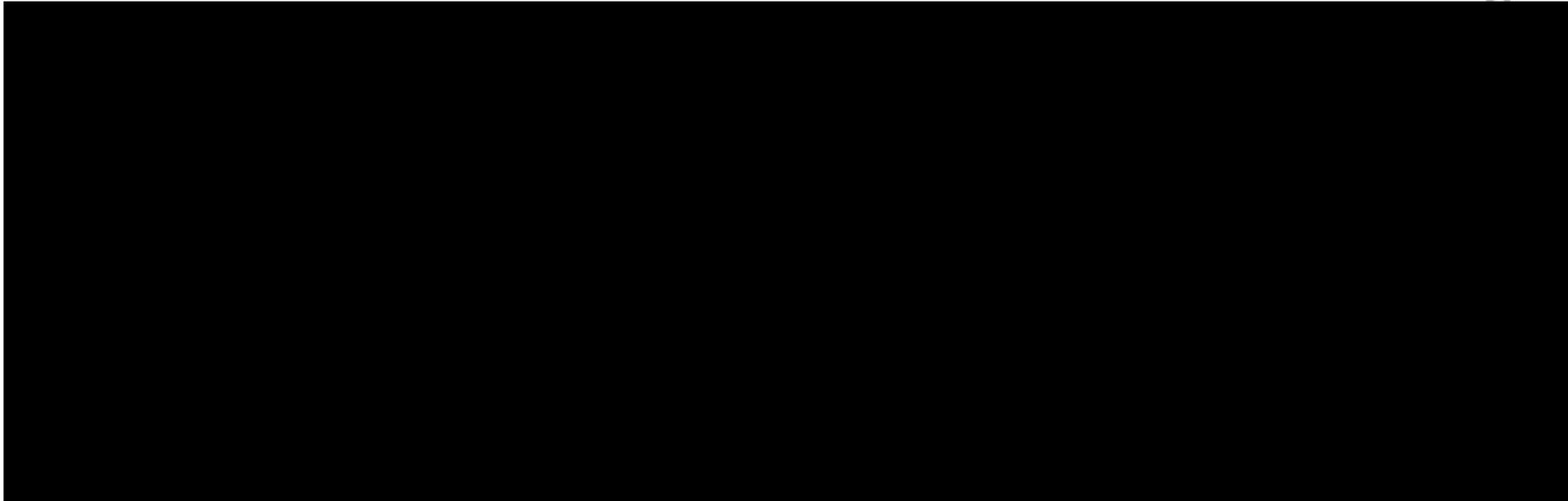
- Additionally, our competitors are reacting to external pressures through consolidation

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

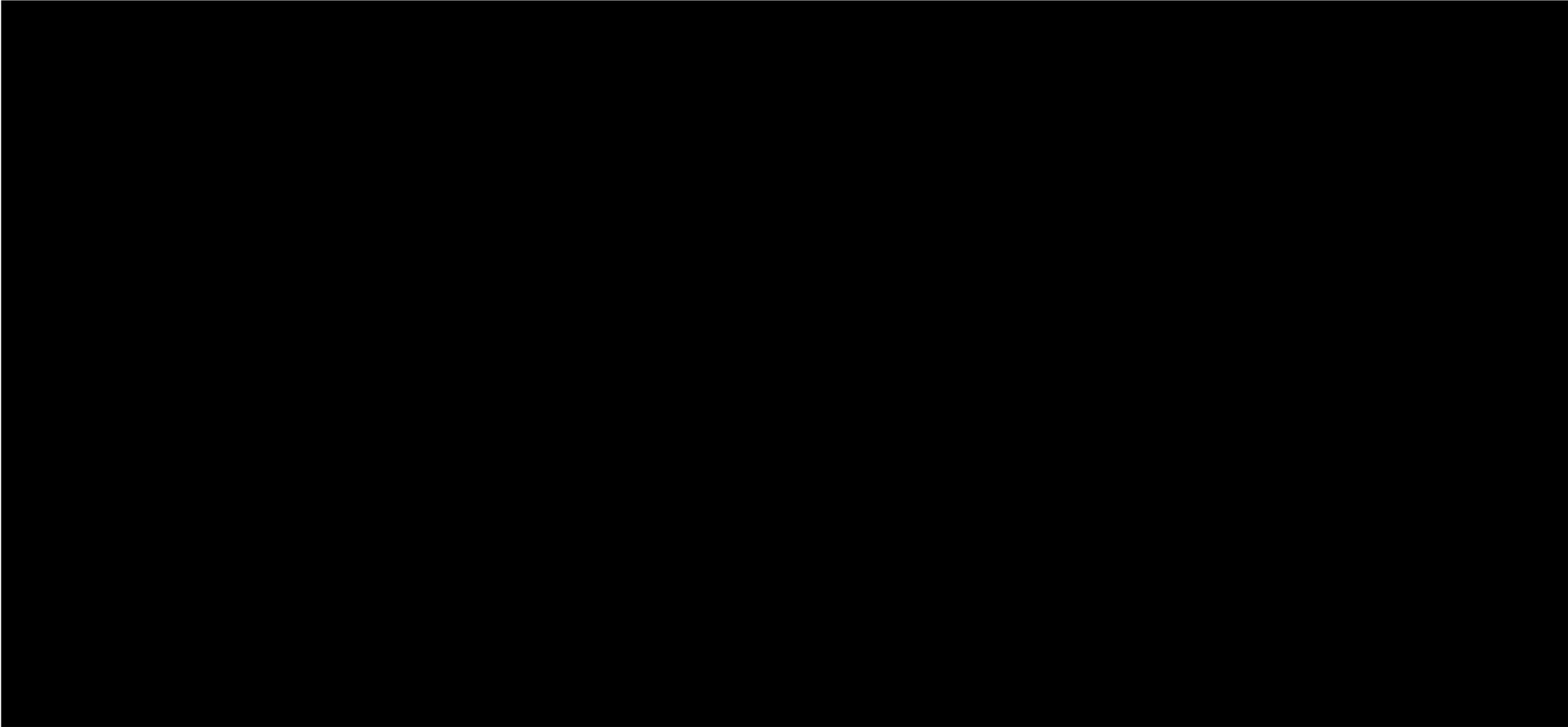
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Why Tollcross?



PLEASE DO

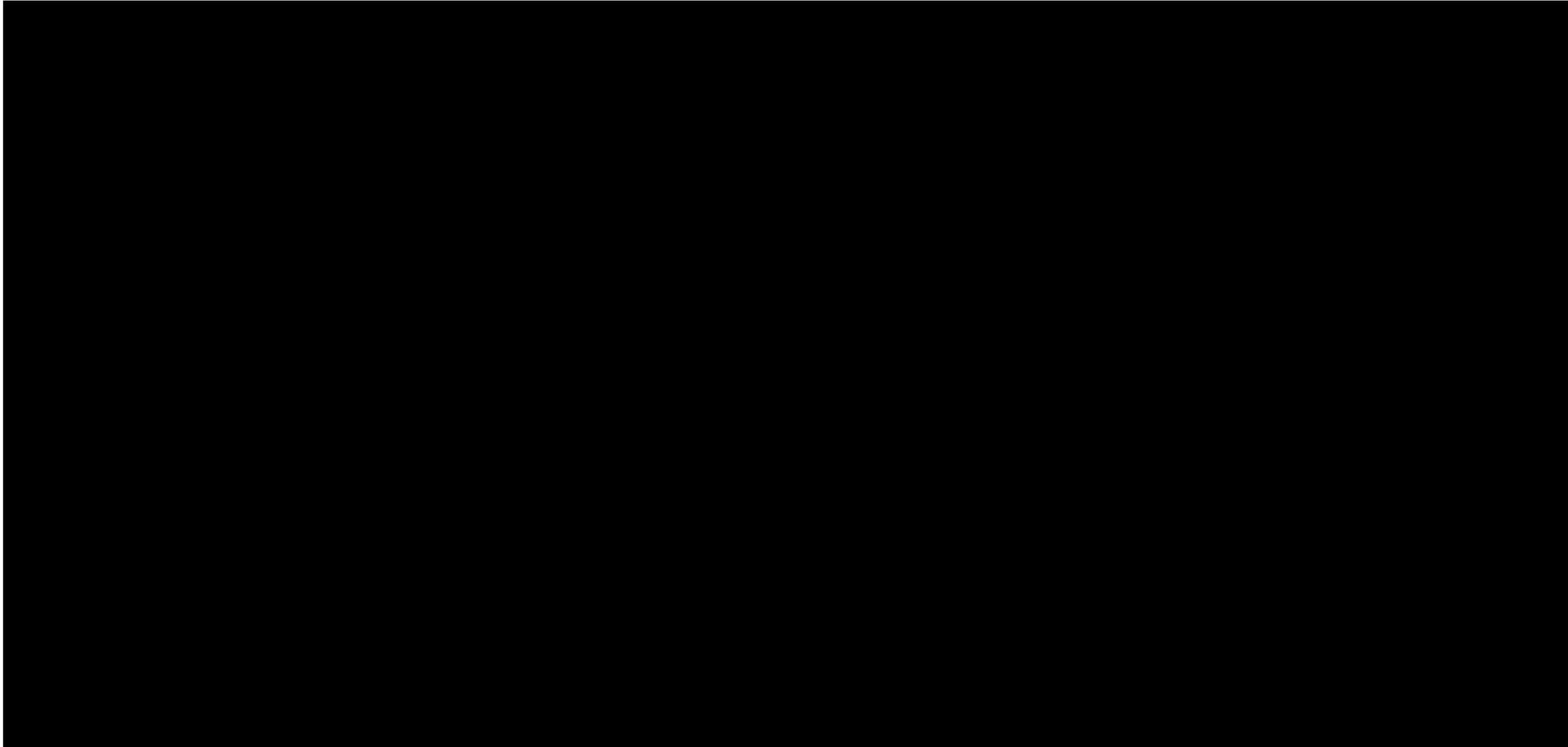
Volume has declined 50% over the last 10 years at Tollcross despite launching lots of NPD



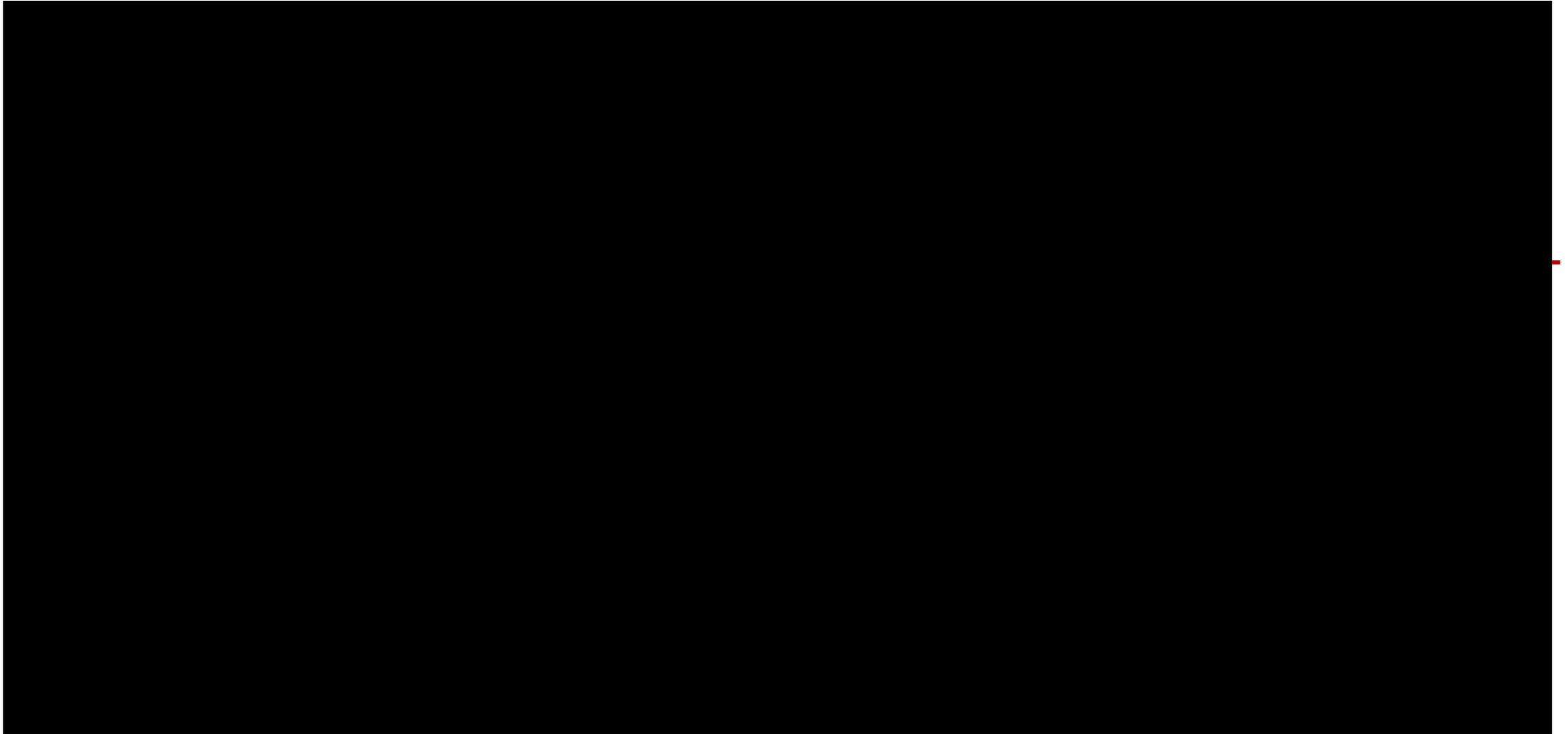
Tollcross has the lowest output in Tonnages for a biscuits manufacturing site within the group



Why Tollcross?



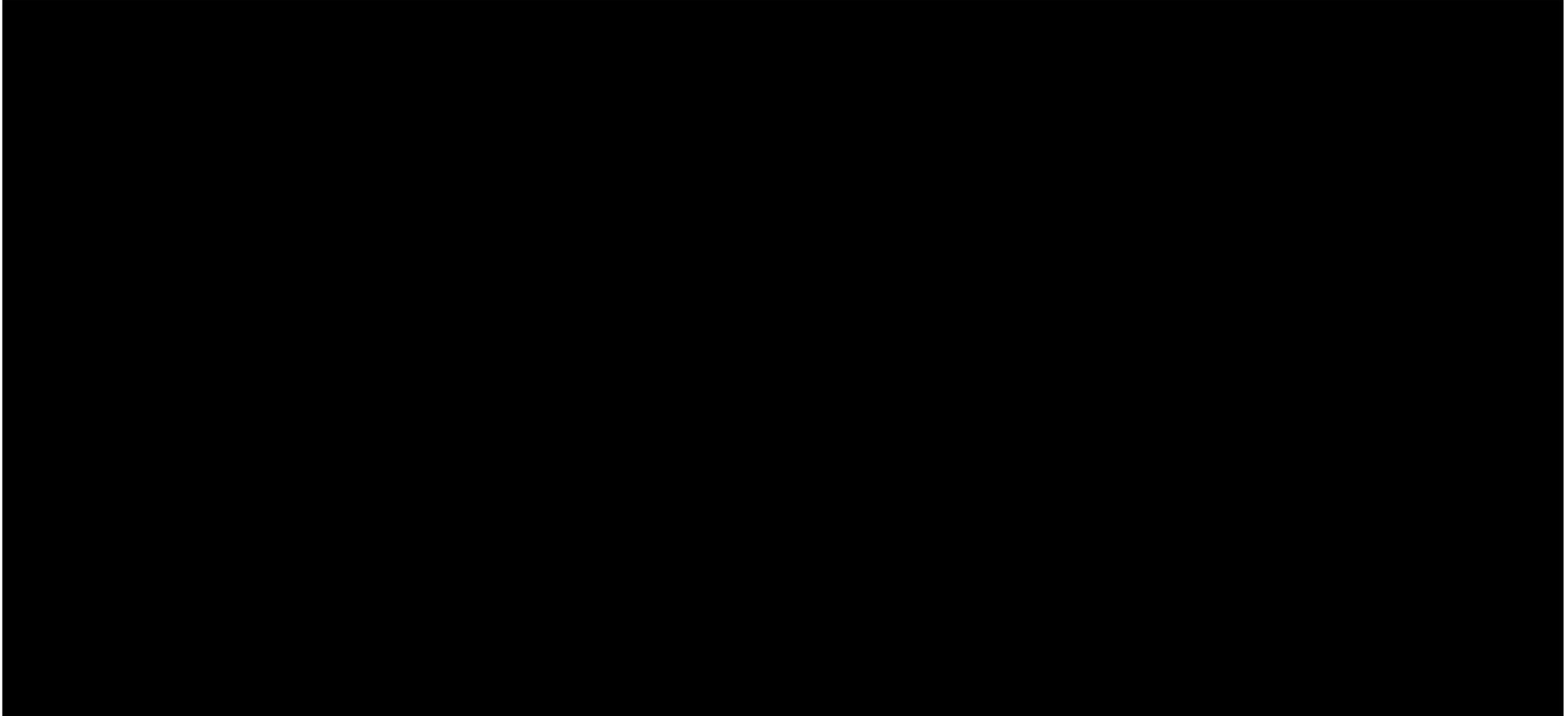
Tollcross has the lowest utilisation within the group

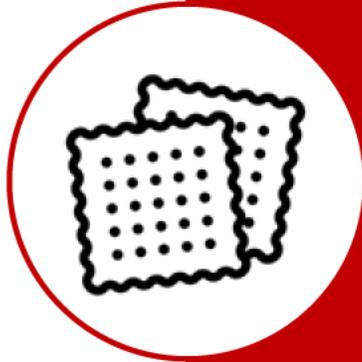


Why Tollcross?



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





Product mix

Ability to manufacture
the product mix at other sites

PLEASE DO NOT

MENTS

Difficulty of transfers at other sites is higher than that of Tollcross





Disproportionate infrastructure investment required to bring site to sustainable standards

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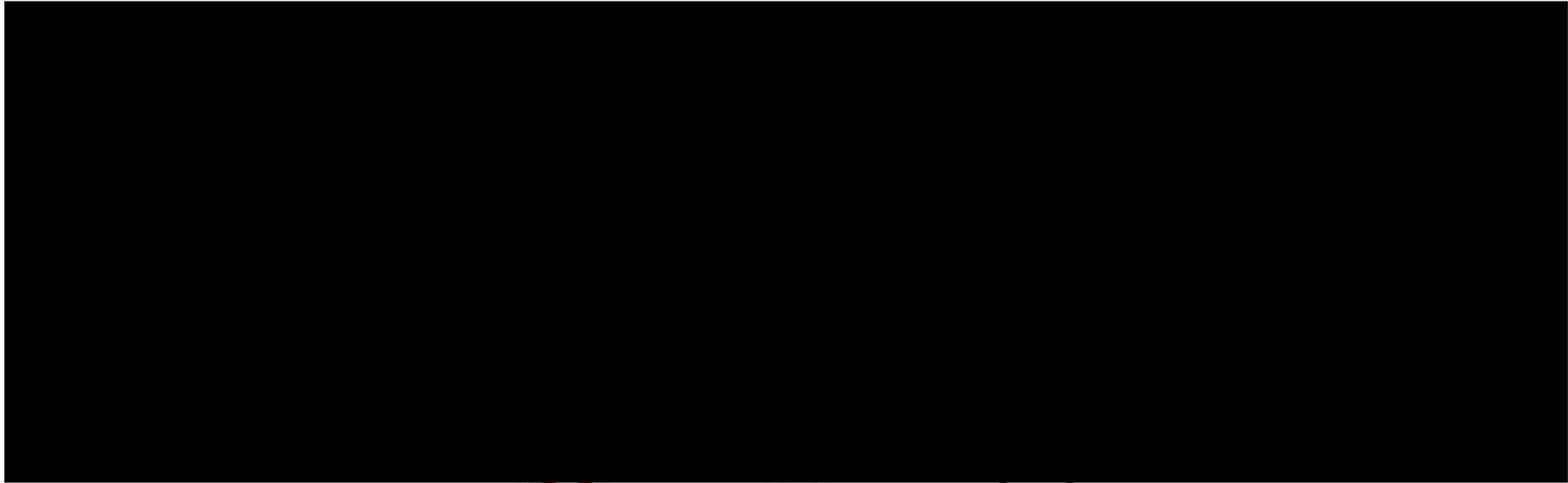
MENTS

Infrastructure capex required to bring site to sustainable operating standards is disproportionate



Source: Internal

Why Tollcross?



Product mix

Ability to manufacture the product mix at other sites



Disproportionate infrastructure investment required to bring site to sustainable standards

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What is the proposal?

- Transfer of products to be phased over a number of months with an exit from the site during Q3 of 2022
- Subject to proposal proceeding, phased pooled exit of employees initially starting in Q4 of 2021 until Q3 of 2022 in line with product transfers

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**Consultation Meeting One
25th May 2021**

Attendees

[Redacted], [Redacted], [Redacted]

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

[Redacted]

Jim Cuthbert (pladis), Ian Gilder (pladis), Richard Payne (pladis), James Spence (pladis), Shannon Kenna (pladis)

*represents return to presentation

Notes

Meeting commence 12.20

JC – Opens, leads introductions and confirms housekeeping.

Begins presentation.

PM – Labour inflation, 2015 to 2020, what caused that?

JC – Several factors. Brexit. Commodity was [REDACTED], which was a big drop. Other factors are labour inflation and promotional activity with brands, we had to invest more in the brands to drive [REDACTED].

PM – But what is the labour inflation in £'s?

JC – [REDACTED].

*

MG – What is the actual target...80%? You wouldn't want 100%, would you?

JC – [REDACTED]

PM – The utilisation on this slide, is that a business collective?

JC – Yes.

PM – Do you have a breakdown?

JC – Yes, it's coming later.

*

PM – In the UK market, you have the biggest share in sweets. I get the narrative on healthy eating etc, but that 30%, what does it equate to in volume? Even though it's only 0.2% increase, you've got the lion's share, so how does it compare?

JC – I don't have that detail to hand, but we will get it.

PM – That's based on UK, but I would like it narrowed down.

*

MG – HFSS regulations, is this in place or is it under consultation?

IG – It's in place, due to start April 2022.

MG – When was that confirmed?

IG – About December 2020.

PM – Recycling, it needs to be 30%; is that UK or European regulation?

IG – UK.

Packaging legislation will come into force in April 2022 and for any plastic that does not contain at least 30% recycled material will be subject to a penalty. This penalty is currently £200 per tonne [REDACTED]

Our packaging needs to meet food grade requirements and therefore we do not currently have the technology advancements without long, expensive and complex trials

PM – So it's British?

IG – We're sure it's British but we will double check and come back to you.

*

LG – Why was that? (in response to slide 9)

JC – I'll talk you through the lines.

Gives individual examples across various lines.

PM – A few things jump out to me: Digestives, Manchester an operative kit. Why was it not put in to Tollcross?

Why did we not look to put that kit and investment in to Tollcross? That's been a strategic decision by the business.

JC – I can't answer on investment for all those years ago but it is where products are made and the volume and payback on investment will be key factors.

I can answer for Digestives, the biggest production [REDACTED]

LG – What technology is in other factories?

MG – [REDACTED]

[REDACTED]. Could you give us a break down of that tonnage? Could you quantify [REDACTED], the various elements?

JC – I'll take that away and come back to you.

PM – That's what we're looking for. We want to understand what's within in the realms of possibility for these small lines and to see if it's possible to keep work in Scotland.

JC – It happens, and products do get moved between sites. Some [REDACTED]

PM – Why change something that's in place traditionally? What's the decision process?

JC – For Digestives, as an example, [REDACTED]

PM – I get that's cheaper, but how? Is it a machine type? Lines? Tooling?

JC – [REDACTED]

PM - So, if investment was available, to get that tooling, is it cost per tonne that is the key?

JC – We'll continue, and it might answer more in the next slides.

*

LG – Assuming the rest of the sites throughout the UK has faced similar challenges, how much product has replaced what you have taken away or what new products have you made that's been profitable? What investment have you made to replace what you've taking out of Tollcross? The reduced capacity that you spoke through, what's been done to overturn this, what been brought in to replace it?

JC – I can get a list.

[REDACTED]

There are a list of NPD products that the company have launched out of Tollcross examples being Jaffa Nibbles, Go ahead Bites, Fully Coated Digestives and Hobnobs. All good products but have not driven the sales or volume that we had hoped for. Generally, NPD has a lifespan of around 2 years and it is very difficult to land a large volume product.

PM – These challenges are faced at all your sites, not unique to Tollcross.

JC – Let me get to these slides and it might explain more.

*

PM - Is Wigston the plant with a lot of migrant labour?

JC – [REDACTED]

PM – With covid and restrictions, are you prepared for there to be issues?

JC – The people are UK nationals who may or may not travel when they are not working at Wigston.

PM – So the business doesn't expect any issues with travel restrictions?

JC – No.

LG – You say they are highly skilled from May to November, what do they make?

JC – I can get a product list.

IG – [REDACTED]

LG – Could that be an option for here, those products?

JC – That’s an option you could look at, the business has not seen this as alternate due to many reasons like the flexible labour model required and having a skilled workforce that could be turned on and off.

LG – If it’s agency and it’s transferred, then the volume would be here. In theory, could it be transferred? Keeping jobs in Scotland instead of agency in England.

JC – You could look at that model, but you would need to come up with one that works. It’s seasonal, so it’s how it would be manageable.

LG – That’s what we’re looking for, to look at all options that could save Tollcross.

JC - You can look at that.

PM – It’s a simplistic view, but if staffed for 5/6 month of the year with 230 agency workers, the work that they undertake, can it be transferred to give volume and greater efficiencies in Tollcross? Does it need capital investment, tooling etc?

JC - In theory you could move volume from any site, but it needs to make business sense. You say agency, but it’s almost like fixed term contracts where a skilled workforce is guaranteed to return when they are needed and when the plant is required it does not incur the cost.

PM – But they are not core employees, they’re not pladis for half of the year. We are trying to stop redundancies and then we see that, and we think would that not be best served to the people of decades and not the 5 months of year. If it’s in the realms of possibility we need to understand how we make it happen and what we require.

JC – We will share Wigston information in more detail next time.

PM – I’m sure with the skills, knowledge and experience of the people in Tollcross it wouldn’t be out the realms of possibility to manufacture the products.

JC – It needs to be a model that isn’t carrying 230 people for half of the year.

PM – Aintree and Halifax, can we have some info on them?

JC – [REDACTED]

*

LG – I know you went through some of this but why are other sites more successful? Is it investment, management or skills?

JC – A lot of why other sites have more volume is product portfolio, either through them having the volume historically, expertise/skills/capability or have automation that can make the product cheaper than another site.

An example is [REDACTED].
[REDACTED]. The volume is high which makes them efficient.

LG – Was there more investment made in them rather than here?

JC – These creams have been made for at least 26 years at this site that I know of but, probably longer.

LG – What was the utilisation 15 years ago?

JC – I showed you the chart for 2012 [REDACTED].

LG – Still lower.

PM – Queries set up times for short running effecting utilisation.
How do you come to that measure?

JC – I can give you measure; it is the budget volume divided by 147 hrs x the product planning rate.
It's the fact we just don't have the volume.

PM – Because it's been put elsewhere.

JC – We are the only site [REDACTED].

PM – But there has been a decision, for sister sites, allocating more volume to them, not allocating the same to Tollcross. It's just not a true comparison. If the volume was split even, it wouldn't be true.

JC – Why would we make in Tollcross and not Harlesden when it's cheaper?

PM – It's cheaper because previous decisions.
Could we level that playing field? It's having a detrimental effect on the site. The graph puts Tollcross at the bottom, but that's been manufactured due to decisions that were made.

JC – There's a bit of everything, [REDACTED]. There was a business choice there at some point.

PM – What needs to come to the table to reverse this? You look at that and say Tollcross are bottom of the league but any KPIs here are met to a high level.

MG – What you're showing us is a choice.

JC – Some has been choice, some natural. The portfolio plays a big part.
For instance, we are the only site [REDACTED]

LG – If we were to get capital, is there opportunity to bring product to Tollcross?

JC – We would need to see what the options are.

LG – If Harlesden had investment and production went way up, what do we need to get to achieve that?

JC – Across all sites, it needs to be higher.

LG – So whether it's training, a new site, investment, we need to get to what do we need to do to make this happen.

JC – I'm sharing the information; you need to look at that.

PM – Not just "we" (references only reps), it needs to be "we" (references full room).

I hope this proposal isn't a plan and we all work together to make an opportunity to save these jobs in Scotland.

We're asking questions and there will be more to come, and I don't know if you will answer them, maybe this is one for IG.

IG – If we boil it down there's not enough volume in the UK to sustain all factories. [REDACTED]

[REDACTED] but whatever solution, it will always come back to the fact there is not enough demand.

PM – We're asking why Tollcross? Collectively what do we need to bring to table?

IG – It's a good question, and it's why we're engaging in these conversations. It's a team discussion, it's not them/us to see if there's an alternative. What JC is sharing is the magnitude of what we are dealing with. The purpose of these consultations is to be open and honest, and as we go through more of them there will be more discussions.

MG – Question of utilisation around [REDACTED] is there an opportunity to move volume from there to Tollcross

JC – [REDACTED] so it makes business sense to make as much volume as possible

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MG - I would assume the cost per tonne is so high because the lack of investment.

JC – And because of the low volume and overheads.

MG – Do we use flow wraps or roll wraps here?

JC- Roll wraps.

PM – Cost depreciation queries.

IG – We included depreciation as these are real costs. In fact, the higher the investment then the higher the CPT metric so building this in would make Harlesden CPT higher given it has seen higher investment than any other site. If we stripped this out then the gap [REDACTED]

JC – If it wasn't included it would make [REDACTED].

PM – Is it the footprint and maintenance of site because of the age of the site?

IG – There is direct and indirect factors.

Direct cost always will be labour, also waste and energy.

Indirect costs are still people, perm or agency, repairs and maintenance and upkeep, as is cleaning etc although much smaller.

The size of the labour bill in any factory is by far the highest.

PM – Are the significant difference because the cost per tonne?

IG - We can come back with some definitive analysis, but we also do come back to volume.

PM – I get that, but if Tollcross never had the overheads from maintenance, upkeep etc, what impact does it have on cost per tonne and how does it correlate?

Ig – I don't have it here, but I can come back to you.

Other sites need investment too, they aren't where they need to be, and we can't just say if.

PM – I know we can't, but we need to see if it would reverse this proposal with government subsidies. To understand, we need to know the size of the challenge.

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PL – When they are not seasonal in Wigston, what else are they doing?

IG – I will get that for you.

LG – Why is Tollcross medium, what have they done wrong? For here, how is it transferable to other factories?

JC – We aren't saying its easy, because it's not, what we're saying is it's less difficult, it's easier to transfer from Tollcross to other sites.

LG – Is that down to investment and training?

JC – Not training. It's down to unique products, the skillsets and investments.

LG – How long ago was it identified as medium?

JC – I don't have a date; it's just been identified.

LG – I know you're not done yet, but it looks to me like lack of investment is the reason we're here.

JC – And portfolio; some of the things we make have dropped off.

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PM – [REDACTED]

JC – Yes.

PM – [REDACTED]

JC – The roofs if part of it, to give an [REDACTED]

PM – [REDACTED], so is that combined with lines, tools etc.

JC – Just for the building infrastructure.

MG – Can we have breakdown for this?

JC – Yes.

LG – It doesn't have to be this building, instead [REDACTED]. The sale of this land could bring investment to move.

MG – Do pladis own the whole site?

JC – Yes.

PL – Does every site have a figure to bring it to standard?

IG – We have ideas, some on estimation work, some on intel, we can share more detail.

PD – Is Aintree still for sale?

IG – It has never been for sale.

LG – Do you know how much you would get for this land?

IG – No. This is a proposal; we haven't gone into that level of detail.

JC – Maybe Scottish Enterprise can review that, but we have not requested a quote.

PD - I was told it was £20-25 million to flatten this land.

IG – I've never been told that

*presentation concluded

PM – On your timeline, getting a redundancy notice for Christmas is distasteful.

JC – It will most likely be January, initially we will look for volunteers.

PM – The timeline gives the opportunity for progressive engagement with the Scottish government. You know we have an action group, don't know if you've spoke to them?

JC – Yes.

Do you want an update?

PM – We want to know the appetite from pladis to engage and how they see this developing. Provides update on work that has taken place from the Union end and Scottish Enterprise so far.

JC – The dialog has started, and we are working with them.

PM – Scottish Enterprise are directed by ministers; the power lies there. The government said they had a discussion with you years ago over a greenfield site, but it never moved forward, why?

JC – I don't know.

PM – Who was leading that engagement?

JC – That was Nick Bunker's time. I can ask the question.

PM – This is an account managed company that had been given assistance in the past. Why not get in touch to work with them sooner? You are versed in government subsidies so why put out a proposal with no engagement around realms of possibility, why? Who is it that decided this? And why was there no engagement?

JC – Engagement has started.

PM – That’s now, but you did not engage before the proposal for “what ifs”, to see what they could do, i.e. regional selective assistance grant or other subsidies, Clydegate etc? That is right, fit, proper and reasonable as an employer and as an account managed company with Scottish Enterprise.
Unless they’re wrong and there’s been nothing for 3 years?

JC – I’ll come back on that.

PM – I know it may have been a central decision but there are avenues not explored.
For clarity, are pladis going to engage as a stakeholder to save the site or just correspond through the group as an account managed company?
The level we have requested is 1st minister level, and that’s not appropriate at this time but what level will your engagement be as a partner?
That group may be the avenue to review that proposal and what does it do in relation to your proposal, are you going to delay it? Run in tandem? Not delay it? We need clarity.

JC – We have contacted the action group and are primarily working through Scottish Enterprise.

PM – Have Scottish Enterprise seen this?

JC – It has been shared with them.

PM - Can you send this to us electronically?

JC – Yes.

PM – Last piece is statutory.
It shouldn’t be needed if it’s not required until the end of the year. If you serve notice on us, we need to consult with the members, so we are requesting no HR1 is served yet. I know there is a 45-day minimum and it could be extended, so we’re asking, at this time, for the opportunity and scope to engage, so we don’t need an S188 served.

JC – I could say on the flip side on the length of time, why would we not action a statutory obligation?

PM – The time period for 1st and last redundancy. It may put us in to position which we need to react.

LG – I think it sends out the wrong message. You have written on all of these pages meaningful discussions. There is no need to serve it right now, let us meet with the action group before that. If we go out there and say that it sends the wrong message, that it’s not meaningful.

MG – It should be done when we mutually agree and are so far through the process.
We aren’t trying to delay anything, and as PM and LG alluded to, there’s a lot of external discussions happening. We need to get a comprehensive proposal back to the business. We know it needs to come but at an agreed time.

PM – This has moved at a lot of haste and pace and been engaged at the highest level, if you serve notice it leaves it open that it isn’t a proposal and its plan.

JS – Explains previous experience of serving HR1.

PM – We’ve made that formal request for it not to be served.

JC – I did commit to saying it would not be served today and it’s not, I’ll take your request away and reflect.
Next availability?

Availability to be confirmed.

Meeting closed 2.10.

Actions / Questions

- What does 0.2% growth equate to in volume, within sweet biscuit category?
- Is the plastic tax a UK or EU regulation?
- A breakdown of the [REDACTED] from Tollcross?
- List of products that have been brought to Tollcross as others have been removed/dropped off?
- Wigston product list?
- Wigston business model?
- Cost per tonne analysis, what makes it up and how do you improve it?
- [REDACTED] investment breakdown?
- Figures to bring every site infrastructure up to standard?
- Why did the business not move forward with the greenfield site when previously offered?
- Why did you the business not engage with Scottish Enterprise before this proposal?
- Send presentation electronically?

Post meeting requests

- 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?
- A demographic profile of the employees on the site. The numbers of employees of each gender and the ages of employees. The number of employees in each 10-year band. The service of employees in each 5-year band. The distance that employees live from the factory.

**Consultation Meeting Two
1st 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), Ian Gilder (pladis), Richard Payne (pladis), James Spence (pladis), Shannon Kenna (pladis)

*represents return to presentation

Notes

Meeting opens 11.10.

JC – Begins presentation.
Runs through agenda.

PM – The minutes are fine. There were some actions we don't feel were there.
As a group can we come back with others?

JM – Yes.
Recap of rationale.

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

IG talks through figures.
Explanation given for total market movement and what that means in volume terms. Data provided to show that pladis share declines in all categories with c. 10k/t lost during the reported time period. Main areas of decline are Sweet at c. 6k/t followed by savoury at c. 3k/t

DH – Why does it stop at 2019?

IG – That's the range that was used because 2020 was an exceptional year. It did increase last year but that was a one-off because of Covid, so we wanted to normalise it out with last year's market.

DH – Was this a decision that was made at the beginning of 2020?

IG – No, we're just trying to strip out the unusual year that would distort typical numbers. It would be unreasonable to put that addition in because it's not normal.

PM – That's a fair point but 2020 was a positive year and who's to say that won't continue, even slightly reduced?

There is a shrinking market but in 2020 there was growth and value and I would like to see where Tollcross is for the baseline and the current? Surely the business aspires to maintain current increases.

All we are hearing now is how businesses are adopting hybrid working, working from home and not returning to the office full time, and something that's happening, and I'm doing it myself, is we're getting used to sitting at home during the week with a cup of tea and a biscuit. That's the dynamic going forward, and it would have a positive effect, so while 2020 was a spike, that could be maintained in some way.

DH - I'm not an expert in this market but if you had a good 2020 and believe in your business you should expect a return.

Can we see what 2020 looks like?

JC – We will get you the volume profile and you can see the shape of what happened and how it mirrored the lockdown.

Point one is correct but the volume and revenue, we didn't see come through the bottom line. [REDACTED]. In the first lockdown there was panic buying, a massive spike and then it tailed off at end of the year.

Point two maybe some kind of hybrid will help, and you did see it, but it still tailed off.

PM – Granted there were Covid costs, but those measures are put in place now and you're not going to have the same costs again.

JC – There are some ongoing costs, but yes some of them were one-off costs.

PM – Some interventions were made to make it Covid secure but it's not the same, just some maintenance. We would like to know the 2020 figures and how these 4 categories relate specifically to Tollcross for that time period and 2021. There's a perception from the workforce that they're hitting their KPI's and have been told it is profitable.

JC – We will be talking through this.

DH – Are there 2021 projections?

JC – We have budget and volumes based on sales projections.

MG – Can you give me them in number instead of %? (in reference to 0.2% slide)

IG – [REDACTED]

We can get a slide for that.

MG – Yes, please do.

IG – There is also the HFSS, and due to that fact there will be volume losses.

*Is the plastic tax a UK or EU regulation?

IG - Yes, it is UK, however, it will happen in other countries i.e. Italy and Spain and it will impact them. France and the Netherlands have something similar called EPR (Extended Producer Responsibilities) which will be coming to the UK towards the end of 2023 this is in addition to the above the plastic tax. We spoke about just over [REDACTED].

PM – That wasn't the question. The question was that we were looking for confirmation on in if it was UK or European standard.

IG – It's a UK standard that others are looking to adopt, then there is the extended producer liability tax that will be imposed on us at the end of 2023.

DH – Is this on products produced or products sold?

IG – We base our calculations and report on manufactured tonnage and therefore it will be on products produced.

JC – We declare how much plastic we use, and it is calculated from this.

DH –Would that also be on exports that were produced here?

IG – Yes.

MG - How much of that tonnage goes to Europe, do you know?

IG – I can find out.

Actual plastic purchase per year is about 6000 tonnes for the UK, as mentioned last week, but we can look to provide the split as requested.

JC – It can differ from site to site.

*What is the breakdown of [REDACTED] Tollcross?

JC – Breaks down the volume/tonnage by product type.

PM – Can you give us a breakdown of these products from other sites and the correlation going back 7 years? The same as your reference.

Where were they transferred to and what level.

JC – I've got a slide detailing this but if you need more we will capture this.

PM – Has that been budget been made with site closure in mind?

JC – No.

IG – We set budgets in about August/ September, so this is a business-as-usual site budget.

*Manufactured volume evolution over the last 10 years

JC - Looking at last 10 years, this is the demand evolution from 2010-2020.

Describes that the site makes internal component pawns which are used within other finished goods, uses mallow example where the biscuit base is made on one production line and then transferred to another to have cream and chocolate added to make a finished good. For these purposes it is only on the finished goods.

The [REDACTED] demand change is due to products withering on the vine, sales dropping and then retailers delisting them as they are not making enough money. Lower volumes become an issue as retailers take different levels of shelf life. I can be sitting with products with 60-75% shelf life, and I need write them off and remake them, which results in waste and further short runs.

MG – The [REDACTED] and digestives and 24 is volume decline?

JC – Yes. We either don't make them anymore or they're smaller volumes.

PM – The transfer is over a 10-year period, predominantly rich tea, and digestives; how long a period was this done over, was it progressive or was it a spike?

JC – The next slide will show this.

DH – What section of the business is responsible for selling the products?

JC – Sales and marketing primarily. Marketing for the commercial plan and sales for selling to the retailers.

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

DH – My immediate observation, there have been more transfers out in the last 2 years than the last 5, what happened?

JC – Discusses some specific examples of where there has been product delists and transfers. [REDACTED]

PM – But why? If they were here, why are things transferred?

JC – It happens a lot at all sites. [REDACTED]

TB – Not to jump ahead but we have pulled people out of a hole. How will the business manage going forward, will this happen again? Where will things go when there is no Tollcross?

JC – It will be somewhere else.

PM – That's a very good point. Is Tollcross used as a contingency?

JC – Tollcross has supported other sites and products do move about sites occasionally. [REDACTED]

PM – The point is, you're removing a contingency.

JC – I can't answer what all contingencies will be, that's for the business.

PM – Tollcross has a track record of adapting, making products for other sites, being used as a contingency for business needs, spikes etc are you're removing that. You're removing a proven track record of skills, knowledge, experience and diversification in other products, which is a powerful tool, especially when looking to retain and bring in work.

JC – I don't dispute that but it's not part of this rational; that will be factored in the thinking.

PM – What contingency in place for what impact this removal will have on the wider group?

What is the overarching business strategy for the UK and Europe?

What is the benefit of closing Tollcross, financially? And with volume? Because we only see negatives.

We need to understand this because it will help us with our counter proposal and our analysis. We don't want to put out energies into a proposal that isn't going to be helpful.

MG – This is also being discussed in the European Works Council and part of this is a wider business case. When Yildiz took over United Biscuits, there was a substantial amount of debt and I don't know if this is the right time or which consultation it should be discussed in, this or EWC.

We can employ the assistance of financial experts as part of our agreement to review our financial state.

Looking through an analytical lens, is it the start of a slippery slope? I understand some of the rationale, but this site has challenged that for years and just the number of products on this one site alone is a testament to the people that work here.

Has the perception of Tollcross changed? From putting that variety of tonnage into this site to go to this.

JC – You can see from the left-hand side that the products are coming in but the last hobnob was a hobnob and to get that success is difficult.

MG – That is replicated thought the business though.

DH – The eyes should be on senior people within the business not the work force. This is through the fault of others that had the responsibility.

JC - The average age of NPD is 2 years. The business wants NPD to be a success and drive incremental volume that is why they have invested in new products. I don't know if that's just the world we're living in where people want new products continually. It's very difficult to get the next big thing.

TB - There was 2 big transfers, rich tea and digestive, I need to understand why.

JC - [REDACTED]

TB - We both know how many times things would come back because of issues in Harlesden.

[REDACTED]

JC - It was my decision to move from line 3 to line 5 because it was cheaper with the natural volume decline, and I was trying to make it more efficient.

TB - I think it is the right rationale, but it's unfairly measured when there is no demand, and we can't use it because it's unsafe.

PM - Are other sites a direct comparison? Working times? Shift Patterns? Utilisation?

JC - I'll double check, but to my understanding is yes, we have used the same calculation and 147 hours to calculate all sites utilisation.

MG - They're all on 12 hours.

It was said last week, the 2 figures on there, digestive add rich teas are a direct consequence of investment at other sites.

JC - [REDACTED]

PM - Whoever made this decision has done it based on utilisation, on that formula and calculation, but if you remove those lines it takes it up.

JC - Line 3 could run tomorrow that is why it needs to be factored into the utilisation.

PM - What do we need to do to get it back up and give greater utilisation for your measures?
Calculation

JC - It's not our measure, this is a widely used measure across industry, but most companies would use the full 168 hours in a week not the 147 hrs we use.

PM - The utilisation goes up because volume goes up, like rich tea in Harlesden.

IG - If we moved volume, we're just shuffling the deck.

You mentioned earlier who would support the wider business, [REDACTED]

I'll use the word you did "fault", it's not a fault, there has been a consumer shift to health and wellness and McVities don't play heavily in that category - we go full circle, but it comes back to demand.

TB – If there is a business interruption in [REDACTED]. Could it be distributed? Have they considered this? Are they happy with that and closing?

IG – We'll take that away and come back.
It is reasonable to assume that all companies will allow and ensure for contingency and backup support. The balance of this however is met with cost vs demand.

PM – We need to know what is in the realms of possible. You have a cake that is one size, but you have the knife to cut it up differently. Volume may be volume but what if you had something in place with greater efficiency? We are looking to make a counter proposal.
You are trialling and launching products to varying degrees of success, but the skills knowledge and experience is here, so what number do you need for your efficiency? What do we need to bring to the table to reverse this?

MG – You just said yourself the market is static, what is the overarching strategy?
It happened to drinks when the sugar tax was introduced. People in that sector were scared their jobs would be at risk – it turned out there was more jobs because coke zero etc. but, the purpose of tax is to disincentivise people. When we know these things are happening, it might not work the same as in drinks and sales might go down. In the greatest of respects, sales have fallen but what are we doing in the grand scheme and how does this closure satisfy it? We need to look at the bigger picture, what is the longer term strategy?

JC – Although the health side is growing it is not the biggest in the market. We have launched products in our Go-Ahead portfolio, many at Tollcross, but it is difficult to get a large scale success as the market has a lot of smaller, niche players offering loads of variety.

MG – The last company financial statement on company's house, at the back, there is pages and pages of brands that we own sat doing nothing. I'm digressing slightly but you could almost launch a small niche through an umbrella.

JC – It's back to the last hobnob was a hobnob isn't it.

PM – Choicegrain being transferred to Aintree, is that away already or is it scheduled?

JC – [REDACTED]

PM – I know its semantics with budgets and we're just happy the work is being done here. It's reallocating the budget but what is it proportionally?

JC – It was originally an [REDACTED]

PM – I get that some have more nonsense value than others; we're just trying to grab and keep as much work, for obvious reason. Proportionally, of this budget, how much stays in Scotland and how much is transferred out?

JC – I will ask the question but we should look at the flip side also, how much volume is transferred from down south to Scotland.

*What is the Wigston product list & business model?

PM – Can Tollcross be a Tesco site?

JC – [REDACTED].

DH – Are there inspections?

JC – Yes.

DH – [REDACTED]

PM – When was the last time you were a Tesco site?

JC - I don't know but I can find out.

PM – Is there a set of criteria?

JC – Yes.

PM – Why was it not fulfilled and where did it fall down?

JC – [REDACTED]

PM – Why not?

(References last week's infrastructure costs) How would that impact it or why was it not asked? What is the specific criteria? If we know what it is, we can shape our counter proposal to deliver.

JC – [REDACTED].

PM – That's different from infrastructure, that's market.

JC – We knew we wouldn't get it.

DH – Did the work go to another pladis site?

JC – [REDACTED].

*Wigston volume profile

DH – Would Wigston be more efficient over a 7-day period?

JC – I'm not sure.

PM – The reason this was raised was maybe simplistic, flexing up for agency, could we be taking care of our core employees, in a shape could it in theory be transferred.

[REDACTED]

JC – I'm not saying no, but the volume over the year would be difficult to make without a similar model as Wigston. Our volume does look similar in shape but, theirs is much more severe shape and labour demand because it is seasonal. At this site we run fulltime people and we have agency crew, then when it's quiet it drops off.

PM – A different model could facilitate this.

MG – What year did United Biscuits buy Jacobs?

JC – I think 2006.

* Wigston volume profile

TB – Questions the similarities to Tollcross.

JC – All that is doing is shuffling the deck, the utilisation would still be the same.

PM – We aren't advocating for agency staff, it's for full time employees. To me it is in the realms of possibility and there would be ways to deal with peaks. It would need to be different, but we are about keeping jobs here.

TD – Has David Murray ever looked at these? He has never actually challenged this site saying, "you can't do this". What plan was in front of him?

JC – The business looked at the proposal and this was the best option.

PM – I'm confused because there were 4 options, but we have had no visibility of the other 3. If I read the opener from last week it sounds like David has come in and decided on this, but what about the others? Were they explored? Do you have the data and evidence?

JC – It was looked at in 2018.

PM – But this decision was made in made in 2021 and there were 4 options that it was fair and reasonable to look at - a lot has changed. Where are the details of this?

DH – If there was another site would they have been looked at, at that point?

IG – When Nick left, they were closed.

PM – They weren't closed, and the options weren't just about here it was all sites.

IG – The business is always reviewing options and it's a fair question. I'll look into the details and come back. To look at Wigston as the example, you're creating the same issue. Wigston created this model over a number of years, it didn't happen overnight.

In addition to this, there is the distance to the logistic hub, which it much closer than Tollcross. We will take it away and come back with some detail, but David has done his own assessment, the 4 options were Nick's assessments.

MG – I don't think there is a 5th option, so those other options must have been explored; what we want is the analysis before coming to this conclusion.

IG – I will take it away.

Adjourned 12.45

Reconvened 13.05

*Wigston labour profile fluctuates throughout the year

PM – If that work was coming up here there would be work that could be done in other times. There would be opportunity and scope to reduce idle time, possibly flatlining?

JC –

PM – Tollcross has demonstrated previous flexibility. Is there demarcation in grade 1?

JC – Higher graded people here do the process type higher skilled roles. The point is, most busy sites, including us, have full time people doing higher skilled roles but Wigston have built up their agency staff to have the capability to do these roles.

PM – You are a hostage to fortune on if they return, that's why I asked about Covid and oversea travel.

JC – My understanding is they are all UK nationals.

PM – Could we have a demographic profile for them? If they have these key skills and are continually returning, putting aside Covid, they could be coming towards normal retirement.

JC – We will ask for that.

DH – Has any work gone in to exploring an alternative shift pattern? 5 days instead of 7? Reducing labour by about 30/35%?

JC – Not since modernisation when we moved from a five day to a seven-day pattern.

MG – Cards on the table, did modernisation work?

It didn't happen in Carlisle, why did they decide it was necessary here? Who is running better and more efficiently?

JC – It depends on how you want to look at it? It did save money. I don't have the figures to hand, but it was substantial. I can't say about other sites.

IG - Ultimately the reason business does this is to save money. We can demonstrate the volume and the intention was always there with the NPD but unfortunately it hasn't worked. We would love it to be at 60000 tonnes.

There wasn't the volume or demand, but the intention was always to put it through, it just hasn't materialised.

PM – It has been taken and put elsewhere.

IG – If it was your business, you would do what is best to sustain it and we need to adapt our business model to our consumer demand and trends.

PM – This has all manifested through business choices.

The workers have taken it on good faith, so they did the work thinking it would sustain their future, but it hasn't because now you have this proposal.

Utilisation came from decisions you made; a self-fulfilling prophecy, particularly though lack of investment and moving volume elsewhere.

What do you need to keep the volume at Tollcross? What is the efficient rate and how much would it cost? That's why we're asking about the 4 options, and it clearly looks like none have been looked at.

IG – I did say we would come back with that.

PM – Alternatively, it could be managed better; more efficiently.

IG – We will come back to this point next week.

PM – And that's my challenge; what do you need?

Over the coming weeks it needs to be clearer. Last week I asked what level of engagement you would have with the action group. When the Cabinet Secretary for finance wants to engage, so at what level are you going to be a progressive, engaged, stakeholder?

IG – The business is looking at it and will come back with their engagement.

JC – The action group have contacted the business.

PM – The business needs to commit fully for it to be meaningful.

The more slides I see here, your engagement is potentially the only decision that could change this, so we need that formal response.

No disrespect but we need a decision maker in this room and David isn't here and we need to know what he needs to reverse this.

GM – It is the same principle as Richi Sunak being involved, with the finance minister involved, you really need to reconsider your engagement.

PM – Meaningful needs to be meaningful, engaging at all levels.

*Wigston volume breakdown

*Wigston volume pareto analysis

DM – query of a pervious transfer.

JC – The retailer changed their mind on size of Digestive they want [REDACTED].

DH – What could have bene done then, tools? Cost prohibited?

JC – It moved to an automated line with a cheaper cost per tonne.

*Wigston WIP logistics model

*On-cost of replicating Wigston WIP logistics model in Tollcross

PM – Are they going down from Tollcross and back up?

JC – Yes, although sometimes not for M&S.

PM - Back to my question this morning on why they need to go down and back up; if you had a full new site, with new lines and a distribution centre, it would have a knock-on effect.

JC – It's not as simple as it sounds. It depends on what retailers want, they don't want [REDACTED], they want mixed loads of what they want when they want it. We have to maximise vehicle fill and we have the complication of some pallets being top only due to weight, a pallet of shortbread is 650kg's and a pallet of Mini's is 130 kg's we can't put a heavy pallet on top of a light one as it will collapse.

PM – I get that but for Scotland/Northern England, if there was a distribution centre in Scotland that would have effect on all efficiencies, lead times etc.

I know at times it's political and it's not always done to a cost, I know examples of this, but I want to know if Scotland could use this model with the help of the Scottish government?

SP – Would that not bring CPT down too?

IG – Yes.

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

PM – That came from the [REDACTED]; if don't have that, what does that do to the CPT in Tollcross?

IG – It won't change; it would depreciate. It would drip through the profit and loss account.

PM – Was it incorporated into CPT when I asked?

IG – Maybe this has been misinterpreted, what we are showing is the CPT, including depreciation, based on the budget for 2021. [REDACTED].

TB – When you talk about depreciation, I know that pladis has many AUCs still to be actioned which will affect depreciation. I work on the AUCs as part of my job, so I know this to be fact.

IG – You are referring to Assets Under Construction and you are correct, we do still have assets that have not been added to the Fixed Asset register and therefore not started the depreciation process. There will be varying reasons for this.

TB – Some of that I think would be reasonable but what do other sites have in AUC and add to CPT?

IG – We can an analysis for next week, it is visible from our balance sheets. It will not however have a significant impact.

SP – How many to get CPT down??

PM – That's what we're here for, that world class, if we could get an indication. If it's going to be a certain machine type that's going to reduce CPT over a period and what happens eventually. If you got X and X was there, it would give you X. My challenge is do you know what you need.

JC – We could give you that within a margin, we know broadly speaking.

SP – Could we get for Tollcross vs other sites?

JC – We'll have a look, I'm not sure.

SP – I know someone done that a few years ago, Martin Glenn? - If you could get the breakdown.

IG – It will obviously be a few years out of date, but I can try.

DH – Can you get the impact of the 5000 tonnes removed a few years?

IG - I can have a look.

DH – Because that wasn't discontinued, it was moved elsewhere, and did it take it below where it needed to be?

IG – Discontinuing volume in a factory but retaining the same cost base will of course have a negative impact on the sites CPT. You would need to reduce your costs in the same ratio to hold your CPT flat. However, if the volume moves to another site, Rich Tea to Harlesden for example, then from the total consolidated position the CPT would improve because we have kept the volume, albeit in a different site, and we now produce it in a cheaper factory therefore reducing costs. In this example your overall consolidated CPT would improve.

PM – Can you give us the sliding scale of CPT on volume?

JC – Certainly for the 2 DH mentioned, do you mean them all?

PM – Yes.

JC – We can get the transfers, not the delists, that wasn't a choice.

PM – It wasn't a choice, but it was an effect.

IG – We could do CPT by year? To JC's point, to break it down every time we removed a product it would be much more difficult

PM – I think it's reasonable to ask for the impact for the removal of CPT.

IG – The year by year will show that and we will do those 2 specifically.
Also, other costs, inflation etc plays a factor.

DH – When launching a new product are there different categories for level of risk?

JC – There is lots of market research that is done.
I'll get an example in the deck for next week.
Explains the process behind taking new products to market.

IG – Explains stage gate process 0 – 5.
There is experience from other launches, market data, capability around the network. The business review capacity and capability and where it will make sense from a cost perspective.

SP – It boils down to investment on site?

IG – In some ways but it becomes irrelevant. It makes perfect sense to produce product in a site that already has the capacity and capability to do so.

JC – Uses nibbles as an example.

JC and PM have a discussion around NPD.

DH - That's my question are more high risk one products made here?

JC – You aren't going to make something that's not going to work. There is lots of criteria to go through, you don't launch something that's high risk.

* What is the [REDACTED] breakdown?

TB – When was this carried out?

JC – Explains estimations spreadsheet.

TB – [REDACTED] is the dream scenario, it doesn't all need done. I'm using that for the argument because I know we don't need it all done, even for a Tesco and M&S audit.

The sprinkler, no idea where that's come from, we've not even had a report back saying we need it.

Boiler replacement and electricals, I would challenge.

Silos, most sites need that.

MG – The only site that has had Silos is Harlesden.

PM – For your notes – it is really concerning that you have fudged these figures and over egged them.
[REDACTED]. when you're multiplying parts and getting figures without quotes, it is not robust. That's a big number and my concern is how much did that impact on this decision, when the next slide shows Tollcross is top of the league for cost after Aintree.

DH – Can this not be off-set from tax?

IG – I can review that. I don't do tax so not sure if we could or couldn't offset it but that's not the overruling issue, it's the volume and the fact we are underutilised.

PM – I get that, but our challenge is why Tollcross.

David made the decision and he's not here. Was [REDACTED] the tipping point? Only he can answer that and he's not here. We would make a formal request for David to come for these talks to be meaningful.

IG – We will get a response.

PM – We request he comes personally. We would like to see him answer it.

*Infrastructure investment required at sites to bring to sustainable operating standards

TB – Can we have a further breakdown, that is very high level.

JC – I'll take it away. You have been simplistic.

TB – It is but if you wanted to keep us open you could spend significantly less. We would get Tesco and pass a lot of audits.

PD – We really need David Murray or it ends up death by Powerpoint.

DH – If the market is shrinking do you have strategy in place?

JC – It's more about reality than strategy; no business sets out to shrink they want to grow volume, market share and profit.

*Scottish Enterprise

PM – Then to now, it is totally different. You should have engaged but you never but now with the attention and focus of the cabinet minister you still are not.

There are lots of questions, there is a huge heritage here. Commitments with the Scottish Government gives us possibilities but what do you need? Cheaper, quicker, less distribution time? Now is the time to ask for the all singing, all dancing and for David not to have done that or advise is a disservice. We need to know now, is it flow lines, lean manufacturing etc. It's not just these 500 jobs, it's the effect on the Scottish economy and if he isn't interested at least give us the curtsy and say it hasn't been explored - especially when it was 1 of the 4 options.

JC – You asked, and we answered.

Group discussion/ reference on Government support to Ferguson Marine and Rolls Royce.

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

*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

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

MG – 2020 was out of your control.

IG – It's obvious that Tollcross if progressive and we aren't here to portray them as the worst across all metrics.

SP – If we have moved up the table with no investment, imagine what we would have done if we had what other sites had.

TB – It's disappointing; a few years ago, I met with Lee Nicholls and asked about getting investment and he said why would I invest in this site, then we turn it around and there's still none.

DH – The company KPI's aren't even the KPI's, the reasons are CPT and capacity.

MG – 2020 tonnage vs budget?

JC – It's estimated based on sales and budgeted volumes tend to be there or thereabouts.

PM – In 2020 Tollcross [REDACTED] was that because of product transfers.

JC – [REDACTED]
[REDACTED]

PM – There is frustration on site. They had these challenging times, they had modernisation, they were performing and still this.

Most members don't trust you now.

DH – It seems like they aren't working to real KPI's

JC – This is not about performance, it's about utilisation and over capacity.

IG – The business always has the best intentions. We lost [REDACTED], we didn't know HFSS would come in, then the packing and the business need to react to it. We will work with the task force to look at solutions, we are committed to that.

PM – But why Tollcross and how do we reverse it?

IG – Last week's presentation is the why. We are not saying it's the worst, it's progressive.

TB – But why choose us then if we're progressive?

IG – The decision has not been made. On non-investment, it was based on cost effective and cheaper to make elsewhere.

MG – It's like the chicken and egg when we discuss investment, we wouldn't be here if we had it.

TB – Has the business estimated how much it would cost to close Tollcross? When is the return investment?

IG – That's a fair question, I will come back to it next week.

PD – How can you not know?

JC – We can't know everything.

PM – The cost of flattening, that's one thing but the pot of money, we want to know about that too.

IG – We take your point and question. We are not pre-empting things, we aren't here with all the answers, this is a proposal, and we take away the specifics.

PM – Thanks for sharing those slides and giving people their kudos.

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

PM – How many are apprentices?

JS – 5

*A demographic profile of the employees on the site

PM – Thanks for that, it would have been required at some point.

* Consultation Timeline

PM – You're serving the HR1 next week?

JC – Yes.

PM – Why? If the first redundancies are not until January?

JC – Why not?

PM – The timeline is for a reason if it's not until January there is no need.

JC – It's a statutory obligation and we are just following that process.

PM – We have made a formal request for you not to, and the government have asked you not to, why go against this if there is no statutory obligation in the way of your timeline? You don't need to if you're not doing anything in the next 90 days. It sends out the wrong signal, that it's not a proposal it's a plan. We have got a table of senior people together at great haste, including the government, so why would you?

JC – Again, to flip it the other way, why wouldn't we, it's a statutory obligation.

PM – Why would you want to?

JC – When we first got together you thought it would have been given that day and we never. I'm puzzled as to why there is so much resistance, it doesn't change anything. We have committed to a longer than 45-day consultation.

PM – You say you're open to alternatives, and we can formulate a counter proposal. On your timeline there are no redundancies until January 2022, it sends out the wrong signal, it says that you're moving forward. The biggest criticism with employers is it's usually a plan and they go through with it. It puts us in to positions we don't need to be in. We are focussed on progressive alternatives, so we request again that you don't issue it.

Adjourned 15.00

Reconvened 15.15

JC – I've reflected on what you said, and we have a statutory obligation to serve it. I'm happy to hold off next week but it will happen the following week.

DH – We meet with the task force in 10 days and then 2 weeks to build a counter proposal.

JC - We will work on the basis it's the 15th June, we can't keep having the same conversations, at some point we need to meet the statutory obligation and it is my intention to serve notice on the 15th.

PM – Disappointing.

I'm not going to reiterate what was said before we broke.

JC - Anything else?

Group – No.

TB – Are you happy for me to let the group have a walk round the infrastructure?

JC – Yes.

DH– Tommy Kane GMB rep - his manager isn't allowing him to be released for the rep meeting on Friday.

PD – That's sorted, it was a misunderstanding, it was sorted within 10 minutes.

JC– Any other issues like that let me know.

Anything else?

Group – No.

Meeting closed 15.20

Actions / Questions

- Can we have a slide with total market volume (CAGR) and the pladis reduction percentages in tonnes?
- Why is volume transported from Scotland to England (MDC)?
- Can we understand how much volume is made in Tollcross for Scotland and how much volume is made in England and sent to Scotland?
- How much tonnage goes to Europe?
- Are other sites a direct comparison? Working times? Shift Patterns? Utilisation?
- How do you propose to address support and contingency once Tollcross is closed?
- If there is a business interruption in Harlesden, where would the work go to?
- Impact of volume transfers going out of Tollcross on cost per tonne?
- When was Tollcross last a Tesco site and why did you not try to get the business back?
- Did the lost Tesco work go to other pladis sites?
- What year did United Biscuits buy Jacobs?
- Do you have the data and evidence from the other 4 options being explored?
- Would Wigston work be more cost effective if it was made over 7 days?
- Can we have a Wigston demographic profile?
- At what level are you engaging with the action group?
- What is the impact of Assets Under Construction to cost per ton at each site?
- Can we have an indication of what automation it would take to reduce the CPT?
- Can we have a CPT breakdown by year?
- Can we have the CPT impact from the 2 transfers Rich Tea & Digestives?
- Slide detailing the process for market research
- Can David Murry attend the next meeting?
- Can we have a breakdown of Tollcross [REDACTED]
- Estimated how much to close Tollcross and the return on the investment?
- Can you explain the covenants and debt?

Post meeting requests

EMAIL 4A - Attachments included separately

From: McIlvogue, Pat <Pat.McIlvogue@unitetheunion.org>

Sent: 09 June 2021 13:21

To: **[Redacted]**

Cc: **[Redacted]**; **[Redacted]**; **[Redacted]**; **[Redacted]**; **[Redacted]**; **[Redacted]**; **[Redacted]**; **[Redacted]**

Subject: RE: [EXTERNAL] Slides

Attachments: 210520 Consultation Meeting 1.pdf; 210525 Consultation Meeting 2_.pdf; Consultation

Meeting 1 Notes 25.05.21.docx; Consultation Meeting 2 Notes 01.06.21.docx

Hi **[Redacted]**

As requested from Action Group

No problem

I have attached previous slides and minutes and forward next as I receive.

Regards

Pat Mcilvogue
Unite the Union
Scotland

From: **[Redacted]**@gov.scot [mailto:**[Redacted]**@gov.scot]

Sent: 09 June 2021 11:41

To: McIlvogue, Pat <Pat.McIlvogue@unitetheunion.org>

Cc: **[Redacted]**@gov.scot; **[Redacted]**@gov.scot; **[Redacted]**@gov.scot; **[Redacted]**@gov.scot

Subject: [EXTERNAL] Slides

Pat

I've agreed with Neil that, rather than send the slides to him, could you send to me and my colleagues in copy and we'll make sure they go to the Action Group.

Thanks.

[Redacted]

[Redacted]

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I am currently working from home and can be contacted by mobile or email



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

5 August 2021

Dear Cabinet Secretary,

At last week's meeting with the First Minister, Cllr Susan Aitken and the Deputy First Minister, myself and Salman Amin - our Global Chief Executive Officer - reaffirmed our commitment to the consultation process and to carefully considering the alternative proposal presented to us on 27th July.

Following that meeting, my finance team met with Scottish Enterprise and [REDACTED] to discuss some of the assumptions and financials included in the alternative proposal. Unfortunately, there are significant flaws in the underlying assumptions of the proposal, including the size of the proposed new site as well as the cost of moving production. I enclose a copy of a letter which Jim Cuthbert, General Manager at Tollcross Factory, has sent to our employees setting this out in more detail. These points have also been discussed through the formal consultation process.

The consultation process continues, with the next meeting scheduled for Tuesday 10th August 2021. Our primary focus continues to be on our employees and their representatives however, I remain willing to engage directly with you and Cllr Aitken on behalf of the Action Group as I have in the past.

Yours sincerely

David Murray

Managing Director, pladis UK&I