# The future of The Original Factory Shop uncertain as restructuring plans risk hundreds of jobs



The future of The Original Factory Shop (TOFS), a prominent discount retail chain with a presence in 178 locations across Britain, has become uncertain amid plans for significant restructuring announced by its new owners, Modella Capital. The chain employs nearly 2,000 people throughout the UK and is currently navigating a challenging phase that places hundreds of jobs at risk.

According to Sky News, Modella Capital has developed a restructuring plan which involves renegotiating the rents for 88 of TOFS's stores. This process has raised concerns about the potential closure of some outlets if landlords and the company fail to agree on new rental terms. While there are no confirmed store closures at this stage, sources familiar with the matter have indicated that up to half of the TOFS estate could be affected if negotiations do not proceed favourably. Staff members at TOFS have reportedly been briefed about the ongoing uncertainty.

The restructuring also threatens a proportion of the 176 employees working in the chain’s head office and warehouse facilities, with redundancies anticipated as part of the changes. A creditors’ meeting is expected to be convened in mid-May, where the proposed plans will be voted on.

This situation with TOFS emerges alongside similar challenges faced by another retail business under Modella Capital’s ownership, Hobbycraft, the arts and crafts retailer. Hobbycraft is undergoing a substantial transformation which includes the planned closure of at least nine stores across the UK, putting approximately 72 to 126 jobs at risk. The company has stated an aim to complete these closures by mid-July, with further evaluations underway concerning the future of additional locations.

In addition to store closures, Hobbycraft is also considering redundancies at its Bournemouth headquarters and its Burton-on-Trent distribution centre, though the scale of cuts in these areas has not been specified. Despite these reductions, Hobbycraft intends to strengthen its remaining network of at least 99 outlets to secure 1,800 jobs.

Alex Wilson, CEO of Hobbycraft, commented on the situation by acknowledging the role the stores play beyond mere retail outlets. Speaking to Gloucestershire Live, he said, "For many our stores are more than just arts and crafts supplies – they have become places for gaining crafting ideas and inspiration." He further expressed regret at the necessity for store closures, stating, "Very sadly, the strength of our offering has not made us immune from the challenges faced by the retail sector in recent years." On the gravity of the decision, he added, "Closing stores is always a last resort and this has been an extremely difficult decision."

These developments highlight the considerable difficulties faced by retail businesses in the current economic climate, with private equity firm Modella Capital seeking to overhaul and stabilise its portfolio of retail assets, including TOFS and Hobbycraft. The outcomes of these plans will be closely watched by employees, landlords, and customers alike in the coming weeks.

Source: [Noah Wire Services](https://www.noahwire.com)

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