



The Scottish Parliament
Pàrlamaid na h-Alba

Joan McAlpine MSP
South Scotland Region

Christine Tacon CBE
Groceries Code Adjudicator
Room 2.17
Victoria House
Southampton Row
London
WC1B 4DA

Our Ref: JM/RC

16 May 2018

Dear Ms Tacon,

Pinneys of Annan

I am writing to you about the crisis facing my constituents employed by Pinneys of Annan, a company producing high quality seafood for the UK market. Last month, Young's Seafood announced plans to consult on closing the Pinneys factory, the town's largest single employer. More than 500 jobs are at risk, and closure will devastate the town of Annan and the wider economy. This business has been established locally since 1976 and was formerly owned locally. It has been bought over by large food companies, the latest being Young's, who have brought the community to the dark place in which it finds itself today.

The Pinneys factory exclusively produce food for Marks & Spencer (M&S), who have long been their sole client apart from a few smaller, short term contracts. As a regulator you will be well aware of the pressure that vertical integration of the supply chain can cause the suppliers themselves. You will also be aware of how vulnerable vertical integration of suppliers makes communities and workers. In this case the threat of closure has been caused by M&S contracts being moved elsewhere.

Sources within Young's itself have privately told me that Marks & Spencer used its power as sole customer to squeeze margins to the extent that Young's claim the plant could not operate at a profit. M&S has denied those allegations in correspondence with myself. Young's management now deny them too. M&S bosses deny they insisted on exclusivity. However, several sources close to the sector have told me that in order to maintain a relationship with M&S, it is difficult for suppliers to give the same level of attention to other customers; so exclusivity emerges de facto. I attach letters from both companies.

Whatever the truth is about where "blame" lies, the fact is that hundreds of my constituents face a bleak future. I know that the UK Groceries Regulator has in the past spoken out against bad practice and stood up for farmers when supermarkets squeezed their margins. I am asking you stand up for Pinneys workers in Scotland.

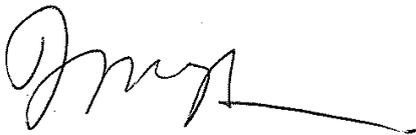
Another area of concern/...

Another area of concern you may wish to investigate is how Young's and M&S have organised contracts. M&S and Young's have both said publicly – and separately – that they wish to establish specialist centres. Pinneys closure was triggered by Young's moving its natural salmon contract from Pinneys to its headquarters in Grimsby, where it gained an additional two M&S contracts. At the same time, it voluntarily gave up its M&S deli and prepared meals contracts produced at Pinneys. These have gone to suppliers elsewhere. My constituents are very much of the view that these two large companies have reached a mutually convenient deal – with little thought for the devastating consequences in Annan. A mutual arrangement was also hinted at in reports in the seafood trade press. It has even been suggested to me by constituents that Young's bought Pinneys with the sole aim of acquiring a relationship with M&S, which will now benefit their Grimsby headquarters. Their suspicions are further escalated because Young's did not contact Scottish Enterprise, the Scottish Government development agency with whom they have an account management relationship at Pinneys, to ask for help before announcing the closure.

These are both UK companies who have carefully crafted public images. In the case of M&S, ethical treatment of communities and suppliers is promised in their "Plan A" approach to corporate behaviour. Many of my constituents feel that - whether or not a formal exclusivity arrangement was in place – both companies have failed in their social responsibility towards the people of Annan who have worked so hard for them both for many years.

I would appreciate if you would investigate the points raised in this letter as a matter of urgency.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Joan McAlpine', with a long horizontal flourish extending to the right.

Joan McAlpine MSP
South Scotland Region

Encs.