Nearly 90,000 retail jobs lost in UK in 12 months

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The onslaught on retail jobs in the UK proceeds unabated.

According to the British Retail Consortium—the body representing the retail industry— nearly 90,000 retail jobs have been lost over the year to June. It reported that retail stores laid off 2.8 percent of their combined workforce in the 12 months, with an estimated 89,600 workers made redundant.

Moreover, it found that over the next 12 months, 19 percent of firms planned to shed more staff against 15 percent in 2017. The BRC released figures stating 20 percent of retailers were looking to cut staff numbers over the next three months.

Many firms expect a more thinly populated staff to cover stores. Over the last year, the total number of hours worked in the industry was down by around 3 percent. The figures reflect the cutting of many middle management roles by the likes of retail supermarket giants Tesco and Sainsbury's.

Currently around 4.5 million workers are employed in the retail industry, representing 15 percent of the total UK workforce.

Analysis by the New Economics Foundation (NEF) highlights the scale of retail job losses. So far this year, it notes, 25,000 retail jobs—many at long-established, well-known stores—have already gone or are under threat. In addition, a further 8,000-plus jobs at retail suppliers are threatened. NEF estimates the cost of these job losses to UK GDP at around £1.5 billion.

Many jobs are to go at two of the big four supermarkets—Morrisons and Tesco. Morrisons will cut around 1,500 shop floor workers as part of a restructuring. Tesco plans to "simplify" its business and shed 1,700 job cuts. According to the New Economics Foundation, up to 2,500 jobs in supply chains could be at risk from the proposed merger of the other two of the big four, Asda and Sainsbury's.

Meanwhile, the list grows of retail outlets that have disappeared off the high street altogether, with thousands of job losses—including at Toys R Us, Carpetright and Poundworld.

Mothercare is proposing to close 50 of its 137 outlets in an attempt to stem losses. Marks and Spencer plans to close around 100 stores over the next four years.

Among the latest retail job losses to be announced are at Debenhams department stores. Its restructuring plans will mean the loss of around 90 jobs across the company. In a statement, Debenhams said, "We announced our intention to restructure our organisation … reducing complexity and driving efficiency in order to deliver our Debenhams Redesigned strategy …" This would be on top of the 200 jobs at its head office that are slated to go.

Hilco Capital, the current owner of the DIY chain Homebase, announced plans to close around 40 of its stores with the loss of about 1,500 jobs over the next few months. It is also seeking to complete a company voluntary agreement (CVA) to reduce rent on around 50 of its outlets. If a CVA cannot be reached, these stores also risk being closed. Hilco has already cut 300 jobs at the Homebase head office in Milton Keynes and its horticultural buying office in Swindon.

Hilco, a "turn around" operator, bought Homebase from the previous owner, Australian-based Wesfarmers, earlier this year for a £1. Wesfarmers already closed 16 Homebase outlets after buying the chain in 2016.

At the beginning of August, jewellery retailer Pandora announced it would be cutting 400 jobs across the company following a dip in profits and sales in the second quarter. It plans to bring in a centralised operation and supply chain system and up its online presence. Pandora chief executive Anders Coldig Friis, quoted on the retail gazette web site, said, "The adjustments … will reduce complexity and free up resources that we can add to our strategic priorities." On the day of Pandora's announcement, its share value fell by 20 percent.

This month, the House of Fraser (HoF) department store chain went into administration after the use of a CVA failed.

It was bought up for £90 million by Sports Direct owner Mike Ashley. Before Ashley took over, 31 of HoF's 59 stores were earmarked for closure under a restructuring plan, with 6,000 jobs at risk. Also threatened are the jobs of 627 HoF warehouse workers. It is not clear how many stores and jobs Ashley will retain, with him saying only that 80 percent will be kept open and decisions will be made on a "store-by-store basis."

Thousands of HoF pension scheme members also face uncertainty and possible loss of pension benefits.

Billionaire Ashley ranked 58th on this year's *Sunday Times* rich list. The conditions of extreme exploitation at Ashley's Sports Direct warehouse were exposed by *Guardian* reporters working undercover in 2015.

Retailers are shifting employees from secure full-time contracts to less secure ones. RBC chief executive Helen Dickinson explained, "Hours worked by employees on full-time contracts dropped more sharply this quarter as retailers seek greater flexibility in their workforce to cope with the pressure felt from the diverging costs of labour versus technology. … Less rigidity and more flexibility … would facilitate more positive change more quickly."

The impact of the ongoing loss of retail jobs was documented by the *Guardian* last month. It noted that such losses would hit women disproportionately as they make up 60 percent of the retail workforce. The paper reported the comments of a worker, Michelle Gray, who was employed at Poundworld for five years prior to it going into administration in June. Gray said that since losing her job she had been offered interviews at two shops but neither offered sufficient hours for her to manage. She explained, "The best I could find was 22 hours. … Really, I need at least 30, but hopefully there'll be overtime."

A collapse in workers' purchasing power is a central factor in the loss of so many retail jobs.

Despite falling official unemployment, wages are being held down. Recent Office for National Statistics (ONS) figures show that in the three months to May pay rose by an average 2.5 percent, the slowest rate since November last year. For public sector workers the rise was only 2.1 percent.

With annual inflation running at 2.5 percent as measured by the consumer price index (CPI), most workers' wages are at best only keeping pace with inflation. The inflation rate of the higher retail price index, which includes housing costs, is over 3 percent. Rising utility bills, rents and mortgage interest payments put increasing pressure on the spending power of workers and will impact on high street retail sales.

A Child Poverty Action Group report noted a couple on the national minimum wage with two children were around £50 a week short of being able to provide a basic "no frills" lifestyle.

The Citizens Advice advisory service recently warned many households are being overwhelmed by debt and estimates that nearly £19 billion is owed on utility bills, council tax and overpayment of benefits.

Head of Economics at the NEF, Alfie Stirling, said, "The shape of our economy is beginning to flex and buckle in response to powerful structural forces such as weakening household spending power and a shift in consumer behaviour towards online purchasing …"

As well as the diminishing spending power of many workers, the retail sector is being hit by the move away from spending on the high street towards sales online. A recent Office for National Statistics report showed the share going to online shopping outlets such as Amazon has risen to nearly 20 percent. Some retail stores are trying to compete by expanding their online services, which have nearly doubled over the last five years.