UK firms announce hundreds of thousands of redundancies

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Hundreds of thousands of workers are being laid off in the UK, as corporations impose restructuring programmes during the COVID-19 pandemic.

Last week, the BBC revealed that 3,672 employers had given notice of more than 300,000 planned redundancies in June and July. The BBC obtained the figures under a Freedom of Information request. Under government legislation, firms planning to make more than 20 workers redundant at a specified workplace must give notice to allow for a 90-day collective consultation period. These are sent to the government via a form called HR1—the total number of which the BBC was able to access.

The BBC revealed, "1,784 firms made plans to cut nearly 150,000 jobs in July almost a sevenfold increase on July 2019 … In June, 1,888 employers filed plans for 156,000 job cuts, a sixfold increase on the previous year." Firms planning less than 20 redundancies do not have to give notice, so the number of jobs slated for redundancy is probably much higher.

Among the firms giving notice of redundancies in July were high street chemists Boots, which announced 4,000 job losses, while high-end retail chain store John Lewis announced 1,300 jobs were to go. High street staple Marks and Spencer announced 950 job losses, with a further 7,000 announced in August. Azzurri, which owns Italian restaurant and food outlet Zizzi, announced it would close 75 outlets with the loss of 1,200 jobs. Furniture retailer DFS is cutting 200 jobs.

Other companies announcing substantial job cuts over the summer include Pizza Express, Virgin Atlantic, department store chain Debenhams, TSB bank group, Centrica (the energy group which owns British Gas), the Royal Mail Group and the Arcadia, the clothes retail group that includes Topshop and Dorothy Perkins.

Nye Cominetti, a senior economist at the Resolution Foundation think tank, said of the survey, "The businesses making the announcements during the summer even while furloughing [UK government job retention scheme] was still in place are not expecting any big pickup in demand any time soon … this data, taken alongside other business surveys and forecasts from both the Bank (Bank of England) and the OBR (Office for Budget Responsibility), all paint a fairly bleak—and consistent—picture of the next couple of months …"

The figures obtained by the BBC underscore the result of a survey published by the Chartered Institute of Personnel and Development (CIPD) along with the job recruitment agency Adecco. Describing a "challenging autumn" for pay and job prospects, the survey of more than 2,000 employers showed one in three expected to cut jobs in the third quarter of the year. It noted 38 percent of private companies expected to make redundancies, compared to 16 percent of public sector employers.

Its measure of the net employment balance, the difference in the proportion of employers expecting to take staff on to those expecting to let staff go, had fallen from -4 to -8 over the summer. This was the lowest figure since the survey was first produced in 2013.

Workers face further pay cuts, with the survey showing that companies would be restraining pay over the next year. Even those planning a pay rise would not go above a 1 percent increase. This represents a freeze, with inflation at 1 percent.

Commenting, Gerwyn Davies, a senior advisor at CIPD, said, "This is the weakest set of data we've seen for several years. Until now, redundancies have been low—no doubt due to the Job Retention Scheme—but we expect to see more redundancies come through this autumn, especially in the private sector once the scheme closes."

The cut in job numbers, "will likely be accompanied by a pay squeeze for workers…" He expected to see a "freezing [of] recruitment, reducing hours or restricting overtime, or cuts to bonuses and deferring salary increases."

The list of coming redundancies is on top of the jobs lost during the pandemic. An *Independent* newspaper survey estimates that over 185,000 job cuts have already been announced over the last six-month. This includes:

* March 30: BrightHouse (household goods, hire purchase), 2,400 at risk
* April 28: British Airways, 12,000
* May 5: Virgin Atlantic, 3,150
* May 19: Ovo Energy, 2,600
* May 20: Rolls Royce, 9,000
* June 4: Lookers (car dealership), 1,500
* June 10: The Restaurant Group (Frankie and Benny's), 3,000
* June 15: Travis Perkins (builders' suppliers), 2,500
* June 15: Jaguar Land Rover, 1,100
* June 25: Royal Mail, 2,000
* June 30: Airbus, 1,700
* July 1: Harrods (retail), 700
* July 9: John Lewis, 1,300 at risk
* July 30: Pendragon (motor retailer), 1,800
* August 5: WH Smith, 1,500
* August 11: Debenhams, 2,500
* August 18: Marks and Spencer, 7,000
* August 27: Pret a Manger, 2,800
* September 3: Costa Coffee (coffee chain), 1,650

Jobs continue to go in car manufacturing. BMW Mini intends to cut 400 out of 950 GI Group agency jobs at its Cowley plant in Oxford. Those affected will be informed in mid-September. The firm is to move from a three-shift day to a two-shift day in October. The company says it will also cut a small number of core employee jobs through voluntary redundancies and early retirement.

Restaurant chain Pizza Hut is closing 29 of its 245 outlets with the loss of 450 jobs. The chain has over 5,000 workers in the UK. It is seeking to use an insolvency mechanism to reduce its rental costs.

Costa Coffee, owned by Coca-Cola, has reopened 2,400 of its 2,700 outlets following a six-week shutdown. It plans to cut staff numbers by 1,650 mainly through the abolition of the assistant manager role.

IHS Markit chief business economist Chris Williamson stated, "Worryingly, many companies are already preparing for tougher times ahead, notably via further fierce job cutting." In August, the UK economy officially went into recession for the first time in 11 years. A recession is defined as two consecutive quarters of economic decline. For April to June the economy shrank by just over 20 percent compared to the previous quarter.

The job retention scheme is due to close completely at the end of October. The scheme has kept millions of workers on company payrolls through government financial support, under which the state paid 80 percent of employee's wages—already slashed to 70 percent. Major corporations, to remain competitive, are preparing for the end of the state's largesse by laying off thousands. There is a fear among some bourgeois commentators and political representatives that a sudden end to the scheme could lead to social upheaval. A Treasury Select Committee of MPs has called for a targeted extension of the furlough scheme.

While the official unemployment rate is currently just under 4 percent, the Bank of England expects it to rise to 7.5 percent following the end of the furlough scheme. Other estimates warn that unemployment could almost treble to 15 percent.

Job cuts on the scale already carried out and those to be made soon can only be imposed due to the connivance of the trade unions, who have not lifted a finger in opposition. The collaboration of the unions in job losses extends to their prior agreement on "redundancy caps," such as the 10 percent of redundancies accepted by the Unite union for the airline industry. As the WSWS noted, "If Unite's stated redundancy cap is enforced, this will mean the destruction of 4,500 jobs at BA, 1,500 at EasyJet, 1,750 at Ryanair and 1,350 at Airbus."