Poundland’s collapse threatens 11,000 retail jobs, as creditors prepare carve-up

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27 November 2026

Poundland, the UK’s best-known discount retailer, was placed into administration late Wednesday, threatening the closure of its 600 stores and putting 11,000 jobs at risk. A further 30,000 jobs in Poundland’s supply chain are threatened.

It is the largest retail bankruptcy since the Wilko homewares chain folded in 2023, with 400 stores and more than 12,000 jobs axed.

AlixPartners have been appointed administrator after Poundland’s owner, US private investment firm Gordon Brothers, cut off the funding needed to pay suppliers and staff.

Gordon Brothers, headquartered in Boston, has 50 offices worldwide and annual transactions worth US$70 billion. It bought Poundland for £1 in June 2025. The firm specialises in acquiring distressed assets and profiting from their restructuring and sale. They describe themselves as “global asset experts”.

The Poundland purchase was part of a court-supervised restructuring deal. Gordon Brothers assumed £22.5 million in debts incurred by Pepco Ltd (Poundland’s previous owners), while the High Court approved plans to slash 2,200 jobs and close 150 stores. The Honourable Mr Justice Norris argued the cuts were necessary to prevent the company falling into administration.

Gordon Brothers has engineered Poundland’s bankruptcy. In September, it appointed Alvarez & Marsal to oversee the sale of the business. But Gordon Brothers has come under fire for rejecting takeover offers that would have prevented Poundland’s break-up.

Barry Williams, Poundland's managing director, criticised Gordon Brothers for rejecting bids by Martin Property Group (MPG) to run the company as a going concern. Xyra Group and Innovest Holdings also bid for the whole company.

In a statement issued Wednesday, Poundland’s directors told staff that administrators had been appointed because Gordon Brothers starved the company of cash, removing all borrowing facilities and access to bank accounts. Poundland’s store shelves have been running thin for weeks.

MPG’s bid was reportedly torpedoed after it refused Gordon Brothers’ ultimatum to pay its share of Poundland’s debt in full and upfront. MPG had offered to pay £5 million now and the remainder by 2030.

Concern over the economic impact of Poundland’s collapse prompted Labour MP Byrne--chair of Parliament’s Business Select Committee--to invite Mark Newton-Jones, Gordon Brothers’ Senior Managing Director and Head of the company’s UK and EMEA operations, to answer questions at a closed session on November 11.

MPs who were at the hearing told *City AM* it was “abundantly clear” that Gordon Brothers would make more money selling off Poundland’s stores to separate buyers than as a going concern.

During its 16 months’ ownership of Poundland, Gordon Brothers has stripped £18 million from the business. The *Financial Times* reports that Hilco Capital, a private equity firm, has been approached to liquidate Poundland’s stock.

The collapse of Poundland is a blow to Labour Prime Minister Andy Burnham's PR campaign to “bring back life” to Britain’s high streets. Burnham stated on Wednesday that it was “deeply concerning for workers and their families… We want every effort made to secure a deal that protects jobs and keeps as many shops open as possible.”

Yet despite MPs’ grandstanding—including Byrne’s description of Gordon Brothers as the “wolf on Wall

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Street”—the Burnham government will do nothing to jeopardise the bankruptcy proceedings set in motion by the investment giant.

Byrne issued a second “Dear Mark” letter to Gordon Brothers on Wednesday, inviting it to a public hearing of the business select committee, supposedly to ensure that Poundland’s employees and suppliers are protected. But this would be held sometime next year “as soon as I judge any jeopardy for a successful outcome to the administration has passed.”

Just weeks before Christmas, and amid a worsening cost-of-living crisis, Poundland’s closure is devastating news for thousands of families. In addition to the many thousands of retail workers and suppliers facing unemployment, Poundland’s collapse removes a low-cost competitor to the major chains, which will lead to further price rises.

Poundland’s customer base is mostly older and lower income. Fifty-three percent of its customers belong to the C2DE social grade (skilled manual workers, casual labourers, and those on state support). Poundland’s stores offer household essentials, including personal hygiene and beauty items, that are otherwise out of reach for many.

Retail union USDAW is doing nothing to organise a fight by Poundland’s 10,000-strong workforce. Bally Auluk, the union’s national officer, described the bankruptcy proceedings as “devastating news” but merely criticised Gordon Brothers for “failing to engage with USDAW”.

Auluk said USDAW is “seeking urgent meetings with the administrators, where we will be looking for an open dialogue about how we can save as many stores and jobs as possible.” He claimed, “Our members are grateful to Government ministers and MPs who have tried to engage with the owners, and we have had useful meetings with them, along with Poundland management.”

Auluk also praised Poundland for having “turned around its fortunes”—a reference to the 1,200 jobs and 150 stores already closed by Gordon Brothers with USDAW’s blessing.

Poundland’s collapse exposes the brutal operation of the capitalist market.

While Poundland posted £18 million profit before interest and tax in the year to September, off £1.5 billion in revenue, insiders told City AM that this profit represents a margin of little more than one percent—well below the market rates investors seek.

A person close to the sale process confirmed that 50 companies initially expressed interest in bidding for Poundland, but only a handful proceeded to bid. They told *City AM*, “The market spoke, and the market said: ‘We don’t think this business in its current form is sustainable. We think the model is challenged, and we think actually there is still value in Poundland, but it is better being broken up and being absorbed by other existing retailers.’”

Both the Labour government and USDAW accept the right of companies like Gordon Brothers to call the shots. The first step in retail workers fighting the closure is to take matters out of USDAW officials’ hands and plan a rank-and-file response.

Workers at Poundland should convene emergency rank-and-file meetings to prepare a political and industrial campaign to defend all jobs and oppose store closures.

In opposition to company claims that there is no viable alternative to mass sackings and closures, retail workers should demand the opening of the books. All financial accounts and correspondence held by Gordon Brothers relating to Poundland must be released. This includes all correspondence with the Labour government and USDAW.

Workers should demand to know: Where did the £18 million stripped from Poundland last year go? What remuneration are Gordon Brothers executives claiming? What are the projected earnings from the sale of Poundland’s assets?

The only socially progressive answer to the dictates of the corporate raiders is to expropriate the major retail and supermarket chains, free them from private ownership for profit, and convert them into publicly owned businesses under workers’ democratic control. The profits generated by retail workers’ labour and from the sale of commodities should be used to provide well-paid jobs and affordable products for customers.

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