UK retail chains begin cull with more than 200,000 job losses predicted in 2025

Barry Mason
9 January 2025

UK fashion retail chain New Look is to speed up its planned closure of around 90 of its 364 stores. Hundreds of its 8,000 strong workforce are set to lose their jobs.

In 2018, New Look had around 600 stores but two restructuring exercises in the intervening period reduced its portfolio to the current 364. While New Look was planning some closures this year, it plans to accelerate the rate of closures in response to Labour Chancellor Rachel Reeves's budget in October over increasing employer national insurance contribution (NIC), due to be implemented in April—plus the planned rise in the minimum wage.

This is only the latest in a wave of job cuts. The Centre for Retail Research (CRR) estimates around 170,000 jobs were lost in the sector in 2024. This was the highest number since the 200,000 lost in 2020 as a result of the forced closures during the first wave of the COVID-19 pandemic. Retail is an important part of the UK economy with its 2.8 million jobs around 8.5 percent of the total workforce.

According to the CRR, around 13,500 stores shut for good last year—an average of over 35 a day. Among the big names lost were fashion chain Ted Baker, and flooring and carpeting retailer Carpetright, which closed around 200 shops. DIY supplier Homebase collapsed into administration with around 50 stores to go, despite rival The Range taking over some. The level of closures was up more than 40 percent on 2023.

The CRR's analysis noted that 38 major retailers entered administration in 2024, accounting for over 7,500 store closures and 55,000 jobs were lost. The remaining approximate 115,000 job losses were a result of cutbacks by big chains rationalising store numbers or independent outlets shuttering their shops.

Larger chains shut over 2,100 stores in the year. Pharmacy chain Boots, established in 1849, closed around 300 of its stores in 2024 following a plan drawn up in June 2023 to close around 650 of its UK outlets with savings of over £600 million. In December, Boots' parent company Walgreens Boots Alliance entered into talks with US private equity firm Sycamore Partners in attempts to relieve financial difficulties.

CRR figures show around 11,300 independent shops shut in 2024—an increase of over 45 percent on the previous year.

Professor Joshua Bamfield, director of the CRR, noted, "The comparatively low figures for 2023 now look like an anomaly, a pause for breath by many retailers after lockdowns if you like.

"The problems of changed customer shopping habits, inflation, rising energy costs, rents and business rates have continued and forced many retailers to cut back even more strongly in 2024."

He added, "Whilst the results for 2024 show that although the outcomes for store closures overall were not as poor as in either 2020 or 2022, they are still disconcerting, with worse set to come in 2025."

The CRR expects a major cull in the sector for 2025, predicting 17,300 store closures of which around 14,500 will be independent shops. This represents an expected loss of around 200,000 jobs.

The British Retail Consortium (BRC) sent a letter to Reeves following her October budget making clear they would respond to a rise in employer's national insurance contributions and the minimum wage by cutting jobs. Among the 81 signatories were supermarket chains Asda and Sainsbury's, department store John Lewis, high street pharmacy chain Boots, and electronic goods chain Currys, along with charity shops such as the British Heart Foundation and the

Associated Independent Stores trade group.

From April the threshold at which employers pay NIC will be £5,000 rather than the current £9,100 and the rate paid will be 15 percent rather than the current 13.8 percent. BRC said this will cost British retailers over £2.3 billion a year.

In April, the minimum wage will increase 6.7 percent to £12.21 an hour, heavily affecting an industry that runs on appallingly underpaid minimum wage staff. A further cost on larger companies from October will be the extended producer responsibility scheme. Under this scheme, introduced by the previous Conservative government, the costs of recycling previously met by local councils will be transferred to the companies using the packaging.

Another additional cost for retailers is the planned increase in business rates. While some rents have fallen due to the lack of demand for store premises business rates have not come down. Hospitality and retail businesses not qualifying for small business rates relief currently get a 75 percent business rate discount but from April this year the discount will reduce to 40 percent.

A *Guardian* article published December 27, based on a report by insolvency specialists Begbies Traynor, reported that the proportion of retail businesses that could be described as in “critical” financial distress had risen by 25 percent to over 2,100 in the final quarter of the year compared to the previous quarter.

Brick-and-mortar retail stores have also been impacted by the move to online shopping, a growing trend accelerated by the COVID pandemic. A *Retail Bulletin* piece last May noted that 91 percent of 25- to 34-year-olds shop online. It explained, “The tidal wave of shifting consumer habits and the relentless pull of the internet have been particularly devastating to the fashion retail industry…

“More than one in every four retail sales from textile, clothing, and footwear stores are made from online channels. This has caused problems for traditional high street retailers, which has resulted in closures and job losses due to the new consumers’ shopping habits.”

As big business responds to these pressures in predictable fashion, by firing workers and making those who remain work twice as hard—while forcing smaller, independent outlets into collapse—no response is forthcoming from the unions in the sector. This is in keeping with their waving through of the last few years of unprecedented job losses, generally only going so far as to plead that chains going out of business be taken over by one or another competitor or asset stripper looking to make a killing in the administration process.

The GMB union’s response in August 2023 to the closure of Wilkos stores was to run up the surrender flag entirely, saying it would “continue to support members through this process and will fight to ensure members are consulted as per the law and that you receive every penny you are entitled to.” The final closures of Wilkos stores in October 2023 coincided with a report issued by the GMB showing over 420,000 retail jobs had been lost since 2010 and that the high street may be in “terminal decline”. All these went without the unions lifting a finger in opposition.

Unite’s response to planned café closures at Sainsbury’s supermarkets in March 2022 with the threatened loss of around 2,250 jobs was a call to “rule out compulsory redundancies”. This support for “voluntary” redundancies has become a standard practice of the unions over many years across a wide range of employers, and enables companies to smoothly carry out job cuts with minimum disruption.

In January last year in response to the loss of 120,000 retail jobs and 10,000 store closures in 2023, the shop workers’ union USDAW issued a call only for “the Government to work with them and employers to develop a retail industrial strategy to tackle longstanding and ongoing difficulties in the sector and help save our shops.”