

Topshop owner Arcadia goes into administration



Topshop, Burton and Dorothy Perkins owner Arcadia has gone into administration, putting 13,000 jobs at risk.

The High Street giant has hired administrators from Deloitte after the pandemic "severely impacted" sales across the group.

No redundancies would be

announced immediately, it said in a statement.

And Arcadia's stores will continue to trade as Deloitte considers all options available to the group. All orders made over the Black Friday weekend will also be honoured, the administrators added. Sir Philip Green's retail empire had failed to secure extra funding to pay its debts after sales slumped during the pandemic.

The group, which runs 444 stores in the UK and 22 overseas, said 9,294 employees are currently on furlough. The administration will give Arcadia breathing space from creditors, such as landlords for its shops or clothing suppliers, while a buyer is sought for all or parts of the company. Arcadia executives will still hold day-to-day control over the business.

- **Has Topshop boss Philip Green done anything wrong?**
- **Is my pension ruined if a retail empire crumbles?**
- **Buyers to 'pick over carcass' of Topshop firm**
- **Four reasons Topshop is not the brand it once was**

Ian Grabiner, the boss of Arcadia, said it marked an "incredibly sad" day for the group. "The impact of the Covid-19 pandemic, including the forced closure of our stores for prolonged periods, has severely impacted on trading across all of our brands," he said. "Throughout this immensely challenging time our priority has been to protect jobs and preserve the financial stability of the group, in the hope that we could ride out the pandemic and come out fighting on the other side.

"Ultimately, however, in the face of the most difficult trading conditions we have ever experienced, the obstacles we encountered were far too severe."

Matt Smith, joint administrator at Deloitte, said that it would be working with Arcadia management to assess all of the options available to the group's brands, which also include Evans and Outfit. He said Deloitte would rapidly seek expressions of interest and expected to identify one, or more, buyers to hopefully ensure the future of the businesses. Fashion retailer Boohoo is seen as a potential buyer for some of Arcadia Group's big name brands, such as Topshop. In the past **it has bought struggling brands Oasis, Warehouse, Karen Millen and Coast.**

The prospects for the 13,000 workers look very challenging. There is a lot of industry chatter that online-only retailers might want to snap up the names that still have some consumer power - such as Topshop and Topman.

But while the likes of Boohoo and Asos may want the brands, they will not want to take on a portfolio of physical stores - which is where most of the jobs are. Other brands like Wallis, Evans, Dorothy Perkins and Burton are not considered very relevant to a new generation of consumers.

And what of Sir Philip? His gruff and combative style belies - or is perhaps explained by - the fact he is much more thin-skinned and sensitive than you might think. He will feel this failure personally - but that will be little comfort to the thousands of employees facing an uncertain future with Christmas round the corner and rising unemployment limiting their other job options.

He is also very stubborn. That resistance to change, and insisting he knew best, was at the heart of Arcadia's demise. It's hard to see another act in what has been a career full of drama and controversy.

As many have said, at heart he was not really a retailer - he was a shrewd financier - a money man. The future of retail requires a very different skill-set.

Arcadia was once a darling of the High Street, but long before coronavirus, Sir Philip's brands were struggling against newer, online-only fashion retailers such as Asos, Boohoo and Pretty Little Thing. Julie Palmer, partner at professional services firm Begbies Traynor, said: "While the Covid-19 crisis has undoubtedly accelerated the company's decline, in reality, the writing had been on the wall for Arcadia for some time.

"Its competitors forged ahead with high-profile online propositions that it simply failed to match." In its most recent accounts for the year to 1 September 2018, Arcadia reported a £93.4m pre-tax loss compared with a £164.6m profit in the previous 12 months. It also said sales fell 4.5% to £1.8bn.

The pandemic did also lead to a huge drop-off in sales as stores had to shut for long stretches. While the business persuaded its landlords to lower its rents in June, it was not enough to steady the ship.

Job worries

Arcadia's 13,000 workers now face an anxious wait. One store manager told the BBC they felt "angry, sad and disappointed" on Monday. "I've now got a large team that's all terrified of what's going to happen to them and their futures", they said.

"I am just hoping that something can be done to preserve the brands and the employees' jobs." Aye Gill, from retail trade union Usdaw, said: "It is crucial that the voice of staff is heard over the future of the business.

"We are seeking urgent meetings [with the administrators] and need assurances on what efforts are being made to save jobs, the plan for stores to continue trading and the funding of the pension scheme."

Adding to the uncertainty facing the thousands of Arcadia staff is an estimated £350m hole in the company's pension fund, which has 10,000 members.

Stephen Timms, chairman of the Work and Pensions Committee, called on Sir Philip to cover a shortfall in the pension scheme and urged the pension watchdog to fight on behalf of the group's workers. Business Secretary Alok Sharma tweeted on Monday that the independent Pensions Regulator "has a range of powers to protect pension schemes", and that he would be keeping a "very close eye" on the administrators' report on director conduct.

Sir Philip previously faced controversy for selling off BHS, the former department store chain, for £1 to businessman Dominic Chappell. The following year, BHS went bust with the loss of 11,000 jobs and a pension deficit of £571m.

Sir Philip reached a deal with the Pensions Regulator to inject £363m into that scheme. Meanwhile, **Mr Chappell was recently sentenced to six years for tax evasion.**

High Street woes

Arcadia is the latest major retailer to have been hammered by store closures during the pandemic. Competitors Debenhams, Edinburgh Woollen Mill Group, Oasis and Warehouse have all slid into insolvency since lockdown measures were first imposed in March. The collapse of Arcadia could also affect Debenhams as it is feared it could scupper a sale of the department store chain to JD Sports.

Arcadia is the biggest concession in Debenhams, accounting for about £75m of sales. It sells brands such as Miss Selfridge and Evans across the department store chain. JD Sports had been closing in on a rescue deal to buy Debenhams, which is currently in administration for the second time in a year. Debenhams has already cut about 6,500 jobs since May, and now has about 12,000 employees across 124 stores.