# British retailers falter under triple threat of cyberattacks, budget hikes, and rising costs



The recent cyber attacks on three prominent British retailers are adding to the tumultuous challenges already facing the sector. As merchants struggle to recover from the financial impacts of the Covid-19 pandemic and escalating energy prices, the situation has become even direr with the challenges posed by the new budgetary measures introduced by Chancellor Rachel Reeves.

Retailers, still grappling with declining sales, expressed feelings of confusion and frustration at the recent changes, which might harm their operations further. The changes include increases in National Insurance and the national minimum wage, as well as a reduction in business rate relief, which many argue disproportionately affects High Street stores compared to retail parks.

One notable casualty of these ongoing issues is the department store chain Beales, which has been a fixture for the past 140 years. Beales' CEO, Tony Brown, stated that Reeves' new policies have led to a financial loss of approximately £200,000 for the business. In a striking move, the Bournemouth branch of Beales has launched a 'Rachel Reeves closing down sale', emblazoning posters of the Chancellor throughout the store. Brown remarked, “Labour has used business as an ATM. There's not a business person who'll say otherwise. It has done damage beyond repair."

Similarly, small business owners are voicing their concerns. In Darlington, County Durham, Jane Robineau, co-owner of a local patisserie, referenced her constituents' struggles following a visit from Treasury Minister James Murray. She articulated the emotional toll the financial strain has placed on small business proprietors, stating that they are "crying around their kitchen tables" over rising costs. Robineau called for reduced corporation tax rates, lamenting that her business is subjected to the same 25% rate as larger corporations.

Andrew Massey, who operates a family-run DIY store in Swadlincote, Derbyshire, indicated that his business has suffered an additional £90,000 in costs stemming from the budget changes. He expressed concern that these financial pressures on private businesses could lead to increased inflation.

Michael Hughes, who runs a clothing shop in Narberth, Pembrokeshire, shared that the recent rise in National Insurance has hit his business hard, especially after his local government reduced business rate relief last year. He pointed out, "If someone only works one day a week, previously we wouldn't have to pay National Insurance but now we do."

Andrew Goodacre, the head of the British Independent Retailers Association, which represents around 4,000 small to medium-sized businesses, noted that the government, which previously aimed to revitalise High Streets, has instead seemingly increased the cost of operating a shop. He urged a return to free, time-limited parking policies and called for a re-evaluation of business rates, particularly for retail parks — suggesting that cities like Solihull have lost anchor shops like M&S and TK Maxx to the periphery due to these financial pressures.

David Hale, a representative from the Federation of Small Businesses, echoed concerns about the sustainability of local shops, stating, "People put their life and soul into setting up a business on the High Street." He emphasised the absence of positive legislative actions that truly support small enterprises.

The British Retail Consortium, representing major retailers employing over two million staff, highlighted that forthcoming changes in National Insurance will impact a significant number of part-time workers, particularly women, with an estimated 130,000 such positions at risk over the next three years. Their chief executive, Helen Dickinson, deemed the changes to National Insurance obligations, including the lowering of the threshold from £9,100 to £5,000, as a major concern.

In overall market conditions, retail sales fell for the seventh consecutive month in April, with further declines anticipated in May, according to the Confederation of British Industry. Louise Hellem, chief economist, noted the industry is struggling amid years of compounded difficulties. Furthermore, new workers' rights legislation making its way through Parliament is projected to add £5 billion to the cost of doing business, exacerbating the plight of the retail sector.

Source: [Noah Wire Services](https://www.noahwire.com)

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