

## Debate Pack

Number CDP 2021/0097  
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21 June 2021

# Beauty and wellbeing sector workforce

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## Summary

There will be a Westminster Hall debate on the Beauty and wellbeing sector workforce on Wednesday 23<sup>rd</sup> June at 9:25am.

# 1

## Summary

There has been a fall in the number of people who are employed in this sector following the coronavirus outbreak.

Businesses in this sector have been able to benefit from Government support schemes available to businesses from all industries. As at 30 April 2021, 113,000 jobs within this sector were on furlough, which was 39% of eligible jobs.

There has also been a fall in the number of apprenticeship starts following the outbreak of the pandemic.

## 1.1

### Overview of the workforce

According to the Office for National Statistics Labour Force Survey, around 225,000 people reported that they were employed as hairdressers or related services in their main job in January-March 2021. Of these, just over 60% were self-employed.<sup>1</sup>

This compares to around 275,000 people in January-March 2020. A slightly higher proportion reported that they were self-employed in 2021 than in 2020.

Of those employed in January-March 2021:

- 87% were female.
- 54% were working full-time and 46% part-time.

These statistics are broadly consistent with those that have been reported by the National Hair and Beauty Federation (NHBF), a sector trade association.<sup>2</sup>

The Office for National Statistics reported that, in 2019, around 200,000 people were employed in the Beauty and wellbeing sector, with almost 90% of these working as employees. This only includes those working in VAT and/or PAYE based enterprises, and the NHBF have estimated that around 40% of enterprises in the sector are neither registered for VAT nor PAYE.<sup>3</sup>

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<sup>1</sup> Office for National Statistics, Social Survey Division, Northern Ireland Statistics and Research Agency, Central Survey Unit. (2021). Quarterly Labour Force Survey, January - March, 2021. [data collection]. UK Data Service. SN: 8806, <http://doi.org/10.5255/UKDA-SN-8806-1>

<sup>2</sup> NHBF, [The effects of the pandemic on the hair and beauty sector report](#), 11 February 2021

<sup>3</sup> ONS, [Hairdressing and beauty by district](#), 24 November 2020

## 1.2 Impact of pandemic

The employment figures reported in section 2.1 from the ONS Labour Force Survey suggest that the number of people employed as hairdressers or in related services has fallen by almost 20% in the year to January-March 2021.

This is broadly consistent with the figures in the NHBF report [The effects of the pandemic on the hair and beauty sector](#) (February 2021) which reported a 21% fall in full-time equivalent employment numbers in the Hair and beauty sector. They found that this was due to three reasons: staff having their working hours reduced, redundancies and employees leaving for other 'more reliable' sectors.

This report also found that levels of turnover were substantially less in 2020 than in 2019, and that at the end of 2020 two thirds of hair and beauty businesses had no cash reserves or business savings. It also reported a fall in apprenticeship starts.

## 1.3 Support for the beauty and personal care sector

Businesses in the beauty and personal care sector have been able to benefit from Government support schemes available to businesses from all industries including:

- Coronavirus business support scheme (CJRS, the furlough scheme)
- Self-Employment Income Support Scheme – many health and beauty professionals are self-employed
- Government-backed business loans schemes
- Other measures such as a moratorium on eviction for non-payment of rent and VAT payment deferral.

Businesses in the beauty and personal wellbeing sector may also have been eligible for [business rates relief](#) and small business grants along with retail and hospitality businesses, for example the [Restart Grants](#). The Library briefing paper, [Coronavirus: support for businesses](#) discusses grants that have been available in section 10.

Hair and beauty trade associations have [run campaigns](#) calling for the Government to implement a VAT cut for services provided by the sector, similar to the 5% temporary rate implemented for hospitality, tourism and leisure businesses.<sup>1</sup> An [Early Day Motion on VAT on hair and beauty services](#) tabled on 22 February has received 45 signatures.<sup>2</sup>

When asked about the potential merits of reducing VAT for the sector, the Government stated that it “keeps all taxes under review, and all stakeholder views are carefully considered”.<sup>3</sup> In March 2022, Paul Scully (Parliamentary Under-Secretary for the Department for Business, Energy and Industrial Strategy) said:

I regularly engage with businesses in the personal care sector to listen to their concerns and understand the impact of the pandemic, including members of the Save our Salons campaign. In line with the roadmap, hair and beauty businesses will be able to reopen in England no earlier than 12th April, alongside non-essential retail. They will benefit from the package of support announced by my Rt. Hon. Friend Mr Chancellor of the Exchequer in the Budget, including restart grants of up to £18,000.<sup>4</sup>

## Furloughed jobs

The HMRC Coronavirus Job Retention Scheme statistics provide a breakdown of the number of jobs by sector.<sup>4</sup>

Although these statistics do not provide the number of furloughed jobs in the Beauty and wellbeing sector, they do provide a breakdown for the Other personal service activities sector. Over half of the jobs in this sector are in the Beauty and wellbeing sector. Other activities include funeral services and dry cleaning services.

This section provides information on furloughed jobs within the Other personal service activities sector. This will include some jobs that have been furloughed and that are not in the Beauty and wellbeing sector.

As at 30 April 2021, 113,000 jobs within the Other personal service activities sector were on furlough, which was 39% of eligible jobs. This proportion was considerably higher than the proportion of all jobs that were on furlough at this date. Across all sectors, 12% of eligible jobs were on furlough.

Half of the employers within the Other personal service activities sector had at least one member of staff on furlough.

At the end of March 2021, when hairdressers and beauty salons were still closed across most of the UK, 56% of eligible jobs were furloughed and 71% of employers had furloughed at least one member of staff.

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<sup>4</sup> HMRC, [Coronavirus Job Retention Scheme statistics](#), June 2021

## 1.4

## Apprenticeships

The table below shows the number of apprenticeship starts in the Hair & beauty sector over the last three academic years.

<b>Starts in Hair &amp; Beauty apprenticeships</b>			
2018/19 to 2020/21, England			
Year	Period of year		
	August-January	February-July	August-July
2018/19	7,204	4,128	11,332
2019/20	6,013	2,110	8,123
2020/21	4,273	...	...

The number of starts in February-July 2020 were almost half the levels seen in this period in 2019 following the start of the pandemic. Over the whole of the 2019/20 academic year, there were 3,200 fewer starts than in the previous year, which was a fall of 28%.

The number of starts in the first six months of the 2020/21 academic year were also less than the number of starts in previous years. There were 1,740 fewer starts than in the first six months of 2019/20, which was a fall of 29%.

According to the NHBF, businesses were struggling to recruit new apprenticeships even prior to the pandemic.<sup>5</sup>

### Government support for apprenticeships

In the March 2021 Budget, the Government announced that it will pay employers in England £3,000 for every new apprentice they hire between 1 April 2021 and 30 September 2021.<sup>6</sup>

From the start of August 2020 to the end of March 2021, employers in England were paid £2,000 for every new apprentice they hired who was aged under 25, and £1,500 for every apprentice they hired who was aged 25 and over.<sup>7</sup>

Prior to the pandemic, the Government was providing £1,000 to employers for every apprentice they take on who is either aged between 16 and 18, or aged between 19 and 24 and has previously been in care or who have a Local Authority Education, Health and Care plan. The new payments are in addition to this.

<sup>5</sup> NHBF, [The effects of the pandemic on the hair and beauty sector report](#), 11 February 2021

<sup>6</sup> HMT, [Budget 2021](#), p47

<sup>7</sup> HM Treasury, [Plan for Jobs](#), 8 July 2020, p8

## 2

## Press articles

[Clothing and make-up sales surge as Britons scrub up after lockdown: Consumers start to dress up and splash out as handbags, high heels and makeup fly off the shelves, retailers report](#)

Zoe Wood and Sarah Butler

The Guardian, 24 April 2021

['We've been inundated': England's beauty salons say cash-splashing clients excited to return: Clamour for salon appointments comes as uncertainty remains over new rules on shorter, basic treatments](#)

Jessica Murray

Guardian, 11 April 2021

[Salon owner survivors poised to fix the nation's fringes: Business partners Michael Young and Gary Hooker have been 'running on reserves' under lockdown](#)

Chris Tighe

Financial Times, 9 April 2021

[Because they're worth it: why government's attitude to the beauty industry is due a makeover](#)

Kate Proctor

Politics Home, 7 March 2021

[Covid lockdown: 'My closed hair salons cost me £1,000 a day'](#)

BBC, 24 February 2021

[How the beauty retail market can survive Covid-19](#)

Retail Gazette, 16 February 2021

[L'Oréal predicts 1920s-style boom for beauty: Biggest global cosmetics maker manages to limit profit hit from pandemic](#)

Leila Abboud

Financial Times, 12 February 2021

[Covid-19: Hairdresser calls for 'game changer' VAT cut](#)

BBC, 4 February 2021

[Frustrated companies fume at Boris Johnson's England lockdown U-turn: Coronavirus: beauty salons and casinos among businesses hit by last-minute change](#)

Joanna Partridge

The Guardian, 31 July 2020

[The global grooming industry gets cut down to size](#)

The Economist, 30 May 2020

## 3 Parliamentary material

### 3.1 Written questions

[Personal Care Services and Weddings: Females: Question for Treasury: UIN 173067](#)

Asked by Dr Lisa Cameron

Asked on 22 March 2021

To ask the Chancellor of the Exchequer, whether his Department has made an impact assessment of the potential effect of Budget 2021 on women working in the (a) wedding and (b) the hair and beauty industries.

Answered by Kemi Badenoch

Answered on 25 March 2021

The Treasury carefully considers the impact of its decisions on those sharing protected characteristics, including at Budgets and other fiscal events, in line with its legal obligations under the Equality Act 2010.

Measures announced at Budget which the wedding and hair and beauty sectors may benefit from include an extension of the furlough scheme until September; extensions to the Self Employment Income Support Scheme (SEISS); 12 months of relief from business rates; a new UK-wide recovery loan scheme; enhanced Time to Pay for taxes; a 12 month VAT cut; and cash grants to protect businesses. The Government recognises that employees in the wedding events sector, and the hair and beauty sector are more likely to be female. Therefore, in as much as these business support measures contribute to business survival, and thus the continued employment of these employees, these support measures will benefit women working in these sectors.

[Personal Care Services: Coronavirus: Question for Department for Business, Energy and Industrial Strategy: UIN 169875](#)

Asked by Margaret Greenwood

Asked on 16 March 2021

To ask the Secretary of State for Business, Energy and Industrial Strategy, what discussions he has had with the Save our Salons campaign group on support for businesses in the hairdressing and beauty industry.

Answered by Paul Scully

Answered on 22 March 2021

I regularly engage with businesses in the personal care sector to listen to their concerns and understand the impact of the pandemic, including members of the Save our Salons campaign. In line with the roadmap, hair and beauty businesses will be able to reopen in England no earlier than 12th April, alongside non-essential retail. They will benefit from the package of support announced by my Rt. Hon. Friend Mr Chancellor of the Exchequer in the Budget, including restart grants of up to £18,000.

[Personal Care Services: VAT: Question for Treasury: UIN 155140](#)

Asked by Alison Thewliss

Asked on 19 February 2021

To ask the Chancellor of the Exchequer, if he will reduce VAT to 5 per cent for the hair and beauty industry.

Answered by Jesse Norman

Answered on 24 February 2021

The temporary reduced rate of VAT was introduced on 15 July to support the cash flow and viability of over 150,000 businesses and protect 2.4 million jobs in the hospitality and tourism sectors, and is due to run until 31 March 2021.

This policy will cost over £2 billion and is a temporary measure. The Government keeps all taxes under review, and all stakeholder views are carefully considered. Any future decisions on tax policy will be made at Budget.

The Government has announced a significant support package to help businesses from a range of sectors through the winter months, which includes an extension of the Coronavirus Job Retention Scheme, an extension of the Self-Employment Income Support Scheme grant, and an extension of the application window for the Government-backed loan schemes.

[Personal Care Services: Coronavirus: Question for Treasury: UIN 134380](#)

Asked by Andrew Rosindell

Asked on 8 January 2021

To ask the Chancellor of the Exchequer, whether his Department plans to provide additional financial support to (a) beauty and (b) hair salons during the January 2021 covid-19 lockdown.

Answered by Kemi Badenoch

Answered on 18 January 2021

The Government recognises the extreme disruption the necessary actions to combat Covid-19 are having on businesses and workers in the beauty industry across the UK.

We are providing additional funding worth £4.6 billion across the UK to support businesses during the new national lockdown. All businesses in England which are legally required to close as a result of this lockdown will receive one-off grants of up to £9,000. We are also providing all English local authorities with an additional £500m of discretionary business grant funding. This extra support comes on top of existing monthly grant support for closed businesses.

We have taken additional steps to support businesses requiring access to finance by extending four of the temporary government-backed loan schemes to 31st January and introducing flexibility on some of their repayments. To protect jobs and businesses, including those in the beauty sector, we have also extended the Coronavirus Job Retention Scheme (CJRS) for all parts of the UK until the end of April 2021.

As measures to control the virus change, it is right that government support should also evolve. Because of this, we continue to take a flexible approach and keep all impacts and policies under review.

[Personal Care Services: Coronavirus: Question for Treasury: UJN 94591](#)

Asked by Alex Davies-Jones

Asked on 23 September 2020

To ask the Chancellor of the Exchequer, what assessment he has made of the effect on the economy of self-employed beauty industry workers being unable to carry out treatments as a result of covid-19 restrictions remaining in place for the next six months.

Answered by Kemi Badenoch

Answered on 28 September 2020

The Government recognises that this is a challenging time for the beauty sector, where businesses were required to stay closed for longer than some others.

The SEISS Grant Extension will help the self-employed who are currently actively trading but are facing reduced demand. The Government will provide an initial SEISS grant covering 20% of average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £1,875 in total. This grant will cover a three-month period from the start of November until the end of January. A second grant will cover a three-month period from the start of February until the end of April.

We will continue to monitor the impact of the restrictions necessary to curb the spread of Covid-19 on businesses and the economy and the need for further support.

## 3.2 Oral questions

### [Covid-19: Support for Business](#)

HC Deb 9 March 2021, c 639-41

### [Covid-19: Women Leaving the Workforce](#)

HC Deb 21 October 2020, c 1046-1047

## 4

### Further reading

[Feeling good: The future of the \\$1.5 trillion wellness market](#)

McKinsey, April 2021

[The effects of the pandemic on the hair and beauty sector report](#)

National Hair and Beauty Federation, February 2021

[Annual Report, 2020](#)

British Beauty Council, December 2020

[How COVID-19 is changing the world of beauty](#)

McKinsey, May 2020

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