



Supporting the hair, beauty
and barbering industries

ANNUAL REPORT 2022





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MEMBERSHIP

2022 was probably the most difficult year the NHBF has ever experienced in terms of membership, with member numbers falling throughout the year. We ended the year with 5,531 Members, a loss of 959.

We spoke directly to around one third of those Members who did not renew, more than half whom said the reasons were primarily financial, with another quarter saying that they were ceasing trading or retiring. It was clear from the number who did not renew at the end of their first year that many those who had joined during the 2021 lockdown saw membership as a distress purchase to help them through the COVID crisis, and not something that they needed for the long-term. Recruitment actually held up until the final quarter of the year, but fell away as the cost of living business crisis bit hard in the autumn.

CORONAVIRUS

ADDITIONAL RESTRICTIONS GRANTS

The year began with the sector still reeling from the impact of the Omicron surge in December 2021, which devastated the pre-Christmas trade and resulted in a slow January. Our lobbying had helped secure top-up funds for the Additional Restrictions Grant (ARG) to support those businesses affected. However, despite the Government's guidance making clear that the additional money was intended to support personal care businesses, amongst others, we began to receive reports from Members across England that their local councils had not included our sector in their distribution plans.

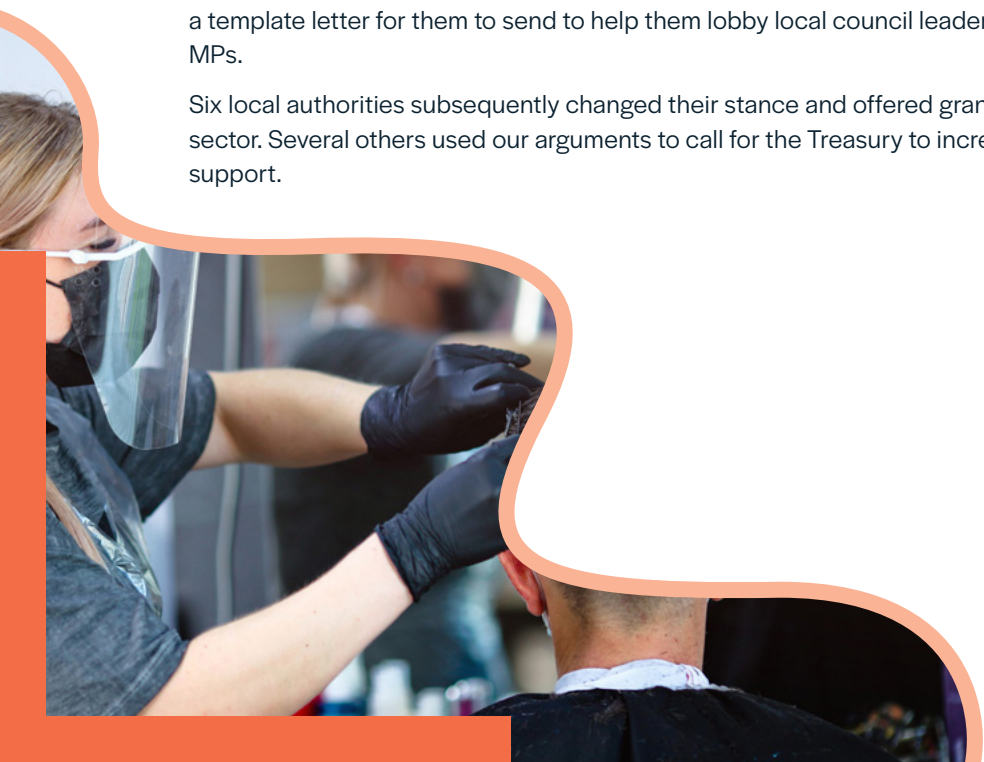
We passed all these reports to the **Department for Business (BEIS)**, and sent a list of those councils we had confirmed were not giving grants to personal care services to the Chancellor. Working with the **British Beauty Council** and other sector organisations, we wrote a joint letter to all councils reminding them of the Government's intention that personal care should be included. We also named and shamed the councils that were either delaying or rejecting grant applications, issued advice to Members on applying for the ARG and produced a template letter for them to send to help them lobby local council leaders and MPs.

Six local authorities subsequently changed their stance and offered grants to the sector. Several others used our arguments to call for the Treasury to increase its support.

ENERGY

The dramatic rises in energy bills became an increasing cause for concern as we went through the year and the cost of doing business crisis intensified.

The sector organisations ran a joint survey on the impact of rising energy costs in March to support the case for additional support. **The Energy Bill Relief Scheme** announced in the budget was welcome, but could not offset the full impact of the increases, and we continued to raise the issue regularly with **BEIS** and providing data from our Members, to support the case for continued support after the initial six months. We were relieved when the Chancellor announced that support would continue for all sectors until March 2024, albeit at a lower level. We also offered Members more practical support through a partnership with an energy broker, **Direct Business Services**, to help them find the most suitable contract available in a complex and rapidly changing market.



NON-SURGICAL COSMETIC (AESTHETICS) REGULATION

The early months of the year saw an intense lobbying campaign to secure an amendment to the **Health & Care Bill** to regulate non-surgical aesthetic treatments. The NHBF worked closely with the **Chartered Institute of Environmental Health (CIEH)** and the **Beauty Industry Group (BIG)** as the amendment was debated in the House of Lords. In the end, the Government brought in its own amendment. The NHBF and BIG suggested several technical changes, which, in the end were acknowledged, but not accepted. The Bill received **Royal Assent as the Health and Care Act 2022** in April.

We are now waiting for the Government's consultation on the details of the regulatory regime. We are also talking to the Scottish and Welsh governments about their respective legislative plans for non-surgical cosmetic (aesthetic) procedures.

CAREERS AT THE CUTTING EDGE SKILLS REPORT

In April, the NHBF published a **landmark report** which sought to document and quantify the true extent of the skills and recruitment crisis facing the sector. The report found that with the accumulation of longstanding issues in relation to **recruitment, qualifications and training** and **financial pressures** meant that the sector was now facing a perfect storm.

We distributed the report widely through Government, Parliament, the devolved administrations, key business organisations and thinktanks, and embarked on a series of meetings to outline the detail of the report and gauge the response to it. In the autumn, we held a roundtable meeting with 10 sector organisations where we agreed a **Sector Skills Action Plan** to address the issues arising from the report.

OTHER POLICY WORK

We continued our support for the All-Party Parliamentary Group on Beauty, Aesthetics and Wellbeing, contributing to its enquiry and report on the value of complementary therapies.

We represented the sector by responding to consultations and making submissions to parliamentary committees on a wide range of topics throughout the year.

We undertook our regular annual engagement with the **Low Pay Commission** as it considered its recommendations for the **National Minimum Wage (NMW)** and **National Living Wage (NLW)**, giving both written and oral evidence, gathering data via a survey and encouraging Members to speak directly to Commissioners during their regional visits.

We published a report summarising the cumulative results from two years of our quarterly **State of the Industry surveys**, which increasingly form the foundation of our conversations with Government, showing the trends over time. The report illustrates a story of survival, but also that every time the sector appeared to be on the verge of recovery, something happened to choke it off.



DEVOLVED ADMINISTRATIONS

The **NHBF** has developed good contacts within the devolved administrations in Scotland, Wales and Northern Ireland. We contributed to the **COVID review** exercises undertaken by the Scottish Government and the Department for Economy in Northern Ireland about their respective handling of lockdown restrictions, policy development and communications to business.

Director of policy & public affairs **Rosina Robson** had two further meetings with officials in the Scottish Government, one on the general business environment, the other on mental health advice and support within the sector.

BUCKINGHAM PALACE SMALL BUSINESS RECEPTION

The NHBF was invited to nominate industry representatives to attend a reception hosted by the King at Buckingham Palace in November to celebrate the contribution of small businesses to the economy.



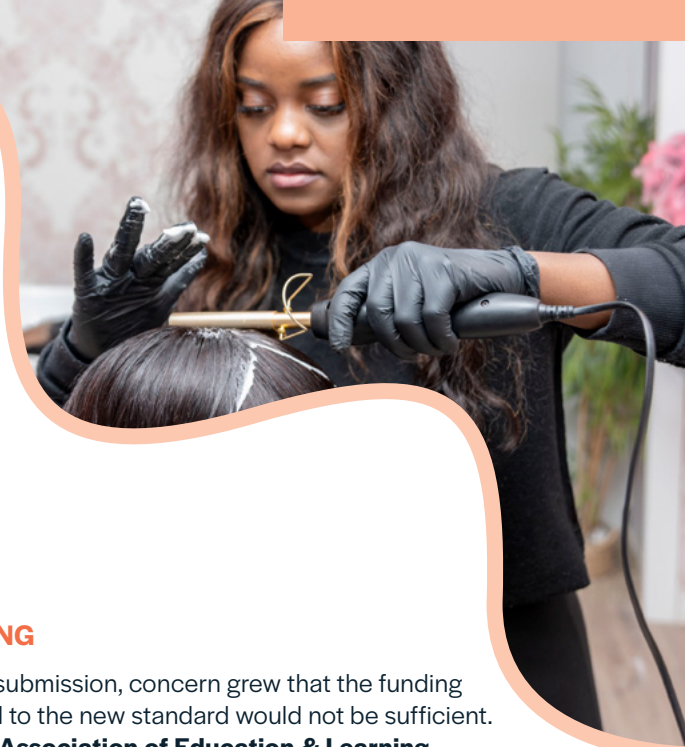
QUALIFICATIONS AND STANDARDS

REVISION OF THE HAIR AND BARBERING APPRENTICESHIP STANDARDS

REVISION OF THE STANDARDS

Director of quality & standards **Caroline Larissey** devoted much of her time over the year to supporting the apprenticeship steering groups and the **Institute for Apprenticeships and Technical Education (IfATE)** on the submission of the hairdressing professional and barbering professional apprenticeship standards. These were originally scheduled for submission in May 2021, but in the event were submitted almost a year late in May 2022.

However, it was only after a series of meetings, the submission of additional evidence and extensive consultation, that the standards were approved with conditions. There then followed several months of difficult negotiations between the steering group and the **IfATE** as they sought to find a compromise which would meet both employer needs and the Institute's criteria. The revised standard and assessment plan was eventually re-submitted and agreed by the IfATE in December, and is expected to be formally published in 2023.



APPRENTICESHIP FUNDING

During the run-up to the initial submission, concern grew that the funding band which would be allocated to the new standard would not be sufficient. Through our contacts with the **Association of Education & Learning Providers (AELP)** hair and beauty forum, we knew that training providers anticipated that they would simply not be able to continue providing the standard on the lower funding rate. We lobbied hard for the funding band to be increased, writing to the **Secretary of State for Education** to make the case, as well as pressing the IfATE, BEIS and the Treasury. The ESFA and IfATE developed a new funding model, which allowed a broader cost base. Caroline co-ordinated the submission of data from training providers to build the case for the new funding band proposal, which was submitted in January 2023.

Caroline Larissey and **Rosina Robson** also provided a short briefing to the **Personal Care team** in **BEIS** on the **Apprenticeship Levy**, with ideas for reform and how to redistribute the funds to small sector businesses, based on input from the Trailblazer group. As a result of this, we met the **Head of Apprenticeships Policy** at **HM Treasury (HMT)** to discuss the same subject and were also able to raise other related issues.



QUALIFICATIONS AND STANDARDS

REVISION OF THE HAIR AND BARBERING APPRENTICESHIP STANDARDS

AESTHETICS APPRENTICESHIP

Caroline continued to support the **Beauty Professional & Aesthetics Steering Group (BPASG)** to develop the **Aesthetic Practitioner** skin rejuvenation standard and assessment plan at level 5. The proposal was submitted and approved with conditions, and is due for consultation in the New Year.

A new apprenticeship standard for a holistic and wellbeing therapist was developed at level 3.

AWARDING ORGANISATIONS AND T-LEVELS

Caroline Larissey supported **VTCT** on the development of the T-Level specification for beauty, hairdressing and barbering. She was also involved in the **Department of Education's (DfE)** development of the transitional T-Level programme development at level 2, as a preparatory programme for level 2 students who aspire to progress onto a T-Level or apprenticeship.

As a T-level ambassador, Caroline liaised with the **DfE's Employer Advocacy and Ambassador Network**, explaining how the department could support the sector via the T-Level programme, using the findings from the skills research report to highlight where there were opportunities to make an impact. This led to the development of a communications plan for the sector.

Caroline's contribution was recognised by the **DfE's Director, Professional & Technical Education**, who acknowledged her **valuable personal contribution** in the panel of experts' review of the national technical outcomes for the hair and beauty subject area, which helped shape the future national T-Level Transition Programme.

We were invited by the Education and Training Foundation to join their expert group supporting the development of the T-level course at **Milton Keynes College**. Caroline worked with them to support the development of resources for colleges and lecturers, filming training videos, and taking part in an **Industry Insights workshop**.



MEMBER SERVICES AND SUPPORT

1,479 Members used the **employment and health & safety helpline** during 2022, 31% of all eligible members (Solo Members are not entitled to use the helpline).

The top five issues handled by the employment team were:

- Discipline
- Contracts and contract terms
- Sickness-related absence
- Apprentices
- Resignation

The top four issues handled by the commercial team were:

- Commercial contracts
- Commercial property
- Miscellaneous commercial
- Data protection

PRIMARY AUTHORITY

We agreed with Milton Keynes Borough Council that we should end our primary authority partnership when it became clear to us both that they were not able to provide the level of support that we needed. We have established a new partnership with **East Surrey** and **Woking Councils**. We have agreed an action plan which includes their re-validating the **Primary Authority Partnership** approval of all NHBF documents, as well as a series of webinars, blogs and news features to run throughout 2023.

CONSUMER CODE OF PRACTICE

We saw a substantial increase in the number of applications for our alternative dispute resolution (ADR) service across the year, with a corresponding increase in the number progressing to mediation.

77% of the proposed mediation outcomes were successfully agreed.

SELF-EMPLOYMENT END OF SERVICE DATA AGREEMENT

Following a call from a Member, we realised that, as salons and barbershops chose to move from employing staff to operating a self-employed model, it was likely that the issues relating to client data would increase over time. We liaised with the Information Commissioner's Office (ICO) to create an end of service data agreement which would allow salon and barbershop owners and self-employed contractors to agree at the outset of their arrangement what would happen with the contractor's client data held on the salon's systems when the self-employed contract is ended. This will be accompanied by guidance notes to enable them to understand and select the agreement most appropriate for their business model.



MARKETING

TOP 100 INFLUENCERS INDEX

We ran the **NHBF Top 100 Hair & Beauty Professional Influencers Index** for a second time, following the success of the inaugural year. There were 250 nominations from across the sector, and as before, the **Top 100** were announced in a series of teaser countdown videos released each day in the week running up to the launch of the Top 20 on **Sunday 13 November**. The launch event, which was sponsored by **Pirkx, City & Guilds** and the **Hair & Beauty Charity**, took place again at **Electric Space** in London, hosted by beauty journalist Keeks Reid, and was watched by 300 people as a livestream across the NHBF YouTube channel.

EXHIBITIONS AND SPONSORSHIPS

We attended **Professional Beauty, Barberfest, Professional Beauty North** and **Salon International** in 2022, sponsoring the business and marketing stages. We organised panel sessions on the state of the industry, building a brand on social media and apprenticeships as part of that arrangement.

The NHBF also sponsored the **Spa Team of the Year** category at the **Professional Beauty Awards** and the **Best New Independent Salon** category at the **British Hairdressing Business Awards**.



SOCIAL MEDIA

	TOTAL FOLLOWERS	CHANGE OVER YEAR
Facebook	13,184	-68
Instagram	137,219	+804
Twitter	83,977	-3,852
LinkedIn	1,405	+205
Clubhouse	582	+56

The decline in our **Instagram** following was attributed to changes in the algorithm and the need to post more mixed and engaging content, particularly video. Following a review of our approach to social media, we have begun to post more 'lifestyle' content (including the team photos, and what's going on in the business reels and carousels) resulting in much better engagement from our followers. We have been increasing the content on our **LinkedIn** profile and plan to set up an NHBF **TikTok** account.

CLUBHOUSE

The NHBF **Clubhouse** room, hosted by **Ian Egerton** and **Steph Stevenson**, ran through the early months of the year, covered topics such as keeping safe online, the impact of rising energy costs and when and how to increase prices. Attendance numbers fell, so we decided to pause the Clubhouse rooms for the summer. All previous Clubhouses can be found on the Members' website and are hosted on a private **NHBF YouTube Channel**.



WEBINARS

We continued to host **webinars** through the year, building a bank of pre-recorded sessions focusing on specific technical topics, available exclusively to Members. These included two webinars in January provided by **HMRC** discussing how to avoid them common errors with the **National Minimum Wage**, such deductions, unpaid leave and the importance of good record-keeping. Another highlighted the new legislation being brought in to tackle commercial rent debts built up during the pandemic.

NHBF APP

The **NHBF app** launched in January. By the end of the year, it had been downloaded 1,104 times from the Apple App Store and 178 time from the Google Play Store.

PODCAST

The NHBF launched its podcast, **NHBF Shines On...** in May. Hosted by **Brooke Evans**, one of the industry's fastest rising stars, NHBF Shines On sought to inspire by featuring some of the leading names in the industry talking about the tough times they had been through and celebrating their successes. The episodes were initially available only to Members, then put on general release.

INDUSTRY SUPPORT PROGRAMME AND STRATEGY DEVELOPMENT

The **Industry Support Programme** was conceived as the way for the NHBF to support its **Members** to improve their business skills and acumen to enable them to recover from the pandemic. As the needs and concerns of salon and barbershop owners evolved with changing circumstances, we sought to evolve our plans and activities to match. We were helped by the advice of an expert working group, drawn from our Members to help us to screen and develop the programme activities.

The Programme was structured around three themes to support the recovery of each hair and beauty business:

1. **CONNECTION & VOICE** - being part of a connected community with a clear and powerful voice.

The activities within this strand included the **Careers at the Cutting Edge** report, and the subsequent public affairs campaign to raise awareness of the skills and recruitment crisis and the NHBF Shines On podcast. We also began to explore the potential for an online community. In response to concern about rising energy prices, we sought to provide practical support, negotiating the energy brokerage partnership with **Direct Business Services (DBS)**.

2. **PERSONAL GROWTH** - becoming the best business owner that you can be through providing access to high quality accessible Member only learning experiences.
3. **EXCELLENCE** – raising standards and implementing best practice within your salon or barbershop.

We partnered with e-learning provider **Pivot Point** to provide Members with learning materials to help them toward complying with the NHBF professional code of conduct, using simple, mobile friendly content on an easy-to-understand roadmap, as a guide towards upholding high professional standards and implementing best practice. This is the first step in the development of a wider digital learning strategy for an **NHBF learning hub**.

As we developed the projects, it became clear that they would only succeed if they could be delivered efficiently and effectively online. This would require a significant enhancement of the NHBF's digital capacity and capability. The work which began specifically to support the project evolved over the year towards a complete digital transformation programme which is expected to complete in 2024.



The work on the **Industry Support Programme** informed the parallel development of the **NHBF's strategy for 2023-25**. The Strategy's themes echoed those of the ISP:

1. **IMPROVING THE INDUSTRY** – Supporting business recovery and tackling the skills crisis
2. **ENGAGING MEMBERS** – Providing content that support, engages and inspires
3. **CONNECTION AND VOICE** – Connecting the hair & beauty industries and improving Government and society's understanding of the sector
4. **BUILDING A STRONGER NHBF**

The Board approved the strategy in July, and agreed a further investment from the reserves to support it.

AWARDS

The NHBF was again recognised in several industry awards:

NATIONAL ASSOCIATION AWARDS

- **National Association/Federation of the Year** (up to 10,000 members)
- **Best Social Media**

ASSOCIATION EXCELLENCE AWARDS

- **Best New Event** (for the Top 100 Influencer Index launch)

We were also highly commended for **Member Engagement** at the **Trade Association Forum Awards** and in the **Best Social Media Presence** category at the **MemCom Awards**.

STAFF

Tori Priestley returned from maternity leave to her role as Director of Marketing in January, but left in August to pursue a career change as a primary school teacher. **Samantha Turner- Meyern** joined in October to take on the refocused role of **Director of Digital & Marketing**.

Tom Shelston worked with the staff team as a consultant throughout the year, helping to develop the **Industry Support Programme**, the corporate strategy and the strategic project programme which emerged from that.

CERTIFICATION OFFICER

The **NHBF** has been officially removed from the Certification Officer's list of Trade Unions and Employers Associations and the Northern Ireland Certification Officer's list of Trade Unions and Employer Associations, as the 'regulation of relations' between workers and an employer, or between employers and workers is no longer one of its principal purposes.

WORLD HAIR LTD

World Hair has now formally dissolved. The NHBF received a cash payment of around £3,000 as its share of the remaining funds.



THE NHBF BOARD (FROM NOVEMBER 2022)

IAN EGERTON
NHBF president

MANDY LODGE-STEWART
NHBF vice president

MARK CORAY
Welsh region

BEVERLEY BATES
Central England region

KEVIN HUGGINS
Eastern counties region

FIONA JOHNSTON
Scotland

TOM ROBINSON
East Midlands region

CAROLYN SWEENEY
Southern region

Susan Hall resigned in February.
Adrian Ball resigned in March. The
Board elections and AGM were
postponed because of the delay
in securing approval of the new
Rules from the Financial Conduct
Authority.

GOVERNANCE REVIEW

The Financial Conduct Authority (FCA) raised several technical queries regarding the new Rules adopted at the AGM in November 2021. Consequently, we had to delay the elections and the AGM until these were resolved.

Several of the queries raised appeared to cover points which had not been questioned when previous versions of the Rules were approved. Nevertheless, when we eventually received a much-delayed response to our reply, we were informed that several longstanding provisions conflicted with the Co-operative and Community Benefit Societies Act 2014, which governs registered societies such as the NHBF. We eventually agreed the wording to change the Rules to address these points, and the changes were approved at an Extraordinary General Meeting in November.

We have still to address one further issue, namely that Trade Members appear to have been accorded shares in the society without being granted a corresponding right to vote. It appears that this was an administrative error at the time the Trade (formerly Affiliate) status was created, but as it has no substantive bearing on the day-to-day running of the Federation, the FCA agreed to allow us to resolve the issue on the next application for a Rule change.

The 2022 elections and Annual General Meeting will take place in January 2023.



FINANCIALS 1

National Hair & Beauty Federation Limited **Summarised Income and Expenditure Account** for the year ended 31 December 2022

INCOME	* Corrections to last year's report 2022 £	Declared on last year's report 2022 £	2021 £		2022 £	2021 £
Members fees	1,451,209	1,451,209	1,625,207	Operating surplus for the year	(334,532)	112,763
Insurance commission	52,218	62,081	98,498			
Sales to members	16,025	16,025	27,812	Realised (losses) on listed investments		20,245
Competition and event income	4,267	4,267	42	Corporation tax	-	-
Magazine advertising and sponsorship income	45,240	45,240	37,973	Total recognised gains relating to the year	-	-
Investment income and interest receivable	82,607	82,607	78,688			
Other income	18,903	9,040	13,180	Re-analysis of unpaid share capital from previous years	-	-
Total income	1,670,469	1,670,469	1,881,400	Unrealised gains on listed investments	(432,622)	296,294
EXPENDITURE				Net movement in funds	(767,154)	429,302
Direct membership services	467,257	593,590	378,913			
Meeting costs	19,920	19,080	14,516	Issue / (withdrawal) of shares	(959)	(338)
Affiliation fees and subscriptions	16,733	16,733	18,046			
Competition and event costs	23,148	23,148	36,086	Balance brought forward at 1 January 2022	4,456,909	4,027,945
Publicity and promotional costs	322,625	160,205	263,286			
Honoraria	9,053	9,053	8,875	Balance carried forward at 31 December 2022	3,688,796	4,456,909
Staff costs	672,235	686,141	730,594			
Premises and office equipment costs	107,778	208,928	124,753			
Administration costs	350,572	272,443	176,270			
Irrecoverable VAT	15,680	15,680	17,343			
Insurance premium tax	-	-	-			
Total expenditure	2,005,001	2,005,001	1,768,637			
Surplus / (Deficit) * before exceptional items	(334,532)	(334,532)	112,763			

***PLEASE NOTE** a wording correction and note a minor correction to our 2022 declared published accounts. During a recent review, as part of our ongoing due diligence and following a change in our accounting staff, we discovered a few discrepancies that required adjustment. Please be assured that these corrections do not significantly impact the overall figures presented in the accounts. While the 2021 column remains unchanged, kindly note the following corrections in red to the 2022 column. In order to maintain the utmost transparency and accuracy, we have also included these corrected 2022 figures in the 'corrections' column of our 2023 annual report. We apologise for any inconvenience this may cause and appreciate your understanding in this matter. If you have any questions or concerns, please do not hesitate to reach out to us at accounts@nhbf.co.uk. Date : 24th May 2024

The Income and Expenditure Account and Balance Sheet have been extracted from the audited financial statements for the year ending 31 December 2022. If you wish to have a copy of the full Financial Statements please visit www.nhbf.co.uk or contact us on 01234 831965.

FINANCIALS 2

National Hair & Beauty Federation Limited **Summarised Financial Position** for the year ended 31 December 2022

	2022 £	2021 £
FIXED ASSETS		
Intangible assets	20,634	30,951
Tangible assets	301,777	321,730
Investments	3,447,421	3,821,397
	3,769,832	4,174,078
CURRENT ASSETS		
Debtors	128,242	115,200
Short term bank deposits and cash at bank	193,418	681,367
	321,660	796,567
CREDITORS		
Amounts falling due within one year	(402,696)	(513,736)
Net current assets	(81,036)	282,831
Total net assets	3,688,796	4,456,909
Represented by: Capital, funds and reserves		
Capital, funds and reserves		
Share capital	5,531	6,490
Income & expenditure account	3,006,711	3,251,776
Designated funds		
Revaluation fund	354,143	845,962
Tangible and intangible fixed assets fund	322,411	352,681
Regions and networking groups fund	-	-
Total capital, funds & reserves	3,688,796	4,456,909

REPORT OF THE AUDITOR

The auditor's report on the full accounts for the year ended 31 December 2022 was unqualified.

Streets Auditors LLP
Statutory Auditor, Chartered Accountants
Wyboston, Bedfordshire

Date: 20 March 2023



NHBF

One Abbey Court,
Fraser Road, Priory Business Park,
Bedford MK44 3WH.

Phone: 01234 831965

Email: enquiries@nhbf.co.uk

Web: www.nhbf.co.uk

