

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
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SW1A 2HQ

16 July 2020

Dear Chancellor

On Thursday 9 July, it was announced that the beauty and spa sector could reopen from 13 July, but with restrictions in treatments and services on the face. This came as a devastating blow to salons whose income relies heavily on facial treatments which often make up 75-100% of their takings. Hair and beauty bookings in Greater London are down by 59% and down by 83% for beauty treatments in central London compared to this time last year. Those who specialise in treatments on the face such as eyebrow and eyelash technicians, makeup artists, microblading, advanced beauty and aesthetic practitioners are unable to trade at all. There is currently no indication of when they will be able to resume trading.

We are very concerned that the restrictions on trading will cause financial hardship, making it more likely that some practitioners will continue to work, but undercover, putting public safety at risk.

There is therefore an urgent need for financial support for those in the beauty and spa industry who are unable to generate sufficient income or who cannot work at all.

We therefore implore you to consider the following proposals which could form a financial support and economic recovery package to assist an industry which has been far more affected by the coronavirus pandemic than most other sectors. Consideration should also be given to suppliers and beauty brands whose income has also dried up because their customers cannot trade.

#### **The Job Retention (Furlough) scheme**

From 1 August employers will have no earnings to top up wages, National Insurance and pension contributions. We recommend an extension until 1 January 2021 for those who can't reopen their businesses or who can only offer greatly reduced services.

#### **Assistance for the self-employed**

57% of those in the beauty industry are self-employed. Whilst some may be able to continue operating with a reduced selection of treatments and services, others (e.g. make-up artists, eyelash and eyebrow technicians) operate businesses which only offer treatments and services that remain prohibited. We therefore recommend an extension to the Self-Employment Income Support Scheme until 1 January 2021 for these individuals.

#### **Repayment of Bounce Back Loans**

Many beauty business owners have taken out loans which they cannot start paying back and may not be able to do so for some time. We do not believe that further loans to the sector would be helpful at this time of uncertainty. We would like to see a student loan style

repayment scheme once the 12 months interest-free period has ended. This could involve capped interest rates and repayments based on income or profit.

### **Grants - retraining, reskilling, diversification**

We are calling for one-off hardship grants for sectors such as ours that cannot trade. The government has previously offered diversification grants to other sectors facing challenges. The New Enterprise Allowance and the Start-up Loans Scheme are both also effective schemes which could be expanded and specifically marketed to beauty businesses to assist with those looking to retrain, reskill or diversify in light of the restrictions, eg retraining as a nail technician rather than brow or lash technician.

### **VAT**

Hair and beauty were categorised as 'hospitality' by the Government in the initial roadmap outlining when and how it would be safe for businesses to reopen. The Chancellor's latest announcement reducing VAT to 5% for the hospitality and leisure industries now excludes our sector. While hair salons are able to trade, their ability to do so with the restrictions on the numbers of clients who can be seen due to social distancing means their earnings are greatly reduced. In addition, many hair salons also offer beauty, further hampering their ability to generate earnings at pre-coronavirus levels, while much of the beauty sector remains shut down altogether. A VAT reduction would provide a much-needed boost for the hair, beauty and spa sector.

We would suggest a further the extension to the deferral of VAT due measure originally implemented during the pandemic for those business still unable to reopen or needing to retrain, diversify etc.

### **Business Premises Eviction Protection**

A further extension in addition to the current business premises eviction protection that is currently set from June 30 to September 30 under the Coronavirus Act and secondary legislation is needed to protect businesses still unable to reopen or needing to retrain, diversify etc.

Without serious consideration for the above measures, there will be a surge in unemployment within the beauty sector. We ask that you hear us and the many thousands of industry professionals we represent and act now to save a sector that is a feature of high streets up and down the country and a lifeline to so many.

Yours sincerely

