



Careers at the cutting edge:  
Tackling the skills shortage in the hair and  
beauty sector

March 2022





Supporting the hair, beauty  
and barbering industries

## Careers at the cutting edge: Tackling the skills shortage in the hair and beauty sector

A report for the National Hair & Beauty  
Federation

India Burgess, Clare Leckie, Rebecca Munro  
and Mark Pragnell



## **Disclaimer**

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Pragmatix Advisory Limited. enquiries@pragmatixadvisory.com. 020 3880 8640. pragmatixadvisory.com  
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# Executive summary

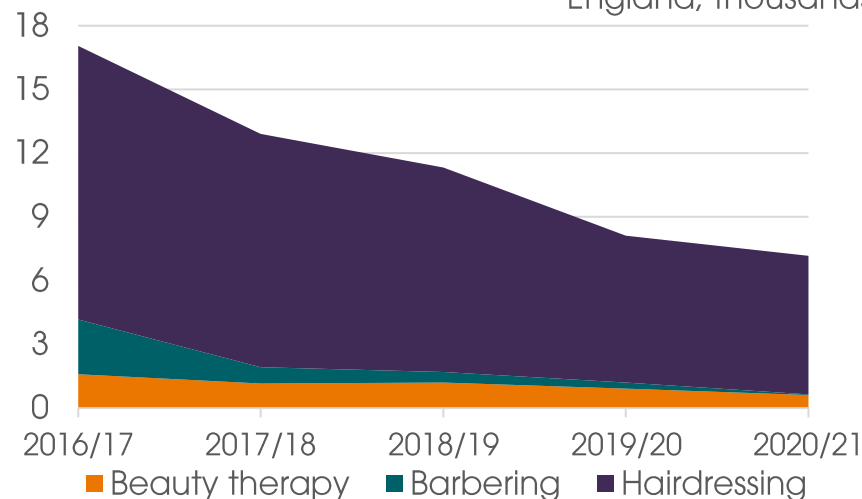
## Multiple issues are coming together to create a skills crisis for the hair and beauty industry.

An in-depth interview programme with business owners and training providers, alongside an industry-wide survey, identified a multitude of interlinked factors, both direct and indirect, that have been steadily building over time. These have come together to create challenges with recruitment and retention, as well as concerns with the standards of qualifications.

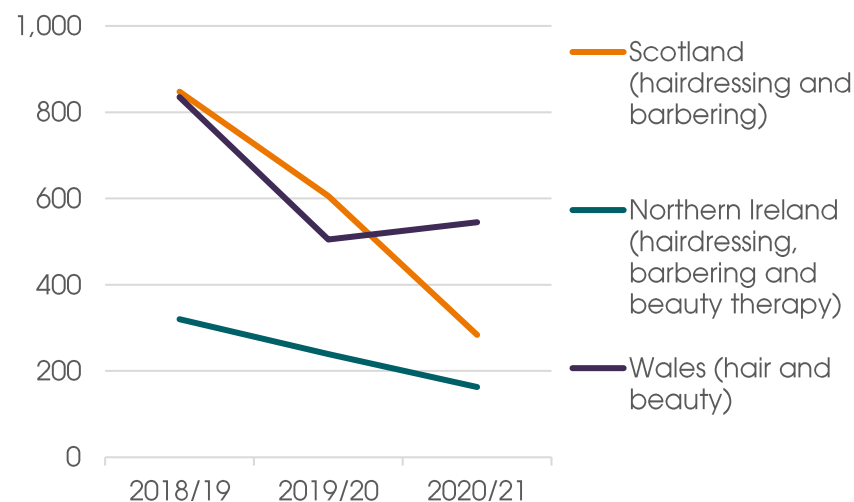
As self-employment has grown in the sector, the number of employers available to take on apprentices has fallen. This, coupled with lower funding and the requirement for sixteen and seventeen year olds to stay on in education, has seen the number of apprenticeship starts fall to just 7,000 in England last year, less than half that of five years ago.

In addition, employers have concerns that further education qualifications don't prepare college graduates for salon working, and that some modules are out of date or are being taught by tutors without sufficient experience in the techniques.

**Apprenticeship starts**  
England, thousands



**Hair and beauty apprenticeship starts**  
Scotland, Northern Ireland and Wales





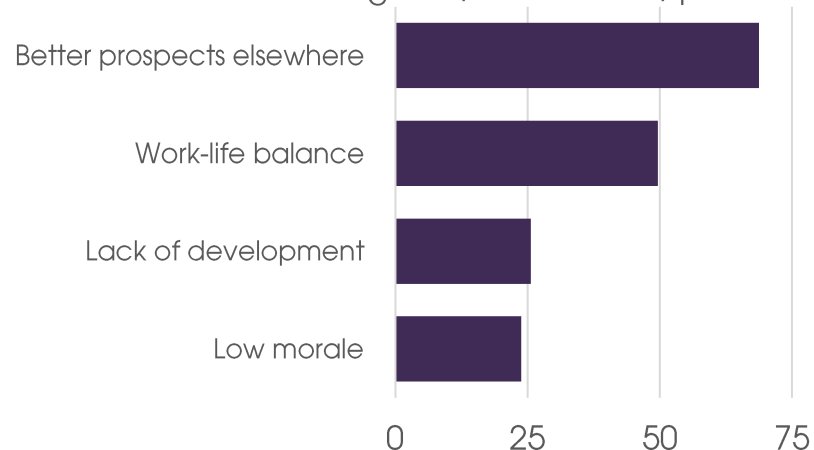
### Hair and beauty businesses with unfilled vacancies

United Kingdom, March 2022, per cent



### Business opinion on why employees are leaving the hair and beauty sector

United Kingdom, March 2022, per cent



### Businesses in the sector are facing big challenges recruiting and retaining staff, too.

Changes brought about by the pandemic mean businesses are struggling to recruit experienced staff and hold on to existing employees even more so than they were before. As workers have been reassessing their work life balance, the cost of living has been rising, and these two factors have seen many leave the sector in search of higher paying or more flexible jobs elsewhere. Around 57 per cent of hair and beauty businesses reported having unfilled vacancies in March 2022, with half of hair salons saying it took them over sixteen weeks on average to fill a vacancy.

Financial pressures are also impacting on businesses' ability to take on trainees, with the VAT threshold, minimum wage rises, reductions in income and covid debts squeezing already tight margins.



### Businesses opinion on how to improve college courses



**Increase hands-on salon time**  
**76%**



**Ensure skills of tutors up to date**  
**54%**

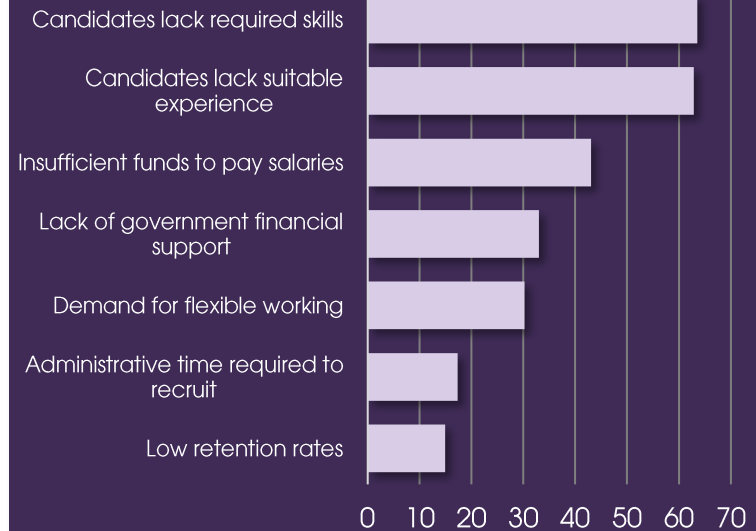
**16+ weeks:**  
Time taken to fill over half of all hair & beauty vacancies

**57% of hair & beauty businesses**  
Have unfilled vacancies



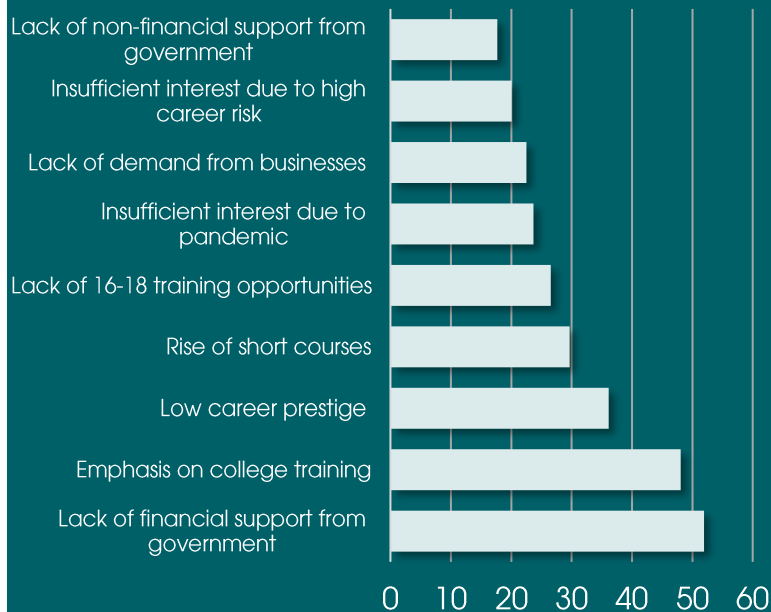
### Issues facing hair and beauty businesses looking to recruit staff

United Kingdom, March 2022, percentage of businesses



### Businesses opinions of the biggest threats to apprenticeships in hair and beauty

United Kingdom, March 2022, per cent of businesses



**If current trends continue, there will be fewer than 3,400 hair & beauty apprenticeship starts in the UK by 2025**

### Most important skill for a stylist, barber or beauty therapist, according to businesses



**Communication & customer service**  
**76%**

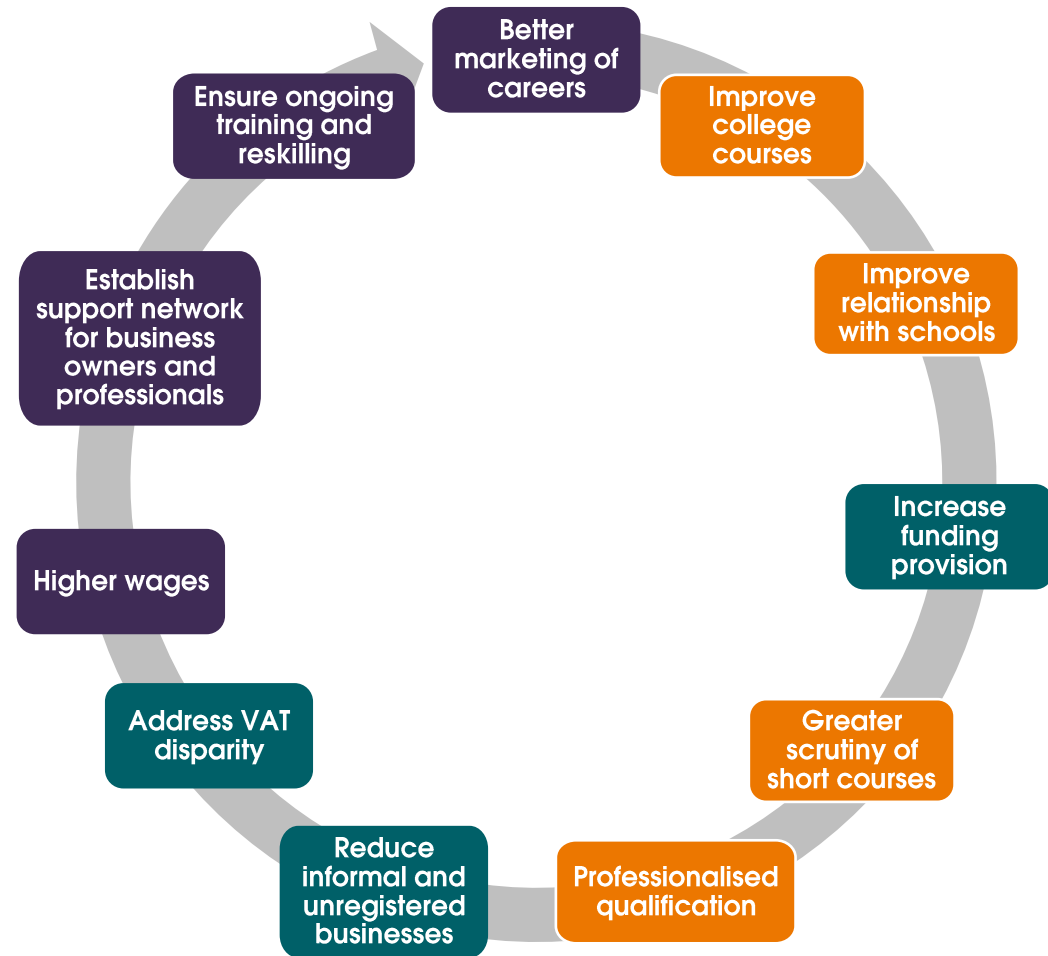


**Practical skills**  
**54%**

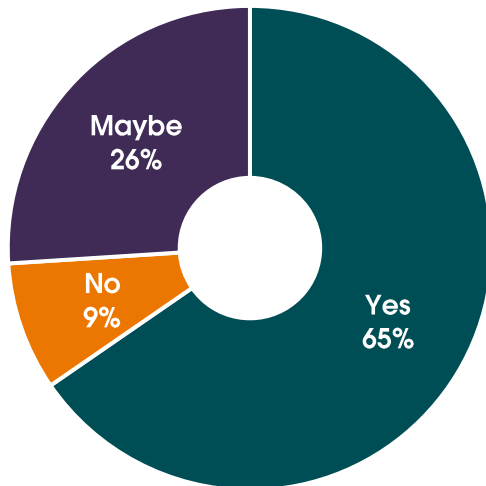
**Just as no one factor is to blame for the skills crisis in hair and beauty, there is no single solution to it either.**

A programme of complimentary and far-reaching measures are required to address the growing problem within hair and beauty. They range from interventions in the early stages of training, including improved college courses and better marketing of the sector, to tackling the factors impacting on business growth.

Greater scrutiny of short courses and online qualifications would help to maintain high standards of training and safe delivery of services. Championing 'job ready' professional qualifications along the lines of 'chartered' status, managed jointly by industry bodies, would enhance the status of salons and barbershops, show professional competency, provide clarity for clients and enable continual professional development for workers.



**Hair and beauty businesses willing to consider hiring 19+ year old apprentices with government incentive funding**  
United Kingdom, 2022, percentage of businesses



**If there is to be progress in addressing the issues the sector is facing, the changes would need to come jointly from employers, businesses, government and trade bodies.**

The solutions suggested by businesses and training providers during our research are not exhaustive but provide a starting point from which to begin discussions on how best to address the skills crisis in hair and beauty.

Tackling just one or two of these factors would not go far enough. Resolving the problems contributing to the skills crisis would be complex and require multiple interventions.

**Some of the solutions may seem obvious, but how to achieve them is not.**

Although paying higher wages is important to help address issues with recruitment and retention, the ability for employers to do is far from simple. The hair and beauty sector needs to increase its value, and to do this the business model needs to change. Having a growing number of informal and unregistered businesses will continue to limit prices, and the higher costs incurred by VAT registered businesses will persist in preventing wage increases.

Businesses paying higher wages might be one of the solutions to the skills crisis but achieving that would be a long and complex process, requiring many changes to the current structure of the sector, and to government tax policy.

**The interventions suggested to us will not work for everyone. It will be up to the sector to decide on the best approach, and which, if any, of the suggested interventions they choose to pursue.**

# Potential skills and qualification interventions

Action	Government	Industry	Salons
<b>Improving college courses</b>	<ul style="list-style-type: none"> <li>❑ Introduce requirement for minimum number of 'hands-on' hours per week in a salon as a mandatory part of completing a qualification</li> <li>❑ Require FE providers to review educators understanding of course material at regular intervals (e.g. annually) and update their CPD, including maintaining current industry "hands on" training and qualifications as required</li> </ul>	<ul style="list-style-type: none"> <li>❑ Build stronger links between further education providers, salons and barbershops, including careers days and ongoing dialogue</li> </ul>	<ul style="list-style-type: none"> <li>❑ Provide viable placement for college learners to gain hands on experience</li> </ul>
<b>Greater scrutiny of short courses</b>	<ul style="list-style-type: none"> <li>❑ championing, regulated "Job ready" professional qualifications based on competency across the sector, including those offered by short courses</li> </ul>	<ul style="list-style-type: none"> <li>❑ Create a simple qualification recognition programme which identifies and rates different types of qualifications to support employer and consumer understanding of qualification standards</li> <li>❑ Develop an accreditation scheme for short course providers</li> </ul>	<ul style="list-style-type: none"> <li>❑ Awareness of the difference between regulated qualification and continual professional development</li> </ul>
<b>Relationships with schools</b>	<ul style="list-style-type: none"> <li>❑ Promote hair and beauty as a sound career of choice</li> </ul>	<ul style="list-style-type: none"> <li>❑ Campaign to promote hair and beauty as a sound career of choice</li> <li>❑ Build stronger links with schools, training and FE providers, including careers days</li> </ul>	<ul style="list-style-type: none"> <li>❑ Introduce in-salon career development plan Build relationships with local school, colleges and training providers</li> <li>❑ Attend local careers fairs and careers days</li> <li>❑ Run 'taster sessions'</li> </ul>
<b>Professionalisation of the sector</b>	<ul style="list-style-type: none"> <li>❑ Provide sufficient funding, guidance and education on carers in the hair and beauty sector</li> </ul>	<ul style="list-style-type: none"> <li>❑ Create, administer and award a professional accreditation scheme, based on "job ready" competency jointly with other sector bodies</li> </ul>	<ul style="list-style-type: none"> <li>❑ Support the development of a professional development accreditation scheme for short non regulated courses</li> <li>❑ Register for and encourage take-up of professional development accreditation scheme</li> </ul>

# Potential recruitment and retention interventions

Action	Government	Industry	Salons
<b>Paying higher wages</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Reduce cost pressures for businesses (see <a href="#">financial pressures actions</a>)</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Engage with businesses to identify new or additional cost pressures as they arise and provide advice</li> <li><input type="checkbox"/> Lobby for policy change where issues are ongoing or longer-term</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Increase prices</li> <li><input type="checkbox"/> Engage with workers to discuss salary expectations</li> </ul>
<b>Ongoing training and reskilling</b>		<ul style="list-style-type: none"> <li><input type="checkbox"/> Work with awarding organisations and education providers to tailor short courses for early, mid- and late-career professionals</li> <li><input type="checkbox"/> Quality assure and promote high-quality short courses and retraining opportunities to salons, barbershops and self-employed professionals</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Regularly review and enhance relevant employee skills and knowledge</li> <li><input type="checkbox"/> Promote continual professional development</li> <li><input type="checkbox"/> Encourage employees to complete high-quality professional development</li> <li><input type="checkbox"/> Enable opportunities to help with costs of courses</li> </ul>
<b>Establishing a support network</b>		<ul style="list-style-type: none"> <li><input type="checkbox"/> Establish local and regional networking groups for business owners, self-employed professionals and newly qualified stylists, barbers, therapists and technicians</li> <li><input type="checkbox"/> Nominate network chains and set up regular meeting with times, with relevant subjects for discussion – networks could eventually run semi-autonomously</li> </ul>	

# Potential interventions to ease financial pressures

Action	Government	Industry
<b>Reduce informal businesses</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Voluntary register of businesses and individuals operating in the sector</li> <li><input type="checkbox"/> Compulsory licencing of businesses and individuals operating in the sector</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Create, administer and award a professional development accreditation scheme jointly with other sector bodies</li> <li><input type="checkbox"/> Open dialogue with businesses and other sector bodies to gauge opinion on formal licensing/ registration</li> <li><input type="checkbox"/> Support and promote the 'salon/ barbershop with employees' business model</li> </ul>
<b>Address VAT disparity</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Crack-down on tax-evading business</li> <li><input type="checkbox"/> Consider a lower rate of VAT</li> <li><input type="checkbox"/> Reduce the threshold at which businesses pay VAT</li> <li><input type="checkbox"/> Enact one flat rate of VAT for all businesses</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Continue to develop and lobby for alternatives to the current VAT arrangements</li> </ul>
<b>Increase funding provision</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fund the gap between the apprentice wage and minimum wage for apprentices aged 19+</li> <li><input type="checkbox"/> Introduce a financial incentive (i.e. £3,000) for employers to take on learners on any 'job ready' qualification</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Lobby government with quantitative evidence of the costs and benefits of increased funding</li> <li><input type="checkbox"/> Develop case study examples of the squeeze on business finances and inability to hire new learners due to cost pressures</li> </ul>

## Having the hair and beauty industry set the standards it wants and needs would go some way to addressing the skills gap.



Championing regulated 'job ready' qualifications along the lines of 'chartered' status, administered and awarded jointly by industry bodies, would clearly demonstrate the professional competency of salons.

For salons and barbershops, formal accreditation would be something to aspire to. It would offer prestige, and be a clear distinction of quality. It would also be a quick and easy way for potential clients to determine the quality level of the business, offering them peace of mind particularly when accessing ever more specialised treatments and services.

As it is currently, the perception of a significant proportion of the sector is that an individual does their college course or apprenticeship, completes it, and that is the only qualification they need. With a professionalised qualification, there would be continuing personal and professional development for hairdressers, barbers and beauty therapists throughout their career, ensuring they maintained high standards and up-to-date skills.

The professional qualification would be a positive way for the industry to attract new talent, by providing an aspirational career path with the potential for progression, growth and development over time.

# The hair and beauty sector



# A female-led sector with high self-employment

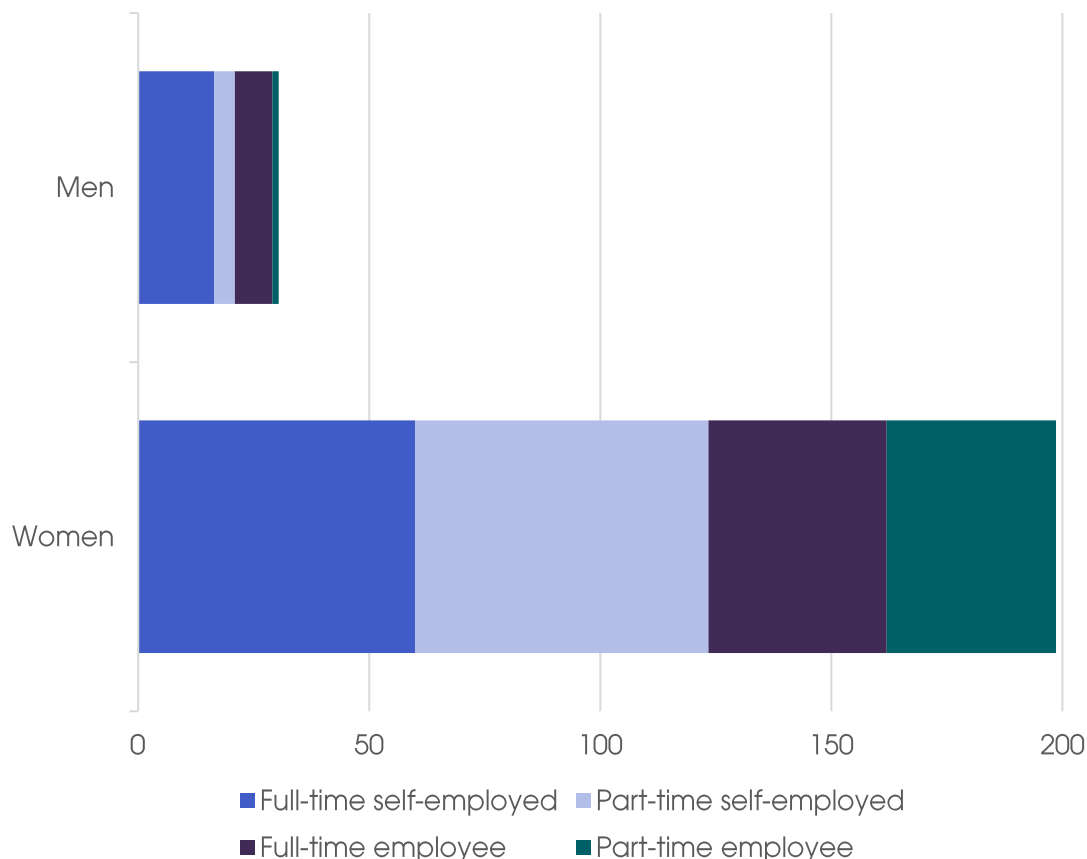
## Self-employment is a growing trend in a sector dominated by women.

In the year to June 2021, 80 per cent of full-time and 94 per cent of part time workers in the sector were women. Over half of all women working in the sector are in part-time positions, compared to only nineteen per cent of men.

Since 2016, the proportion of self-employed workers in the hair and beauty sector has increased by thirteen per cent. Almost all of this can be accounted for during the years of the pandemic. The rate of self-employment in the economy as a whole is fourteen per cent, compared to 64 per cent in hair and beauty.

Self-employed individuals often work from home or rent a chair in salons and barbershops. Research conducted by the NHBF shows that this shift is primarily due to individuals wanting greater autonomy over their careers and a better work life balance.

Hair and beauty sector jobs by type  
United Kingdom, 2021, thousand

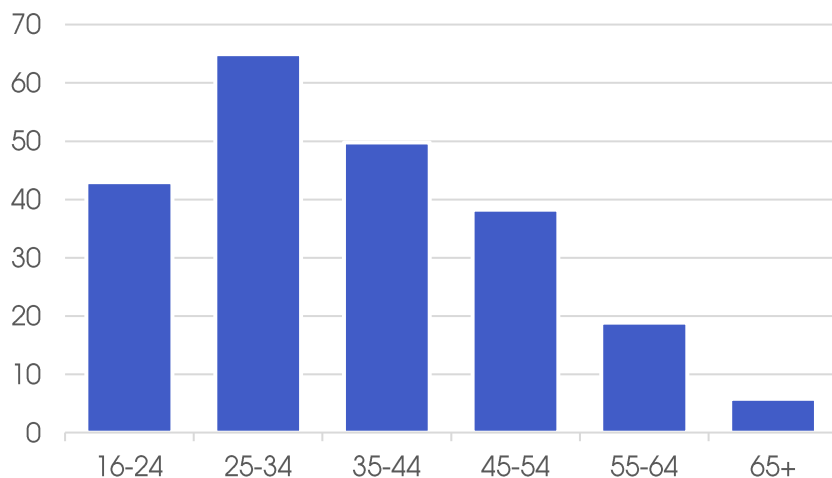


## Majority of businesses are SMEs

Ninety-six per cent of hair and beauty businesses are classed as microenterprises with fewer than nine workers.

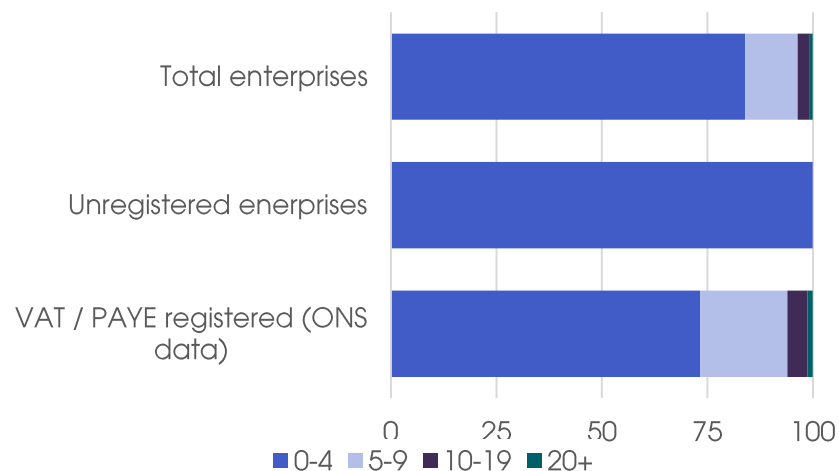
Sixteen per cent of enterprises in the sector have more than four workers, while only 545 nationally employ twenty or more workers.

**Hair and beauty industry workers by age**  
United Kingdom, 2019, thousands



**Hair and beauty enterprise count by employment size band**

United Kingdom, 2020, per cent



'Total enterprises' includes Pragmatix Advisory estimate of unregistered enterprises

## Half of all workers aged 34 or under

A large proportion of workers in hair and beauty come into the sector aged sixteen to eighteen years, which is younger than many other occupations. This pushes down the average age of employees in the sector.

In addition, the high costs of childcare mean that many workers leave in the middle of their careers to start a family or look after their children.

# High levels of vocational qualifications

**Hair and beauty professionals are more likely to hold qualifications than other occupations.**

However, less than ten per cent of hairdressers and barbers hold a high education or degree level qualification. Over half of the professionals in this industry hold an A-Level or equivalent, reflecting the high instance of Level 3 diplomas in hairdressing.

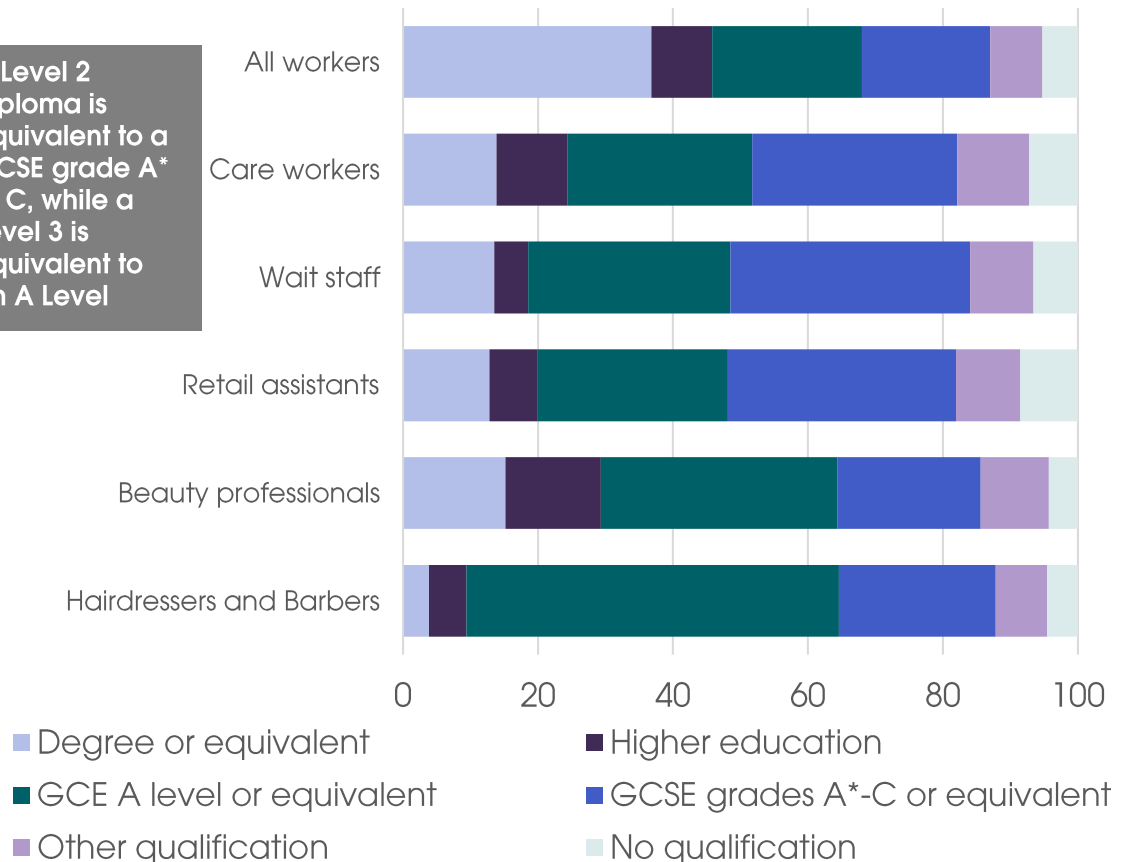
Beauty professionals are more likely to have a degree or equivalent, with fifteen per cent holding this level of qualification. The professionals in this industry are four times more likely to hold a degree level qualification than a hairdresser or barber.

A Level 2 diploma is equivalent to a GCSE grade A\* to C, while a Level 3 is equivalent to an A Level

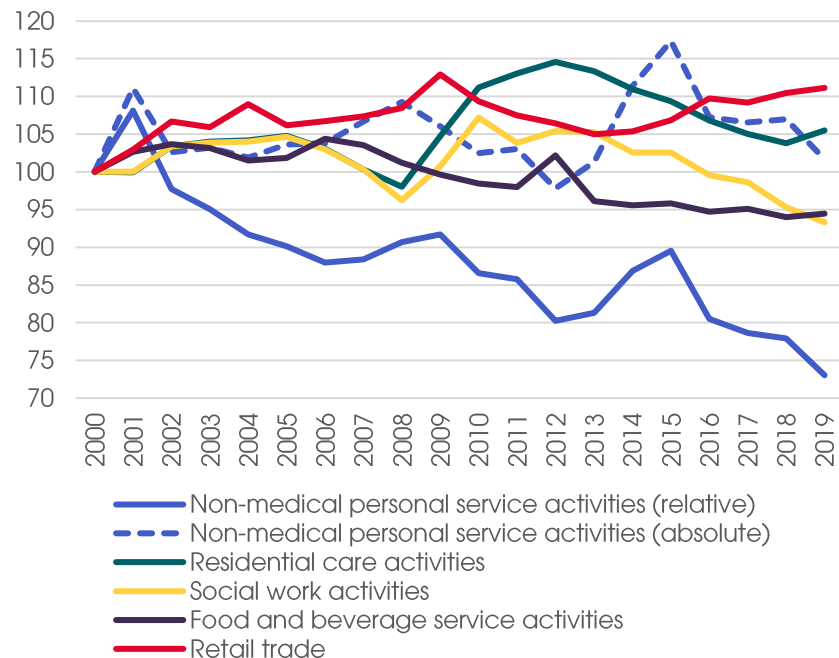
“There's demand for higher qualifications in beauty. We're now asking for applicants to our beauty therapist and technician positions to have a Level 4 qualification (equivalent to a higher education diploma).”

- a training manager in the beauty sector

**Highest qualification achieved**  
Selected occupations, United Kingdom, 2019,  
percentage of workers



**Indexed sector share of real gross value added**  
United Kingdom, 2000=100



### Hair and beauty’s relative contribution to the economy has decreased over time

Sectors that the hair and beauty industries are competing with for staff, such as social work and food and beverage services, have also experienced a decrease in relative value. However, these were drops of less than ten per cent relative to 2000. Similarly, the retail trade sector has increased its share of the United Kingdom’s gross value added by ten per cent.

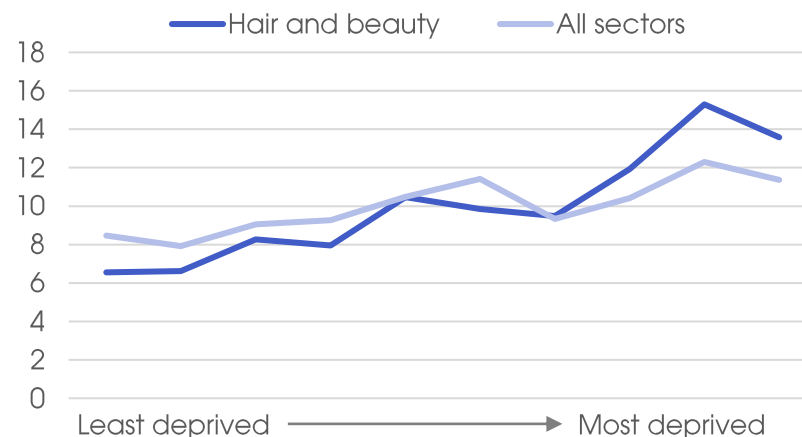
Since 2000, the relative value of hair and beauty (classified within non-medical personal service activities) has dropped by over a quarter and increased little in absolute terms. The decline in hair and beauty’s relative contribution according to the ONS figures could be attributed to the growth in unregistered businesses in the sector which are not being recorded within ONS data.

### But sector helps with social mobility and provides more opportunities for people in deprived areas

Hair and beauty account for a higher proportion of jobs in low-income communities than other sectors in the economy.

Young people in some of the most deprived areas of the United Kingdom can secure a good career through apprenticeships and training programmes in these industries.

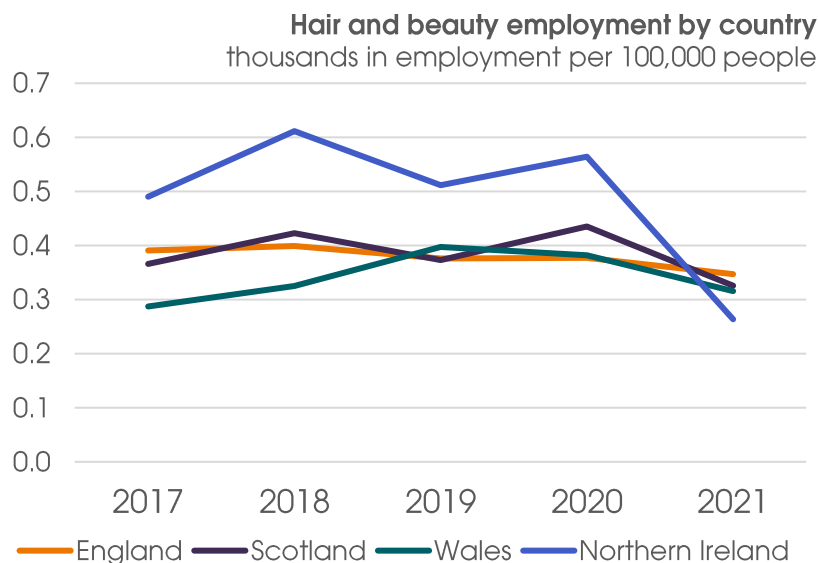
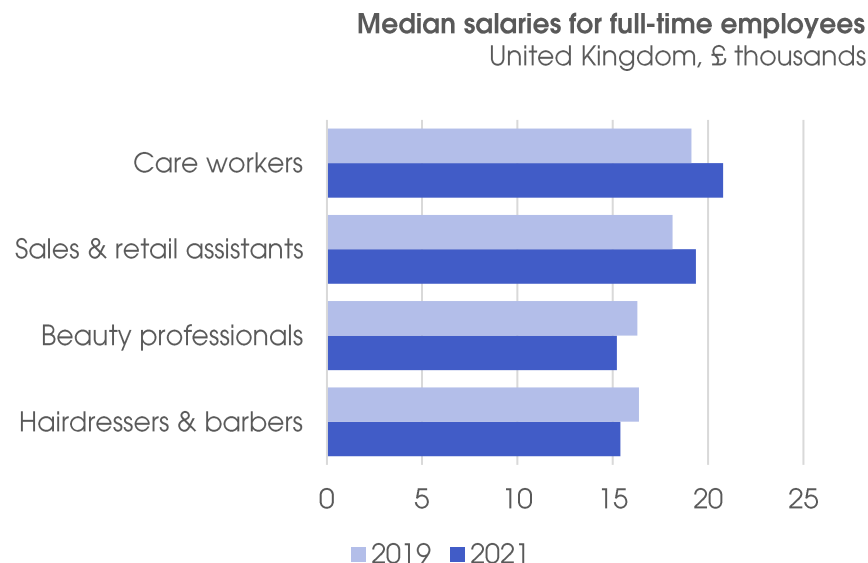
**Share of hair and beauty industry enterprises by level of deprivation of the local community**  
England by Index of Multiple Deprivation decile, per cent 2019



## Average salaries decreased during the pandemic

The median salary for a full-time employee in the hair industry has decreased by six per cent since 2019, and by seven per cent in the beauty industry. This is most likely due to prolonged periods of closure during covid lockdowns, and employees on furlough receiving 80 per cent of their usual salary.

Conversely, the examples of roles that require similar qualification levels shown in this graph have seen an increase in median salary during that time, of an average of seven per cent.



## There has been divergence in employment trends between the four nations in 2021

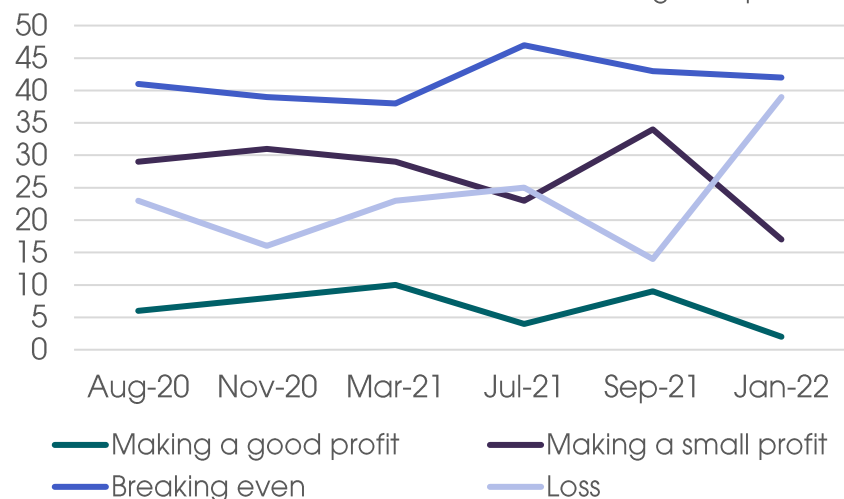
There was a fall in employment in the hair and beauty sector in Wales, Scotland and Northern Ireland. However, there was an increase in the number of hairdressers and barbers in England. This was despite the end of the furlough scheme and similar covid support packages across the United Kingdom at the start of 2021.

Despite this decrease in Scotland, Wales and Northern Ireland, the number of full-time hairdressers and barbers remained at approximately 19,000 between 2019 and 2021, whilst there were 3,000 fewer beauty professionals in 2021.

Our interviews revealed that a number of hairdressers left their employment during the pandemic to become self-employed or move into another sector.

### Is your business earning enough to cover it's outgoings?

United Kingdom, per cent



### Salons and barbershops were hit by Plan B and Omicron fears at the end of last year

Late summer and autumn 2021 brought a wave of optimism and a return to operations nearly at 'business as usual'. This is reflected in the fifteen per cent increase in NHBF members reporting a profit in September 2021.

However, the emergence of the Omicron variant in the winter renewed restrictions and undermined consumers' confidence. Christmas party cancellations had a knock-on effect for hair and beauty businesses, and much of the long-awaited December trade was lost for the second year running. This is evidenced by the 25 per cent growth in businesses reporting a small or substantial loss in January.

### Despite easing of restrictions, businesses are still concerned about future prospects

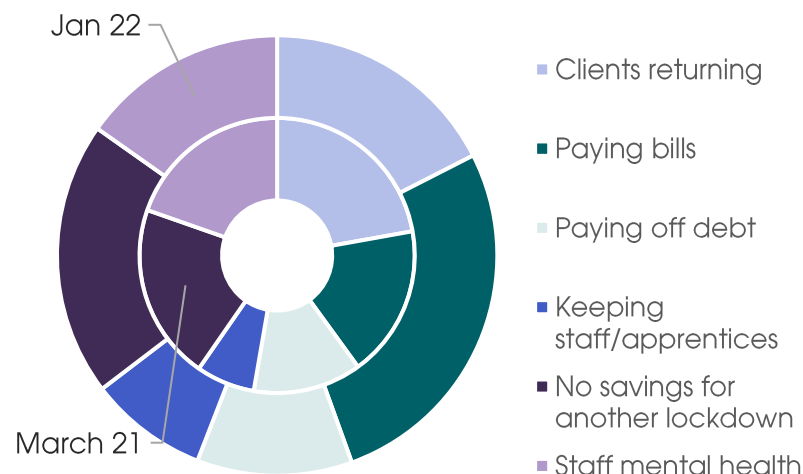
Despite most covid-restrictions being lifted, hair and beauty business owners still have concerns about long-term recovery. Clients returning and insufficient savings for future lockdowns were the two biggest worries for NHBF members in March 2021.

In January 2022, the primary area of concern for hair and beauty was being able to pay off bills, with 71 per cent of NHBF respondents citing it as a potential issue. Lacking insufficient savings for another lockdown remained the second highest concern.

Before covid, hair and beauty were in the top three fastest growing industries on the high street and could make a valuable contribution towards Building Back Better.

### Main concerns regarding long-term recovery

United Kingdom, per cent



# Tacking the skills crisis

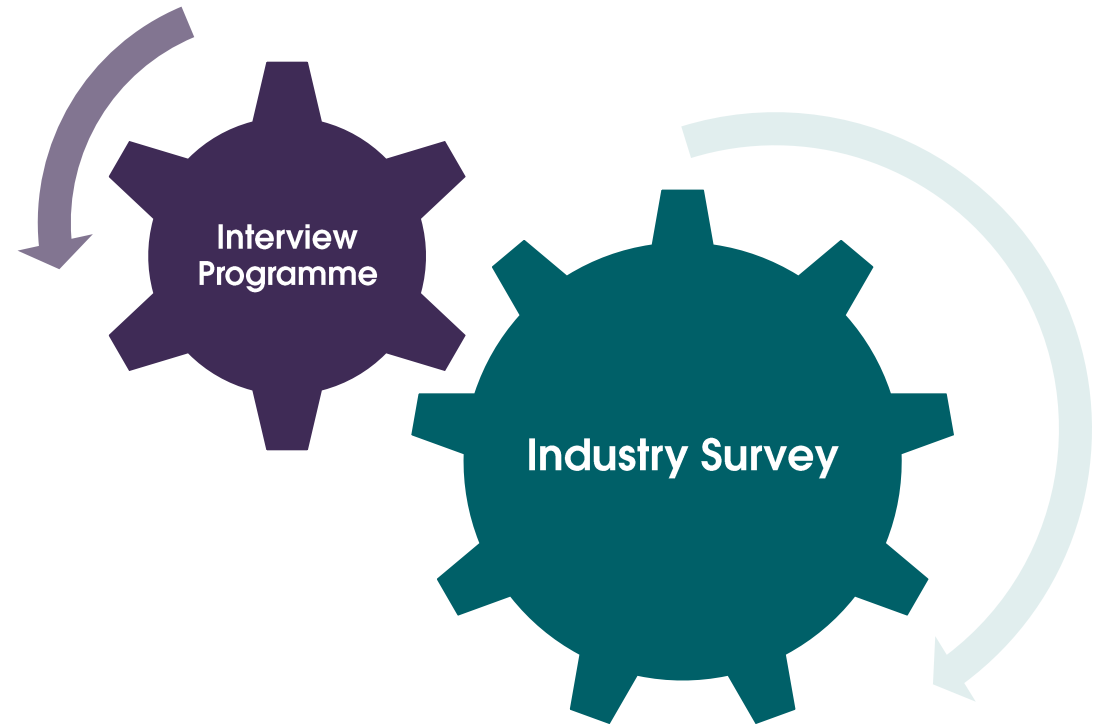
# Understanding built from the heart of the sector

**In order to gain qualitative and quantitative insights into problems within skills and staffing in hair and beauty, we used an interview programme and a sector survey to inform this research.**

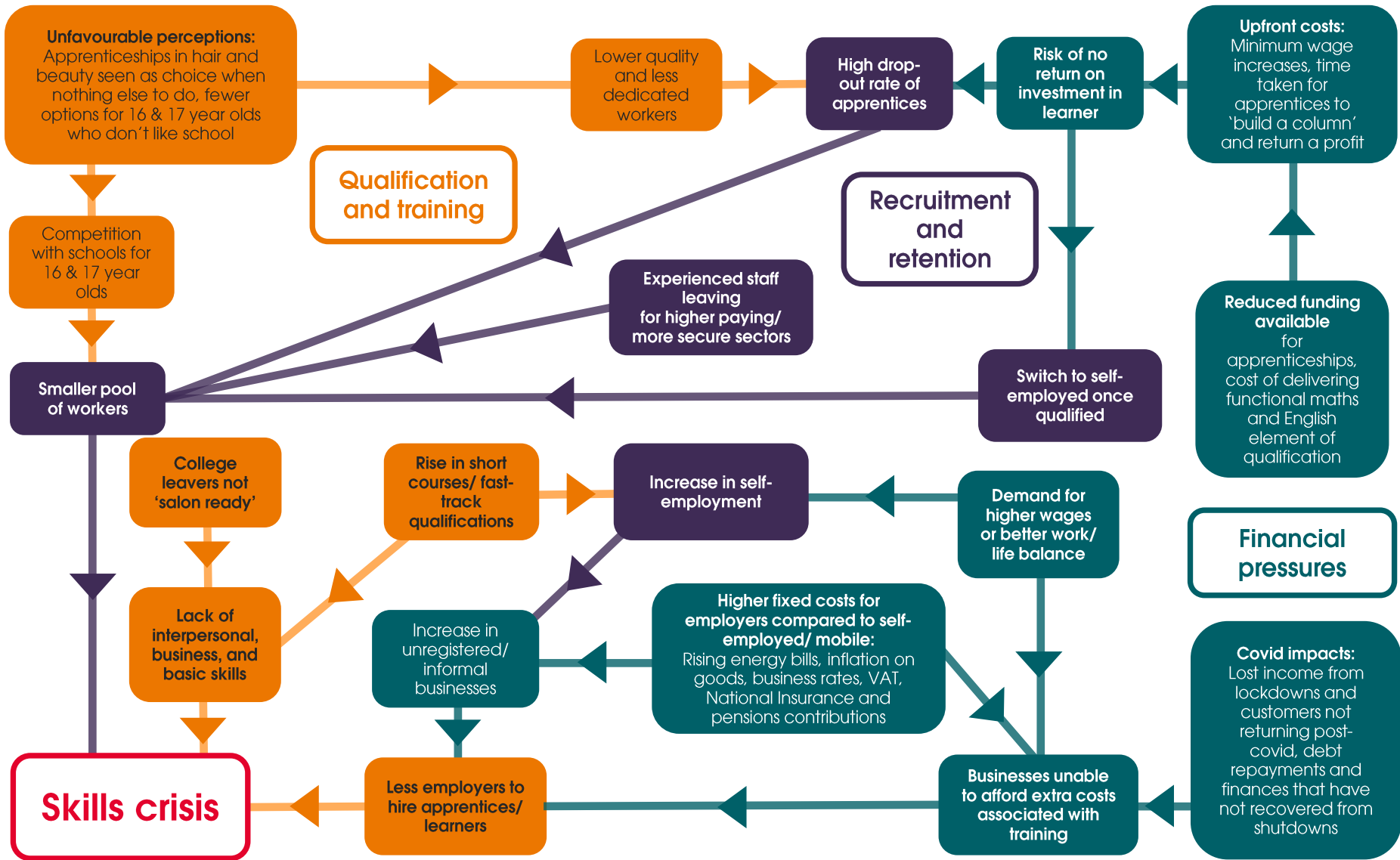
Our team interviewed twenty business owners in the hair and beauty sector, and five education providers. Almost 600 individuals, salon and barbershop owners, freelancers, and employees responded to our survey shared by the National Hair & Beauty Federation.

Combined with desk research and official data, the interviews and survey responses form the foundation of the findings outlined in this report.

Our research identified an interlinking network of contributing factors, both direct and indirect, which are coming together to cause issues with training, skills, recruitment and retention in the hair and beauty sector.







Network of contributors to the skills crisis in hair and beauty

# Multiple changes needed to tackle skills crisis

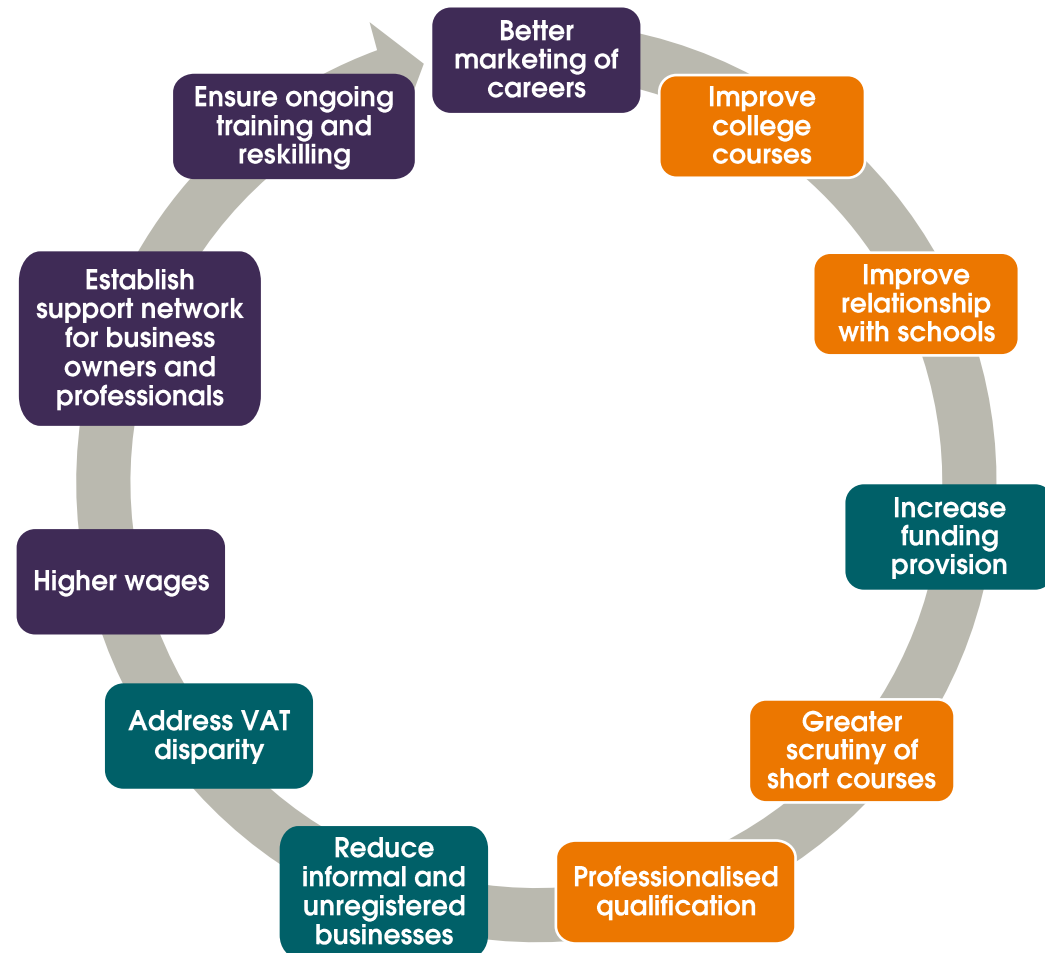
**No one factor is to blame for the skills crisis in hair and beauty, and there is no one-stop-shop quick fix solution to it either.**

If there is to be progress in addressing the issues the industry is facing, the changes will need to come jointly from employers, businesses, government, and trade bodies.

The findings from our interviews and the industry survey can be grouped in three broad categories; qualifications and training, recruitment and retention, and financial pressures.

Each of these three categories has multiple concerns within them which would all benefit from change. These include the likes of greater scrutiny of short courses and fast-track qualifications, better marketing of hair and beauty careers, and increased funding provision for apprenticeship training.

Tackling just one or two of the contributors to the challenges for the sector would not go far enough. A multi-level approach should be taken to truly tackle the growing skills crisis in hair and beauty.



# Qualification and training concerns

# Two main routes to qualify in hair and beauty

## Both traditional paths into the sector are facing challenges

Apprenticeships provide valuable hands-on experience for entrants to hair and beauty. Yet interest from applicants and demand from salons and barbershops is falling. High costs, retention issues and the rise in self-employment are all threatening apprentice uptake.

Further education training offers a college-based route into the sector, with a minimum number of practical hours required. However, limited hands-on experience and failures in training delivery have undermined business owners' faith in the college path to hair and beauty.

The qualifications and their delivery are in need of improvement, with some updates in the pipeline.

## Further Education

Alternatives to A-Levels including:

- Diploma Level 2 to 4
- T-Levels (incoming)



Choose a route

- Hairdressing
- Barbering
- Beauty
- (T-Level in Hair, Beauty & Aesthetics)



College or school-based

- 5 days a week (variable hours)
- 1 year
- 'Preparation for work'

## Apprenticeships

Alternatives to A-Levels limited to:

- NVQ/SVQ Level 2 to 4 (excluding England)
- Standards Level 2-3 (England)



Choose a route

- Hairdressing
- Barbering
- Beauty



Salon and college-based

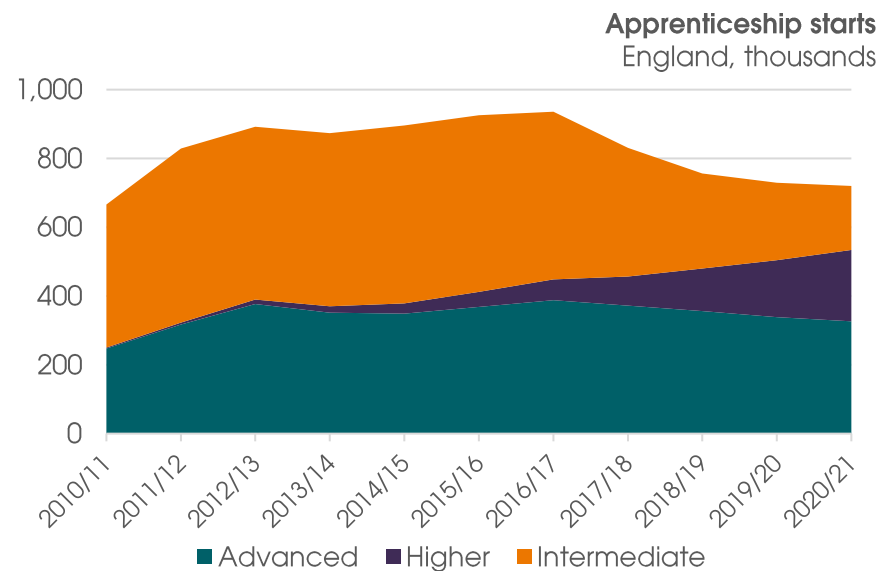
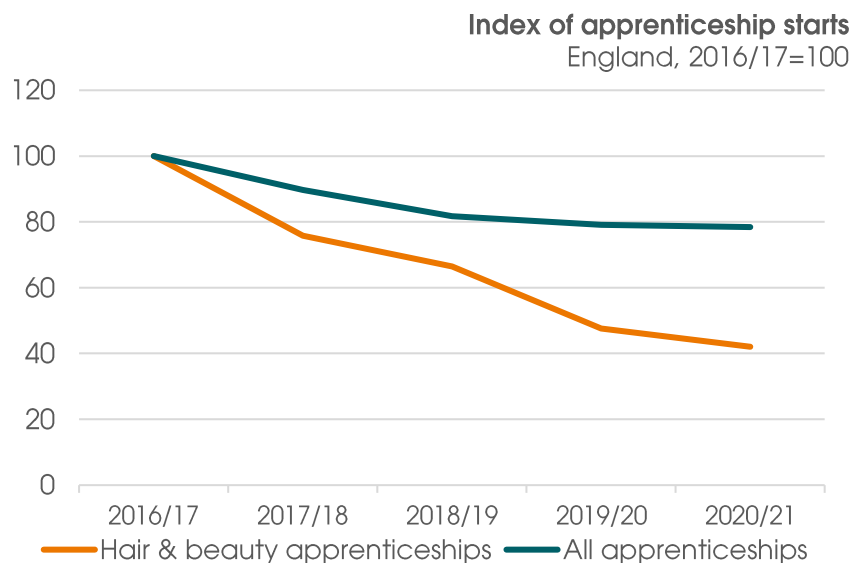
- 4 days a week in a salon or barbershop
- 1 day a week in college
- 'Job ready'

The number of apprentices in England has more than halved since 2017, to around 7,000 in 2019/20

## Apprenticeship starts have been falling across all industries

In 2015/16, around half a million apprenticeships were started in England. By 2019, the number had fallen by 114,000.

This has been attributed to a number of causes including the increasing emphasis on college-based courses and the bureaucracy involved in registering new apprentices.



## But hair and beauty is particularly affected

Apprenticeship starts in hair and beauty in England are decreasing at a faster rate than apprenticeships overall.

Since 2016/17, the number of apprentices in hair and beauty has more than halved.

## Apprenticeships are important for both businesses and learners

They provide a blended learning experience, involving four days a week of hands-on experience, with one day based in a college or with a training provider for theory and functional skills.

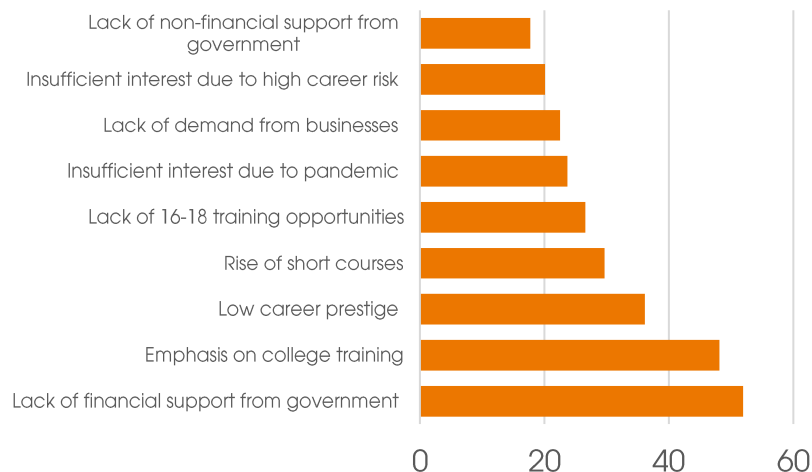
Salons and barbershops can train new staff at relatively low cost over two to three years. Almost three quarters of survey respondents identified the role apprentices play in business sustainability as one of their three reasons for employing apprentices. Financial benefits and strengthening the retention of junior staff were the next highest responses.

**"Apprentices are the future of the industry"**

- Salon owner, London

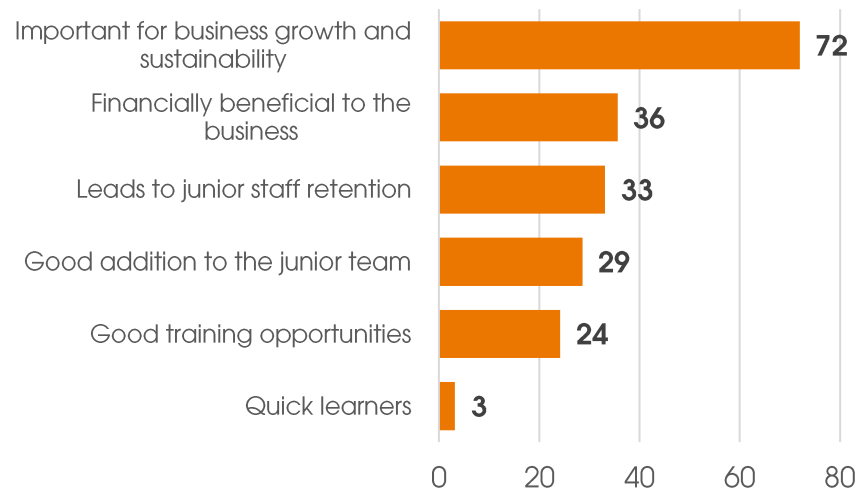
## Businesses opinions of the biggest threats to apprenticeships in hair and beauty

United Kingdom, March 2022, per cent of businesses



## Reasons why businesses employ an apprentice

United Kingdom, March 2022, per cent of businesses

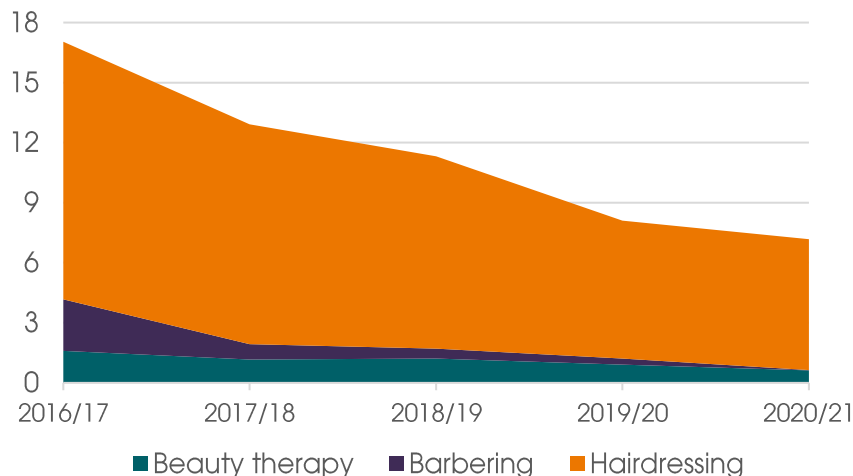


## But they're facing threats

The number of apprenticeship in hair and beauty has more than halved in the past five years. The most cited reason was insufficient financial support from government for training apprentices, with businesses struggling to pay salaries alongside operational costs.

This particularly applies for apprentices over the age of nineteen. Salons and barbershops struggle to afford to pay a member of staff minimum wage when they are not covering their costs, but many cite lost opportunities from not being able to hire career changers. A growing emphasis on college-based training, encouraged by schools, is also reducing the number of people choosing an apprenticeship route. Reduced interested from candidates, linked to inaccurate perceptions of the sector, are also threatening the sustainability of apprenticeships long-term.

**Apprenticeship starts by subject area**  
England, thousands



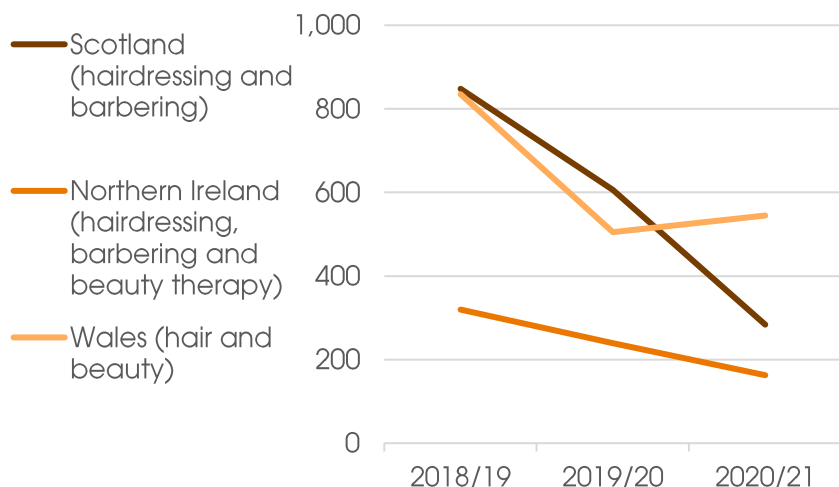
### The number of hair and beauty businesses hiring apprentices is dropping

Official data shows a decrease in hair and beauty apprenticeships across the United Kingdom, with 10,000 fewer apprenticeships started in 2020/21 than four years before.

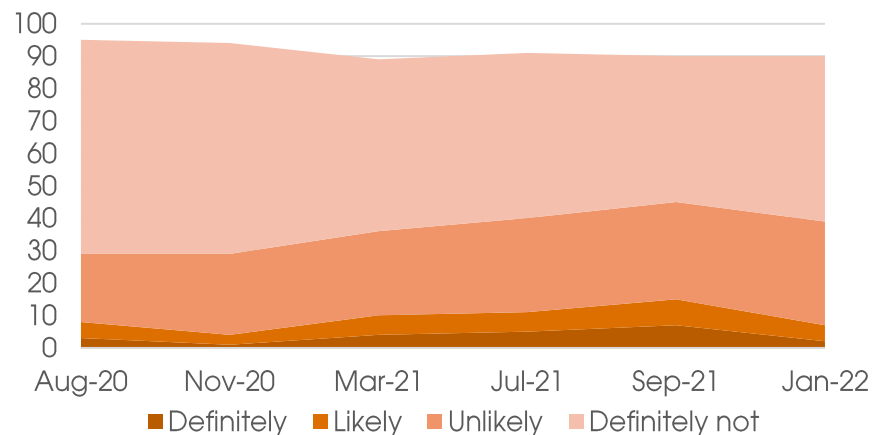
The devolved administrations have different training structures in place from England. For example, young people are not required to stay in full-time education or an apprenticeship up until the age of eighteen in Scotland. Consequently, apprenticeships been affected in varied ways across the four nations.

Between 2019 and 2021, the number of people starting a hairdressing or barbering apprenticeship in Scotland fell by 67 per cent. Apprenticeships in beauty are not an available option to residents Scotland.

**Hair and beauty apprenticeship starts**  
Scotland, Northern Ireland and Wales



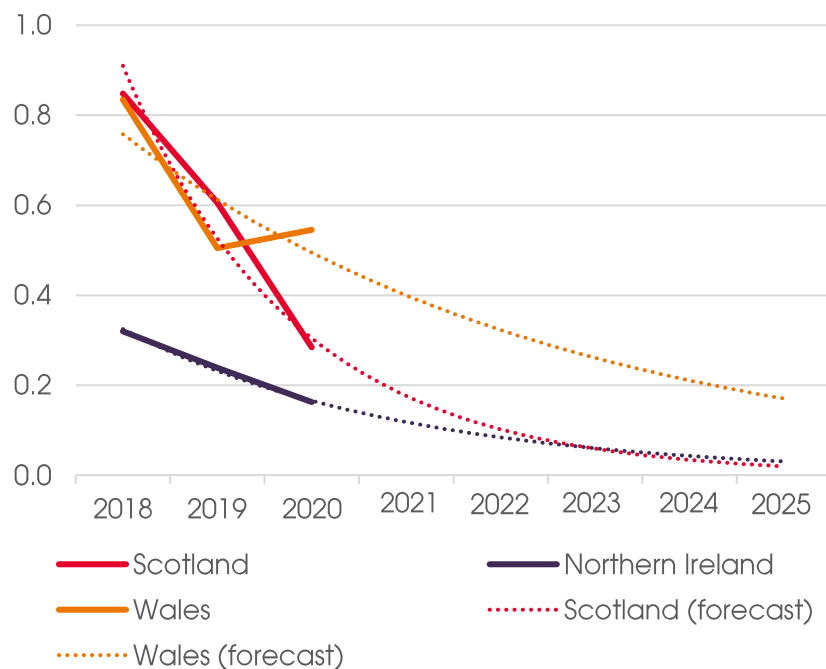
**How likely are you to take on new apprentices in the next three months?**  
per cent



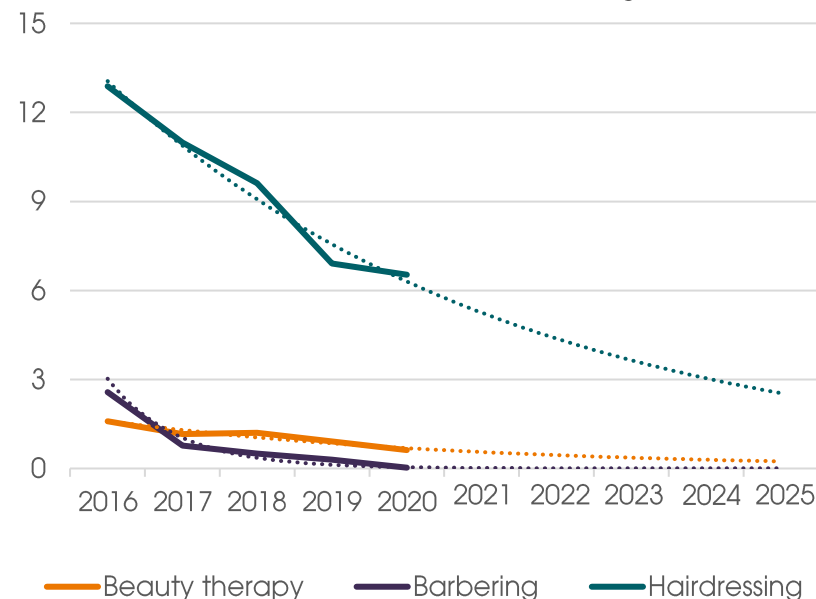
## Business as usual will see apprenticeships fall even further

If current trends continue, the sector can expect the number of new entrants joining via the apprenticeship route to continue declining. England may have just 3,000 hair and beauty apprenticeships starts by 2025

**Hair and beauty apprenticeship starts** Scotland\*, Northern Ireland and Wales, thousands



**Hair and beauty apprenticeship starts**  
England, thousands



## Similar picture for other home nations

The current trends suggests that without intervention or policy change, there would be fewer than 200 apprenticeship starts in Wales in 2025.

In Scotland and Northern Ireland, numbers would fall to double-digits.



## Claims that FE training doesn't prepare graduates for salon working

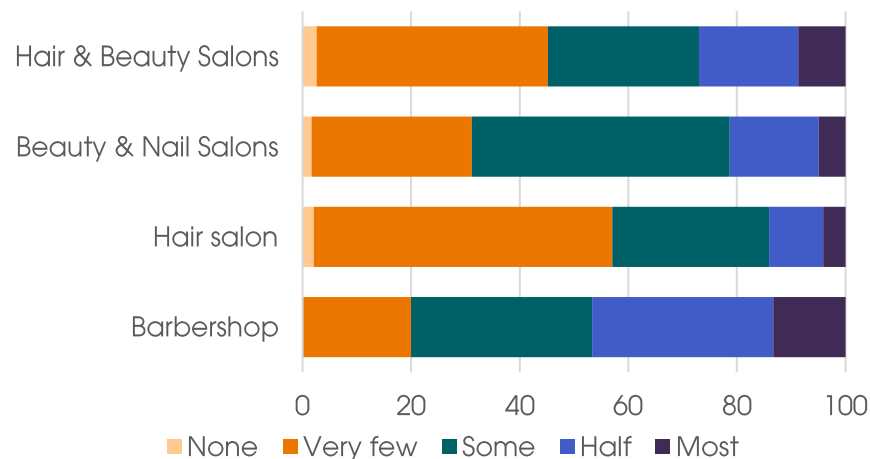
Studying for a diploma in a further education setting requires limited hours of practical experience. These courses may be classified as 'preparation for work' qualifications, to indicate to employers that further learning, and skills development is required.

Business owners in hair and beauty have found that applicants who have qualified at Level 2 and 3 in a college lack basic cutting and styling skills due to this lack of hands-on experience.

In some cases, salons and barbershops are introducing 'improver' courses, whereby college graduates spend between six and eighteen months refining their skills to a shop floor standard.

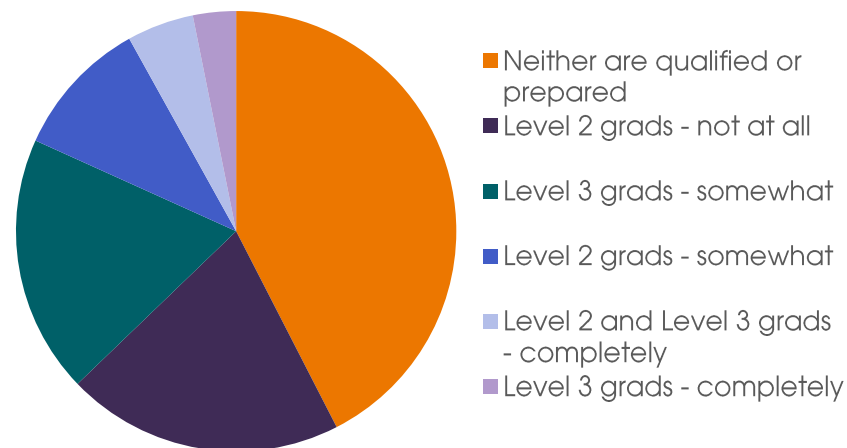
## Proportion of further education college-based graduates employed in a hair and beauty business after leaving education

United Kingdom, March 2022, percentage of respondents' views



## Readiness of Level 2 and Level 3 college-trained hairdressers, barbers and beauty therapists qualified to serve clients post-college

United Kingdom, March 2022, per cent



## Not only affecting businesses, graduates let down too

Expectations of being employed or building a column in a salon or barbershop after qualifying at college are often not met in hair and beauty.

Over 95 per cent of survey respondents estimated that less than half of college-based graduates are able to secure employment in the sector after leaving education.

Barbers have the most positive perceptions of further education training in the sector, followed by beauty. Hair professionals have the worst views, with over half assuming 'very few' graduates are employed after their education.

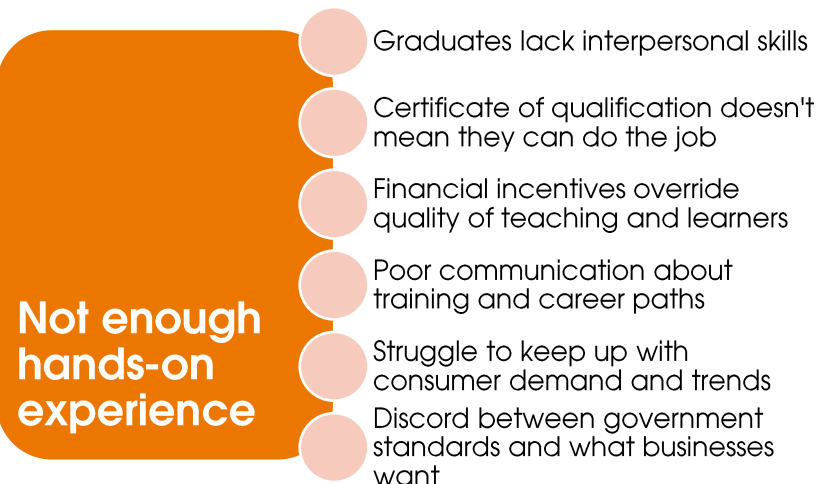
Expectations of low quality and unemployability reduces trust and credibility in the training system.

## Hair and beauty learners use the apprenticeship or further education route to qualify

Most trainees complete a Level 2 or 3 diploma and an End Point Assessment. Apprentices also study English and Maths on their day per week at college and pass a test to be awarded their final certificate.

The government is introducing T-Levels, a new college-based set of technical courses equivalent to three A-Levels. Developed in consultation with industry representatives, they are intended to support learners to prepare for vocational careers.

Our interviews identified concerns that T-Levels may not require functional Maths and English, which could draw learners away from apprenticeships. There are also concerns that they do not include enough practical work, and that there will be a skills gap in the delivery of the programme by training providers.



**Criticisms of hair and beauty college courses**  
United Kingdom, 2022

“There is pressure on the employer to help apprentices pass their English and maths. We have them reciting their times tables in the salon! They should be learning this at school.”

- a salon owner in the North West

## Updated qualifications are a higher standard but need flexibility

In 2015, the government announced that all apprenticeships would align to new standards from 2020. Some individuals we spoke with in the hair and beauty sector are calling for greater flexibility in the standards to suit local needs. Regional differences in styles and trends require varied training modules.

In the hair industry, there is also a growing trend to offer Type 4 hair classification (textured hair) services in salons, particularly in areas with higher numbers of Black, Asian and minority ethnic residents. However, the college training provision for these techniques is lacking. Textured hair professionals are concerned that those delivering training for these services are not sufficiently experienced in the techniques themselves, and that the services that are being taught are out of date.

## More 'hands-on' experience the number one ask

The universal message coming across in our conversations with salon owners, barbershops and training providers is that graduates are not prepared enough to enter the world of work, with most lacking interpersonal skills and self-confidence. There is an impression that college-based courses can be a box-ticking exercise that do not prepare young people to a high enough standard for business owners to employ them straight away.

Increasing the amount of time learners spend in a salon environment is the best way to better prepare them for work. Our interviews identified that learners starting college-based courses can feel misled when they find out how limited the hands-on training is, and that further education graduates have high expectations when they leave college and are disappointed when they need to continue training.

### Suggested improvements to hair and beauty college courses

United Kingdom, March 2022, percentage of businesses



### Most important skills for a hairdresser, barber or beauty therapist to have when starting work, according to hair and beauty businesses

United Kingdom, March 2022, per cent



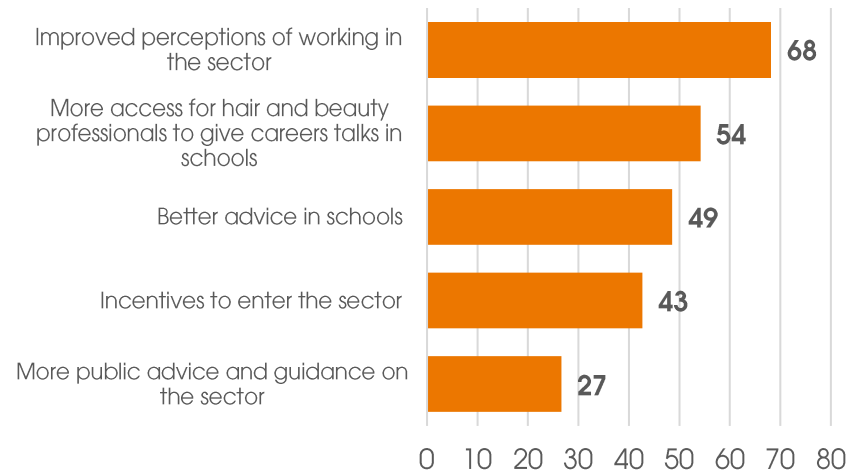
### Skills of tutors must be up to date too

Around half of businesses identified maintaining relevant teaching as another priority. Business would like to see college tutors' skills being kept up to date, with checks in place to ensure those delivering the module have the relevant experience and understanding of the techniques they are teaching.

While the introduction of a textured hair module is welcome and overdue, there are concerns that some of those delivering the course do not have a sufficient expertise of what they are required to teach. There are also calls for more flexibility in the course content, with the modules delivered being more relevant to the demands of clients and to the services hair and beauty professionals will be expected to deliver in a salon environment.

### Ways in which careers advice could be improved to attract more individuals into the sector

United Kingdom, March 2022, percentage of businesses



### Need for better collaboration and communication

Many business owners and training providers feel they are competing with further education institutes when trying to recruit high quality apprentices, and there are claims that some schools in England are refusing access to Year 11s to provide careers talks. Learners often lack a clear understanding of the sector before committing to an apprenticeship, and according to research from the Sutton Trust, "Nearly half of 17- and 18-year-olds say they have received a 'large amount' of information on university routes during their education, compared to just one in ten who say the same for apprenticeships."

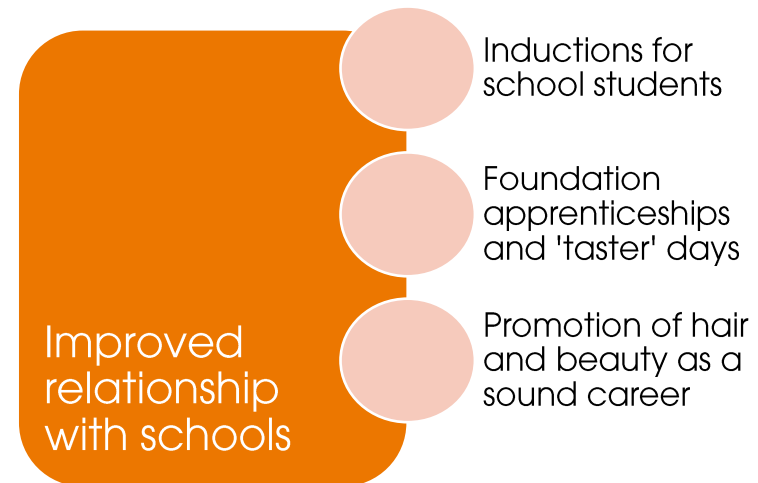
Introducing more careers information about hair and beauty in schools would benefit both school students and the sector, and to encourage high-quality juniors and career changers to come into the sector, works needs to be done to alter the perception of hair and beauty as a career path.

### Careers advice in schools is underselling the sector

Learners are more than four times more likely to receive a large amount of guidance on university routes than apprenticeships during their time at school.

Since compulsory education or training up to the age of eighteen was introduced, the funding structure of further education colleges has created a financial incentive to deter learners from leaving school at sixteen for an apprenticeship. This has also resulted in hair and beauty professionals having their access to schools restricted.

The outcomes of insufficient and inaccurate careers information are two-fold: dropping numbers of apprentices enrolling, and underprepared individuals dropping out of programmes.



## Rise in short courses threatens the traditional routes – and is lowering the bar for skills

Lack of regulation and rapid changes in the sector over the past twenty years has meant that the risk of harm from unregulated hairdressers and beauty therapists has grown. With the ever evolving and increasingly complex and invasive aesthetic non-surgical cosmetic techniques being used such as fillers and microblading, it is more important than ever that workers have the appropriate skills to deliver these services.

Accelerated by the pandemic, there has been an increase in the availability of short and online courses that individuals can complete to earn an unregulated qualification in hair or beauty. Professionals in the sector have raised concerns that these courses are drawing learners away from apprenticeships and further education. Further, short courses can give individuals false confidence in their abilities to deliver services for clients.

Course	Experience required	Cost	Qualification timescale
Fat dissolving injections	Previous injectables training	£99	On completion of two case studies
Brow lamination	None	£149	On completion of two case studies
Nail technician Diploma	None	£149	20 hours, online
Beauty Therapy	None	£51	54 hours, online
Hair extensions course	None	£399	On completion of coursework

**Examples of hair and beauty courses available online**  
United Kingdom, March 2022

“People come out of a two to three day course and think they can do electrical facial treatments, but it’s not safe.”

- a training provider in England

### Clarity needed for short and online course qualifications

The easy availability of short courses means individuals can receive a certificate of qualification after a matter of hours. This leads to people practicing as sole traders without adequate experience to be delivering services (potentially putting clients at risk), or the training they undertake not being to a high enough standard for salons and barbershops to employ them. These qualifications are also confusing to clients who see a certificate and assume the therapist, technician, barber or stylist is fully trained to the same standard as an apprentice or college graduate.

Our interviews with the industry identified a need for discussion around the potential for regulation and registration of businesses, as well as better understanding and clarity for the general public about the level and quality of training that has been undertaken.

**The recent Health and Care Bill includes an amendment introducing licensing requirements for non-surgical cosmetic procedures, marking progress in this area.**

# Professionalisation could benefit the sector



## Having the hair and beauty industry set the standards it wants and needs would go some way to addressing the skills gap.

Championing regulated 'job ready' qualifications along the lines of 'chartered' status, administered and awarded jointly by industry bodies, would clearly demonstrate the professional competency of salons.

For salons and barbershops, formal accreditation would be something to aspire to. It would offer prestige, and be a clear distinction of quality. It would also be a quick and easy way for potential clients to determine the quality level of the business, offering them peace of mind particularly when accessing ever more specialised treatments and services.

As it is currently, the perception of a significant proportion of the sector is that an individual does their college course or apprenticeship, completes it, and that is the only qualification they need. With a professionalised qualification, there would be continuing personal and professional development for hairdressers, barbers and beauty therapists throughout their career, ensuring they maintained high standards and up-to-date skills.

The professional qualification would be a positive way for the industry to attract new talent, by providing an aspirational career path with the potential for progression, growth and development over time.

# Options to tackle training & qualification issues

Action	Government	Industry	Salons
<b>Improving college courses</b>	<ul style="list-style-type: none"> <li>❑ Introduce requirement for minimum number of 'hands-on' hours per week in a salon as a mandatory part of completing a qualification</li> <li>❑ Require FE providers to review educators understanding of course material at regular intervals (e.g. annually) and update their CPD, including maintaining current industry "hands on" training and qualifications as required</li> </ul>	<ul style="list-style-type: none"> <li>❑ Build stronger links between further education providers, salons and barbershops, including careers days and ongoing dialogue</li> </ul>	<ul style="list-style-type: none"> <li>❑ Provide viable placement for college learners to gain hands on experience</li> </ul>
<b>Greater scrutiny of short courses</b>	<ul style="list-style-type: none"> <li>❑ championing, regulated "Job ready" professional qualifications based on competency across the sector, including those offered by short courses</li> </ul>	<ul style="list-style-type: none"> <li>❑ Create a simple qualification recognition programme which identifies and rates different types of qualifications to support employer and consumer understanding of qualification standards</li> <li>❑ Develop an accreditation scheme for short course providers</li> </ul>	<ul style="list-style-type: none"> <li>❑ Awareness of the difference between regulated qualification and continual professional development</li> </ul>
<b>Relationships with schools</b>	<ul style="list-style-type: none"> <li>❑ Promote hair and beauty as a sound career of choice</li> </ul>	<ul style="list-style-type: none"> <li>❑ Campaign to promote hair and beauty as a sound career of choice</li> <li>❑ Build stronger links with schools, training and FE providers, including careers days</li> </ul>	<ul style="list-style-type: none"> <li>❑ Introduce in-salon career development plan Build relationships with local school, colleges and training providers</li> <li>❑ Attend local careers fairs and careers days</li> <li>❑ Run 'taster sessions'</li> </ul>
<b>Professionalisation of the sector</b>	<ul style="list-style-type: none"> <li>❑ Provide sufficient funding, guidance and education on carers in the hair and beauty sector</li> </ul>	<ul style="list-style-type: none"> <li>❑ Create, administer and award a professional accreditation scheme, based on "job ready" competency jointly with other sector bodies</li> </ul>	<ul style="list-style-type: none"> <li>❑ Support the development of a professional development accreditation scheme for short non regulated courses</li> <li>❑ Register for and encourage take-up of professional development accreditation scheme</li> </ul>

The solutions suggested by businesses and training providers during our research are not exhaustive but provide a starting point from which to begin discussions on how best to address the skills crisis in hair and beauty. It will be up to the sector to decide on the best approach. But championing, regulated 'job ready' professional qualifications along the lines of 'chartered' status, administered and awarded jointly by industry organisations would clearly demonstrate professional competency.

# Recruitment and retention challenges



# Over half of businesses have unfilled vacancies

## Salons and barbershops are struggling to recruit both due to lack of interest and underqualified applicants.

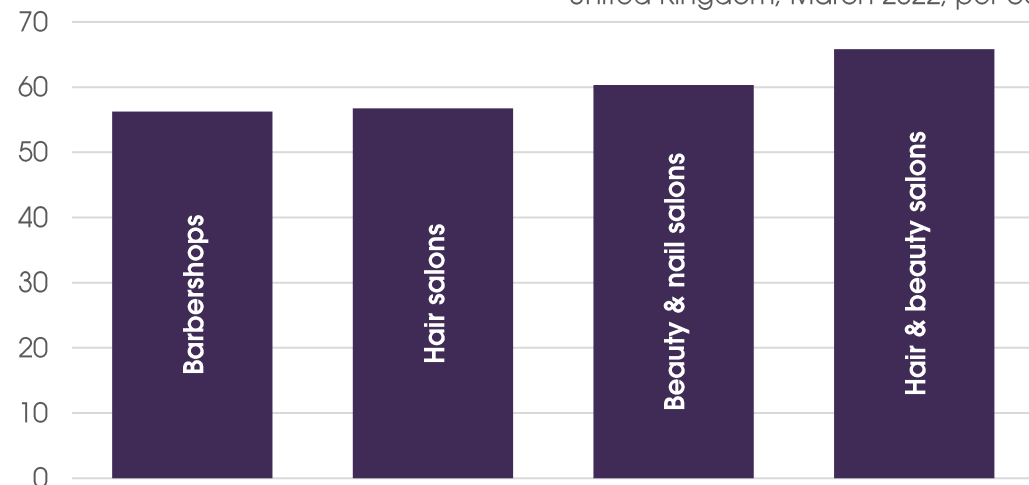
Survey respondents identified struggling to pay attractive salaries as a recruitment obstacle. Covid has cemented employee preferences for flexible working arrangements, with 30 per cent of respondents identifying these demands as a challenge in recruitment.

With an increasing number of mid-career professionals becoming self-employed or exiting the sector altogether, an age gap is growing in the hair and beauty sector, threatening business sustainability.

Salon and barbershops are looking for mid-career staff over apprentices and newly trained professionals – 56 per cent of survey respondents indicated they wanted to hire those with experience.

There are widely publicised recruitment struggles across all areas of the economy, but hair and beauty is particularly affected, especially when compared with the sectors which it is losing employees to.

Hair and beauty businesses with unfilled vacancies  
United Kingdom, March 2022, per cent

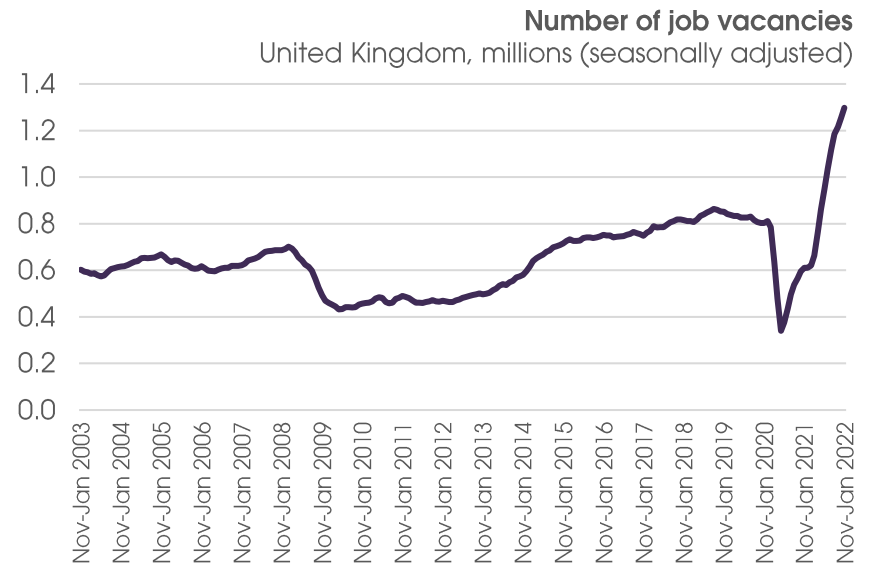


Businesses experiencing a shortage of workers  
United Kingdom, February 2022

## Recruitment challenges across all sectors

Job vacancies hit 1.3 million in the United Kingdom at the end of January this year.

Hair and beauty businesses in search of staff are competing with demand for workers across all sectors of the economy – particularly in accommodation and food service occupations. Between March 2020 and January 2022, hospitality vacancies grew by 112 per cent.



## Proportion of hair and beauty businesses with unfilled vacancies

United Kingdom, March 2022

Wales & Northern Ireland

59

Scotland

49

England

57

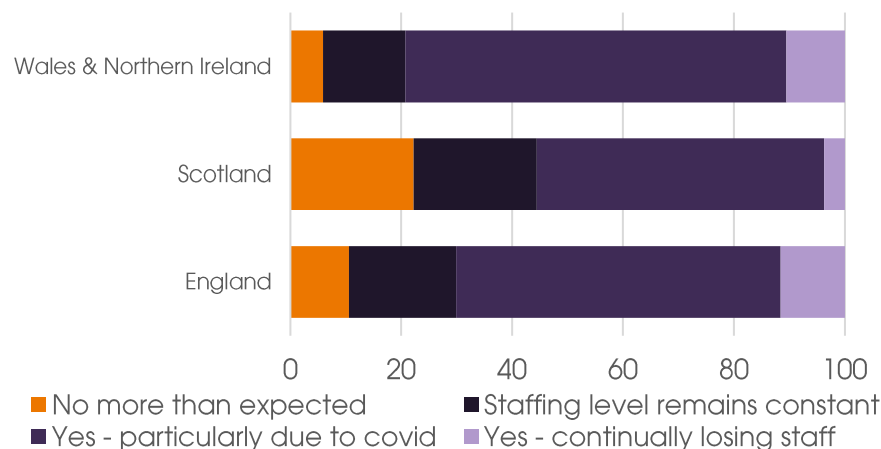
Survey respondents in Scotland had fewer unfilled vacancies

## But over half of all hair and beauty businesses have unfilled vacancies in England, Wales and Northern Ireland

The 'Great Resignation' (an ongoing trend which began in 2021 of employees voluntarily leaving their jobs due to low wage growth, long-term job dissatisfaction and the rising cost of living) is acutely affecting the hair and beauty sector, combining with fewer apprentices enrolling and more mid-career professionals leaving over time.

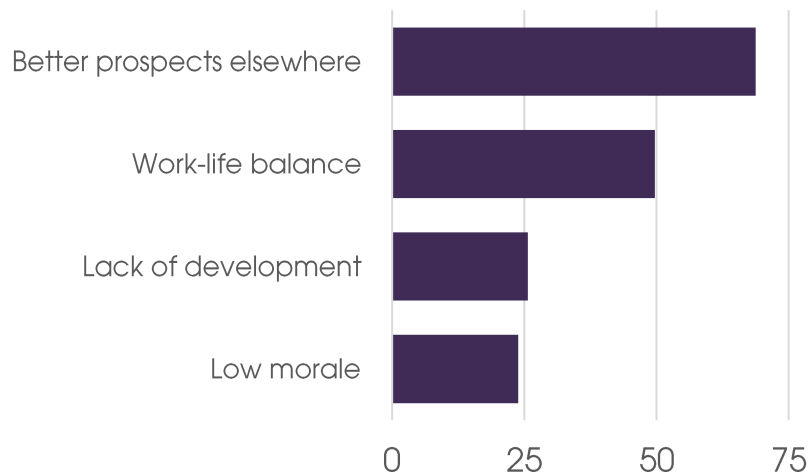
### Businesses' experience of staff leaving the hair and beauty sector

United Kingdom, March 2022, per cent



### Business opinion on why employees are leaving the hair and beauty sector

United Kingdom, March 2022, per cent



### Covid made many workers re-assess their options

Covid has hindered finding qualified staff for 80 per cent of survey respondents with 69 per cent saying recruitment has been 'severely hindered'. Demands for higher wages and a better work-life balance have led to mid-career professionals leaving businesses. Our interviews have highlighted that many hair and beauty professionals are moving to self-employment, accelerating an existing trend. Alongside greater flexibility, self-employment is often more lucrative for individual workers.

In addition, higher paying jobs with better security are attracting workers. Some retail and hospitality roles that pay more were seen to offer greater stability for workers during periods of covid-uncertainty, resulting in a significant number of employees in hair and beauty leaving the sector for those jobs.

One interviewee told us, "In a labour-intensive industry, rising costs make it hard to compete with other career paths that can pay more. Teenagers more and more are looking at what they want to earn before thinking about what they want to do especially in areas where an average first home comes in at in excess of £200,000".



Hourly wage of jobs that stylists leave the sector to go to (as identified by business owners)

United Kingdom 2021

# Wages increase needed - but margins too tight

**Without a wage increase, workers will continue to go elsewhere.**

Jobs in the hair and beauty sector accounted for the fifth and sixth lowest paid occupations last year, and in 2020, hairdressers and barbers were the number one lowest paid occupation according to official data.

Pay rises are unaffordable for many employers, and salons and barbershops are facing rising costs for energy, supplies and a raise in national insurance contributions. However, given the impacts of the last two years, staff wages also are not going as far as they used to. Workers are leaving the sector in search of higher pay - and they are finding it.

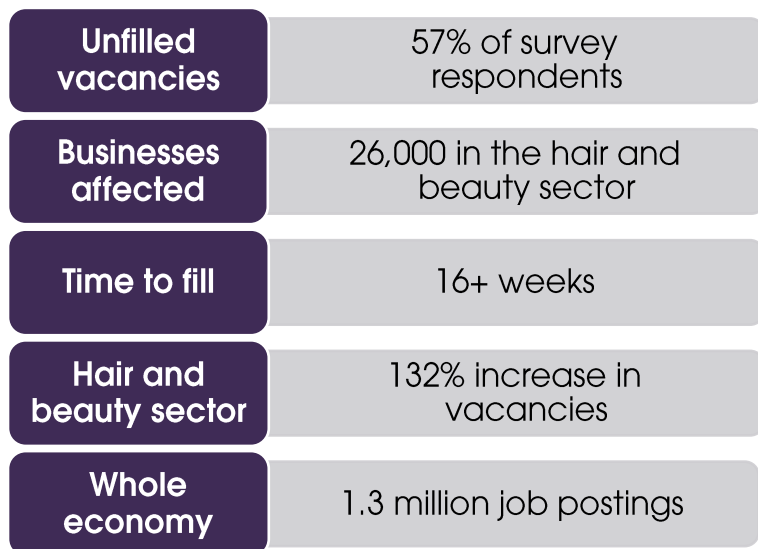
Employers' tight margins and inability to pay staff higher wages is directly linked to being in competition with informal businesses. Unregistered enterprises will tend to have lower overheads and therefore can set lower prices, which limits how much registered businesses can increase their prices by and still remain competitive. This in turn limits wage growth for employees.

Occupation	Weekly pay (£)
Bar staff	302
Smiths and forge workers	304
Waiters and waitresses	314
Leisure and theme park attendants	321
<b>Beauty professionals</b>	<b>326</b>
<b>Hairdressers and barbers</b>	<b>335</b>
Kitchen and catering assistants	335
Elementary cleaning occupations	341
Playworkers	346
Launderers, dry cleaners and pressers	353

## Lowest paid occupations

Median full-time gross weekly pay, United Kingdom, April 2021

Although paying higher wages is important to help address issues with recruitment and retention, the ability for employers to do is far from simple. The hair and beauty sector needs to increase its value, and to do this the business model needs to change. Having a growing number of informal and unregistered businesses will continue to limit prices, and the higher costs incurred by VAT registered businesses will persist in preventing wage increases. Businesses paying higher wages might be one of the solutions to the skills crisis, but achieving that would be a long and complex process, requiring many changes to the current structure of the sector, and to government tax policy.



**Job vacancy challenges**  
United Kingdom, March 2022

### Rise in self-employment means fewer businesses with employees

Almost half of respondents to our industry survey do not employ anyone.

For many this is a matter of choice - working as a sole trader can provide greater flexibility and autonomy for a hair and beauty professional.

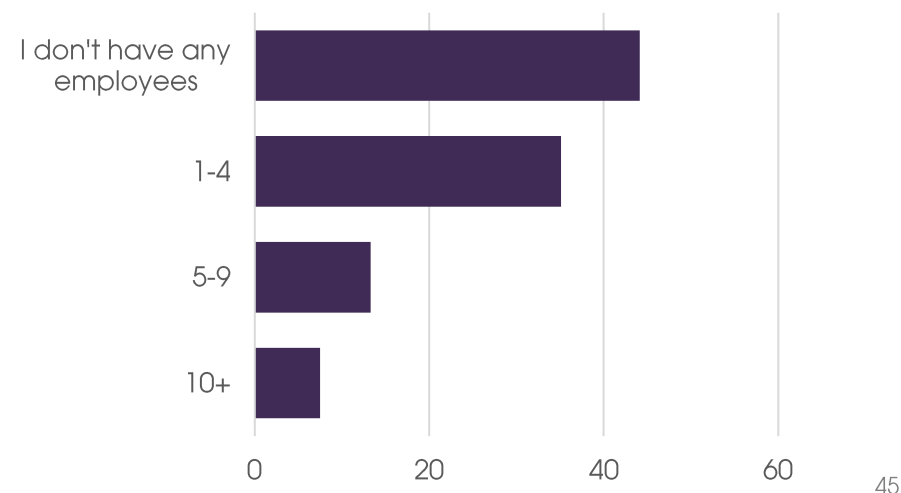
Stylists, barbers, therapists and technicians with family commitments often cite self-employment or going mobile as a preferable option. For others, the choice to go solo is linked to their ability to earn more than they would as an employee.

### 26,000 hair and beauty businesses having recruitment issues

In addition to candidates lacking the required skills and experience, salon and barbershops often don't have the funds to pay additional salaries.

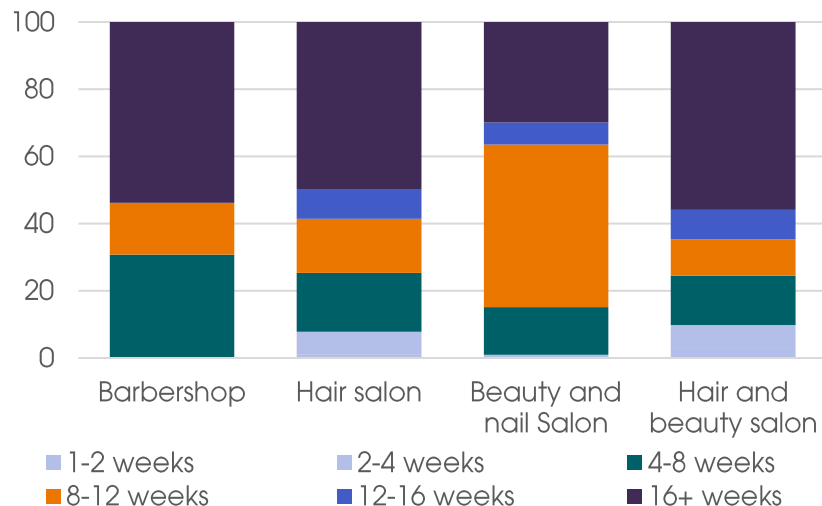
The median time taken to fill a vacancy is more than sixteen weeks. Vacancies in the hair and beauty sector have increased by 132 per cent since January last year, and the sector is competing against 1.3 million other job postings.

**Proportion of businesses surveyed with employees**  
United Kingdom, March 2022, per cent



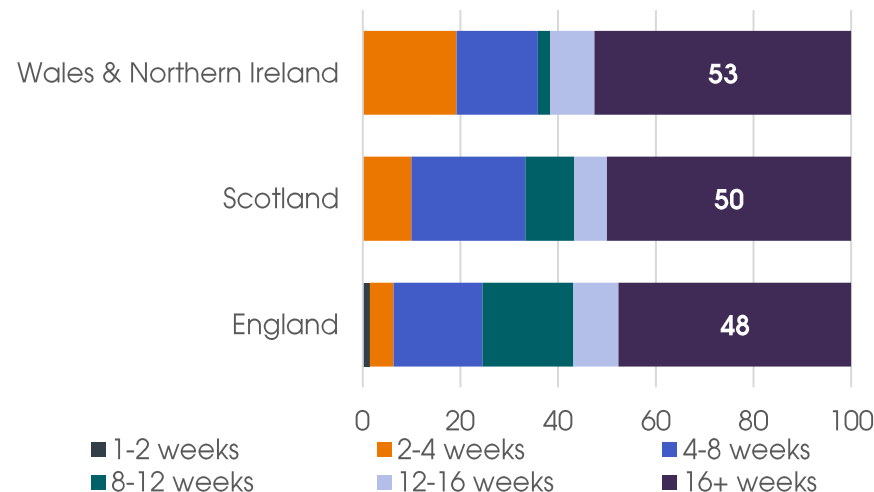
### Average time taken to fill a job vacancy by type of business

United Kingdom, March 2022, percentage of businesses



### Average time taken to fill a job vacancy by location

United Kingdom, March 2022, percentage of businesses



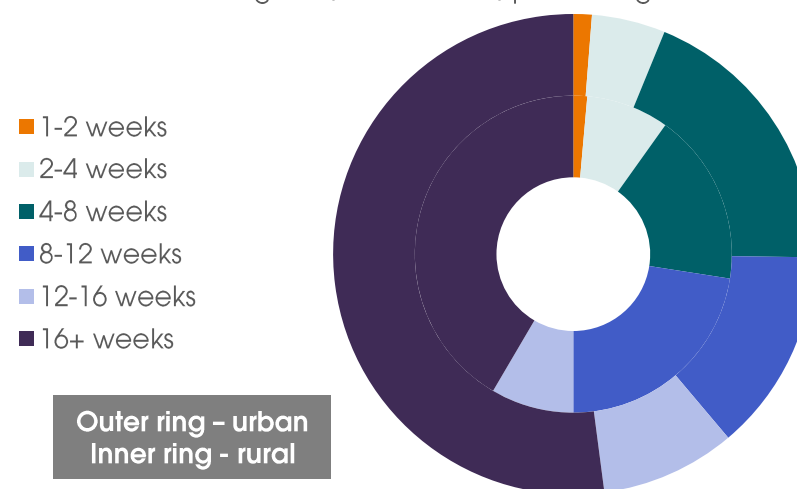
### Finding suitable applicants varies within the sector, and between locations

Beauty and nail salons are able to fill vacancies slightly quicker than barbershops and hair salons – half said it took eight to twelve weeks, compared to half of hairdressers and barbers who said it took more than sixteen week.

It takes slightly less time to fill a hair and beauty vacancy in England than the other nations in the United Kingdom. Businesses in rural areas are able to fill job vacancies quicker than those in urban spaces - 52 per cent in urban areas take sixteen or more weeks compared to 41 per cent in rural. This could reflect lower job supplies in rural areas, reducing the choice for potential employees – rural areas tend to have lower overall levels of unemployment.

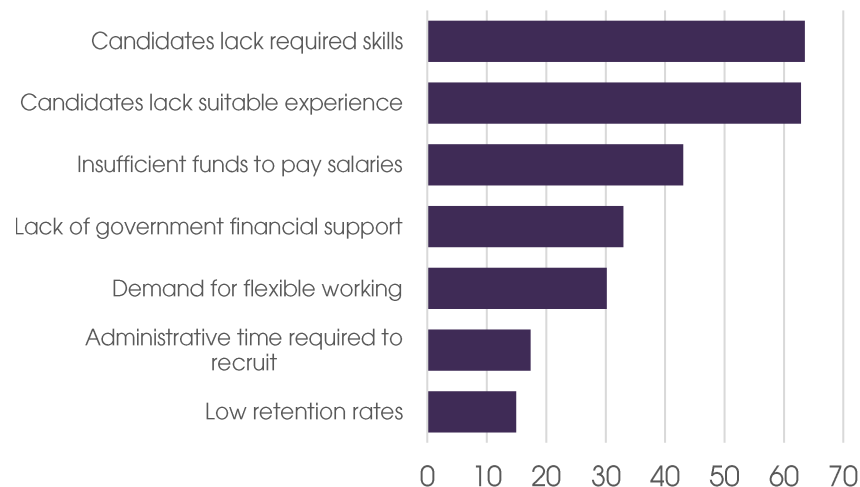
### Average time taken to fill a job vacancy by urban or rural location

United Kingdom, March 2022, percentage of businesses



### Issues facing hair and beauty businesses looking to recruit staff

United Kingdom, March 2022, percentage of businesses



### Businesses aren't keen on mature learners

Nearly 40 per cent of survey respondents would not consider hiring someone over the age of 25 years who wanted to retrain and change profession. The main reason given for this was higher costs, due to minimum wage requirements and the one-year limit to apprentice pay for those over the age of nineteen.

Of those who would employ someone of this age, the main reason given was because they had more work experience and maturity. This reflects the relative lack of life experience among sixteen- to eighteen-year-olds entering the sector.

### Businesses wanting to hire are facing challenges

When business owners are looking to recruit new staff, the biggest challenge is finding quality applicants with the required skills and experience.

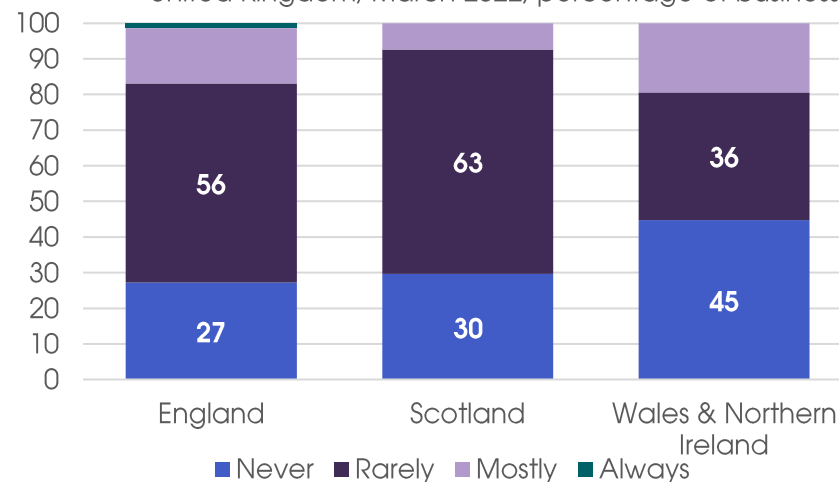
Hair and beauty professionals are struggling to find applicants who are interested in working in salons and barbershops. This has been compounded by covid and the move towards self-employment.

Salon owners have reported staff retention improving when flexible options are offered to employees.

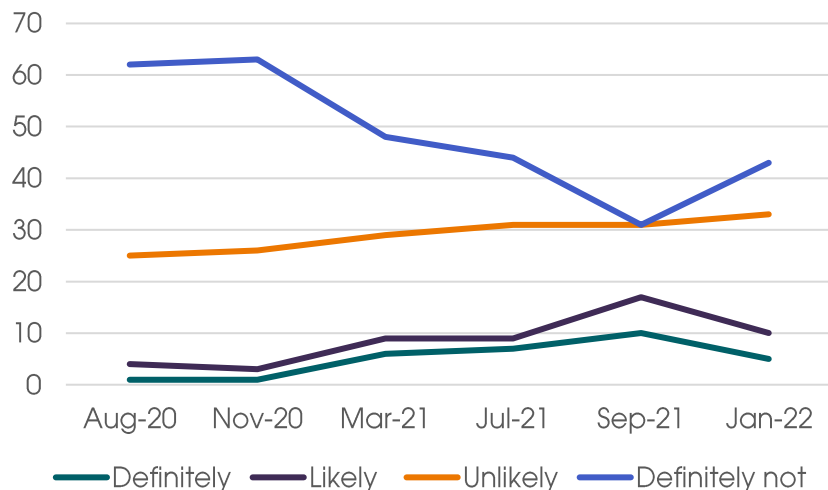
Over a quarter of respondents would find recruitment easier if there was more government support for training new employees, financial or otherwise.

### Hair and beauty businesses' ability to hire individuals with the correct skills and experience for the role

United Kingdom, March 2022, percentage of businesses



**Likelihood of hair and beauty businesses hiring new staff**  
United Kingdom, per cent



**Almost half of those with employees have no intentions of hiring new staff in the next three months**

Uncertainty through covid has exacerbated concerns about financial security, and businesses’ ability to sustain new employees long-term. Because of this, many salons are reluctant to take on employees at the current time.

Notably, the emergence of the Omicron variant disrupted the return of business owners’ confidence at the end of 2021.

**Variety of reasons why some businesses aren’t hiring**

The biggest reason for not hiring new staff cited by survey respondents was a lack of funding to pay additional salaries. Following this was that individuals are too busy to manage staff and complete the recruitment process.

Other hair and beauty professionals cited low quality staff and candidates, competition with the self-employed sector, and covid as reasons for not hiring more staff at present.

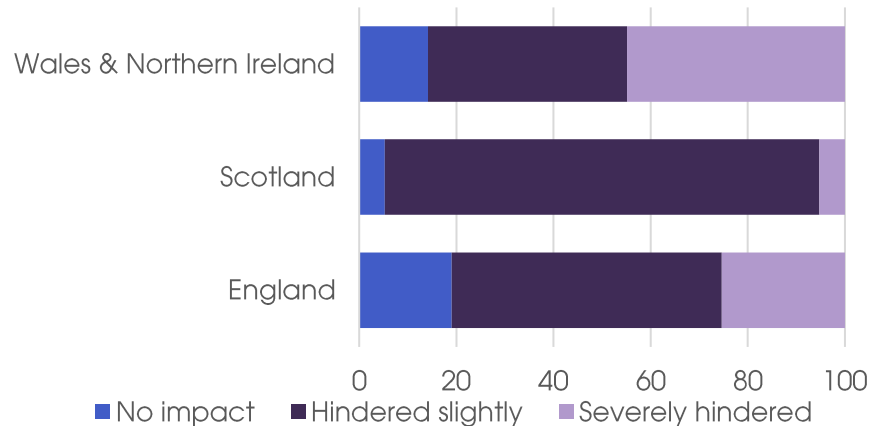
**Reasons hair and beauty businesses are not hiring currently**  
United Kingdom, March 2022, percentage of businesses





### Impact of Brexit on hair and beauty businesses' ability to recruit experienced staff

United Kingdom, March 2022, percentage of businesses



### Varying impacts of Brexit on recruitment

The majority of businesses in Scotland reported recruitment being slightly hindered by Brexit, but the severity of the impact has not been as severe as in England, Wales and Northern Ireland.

London and the South East of England have been more impacted than the rest of England, reflecting higher populations of European migrants in these areas prior to the referendum.

Within the hair and beauty sector, barbershops have been the worst affected, with half of survey respondents finding Brexit has severely or slightly impacted their ability to find experienced staff.

### Impact of Brexit on hair and beauty businesses' ability to recruit experienced staff

England, March 2022, percentage of businesses

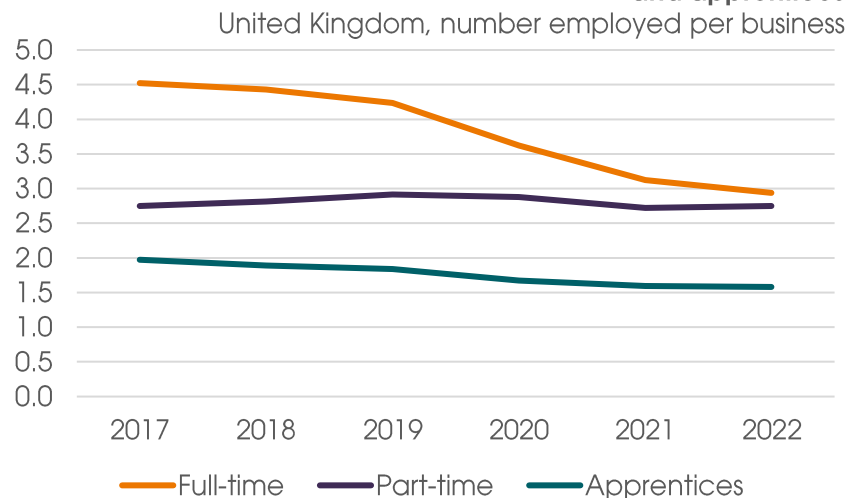


### Impact of Brexit on hair and beauty businesses' ability to recruit experienced staff

United Kingdom, March 2022, percentage of businesses



### Average number of full-time employees, part-time employees, and apprentices



### But fall in full-time employment not universal

Hair and beauty businesses in England and Scotland that responded to our survey have seen a steady decline in the number of full-time staff they employ since 2017, while Wales has seen an increase in the past year. Northern Irish businesses have seen a steady increase overall.

The average number of part-time staff employed in England has stayed largely the same, whereas it has decreased slightly in Wales and increased in both Scotland and Northern Ireland.

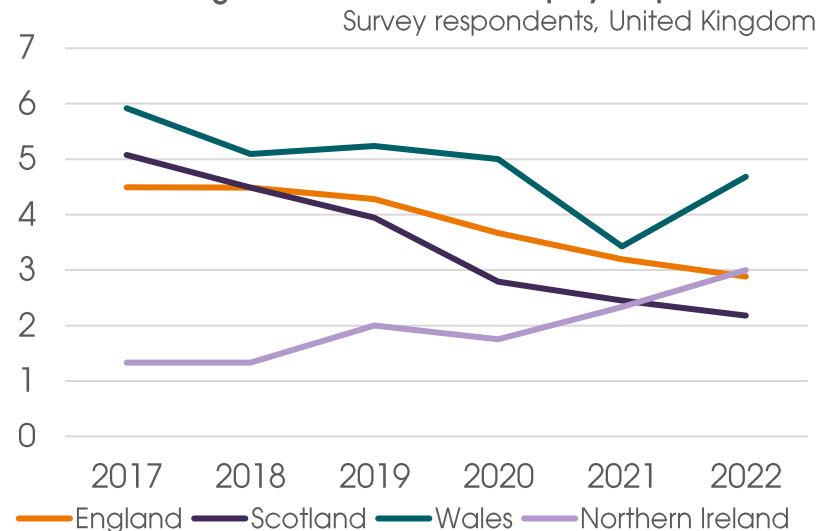
### Recruitment and retention struggles aren't new

The number of new apprentices joining hair and beauty has more than halved since 2016. In 2015, the government introduced mandatory education or training up to the age of eighteen in 2015 in England.

Since then, salons and barbershops have struggled to recruit apprentices due to the financial incentives for schools and colleges to retain learners.

As well as a reduction in individuals joining the sector, professionals are leaving for several reasons, including wanting greater flexibility, family or caring commitments, demand for more autonomy and independence and the opportunity to secure higher pay outside hair and beauty.

### Average number of full-time employees per business



# Many sectors struggling to find workers

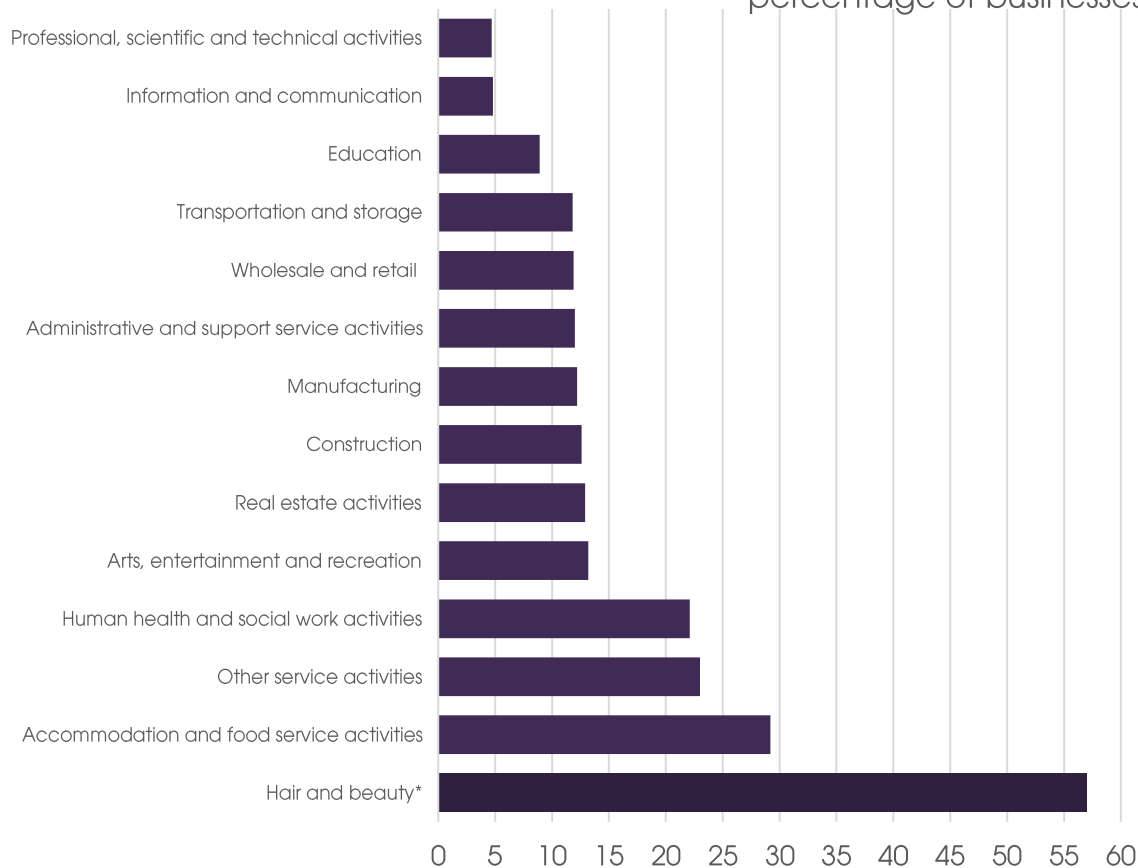
**Many sectors are facing recruitment challenges, but salons and barbershops are struggling more than most to fill vacancies.**

Almost every sector has been affected by the 'great resignation' throughout the pandemic, and all businesses are facing challenges with recruitment and retention. However, hair and beauty have been particularly affected by these shifts.

The Office for National Statistics Business Insights survey for February found accommodation and food services businesses were experiencing the greatest shortage of workers, with 29 per cent impacted.

Although high, this is still a much lesser share than the 57 per cent of hair and beauty businesses who told us they had unfilled vacancies.

**Businesses experiencing a shortage of workers**  
Selected industries, United Kingdom, February 2022,  
percentage of businesses



## The hair and beauty industries are constantly changing

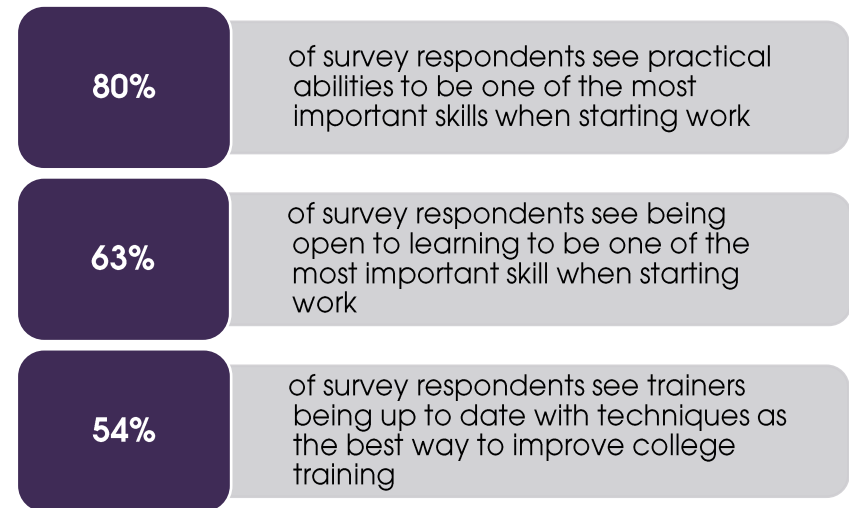
Consumer demand, particularly in an age of social media, shifts rapidly. To maintain the standards and relevance of professionals in the sector, workers would benefit from ongoing opportunities to reskill and improve.

Short courses for recently qualified stylists, barbers, therapists and technicians could accompany programmes for seasoned professionals, in person and online. This should also reach those delivering training in an education setting, to ensure learners are learning the most relevant styles and techniques.

Opportunities to update skills and improve should be shaped to suit regional and demographic demands too. What's fashionable for one age group or city may not be the same in another.

“There used to be monthly meetings for salon owners to discuss problems together in their local area. They were really good, but now salons in places like the North East are out on a limb on their own. I feel sorry for young salon owners, because they don't have the support network for learning”.

- salon owner in the North East



**Importance of learning skills and having correct training**  
United Kingdom, March 2022

## Support networks could better connect the sector

For both business owners and junior professionals, being well-connected with peers in the sector can support knowledge sharing and to coordinate around concerns in the sector.

This also applies to those who are self-employed; when a stylist or therapist is operating independently it is difficult to establish a professional network.

Opportunities to retrain could provide a basis for establishing these networks. Courses taking place around the United Kingdom can offer an opportunity for networking and sharing advice between professionals in the sector.

# Options to improve recruitment and retention

**Like the issues coming together to create the skills crisis, the solutions are interlinked too.**

Salons ability to pay higher wages, for example, is reliant on many other interventions taking place which would reduce the squeeze on business finances.

The interventions suggested to us will not work for everyone – for example some businesses feel unable to raise prices due to clients having less money to spend, or competition from nearby salons with lower overheads.

Action	Government	Industry	Salons
<b>Paying higher wages</b>	<ul style="list-style-type: none"> <li>❑ Reduce cost pressures for businesses (see <a href="#">financial pressures actions</a>)</li> </ul>	<ul style="list-style-type: none"> <li>❑ Engage with businesses to identify new or additional cost pressures as they arise and provide advice</li> <li>❑ Lobby for policy change where issues are ongoing or longer-term</li> </ul>	<ul style="list-style-type: none"> <li>❑ Increase prices</li> <li>❑ Engage with workers to discuss salary expectations</li> </ul>
<b>Ongoing training and reskilling</b>		<ul style="list-style-type: none"> <li>❑ Work with awarding organisations and education providers to tailor short courses for early, mid- and late-career professionals</li> <li>❑ Quality assure and promote high-quality short courses and retraining opportunities to salons, barbershops and self-employed professionals</li> </ul>	<ul style="list-style-type: none"> <li>❑ Regularly review and enhance relevant employee skills and knowledge</li> <li>❑ Promote continual professional development</li> <li>❑ Encourage employees to complete high-quality professional development</li> <li>❑ Enable opportunities to help with costs of courses</li> </ul>
<b>Establishing a support network</b>		<ul style="list-style-type: none"> <li>❑ Establish local and regional networking groups for business owners, self-employed professionals and newly qualified stylists, barbers, therapists and technicians</li> <li>❑ Nominate network chains and set up regular meeting with times, with relevant subjects for discussion – networks could eventually run semi-autonomously</li> </ul>	

# Financial pressures

# Businesses facing multiple barriers to growth

Barriers to growing hair and beauty businesses  
United Kingdom, 2022, frequency of citation by respondents



## Despite motivations to grow business size, obstacles stand in the way of business owners' ambitions.

The negative economic impact of covid and the threat of restrictions being reintroduced are the most cited barriers to growth. Like many high street businesses, hair and beauty was forced to close its doors during the pandemic lockdowns. However, unlike food and beverage businesses, salons and barbershops could not diversify and offer 'takeaway' services.

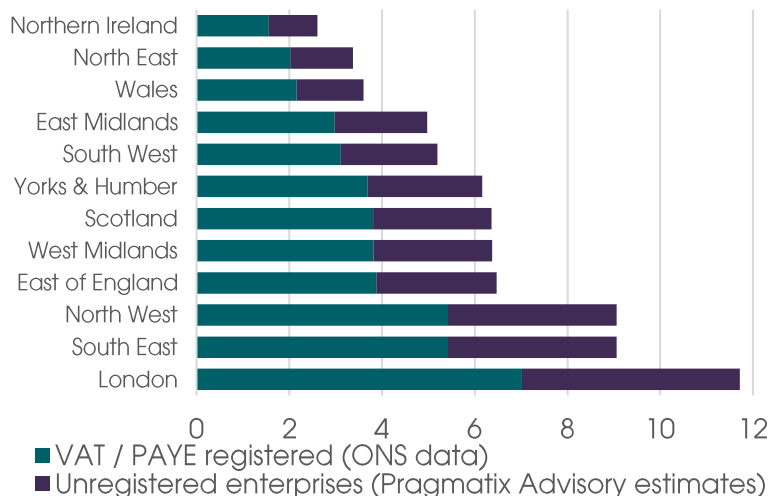
Avoiding a twenty per cent tax on revenue due to VAT is another obstacle, with many businesses deliberately remaining below the threshold. And those earning over the VAT threshold feel they cannot compete with the lower prices of mobile businesses and chair or room renting models.

Recruitment is the third biggest area of difficulty. Despite the importance of having apprentices to support business growth, employers are struggling to pay wages – particularly at the national minimum wage. Paired with this, employees' expectations of higher wages and better work/life balance have grown throughout the pandemic.

The rising cost of energy and increasing rents are also augmenting the overheads for salons and barbershops, which are continuing to struggle following covid.

With financial pressures and disincentives to grow, the additional cost of taking on apprentices is too much for some.

**Number of hair and beauty enterprises**  
United Kingdom, 2020, thousands



### Sector has a skills shortage, but not a labour shortage

Our research for the NHBF in 2021 estimated that 40 per cent of hair and beauty enterprises may be missing from official statistics, with 93 per cent of them being self-employed or sole-traders. While the sector has a skills shortage, it does not have a labour supply shortage. It would appear there may actually be an oversupply of labour.

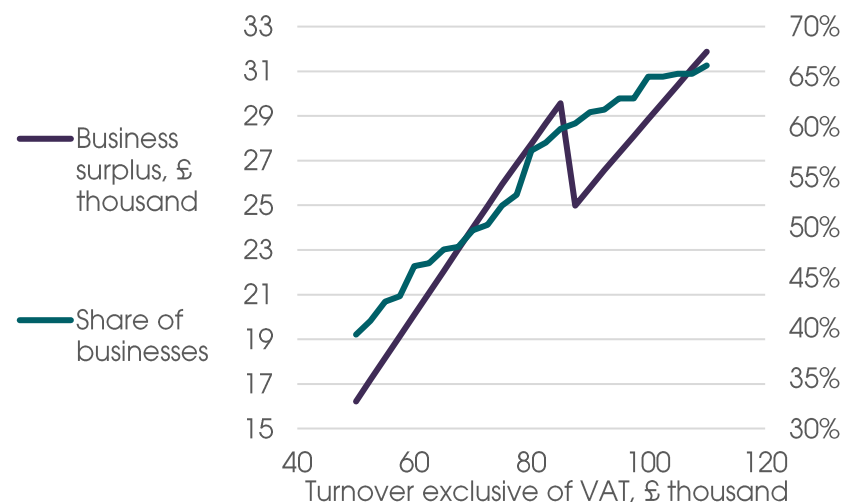
Because some qualifications in hair and beauty can be achieved in a relatively short period of time, there are fewer barriers to entry. This makes it easier to start up a business and start operating, without the requirement to be PAYE or VAT registered.

### VAT threshold disincentivises growth and creates two tiers of businesses

The incredibly tight margins for larger hair and beauty businesses are significantly impacted by the VAT threshold. There are a material number of businesses which, without oversight, are underreporting revenues and not paying VAT. This artificially lowers costs and reduces VAT registered salons' ability to compete. A salon or barbershop turning over £85,001 will have £17,000 more to pay out in tax than an enterprise sitting just below the VAT threshold.

If those businesses cannot increase prices, they are less likely to have the funds to pay apprentice salaries or increase wages to retain staff. In addition, HMRC is missing out on potential tax income as more salons and barbershops operate a chair renting model to avoid going over the VAT threshold, while others fail to declare their true earnings.

**Cash surplus of hair and beauty enterprises**  
United Kingdom, 2019





# Funding cut for hair and beauty apprentices

## The government provides financial incentives to employers and training providers for taking on apprentices.

One day per week, apprentices attend a further education institution to study theory and their functional skills.

The employer incentive per apprentice is fixed at £1,000 – this was temporarily increased to £3,000 during the pandemic. Each apprenticeship standard has a funding band associated with it, which is given to the training provider to use for the apprentice’s education.

Training providers are dependent on these funding bands to deliver quality services to learners. In 2018, the funding band for hair and beauty was reduced from £9,000 to £7,000, a decrease of more than twenty per cent. This change required training providers to re-budget their courses in the middle of a cohort’s delivery, and disincentivised training providers from offering a resource-intensive programme.

Hair and barbering apprenticeships at SCQF level 5 in Scotland receive less than half the funding available for the equivalent level 2 course in England.

	Level	Funding band
Hair professional	Level 2	£7,000
Advanced and creative hair professional	Level 3	£5,000
Beauty therapist	Level 2	£7,000
Advanced beauty therapist	Level 3	£8,000
Wellbeing and holistic therapist	Level 3	£9,000
Assistant puppet-maker	Level 3	£13,000
Floor-layer	Level 2	£13,000
Fishmonger	Level 2	£12,000
Forest operative	Level 2	£12,000
Baker	Level 2	£9,000
Adult care worker	Level 2	£3,000

Funding bands of selected training programmes  
England, 2022

	SCQF level 5	SCQF level 6
Age 16 - 19	£2,700	£4,200
Age 20 - 24	£1,350	£2,700

Funding available for hairdressing and barbering modern apprenticeships  
Scotland, 2022

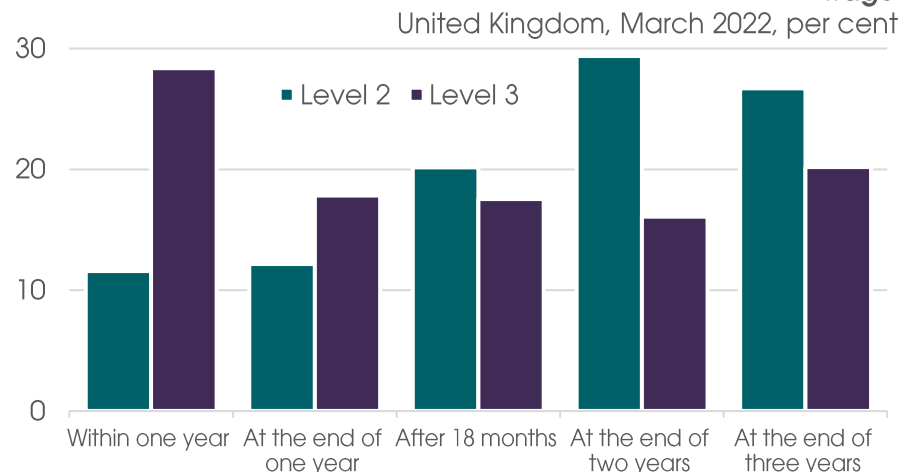
## Salon and barbershops make a loss for up to three years when they take on college graduates

In our interviews with business owners, overwhelming opinion was that college training does not prepare learners well enough for starting work upon completion.

However, there is a marked difference between how prepared Level 2 and Level 3 graduates are when they finish their college education.

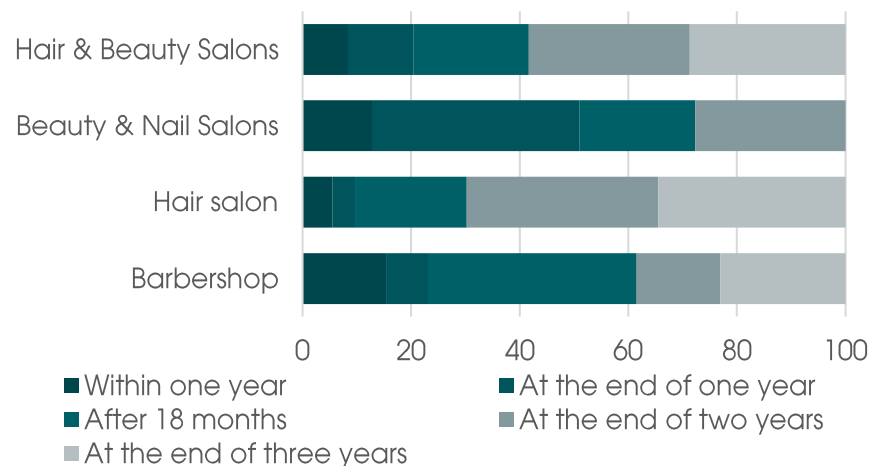
On average, survey respondents find that Level 2 graduates cover their costs after 22 months, while Level 3 graduates are better prepared – covering costs after eighteen months.

## Hair and beauty businesses estimates of when college leavers generate enough income to cover the cost of a full-time minimum wage



## Time taken for apprentices start generating income to cover the costs of a full-time minimum wage

United Kingdom, March 2022, percentage of respondents' views



## Time taken to cover costs varies by type of apprenticeship

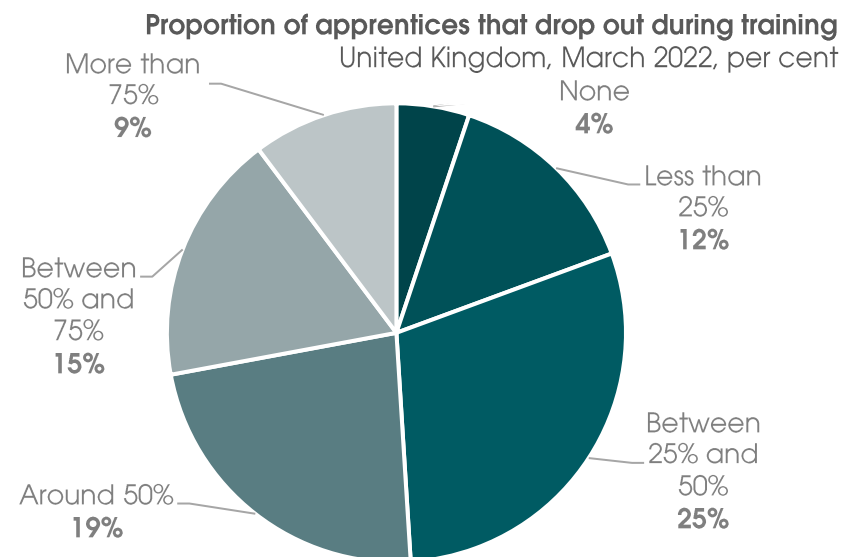
Within the sector, barbering apprentices tend to generate income for businesses after 20 months, faster than hair and beauty learners at 23 months. In our interviews, barbering professionals explained that basic men's cutting was relatively quick to learn, but good shaving technique took longer. Beauty and nail salons reported apprentices generating income the fastest, after an average of 15 months, whereas hair salon apprentices took the longest time to cover costs, at 25 months.

In addition to developing practical cutting abilities, apprentices must have good interpersonal and communication skills in these client-facing roles. Having good relationships with clients is important both for the business's reputation, and an apprentice's ability to build a column long-term.

## Retaining apprentices an issue for salons and barbershops

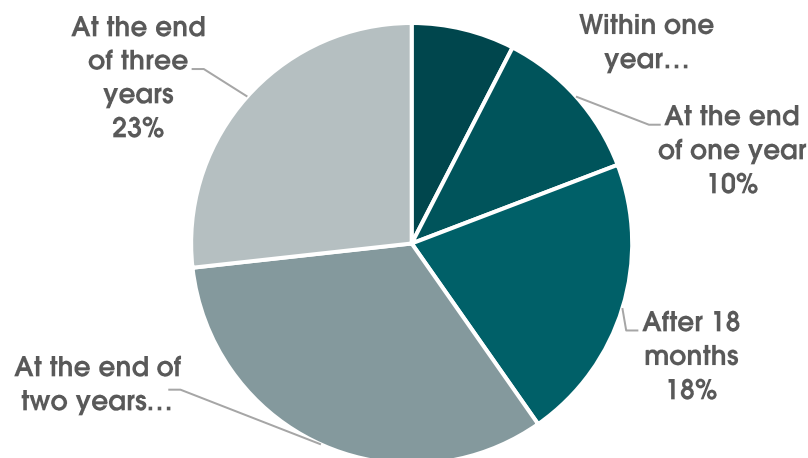
Most survey respondents found that 25 to 50 per cent of apprentices quit their training programme, with ten per cent of respondents finding there was a drop-out rate of more than 75 per cent. The interviews with business owners found that, particularly among younger candidates, apprentices do not have a good understanding of the nature of an apprenticeship in the hair and beauty sector. This includes the functional English and maths requirements, cleaning, and paperwork.

Limited retention of apprentices after their training also discourages salon and barbershops from employing them. A fifth of of survey respondents found that most apprentices stay with the employer that trained them for two years, while nearly half believed they stayed less than that.



## Time taken for apprentices to start generating income to cover the costs of a full-time minimum wage

United Kingdom, March 2022, per cent



## Apprenticeships a financial risk for businesses

On average, apprentices take two to three years to start covering the cost of a full-time minimum wage employee.

In addition, there is a material time cost to employing apprentices. Survey respondents found that qualified employees or salon managers spend sixteen hours a week training each apprentice in the salon or barbershop. Based on the median salary of hairdressers in the United Kingdom, this equates to an additional cost of £6,100 in the context of a profit squeeze across the sector.

In Scotland, Wales, Northern Ireland, and England apprentices stay with the business that trained them for on average eighteen months to two years. In London and the South East of England, this is closer to a year. Low retention disincentives businesses from employing apprentices.

Age	Apprentice			College graduate	
	After 18 months	After 2 years	After 3 years	Level 2 (2 years)	Level 3 (18 months)
16-18	14	18.7	32.8	N/A	N/A
18-20	16.4	23.5	37.6	28.3	21.2
21-23	18.7	28	46.8	37.4	28
23+	19	28	48.5	39	29.3

**Total cost to an employer to pay an apprentice and a college graduate a minimum wage until they cover their costs**  
£ thousand

### Training an apprentice is usually cheaper – but still an additional pressure on squeezed finances

If an apprentice takes longer than two years to earn enough to cover their salary, the cost of employing and training them to a salon standard is likely to be higher than taking on a college graduate. However, nearly three quarters of survey respondents found that apprentices are covering their costs in two years or less.

Business owners in our interviews reported delivering the functional English and maths requirements of apprenticeships adding further unwanted cost pressures.

Businesses in Scotland estimate it taking longer on average for apprentices to cover the cost of their wage, which may be in part due to the lower levels of funding available.

### Closing the training gap left by college costs salons and barbershops

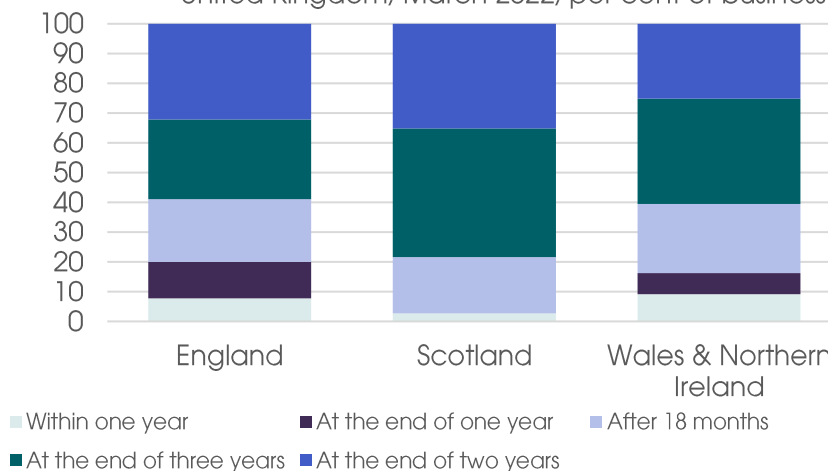
College learners spend two to three years in further education while completing their Level 2 or 3 qualification.

These qualifications cost nothing for an employer in hair and beauty.

Our survey found that a Level 2 college graduate takes two years to cover their costs at minimum wage in the business. A Level 3 graduate takes around eighteen months.

The table on the left outlines the total cost to a salon or barbershop to take on a college graduate or an apprentice before they cover their costs.

**Hair and beauty businesses estimates of time taken for apprentice to generate income to cover cost of their wage**  
United Kingdom, March 2022, per cent of businesses



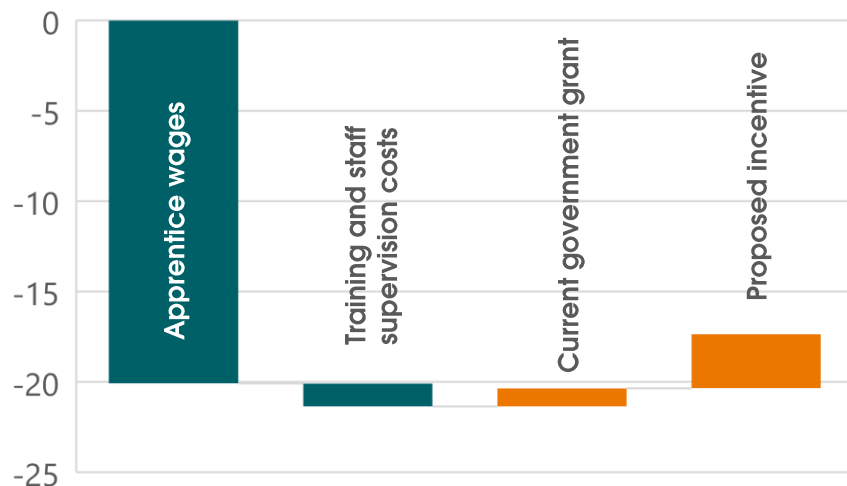
## Increasing the funding for apprenticeships would incentivise higher take up

The cost of managing an apprentice, comprised of paying their salaries, losing time due to supervising, and covering some training fees, put a burden on employers.

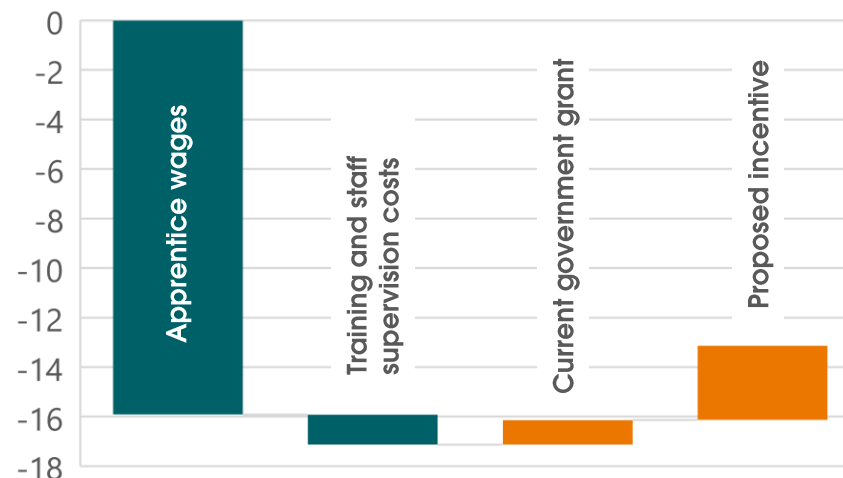
Two possible interventions from government could reduce this pressure on employers:

- Introducing a £3,000 incentive (in addition to the existing £1,000) largely targeted at supporting 19+ individuals retraining to join the sector
- Covering the gap between the minimum wage and apprenticeship wage for salons and barbershops

Costs of employing a 19-20 year old apprentice for two years  
forecasted impact of proposed £3,000 incentive  
United Kingdom, March 2022, £ thousand



Costs of employing a 16-18 year old apprentice for two years  
forecasted impact of proposed £3,000 incentive  
United Kingdom, March 2022, £ thousand



## From the age of nineteen, salon and barbershop owners are disincentivised from taking on learners

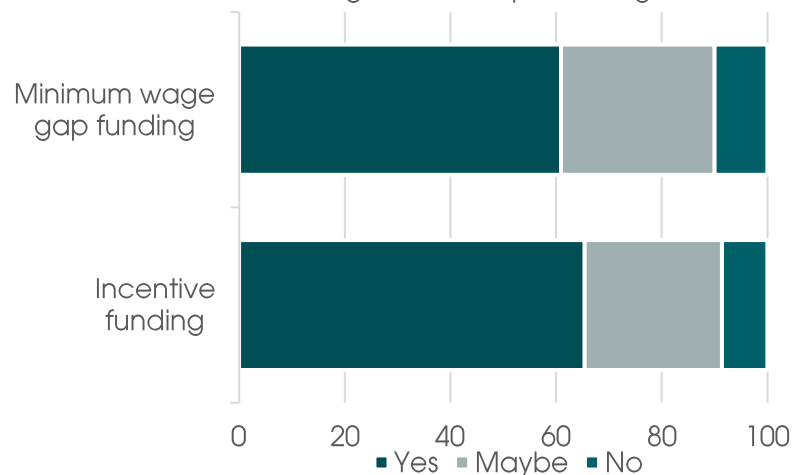
By offering a larger grant to businesses, the costs of paying a nineteen-year-old the higher wage for their second and third year of apprenticeship would be reduced.

For example, if a hair salon employing a nineteen-year-old apprentice received a £3,000 grant from government at the inception of their training, there would be almost no difference in the cost to the salon of employing them versus a sixteen-year-old.

There are numerous benefits to salons of training an older learner, namely their greater level of maturity and life experience.

### Hair and beauty businesses willing to consider hiring 19+ year old apprentices with government support

United Kingdom, 2022, percentage of businesses



### By 23, the cost of paying an apprentice of this age a minimum wage becomes prohibitive for salons.

Given the time it takes for an apprentice to cover their costs, paying a full minimum wage from the second year of the apprentice makes hiring an apprentice over the age of 23 financially unviable.

Over two years, a business owner must pay £25,000 for their apprentice's salary, training, and supervision time. With the difference between the minimum wage and apprentice wage covered, it could cost approximately £16,000 over two years.

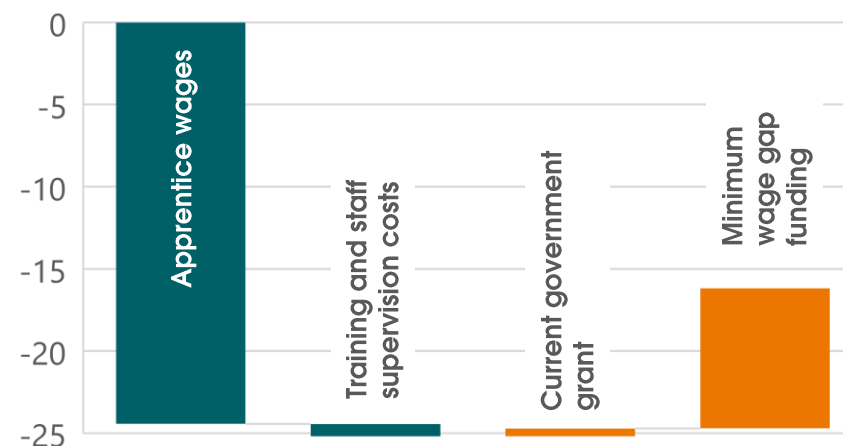
### Businesses may take on older learners with more support

In our survey, over 60 per cent of respondents would consider hiring more apprentices with select government interventions. Only nine per cent of those surveyed would not consider hiring more apprentices if the government funded the gap between apprentice pay and minimum wage for those over nineteen.

Similarly, if government introduced incentives for career changers to reskill, only ten per cent of respondents would not consider hiring more apprentices. Having more government support for apprentices and those wanting to reskill were each selected by around 50 per cent of survey respondents as incentivizing them to hire more staff. But around 28 per cent of respondents would not consider hiring more staff regardless.

### Costs of employing an over 23 year old apprentice for two years with forecasted impact of covering the cost between a minimum & apprentice wage

United Kingdom, March 2022, £ thousand



# Sector can support levelling up agenda

Initiative	Cost to government of supporting 1,000 apprentices per year
£3,000 incentive	9
Minimum wage gap funding for 19-20 year-olds	2.1
Minimum wage gap funding for 21-22 year-olds	3.8
Minimum wage gap funding for 23+ year-olds	4.3

Estimated annual cost to government of indicative policies  
£ million

**Given the value of hair and beauty jobs in deprived areas, and its presence on high streets around the United Kingdom, the sector stands to gain from and contribute to the Levelling Up agenda.**

The most relevant of the government's recently announced missions is the expansion of high-quality skills training. The programme will aim to achieve an annual increase of 200,000 people successfully completing training. This could be effectively combined with efforts to close the skills gap in the hair and beauty sector.

Improving well-being, increasing pay and employment, building pride in place and improving primary level English and Maths are all also highly relevant to the sector.

# Options to ease financial pressures on salons

## Financial pressures on businesses are one of the main contributors to the skills crisis in hair and beauty.

Easing those pressures is important, enabling employers to pay higher wages, take on new learners and retain skilled staff.

Requests for interventions that would level the playing field between registered and unregistered businesses were common during our conversations with businesses in the sector. But the approach on how best to do that will need to be determined through dialogue between industry bodies, registered businesses, informal businesses and self-employed workers.

Action	Government	Industry
<b>Reduce informal businesses</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Voluntary register of businesses and individuals operating in the sector</li> <li><input type="checkbox"/> Compulsory licencing of businesses and individuals operating in the sector</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Create, administer and award a professional development accreditation scheme jointly with other sector bodies</li> <li><input type="checkbox"/> Open dialogue with businesses and other sector bodies to gauge opinion on formal licensing/ registration</li> <li><input type="checkbox"/> Support and promote the 'salon/ barbershop with employees' business model</li> </ul>
<b>Address VAT disparity</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Crack-down on tax-evading business</li> <li><input type="checkbox"/> Consider a lower rate of VAT</li> <li><input type="checkbox"/> Reduce the threshold at which businesses pay VAT</li> <li><input type="checkbox"/> Enact one flat rate of VAT for all businesses</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Continue to develop and lobby for alternatives to the current VAT arrangements</li> </ul>
<b>Increase funding provision</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fund the gap between the apprentice wage and minimum wage for apprentices aged 19+</li> <li><input type="checkbox"/> Introduce a financial incentive (i.e. £3,000) for employers to take on learners on any 'job ready' qualification</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Lobby government with quantitative evidence of the costs and benefits of increased funding</li> <li><input type="checkbox"/> Develop case study examples of the squeeze on business finances and inability to hire new learners due to cost pressures</li> </ul>

**As with paying higher wages, addressing the disparity between VAT registered and unregistered businesses would be complex and take a significant amount of time.**



# Appendix

# Interviews and surveys

**NHBF and Pragmatix Advisory survey ran online from 21 February 2022 to 4 March 2022 on SurveyMonkey platform, and was open to all businesses in the hair and beauty sector:**

- The survey had 570 individual respondents.
- Respondents were presented with questions that were filtered based on previous answers (for example whether or not they had employees)
- Questions posed were a mix of multiple choice and open which requested figures
- 83 per cent of respondents completed all relevant questions

**Other NHBF surveys referenced in report:**

- State of the Industry survey, January 2022 - conducted online via SurveyMonkey platform from 10 to 19 January 2022. The survey received 2,851 individual responses.

	Hair Salon	Beauty Salon	Hair & Beauty Salon	Barbershop	Education Provider
Northern England	1			1	1
Midlands and Eastern England	3		1		
London and Home Counties	5		2		2
Southern England	1		1		
Scotland	2				1
Wales	1				
UK-wide		2			1

Interview sample

# Apprenticeship funding model

Businesses with annual wage bill > £3 million	Businesses with annual wage bill < £3 million
Pay 0.5 per cent of payroll towards apprenticeships levy.	Receive at least 95 per cent funding to pay for training apprentices. apprenticeship year for over 19s
Pay 100 percent of training costs	>50 employees: pay five per cent of training fees <50 employees: training fees 100 per cent funded by government 16-18, pay five per cent 19+
£4.30 minimum hourly wage (£4.81 from April 2022) for under 19s and first apprenticeship year for over 19s	£4.30 minimum hourly wage (£4.81 from April 2022) for under 19s and first apprenticeship year for over 19s
19-20: £6.56 (£6.83 from April 2022) 21-22: £8.36 (£9.18 from April 2022) 23+: £8.91 (£9.50 from April 2022)	19-20: £6.56 (£6.83 from April 2022) 21-22: £8.36 (£9.18 from April 2022) 23+: £8.91 (£9.50 from April 2022)
30 hours minimum weekly working hours	30 hours minimum weekly working hours
£1000 grant per apprentice aged 16-18	£1000 grant per apprentice aged 16-18
7-8 hours training per week	7-8 hours training per week
Training: £3000 - £9000 per year	Training: £0 - £450 per year

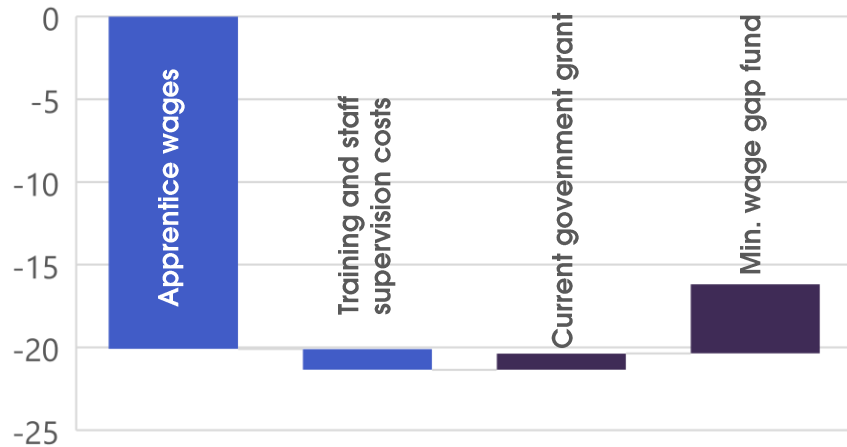
# Apprenticeship funding model

Age	Wages (50 weeks at 37 hrs)		Training costs	Grant funding	Total 1 year	Average annual cost over 3 years
	First year	Subsequent years				
16-18	£7,955	£7,955	Max. £450	£1,000	£6,955	£7,622
19-20	£7,955	£12,136	Max. £450	£0	£7,979	£10,759
21-22	£7,955	£15,466	Max. £450	£0	£7,979	£12,970
23+	£7,955	£16,484	Max. £450	£0	£7,979	£13,649

\*For businesses with less than 50 employees

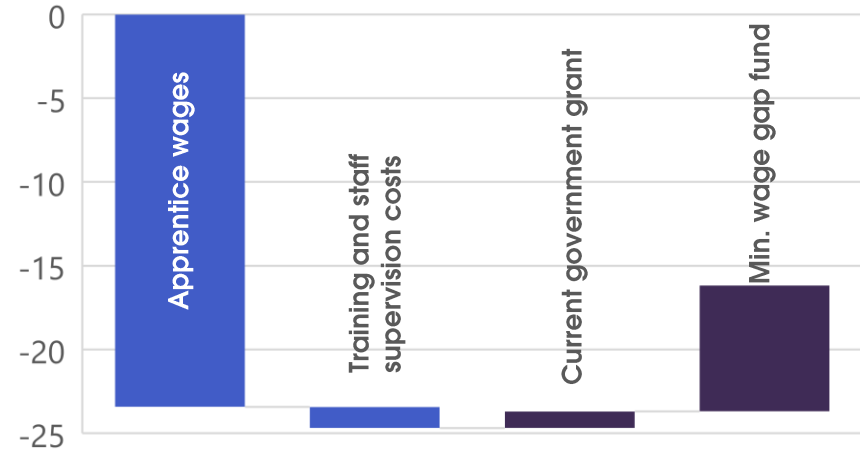
**Costs of employing a 19-20 year old apprentice for two years with forecasted impact of covering the cost between a minimum & apprentice wage**

United Kingdom, March 2022, £ thousand



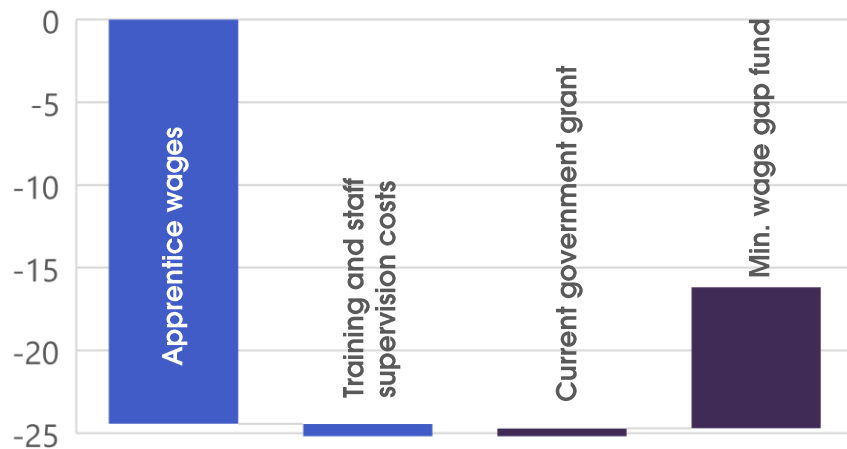
**Costs of employing a 21-22 year old apprentice for two years with forecasted impact of covering the cost between a minimum & apprentice wage**

United Kingdom, March 2022, £ thousand



**Costs of employing an over 23 year old apprentice for two years with forecasted impact of covering the cost between a minimum & apprentice wage**

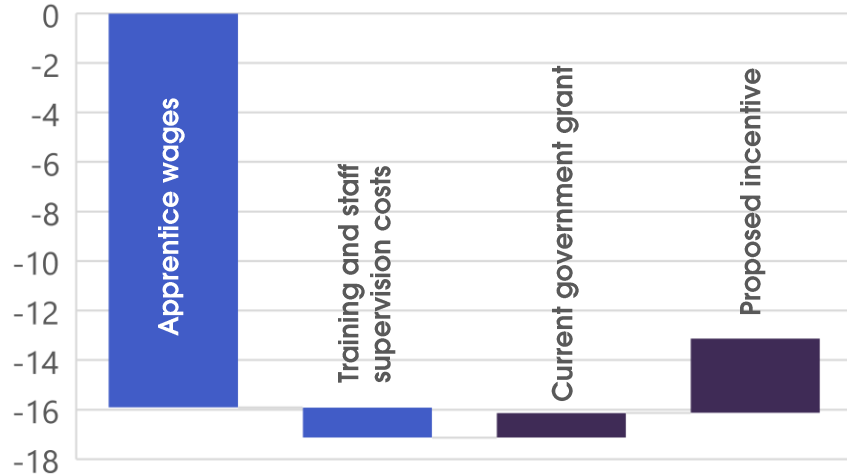
United Kingdom, March 2022, £ thousand



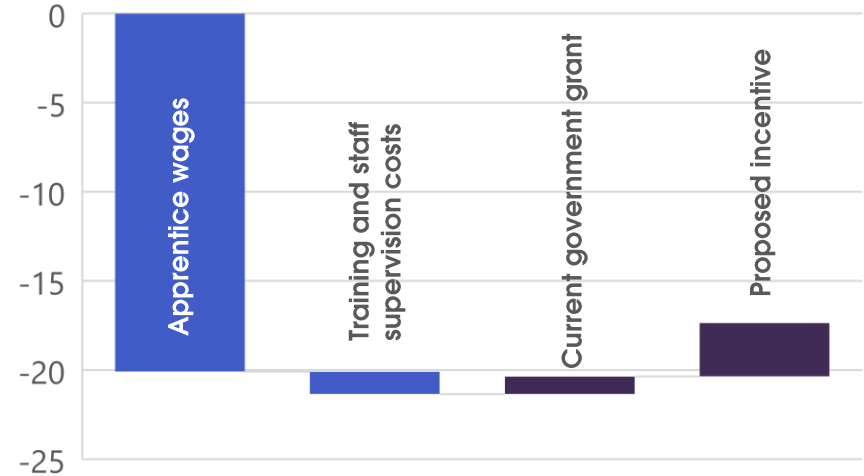
**Assumptions**

- Ten per cent of time spent supervising and training apprentices is lost and therefore a cost. This is a conservative assumption.
- The business has fewer than 50 employees and a staff payroll of less than £3 million
- The cost of training businesses must pay for apprentices is incorporated into the 'Staff time spent supervising' column

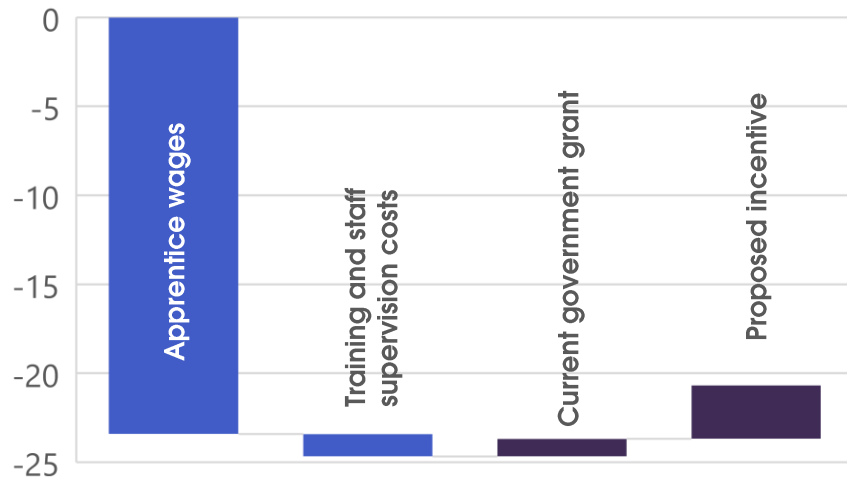
**Costs of employing a 16-18 year old apprentice for two years with forecasted impact of proposed £3,000 incentive**  
United Kingdom, March 2022, £ thousand



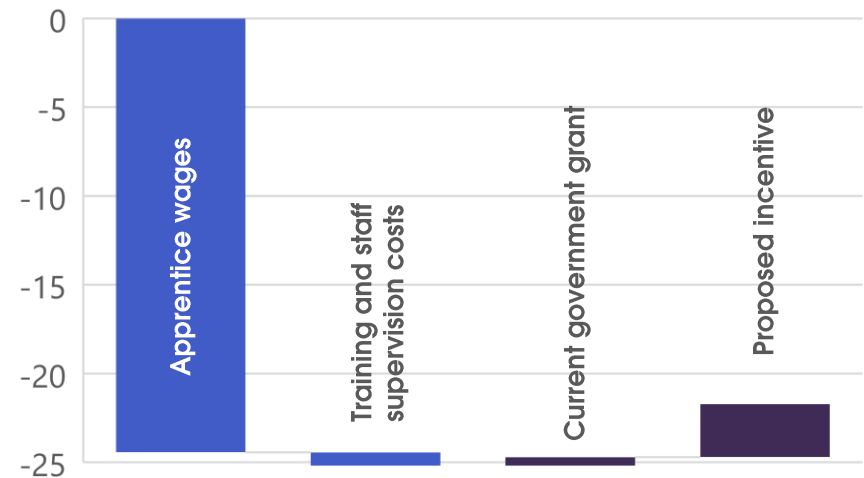
**Costs of employing a 19-20 year old apprentice for two years with forecasted impact of proposed £3,000 incentive**  
United Kingdom, March 2022, £ thousand



**Costs of employing a 21-22 year old apprentice for two years with forecasted impact of proposed £3,000 incentive**  
United Kingdom, March 2022, £ thousand



**Costs of employing an over 23 year old apprentice for two years with forecasted impact of proposed £3,000 incentive**  
United Kingdom, March 2022, £ thousand



**Pragmatix Advisory Limited**

enquiries@pragmatixadvisory.com

020 3880 8640

pragmatixadvisory.com

Registered in England number 12403422

Registered address: 146 New London Road, Chelmsford, Essex CM2 0AW

VAT Registration Number 340 8912 04