



Supporting the hair, beauty
and barbering industries



Annual Report 2021



NHBF Annual Report 2021

The re-imposition of lockdown and enforced closure of salons across the UK in December 2020 prompted us to re-assess our plans for 2021. It was evident from the reactions we received in the early weeks and from the data we gathered that the NHBF had to prioritise supporting its Members and itself through 2021.

The Management Team re-assessed our plans and, with the support of the Board, agreed a short-term operational strategy which focused on three core objectives:

- Securing an emergency financial relief package from Government
- Developing and implementing a plan to support re-opening and recovery
- Increase member retention to more than 85%

We succeeded in the first of these. Our success in the second and third was more limited during 2021, but much of what was proposed and worked on during the year now forms part of the Industry Support Programme, which will launch in 2022.

Coronavirus

The main focus of the early months of the year was on supporting Members through the lockdown and campaigning in coalition with the British Beauty Council, BABTAC and the UK Spa Association for additional support from the government.

We had already commissioned an economic analysis of the sector to support the tax reform campaign. When the research undertaken in December 2020 and January 2021 showed that many businesses within the sector had already drained their reserves and were increasingly uncertain of surviving to reopen, the project was redirected towards making the case for a similar VAT reduction to that already given to the hospitality sector.

The research report changed the tone of the conversation. The newly created Personal Care Services team within the Department for Business, Energy & Industrial Strategy (BEIS) was able to use it to strengthen the sector's claims within Government. Following a meeting with the Treasury, we were advised to shift our call towards more immediate funding support, as they pointed out that a VAT cut would be little use to businesses which could not trade and were running out of cash. This ultimately led to the sector being included in those eligible for the higher level of Restart Grants and re-opening in April, a month earlier than most other retail-based sectors.

Having developed relationships with all four governments across the UK, the coalition used these links to shape the guidance around re-opening as each country set its own respective rules. We succeeded in persuading the Scottish Government to amend the requirements for wearing face coverings to allow clients to remove them for facial treatments. We also pressed the case for continuing business rates relief and the moratorium on commercial evictions, which eventually led to a revised code of practice on managing commercial leases and new legislation to require unresolved disputes over rent arrears from COVID closures to be subject to binding independent arbitration.

As our concerns grew around the impact of COVID on apprenticeship recruitment, training and retention, we sought to alert the Beauty Aesthetics and Wellbeing All-Party Parliamentary Group (BAW APPG), the Education and Skills Funding Agency (ESFA) and the Institute for Apprenticeships and Technical Education (IfTAE), but struggled to engage Education Ministers directly.

We provided advice and information to Members through the year as the restrictions and regulations changed, using every communication channel at our disposal.

When the Omicron surge in December caused business to fall away in the weeks before Christmas, we ran three snap polls to gauge the impact to reinforce the need for more support. The Chancellor responded by topping up and extending the Additional Restrictions Grant.



Aesthetics

The BAW APPG produced a report on non-surgical cosmetic aesthetics which was greatly influenced by the NHBF's policy positions.

We supported the passage of the Botulinum Toxin and Cosmetic Fillers (Children) Act 2022 and worked with a consortium of organisations co-ordinated by the Chartered Institute of Environmental Health to secure an amendment to the Health and Care Bill to introduce a regulatory regime governing non-surgical cosmetic aesthetics.

We decided to reduce our funding to the All-Party Group on the grounds that, while it was right the NHBF should have provided the seedcorn funding to start it, now that the group was well-established, the other industry bodies should also share the cost.

Other Policy Work

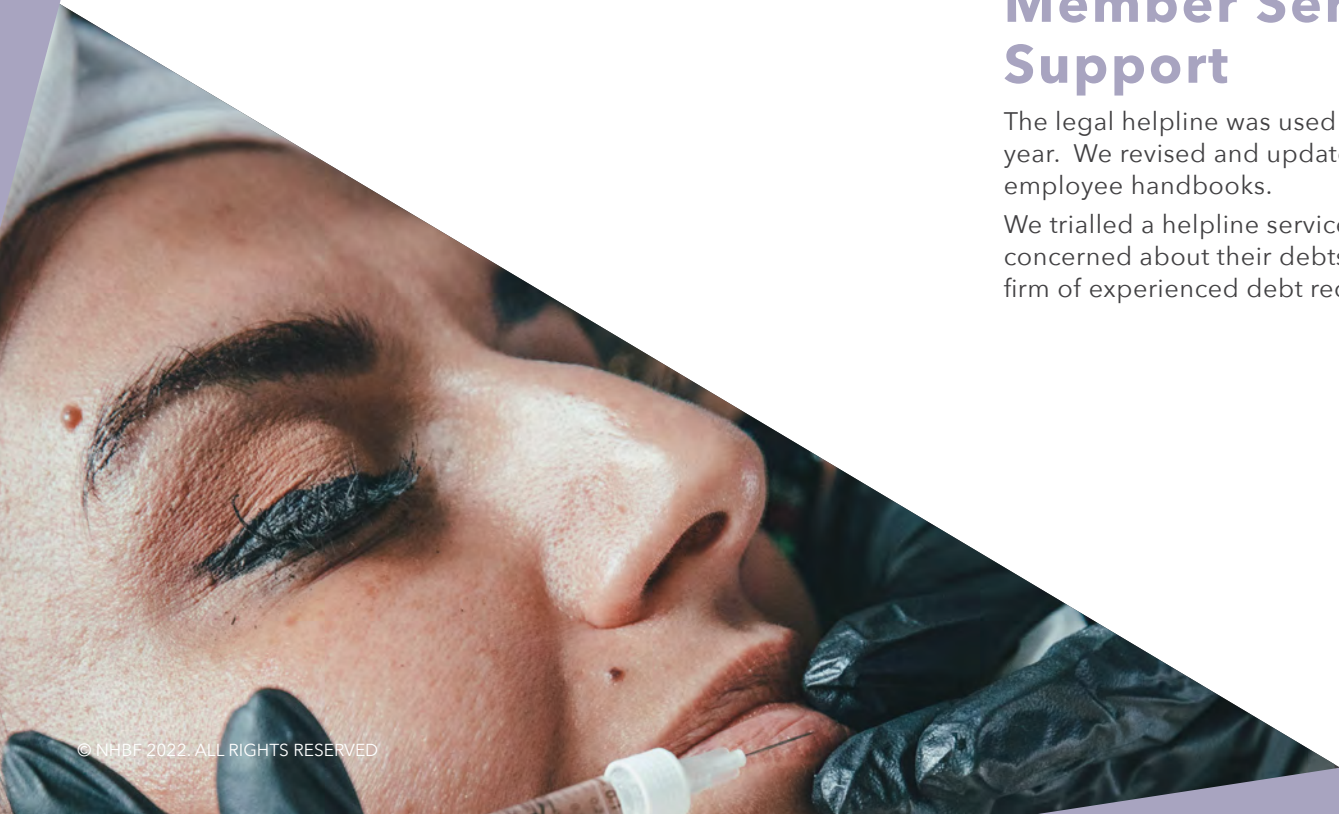
We undertook our regular annual engagement with the Low Pay Commission as it considered its recommendations for the National Minimum Wage (NMW) and National Living Wage (NLW), giving both written and oral evidence, gathering data via a survey and bringing together a group of Members to speak directly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

We also organised a series of visits by MPs and MSPs to salons in their local constituency during the summer.

Member Services and Support

The legal helpline was used extensively throughout the year. We revised and updated our suite of contracts and employee handbooks.

We trialled a helpline service for Members who might be concerned about their debts through **Cromwell Seymour**, a firm of experienced debt recovery advisers.



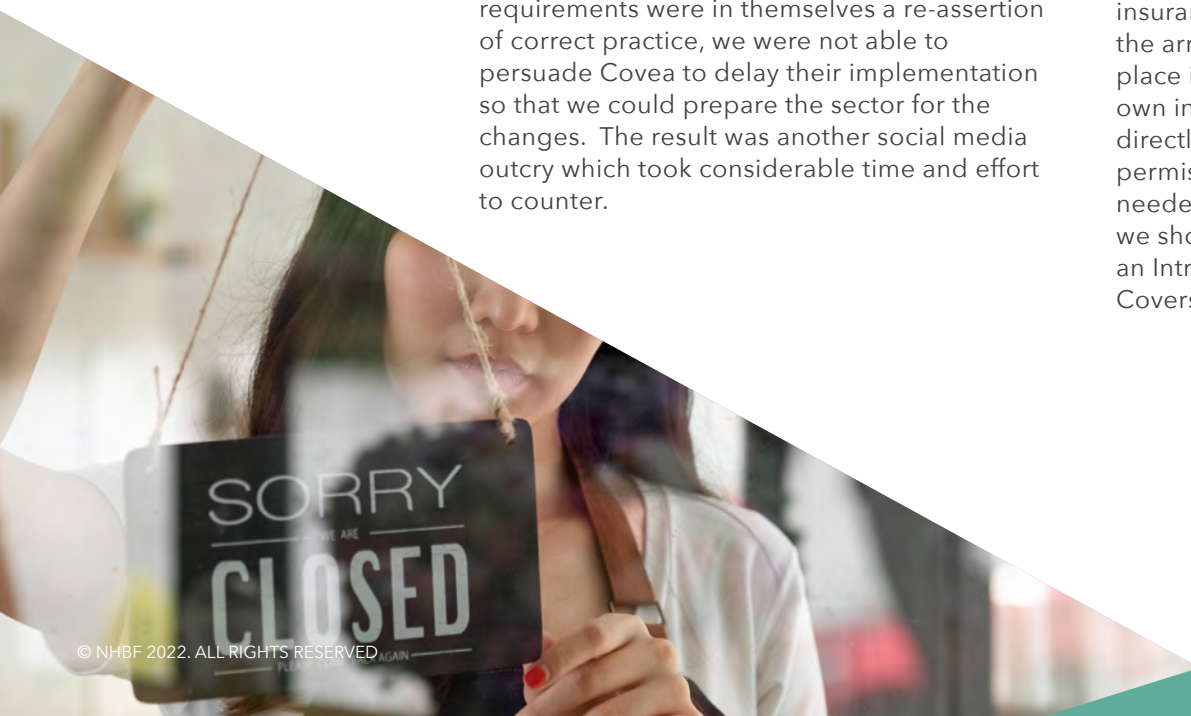
Insurance

The NHBF came under considerable criticism because its recommended insurance policy would not accept business interruption claims relating to closures because of the pandemic, even after the Supreme Court test case ruling in December 2020. The underwriter, Covea, informed us that it had reviewed the policy terms in the light of the ruling and maintained that they were not required to change their stance. We took independent legal advice which in turn confirmed that this was correct and would be almost impossible to challenge.

Alongside the business interruption issue, Covea also insisted on introducing new requirements for allergy alert testing and staff having the appropriate training or level of supervision to wash clients' hair. While the requirements were in themselves a re-assertion of correct practice, we were not able to persuade Covea to delay their implementation so that we could prepare the sector for the changes. The result was another social media outcry which took considerable time and effort to counter.

The renewed emphasis on allergy alert testing by the insurance providers prompted considerable interest in the re-published allergy alert guide and led to increased sales. We worked with the Cosmetic, Toiletries and Perfumery Association (CTPA) to agree a common industry protocol, but the product manufacturers proved reluctant to commit themselves to sign up to it.

The Financial Conduct Authority was prompted to investigate whether the NHBF had been acting beyond its registered permissions for insurance activities. These dated from before the arrangement with Coversure was put in place in 2007, when the NHBF acted as its own insurance broker, arranging insurance directly for Members. When we reviewed the permissions, we realised that we no longer needed them and agreed with the FCA that we should withdraw them and re-register as an Introducer Approved Representative under Coversure's permissions.



Qualifications, Standards and Training

Director of Quality & Standards Caroline Larissey attended numerous meetings with the IfATE and ESFA throughout the year to provide industry insight via our Intermediary organisation ambassador role, for both the regular work of developing education and training in hair, beauty and aesthetics and to seek ways to address the issues which emerged during the COVID lockdowns.

After a huge amount of development work, numerous meetings and agreement by all parties, the end-point assessment (EPA) dispensations for apprentices stuck in gateway as a result of COVID-19 were agreed by the IfATE and Ofqual, but their implementation was delayed by the IfATE and the EPAOs. By the time they were implemented, salons had re-opened and the normal EPAs resumed. We had anticipated this, and had argued that an extension to the apprentices caught in this way would have been preferable.

We recommended that the dispensation should be removed once salons were open for business as normal, but they were retained for contingency purposes.

We continued to raise our concerns through the year, running a campaign in the summer around “shaping the future of the industry”, which addressed several themes including:

- Perception of apprenticeships and a move to self-employment
- Salons are unable to afford to take older learners due to having to pay the higher rate of NMW
- The impact of the increase in NMW for apprentices
- Introduction of the T level
- The need to focus more on “Job ready” competency-based training and education programmes (Apprenticeships/SVQs), with prerequisites and a reduction in VTQs (Vocational technical) “preparation for work” qualifications.
- Specific COVID related barriers.





Apprenticeship standard development

Caroline worked on the development of the following standards:

STANDARD	PLANNED SUBMISSION DATE	PLANNED PUBLICATION
HAIRDRESSING PROFESSIONAL LEVEL 2	January 2022	May/June 2022
BARBERING PROFESSIONAL LEVEL 2	January 2022	May/June 2022
ADVANCED BARBERING PROFESSIONAL LEVEL 3	March 2022	July/Aug 2022
ADVANCED WELLBEING AND HOLISTIC THERAPIST LEVEL 4	September 2022	January 2023
AESTHETIC PRACTITIONER LEVEL 5	January 2022	May/June 2022

Events

The continued uncertainty around events made it impossible to plan events properly and so we decided not to run any in 2021.

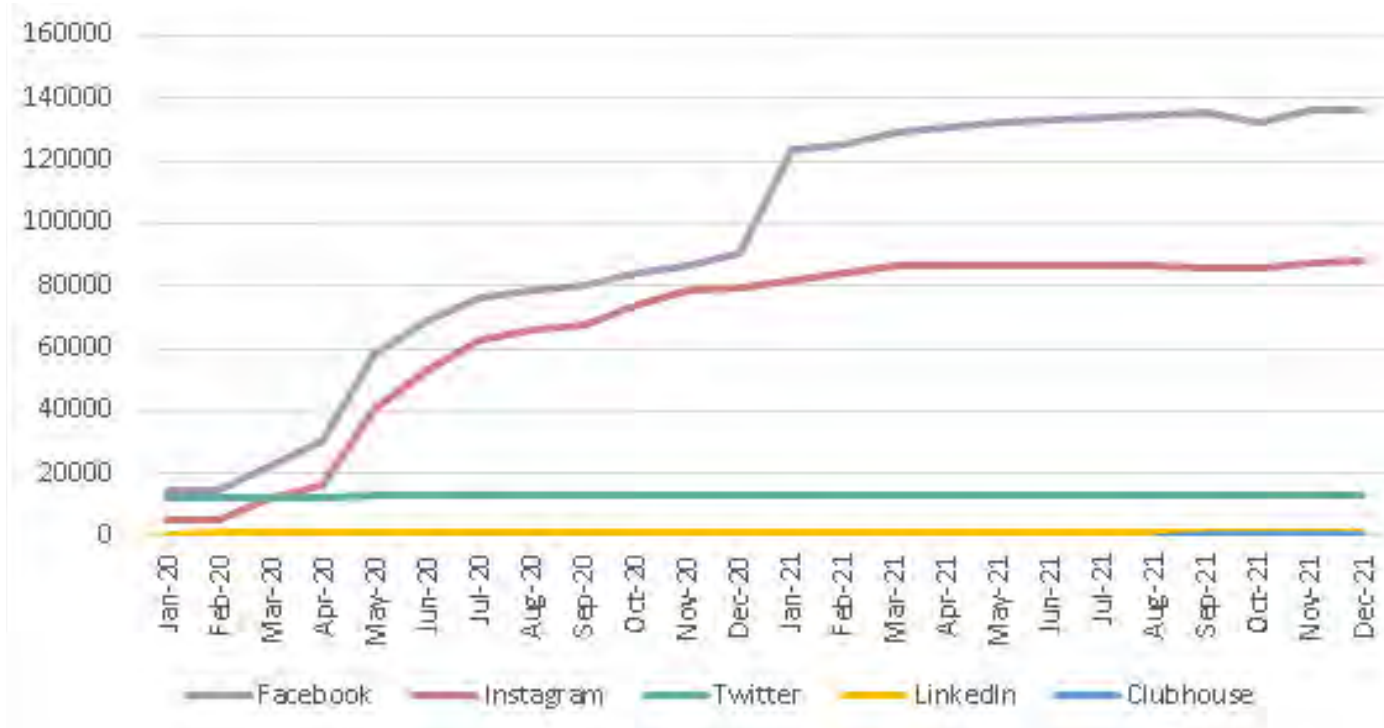
Instead, we sponsored the business stages or programmes at Salon International, Professional Beauty and Barberfest, as well as sponsoring award categories at the British Hairdressing Business Awards and Professional Beauty. This enabled us to continue the relationships we had already established, promote the brand to raise awareness and focus our efforts on reinforcing the NHBF's role as a business support organisation.

TOP 100 INFLUENCER INDEX

We launched the inaugural Top 100 Hair & Beauty Professional Influencers Index in November. The Index was based on an independent analysis of a list of more than 200 nominees, all of whom were either professionally qualified or had been working in a salon for at least five years. The results were rolled out over the course of a week through our social media channels, with the Top 20 presented at a live-streamed event. We saw a leap in social media engagement and interaction in the weeks either side of the launch.



NHBF SOCIAL MEDIA FOLLOWING GROWTH 2020- 2021



	31 DECEMBER 2020	31 DECEMBER 2021	GROWTH
FACEBOOK	90,208	136,415	51%
INSTAGRAM	79,845	87,829	10%
TWITTER	13,192	13,252	0.5%
LINKEDIN	990	1,200	21%
CLUBHOUSE	-	526	-



Webinars and Clubhouse

We continued the webinar programme in the early months of the year, but found that audience numbers fell away once salons re-opened. We therefore suspended the programme and reconsidered if there were more effective ways to engage with our audience.

We began a weekly Clubhouse room in March, hosted by **Ian Egerton** and **Steph Stevenson**, which has steadily built its audience and popularity.

Awards

The NHBF was recognised in several industry awards

National Association Awards

- Best Membership Organisation (1,000-10,000 members)
- Best Social Media
- Best Covid Response - Silver Award

Association Excellence Awards

- Best COVID Response - Bronze Award

National COVID Response Awards

- Best Communication During Covid-19

Staff

Tori Priestley spent 2021 on maternity leave. Lucy Watson-Smith covered her role as Interim Director of Marketing

Deborah Bennison, Marketing Content Writer, left in April and was replaced by Farooq Ali in May.

Victoria Brownlie, Director of Policy & Public Affairs, left in July and was replaced by Rosina Robson.

Tom Shelston joined as a consultant working on the Industry Support Programme from September.

The staff team followed the Government's guidance to work from home and worked remotely for most of the year. Once we were permitted to return to office working, we established a flexible policy where each individual agreed with their line manager the appropriate place for them to work on any given day. This hybrid approach appears to be working successfully.



THE NHBF BOARD (FROM NOVEMBER 2021)

Ian Egerton
NHBF president

Mandy Lodge-Stewart
NHBF vice president

Adrian Ball
South west region

Mark Coray
Welsh region

Beverley Bates
Central England region

Kevin Huggins
Eastern counties region

Susan Hall
North east region

Mandy Lodge-Stewart
Yorkshire region

Fiona Johnston
Scotland

Tom Robinson
East Midlands region

Carolyn Sweeney
Southern region

Joseph Cownley completed his final term and stood down at the AGM. Marc McCune was not re-elected. Lisa Cathcart resigned in November.



Governance Review

The Board agreed to commission a review of the NHBF's governance in November 2020. Andrew Chamberlain of Consort Strategy was engaged to undertake the review. The report of the review and its recommendations was accepted in March and an implementation programme agreed in May. A new suite of Board policies and protocols were adopted in July. A re-draft of the Federation's Rules was agreed at the Annual General Meeting (AGM) in November. The implementation programme will continue in 2022.

In accordance with the new Rules, the Board will transition over the next few years to a maximum of nine Members and introduce appointed independent directors to sit alongside those elected from the Membership.

Financials 1

National Hair & Beauty Federation Limited **Summarised Income and Expenditure Account** for the year ended 31 December 2021

Income	2020 £	2019 £	Income	2020 £	2019 £
Members fees	1,625,207	1,364,963	Operating surplus for the year	112,763	158,368
Commissions	98,498	111,395	Realised (losses) on listed investments	20,245	(99,794)
Sales to members	27,812	27,412	Corporation tax	-	-
Competition and event income	42	2,752	Total recognised gains relating to the year	-	-
Magazine advertising and sponsorship income	37,973	27,472	Re-analysis of unpaid share capital from previous years	-	-
Investment income and interest receivable	78,688	72,219	Unrealised gains on listed investments	296,294	127,968
Other income	13,180	32,035	Net movement in funds	429,302	186,542
Total income	1,881,400	1,638,248	Issue of shares	(338)	1,432
Expenditure			Balance brought forward at 1 January 2021	4,027,945	3,839,971
Direct membership services	378,913	295,081	Balance carried forward at 31 December 2021	4,456,909	4,027,945
Meeting costs	14,516	11,168			
Affiliation fees and subscriptions	18,046	12,878			
Competition and event costs	36,086	24,994			
Publicity and promotional costs	263,286	225,753			
Honoraria	8,875	8,787			
Staff costs	730,594	651,875			
Premises and office equipment costs	124,753	120,685			
Administration costs	176,270	106,185			
Irrecoverable VAT	17,343	22,474			
Insurance premium tax	-	-			
Total expenditure	1,768,637	1,479,880			
Surplus for the year before exceptional items	112,763	158,368			

The Income and Expenditure Account and Balance Sheet have been extracted from the audited financial statements for the year ending 31 December 2021, which will be presented to the 2022 AGM. For a copy of the full Financial Statements please visit www.nhbf.co.uk or contact us on **01234 831965**.

Financials 2

National Hair & Beauty Federation Limited **Summarised Financial Position** for the year ended 31 December 2021

	2020 £	2019 £
Fixed assets		
Intangible assets	30,951	23,213
Tangible assets	321,730	339,241
Investments	3,821,397	3,678,794
	4,174,078	4,041,248
Current assets		
Debtors	115,200	122,558
Short term bank deposits and cash at bank	681,367	450,310
	796,567	572,868
Creditors		
Amounts falling due within one year	(513,736)	(586,171)
Net current assets	282,831	(13,303)
Total net assets	4,456,909	4,027,945
Represented by: Capital, funds and reserves		
Capital, funds and reserves		
Share capital	6,490	6,828
Income & expenditure account	3,251,776	2,914,192
Designated funds		
Revaluation fund	845,962	744,471
Tangible and intangible fixed assets fund	352,681	362,454
Regions and networking groups fund	-	-
Total capital, funds & reserves	4,456,909	4,027,945

Report of the Auditor

The auditor's report on the full accounts for the year ended 31 December 2021 was unqualified.

Streets Auditors LLP
Statutory Auditor, Chartered Accountants
Wyboston, Bedfordshire

Date: 21 March 2022



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