



Supporting the hair, beauty
and barbering industries

[REDACTED]
[REDACTED]
10 Downing Street
London
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08 October 2019

Dear [REDACTED]

I am writing to ask that as part of its policy development process the Conservative Party seeks to clarify the definition of 'self-employment' and considers measures to address the growth of hidden economy activity within small and micro businesses, particularly in the hair and beauty industry.

The National Hairdressers' Federation (NHF) and its sister trade association, the National Beauty Federation, make up the UK's biggest trade association supporting the owners of over 5,000 hair salons, barbershops and beauty salons. The industry generates more than £7bn a year, employing around 260,000 people across 40,000 businesses. Our members are primarily micro-businesses, with 70% of businesses in the sector employing fewer than 5 people and 93% employing fewer than 10. There is also a growing trend of self-employment in the sector with 58% of people working in hairdressing and barbering and 53% of people working in beauty being self-employed.

While the industry is a significant contributor to the UK economy, many of our hard working and responsible members have brought to our attention the growing trend of business owners in the sector choosing to switch to a model of self-employment, to avoid employment-related costs.

We welcome the Government's efforts to reform the UK's labour market through the Good Work Plan and the ambition at the heart of this to improve the quality of work for all. However, it is crucial that these important measures are not undermined by the ability of some businesses to claim that their workers are self-employed and avoid paying their fair share. This leaves the salons who employ their staff at a huge financial disadvantage and risks a large group of people who are in effect employed, being denied the employment rights or protections they are due.

There are also some businesses within the sector operating within the hidden economy by failing to declare earnings and avoiding paying tax or VAT. The least scrupulous openly advertise themselves as 'cash only' businesses. With HMRC estimating a tax gap of £33bn in 2016/17 caused by the hidden economy, we are concerned that by purposely attempting to avoid paying the tax they owe, these businesses and individuals are denying money to the public purse to fund our vital public services.



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By seeking to operate under the radar of enforcement, they undercut the market by charging unrealistically low prices, threaten the survival of responsible, established businesses put the livelihoods of the people working in them at risk and bring disrepute to the sector.

In addition, press reports (*The Telegraph*, *The Sun*) have brought to light cases where rogue businesses are associated with illegal workers, or even modern slavery.

We believe that setting a definition of self-employment in law, alongside clear guidelines on the rights and obligations of business owners towards their staff, are vital steps in levelling the playing field to eradicate unfair competition between salons with employees and salons with self-employed people working in them.

I would welcome the opportunity to meet and discuss these issues in greater detail. Please do not hesitate to get in touch should this be of interest.

Kind regards,

Hilary Hall

Chief Executive

National Hairdressers Federation