Hair & Beauty: Why It Matters to the UK Economy

£28.3bn	595,000+	£8.8bn	£4.2bn
Total GDP contribution, 2025[1]	Jobs supported across the beauty, hair personal care sector[1]	Tax revenue (direct and indirect) into the Treasury, 2025[1]	Beauty & personal care goods exported[1]

1 The contribution at a glance

- £14.4bn is contributed directly to UK GDP
- Beauty services (hairdressing, barbering, beauty & nail therapies) are the largest part of the sector - £5.7bn of direct GDP in 2025
- The wider hair and beauty sector was the source of £8.8bn tax (direct and indirect) in 2025 - equivalent to the salaries of 110,000 nurse practitioners

2 Jobs, women and young people

- The wider beauty sector directly employs 422,000 people and supports 595,000 jobs in total; Beauty services alone directly employ 243,000
- Over 80% of the workforce is female, and approaching 50% is under 34 - making the sector an important route into skilled work and business ownership
- For hairdressing, barbering and beauty services, over 60% are self-employed compared with under 20% across the UK as a whole

3 Local businesses and the high street

- More than 61,000 hair & beauty businesses trade across the UK - 95% employ fewer than 10 people, and over three quarters employ fewer than five. A sector of small, local businesses
- Salons are an anchor of the high street: Hair and beauty businesses provide recurring reasons for people to visit high streets, town centres and neighbourhood shopping areas
- A genuine "footfall engine" - Unlike many occasional purchases, hair and beauty services bring customers back to local businesses regularly throughout the year and thus support day-to-day trade of those around them

[1] Source: Oxford Economics & British Beauty Council, "The Value of Beauty 2026".

4 Yet the pressure is mounting

- Salons are exceptionally labour-intensive: staff absorb 60% of revenue, much higher than most other sectors, so wage and employment taxes hit disproportionately hard
- NHBF-commissioned modelling estimated that the 2024 Budget (implemented in April 2025) added at least £139m to sector costs, including approximately £100m in additional labour costs
- The cost of salary and employer National Insurance for a full-time worker on the living wage increased by 44% between 2021 and 2025
- Service businesses are underperforming adjacent retail: from 2009 to 2025 retail turnover grew 97%, compared with 57% for hairdressing. This points to structural pressure on services, not simply weaker consumer demand
- Modelling projects that the 2025 cost increases could reduce the sector's net tax contribution by £44m as employment and business models change."
- Jobs under pressure: In just one year, in 2025, employment across the wider beauty and personal care industry fell by 2.8%, while direct employment fell by 2.1%

5 Apprenticeships are vital - and they are shrinking

- Hair and beauty apprenticeship starts are significantly below their level a decade ago. In just one year, apprenticeship starts in England fell by over 1,500 in 2024/25 compared with the previous academic year
- Apprentices require training and supervision before they become fully productive. For small employers, the increasing costs of pay, training time and supervision make taking on an apprentice increasingly difficult
- Workplace training is essential to developing the next generation. Continued falls in apprenticeship starts risk weakening the sector's future skills pipeline and eliminating an important source of job creation

The Ask:
The campaign is calling for stronger, sustained support for salon employers taking on apprentices, including appropriate training funding and meaningful employer incentives.

6 Business Rates Support

- Many salons are facing significant increases in their business rates
- The 2026 business rates revaluation increased the aggregate rateable value of English hairdressing and beauty salon properties by 14.3%
- Whilst salons with a rateable value of under £500,000 qualify for lower business rates multipliers, these replaced the much more generous 40% RHL relief previously available

The Ask:
The campaign is calling for the business rates system to be proportionate and affordable for hair and beauty premises-based businesses

7 A fairer VAT rate - proven in Ireland, the Netherlands & Finland

- Salon services carry VAT at 20%. Unlike goods, a salon sells its staff's time - and each hour can only be sold once - so VAT lands disproportionately hard on client prices
- The £90,000 VAT threshold creates a growth trap: many hair and beauty businesses stay below it to avoid an abrupt 20% tax - capping hours, turning away clients and moving staff to self-employed chair rental
- Crossing the threshold triggers immediate significant additional costs against sector average net margins of only 8% - an immediate loss unless prices rise, which can trigger clients to leave.
- Other advanced economies have done this successfully:
  - Ireland has cut VAT on hairdressing to 9% (from 13.5%), effective July 2026
  - Hairdressing services in the Netherlands are subject to a reduced 9% VAT rate.

The Ask:
The campaign is calling on the Government to examine options that reduce the VAT cliff edge, including a reduced VAT rate of 10% for hair and beauty services

Support for hair and beauty businesses will protect jobs, keep salons viable and help the wider High Street

#AtTheHeartOfTheCommunity

- British Beauty Council: Value of Beauty 2026
- British Hair Consortium: July Report
- Department for Education: Apprenticeships statistics
- GOV.UK: VAT thresholds + National Minimum Wage rates
- GOV.UK: Business rates multipliers for qualifying retail, hospitality or leisure
- House of Commons: Hair and Beauty Sector, Government Policy debate
- National Hair & Beauty Federation / Pragmatix Advisory: Straightening Out the Costs Report 2025
- ONS: Annual Population Survey
- Oxford Economics: 2025 What the rise in NICs means for UK labour market
- Valuation Office Agency: Official compiled rating-list statistics, April 2026