

BRITISH BEAUTY COUNCIL

Policy Vision



*Any data is used from the Value of Beauty 2023 & 2024

BRITISH BEAUTY COUNCIL

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An Industry Overview

The British Beauty Council represents the personal care industry, inclusive of the professional services sector, retailers, manufacturers and brands, SME and global businesses. It serves to raise the reputation of the industry and champion its vital role in influencing the policy agenda on issues such as trade, education, sustainability, positive social mobility and economic growth.

The personal care industry is an ideal representation of the Great Britain that the UK Government seeks to promote -

A significant exporter of high-quality goods with

65% of UK made products bought by the European Single Market (higher than the 51% overall average)

Committed to education and apprenticeships with

77,000 specialist qualifications undertaken in 2021/22

As an industry, beauty contributes **£27.2bn annually to the UK's GDP** - more than the creative, arts, and entertainment sector - and **£7.3bn** to the Treasury through tax. It has, however, faced challenges - often experienced by other labour-intensive industries - that could be overcome with a fresh approach and relatively low levels of investment from Government.

Breaking the glass ceiling of women in senior roles with more than

80%

of businesses female led

A significant employer, with

603,000

people working across the hair, beauty and wellness industry

Highly indexed in poorer areas of the UK offering routes into employment, training and career growth to aid upward social mobility

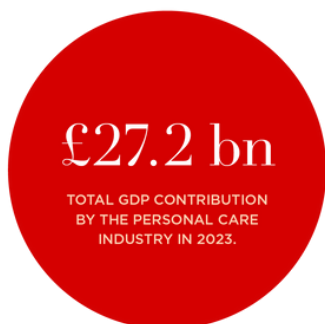
Our vision for the beauty and personal care industry

A sector that is seen as -



The British Beauty Council will continue to engage with all parties to reinforce the industry's £27.2 billion contribution to the UK economy, its positive role in enabling upward social mobility and breaking the glass ceiling for typically disadvantaged groups, and its trading power in the international marketplace.

Tax and Spend



In 2023, the beauty and personal care industry contributed **£27.2 billion in total to the UK economy**. This was an **11% increase from 2022**, reflecting the strong upward trajectory of the UK's personal care industry as it overcomes the barriers to growth of recent years.

The UK's beauty and personal care industry also supported tax contributions of **£7.3 billion** to the UK Treasury in 2023, with **£3.6 billion** of this contribution sustained by the industry itself.



But there is huge potential for further growth. Almost **half of industry (47.4%)** is in the 50-99k turnover band, over double the economy average of 22.5%, with many deliberately keeping below the **£90,000 threshold** to avoid an instant £18,000 tax bill. The Council supports a tapering mechanism to reduce the initial impact of VAT liabilities on SMEs. The smoothing mechanism would reduce 'bunching' under the VAT threshold, most prevalent in the hair and beauty services sector, and unlock additional economic activity.

The British Beauty Council calls on policymakers to recognise and support the personal care industry's significant contribution to the UK's economy, with the following policies recommended to incentivise UK business and foster growth.

Policy Priorities

- Tax reform including a reassessment of VAT policy, specifically focussing on the current VAT threshold cliff-edge, which deters growth of micro-businesses.
- A re-evaluation of the significant increase in employer costs from the 2024 Autumn Budget and the unintended consequences such as lay-offs, employment freezes, forced self-employment, disguised employment and an increase in the underground economy.
- A wholesale review of business rates to create a tax system that's fit for the 21st century.
- Targeted investment incentives that prioritise business reshoring and increase UK manufacturing and innovation, particularly in relation to sustainability
- A commitment to review the classification of SPF30+ to an 'essential' rather than an 'cosmetic' item.

Trade and Regulation

The UK personal care industry has long welcomed global-facing businesses that encourage competition and growth. The industry is dependent on **strong trade relations** to protect businesses and enable them to thrive.

In previous years, significant hurdles such as the pandemic, or changes such as Brexit negotiations, has affected this growth. In the years since the EU referendum, **the industry has lost £853 million of trade to the European single market**. British Beauty Council calls upon policymakers to value wider trading relationships that would benefit businesses upon UK soil, rebuilding this global competition.

The industry seeks to be **competitive**, whilst also protecting consumers and those who work within it. It is in the midst of regulation changes that aim to ensure the safety of the personal care industry, and British Beauty Council asks for this continued commitment to be shared by policymakers.

Policy Priorities

- Recognition of the beauty industry as a creative industry and its role as a key growth partner within the Industrial Strategy.
- A closer and more positive working relationship with the EU in respect of trade and export policy
- Greater support for the safeguarding of Intellectual Property for UK business innovation.
- The introduction of an internationally competitive, tax-free shopping scheme for international visitors
- A commitment to maintain a sector specific, risk-based, approach to any regulatory reform relating to UK Cosmetics Regulation in order to ensure long-term stability.
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- A commitment to proceed with licensing regulation as secondary regulation under the Health & Care Act 2022 in the aesthetics sector.

Education and Growth

The personal care industry is a significant employer in the UK, rivalling industries such as real estate or agriculture in its direct employment contribution. In 2023, the industry's direct workforce **increased to 418,000**, a 10% increase on the previous year. Across all channels of employment, direct and indirect, the industry **supports 603,000 jobs** - and these numbers are expected to increase further by the end of 2024.



THE INDUSTRY'S WORKFORCE INCREASED TO 418,000 IN 2023,
A 10% INCREASE ON THE PREVIOUS YEAR.

The British Beauty Council champions **cross-sector efforts** to welcome and encourage talent into the personal care industry. However, there are many challenges which are contributing towards a growing skills gap in the sector, from an outdated perception of the industry and apprenticeships in general, to a move to self-employment, salons being unable to afford to take on or retain apprentices due to cost pressures, and a general lack of financial incentives.

The following policy asks are designed to support those who enter the industry with sufficient education and training, as well as helping employers who wish to nurture talent and retain steady channels of employment.

Policy Priorities

- Tax-deductible business training in new areas of business such as AI and sustainability
- An updated education system via Skills England that works for a modern Britain, under the remit of the Department for Business and Trade to ensure the qualifications are fit-for-purpose for UK business.
- The reintroduction of Child Benefit for families of under 18's who undertake apprenticeships.
- Better business alignment in the development of the Growth and Skills levy to build on and develop skills in the areas both large and small businesses need.

ESG

Environmental, Social, Governance

The UK's personal care industry is an industry ever-conscious of its **sustainable** and **social impact**. As one of the **UK's largest consumer goods sectors**, the personal care industry possesses the potential to lead the way for environmentally-friendly practices, mobilising its innovative resources to do so.

The Council engages with **government** to drive forward effective policy implementation of regulation such as **Extended Producer Responsibility, Simpler Recycling** and **Plastic Packaging Tax**. Our role is to ensure such mandates meet their intended objectives of moving industries forward in terms of decarbonisation and the green transition, whilst also being practical and workable with the correct infrastructure for successful delivery.

We also advocate for greater support for **SMEs** in relation to environmental policy, campaigning for green grants, loans, and incentive schemes for commercial premises to transition to renewables and implement emissions reducing measures. These are essential in helping businesses reduce their energy costs and make the necessary shift towards net zero, in turn reducing overheads and allowing businesses to invest in social enterprise and talent, contributing to social mobility.



Policy Priorities

- Support incentives for companies to implement carbon reducing, circular, nature positive and environmentally sustainable business practices.
- A focus in resources to ensure improved access to funding for typically disadvantaged groups such as women and ethnic minorities and greater representation at all levels of business and enterprise.
- An implementation strategy in relation to Extended Producer Responsibility regulation that works with industry to ensure a common-sense approach to execution e.g. utilising digital labelling etc.