



Annual Report 2018



Supporting the hair, beauty and barbering industries



A year of investing for the future

NHF/NBF research in 2018 showed that the hair and beauty industry makes a huge contribution to the British economy, generating more than £7.5bn of revenue, and employing around 260,000 people within the 42,000 hair and beauty salons spread across the UK.

Research from the Local Data Company in 2018 showed that barbershops and beauty salons were the top two most popular business start-ups, with nail bars coming in at number five. While this shows that the hair and beauty sector is growing, it means that competition on the high street is also growing, making it harder for less successful businesses to survive.

The Local Data Company also found that, for the first time, the number of hairdressing salons fell slightly, while the number of salons offering both hair and beauty rose. The NHF/NBF's membership reflects these trends, with growing numbers of Members offering both hair and beauty. This was the rationale for launching the new National Beauty Federation (NBF), the NHF's sister trade association providing tailored support for the unique challenges of running a beauty salon.

Trading conditions have improved, although they remain challenging for our Members. Factors affecting them were:

- Economic uncertainty due to Brexit with the threat of a drop in consumer confidence.
- Rising wages as the National Minimum Wage and National Living Wage continue to rise at above-inflation rates.
- Rising wage-related costs such as auto-enrolment pension contributions.
- Recruitment difficulties.

Each year we carry out a survey of NHF/NBF Members and found that in 2018 the numbers reporting increased turnover grew compared to the previous year, while the number whose turnover went down has decreased.

TURNOVER	2015	2016	2017	2018
Gone up	43%	37%	28%	34%
Stayed the same	32%	37%	42%	39%
Gone down	24%	25%	30%	26%



We set ourselves four objectives:

- Increase membership.
- Develop new member services.
- Raise the NHF/NBF's profile and influence.
- Develop the NHF/NBF for growth.

Our continued focus on the business of salon ownership has meant that the NHF/NBF has become increasingly recognised as a reliable source of advice and support for anyone running hairdressing, barbering or beauty salon businesses and for the trade press.

2018 was a strong and successful year for the NHF/NBF, with growing membership and a strong financial performance. Unfortunately, our year-end results were affected by a drop in the value of our investments due to trading conditions, although their value has since recovered. We were also able to make use of our reserves to establish a ring-fenced fund to cover the development and launch of the new National Beauty Federation (NBF). Over time, we expect the increase in beauty salon membership to provide a return on this investment.

At the time of writing, I am just coming to the end of my third term of office as President. I am very proud to have overseen the NHF/NBF's continued growth over the last three years, especially the launch of the NBF in October 2018. We also supported our Members through the introduction of the General Data Protection Regulation in May 2018, providing much-needed support and time-saving documentation.

I have worked closely with Ian Egerton, who steps up from the role of Vice President to President in May. I am confident he will continue to ensure that the NHF/NBF deliver valuable support and an expanded range of services and events to our Members. We will continue to deliver exciting changes and find new ways of engaging with our existing salons owner Members and the up-and-coming entrepreneurs who will be our Members in the future. With your support, we will remain at the forefront of our industry.

Agnes Leonard

NHF/NBF President



1. Membership recruitment

RECRUITING AND RETAINING MEMBERS

In order to raise our profile, meet salon owners and recruit them as Members, we were exhibitors at a number of major shows:

- Pro Hair Live, Manchester and London.
- Barber Connect, Telford.
- Salon Smart, London.

EVENTS

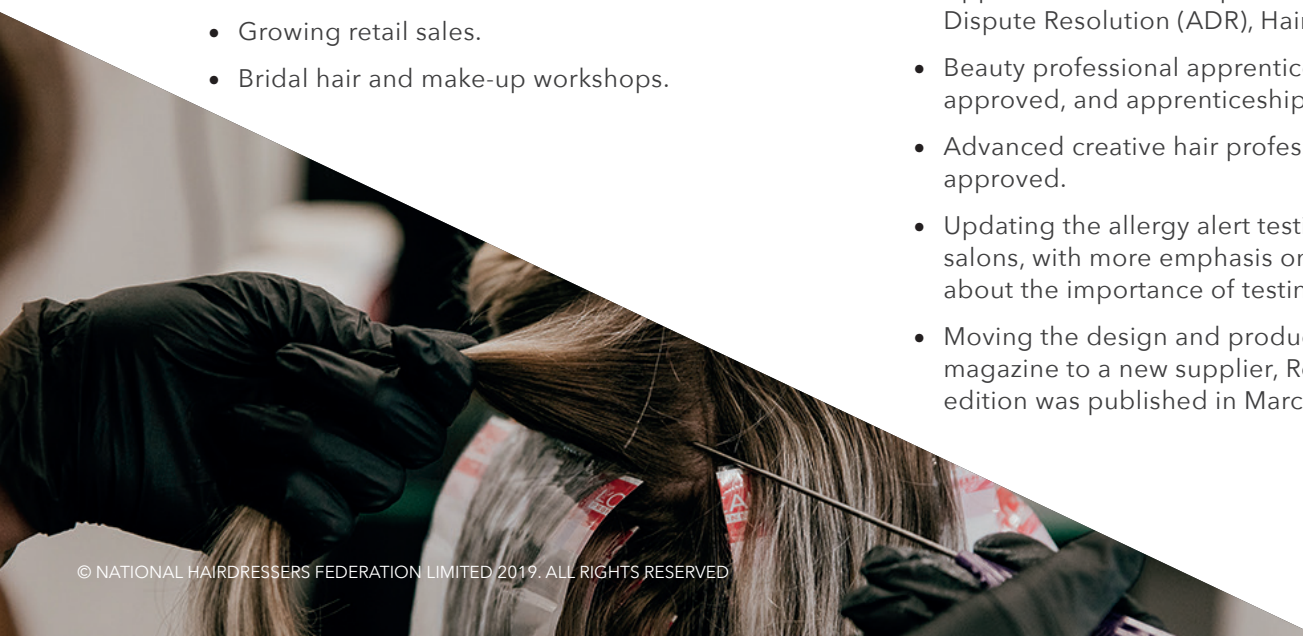
Working with the Regional Coordinator team, during 2018 the events programme included:

- NHF/NBF Business Awards in Manchester in November.
- Salaries, bonuses and commissions.
- Webinars on GDPR and client experience.
- Pricing.
- Growing retail sales.
- Bridal hair and make-up workshops.

2. Developing membership services

During 2018 we launched the following new Member services:

- A guide and a suite of template documents to help salons through GDPR which came into effect in May 2018.
- Health and safety toolkit for beauty salons, approved by Milton Keynes Council as the Primary Authority.
- Qualifications, training and age restrictions for beauty treatments from level 7 down to level 2.
- Insurance for beauty salons, including packages covering advanced beauty treatments.
- Approval as a certified provider of Alternative Dispute Resolution (ADR), Hair & Beauty Mediation.
- Beauty professional apprenticeship standards approved, and apprenticeship contracts prepared.
- Advanced creative hair professional standards approved.
- Updating the allergy alert testing toolkit for hair salons, with more emphasis on educating clients about the importance of testing.
- Moving the design and production of *salonfocus* magazine to a new supplier, Redactive. The first edition was published in March 2019.





3. Raising the NHF/NBF's profile and influence

REBRAND

We developed new branding in 2018 to support the launch of the National Beauty Federation (NBF) in October 2018. A new logo featuring both NHF and NBF was developed. The website was updated to ensure there were clear pathways for hair salons, barbershops and beauty salons. The beauty pages were updated with new content for beauty salons.

BUSINESS AWARDS

Building on the success of the 2017 Business Awards to celebrate our 75th anniversary, the Business Awards were held again in October 2018 with 200 guests at the Hilton Manchester Deansgate Hotel. We were delighted to attract sponsorship from: Loop HR, Coversure Insurance Services Ltd, VTCT, Global Payments and Andis.

AMBASSADORS

In 2018, we appointed new Ambassadors: Anne Veck Hair (hairdressing), Christian Wiles Traditional Gentleman's Grooming (barbering) and Hellen Ward from Richard Ward Hair & Metrospa (beauty). All three ambassadors spoke on stage at the Business Awards about why they value the NHF/NBF and the support we provide to Members. We were very grateful for the support from our previous ambassadors, Hooker & Young, who provided inspiration for our Members for the first half of 2018 as well as 2017.



SOCIAL MEDIA

Our following on social media continued to grow over the year, using our monthly schedule of targeted communications. As well as our established social media presence on Facebook and Twitter, our following on Instagram has grown significantly and we are making more use of LinkedIn.

CAMPAIGNING

Towards the end of 2017 we appointed a public affairs consultancy to help us campaign effectively on the topics which matter to Members and their businesses. During 2018, their support has enabled us to meet Ministers, MPs, civil servants and government agencies across the UK and including the devolved nations. We have published a campaigning document, Fighting For You, for our Members and for politicians. We responded to an unprecedented number of consultations during 2018 on topics including apprenticeships, VAT thresholds, business rates and employment status.

CAMPAIGNING

With regular consultation and feedback from Members, we continue to campaign on:

- Apprenticeships and apprenticeship funding.
- Business rates.
- National Living Wage/National Minimum Wage.
- Self-employment/employment status.
- Tax and VAT.

INDUSTRY STATISTICS

We updated our research into key facts and figures for the hairdressing, barbering and beauty industries for 2018. The key finding was the continuing increase in self-employment within the hair and beauty sector.

COMPETITIONS

The following competitions took place in 2018:

National competitions:

- Britain's Best, sponsored by Denman, which was held for the first time at Salon International in October. Building on the success of that event, we will be running the competition jointly with HJ in 2019.
- Photographic Stylist of the Year, sponsored by Andis.
- Before & After competition via Instagram.

Regional competitions:

- Blackpool, sponsored by JGR UK Distributions.
- Wales Gilmour Hair & Beauty.
- Welsh Awards, sponsored by Aston & Fincher.

A special souvenir edition of *salonfocus* magazine was produced to celebrate the success of all the winners and our congratulations go to all of them.

The **Christofer Mann Step Up & Shine Scholarship** (in association with the Fellowship of British Hairdressing) took place again in 2018. The competition provides an opportunity for an 'uncut diamond' to win a year of bespoke training worth £2500 in memory of hair industry legend, Christofer Mann. It was won by Nicola Hamm from Escape Hair Lounge in Southsea, Portsmouth, who received her prize at the Fellowship's President's Night in London in April 2018.





4. Developing the NHF/NBF for growth

The final strand of our strategy was to invest in our CRM system, website and our team to ensure we can grow to meet the changing external environment and the needs of our Members.

INVESTMENT

Following the implementation in May 2017 of our new CRM system, Oomi from Centrepoint, the focus was on ensuring we made full use of its functionality and that it was fully integrated with the website, which also went through an upgrade. We will continue to invest in the development of our systems to ensure Members get the best experience possible when using the website.

We started on a project to refurbish the office in Bedford to make sure the building provides suitable accommodation for an expanding team, and to update the facilities which have not been changed since we took on the building. The project is expected to be completed in 2019.

We also invested in an HR review to make sure our team was structured for future growth. We took on two new Members of staff, Director of Quality & Standards and a part-time Office Administrator.



GOVERNANCE

There were no further changes to governance arrangements in 2018.

THE NHF BOARD (FROM MAY 2018)

Agnes Leonard
NHF/NBF president

Ian Egerton
NHF/NBF vice-president

Paul Curry
Honorary treasurer

Kevin Huggins
Eastern counties region

Mark Coray
Welsh region

Adrian Ball
South west region

Eileen Clough
North west region

Steven Scarr
North east region

Joe Cownley
Central England region

Julie Wells
Southern region

Marc McCune
West of Scotland region

Roy Sparkes
East Midlands region

Mandy Lodge-Stewart
Yorkshire region



Forward plans for 2019

2018 was a strong year in terms of membership growth, delivery of new services and financial growth. We will continue to deliver value for our Members in hairdressing and barbering. During 2019 we will be working hard to establish the NBF as a major presence supporting the beauty industry, reaping returns on the investment made in developing appropriate Member services to support this sector.

We will continue to invest in Member services, in our IT systems, the website, our team and office accommodation.

The NHF/NBF will continue to prioritise you, our Members - and what matters most to you. We will continue to help you build and develop your business, to keep up-to-date on ever-changing employment law and ensure that your voice as the owner of a hair or beauty salon or barbershop is heard and listened to.

Financials 1

National Hairdressers Federation Limited **Summarised Income and Expenditure Account** for the year ended 31 December 2018

	2018	2017		2018	2017
Income	£	£		£	£
Members fees	1,307,375	1,260,212	Operating surplus for the year	116,116	100,908
Insurance commission	103,739	97,843	Realised (losses) on listed investments	(12,420)	1,235
Sales to members	25,182	27,178	Corporation tax	-	-
Competition and event income	42,573	48,379	Total recognised gains relating to the year	-	-
Magazine advertising and sponsorship income	45,294	64,947	Unrealised gains on listed investments	(179,056)	185,239
Investment income and interest receivable	80,684	72,718	Net movement in funds	(75,360)	287,382
Other income	20,576	34,854	Balance brought forward at 1 January 2017	3,472,861	3,185,479
Total income	1,625,423	1,606,131	Balance carried forward at 31 December 2017	3,397,501	3,472,861
Expenditure					
Direct membership services	249,092	346,517			
Meeting costs	49,068	45,887			
Affiliation fees and subscriptions	11,607	13,072			
Competition and event costs	107,036	132,507			
Publicity and promotional costs	264,967	156,841			
Honoraria	8,446	8,240			
Staff costs	539,876	503,111			
Premises and office equipment costs	127,487	119,638			
Administration costs	135,750	141,847			
Irrecoverable VAT	15,978	37,563			
Insurance premium tax	-	-			
Total expenditure	1,509,307	1,505,223			
Surplus for the year before exceptional items	116,116	100,908			

The Income and Expenditure Account and Balance Sheet have been extracted from the audited financial statements for the year ended 31 December 2018. If you wish to have a copy of the full Financial Statements please visit our website www.nhf.info or contact us on **01234 831965**.

Financials 2

National Hairdressers Federation Limited **Summarised Financial Position** for the year ended 31 December 2018

	2018 £	2017 £
Fixed assets		
Intangible assets	38,895	70,731
Tangible assets	343,466	353,108
Investments	2,978,239	3,112,947
	3,360,600	3,536,786
Current assets		
Debtors	62,797	52,130
Short term bank deposits and cash at bank	322,998	238,969
	385,795	291,099
Creditors		
Amounts falling due within one year	(348,894)	(355,024)
Net current assets	36,901	(63,925)
Total net assets	3,397,501	3,472,861
Represented by: Capital, funds and reserves		
Capital, funds and reserves		
Share capital	5,387	5,230
Income & expenditure account	2,709,858	2,536,339
Designated funds		
Revaluation fund	299,895	507,453
Tangible and intangible fixed assets fund	382,361	423,839
Regions and networking groups fund	-	-
Total capital, funds & reserves	3,397,501	3,472,861

Report of the Auditor

The auditor's report on the full accounts for the year ended 31 December 2018 was unqualified.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: 12 May 2018



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