

Proposed Changes to Tips Legislation

The Employment (Allocation of Tips) Bill is closer to becoming law as it is making its way through Parliament. Employers who receive tips or service charges will soon have to make changes to their practices. Currently, there is no legal obligation on employers to pass on tips or service charges to their workers. It is up to employers to decide whether they keep the monies or pass them on. Some employers keep some or all of the money, or levy their own “service charge”

Included within the proposed bill are the following changes:

- *It will be illegal for employers to withhold tips from employee’s*
 - *There will be a new statutory code of practice that will set out how the distribution of tips should work*
 - *Employer’s will be required to pay all tips to employees without any deduction of any description, other than those required by law*
 - *All tips must be paid no later than the end of the month following receipt*
 - *Workers will be given the right to make information requests relating to the employers tipping records for the last 3 years*
 - *Tips must be paid to workers who have worked at that site only*
- *Employers will need to create a written policy that ensures that all tips are fairly allocated*
 - *These new rights apply to all agency workers as well as employee’s*
 - *Employee’s will be given the right to bring a claim before an Employment Tribunal that an employer has not allocated tips fairly within the prescribed period or failure to provide a written policy or the written record of tips*

It is not yet known what the new proposed code of practice will consist of but it is quite clear that all businesses will require a clear and robust tips policy.

Operating a Tronc

There are different rules if the employer operates a Tronc system; a Tronc cannot be operated by the employer, it must be operated by an appointed “Troncmaster” who will be responsible for the sharing out of the tips to employees.

The Bill is currently in the House of Lords and is expected to become law in the near future (probably within the next 12 to 18 months and whilst there is no planned date from which the Bill will become law, we do anticipate that employers will be given twelve months’ notice to adapt as necessary.

We will keep you updated as the Bill progresses through Parliament and once we know when this will be come law.