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Britain Revises Tipping Code for Hospitality Employers Ahead of 2027 Start

The code would require employers to consult workers, review policies every three years, disclose anonymized feedback on tip practices

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Pub operators in Britain are being urged to review their tipping policies after the government published a revised statutory code on Tuesday, November 17, setting out new expectations on how businesses should consult staff and distribute tips.

The revised code is expected to take effect on January 1, 2027, subject to parliamentary approval. It builds on the Employment (Allocation of Tips) Act 2023, which took effect in October 2024 and requires employers to distribute qualifying tips fairly and transparently.

Under the revised guidance, employers would have to consult workers when they introduce or review tipping policies, revisit those policies at least every three years, and provide staff with an anonymized summary of the feedback gathered during the consultation process. The changes are aimed at making tip allocation more transparent and giving workers a formal role in how those arrangements are designed or changed.

The update matters across hospitality, but it has particular significance for pubs, bars and restaurants, where tip pools and service charges often form part of front-of-house compensation. For businesses centered on beer, wine and spirits sales, the new rules could require changes to workplace procedures and to the way income tied to service is shared among teams.

The revised code also warns operators to be careful when using fixed or guaranteed tip allocations. According to the guidance, those arrangements could be seen as unfair if they have a disproportionate effect on other employees.

Ben Thomas, chief executive of TiPJAR, said the code does not prescribe a single model for tip allocation because businesses operate in different ways. But he said operators should be able to explain their approach using fair and objective factors such as role, hours worked and level of responsibility, and should make sure staff understand that approach.

Peter Davies, client service partner at WMT Troncmaster Services, said fixed allocations are not automatically harder to defend if operators can show they are fair. He said the code’s warning means businesses should take care that fixed or minimum awards do not unintentionally disadvantage some workers.

Davies also said the guidance does not ban allocations to head office employees. But he said it would be harder to justify tip allocations for staff whose work is purely administrative, suggesting that operators will need to show a clear connection between the employee’s role and the service for which tips are paid.

The revised code follows months of uncertainty after the government withdrew an earlier draft in July. That move prompted concern in the hospitality industry, with trade bodies arguing that operators had been left without enough clarity on how the new framework would work in practice.

Allen Simpson, chief executive of UKHospitality, welcomed the decision to delay implementation until after the Christmas trading period and to allow a more flexible transition. He said the government had responded to the industry’s request not to introduce the new rules during the busy festive season.

At the same time, Simpson said important questions remain unresolved, especially over which workers should be covered by tipping arrangements. He said operators still face uncertainty about how far policies should extend to team members who are not working on site but are involved in service.

That issue could be important for larger pub and restaurant groups that split functions across venues and central teams. Businesses may need to decide whether workers outside the main customer-facing operation should be included in a tronc or other tip-sharing system, and whether those decisions can be defended under the fairness test set out in the code.

Davies said consultations with workers will need to be genuine, documented and free from coercion. He added that operators should begin working out when their first statutory consultation will be due and should review existing tronc arrangements to make sure they are compliant once the revised code takes effect.

His comments point to a wider operational challenge for hospitality businesses. Companies that already have tip-sharing systems in place may not only need to examine the formula used to divide tips, but also create records showing how staff were consulted, what feedback was received and why management reached its final

decision. For multi-site pub companies and restaurant groups, that could mean revisiting established practices across several venues before January 1.

The source article said industry representatives are also seeking more practical guidance from the government. UKHospitality has called for further detail to help operators apply the code, arguing that broad principles alone may not answer day-to-day questions about who should be included, how different roles should be weighted and what evidence businesses will need if their approach is challenged.

Until more guidance is issued, businesses are being advised to focus on transparency and on making tip systems understandable to staff. For operators in the drinks-led hospitality trade, where recruitment, retention and team morale remain sensitive issues, the way tips are handled could become a more visible part of employment policy as the January 2027 start date approaches.