

Cash boost for millions of workers as government backs new law to ensure all staff keep their tips

- New legislation to make it unlawful for employers to withhold tips from staff
- it means customers will know for certain that all tips will go to hard-working employees, who will take home more money
- the Tipping Bill will benefit more than 2 million workers and, for the first time, will give them the right to see an employer's tipping record

Millions of UK workers will be able to take home more of their hard-earned cash under new legislation, backed by the government today (Friday 15 July), banning employers from withholding tips from their staff.

Despite most hospitality workers – many of whom are earning the National Minimum Wage – relying on tips to top up their pay, there are still sadly too many businesses who shamefully fail to pass on service charges from customers to their staff.

The Employment (Allocation of Tips) Bill, introduced by Dean Russell MP and backed by the government, will ensure that all tips go to staff by making it unlawful for businesses to hold back well-earned service charges from their employees.

This overhaul of tipping practices is set to benefit more than 2 million UK workers across the hospitality, leisure and services sectors – who tend to rely on tips the most – and will help to ease pressures caused by global inflation and an increase in the cost of living.

Business Minister Jane Hunt said:

At a time when people are feeling the squeeze with rising costs, it is simply not right that employers are withholding tips from their hard-working employees.

Whether you are pulling pints or greeting guests, today's reforms will ensure that staff receive a fair day's pay for a fair day's work – and it means customers can be confident their money is going to those who deserve it.

I particularly want to tip my hat to the work of Dean Russell MP and all the campaigners who have helped make the Tipping Bill a reality.

Through the Bill, a new statutory Code of Practice will be developed to

provide businesses and staff with advice on how tips should be distributed. On top of this, workers will receive a new right to request more information relating to an employer's tipping record, enabling them to bring forward a credible claim to an employment tribunal.

Dean Russell, Conservative MP for Watford, said:

I am delighted that my Tips Bill has passed second reading in Parliament. It is fantastic that we are on track to securing a fair deal for millions of people working in hospitality across the country.

It has always felt wrong that some employers have retained tips intended for their staff. This new legislation will halt this practice, particularly given the current challenges around the cost of living. I would like to thank all of the businesses and stakeholders that have got in touch to voice their support.

The move towards a cashless society has exacerbated the problem of companies keeping card tip payments for themselves, and today's measures, once in law, will ban that practice.

UK Hospitality Chief Executive, Kate Nicholls, said:

Tips and service charges provide a significant and welcome boost to hospitality employees' take-home cash. So we're delighted to see this proposed legislation recommend that employers can set a fair distribution policy for staff, meaning they all benefit. This should also reassure prospective hospitality sector workers at a time when the industry is seeking to fill vacancies.

Today's reforms follow a range of government action to support people with the cost of living and help those on lower incomes keep more of what they earn. Most notably, earlier this year the government increased the National Living Wage to £9.50 per hour – equivalent to an extra £1,000 a year for a full-time worker – with a full campaign which encouraged workers to [check their pay](#).

In addition, the government recently announced a widening of the ban on exclusivity clauses, giving the lowest paid workers flexibility to top up their pay and work multiple jobs if they wish.

The reforms come at a time when there are more employees on payrolls than ever before – and unemployment has reached an all-time low.