

Guidance on transparency for workers on service charges, tips, gratuities and cover charges

Businesses should ensure that their employees understand the policy relating to service charges, tips, gratuities and cover charges. This means that businesses should ensure that all workers:

- understand the process for the distribution of service charges, tips, gratuities and cover charges between the business and the workers and between the workers themselves (for example, workers should be told if a tronc operates and who the tronc master is)
- are aware of the amount and purpose of any deductions from service charges, tips, gratuities or cover charges, and seek to reach agreement with workers on any policy change
- have access to a written statement setting out the businesses' policies on service charges, tips, gratuities and cover charges which can be provided to consumers.
- are aware of the level of deductions from tips, service charges and gratuities made to cover breakages, till shortages or customer walkouts.
- are aware of the business' grievance procedure.

Businesses should give information to workers in the form of a written statement. Where the business employs a cohort of workers where English is not the worker's first language the business should consider making information available in other languages.

This statement should include:

- how tips are distributed and if applicable if this is done through a tronc
- if cash and card tips are treated differently
- the name of the tronc master if appropriate
- how much might be deducted for administration and what this covers
- any other deductions
- what happens during holidays, sick leave, parental leave and other forms of leave.

Where tips are passed to workers without NICs deductions, workers should be informed that this may have implications for entitlement to certain social security benefits.

Businesses must comply with national minimum wage legislation including the 2009 amendment: this means that regardless of how they are paid no service charges, tips, gratuities or cover charges can be used to make up national minimum wage pay. Businesses must also ensure that they comply with current employment law more generally.

- All complaints from workers relating to their rights as employees can be made to the Pay and Work Rights Helpline on 0800 917 2368.
- Any complaints about accurate information on a business' policy on service charges, tips, gratuities and cover charges can be made to the Consumer Direct Helpline on 08454 040506.

Visit

<http://www.berr.gov.uk/files/file52948.pdf>

to download the full guidance code