Department for
Business, Innovation,
Science and Trade

UK Government

Government Response

Making Work Pay: Draft Revised Code of Practice on Fair and Transparent Distribution of Tips

November 2026



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Introduction

The government's Plan to Make Work Pay is a central part of our mission to grow the economy, raise living standards across the country and create opportunities for everyone. It will make work more secure and predictable, putting more money into working people's pockets and strengthening the foundations that underpin a modern economy.

As part of this, the government is committed to updating Britain's employment protections so that they are fit for our modern economy and for the future of work. The Plan to Make Work Pay included commitments to strengthen the law on tipping, by introducing new requirements for employers to consult with workers at their place of business when developing or revising their written tipping policies. The government is committed to protecting and enhancing the voices of workers, particularly those who have traditionally had less of a voice in their workplaces.

Following our previous public consultation, held between February and April 2026, we incorporated stakeholder feedback in a revised statutory Code of Practice on Fair and Transparent Distribution of Tips. This was published on 28 June.

As required under the law, the government ran another public consultation on the revised Code of Practice, which took place between 19 August and 29 September 2026.

In total, we received 36 responses to the online form (excluding blank submissions) and 21 email responses. During the consultation period, we also held meetings and roundtables with some key stakeholders, including trade union representatives, business representatives and tronc operators. They were used to discuss views on the topics and themes raised in the consultation, with attendees also reminded that more specific answers to the consultation should be provided via the consultation itself, either via email or online form.

This document sets out a summary of the feedback received in the consultation, the government's response, and next steps. Compared with the previous consultation (February-April), this consultation was considerably shorter, more tightly focused on the revised Code of Practice and more focused on qualitative feedback. As a result, the following analysis combines feedback from the online survey, emails and meetings with stakeholders. It groups the summaries under the headings of the six substantive consultation questions, with cross cutting and additional feedback inserted under the most relevant heading.

The government is very grateful to all respondents to the consultation for their considered, helpful and in many cases very detailed responses. We are especially grateful to those stakeholders who took the time to respond again, given the small amount of time since the previous consultation. All the responses received during the consultation period have been considered when drafting changes to the statutory Code of Practice and will continue to

inform the development of additional non-statutory guidance. A selection of key themes is set out below, but respondents and other stakeholders should be assured that the absence of any particular theme, point, or account should not be taken to suggest it has been dismissed.

Following this analysis, this document includes a change log, setting out the main, substantive amendments made to the Code of Practice, in comparison with the version published in June 2026. This document ends with a summary of next steps.

More information can be found in the previous government consultation response, which was also published in June 2026 - https://www.gov.uk/government/consultations/make-work-pay-strengthening-the-law-on-tipping.

Responses to consultation questions

Question 1: Please describe, in as much detail as you would like, your views on the draft revised statutory Code of Practice, including the proposed amendments which have been made from the Code which came into effect in October 2024.

With this deliberately broad questioning, a wide range of responses from employer representatives, worker representatives, tronc operators and other stakeholders was received.

Broad support was expressed from all categories of respondent for the principle of fair and transparent tipping; employer representatives maintained their support for doing the right thing for their team members, while worker representatives expressed their desire to work constructively for the best results.

However, some concerns about the burden on employers was set out, with one employer stating that “operators…have received outlandish claims of risk” of enforcement proceedings, in part due to the involvement of third party organisations.

A number of respondents highlighted the need to close potential or perceived loopholes in the Code of Practice to avoid the shares of tronc being paid to head office workers not involved in the provision of service. There was support for ensuring monies go to the workers who have earned them. A worker respondent expressed concern about service charges being used to top up head office pay, stating: “Every pound allocated to a support office is a pound not allocated to the workers at the restaurant where the customer left it. Customers paying a service charge in a restaurant do not expect it to fund head office pay.” Conversely, others expressed concerns about “non-public facing roles…[who] all contribute to the guest service and…should be included”. Others highlighted the value of teamwork in tipping industries and the importance of rewarding those in “non-customer facing teams” who contributed to the service received by a guest.

This was perhaps emblematic of the genuine differences of opinions across respondents of all categories. This was highlighted further in the words of one restaurant group: “There is no single allocation model that will be fair in every restaurant, and fairness does not necessarily mean allocating the same proportion to every worker”.

Trade unions and other worker representatives maintained concerns about the Code of Practice failing to deliver full worker control of tip allocation and distribution and urged the strengthening of language to ensure consultations are genuine. A number of employer respondents, however, re-emphasised the responsibility with employers to ensure

fairness, in one instance stating that “a single consultation may not produce a fair or representative outcome, particularly where the majority view could unintentionally disadvantage back-of-house employees”.

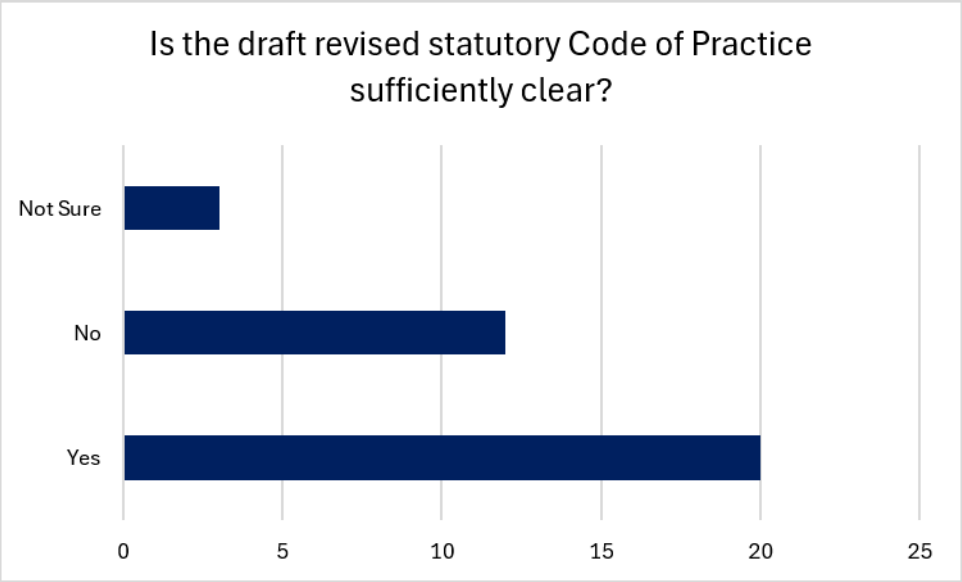
One employment agency representative highlighted the risk that “agency workers are disadvantaged compared with directly employed colleagues”, in particular due to the challenges of paying them their share, where directly engaged workers benefit from the external tronc operator National Insurance exemption – something which may be less clear and more logistically challenging when dealing with agency workers.

Perhaps above all else, it was clear that employers continue to value flexibility, with widespread opposition towards “a prescriptive interpretation of fairness”, and a move towards “further control or restrictions”. Respondents generally agreed that a particular type of scheme e.g. points-based scheme should not be automatically regarded as fair or unfair.

The government acknowledges concerns about additional burdens on employers, with one employer simply stating “any further changes will require investment in time and money and bring greater challenges for employers” and another summarising: “Any changes to the Code of Practice means more work for the employer and more cost.”

Individual respondents succinctly set out their desire for particular provisions to be added or amended, including clarity about the differing responsibilities for employers and independent tronc operators and a “clearly defined exception” to the prohibition on deductions from tips for fraud, theft or deliberate misdeclaration.

Question 2: Is the draft revised statutory Code of Practice sufficiently clear?



Of those who responded to this question, 20 (57%) answered Yes, 12 (34%) answered No and 3 (9%) were not sure.

The range of opinion can be seen in the fact that the Code of Practice was variously described as “very dense to read”, making it difficult for workers to understand their rights and how to protect them, and conversely as “clear and striking an appropriate balance”.

Question 3: What do you consider to be the biggest challenges in adapting to the proposed amendments?

Respondents from all categories set out a wide range of significant challenges foreseen. These included:

- Administrative burden for employers
- What proportionality means for different sizes and types of business
- Protecting anonymity during consultation
- Ensuring all those involved in service can be included in tronc provision
- Agency workers
- Timelines, with particular concern about implementing a new requirement during the busy Christmas period
- Ensuring changes are communicated to and understood by workers – a particular challenge with diverse, multilingual workforces who rarely communicate via email
- Potential divergence or conflict between a fair scheme and the views expressed during a consultation
- Reconciling competing interests of different groups of workers
- Maintaining reasonable pay hierarchy between different roles
- Lack of clarity about nature of consultation
- Required level of disclosure

Question 4: Please describe, in as much detail as you would like, any remaining concerns you have about the draft revised statutory Code of Practice.

This question also elicited a wide range of responses. Employer and worker representatives opined that sections of the Code of Practice remain ambiguous, with consequences for employers and workers.

One employer defended the practice of a minimum award of tip share (as distinct from a guaranteed or fixed payment), detailing it as follows: “a way of allocating the available tronc fund while giving workers greater visibility and consistency…the payment remains dependent on the amount of tips actually received…it is conceived of as a benefit for workers to budget their own finances and for lenders to see a clearer and more accurate portrayal of their earnings, and should be assessed on its own merits for fairness, rather than being presumed unfair.”

Many employers highlighted the impact of other government measures, including the National Minimum Wage and the Employment Rights Act, which, in the words of one, “affect our sector disproportionately given our reliance on large, front-line, customer-facing, often lower-paid workforces across many individual sites”. This employer went on to urge the government to consider the “cumulative impact on hospitality employers, not just this Code in isolation, when finalising its implementation timetable and support.”

Worker and employer respondents were vocal in highlighting remaining concerns about wider challenges, including the cost of living and the decline in tourism in some areas.

There was also concern about the potential for consultation rights to lead to disruptive and costly challenges in court where an employer has sought to act fairly and comply with their obligations, but hasn’t taken on every suggestion raised by workers.

Worker representatives – and some employers – expressed support for encouraging businesses to share their tipping policies publicly with customers, while acknowledging that this is not going to become a legal requirement.

One employer described the “critical practical concern” of the Code of Practice clarifying the balance between employers facilitating consultation but tronc distribution remaining independent (and therefore benefitting from the National Insurance exemption). Worker representatives also flagged concerns about external or third party tronc operators, with one trade union describing the notion that outsourcing tronc administration ensures independence as a “myth”, without rigorous safeguards being put in place.

Question 5: Are there any areas of the draft revised statutory Code of Practice which could be improved to be more helpful or clear?

Many respondents highlighted the need for clear language where possible, so that helpful guidance remains accessible for everyone involved in tipping industries.

Some worker respondents highlighted a lack of certainty about the practical mechanics of enforcement, for example compensation limits, how far back a tribunal can go, and time limits for workers to bring claims.

One respondent argued for stronger language about rewarding only the workers directly involved in providing service at a particular site, stating: “The Code of Practice should state expressly that workers based at a head office, support office or other non-public place of business carrying out corporate functions are not workers at a restaurant merely because their role supports it, and must not be allocated tips paid there…a worker based elsewhere may share in a site's tips only for time actually worked at that site in a role… on the same basis as other workers there…a standing percentage of a site's tips set aside for staff based elsewhere is not an allocation between workers at that place of business, however it is described….these points describe what section 27D has required since 1 October 2024 and are not new requirements."

Some respondents, from both worker and employer backgrounds, continued to defend the practice of minimum awards in some circumstances, in one case citing “greater predictability; financial stability; better transparency; and easier financial planning for workers”, and in another cautioning against presumptions of unfairness, but instead assessing them “by their justification and effect on the whole scheme”.

On the new consultation requirements, a number of respondents pressed for additional clarity that consultation does not require full consensus and that responsibility remains with employers, as long as they take worker views properly into account, stating that “there is a risk of misunderstanding and workplace disputes where employees believe consultation gives them a right of veto over tipping arrangements”. Others reiterated that the required consultation processes must remain proportionate for the size and resources of small businesses.

On the new requirements of review of written tipping policies, there were some calls for “a clear distinction between a material change to the allocation model, which should involve everyone, and a routine adjustment, which should not”. Some respondents requested a specific threshold for a substantial policy revision, which requires a consultation with the workforce.

Question 6: Do you have any other comments about the draft revised statutory Code of Practice?

The final consultation question prompted a wide range of feedback from all categories of respondent.

Worker representatives stated that the Code of Practice should be bolstered to promote trade union recognition and engagement and collective bargaining. Concerns were reiterated about the sections of the Code of Practice dealing with the consultation requirements and processes. Trade unions urged the redrafting of language to state that "consultations should be conducted with a view to reaching agreement with union representatives", with one union going on to state that the final Code of Practice should remove references to consultations seeking to benefit workers with less of a voice, as the outcomes should be determined by the workers involved.

There were strong and repeated calls for the Code of Practice to include some form of transitional measure, involving the processes and timings for those employers which already have a written tipping policy in operation. Employer respondents were virtually unanimous in their request for careful consideration of the implementation timetable, specifically to avoid the run up to Christmas, regarded as the busiest time of year for the hospitality sector (the sector most impacted by tipping).

A large number of worker representatives called for the tipping legislation to be brought under the remit of the Fair Work Agency and to have a completely confidential process, given the challenges for workers of bringing a tribunal claim in their own name against their current employer.

Broad concerns about the cumulative impact of the Employment Rights Act and other government regulations could be summarised in the following response:
"We would encourage the Government to recognise that most employers are working hard to do the right thing for both their employees and their customers while fighting to maintain sustainable businesses. Future regulation should therefore focus on supporting fair outcomes and tackling genuine bad practice, rather than increasing complexity for the many responsible businesses that are already acting in accordance with both the spirit and the letter of the law. We fully support the objective of fairness and transparency in the distribution of tips. However, we urge the Government to ensure that the final Code remains practical, proportionate and workable for smaller businesses that lack dedicated HR, legal and compliance teams. The long-term health of the hospitality sector depends on striking the right balance between protecting workers and preserving the viability of the businesses that employ them."

There were also calls to ensure that further changes to the Code of Practice "build on the success" of the version that came into effect in 2024 in maintaining flexibility for different types of employer, rather than introducing additional uncertainty.

Some employers flagged their additional concerns about the “material recurring cost” of admin or card charges faced by businesses processing tips and service charges.

The section of the Code of Practice dealing with fixed, minimum or guaranteed shares of tips drew a range of opinions once more. Some respondents felt that the practice should be permitted, where it benefits all workers, under the rationale that “with the National Living Wage rising, hospitality relies on tips to keep pay competitive across the whole team, not just those who deal with customers directly”; the current drafting was criticised for “making it harder for employers to give their staff certainty, and harder for employees to manage their finances”. However, others continued to argue that the practice should be prohibited outright, arguing that “a caution standard is…a standard the market can design around; a prohibition is not”.

Disagreement also continued to be seen across responses in relation to the section of the Code of Practice dealing with the staff who are regarded as involved in service. Strong cases were put forward against allowing a broad definition, with the danger that “tips collected for the people who served the customer end up shared more widely, or more unevenly, than the customer intended” and the risk of “a failure to allocate qualifying tips in accordance with the legislation”. One tronc operator succinctly summarised the concern as follows: “It is not fair for tips to be taken away from the workers who directly provided the service that led to the customer tipping, in order to be passed to workers who did not directly provide service to the tipping customer.”

Conversely, however, other respondents argued that fixing these definitions to the place of business could unfairly exclude central function staff, reservation teams, social media managers and events teams who are integral to operations but may not be based at one particular site. A tronc operator stated the following: “A documented functional test is auditable, portable across business models, and far harder to game than a geographic one.” An even narrower definition of those workers involved in service was viewed by some respondents as potentially perilous, with an employer stating: “Limiting service charge to front of house teams only…would damage the business to the point where tronc would become unworkable as a scheme”.

There were calls for the voices of customers to be considered about how tips are distributed between different groups of workers. An academic study of customer behaviour, which was kindly shared with the Department, drew the interesting conclusion that “customers do not have uniform views on how their tip should be shared, and that their preferences track restaurant standard sharply…At casual-dining restaurants the server takes the clear majority of the tip (53%), more than double the share going to chefs (23%). At the top end of the market that pattern narrows substantially: the server's share falls to 30% while chefs' share rises to 37%, overtaking the server as the largest single recipient.”

Government response

The government wishes to reiterate its gratitude for the careful consideration and thoughtful responses of the many stakeholders who have engaged with this public consultation, as well as the previous consultation. We acknowledge that the vast majority of those involved in tipping industries are committed to working constructively to achieve good outcomes, and we hope to continue to facilitate and promote that.

The government acknowledges the continued calls from some respondents for some provisions which conflict with or go beyond the scope of this legislation and Code of Practice. This included, among other things, continued calls for employers to be permitted to deduct admin/processing/card charge fees from tronc distribution, requests for a 'one size fits all' approach to distributing between different groups of workers; prohibitions on businesses automatically applying service charges to bills; and a change in the enforcement provisions from employment tribunal to the Fair Work Agency. Whilst these requests are not being enacted, we remain grateful for the views expressed, and recognise the importance of obtaining feedback about the operation of the entire tipping framework.

The aforementioned academic study into tipping was summarised as follows: "Put simply, front-of-house staff earn the decision to tip; at the top end of the market, customers' sense of who has earned a share of it shifts decisively toward the kitchen." This pithy summary – indicating that many customers feel different groups of front of house, back of house and other categories of workers are deserving of a share, in varying proportions and differing contexts, supports the government's view that flexibility – within an overarching framework of fairness – should be permitted and preserved for different businesses.

The government has taken on board the repeated concerns about additional burdens on employers. This is particularly applicable for this legislation; with the Employment (Allocation of Tips) Act only coming fully into effect in October 2024, there have been some objections that it was unnecessary and confusing to change the law again. We believe it was important to bolster the law and introduce these new protections for the voices of workers. Nevertheless, we do not expect to introduce any further legislative provisions on tipping in the foreseeable future.

The government also recognises the concerns expressed about implementation and familiarisation. As a result, the busy Christmas period is avoided, and the Code and legislative requirements will come into force on Friday 01 January, subject to parliamentary approval. A fair and consistent approach has been taken; as clarified in the Foreword to the Code, after this date, businesses with an existing written tipping policy will be required to take account of the new Code when that policy is next reviewed (which must be within three years of the old policy being adopted).

The sheer range of challenges and concerns highlighted in response to Question 3 and Question 4 was particularly striking, and a reminder of the importance in considering every amendment carefully, but also of the thoughtfulness of stakeholders across the board.

The government recognises the importance of ensuring genuine, good faith consultation, and the language in the Code of Practice has been strengthened to promote this process being carried out with recognised trade union representatives or other workplace representatives where they exist. Ultimately, responsibility for considering the views expressed during the consultation and then deciding on the tipping policy rests with the employer; as one respondent framed it, “listening to and considering feedback does not mean accepting every suggestion, while still requiring employers to show that the arrangements are fair and transparent”. This framing ensures that the provisions are workable in line with the Employment Rights Act, and puts clear responsibility on employers, who may be held liable for enforcement action, through the employment tribunal system.

Uncertainty was expressed by some about the practical mechanics of enforcement. This information is detailed in accompanying non-statutory guidance, and the government will carefully consider how to link this more clearly on Gov.UK for ease of access, without the challenge of adding information, which may need to be updated more frequently, to the statutory Code of Practice, for which updates are to remain rare.

As detailed above, extensive representations were also made about other specific issues in the Code of Practice, including the section covering those workers involved in providing service, the section covering the practice of fixed, minimum or guaranteed tronc payments, and the section covering responsibilities of an employer, compared with an independent tronc operator. The change log below, along with the revised Code of Practice itself, clarifies where changes have been made; the government believes these are appropriate to ensure stronger worker protections, while remaining in line with the legislative provisions and maintaining suitable levels of flexibility.

Change log

This is a summary of the main, substantive amendments made to the Code of Practice, in comparison with the draft version published in June 2026.

Location	Change
Opening Text and Foreword	Updates to legislation references, dates and name of relevant Department (BIST).
Foreword	Inclusion of transitional arrangements to maintain consistency with primary legislation about review of tipping policy and consultation with workers at least every 3 years.
Paragraph 3	Additional protection to prevent bogus rebranding of service charges to avoid requirements.
Paragraph 26	Strengthening of language, while aligning further with legislative requirements; tips are to be paid to workers directly involved in providing service at the place of business.
Paragraph 27	Further strengthening of language about workers directly involved in providing service at the place of business.
Paragraph 30d	Added provision that performance (as criteria for tipping allocation) must be assessed objectively and consistently, to avoid subjective allocations or employer favouritism.
Paragraph 32	Expansion of content to reiterate importance of considering operation of whole scheme, emphasising that an increase in one worker's share of tips means a reduction in another worker's share.
Paragraph 35-36	Extension of section to promote consultation (including collective bargaining) with recognised trade union representatives, or other workplace representatives, where they exist (or otherwise directly with affected workers).
Paragraph 37-40	Reordering of paragraphs for clearer promotion of genuine consultation process and record keeping requirements.
Paragraph 41	Additional context about nature of consultation, including reiteration that an increase in one worker's share of tips means a reduction in another worker's share.
Paragraph 46-50	Additional language to clarify the responsibilities of an employer and an independent tronc operator.

Paragraph 66-67	Additional language to promote transparency and discourage bogus claims to data protection to prevent fairness and transparency.
Glossary of Terms	Updates to the wording of the entries for “Independent Tronc”, “Troncmaster or Tronc Operator” and “Wages” and consolidation of “Public Place of Business” and “Non-Public Place of Business” into “Place of Business” to ensure greater clarity, including about the responsibilities of tronc operators and employers and the specific entitlement of workers to tips.

Additional information can be found in the previous government consultation response, which was also published in June 2026 - https://www.gov.uk/government/consultations/make-work-pay-strengthening-the-law-on-tipping.

Next steps

A draft revised Code of Practice has laid before Parliament and published alongside this government consultation response.

The updated Code of Practice is subject to parliamentary approval. If approval is secured, commencement regulations will follow to bring the new measures and the updated Code of Practice into force.

The Code of Practice is expected to come into force on 01 January 2027. Employers which developed or revised their written tipping policies between October 2024 and January 2027 will be required to review those policies, consult with workers at the relevant place of business and – where appropriate – update those policies within three years of the date it was developed or last reviewed.

We will continue to work with stakeholders in tipping industries to help businesses to implement the new requirements and to help workers be informed about their new rights.

Further information about additional non-statutory guidance will be communicated by the Department for Business, Innovation, Science and Trade in due course.

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