



# SERVICE CALL

THE GOVERNMENT IS LOOKING AT PUTTING IN PLACE A COMPULSORY CODE OF PRACTICE FOR TIPS AND TIPPING, AND NHF MEMBERS ARE NONE TOO HAPPY, AS *SALONFOCUS* DISCOVERS. OVERLEAF, A MEMBER GIVES HIS VIEW.

**B**ack in the spring the Department for Business, Innovation & Skills launched a public consultation around how businesses should in future handle tips and tipping.

Its focus was primarily on the restaurant and hotel trade but, of course, tips and tipping are also a fact of life in many hairdressing salons and barber shops.

Much of what the government was proposing was sensible enough: the need, for example, to encourage greater transparency around tips and tipping so customers better know where they stand or whether their bill already contains a service charge.

But one proposal rang alarm bells. In 2009 the then Labour government put in place a voluntary code of practice for tipping. This emphasises, first, the fact it has been illegal since that year for businesses to use tips to top up an employee's wages to the minimum wage.

It also recommends businesses have proper, formal processes in place for handling and distributing tips and that they display their tipping policy publicly.

They should also ensure employees understand how tipping works in their business, both for their own sake and so they can explain this to any customers who ask, the code suggests.

All fair enough, in principle. But what the government has proposed is the code should now be made a statutory duty, in other words all businesses that accept or use tips will have to follow the code to the letter.

#### DECLINE IN TIPS

As part of submitting evidence to the consultation, the NHF carried out a survey to gauge how members felt about this as a proposal, and to get a feel for how tips and tipping was working for salons in an increasingly cash-strapped and card-based retail environment.

A total of 275 members responded, a high response rate that indicated this is a topic close to many members' hearts.

It found that, while 80% of the salons polled admitted they had not previously been aware of the code, they were strongly opposed to the idea that it should be made a compulsory, extra administrative burden for salons.

But there was also a sense that tipping could be in decline anyway. Nearly half

(47%) of salons said they had seen a drop in the number of tips being left by clients in recent years or that clients were leaving smaller amounts.

Most blamed a combination of rising prices, customers having got out of the habit of tipping during the recession and the growing popularity of paying by card, where people were generally less likely to add a tip than if they were using cash.

The fact more than half had not seen a decline suggested tipping still remained a popular way to say "thank you" for many clients, said NHF president Agnes Leonard.

But she added: "As an industry that predominantly comprises small and micro businesses, we have deep reservations about adding a layer of compulsory red tape in the form of a statutory code of practice. Salons, yes, need to ensure tips and tipping is transparent and clearly communicated, but imposing heavy-handed rules is not the solution."

The industry, and the NHF, will be watching with interest to see what the government decides, with an announcement expected to be made later in the autumn. >>