



# 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. >>



## ‘WE INSIST THAT ANY TIPS HAVE TO BE IN CASH’



**STEVE WARBURTON IS OWNER OF STEPHEN JAMES HAIR SALON IN MORECAMBE, LANCASHIRE.**

Steve Warburton

We've been open since 1983 and Stephen James Hair Salon is a medium-sized salon. We have around 18 staff in total, about 11-12 stylists then receptionists, apprentices, and part-time weekend or evening staff.

We've been very, very clear about tips ever since the day we opened. We make it very clear we do not handle any gratuities - zero - through the payroll (in other words tips via cards), because of the tax implications. We do not take gratuities on the card machine; we keep them completely separate.

So the client, if they want to leave a tip, will give it direct to the stylist. Or they might say, 'I'd like to give a £1 to the girl who shampooed my hair' or whatever it might be. Or it might be £2-3 to the person who did the cut. And it is all in cash, always.

What that also means is it then up to the individual stylist or employee to declare it for tax purposes. In reality, a lot of the junior staff are going to be under the tax threshold anyway, so it probably won't apply.

### CHANGING ASSUMPTIONS

Gratuities have, I agree, got smaller. Since the last recession in 2008/09 things have become tougher and I would say that, certainly for the past five to six years, gratuities have reduced. People generally have less money to go

around these days or simply feel worse off. Also, whether they're shopping, at a restaurant or getting their hair done, they are more likely to assume a price for something is all-inclusive and therefore there is less incentive to add a tip.

That does make it hard because some weeks a stylist might get a number of tips, other weeks there will be nothing.

Although we do have a clear policy, it's not a formal thing written down on paper; it's verbal. Would I agree with the government changing the current code of practice from being voluntary to being statutory, in other words something people had to follow?

It wouldn't be a huge extra burden, but at the moment what we do works perfectly well - everyone knows where they stand. Therefore, having a formal code that you have to follow, rather than just something there for good guidance is, I feel, unnecessary.

### ➔ Facts and figures

Percentage of NHF salons that...



**80%**  
Were unaware of the government's voluntary code of practice



**79%**  
Strongly agree tips should always be passed on to workers



**72%**  
Explain how tipping works to staff during induction sessions



**70%**  
Strongly agree it should be explained to customers and employees how tips are treated.



**60%**  
Say they already have a firm policy on what happens to tips left by clients, although more commonly verbal than written down



**47%**  
Report a drop in the number of tips left by clients



**7%**  
Barber shops that say they have a written policy on tips