

newsbrief

March 2018



CONFERENCES AND EVENTS

newspad summit: Paris June 21-22 2018

newspad's 2018 international employee equity summit will be in Paris on Thursday & Friday June 21-22, hosted by Linklaters at its 25 rue de Marignan offices.



The programme highlights business succession planning; corporate governance - *RIP Carillion?*; share plans regulation - *try MIFiD2 and GDPR for size*; executive equity reward; global plan communication techniques; trustee share plan administration; equity plan case histories - such as construction materials giant St Gobain; the implications of Brexit for international employee equity plans.

Speakers include experts from FONDACT; Index Ventures; St Gobain; Linklaters; and Willis Towers Watson. French Senator Henri Leroy has been invited and former government adviser Marcel Hipszman has accepted.

Time is allocated for debates which delegates can lead. Participants are invited to the summit drinks reception, hosted by Linklaters, and informal dining groups organised on Wednesday and Thursday evenings.

Book your place by emailing global@esopcentre.com or call the team on +44 (0)20 7239 4971.

Delegate fees*:

Centre member practitioners: £395 each

Non-member practitioners: £615 each

Plan issuer representatives: FREE (subject to £10 admin fee)

*There is no VAT, because the summit takes place outside the UK.

You may email proposals for the last speaker opportunities. Choose a solo 30 minute slot, covering an important technical issue, or a 45 minute case history slot with a client or two joining you at the podium. The [programme outline](#) gives details of planned topics.

Practitioner speakers will pay £245* each for their slots and may invite plan issuer clients as joint speakers, free of charge. If you wish to stake your claim to speak at this key event, contact *newspad* editor, [Fred Hackworth](#).

Zedra has agreed to co-sponsor the programme brochure and marketing. [Sponsoring the summit](#) provides an excellent opportunity to raise your profile within the Eso and employee equity industry. Sponsors can choose from two sponsorship packages: *full*

event sponsorship, and marketing sponsorship. To register your interest contact *newspad* editor, **Fred Hackworth** – sponsorship places are now limited.



Jersey share schemes and trustees seminar: May 2 2018

The Centre's annual **Jersey share schemes and trustees conference**, held in association with STEP, will be on Wednesday May 2 at the Pomme d'Or Hotel in St Helier.

The annual half-day conference is an industry leading networking and learning opportunity for all those interested in share schemes and EBT trusteeship.



The programme will cover the latest taxation, legal and regulatory issues in Jersey and the UK. Speakers include:

- Colin Powell CBE, States of Jersey & Rosemary Marr, STEP Jersey
Panel session on Jersey, the UK and the EU

- Paul Malin, Haines Watts
The new challenges: the Trust Registration Service; what to do when a 10 yearly charge for IHT purposes has been missed on a trust; the revised Settlement terms for exiting all forms of tax avoidance (EBT loans included); the deferral of the April 2019 loan charge; the Digital Disclosure Service/Worldwide Disclosure Facility.
- David Pett, Temple Tax Chambers
Recent UK cases in the courts/tribunal
- Graham Muir, CMS
Impact of GDPR on employee share plans: where arrangements involve third party administrator/trustee based in EEA and where third party administrator is based outside the EEA.
- Stephen Woodhouse, Pett Franklin
Employee trusts: challenges and opportunities for trustees
- David Craddock, David Craddock Consultancy Service
Vix and you – share schemes in an era of volatility

Attendance costs £375 for Centre / STEP members and £480 for non-members.

Book and pay before the end of March 29 to take advantage of our Easter offer:

- 50 percent off a third delegate from the same organisation

To book your place, email:

events@esopcentre.com or call +44 (0)20 7239 4971.

Robots High table

Robot and employment specialist Dr Ewan McGaughey of King's College London and Prof Len Shackleton of the Institute of Economic Affairs were guests at the Centre's high table on March 14 at the RAF Club, London. There was lively discussion and contrasting views

with strong interventions from Gavin Oldham of the Share Centre and first time guest Sian Halcrow of Aon.

CENTRE & MEMBER NEWS

Make Manifest again

Members can help Manifest rise again as Sarah Wilson puts in a bid to the administrator on behalf of staff. If successful, a second round of funding will be required to bulk up and grow; Sarah is looking for backers who want to support good governance with a British twist rather than the dominant US paradigm. Contact Sarah via LinkedIn or at jsarahwilson@gmail.com.

William Franklin to visit Mondragon as Esop fellow

William Franklin of Pett Franklin will be visiting Mondragon for the Centre as honorary research fellow. Mondragon is a corporation and federation of worker cooperatives in the Basque country and a case study in what can be achieved from employee ownership models with strong support from a regional government.

Aon acquires trade brokerage firm

Aon Hewitt has purchased South African Niche International Brokers.

Equiniti launches new bereavement service

Equiniti has launched a bereavement service, Equiniti Benefactor, which provides account closure and estate administration services through an expert staff team.

Bird & Bird China law awards success

Bird & Bird has won four individual awards at this year's China Business Law Awards, which are chosen based on nominations and comments received from legal professionals and senior managers around the world, as well as a China focused corporate council. This is the most awards ever won by a single firm in the award's history.

UK AND WORLD NEWS

ResPublica: UK government should promote Eso

Non-partisan think tank ResPublica has recommended that the UK government should introduce policies and incentives to ensure that at least ten percent of the UK's private sector workforce participates in employee share schemes by 2025. The report, *A New Bargain: People, Productivity and Prosperity*, published with the trade union Prospect, recommends promoting Eso as a solution to the UK's low productivity and alienation from the economy.

Centre chairman Malcolm Hurlston CBE said: "This is the kind of new thinking needed to bring the benefits of employee share ownership deeper into the economy. Unions and employees can play a major role alongside employers, tax advantaged schemes and advocates. To reach ambitious targets we need to add a 'pull effect' to the push which has not got us far enough."

"Red Tory" Phillip Blond, director of ResPublica, was guest speaker at the Centre's 2017 world awards.

Dr Robert Ashford and Dr Ralph P Hall: *Inclusive Capitalism* Review

In a series of UK lectures, Dr Robert Ashford of the Syracuse University College of Law and Dr Ralph P Hall of Virginia Tech University put forward their argument for a new form of inclusive capitalism based on *binary economics*. Drawing on Louis Kelso's ideas, they argued for reengineering corporate finance institutions to maximise the inclusion of employees in capital acquisition.

Chuka Umunna MP argues for employee ownership

The former shadow business secretary and MP for Streatham, Chuka Umunna, has argued the **need for greater employee ownership in the UK** as a way of combatting *fat cat pay*. Mr Umunna argues that embedded in UK culture is the concept of reciprocity and that this means that employees who work hard, and play by the rules must see a return. The Centre has sent him its high pay papers from the November conference. Damian Carnell's paper was published in Economic Affairs February 2018.

South African opposition leader calls for employee share ownership

Mmusi Maimane, leader of the opposition Democratic Alliance, has called for **greater employee share ownership**. Following the 2018-2019 Budget, Mr Maimane said that employee share ownership needed greater incentives.

Carillion ex-finance chief accused of 'dumping' employee shares

Richard Adam, former finance director of Carillion ***dumped his shares at the earliest opportunity*** according to a committee of MPs investigating Carillion's collapse. Following

his retirement in December 2016, Mr Adam sold his shares, worth hundreds of thousands of pounds, during early 2017 as soon as he qualified for them.

Mr Adam said: "I sold the shares that I was eligible to sell when I was invited to do so by the company as I retired. More than half of the shares in the company that I had an interest in at retirement have been lost as a result of the company entering liquidation."

Rutgers launches employee ownership institute

Rutgers University, ranked 113th in the US, has announced the creation of ***the Rutgers Institute for the Study of Employee Ownership and Profit Sharing***, dedicated to researching how economic inequality can be addressed through capital shares.

Adrienne Eaton, interim dean, said "Our faculty has been deeply invested in building up the academic study of capital shares for the last three decades."

Maine introduces employee ownership bill

A bill with multiparty support: ***An Act To Create and Sustain Jobs through Development of Cooperatives and Employee-owned Business***, has been introduced into Maine's legislature. The bill would exempt sales to ESOPs or worker cooperatives from state taxation and allow lenders to exclude income from loans to ESOPs and worker cooperatives from their taxable income. The bill has sponsors from the Democratic, Republican and Green parties (as well as independents) in both houses.

Half of best US companies to work for have broad-based employee ownership

Research conducted by the National Center for Employee Ownership shows that just

under half the companies on the Fortune Best 100 Companies to Work For list have broad-based employee ownership (37 out of 76), and that this percentage has changed little since the 1990s. Four of the companies on the list are majority employee owned.

WEBINARS

Garry Karch of RM2 will lead a session on *the Employee Ownership Trust as a third party sale alternative* on March 21 from 11:00-11:45 am. The webinar will compare the EOT model with trade sale and private equity sale alternatives and demonstrate that, properly structured, an EOT transaction is a competitive alternative.

William Franklin will be hosting a webinar on the *Employee Ownership Trust business model* on March 22 at 10:00am. The talk will cover how EOT-owned companies can be established and special issues affecting owners and employees. Email [Pauline Atkins](#) to register.

Join Stephen Woodhouse and Charlotte Fleck of Pett Franklin on April 12 at 10:00am as they discuss recent updates to *corporate governance for employee share schemes and executive incentives*, including increasing shareholder opposition and scrutiny of share buybacks. Email [Pauline Atkins](#) to register.

On April 18, from 11:00-11:30 am Sarah Anderson of RM2 will *address employee share plans for private companies*. Points covered will include: how to decide if a share plan meets your objectives and what share plan might work for you.

MEMBER PROFILE



Anna Watch is head of executive share plans at **BT**

In what ways does employee share ownership serve a useful purpose?

I think one of the primary purposes employee share ownership serves is employee engagement. Through share ownership employees become far more interested and engaged in the success of the company, helping them to strive to help support that success.

It also helps employees engage with one another and therefore has a positive impact on the workforce.

How can we widen and deepen the adoption and use of employee share ownership?

Continued use of the suite of the HMRC approved share plans but also executive plans. Both types of plans help widen the knowledge and understanding of share plans and also improve employee engagement.

What would you tell someone on the fence about introducing employee share ownership to their company?

In short, it's a no brainer! Whilst there are costs associated with introducing plans, the returns both for employees and the company in terms of engagement are potentially boundless.

What do you think will change about employee share ownership over the next five years?

I think the pressure from companies to make continued improvements to the plans will continue. We've seen an increase in the limits but also more recently the changes to taking a break under Sharesave.

Whilst we'll continue to see engagement, I do wonder if this will plateau and if we'll start to see companies reviewing what they offer both for cost and engagement reasons.

What has been the most important development in employee share ownership during your career?

Changes to the Sharesave limits. Whilst a lot of work had gone on in the background, I think that change caught everyone by surprise.

In addition, I think the debate around executive pay including share incentives has really developed over the last 20 years. It'll never go away but I think it's much more transparent now than it ever was.

Which change to employee share plans legislation, in the UK or elsewhere, would you most like to see?

I think we've seen one of the biggest changes with the Sharesave limits increase. In terms of

overseas, I think we could make it easier for employees to deal in their shares.

Why do you think employee share ownership has enjoyed cross-party support in the UK?

I think the importance of employee share ownership has developed so much over the last 20 years and companies recognise this and don't want to fall behind the curve. I think there's still a way to go particularly on participation rates, but great progress has already been made.

Which aspect of the Esop Centre do you most value?

The sharing of information across companies which is invaluable.

Which aspect of the Esop Centre would you most like to change?

More members leading to increased voice/support.

ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members only mid-month publication edited by Robert Jarvis.

If you would like to sponsor an edition of *newsbrief* and place an extended announcement contact Laurence Cubbon:
lcubbon@esopcentre.com

To submit a story for the next issue of *newsbrief* or to propose someone for a member profile, contact the editor:

T: +44 (0)20 7239 4971

E: rjarvis@esopcentre.com



Esop Centre Ltd, 65 King's Cross Road, London WC1X 9LW

+44 (0)20 7239 4971 | esop@esopcentre.com | www.esopcentre.com