

February 2017

## CENTRE NEWS

### Employee Ownership Trust update

Following successful discussions with the Financial Reporting Council — which were [reported in the January newsbrief](#) — the Centre has started talks with HMRC on points of clarification. Both these were prompted by the increasing popularity of the Employee Ownership Trust (EOT) in business succession.

To allow equal treatment for vendor notes the Centre has briefed the Department for Business where the EOT originated and where responsibility for business strategy is located and the Treasury. The Centre's submissions, designed to promote the government's strategy through effective use of the EOT are under consideration. As always we look for a way forward, expertly advised by members, which does not put the tax base at risk.

### Governmental updates

The Centre made a joint submission with the British Private Equity & Venture Capital Association looking for a new way of bringing the benefits of employee ownership to the increasing number of people in venture capital owned companies. An exploratory meeting will shortly take place.

The Centre held a members meeting hosted by Linklaters to discuss the corporate governance with the key official involved. There was no Centre line as such (other than to favour employee ownership moves) and the exchange of views was of great benefit all round.

## CONFERENCES AND EVENTS

### Jersey share schemes and trustees conference: May 12 2017

The Centre's annual Jersey share schemes and trustees conference held in association with STEP will be on Friday May 12 at the Pomme d'Or Hotel.

The programme will consist of presentations on the latest taxation, legal and regulatory issues concerning employee share ownership in the Channel Islands and the UK.

Peter Mossop will be guest of honour and speakers include David Craddock of David Craddock Consultancy Services, Paul Malin of Haines Watts, Chris Lowe of KPMG, William Franklin of Pett Franklin and former Jersey regulator Helen Hatton of Sator Regulatory Consulting.

Tickets cost £350 for Centre / STEP members and £450 for non-members.

Book and pay by the end of Friday March 10 to take advantage of one of our early bird discounts:

- 50 percent off a third delegate from the same organisation; or
- 10 percent off the total.

To register your interest in attending, please email [events@esopcentre.com](mailto:events@esopcentre.com) or call 020 7239 4971.

### Newspad Summit: Paris, June 15 & 16 2017

The Centre's inaugural Newspad Summit will take place in central Paris on Thursday June 15 and Friday June 16 2017.

The Centre's own first international conference took place in Paris in the Lutetia, grand hotel of the Left Bank, and the first Summit will be hosted in the offices of global legal group and Centre member Clifford Chance.

The new two-day summer event presents an ideal forum for leading players to consider long term trends and scenarios as well as keep au fait with the latest legal, regulatory, taxation, communication and market trends in international employee shares. Paris is the home of OECD the international body with the strongest long term influence on our sector. The Centre is represented on the formal Business Advisory Group to OECD.

If you would like to attend and speak, lead a discussion or present a paper, contact the Centre's international director Fred Hackworth: [fhackworth@esopcentre.com](mailto:fhackworth@esopcentre.com)

Peer-reviewed Summit papers (not slides) will be published in newspad.

Newspad offers delegates the following registration fee tiers:

#### PRACTITIONERS

|                |      |
|----------------|------|
| Centre member: | £395 |
| Non-member:    | £695 |

#### PLAN ISSUERS

Free (subject to £50 admin charge)

*These fees are not subject to VAT, as the event takes place outside the UK*

Registration and fee payment entitles all delegates to:

- Take part in all conference sessions
- Buffet lunch and refreshments during coffee breaks
- Programme with access to speech summaries
- Cocktail party early evening, June 15

To register your interest to attend as a delegate, contact [global@esopcentre.com](mailto:global@esopcentre.com)

## London share schemes for SMEs conference 2017

The next employee share schemes for SMEs conference organised by the Esop Centre and the Institute of Directors will be held in London on Tuesday September 12 2017.

This one-day event is designed for small businesses and their advisers who are considering introducing an employee share scheme, or who want to develop existing plans.

Chaired by Esop Centre chairman Malcolm Hurlston CBE, the event will consist of panel sessions and presentations on the following topics:

- Introduction to employee share schemes
- Enterprise Management Incentives (EMI)
- EMI case studies
- EMI alternatives
- Employee Ownership Trusts
- Share schemes and succession planning
- Financing employee ownership
- Employee engagement strategies

Speakers include: David Craddock of David Craddock Consultancy Services; Catherine Gannon of Gannons; Stephen Woodhouse of Pett Franklin; Robert Postlethwaite of Postlethwaite; and Garry Karch and Nigel Mason of The RM2 Partnership.

Individuals from Centre members interested in attending the conference should contact Daniel Helen at [events@esopcentre.com](mailto:events@esopcentre.com) or call 020 7239 4971.

## MEMBER NEWS

### Equatex announces software collaboration with Aon

Centre member Equatex has announced a new collaboration with Aon that will allow employees participating in performance-based long-term incentive plans to see the

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impact of their company's current performance on the value of their portfolio at any time. The integration of PeerTracker into EquatePlus follows a complete overhaul of the platform in autumn of last year, which has introduced a next-generation user experience for plan participants. Equatex cto Adrian Wyss said: "By making real-time performance information available to plan participants, we're continuing our client-focused approach to product development. This is an important element to foster participants' engagement and thus the success of our clients' performance-based compensation plans."

### Deloitte releases guidance on 'section 222' charges

Deloitte has released an update on the implications of withholding errors on equity income. The 'section 222' charge is designed to ensure employees receiving equity income are no better or worse off than when receiving cash payment. Deloitte suggests the inclusion of an appropriate indemnity agreement within equity award documents to minimise the charge should any withholding errors arise.

[Read the Global Reward Update in full.](#)

### Elia is now Intertrust

In 2016, Elia was acquired by Intertrust and fully rebranded last December. Intertrust is a global provider of high-value corporate, funds, capital markets and private wealth services. As a combined group they employ over 2,400 professionals working from 41 offices in 30 jurisdictions. The company focuses on high-quality, tailored services to clients with a view of building long-term relationships.

Intertrust's performance & reward management team provides trustee and plan administration services, helping clients to deliver and manage their reward incentive arrangements for both senior management and the wider employee base. The share plan team, headed by Shane Hugill, has remained the same through the acquisition and provides dedicated trustee and administration services

to a full range of share plans.

For more information, please get in touch with [Shane Hugill](#), director and head of share plans, or [Laura Butler](#), associate director in the share plan team. Or alternatively, [visit Intertrust's website.](#)

### Fieldfisher advises architectural practice to adopt EOT

Architectural practice BB Partnership Limited has announced that it is now 100 percent owned by an Employee Ownership Trust, after receiving advice from international law firm and Centre member Fieldfisher. Commenting on the transition to employee ownership BB Partnership director Julian Williams suggests that this is "how most architects practices will one day be owned". Graeme Nuttall OBE, partner at Fieldfisher, said: "Employee ownership is very popular among architects' practices. There are numerous successful examples of practices that have adopted this improved way of working since the 1990s. But BB Partnership is the first firm to assert that employee trust ownership will become the norm for architects. Architectural schools need to teach this method of owning and running a practice alongside other business models, and firms built around the reputation of a named architect should consider employee ownership as the way to sustain that practice."

## UK & GLOBAL NEWS

### Thomas Cook drops LTIP amid shareholder rebellion

Thomas Cook Group [has dropped its plan](#) to introduce a new long-term incentive plan following its rejection by more than a third of the company's shareholders at its agm. The 'strategic share incentive plan' would have seen ceo Peter Fankhauser awarded a bonus worth 225 percent of his £703,800 salary. The travel agent explained that the plan was

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scrapped owing to “concerns about the level of information around the possible strategic objectives and the size of the maximum potential award”.

### Class pay gap uncovered

Research from the Social Mobility Foundation has found that UK professionals from affluent families earn on average £6,800 a year more than those from working-class backgrounds. The gap was found to be the largest in the finance sector at £13,713, followed by the medical profession at £10,218. The research – led by academics at the LSE and UCL – suggested the gap was caused by differences in educational background and the tendency of middle-class professionals to move to London and work in larger companies.

### Tax revenue from multi-millionaires falls by £1bn

The House of Commons Public Account Committee **has attacked HMRC** for failing to tackle tax avoidance among the UK’s wealthiest individuals. It comes as the income tax paid by the ‘super-rich’ – those worth £20m or more – fell from £4.4bn in 2009 to £3.5bn in 2015, despite the number of multi-millionaires rising from 5,900 to 6,500 across the same period.

### Quoted Companies Alliance submits tax reform proposals

The Tax Expert Group of the Quoted Companies Alliance, together with the Share Schemes Expert Group, **has submitted its annual proposals for taxation reform** ahead of the March 2017 budget. Proposals include alleviating the compliance burden on SMEs, removing the five percent threshold for capital gains tax entrepreneurs’ relief for shares held by employees and making the cost of raising equity tax deductible. **Click here to read the representations in full.**

### Going the extra mile at work could be a backward step

Employees who put in extra time or take on extra responsibility at work could be doing more harm than good, according to **research published in *Human Resource Management***. Contrary to the prevailing view that it causes staff to feel more engaged with their work and positive about their career prospects, employees who regularly go the extra mile will suffer higher levels of emotional exhaustion and work-family conflict. The Centre’s view is that the researchers have firmly grasped the wrong end of the stick: employee share ownership encourages people to work smarter, rather than harder, and with better results.

### Riverford Farm set to adopt employee ownership

Guy Watson, the owner of Riverford Farm – which employs more than 500 staff at sites in South Devon, Hampshire, Cambridgeshire and Yorkshire – is to sell a majority stake in his company to an Employee Ownership Trust by May 2018. Mr Watson will hold on to at least 25 percent equity and is considering using the rest to offer employees a direct stake in the company through one or more tax-advantaged employee share scheme.

## ABOUT NEWSBRIEF

*newsbrief* is the Employee Share Ownership Centre’s members only mid-month publication edited by Daniel Helen.

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