

July 2017

CONFERENCES & EVENTS

Employee share schemes for SMEs conference: Thursday September 14

The next **employee share schemes for SMEs conference**, jointly organised with the **Institute of Directors**, will be held at the offices of **Travers Smith** in London on Thursday **September 14**.

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

With Malcolm Hurlston CBE in the chair the programme will feature:

Colin Kendon, **Bird & Bird**; David Craddock, **David Craddock Consultancy Services**; Catherine Gannon, **Gannons**; Liz Hunter, **Mazars**; Stephen Woodhouse, **Pett Franklin**; Robert Postlethwaite, **Postlethwaites**; Garry Karch, **RM2 Partnership**; Nigel Mason, **RM2 Partnership**; and Mahesh Varia, **Travers Smith**.

Tickets cost £385 + VAT for Centre and IoD members. **IoD members can book online**. Centre members should contact Daniel Helen at events@esopcentre.com or call 020 7239 4971.

Esop Centre high table with Manifest: Wednesday September 20

Our next high table dinner guest will be Sarah Wilson, chief executive of **Manifest**, the influential proxy voting and corporate governance research specialist. It will be held at the RAF Club on Wednesday **September 20**.

Sarah was a marquee speaker at last year's British Isles symposium where she focused on executive pay reform, culture change and responsible corporate stewardship. **Manifest** is to include employee share schemes in its reporting and we are working with Centre members to create model reporting of share schemes, at a time when work on governance remains a May government priority.

High table participants enjoy lively discussion and an intimate atmosphere with a maximum of ten guests.

The event will start with a welcome glass at 18:30 followed by dinner in the Mezzanine Suite of the Club, 128 Piccadilly London W1J 7PY.

Tickets are £140 + VAT each.

If you would like to join us, let Juliet Wigzell know at jwigzell@esopcentre.com or 020 7239 4906 as soon as possible.

TRAVERS SMITH



MAZARS



Guernsey share schemes and trustees seminar: Friday October 6

The annual [Guernsey share schemes and trustees seminar](#), organised by the **Esop Centre** and the **Society of Trust & Estate Practitioners** (STEP), will be held at the St Pierre Park Hotel in St Peter Port on Friday **October 6** 2017. Save the date.

World Centre Awards Dinner 2017: Tuesday October 31

The **World Centre for Employee Ownership's** sixteenth awards dinner will be held at the Reform Club on the evening of Tuesday **October 31** 2017.

The Awards Dinner brings together members and their influential guests – representing UK and international plan issuer companies and their expert advisers – to recognise the best in employee share ownership. This stylish enjoyable black-tie event is the perfect way to celebrate the year with clients, colleagues and peers.

Both individual and group tickets are available.

Table of ten: £1,800 + VAT *

Member: £195 + VAT

Non-member: £270 + VAT

** Tables of ten can only be purchased by [Centre members](#)*

To register your interest in purchasing tickets, please email events@esopcentre.com or call 020 7239 4971.

Nominations

[Submissions are now open for the World Centre Awards 2017.](#)

The awards recognise the achievements of companies which offer broad-based employee share plans and hold up best practice models for other companies to follow.

Applications will be reviewed by two impartial

judges, experts in the use of employee equities, together with Centre chairman Malcolm Hurlston.

Categories:

Best all-employee international share plan *
Best all-employee share plan †
Best financial education of employees
Best share plan communications
Best use of video communication
Best use of technology
Most creative solution

[Visit the World Centre Awards 2017 webpage for further details](#), including descriptions of each award category and a template application form to draft nominations offline.

** In a company with more than 5,000 employees and participants in at least three countries.*

† In a company with fewer than 5,001 employees and participants in no more than two countries.

[Submissions should be made using our secure online application form.](#) The deadline is Friday September 1.

British Isles employee equity symposium: Thursday/Friday November 16–17

The second [British Isles employee equity symposium](#) will be held in the offices of **White & Case** in the City of London on Thursday/Friday **November 16–17**.

The Centre is calling for speakers and taking topic suggestions for the 14 planned half hour slots. An expert speaker line-up already includes: Professor Len Shackleton, of the **Institute of Economic Affairs**; Colin Powell CBE, adviser to the government of Jersey; William Franklin of **Pett Franklin**; Nicholas Greenacre, **White & Case**; and Garry Karch of the **RM2 Partnership**.

The wide-ranging programme will cover: Are all-employee share schemes worth the effort and expense?; SAYE v SIP – which of these tax

advantaged all-employee share schemes is more suitable for quoted companies?; How can companies improve share plan take-up?; Executive compensation – are executives paid too much?; Corporate governance – is it out of control?; All-employee share plan design & case histories; Employee share plans & investment; The taxation of international employee share schemes; The Employee Ownership Trust – how far can it go?; Accounting - the share scheme killer?; What have share schemes to fear from Brexit?

Practitioner speakers pay £290 + VAT for admission, with the fee covering a buffet lunch and a drinks reception. Trustee speakers will pay £230 + VAT, while plan issuer speakers will not be charged, so that advisers can team up with clients in joint presentations.

You can either speak on one of the issues above, or suggest your own topic, but act now, as slots are filling up fast. Presenting a paper would be preferred to using slides and presentations should include opportunity for interaction within the time slot. Please email Centre international director Fred Hackworth: fhackworth@esopcentre.com

MEMBER NEWS

Capita Asset Services sold to Link

Capita has announced the sale of the **Capita Asset Services** businesses to **Link Administration Holdings** for £888m, taking a second of the three main administrators into Australian ownership. The transaction is subject to regulatory and other approvals and completion is expected in Q4 2017.

Andy Parker, **Capita** chief executive, expressed delight: “We are delighted to announce the sale of the Capita Asset Services businesses to Link Group. In the autumn of last year we set out a strategy to simplify and streamline Capita by repositioning the group

and refocusing on delivering technology-enabled business and customer management solutions that make business processes smarter and deliver better customer service. [...] The disposal of CAS, alongside our other initiatives, makes Capita a leaner business with a stronger balance sheet, better placed to return to profitable, sustainable growth.” More in *newspad*.

Equiniti acquires Wells Fargo’s share registration service

Equiniti Group has bought the share registration arm of US bank **Wells Fargo** in a deal worth \$227m. The share registrar, which handles more than half of the FTSE 100’s dividend payments, will pay for the deal with a £122m rights issue and using £120m of new debt facilities.

Equiniti ceo Guy Wakeley said: “by being in the US we are able to serve the very many companies that issue stock on both sides of the Atlantic”.

Computershare employee share plan mention is Glassdoor first

The **Computershare** share plan was rated among the plus factors about working for the company on job website **Glassdoor**. An anonymous employee based in Bristol praised it as a ‘leading company in employee share plans’. If there are any other notable mentions (or absences of mention) of share plans on Glassdoor, let us know. It is good to hear from the grass roots.

RM2 publishes share schemes guide

The **RM2 Partnership** has published *Employee Share Schemes for Private Companies: A Guide for Directors*. At the launch event in London on July 12, author and **RM2** director Sarah Anderson said the new book would provide company directors with a jargon free but detailed introduction to employee share schemes.

UK & GLOBAL NEWS

Supreme Court rules in favour of HMRC in Rangers EBT case

The Supreme Court unanimously ruled on July 5 that payments made by Rangers football club to players and executives through Employee Benefit Trusts were earnings and should have been taxed as such.

The judgment is the latest – and probably the final – instalment in a long-running dispute over more than £47m worth of payments – or ‘loans’ – made using EBTs by Murray International Holdings (MIH), the then owner of Rangers, and other group companies to employees between 2001 and 2009. Two tribunals in 2012 and 2014 had previously sided with Rangers, but the Court of Session ruled in favour of HMRC in a 2015 appeal.

The ruling is likely to have far reaching consequences. Paul Noble of Centre member Pinsent Masons said: “HMRC will undoubtedly seek to maximise the use of this decision in other EBT cases that are yet to settle. [...] Employers that have used EBTs to remunerate which remain unsettled with HMRC should seek advice on the consequences of this decision for them.” According to *Private Eye* there are more collars to be felt.

New Treasury minister looks forward to working with Centre

Mel Stride MP, the new financial secretary to the Treasury, has welcomed the rise in all-employee share schemes in a letter to Centre chairman Malcolm Hurlston. The number of companies with all-employee share schemes increased by a quarter between the fiscal years 2013–14 and 2015–16, according to [figures released by HMRC on June 30](#). Mr Stride, who succeeded Jane Ellison after she lost her seat at the general election, said he was “encouraged” by the statistics and that he was looking forward to working with the Centre “to ensure we provide the best support for employees to take a stake in the company they work for”.

HMRC extends Employment Related Securities filing deadline

The filing deadline for submitting Employment Related Securities (ERS) online returns for 2016–17 has been extended to August 24. HMRC cited technical problems that prevented some returns from being submitted as open document spreadsheets or CSV files. In [ERS Bulletin No 24](#), the Revenue said the online service is now working and late filing penalties will apply from August 25.

Trust registration service launched

HMRC launched its [new online trusts and estates registration service](#) on July 10. All trusts with UK income or capital gains tax liabilities need to be registered with the service, including trusts already registered under the previous paper form system. All existing and new trusts must be registered with the service and trustees will also be required to report beneficial ownership information annually to HMRC. The first filing deadline is January 31 2018 for pre-existing trusts. For new trusts, the first filing deadline will be January 31 after the tax year in which the trustees first become liable for UK taxes.

Massachusetts Office of Employee Involvement and Ownership restored

A Massachusetts office that was created in 1989 to help small business convert to co-operatives, employee stock ownership and other employee-owned models has been restored following a decade of dormancy. State Rep. Paul Mark - a former Centre high table guest - first filed a budget amendment to restore the office in 2011, but it wasn't adopted, a pattern repeated year on year until 2017. Following the election of a sympathetic state senator, support grew and the state budget now has \$150,000 to resurrect the office.



South Africa suspends plan to increase black ownership of mining companies

The South African government has suspended a contentious new charter for the country's mining industry that would have permanently increased the level of black shareholders to 30 percent. Under broad-based black economic empowerment, companies operating in South Africa must bring black ownership up to stipulated levels that vary per industry. The suspension comes after the mining industry raised concerns that maintaining the stakes at 30 percent would force them to dilute existing shareholders many times given the small base of black capital able to buy shareholdings.

MEMBER PROFILE

Elaine Graham is a director and head of employer solutions at **Zedra**.



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

It has many useful purposes but to highlight a few, I would include the alignment of the goals of a company and its employee base. Employees feel that by owning a part of the company they are motivated to add value to it through their endeavours. Sharing in the financial success of a company compounds this effect.

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

Making the set up and implementation of share plans more accessible for all companies. More publicity for those companies who have employee ownership success stories not just within the share plan community but in wider press and news outlets including case studies as to how employee ownership contributes to

the long-term success of a company.

An ability for employees to obtain non-recourse more available finance to invest in the companies they work for if free shares or related buy in too expensive.

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

With some case studies of real life success stories!

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

There will be a stronger push to create longer term ownership in companies to create a more sustainable model for British business less focused on flipping value on multiple sale events.

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

The changes around disguised remuneration that meant a rocky road for a period of time for any share plan with a tax advantage and some difficult exemptions to navigate.

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

An ability to implement plans and related structures without uncertainty on approval or acceptance from HMRC etc. Cost is often a consideration for companies but education is key to demonstrate the value introducing share ownership will bring.

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

The ethos of owning a part of a company is a British value and promoting ways to create a

more sustainable longer term business model. There is a constant challenge for British businesses to compete with foreign markets in terms of product and investment and investing in companies at grassroots in the UK is key to sustaining and creating British success.

Which aspect of the Esop Centre do you most value?

Being a voice for employee ownership and influencing, lobbying government on its key issues / benefits. Bringing together varying views from the share plan industry to discuss these issues and the various challenges.

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

Not so much of a change to the Esop Centre but how do we get more recognition and support for the work it carries out...

What is your idea of perfect happiness?

Spending quality time with my two young children, husband and friends on my favourite beach in Guernsey (L'Eree on the west coast by the way!) on a sunny summer's day at high tide watching the sunset with a glass!

What is your most marked characteristic?

Determination!

What do you consider your greatest achievement?

Apart from my children (of course!), building

and working with a fantastic employer solutions team at Zedra, completing various triathlons and endurance events and winning Citywealth Magic Circle Awards Women of the Year 2017.

What historical figure do you most identify with?

Amelia Earhart – a pioneer for women to this day where no achievement should be considered off limits.

Which living person do you most admire?

Malala Yousafazi – astonishing bravery and maturity for such a young activist.

Who are your heroes in real life?

Those who tirelessly work within communities close to home or far away making lives better for those that are less privileged than the rest of us and highlighting injustices whatever they may be.

Which word or phrases do you most overuse?

That's grand – an Irish expression to denote everything is all good!

What is your most treasured possession?

Time, when I have some of it spare!

ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members only mid-month publication edited by Daniel Helen. Contact the editor to submit a story for the next issue.

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