

NEWSBRIEF

Members' national and international news

Centre members visit SAV offices in Nottingham

A team from the Esop Centre visited the Nottingham offices of HMRC Shares and Assets Valuation last month. Representatives from the Centre, Pett Franklin, MM&K, Postlethwaite Solicitors, CMS Cameron McKenna, and EY were given a unique insight into how SAV operates. Steve Thomas, Barry Roland and Tony Spindler talked the guests through SAV's work and answered questions. The withdrawal of post-transaction valuation checks was the hot topic of the day. SAV re-affirmed its view that since it agreed 95 percent of PTVCs it would be a better use of their resources to scrap it. Moving forward it was agreed that the Centre would work closely with SAV to produce new guidance to help unquoted companies assess the value of their shares.

European employee equity conference a success

The Centre thanks all the speakers and delegates who made its Vienna conference a success. Highlights included the case studies on DAI Global, which set up a unique structure to ensure that its employees across the world can share in its ownership, and Voestalpine, which bundles the rights of its employee shareholders through a foundation. The full story of the event will appear in July newspaper.

Annual share scheme reporting deadlines approaching

The deadline for the 2015–16 share scheme return is coming up on July 6. In an email to subscribers, Centre member Pett Franklin advised that all events related to the tax-advantaged share

schemes—EMI, SIP, CSOP, and SAYE—need to be reported together with other ‘reportable events’ such as the acquisition of shares by an employee, grant of options to an employee and the exercise of options by an employee (among others). The filing must be submitted online through HMRC’s PAYE Online Services Portal.

HMRC announces new penalties for tax-advantaged schemes

The penalties for non-compliance with the rules for tax-advantaged share schemes [have been updated](#). HMRC may charge companies for both ‘serious’ and ‘less serious’ errors. The former are defined as ‘a fundamental or material error in the plan rules or in the way in which the plan is operated’. Meanwhile the latter is ‘an error that can be put right by amending or repairing the plan rules’. There are different methods for calculating the penalty charges for serious and less serious errors.

Elian acquired by Intertrust

On June 6 Electra Private Equity plc announced its sale of Centre member Elian to Intertrust N.V. Subject to regulatory approval, Elian will become part of a trust and corporate services company with 37 offices in 26 jurisdictions across Europe. Performance and reward management director Tania Bearryman wrote that the move would make Intertrust the market leader in Jersey.

EFES releases barometer of European employee share ownership

The European Federation of Employee Share Ownership released the first “[Barometer of Employee Share Ownership Policies in European Countries](#)” on June 9. Since the 2008 financial crisis, European countries have either increased or decreased fiscal incentives for employee share ownership. The barometer shows a negative phase between 2009 and 2013, with a return to positive policy decisions since then. In 2016, 14 countries are expected to apply incentive policies, compared with 11 the year before.

Majestic Wine to introduce share schemes

Majestic Wine is set to increase pay and introduce cash bonuses and share schemes in an attempt to encourage staff retention, [according to The Guardian](#). A long-term incentive plan will be introduced for the top 25 percent of staff, with free shares being awarded after three years. A separate share incentive plan will be introduced for the retailer’s other staff.

Postlethwaite workshop on employee ownership: July 5

Postlethwaite Solicitors [is hosting a free workshop](#) on Tuesday July 5 at Highfield Park in Hampshire. The event will run from 10.00 to

15.00, and will focus on the employee ownership trust as a succession solution for retiring business owners.

Pett Franklin webinar with SAV: September 10

Centre member Pett Franklin [will be hosting](#) a webinar at 10am on Tuesday September 27 with Tony Spindler, assistant director of HMRC's Shares and Assets Valuation.

National Living Wage "to hit employee rewards"

[Writing on the REBA website](#), Centre member Charles Cotton warns that companies will be tempted to cut parts of their employees' reward packages as a consequence of the new National Living Wage. Since its introduction at the start of April, employers have been looking at ways of making savings to compensate for being forced to pay workers aged 25 and over at least £7.20 an hour. Cotton suggests that businesses should look to alternatives such as increasing employee productivity.

UKSA publishes latest issue of The Private Investor

The UK Shareholders Association has published the latest issue of its bulletin for members. This edition features articles on its AIM companies project to promote better reporting, thoughts on investment trusts and news on directors' pay. [The UKSA offers individual membership from £25.](#)

New IEA report: Never Mind the Gap

The Institute of Economic Affairs has published [Never Mind the Gap: why we shouldn't worry about inequality](#) by Ryan Bourne and Christopher Snowden. Contrary to the widespread perceptions that income inequality has risen in the last decade, it argues that by most measures inequality peaked around 1990 and has been falling ever since. The Centre will invite an IEA guest to the upcoming Danny Dorling dinner.

Conferences and events

High table dinner with Peter Kenyon: Wednesday June 29

Our guest at the Centre's next high table dinner will be Peter Kenyon, who chairs the City of London Labour Party and is a former member of the party's national executive committee.

Diners will discuss what the new 'people's' Labour Party means for the employee equity sector.

The event will start with a welcome glass at 18.30, followed by dinner in the Mezzanine Suite of the RAF Club, 128 Piccadilly London W1J 7PY.

Tickets are £140 + VAT each.

Only a couple of places remain, so apply now to avoid disappointment. Please contact Juliet Wigzell at jwigzell@esopcentre.com.

High table dinner with Danny Dorling: Monday July 18

Danny Dorling, author of [Inequality and the 1%](#) and professor of geography at the University of Oxford, will be the guest of honour at the Centre's high table dinner on July 18.

Prof. Dorling will talk about the 1% and discuss employee share ownership's future role.

He [recently published a response](#) to Alexander Adamou and Ole Peters's argument that we should not be surprised when income inequality rises.

As before, the event will start with a welcome glass at 18.30, followed by dinner in the Mezzanine Suite of the RAF Club, 128 Piccadilly London W1J 7PY. We aim to finish by 21.00, which will allow diners with travel commitments time to catch trains.

Tickets are £140 + VAT each.

We are limited to just 11 places at the table so an early reply would be recommended. Please contact Juliet Wigzell at jwigzell@esopcentre.com.

Employee share schemes for SMEs conference:
Friday September 16

This year's employee share schemes for SMEs conference, jointly organised by the Esop Centre and the Institute of Directors, will be held in London at the IoD's Pall Mall headquarters on Friday September 16.

The one-day event is designed for owners, company directors, finance managers and HR managers who are considering implementing an employee share scheme in their business, or who want to develop existing plans.

Speakers include Stephen Woodhouse of Pett Franklin, Mark Gearing of Fieldfisher, Robert Postlethwaite of Postlethwaite Solicitors, David Craddock of David Craddock Consultancy Services, Colin Kendon of Bird & Bird, William Franklin of Pett Franklin, Garry Karch of the RM2 Partnership, and Graham Muir of Nabarro.

Tickets for Centre and IoD members are £385 + VAT each, non-members £485 + VAT.

To take advantage of the member rate, Esop Centre members should contact the Centre for the booking form by emailing esop@esopcentre.com. IoD and non-members can book online.

Employee share schemes for SMEs

A one day conference by the Esop Centre and the IoD



fieldfisher



PETT FRANKLIN
TAX, INCENTIVES AND EMPLOYEE SHARE PLANS



The
Rm2
Partnership Ltd

Postlethwaite
EMPLOYEE OWNERSHIP LAWYERS

Guernsey share schemes and trustees conference:
Friday October 7

The annual Guernsey share schemes and trustees conference, organised by the Esop Centre and STEP Guernsey, will be held at the St Pierre Park Hotel in St Peter Port on the morning of Friday October 7 2016.

Save the date. The final programme is being agreed.

Awards Dinner 2016: Tuesday November 22

The Esop Centre's fifteenth Awards Dinner will be held this year at the Reform Club on the evening of Tuesday November 22.

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. This year the host is former BBC Sports Editor Mihir Bose, a former chairman of the Reform.

Nominations

The list of early entrants was announced at our annual cocktail party during the European conference in Vienna at the start of June. There is still time to submit further nominations.

Best all-employee share plan

More than 1,500 employees

Fewer than 1,500 employees

Best international all-employee share plan

Best all-employee share plan communications

Best use of video in share plan communications †

Best use of social media in share plan communications * †

Best financial education of employees †

Best promotion of share plans as long-term investment * †

Best innovation in share plan administration †

Best use of share plan voting rights to boost employee engagement * †

* New category this year.

† No entrants so far.

The categories are designed to reflect the Centre's major policy objectives.

[Visit the Awards 2016 webpage for more details and to make your submissions.](#)

British Isles employee share schemes symposium:
Wednesday / Thursday November 23–24

The Esop Centre will hold its inaugural British Isles symposium on employee share schemes and trusteeship in London later this year on Wednesday November 23 and Tuesday November 24. It will be hosted by White and Case at the heart of the City of London.

The one-and-a-half-day conference will follow this year's Awards Dinner on the evening of Tuesday November 22.

The programme will include a session on the Crown Dependencies of Jersey and Guernsey and their wider role in employee equity across the British Isles and beyond.

If you want a speaking slot and/or a sponsorship opportunity apply now, as demand for places will be high. Prospective delegates need to register early to secure a seat. Contact esop@esopcentre.com.

Member profile

Jonathan Fletcher Rogers

Partner at Abbiss Cadres

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

Simply being able to say to employees that they own part of the business is a very powerful message on its own. However, share ownership can have an even greater impact where it is used to maximise employee engagement. Research has shown how employee engagement can create a virtuous circle where positive attitudes flow through to employee behaviour and productivity, which can then be used to reinforce those attitudes. Employee share ownership, along with an effective communications strategy which ties in to the performance of the business, can reinforce all aspects of that virtuous circle.

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

Continued research into the benefits of employee share ownership is vital in order to persuade businesses that it is worthwhile.

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

Why wouldn't they? There are many perceived obstacles to employee share ownership that can be overcome relatively easily. I would also encourage them to think about the cultural impact that employee share ownership could have on their business, and the benefits associated with this both in the short and long term. However, the most important factor in maximising those benefits is communication.

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

Hopefully, employee share ownership will become even more widespread as companies react to the opportunities provided by recent legislative changes. In particular, the changes to tax advantaged share plans and the government's promotion of the employee ownership model.

We have already seen in the recent Budget the scaling back of tax benefits for employee shareholder status (ESS), so one would expect ESS will be abolished entirely at some point, once it is politically acceptable to do so.

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

The creation and continued promotion by various governments of EMI options has probably had the greatest impact across the largest number of companies. For smaller companies, EMI still provides the simplest and most tax efficient way of giving employees a stake in the business.

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

It is disappointing that the government missed an opportunity to simplify the rules surrounding employee benefit trusts following the Office of Tax Simplification's recommendations in 2013. EBTs can be a very useful tool for private companies looking to warehouse shares or provide an internal market. However, the complex tax rules in connection with the operation of EBTs deter many smaller companies. I often find myself struggling to explain to clients why they should be considering inheritance tax when operating a relatively straightforward EBT arrangement that is ultimately intended to put shares in the hands of employees. Any measures to simplify the tax treatment of EBTs, or to create a new shareholding vehicle as proposed by the OTS, would be very welcome.

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

There are aspects of employee share ownership that fit in with the political ideals of both sides. On the left, it appeals to the idea of empowering the workforce and closing the gap between owners and employees. On the other hand, Conservatives see employee ownership as encouraging entrepreneurial spirit.

Which aspect of The Esop Centre do you most value?

One of the advantages of the Esop centre is its broad base of members. The mix of companies, administrators, trustees and advisers means that there is always a wide range of views on the current issues affecting employee share ownership.

Who would be the guest of honour at your fantasy dinner party?

Eric Cantona (together with Sir Alex Ferguson if I was allowed a second guest)

Which book has most changed your life?

Consider Phlebas by Iain M Banks

What is your favourite quotation and why?

"The more I practice the luckier I get" – Gary Player. What you get out of life invariably depends on what you put in

What do you consider your greatest achievement?

Personally, my three children. Professionally, finally understanding the restricted securities tax legislation!

How do you relax?

Bell ringing, brewing (and drinking) beer, playing cricket and golf

If you would like to suggest a profile for newsbrief please
contact Daniel Helen dhelen@esopcentre.com tel: 020 7239 4971.

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Please contact Daniel Helen to register your interest or to request more information, by emailing esop@esopcentre.com or by calling on 020 7239 4971.

Employee Share Ownership Centre Ltd

Phoenix Yard | 65 Kings Cross Road | London WC1X 9LW | +44 (0)20 7239 4971
esop@esopcentre.com | www.esopcentre.com