

NEWSBRIEF

Conferences and events

Plan issuer breakfast – From Shareholders to Millionaires:
Tuesday March 22, 8.30am

The Centre is organising its first plan issuer breakfast seminar of 2016 on Tuesday March 22.

Hosted by Willis Towers Watson, this free event for plan issuer members will demonstrate how companies can use share schemes to transform the wealth of their employees.

At the last steering committee, members developed ideas put forward by Alan Judes of Strategic Remuneration showing how linking schemes with NISAs and SIPPs could make millionaires of employees who contributed fully.

It will be held at Willis Towers Watson, MidCity Place, 71 High Holborn, London WC1V 6TP, starting at 8.30am.

To register a place for you and your colleagues, email Daniel Helen at dhelen@esopcentre.com or call 020 7239 4971.

Jersey share schemes and trustees conference: Friday
April 15

With just over a month to go, now is the time to book your place at the Esop Centre's [Jersey share schemes and trustees](#) conference. Organised in conjunction with the Jersey branch of the Society of Trust & Estate Practitioners, it will be held on the morning of Friday April 15 at the Royal Yacht Hotel in St Helier.

Programme

This year's programme features a mixture of talks and panels from industry experts.

The presentations cover a variety of topics, including share valuations, JSOPs, Employee Shareholders, and the sharing of ownership information.

Speakers include David Craddock of David Craddock Consultancy Services, David Pett of Pett Franklin, Graham Muir of Nabarro, and Paul Malin of Haines Watts.

The new EOT panel will ask why some firms are willing to act as EOT trustees and others not. Chair Sara Cohen of Lewis Silkin will be joined by her colleague Ann Tyler and David Pett, who leads the Centre's new EOT Group.

This year's trustee panel will focus on how practitioners approach aggressive and legacy schemes, and will comprise Helen Hatton of Sator and Tania Bearryman of Elian.

Attendance qualifies delegates for 3.5 hours CPD credit with the Law Society.

Bookings

Centre and STEP members: £325

Non-members: £450

To secure your place, please email esop@esopcentre.com or call 020 7239 4971.

Employee equity: what does the near future hold? Vienna conference: June 1–3

The five-star Steigenberger Herrenhof Hotel in central Vienna will host the European Centre's 28th [annual international employee equity](#) conference on Thursday–Friday June 2 and 3 later this year.

Programme

This showpiece event will feature presentations from Austrian and German companies, together with those from the UK and USA, including Willis Towers Watson, Global Shares, Lewis Silkin, Pett Franklin, Solium, Strategic Remuneration, Voestalpine's esop administration foundation and White & Case. ButcherJoseph, the US Esop investment bank and California-based SunPower Corporation will deliver case studies. Grant Barbour of Bedell and Dr Barbara Kolm, director of the Austrian Economics Center, will be among our conference panelists.

Three major case studies in the draft programme include:

- Maintaining employee ownership while achieving growth, which features a US employee-owned company whose objectives are to maintain its employee-owned status while positioning itself for continued international expansion. Highlights include corporate restructuring considerations, designing management incentives and improvements to its balance sheet.

Bundled employee shareholder rights at Voestalpine, an Austrian steel company. More than 24,000 employee shareholders are involved in a structure which gives them voting rights in a collective voice via a foundation.

How US energy company SunPower, which designs, manufactures and installs silicon photovoltaic cells and solar panels, arranges and maintains its broad-based employee stock plans. How new performance-based executive equity awards were introduced in this expanding business, which employs 6,300 people worldwide.

An informal delegates' dinner will be held in Vienna on Wednesday June 1, the night before the conference begins.

The 100-year-old Herrenhof is situated in Herrengasse, near the Kohlmarkt and Golden Quarter in the old city centre – a few minutes' walk away from historic landmarks, such as the Hofburg Palace, Café Central, the Spanish Riding School, the Sisi Museum, the state opera house, Burgtheater (Imperial Court Theatre) and gothic St Stephen's Cathedral.

Attendance qualifies delegates for ten hours CPD credit with the Law Society.

Sponsorship

Attractive sponsorship opportunities are on offer, including whole event sponsorship (£3,250), entitling the purchaser to full branding rights & free seats—and separate offers for the conference cocktail party (£1,000) and our Vienna e-brochure logo (£550), with repeat mentions in both newspad and on the Centre events news website until August in all instances.

Bookings

The following early bird prices apply until March 22. No VAT is chargeable as an overseas event.

The conference package rate for practitioner speakers is £825, which includes two nights' half-board accommodation in the Herrenhof Hotel (June 1 and 2) + conference + cocktail party invite + coffee/tea break refreshments, and delegate handbook. Plan issuer company speakers pay £525 for the same package. Practitioner delegates from Centre members will pay £950 and non-members £1,750. The corresponding rates for issuer company delegates are £635 and £745.

If you plan to sponsor, speak, or attend, please email Fred Hackworth at fhackworth@esopcentre.com with a copy to esop@esopcentre.com.

Employee share schemes for SMEs

Planning is in its early stages for this year's joint Esop Centre-Institute of Directors employee share schemes for SMEs event, due to be held on Friday September 16 2016. The full-day conference will be aimed primarily at those considering the introduction of an employee share scheme in new or young companies. Save the date.

Members' national and international news

Member Profile: Pat Sims, Pearson

Pat Sims is global share plan consultant at Pearson plc

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

On a participant level, via an employee share plan, it provides easy access to wealth creation. In low income countries it provides a way of accessing foreign currency. For employers I hope share ownership improves engagement and loyalty, but will we ever know that for sure?

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

Outside the UK, the SAYE share plan approach does potentially many things, but increasing share ownership usually isn't one of them. So moving to a wider use of share purchase plans with regular purchases and some level of employer match is my current mantra.

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

Accept that to operate global share plans you need to invest in good people and systems. Employees with shares do pay more attention to the share price and what the company is doing (can be a bumpy ride). Share plans are just as important as other benefits in attracting and retaining employees.

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

My crystal ball is saying in the UK not very much; I don't see this as a government priority currently. Internationally, I think reporting requirements will continue to become more onerous and complex.

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

In the UK, the SIP, and understanding that employee share ownership doesn't just mean the big listed companies, has really made employee share ownership accessible. On a global basis, growth of technology – in terms of both system and electronic communication developments.

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

No rocket science answers here. In the UK, simplifying the tax around exiting from SIPs. Globally the acceptance that most all-employee share plans are a device to provide employees with shares, and not some dastardly attempt to undermine governments, fleece employees, or money launder.

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

Doesn't every politician like a win-win situation?

Which aspect of the Esop Centre do you most value?

The opportunity to exchange views and share experiences.

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

Much more diversity.

What is your idea of perfect happiness?

Any scenario that includes the words sunshine, a glass of barolo (or similar; I'm not too fussy), neck massage; and no, the children aren't back yet. Oh sorry, I meant to say working on the annual share plan filing for the Philippines.

What is your most marked characteristic?

I talk far too much; honestly you can't shut me up.

What do you consider your greatest achievement?

Professionally I've been involved in a couple of big global share plan launches that have done well and won various awards, although sometimes I think just getting out of bed so I can work on that Philippines filing is my greatest achievement. Personally passing my saxophone Grade 7 music exam whilst 6 months pregnant with my eldest son is hard to beat.

What historical figure do you most identify with?

Although she came to a very sticky end, I will go with Anne Boleyn. I really admire her feistiness. Maybe she wasn't so good at the office politics, but I have always thought she was a person of principle, and remained loyal right to the very end.

Which living person do you most admire?

I admire anyone who stays true to their principles and convictions, but does it with humour, and a healthy disregard for authority. So a frontrunner could be Dipsy from the Teletubbies, but I will go with the Beast of Bolsover – Dennis Skinner. Some will say there is no difference between them of course.

Who are your heroes in real life?

I don't really do heroes, but Colin Firth might count. Great actor, activist, witty, bit of a rebel, and the best walk of any actor alive today. And J.K. Rowling, for her sense of determination, strong convictions, and personal philanthropy.

Which word or phrases do you most overuse?

"I", "me", "tell me again why you haven't done your homework".

What is your most treasured possession?

Can I go for my memory foam pillow? If that's too shallow, my Mum's wedding ring is special to me.

Cap on gains from Employee Shareholder Shares exemptions introduced

Chancellor of the Exchequer George Osborne announced during his 2016 budget speech that the government would introduce a cap on gains eligible for Capital Gains Tax (CGT) exemption through the Employee Shareholder Status (ESS). Individuals who take up the employee shareholder employment status are eligible to receive shares worth between £2,000 and £50,000 at the initial unrestricted market value. Hitherto, there had been complete exemption from CGT on all gains from the sale of shares acquired under ESS. But for all arrangements entered into from March 17 2016, there will be an individual lifetime CGT -exemption limit of £100,000. The chancellor disclosed at the same time that the higher rate of CGT would be cut from 28 to 20 per cent, while the basic rate would fall from 18 to 10 per cent. The new ESS lifetime limit is part of a wider package to tackle disguised remuneration schemes which aims to raise an additional £12bn for the Treasury.

Centre engages constructively with SAV over planned withdrawal of valuation check services

The Centre's new EOT Group was quick off the mark in responding to plans by HMRC's Shares and Assets Valuation (SAV) to withdraw PAYE health checks and post transaction

valuation checks to companies in the UK. Members are concerned that this will make it harder for smaller, unquoted companies to implement and administer employee share schemes. [You can read the full text of the EOT Group's response on the Esop Centre website.](#) Letters were sent to the Treasury and SAV directly, and the Centre's case was presented by steering committee member Isobel Evans of Ernst & Young to the Employment Related Securities Forum on February 25. In addition to a planned trip for members to the SAV's offices in Northampton on Thursday May 19, the Centre is organising a meeting at its office in London to discuss the issues at hand on Wednesday March 23.

Obituary: Alan Cleverly OBE

The Centre notes the death of Alan Cleverly OBE, one of its early supporters and director of the Small Businesses Bureau. Thanks to Alan, small business minister John Cope came to the Centre's first European conference in Paris.

Alan's day job was as constituency agent to Michael Grylls MP (father of Bear). Despite this, Alan, Michael, John and others kept SBB nonpartisan. Its packed annual events at Frimley secured ministerial attention irrespective of party.

With an inside track Alan and SBB did a job for SMEs which subsequent bodies have matched with difficulty.

FCA publishes Financial Advice Market Review

The Financial Conduct Authority (FCA) has published the final report of its Financial Advice Market Review. The aim of the review was to explore how the government, industry, and regulators could improve the affordability and accessibility of financial advice for consumers. Alongside emphasis on how the FCA and the government could improve, the report provides recommendations to support the role of employers in providing financial advice to their staff. First, that the FCA should produce a targeted "factsheet to set out what help employers [...] can provide on financial matters without being subject to regulation." Second, that the "Financial Advice Working Group should work with employers to develop and promote a guide to the top ten ways to support employees' financial", including referrals to publicly available guidance, referral to financial adviser directories and providing employees with tools to understand their finances. [The report can be downloaded from the FCA website.](#)

OTS publishes report on NICs and income tax alignment
The Office for Tax Simplification (OTS) has published the findings of a review into the feasibility of bringing national insurance and income tax closer together. The major proposals included calculating NICs more like income tax, removing the secondary threshold, aligning the bases of NICs and income tax, aligning the treatment of cash and non-cash forms of remuneration, and aligning the NICs rates for employed and self-employed. In its assessment of the report, Centre member Deloitte suggested that the government should pursue those likely to have the biggest positive impact and administrative savings, if the proposals are not implemented in full. Further work is needed on how the recommendations will impact internationally mobile employees. [The report can be downloaded from GOV UK.](#) The government welcomed the OTS report in its budget 2016 document and plans to commission the OTS "to review the impacts of moving employee NICs to an annual, cumulative and aggregated basis and moving employer NICs to a payroll basis." Notably, the budget also saw the abolition of the secondary threshold (Class 2) for NICs, though this move does not appear to have been motivated by the report's recommendation.

ERS templates and guidance notes updated

HMRC has updated its return templates and guidance for employment related securities. Revised spreadsheets and notes for end of year returns are available for CSOP, SAYE, SIP, EMI, and non-tax advantaged schemes and arrangements. [These are available of the GOV UK website.](#)

Centre involved in OECD FATCA/CRS discussions

The Centre is represented at OECD Business and Industry Advisory Committee's discussions on FATCA and CRS. Steering committee member Rasmus Berglund of Linklaters took part in the most recent conference call on March 7 and brought the steering committee up to date.

Deloitte Global Share Plan Survey 2015

Highlights from the Global Share Plan Survey for 2015 were shared at Centre member Deloitte's Global Share Plans Seminar on March 2. It found that executive plans are being increasingly used to drive performance. Although fewer companies operated share award plans compared with the previous year, it remained the most popular type of executive scheme. Participants valued broad-based schemes as a way of expanding the culture of ownership. The use of share award plans increased slightly, but share purchase plans remained the most popular despite a small decrease in 2015. The need for effective communication with share plan participants was identified as one of the most important

challenges over the next 12 to 18 months, with tax compliance for mobile employees also ranking highly.

CSFI roundtable remuneration in investment banking and asset management

Cliff Weight of Centre member MM&K joined an expert panel discussing the pay of investment bankers and asset managers at a roundtable organised by the Centre for the Study of Financial Innovation on Monday March 14.

IEA study on meaningful EU reform

Friend of the Centre Prof. Len Shackleton has reviewed the Institute of Economic Affairs' study Breaking Up Is Hard to Do: Britain and Europe's Dysfunctional Relationship in the latest edition of the Institute's EA magazine. The study suggests that 'ever-closer union' is no longer an appropriate economic aim for the EU. While co-operation is beneficial in some areas, in others there needs to be greater competition between member states. Prof. Shackleton commented that the "book provides a benchmark for such reform" and David Cameron's limited reform package may help move the EU in the right direction.

New Zealand bans zero-hour contracts

The New Zealand parliament unanimously passed legislation to ban zero-hour contracts on March 10. The Employment Standards Act stipulates that workers must be given a minimum number of hours work each week. The cross-party support contrasts sharply with the situation in the UK where the Conservative and Labour parties remain at odds over the controversial practice. The Centre's view is that zero-hour contracts—and low-wage and part-time jobs in general—should be supplemented by Company Share Option Plans to boost employees' remuneration and incentive.

Fall in annual bonus for John Lewis Partnership staff

Employees of the John Lewis Partnership have seen their annual bonus fall for the third consecutive year. John Lewis and Waitrose staff have an indirect interest in the partnership through an employee benefit trust and are entitled to a share of the company's profits each year. The pay-out for 2015 was 11 per cent lower than the previous year, with an average bonus of £1,585 for over 90,000 employees.

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