



ALL ABOARD FOR THE SHARE PLANS SYMPOSIUM

This is your last chance to register for the **Esop Centre's fourth British Isles employee share plans symposium**, which will be held online over three days: Tuesday 23, Wednesday 24 & Thursday 25 March 2021.

This event comprises three, hour-long, live webclaves with the speakers forming panels discussing the topic of the day and delegates able to interact live.

Supporting material for each webclave, featuring speakers' pre-recorded presentations, will be released a week before the live panel sessions.

The symposium offers expert up-to-date information and guidance about how best to install or expand employee share plans including executive equity incentive packages. Register to take advantage of virtual networking opportunities with share plan issuers/sponsors, practitioners and advisers.

Programme:

- ◆ Day 1 - Webclave: All-employee share plans and share plan regulation. Speakers: Baker McKenzie, Computershare, EQ, and Pett Franklin.
- ◆ Day 2 - Webclave: Executive equity incentives. Speakers: Deloitte, Linklaters, and Willis Towers Watson.
- ◆ Day 3 - Webclave: Eso opportunities for SME companies. Speakers: Bird & Bird, David Craddock, Doyle Clayton and Rm2 Partnership.

The event will be chaired and introduced by Centre founder and chairman, Malcolm Hurlston CBE, who will set out *How all-employee share plan schemes could be re-set to make them more popular with companies and employees?* Programme segments will

cover the impact of the pandemic on all-employee share plans and on executive remuneration trends. Further details can be viewed in the **event brochure**.

*Many thanks to all who submitted entries for the newspad All-employee Share Plan Awards 2020. We look forward to **seeing you** at the Symposium where we shall announce **the results** of the judging.*



Our thanks too to **Ocorian**, the independent Channel Islands based provider of corporate and fiduciary services, for co-sponsoring the symposium.

More than 50 people have confirmed their attendance already and we invite you to join them, so register your delegate(s) now.

Prices

Practitioners:

members £250, non-members £425.

Trustees:

members £225, non-members £395.

Delegates from issuer companies, large or small, are welcome to attend free of charge, though each must register their planned attendance in advance.

Enquiries and registration: contact juliet_wigzell@zyen.com or call +44 (0)20 7562 0586.

WEBINARS

Esop sofa—newspad review

The Centre's next regular panel discussion on recent *newspad* issues is scheduled for April 20 at 11:00am BST.

The role of employee share schemes in achieving the UN Sustainable Development Goals

April 27 at 15:00 BST— David Craddock reviews his research on how Esops can help achieve UN SDGs.

Here is our library of broadcasts:

Beyond Brexit: EU-UK Social Security Contribution Rules; Esop Sofa: Hot Topics – newspad Review; The Share Valuation Worked Examples Group In The Changing Valuation Landscape ; Looking Ahead To 2021: Moving Beyond Brexit In Financial Services Regulation; Insights Into Share Valuation for Employee Share Schemes: Revealed Through Dynamic Case Studies; Lessons From Lockdown: Re-Assessing How You Manage Share Plans In A Digital Way; Employee Share Schemes: Innovative Communication Strategies Guaranteed To Increase Employee Take-Up ; Selling Your Company To An EOT - How It Differs From An MBO; Institutional Investors' Views On The Use Of Share Plans; Esop Sofa – Hot Topics; Employment-Related Securities: The Complexity Unravelling Into Practical Application; Employee Ownership & The Future Of Capitalism; Could Equity Be Used To Replace A Portion Of An Employee's Salary?; The Case For Employee Share Ownership: The Heart Of The Matter Revealed; Esop Sofa Lockdown Stories; Share Valuation: The Wisdom On Price-Setting For Your Employee Share Schemes; Tools Of Engagement: The Power Of All-Employee Plans; Awarding Shares To Employees In A Covid-19 World; The Employee Share Trust: Establishing A Dynamic Market For Your Employee Share Schemes; How To Ensure All-Employee Share Plans Remain Relevant; Esop Sofa - What Are Today's Big Employee Share Ownership Questions?; Enterprise Management Incentives (EMIs) – Powerful Lessons From Five Practical Case Studies;

Enterprise Management Incentives (EMIs) – Igniting Your Business By Sharing Success; Esop's Tales: The Foundation Of The Esop Centre.

Broadening horizons, Z/Yen Group Limited is hosting a range of webinars over the coming weeks. For a full listing of Z/Yen, Long Finance, FS Club, and Esop Centre webinars look here - <https://fsclub.zyen.com/events/webinars/> - or sign up for mailings - <https://fsclub.zyen.com/#Subscribe>

CENTRE & MEMBERS' NEWS

Consultation on possible expansion of the enterprise management incentives scheme

HM Treasury has issued a Call for Evidence to review Enterprise Management Incentives (EMI). It follows the chancellor's announcement in Budget 2021 whether the EMI scheme should be **extended** to include more companies.

Immediately after the Budget speech, the Treasury wrote to the Esop Centre inviting leading members to participate in its evidence gathering exercise. The call for evidence can be accessed at <https://www.gov.uk/government/publications/enterprise-management-incentives-call-for-evidence>

The **government is seeking views on:**

- ◆ Whether the current scheme is fulfilling its policy objectives of helping small and medium enterprises recruit and retain employees.
- ◆ Whether companies that are ineligible for the EMI scheme because they have grown beyond the current qualification limits are experiencing structural difficulties when recruiting and retaining employees.
- ◆ Whether the government should expand the EMI scheme to support high growth companies and how.
- ◆ Whether other forms of remuneration could provide similar benefits for retention and recruitment as EMI for high-growth companies.

The **deadline for responses is May 26 2021.**

The questions that the Call for Evidence is asking to answer are:

1. If you are a business owner or manager, what is your business activity, when was your company created, what is the value of your company's gross assets and how many employees do you have?
2. If you are a business owner have you used EMI? If so, how many employees did you offer it to and why?
3. If your business does not qualify for EMI, are you using any other tax-advantaged employee share scheme?
4. Has your company benefited from other forms of government support, such as R&D tax credits or investment schemes? Where does EMI rank in terms of importance of government support?
5. If you are responding on behalf of a representative body or think tank, please describe briefly the body, its objectives and its members.
6. To what extent do you agree/disagree that the EMI scheme is fulfilling its policy objective of helping SMEs recruit employees?
7. To what extent do you agree/disagree that the EMI scheme is fulfilling its policy objective of helping SMEs retain employees?
8. To what extent do you agree/disagree that the EMI scheme is fulfilling its policy objective of helping SMEs grow and develop?
9. In your views, what aspect of the EMI scheme is most valuable in helping SMEs with their recruitment and retention objectives?
10. Is there evidence to suggest that high growth companies that are no longer eligible for EMI are finding it difficult to recruit or retain employees? If your answer is yes, what, in your view, causes these difficulties and which jobs and kinds of companies are affected?
11. If your answer to the previous question is yes, would expanding EMI help with these issues? Please explain your answer. If your answer is yes, do you think that other forms of remuneration or employee benefits could achieve similar results?
12. Are you aware of the other tax-advantaged employee share scheme offered by the Government (Company Share Option Plan (CSOP), Share Incentive Plan (SIP), Save-As-You-Earn (SAYE))? Do you use or have you previously used any of these schemes? If the answer is no, please explain why.
13. In your view, do the other tax-advantaged employee share schemes offered by the government (CSOP, SIP, SAYE) provide enough support to high growth companies that no longer qualify for EMI to recruit and retain employees? Please explain your answer.
14. In your view, how could the government improve the other tax-advantaged employee share schemes to help support high growth companies?
15. In your view, how do the tax-advantaged employee share schemes offered in the UK compare with other countries?
16. In your view, should the EMI scheme criteria be extended to include more companies? Please explain your answer. If your answer is yes, which eligibility criteria would you change and why?
17. In your view, do the current EMI scheme criteria have a distorting effect on companies' growth insofar as the companies try to remain within the scheme limits? If your answer is yes, could you provide examples or quantitative data to support your views?
18. In your view could widening the current eligibility criteria to support larger companies affect smaller companies' ability to recruit and retain employees? Please explain your answer.

Travers Smith advises Foresight Group on its £455m Main Market IPO

Mahesh Varia was part of the Travis Smith team advising Foresight Group on its **successful IPO on the London Stock Exchange**.

Foresight Group is an independent infrastructure and private equity investment manager with c.£6.8 billion of assets under management.

Mahesh contributed advice on incentives, with associate Hugo Twigg.

After Covid, we must seize the chance for radical school reform

School closures over the past year have been damaging to the mental health of some of our children and the educational progress of almost all of them, according to Prof. Len Shackleton, friend of the Centre. It has also damaged the wellbeing and sometimes the finances of those forced to become home-schoolers. Too often, support for locked-down children has been inadequate.

Some of this damage may be repairable. In the short term, the government should both offer extra help for children and young people, while ensuring a Plan B is ready in case of yet another lockdown, which cannot yet be ruled out.

You can hear Prof. Shackleton, editorial and research fellow at the Institute of Economic Affairs, as he [airs his thoughts on where we ought to go with schools](#) after eleven frustrating months.

KKR executive's push to spread employee stock ownership gains traction

Giving a stake to workers makes them more engaged and creates a stronger culture, the buyout firm's Pete Stavros says.

The *Wall Street Journal* reports that [KKR & Co executive Pete Stavros is on a mission](#) to get more stock of industrial and manufacturing companies into the hands of their workers.

The wealthiest 10 percent of Americans owned \$26.6 trillion of equities in 2020, an increase of more than 15 times since 1989. That compares with just \$178 billion and an eightfold increase for the bottom 50 percent, according to Federal Reserve data.

Mr Stavros, co-head of private equity for the Americas at the buyout firm, has spent the bulk of his career studying and promoting the benefits of awarding stock to factory workers and other hourly wage earners. He has implemented programmes to make equity awards and provide financial-literacy training at the industrial companies the firm owns, including Ingersoll Rand Inc, a pump and compressor maker, formed in 2020 through a

roughly \$9 billion merger with Gardner Denver Holdings Inc, a KKR investment.

Pete is now [raising money to launch a nonprofit](#) he plans to call the *Center for Shared Ownership*, to which he and his wife are pledging \$10 million of their savings, he said. The organisation will focus on providing companies with resources to help them adopt employee ownership programmes, funding academic research and potentially pushing for new government incentives.

Giving ownership to lower-level employees better aligns their interests with those of management and shareholders, makes them more engaged and creates a stronger culture, Mr Stavros said.

And at a time when rising inequality has led to populist uprisings and geopolitical instability, awarding shares to blue-collar workers can lead to greater social cohesion by helping lower earners—many of whom are racial minorities—build wealth, he added.

Centre chairman, Malcolm Hurlston CBE commented “This is US only at the moment, but we have talked about working together to internationalise it in future”.

How PE firms are embracing employee ownership

Centre member KKR receives a further mention in an opinion piece by Mary Josephs for The Middle Market, who says: *As in the classic romantic comedy “When Harry Met Sally,” the attraction between private equity and employee-owned companies didn’t happen overnight. But as the parties got acquainted, the lure became irresistible. Over the past decade, private equity firms’ interest in employee ownership has been rising gradually. [Initially anecdotal, it has gone mainstream.](#)*

The pioneering experience of global investment giant KKR & Co and its Industrial Group, led by partner Peter Stavros, helped spur the trend. Starting in 2011, KKR began using a broad-based employee engagement model that seeks to make every worker in a US manufacturer it acquires an owner.

UK NEWS

Reimagining total rewards: How Covid-19 is accelerating total reward transformation

According to an article co-authored by Martha Cook of EY, Sonja Bond, EY Switzerland total reward leader, and Fabio Ronga, CEO of beqom, the Covid-19 pandemic has significantly changed the world of work, disrupting business operations in an unprecedented manner and accelerating several future of work trends overnight. HR and total reward professionals have found themselves at the front lines of their organisations' Covid-19 response, incorporating emerging trends into their people strategies:

- ◆ Customer, employee, and societal behaviour and expectations have shifted
- ◆ Transformation is now about revolution, not evolution
- ◆ Work, as both a place and an activity, has changed
- ◆ Leadership has never been more needed, or so remote
- ◆ HR's role is now broader, more important and more digital

These trends illustrate a reset of the workforce and the workplace experience. As businesses reimagine the future of their workforces, we are witnessing a seamless shift between two gears. Gear one represents a safe transition back to the physical workplace, while gear two addresses longer-term adaptation and transformation to a different working world.

BP stock giveaway: what it means for shareholders and tax bills

For the first time ever, oil giant BP has rewarded its more than 60,000 employees with shares in the business. This follows a year of redundancies and bonus cuts.

The Telegraph reports that share schemes can benefit employers, employees and existing shareholders given the right approach. [you will need a Telegraph subscription to read further]

Employment-Related Securities Bulletin

HMRC's latest **Employment-Related Securities Bulletin** focuses on the impact of Covid-19 on employee share and incentive schemes. It includes:

- ◆ *Continuing review during the Coronavirus pandemic* - HMRC continues to review the impact of Coronavirus on all tax-advantaged share schemes and will provide updates when necessary.
- ◆ *Enterprise Management Incentive (EMI): working time requirement* - In ERS Bulletin 36 HMRC sets out its understanding of EMI option holders who found they no longer met the working time requirement and said that legislative changes were being made to support this. The government announced at Budget 2021 that it will legislate in Finance Bill 2021, to extend the time-limited exception that ensures that employees who are furloughed or working reduced hours because of Coronavirus, continue to meet the working time requirements for EMI schemes. The change will apply to existing participants of EMI schemes and it also allows employers to issue new EMI options to employees who do not meet the working time requirement as a result of the pandemic. This measure will have effect until April 5 2022.
- ◆ *Save-As-You-Earn (SAYE)* - HMRC confirmed its decision in ERS Bulletin 35 to extend the payment holiday for SAYE participants who are unable to contribute because they're furloughed or on unpaid leave, during the pandemic.
- ◆ *Shares Asset Valuation (SAV) Mailbox* - Some customers are still trying to contact SAV via their old mailbox addresses which include .gsi. These are no longer forwarded to the current mailbox. The correct mailbox name is savexternal.mailbox@hmrc.gov.uk.
- ◆ *Non Statutory Clearance process* - HMRC shares schemes teams continue to provide advice and support where possible, to enquiries sent to the Shareschemes@hmrc.gov.uk mailbox, (owing to the pandemic, there may be delays in post reaching HMRC). This mailbox should be used for general or straightforward enquiries.

WORLD NEWS

OECD report targets professionals enabling tax crimes

Countries need to do more to detect and deter professionals who enable tax evasion and other white-collar crimes, a new OECD report has concluded.

The **report**, 'Ending the Shell Game', explores the different strategies and actions that countries can take to crack down on professional service providers who play a part in the planning and pursuit of criminal activity.

These "professional enablers" are crucial for white collar crimes like tax evasion, bribery and corruption, the report said, because they are often hidden behind complex legal structures and financial transactions facilitated by lawyers, notaries, accountants, financial institutions and other professionals. The OECD said the aim of the report is to assist countries in dealing with the small subset that uses specialised skills and knowledge to enable clients to defraud the government and evade tax obligations.

The report suggests possible strategies should aim at helping tax crime investigators identify the types of professional enablers and the risk they pose, ensuring that the law enables them to be prosecuted and sanctioned.

The strategies to crack down on professional enablers should be multi-disciplinary and involve supervisory, industry and professional bodies, the report said. They should also make use of intelligence and investigatory powers through domestic and international agencies to tackle professional enablers operating across borders.

The OECD report further recommended appointing one lead person and agency in charge of implementing the professional enablers strategy. The Centre is a member of the OECD Business Advisory Group.

USA: Put employee ownership on the inclusiveness agenda

The Stanford Social Innovation Review reported that though we are told that we live

in an age of tribalism, **when political and cultural allegiances shape our view of the world**, there is at least one thing that Democrats, Republicans, and Independents all agree on: they would all **rather work in an employee-owned firm** than some other kind of enterprise. "Americans disagree about a lot of things, but this is not one of them," said Professor Joseph Blasi, director of the Rutgers Institute for the Study of Employee Ownership and Profit Sharing. "Democrat or Republican, female or male, black or white, union or non-union, a majority of respondents said they prefer to work for a company with employee share ownership."

France: Verallia buys back shares for 1.7 percent of its share capital

Verallia is buying back shares to **meet future employee share ownership programmes** and long-term incentive plans. As announced during its ESG strategy presentation on January 21 2021, the group aims to reach an employee-ownership stake of five percent of its share capital by 2025. This share buyback aims at preventing any dilutive impact.

India: Razorpay announces \$10 million Esop sale involving all employees

On March 4, fintech unicorn **Razorpay announced its third Esop** (Employee Stock Ownership Plan) buyback programme worth \$10 million (Rs 73 Crore) for its 750 employees. All existing and former employees of Razorpay who hold vested stocks will be eligible to sell up to 33 percent of their vested Esop shares.

Jack Ma's Ant shelves employee share buyback programme amid regulatory uncertainty: report

Financial services arm Ant Group has **shelved its share buyback programme** for current and soon-to-be-former employees owing to regulatory uncertainty.

Employees of the Jack Ma-founded company hold shares that are difficult to value and even Ant itself is unable to determine their price, executives familiar with the matter told Bloomberg.

Many of the company's 16,000 plus staff members were reportedly granted restricted stock options called Share Economic Rights which equal 5.53 shares. These options made up a major chunk of total compensation for some employees and usually come with a four-year vesting schedule, noted Bloomberg.

Tasha Ebanks Garcia named Cayman EU and UK rep

Travel Cayman director Tasha Ebanks Garcia will be heading across the pond as **Cayman's new representative to the UK and Europe**, the island government has confirmed. Ebanks Garcia will take over from André Ebanks, who left the post last month to pursue political aspirations.

"As a multigenerational Caymanian, and a former Miss Cayman Islands, "she said, "I look forward to representing the Cayman Islands overseas, not just as a civil servant, but as a member of our community. Undoubtedly, Cayman faces numerous challenges, but also has a myriad of possibilities through developing closer ties with the United Kingdom and the Commonwealth. In that context, I truly am honoured to represent my country and my government."

USA: BTI restructures as employee ownership trust

Bicycle Technologies International has recently **restructured as an Employee Ownership Trust**, which co-founder and president Preston Martin said benefits employees and gives them more voice in strategic decision making.

BTI is only the 13th company in the US to establish an EOT, also known as a perpetual trust. The majority of BTI's employees are now members of the trust.

Martin and Andrew Wright founded BTI in Ashland, Oregon, in 1993. Martin acquired his partner's shares when Wright died in 2015. At the end of 2020, Martin sold the company to the Trust. Martin said he will continue as president for the foreseeable future.

"The EOT honours and rewards the contributions of those employees who have stuck with BTI through the highs and lows," said Martin. "There has been a noticeable culture shift in recent months, with employee -members taking greater interest in our customers and suppliers, our systems, and the bottom line."

EOT ROUND-UP

Employee ownership move for architects' practice

Ownership of **HLM Architects and Llewelyn Davies** has transitioned to an employee ownership trust with 100 percent of the shareholding placed into the hands of its employees.

Recruitment group switches to employee ownership

Elevation Recruitment Group, a specialist recruitment company, has become an employee-owned business.

RadioWorks Group transferred to EOT

RadioWorks Group is now fully owned by its staff via an Employee Ownership Trust.

Historic manufacturer becomes worker owned

Rossendale-based **J and J Ormerod Plc** took **the step** after joint managing director Lee Greenhalgh decided to step back from day-to-day operations after 44 years.

Workers take over multi-million-pound factory in Derby

Pennine Healthcare, the privately-owned medical manufacturers, has handed over ownership of the company to its 200 employees.

Demolition firm switches to employee ownership

All of the shares of contractor **Clifford Devlin** have now transferred at full market value to an Employee Ownership Trust.

Elland Steel ownership shifts to employee trust

Halifax-based Elland Steel employs over **100 staff who will now be beneficiaries of the Trust**, which owns the £19m revenue business.

Utilities contractor joins the employee ownership movement

Falco Construction owner Brendan Griffin, who set up the business in 2004, has sold it to an EOT.

Restek transfers to EO

Ripley-based specialist maintenance company **Restek has transferred to employee ownership** with its 14 permanent team members taking a stake in the business.

Printing firm moves to employee ownership

The **Denny Bros Group** has restructured its ownership so that a majority shareholding is now held in trust for the benefit of the employees. A new company, Denny Bros Trustee Ltd, has been formed to administer the trust.

Employee ownership keeps vet practice in independent hands

Pennard Vets in Kent has become one of only a handful of practices in the UK to be transferred into employee ownership.

AES Solar is taking steps towards becoming employee-owned as it looks to continue its growth.

The firm has secured **funding of up to £50,000** to set up an employee ownership trust as well as graduate placement projects and a company-wide training scheme.

BDB becomes 100 percent employee-owned

The B2B consultancy will now be **run through its Employee Ownership Trust**.

Civil engineering firm becomes employee-owned

Fitfield's **switch to an EOT** is designed to ensure that any decisions taken by the business represent the best interests of its 60-strong workforce.

Ventilation firm enjoying Covid boost switches to employee ownership

Dunfermline-based **Sustainable Homes Scotland**, trading as Paul Heat Recovery Scotland has been sold to an EOT, which now holds 100 percent of the shares.

Selling your business: "I didn't want to sell to a VC"

When you sell a business you've built up through blood, sweat and tears, how do you feel?

It's a question which many entrepreneurs may be asking themselves as they contemplate a trade sale in the short-, medium- or long-term. At a *BusinessCloud* roundtable, several entrepreneurs revealed how they felt when they sold their business.

Sandy Lindsay MBE, the founder and chairman of Tangerine Group who **put it into employee ownership**, tells her story.

ABOUT NEWSBRIEF

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

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

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