



May 2023

CENTRE & MEMBERS' NEWS

Case study - Bringing share plan benefits to all Kier employees

newspad award winner in the best use of technology, AI or behavioural science category 2022 – Kier is one of the UK's leading providers of infrastructure services, construction, and property development, with an emphasis on environmental and social sustainability. It is keen to extend the benefits of its share plan to the whole workforce.

EQ worked closely with Kier to achieve this, supporting the rollout of both high-tech and traditional solutions with consistent communications. The workforce is diverse and many are offline.

Challenges – Since around half of the 9,500 employees are offline, often working outdoors during non-standard hours, a communications strategy that relies purely on emails would leave many of them out in the cold. The challenge for Kier was to give all its employees the information they needed on their Sharesave options, despite all the hurdles in reaching them.

Solutions - The three key elements to EQ's solution were accessibility, consistency, and inclusion. And while the overall approach typified its advocacy of transformative technology, the campaign was strengthened by traditional methods such as employee roadshows, team briefings, a brochure, a printed letter and email and intranet communications. The intention was to provide all employees, wherever they were working, with the best possible opportunity of learning what they stood to gain from the share scheme. With mobile phone users in the UK

spending an average of four hours on their device per day (Statista 2021), a key part of the accessibility strategy had to be a mobile phone app, which EQ created. The app provides Kier with thoroughly tested technology and best practice, enabling them to integrate their branding to provide a stronger connection with employees.

It's also the only app available that allows individuals to register fully via the app without having to access the employee portal, significantly encouraging their take-up. The app provides employees with everything they need to manage and monitor their share plan, wherever and whenever they want to.

The microsite is another innovative element of the accessibility mix. All employees can access the content on the microsite without having to sign up or log in – working closely with Kier, EQ wanted to remove as many barriers to interest as possible.

The microsite calculator, which enables employees to explore the returns they might make given fluctuations in the share price, has been popular in practice.

It was important that all aspects of the campaign looked like part of the same family in terms of consistency of design, imagery, fonts and tone of language. That made everything instantly recognisable and relatable to the share plan. The language and level of detail was straightforward enough for a workers outdoors to browse on their phones during a break, while also offering deeper dive options for those wanting more detail.

The third strong driver of the strategy was inclusion and the opportunity to create a sense of community around Sharesave, encouraging open and positive conversations throughout the business. EQ worked hard with Kier to ensure that all content was relevant and appealing to a diverse workforce.

It was important to make the registration process as easy and simple as possible. For instance, the printed materials included QR codes that took people directly to the website or the app. Kier was supported with its 'stand-down' days, which bring all employees working on a particular contract together and provide an excellent opportunity to talk to large groups directly about Sharesave. A five-minute conversation explaining the benefits to employees was often followed by their scanning the QR code and downloading the app.

Result - The results have proved outstanding. Despite the financial pressures faced by many of Kier's employees as a result of the cost-of-living crisis, share plan take-up increased from 20 percent in 2021

to 21 percent in 2022 – 1,983 applicants out of the 9,555 who were eligible. This is a big step up from Kier's historic take-up levels, which traditionally sat at around 15 percent. Of the total applications received, 581 (29 percent) were new to Sharesave.

By placing a ground-breaking app at the heart of Kier's integrated share plan strategy, the business successfully drove up applications among hard-to-reach employees - of the 581 new starters, 115 (20 percent) were from **Kier's lowest two pay grades**.

Meanwhile, **EQ's May bulletin** highlights a continued focus on board diversity and inclusion as well as updated stewardship and voting guidelines, issued by the Pension and Lifetime Savings Association; ESG, with the government having published its Green Finance Strategy; a report on the Electronic Execution of Documents issued by the Industry Working Group (IWG); and the joint statement issued by the Financial Conduct Authority and HM Treasury following the completion of a review of the criminal market abuse regime.

Employment tax update

Macfarlanes' first monthly tax update bulletin follows the release of the April HMRC Agent Update (**Issue 107**) and summarises updates on **off-payroll working, fixing problems with running payroll, Time to Pay arrangements, homeworking deductions and termination pay-**

Upcoming employment tax deadlines (for 2022/23 reporting):



SBA adopts new guidance making loans to Esops much easier

The US Small Business Administration (SBA) has taken steps to make loans to Esops much easier. The agency, which has wider powers than the UK Small Business Commissioner, had received considerable criticism for issuing requirements for Esop loans inconsistent with the language and intention of the Main Street Employee Ownership Act (MSEOA). That law was passed in 2018 to remove numerous barriers that made SBA loans or loan guarantees for Esop acquisitions impractical. The law was designed to allow Esops to qualify for loans under the SBA's 7(a) programme, which allows qualified lenders to process loan applications that can receive SBA guarantees. **The loans can be for up to \$5 million.** The Centre has pressed for wider powers for the Small Business Commissioner.

Government announces multiple post-Brexit employment law reforms

On May 10, in its **Smarter regulation to grow the economy policy paper**, the UK government announced significant employment law reforms affecting the calculation of holiday pay and working time records, electing representatives in a TUPE transfer and non-compete clauses. The measures are the first in a series of post-Brexit regulatory reforms anticipated as part of the government's smarter regulation agenda.

At the moment, the proposed reforms are light on detail and we only know headlines. Further detail will emerge once the government starts to consult on its proposals.

For now, CMS analyses the **impact on employers of the government's employment-related proposals.**

'Smart regulation' package welcome, but more reforms needed

The government's 'Smart regulation' package was welcomed by the Institute of Economic Affairs as "a modest step towards limiting the regulatory state and exploiting Brexit opportunities." But much more work needs to be done to decrease the red tape burden strangling British businesses and pushing up consumer prices.

"The sunset of EU law by the end of the year has backfired for regulatory reform advocates. It led to busy work just to maintain the status quo and created substantial uncertainty.

"New legal principles like ensuring regulation is a last resort and that costs are properly calculated, could help turn the tide on efforts to increase the regulatory burden. It is also sensible for regulators to have an explicit innovation and growth objective."

Commenting on the changes to the working time directive and simplification of employment regulation for business transfers, Institute of Economic Affairs Labour Market Expert Professor Len Shackleton, said "It is good to see the government taking some action to roll back employment regulation, which has increased dramatically in the last thirteen years despite occasional rhetorical criticism. Some of this was down to EU meddling, but more was down to domestic policies and it is good to see some reversal, however limited.

"Most economists agree that the cost of employment regulation does not ultimately fall on profits, but is passed on to consumers through higher prices and to workers in terms of lower pay than might otherwise be the case.

"So, it follows that the estimated savings of £1 billion from regulatory reform will ultimately benefit a wider constituency than business owners. More of the same please."

New EU pay transparency directive: key impacts

On March 30 2023, the European parliament approved the text of the EU pay transparency directive. In an article for Lexology, Deloitte highlights some of the [key impacts of the directive on employers' reward strategies](#).

The EU pay transparency directive (the "directive") seeks to address the persisting gender pay gap which exists across the European union, despite the long-established principle of equal pay. The European Commission considers that the key to improving pay equity is through transparency. Consequently, the it proposed the directive in 2021 with the aim of strengthening the principle of equal pay, introducing binding pay transparency measures upon member states and increasing the responsibility of employers to reduce the gender pay gap. Deloitte is [hosting a webinar](#) on June 7.

Pensions lifetime allowance and annual allowance changes - considerations for employers

There has (not surprisingly) been some confusion about what has happened to the pensions lifetime allowance from April 6 2023, following the surprise Spring Budget announcement about its abolition. In a set of Q&As, Travers Smith considers the [immediate implications of the changes](#).

Global mobility: it's a small world after all

One of the most striking changes brought about by the Covid-19 pandemic has been the increase in remote and agile working. This has given many businesses an opportunity to recruit from an enlarged pool of talent, but has also intensified the challenges around keeping track of a globally mobile workforce.

For many employers, there is a real

business benefit to being able to accommodate employees' requests, but in doing so, they may find themselves dealing with a complex mix of competing immigration, employment law, tax and social security issues. In an article for Solicitors Journal, Travers Smith's Hannah Manning and, Centre conference speaker, Elissavet Grout detail the legal, tax and social security [issues caused by global mobility](#).

ESG newsletter

Linklaters monthly ESG update covers key developments in the UK, EU and globally. This month's issue covers: [Due Diligence](#); [Sustainable Finance](#); [Disclosure & Reporting](#); [Climate Change & Energy](#); [Competition & Antitrust](#); [Diversity, Equity & Inclusion](#); [USA](#); [Asia](#); [Middle East](#).

How shareholders are changing corporate governance

Shareholder activism can take different forms and has advantages and disadvantages. MM&K looks at these in [a website article](#).

While positive shareholder activism can have a significant impact on corporate governance and performance if it is used by investors to hold companies accountable for their actions for the benefit of all stakeholders, the activist role is too often a means of promoting the interests of a minority or even a single investor.

Alternative Fund Managers optimistic about capital raising

The fund management industry had a tough year in 2022, with the lowest levels of fund launches and capital raised in many years. While it's still a challenging economic environment, an Ocorian survey

found that fund managers are feeling positive about the year ahead. Ocorian commissioned the survey covering one hundred alternative fund managers across real estate, private debt, private equity and infrastructure, in the UK, US, France, Germany, Netherlands, Sweden, Switzerland, Finland and Norway. Fund managers are feeling more optimistic about fund launches and **capital raising over the next 18 months.**

SEC discusses accelerating timeline for clawback compliance

A recent Tapestry Alert reports that the deadline for US listed companies to comply with the new clawback reforms looks to be sooner than anticipated following recent SEC discussions.

On October 26 2022, the US Securities and Exchange Commission adopted final "clawback" rules under Section 954 of the Dodd-Frank Act Wall Street Reform and Consumer Protection Act of 2010. Pursuant to these rules, US national exchanges and associations (NYSE and Nasdaq) must adopt listing standards that require listed companies to develop and implement a "clawback" policy. Under such policy, in the event of certain accounting restatements, any incentive-based compensation received during the three fiscal years preceding such restatement must be recovered from current and former executive officers to the extent that the amount received exceeds the amount they would have otherwise received under the accounting restatement.

The rules also require that the listing standards become effective no later than November 28 2023, and that companies adopt a compliant policy within 60 days following the **effective date of the new listing standards.**

"Goodbye tension, hello pension!"

The VG team wished long-standing client director, Mark Healey, well in his next big career move - retirement. After moving to Jersey in 1994, Mark has dedicated the last 20 years to VG.

MEMBER EVENTS

How to create an engaging financial wellbeing strategy

On June 15 2023 at the Shangri-La Hotel at The Shard, London, WEALTH at Work will host an all-day event which includes talks from David Latham, Senior Lecturer and specialist in behavioural finance, University of Lincoln and Marliane Owen, Consultant, Landscape, a case study from Centre conference speaker Nigel Youds of Drax, a panel discussion and workshop on financial wellbeing. Further details via [this link](#).

UK NEWS

HMRC strike action

Members of the Public and Commercial Services (PCS) Union working in East Kilbride and Newcastle on employer PAYE have been asked to strike from May 10, returning on June 5 2023.

The PCS union announced the following strike dates for HMRC staff in employer PAYE:

May 10-12; May 15-19; May 22-26; May 29-31; and June 1 and 2.

These dates exclude weekends and effectively mean that employer services are affected until June 5 2023.

This follows on from HMRC members taking part in the national strike action on Friday April 28. That strike had a serious impact on HMRC's already struggling helplines.

HMRC is likely to encourage employers and agents to use its online services to resolve their query where possible on strike days. It is not clear to what extent HMRC will reallocate staff between helplines, causing reduced service on other lines.

Government responds to professional bodies on HMRC service standards

The government has responded to an open letter to the Chancellor on HMRC service standards. The letter emphasises that digital services are the key to improved HMRC performance.

On May 10 2023, Victoria Atkins MP, Financial Secretary to the Treasury (FST), **responded** to the **March 1 2023 open letter** from 10 professional bodies to the Chancellor of the Exchequer. The bodies had asked the chancellor to prioritise investment in HMRC's service levels in his upcoming Budget statement on March 15 2023.

No such investment was made. In his presentation at Accountex on May 10 2023, Jonathan Athrow, HMRC director general of customer service and tax design, stated that the current position is that HMRC is expected to make savings of £700m by 2024/25.

The FST refers to HMRC investing in digital services between now and 2030. The Institute of Chartered Accountants in England and Wales's tax faculty notes that the many of the benefits of these digital services will not be seen for some time. In the meantime, agents and taxpayers will continue to experience poor service.

ICAEW has developed a list of gaps and problems with HMRC's digital services which it has shared with **HMRC and expects to discuss further**.

HMRC interest rates increase again

Following the Monetary Policy Committee's decision to increase the Bank of England base rate to 4.5 percent, HMRC has announced increases to interest charged on both late paid tax and the rate paid **on repayments of tax**.

Record return to workforce

Brits are returning to the workforce in record numbers - a sign that labour shortages that have held back economic growth and pushed up inflation are starting to unwind. A net **251,000 people flowed out of economic inactivity** in the three months to March.

EO NEWS

Tony Brown obituary

Tony Brown OBE, businessman, was born on April 2 1937. He died after a short illness on April 4, 2023, aged 86. He was an entrepreneur who drove the success of Bisley, the furniture manufacturer, and poured millions into supporting Welsh rugby. With the help of money from his wife's family and ICFC, a forerunner of the investment group 3i, he turned Bisley from a minor office furniture manufacturer into one with 500 employees and operations in 50 countries. When the pandemic dented sales, Brown responded by marketing a new range designed for working from home. "Many years ago we were told about the paperless office and that filing cabinets would be a thing of the past," he said, "but we have maintained our output, quality and market share."

Anthony Charles Brown was born in 1937 in Woking, Surrey, the eldest of five children of Freddy Brown and his wife Agnes (known as Nancy), née Urwin. They separated when the children were young, leaving Nancy to raise Tony and the others, on her own. At one stage they had to move into a workhouse.

After his National Service, he had hoped to go into the army full-time but wanted a commission, which did not materialise. Instead, he trained as an accountant and played rugby for Guildford in Surrey. In 1960 he joined the family firm.

His father had been a panel-beater, starting a garage business in Woking in 1931; he moved to a factory four miles west at Bisley ten years later and made wartime jerry cans and steel containers for parachute supply drops. After the war Freddy reverted to car repair — but then, in 1946, came a turning point for his business: he won a contract to make 24 steel wastepaper baskets for a London office-supply firm. Five years later he invented the multi-drawer layered cabinet, inspired by letter trays, which let users keep documents flat and separate. It became a classic and millions were sold.

When Freddy retired, Brown bought out the rest of the family and moved the focus of the business to lockers and filing cabinets. Within ten years, annual sales multiplied six times to £24.4 million. He opened the Newport factory in 1988 to take advantage of lower wages and property prices, and invested in the rugby club nine years later. “My only thought was to put a bit of self-belief back into the town, which was going through an economically difficult time,” he said.

By 2019 Bisley sales reached a record £93 million. Last year he formed an employee ownership trust that gave 51 percent of **Bisley’s shares to the workforce.**

Land Rover Experience Scotland transfers 83% of company into employee ownership

Perthshire based, LRE Scotland has created an EOT, providing its staff with an 83 percent share in the company.

This move to employee ownership came after the company sought advice from Co-operative Development Scotland (CDS), a division of Scottish Enterprise, which offers guidance and aid to firms exploring succession alternatives through a 100 percent funded ownership succession review and employee ownership feasibility study.

Founded in 1996, the off-road driving and training centre currently employs 28 people, all of whom now own a portion of the business. Operating from Butterstone Loch and Dunkeld, the company provides driving experiences, corporate day and training programmes in scenic locations.

Director Will Cox said: “We were conscious some of our shareholders were due to retire, so began looking at options to sell the business.

“Through Scottish Enterprise we learned about employee ownership and, following discussion with our employees, decided to sell 83 percent of the business to the team, with one remaining director retaining the other 17 percent.

“Employee ownership was a great fit for us, as we really wanted to ensure the business stayed in the local area and retained its existing management team.

“We believe it will ultimately make the team stronger and even more invested in ensuring the company’s continuing success while maintaining the excellent level of customer service we’ve **always provided.**”

EOT round-up

- ◆ One of the first American software companies to adopt a novel ownership structure is an open source software company, [CodeWeavers](#).
- ◆ Cleaning and maintenance company [Principle Cleaning Services](#)
- ◆ Care sector architects [KWL Architects](#)
- ◆ Logistics giant [Cardinal Global Logistics](#)
- ◆ Training provider [HIT Training](#)
- ◆ Built environment publisher [Place North West](#)
- ◆ Heritage and high-end, bespoke homes developers [Carreg Construction](#)
- ◆ catering and refrigeration firm [KF Bartlett](#)
- ◆ Multi-disciplinary property surveying company [Dot Surveying](#)

WORLD NEWS

France: TotalEnergies launches annual capital increase reserved for employees

The Board of Directors of TotalEnergies SE, meeting on April 26, 2023 under the chairmanship of Patrick Pouyanné, chairman and ceo, confirmed the launch of the capital increased reserved for employees and former employees of the company for 2023. TotalEnergies ranks second among European companies for [employee share ownership](#).

France: Success for Sopra Steria's We Share 2023 Esop

On May 11, Sopra Steria Group announced the success of its We Share 2023 employee share ownership plan, which was launched in February, to which one in three eligible Group employees, and nearly one in two in France, subscribed.

The plan comprised 200,000 shares – 100,000

shares purchased by employees and 100,000 free shares granted as Sopra Steria's matching employer contribution – and was oversubscribed by more than 160 percent. It was carried out exclusively through the [transfer of existing shares](#).

Japan: Notice of additional contribution to J-ESOP

Japan Post Bank announced on May 15 that it will make an additional contribution of monetary assets to the Employee stock ownership plan (J-ESOP) (the plan and the trust established based on the trust agreement entered into with Mizuho Trust & Banking Co Ltd).

The reason for the additional contribution was that the bank has continued to implement the plan and is scheduled to grant shares to the management employees of the bank's investment division (the "eligible employees") as before. Accordingly, the bank has decided to make an additional contribution of monetary assets, primarily to ensure that the trust has the funds needed to [acquire the shares](#).

Hungary: Further expansion in AutoWallis's Esop

AutoWallis launched a new results-based remuneration policy as part of the Employee share ownership plan. The goal of the programme is for the Group, which closed its fourth record year in 2022, to provide further incentives to managers and employees, and make them interested in the achievement of [strategic goals and continued growth](#).

Kenya plans to delay Esop taxes to incentivise startups

Kenya is proposing a special tax regime on startups' Employee share ownership plans. The finance bill 2023 proposes the deferment of taxes on employee-allocated shares,

recommending for them to apply after the expiry of five years from the time of share-award, or when an employee sells them or leaves the company.

The taxable benefit will be based on the fair market value of the startup's shares at the end of the five years or at the time of the disposal and, where unavailable, the tax commissioner will make the determination based on the startup's financial statements. If the changes are adopted, the special tax regime will come into effect on July 1.

Currently employees pay taxes immediately on the gains accrued between the dates they became eligible and when they **exercise the share option**.

USA: Hankey Group Esop sued in attempt to capitalise on Covid-19's economic effects

Fiduciaries of the Westlake Services Employee Stock Ownership Plan are accused of abusing the effects of economic shocks that emanated from the Covid-19 pandemic to enrich themselves, according to a new complaint.

Former plan participant Mary Nguyen filed suit in the US District Court for the Central District of California, accusing the Westlake Services Holding Employee Stock Ownership Plan of fiduciary breaches under the Employee Retirement Income Security Act. The suit, which is seeking class-action status, claims the defendants' actions harmed participants' retirement assets, the court record shows.

The complaint claims fiduciaries violated the terms of the plan by eliminating the rights of terminated employee participants to hold Westlake stock and by requiring sale terms at an improper price below market value.

The complaint alleges the plaintiff and other terminated employees received less than the fair market value for their Westlake stock sold in a June 2020 **sale forced by the defendants' decisions**.

India: Infosys reinforces commitment to workforce

Indian multinational corporation Infosys has recently announced the allotment of equity shares to its employees under the employee stock ownership scheme. The shares were allotted on May 12 2023, according to the **regulatory filing submitted by the company**.



CENTRE EVENTS

Esop Sofa – newspad review webinar June 21

Thank you to everyone who took part in last month's discussion on possible **responses to the government's call for ideas on SIP and SAYE**. The Centre's next Esop Sofa-newspad Review will be at 11:00am on Wednesday June 21. Join our panel of share schemes experts for in depth discussion of their pick of articles featured in recent editions of "It's Our Business", newspad of the Esop Centre. **Registration is open**

LIBRARY OF WEBINAR BROADCASTS:

Employee Share Schemes, Levelling-Up & Social Mobility; Why Employee Share Ownership Matters; International Share Schemes: Exporting the Vision; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review V; Share Schemes And The Impact Of Inflation; The Future of Gig Working As A Dynamic Economic Alternative; The Employee Voice: Share Plan Votes ; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review IV; Innovative Tax Techniques For Employee Share Schemes; Share Schemes For Non-Employees & The Gig Economy; Esop Sofa: Hot Topics In Employee Share Ownership; Building Back Better With Your Employees Through Shared Ownership ; EOTs: The Credible Alternative To Succession; The Role of Employee Share Schemes In Achieving The UN Sustainable Development Goals; Esop Sofa: Hot Topics In Employee Share Ownership - Newspad Review ; 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 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>



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ABOUT NEWSBRIEF

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

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