



ifs ProShare response to the BIS consultation on implementing employee owner status

ABOUT US

ifs ProShare is a member led, not-for-profit organisation that acts as the voice of the employee share ownership industry in the UK.

Established by the Government, London Stock Exchange and a number of FTSE 100 companies in 1992, **ifs ProShare** has approximately 100 members. These include a wide range of Small and Medium Enterprises as well as larger companies such as Sainsbury's, BT, HSBC and Marks & Spencer as well as share plan administrators and advisers including Capita, Computershare, Equiniti, Killik Employee Services and Linklaters.

ifs ProShare provides training courses and workshops to share plan professionals; shares best practice through our annual conference; rewards best practice through our annual awards; maintains and enhances the public profile of employee share ownership through the media and lobbies various organisations, government bodies and stakeholders to ensure the employee share ownership industry can continue to operate successfully in the UK.

RESPONSE

Approximately 10,000 companies in the UK offer some form of HMRC approved employee share plan and more than 2 million employees are currently saving and investing in such plans.

In keeping with much international evidence, new research into the human impact of employee share ownership - published by the University of Loughborough in September 2012 - makes a number of positive conclusions about the effects of share ownership on employee's attitudes and behaviours. Clearly this would support the expansion of employee share schemes.

However, the proposals and the 23 questions asked in this consultation do not relate to employee share ownership in the traditional sense i.e. affording employees the opportunity to participate in an employee share plan as a means of boosting productivity, encouraging saving and investing, aligning employer/employee values, increasing employee retention, reducing staff absence and so on.

Instead these proposals are about labour laws and employment contracts i.e. the offer of a financial incentive in exchange for the waiving of various employment rights from redundancy pay and unfair dismissal rights to the right to request training and flexible working.

It is therefore regrettable that what is essentially a new form of employment contract is being sold as a new employee share scheme. It is not.

ifs ProShare therefore call on BIS and HM Treasury to remove any ambiguity. Government must be explicit when referring to this new contract that it in no way relates to employee share plans.

The importance of doing so has already been demonstrated by the BIS commissioned Nuttall Review published earlier this year. The review acknowledged the problem of people confusing similar but different concepts, stating employee ownership and employee share ownership "*...is undermined by misperceptions and confused terminology.*" The very last thing the employee share ownership industry needs now is further complexity and confusion.

We look forward to forthcoming legislation in this area making no reference to employee share plans and that both BIS and HM Treasury will ensure these proposals in no way undermine the successful UK employee share ownership industry. We would be more than happy to meet with officials to discuss how this could best be achieved in practice.

FURTHER INFORMATION

Further information about employee share ownership can be found at www.ifsproshare.org Alternatively, if you have any queries or require any further information about the above please do not hesitate to contact Phil Hall, Special Adviser to the **ifs** at phall@ifslearning.ac.uk or on 07905 912514.