

Thursday 29 November 2012

Dear Committee Member,

**Re: Growth & Infrastructure Bill (Clause 23, “employee owner” status)**

*ifs ProShare* acts as the voice of the employee share plans sector and the Employee Ownership Association is the voice of the co-owned business in the UK. Between our respective organisations we represent thousands of businesses and hundreds of thousands of employees. We are joining together to make you aware of the strength of feeling we share on the above issue.

This clause relates to 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 a new form of employment contract.

Ministers appear to be seeking to justify the waiving of employment rights by suggesting the benefits that flow from traditional forms of employee share ownership will inevitably follow. There is no evidence to justify this assertion and there is certainly no need for employment rights to be sacrificed in order to achieve the stated goal.

The arguments made in favour of both employee share ownership via employee share plans and for employee ownership through the model adopted by the likes of John Lewis and Arup are valid i.e. increased productivity, better employer/employee relations, reduced absenteeism etc. but they do not relate to these proposals and should therefore not be used to make the case for this new employment contract.

There is potential for considerable confusion among businesses (especially SMEs) as well as employees. In addition there is a real likelihood that both the employee ownership and employee share plans sectors would be undermined by the widespread negativity that already surrounds these proposals.

As a result we urge the Committee to drop clause 23 from the Growth & Infrastructure Bill.

Following on from this, if the clause is not dropped, at the very least we would like to avoid the confusion created by the name “*employee owner*” by replacing all mention of this in the Bill with a more accurate descriptor - “*equity contract*.”

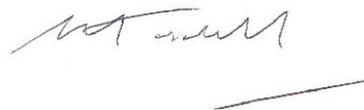
- This has the benefit of not having the words “*share*” “*shares*” or “*owner*” “*ownership*” which adds the clarity *ifs ProShare*, the Employee Ownership Association, our respective members and the share plans industry are seeking
- By using the word “*contract*” it makes it much clearer that this is an employment contract rather than some form of share scheme or share ownership framework
- The word “*equity*” is widely understood by those this contract is supposedly aimed at i.e. entrepreneurs and small start-up companies

We hope you will find the united views of our membership of interest and trust you give the above serious consideration when debating the Bill.

Yours sincerely,

A handwritten signature in blue ink that reads "Phil Hall".

Phil Hall, Special Adviser to *ifs ProShare*

A handwritten signature in blue ink that reads "Iain Hasdall".

Iain Hasdall, Chief Executive, EOA