

The 10% Employee Ownership Pledge

Secure your constituents' futures by supporting company share schemes.



Welcome



If you ask your constituents about their biggest business challenges, they'll tell you that they are fighting for talent and that salaries are unsustainable.

These challenges represent a major barrier to growth, especially for SMEs, which account for 99.9% of the business population.

At the same time, all this presents a golden opportunity to radically rethink how businesses engage and reward their employees.

Share schemes are the silver bullet

We've got acres of data to demonstrate that companies with share schemes perform more strongly than companies without a scheme. Share schemes help businesses to develop, grow and to access the talent they need.

Share schemes are transformative for individuals, companies and the wider economy which is why we need your help to amplify the message.

We'd love it if you could lend your voice to our campaign to increase share schemes across the country. Read on to find out more about the benefits and check out pages 10 and 11 to find out how you can get involved.



Ifty Nasir

Founder & CEO of Vestd



Statistics that speak for themselves

Vestd has one of the biggest caches of share scheme data in the country. Using our dataset of 5,000 businesses and individuals, we [shared insights with the government](#) last year, including:

- **93%** of founders said their share scheme has helped their companies to grow and develop
- **95%** said their scheme has actively helped to improve employee loyalty
- **93%** confirmed it has helped with their recruitment efforts

[Source](#)

The gold standard

The UK's HMRC-backed Enterprise Management Incentive (EMI) scheme is widely regarded as the global gold standard of share option schemes.

EMI schemes are highly tax-efficient, making them a popular way to motivate and reward employees. Little wonder then, that an estimated 45,000 individuals are granted EMI options annually.



A clear opportunity

With many debating what the long-term solutions might be for the country, share schemes represent a clear opportunity.

Given the impact of share schemes, it's unsurprising that leaders such as Dame Sharon White, chair of the John Lewis Partnership, strongly believe that giving employees skin in the game could [quell discontent and strike action](#).

And according to the [Employee Ownership Association](#), companies that are **wholly or partly owned by employees contribute £30 billion to the UK's GDP**, and tend to **fare better on staff recruitment, retention and entrepreneurship**

One of the goals of the Employee Share Ownership (Reform) Bill (which has a **Second Reading scheduled for 24th November** following its first on **8th November**) is to open up employee ownership share schemes to lower income workers.

You can help by supporting the Bill.



Share schemes = realised dreams



*Thanks to our share scheme, I was able to retire early when the company was acquired, while **most of the team paid off their mortgages**. One of them paid off his mortgage and then had **enough money left over to put down a large deposit on a flat for his brother who is disabled.***



Mark Bradbury

Founder and CEO at Apply Financial

It's not that taxing

Shares clearly hold tangible value for employees. Many don't realise that there are **tax benefits too**. Collectively employee share scheme members received an estimated **£480 million in Income Tax (IT) relief and £280 million in National Insurance contributions (NIC) relief**, [according to government figures](#).

But while EMI accounts for most of this tax relief at £750 million, the options granted were only worth £510 million – compared to £2.59 billion from SAYE and £780 million from SIP.

As things stand, tens-of-thousands of people working for startups, scaleups and SMEs could be missing out on life-changing rewards.



Life-changing rewards

Tech startups are only the start:
Unlocking the potential of life-changing
rewards

Startups like Mark's (see previous page) form a big part of the UK economy.

Share schemes are the lifeblood of startups – they keep the cash flowing and provide founders with the talent they need to grow.

And for the employees, these schemes offer a real incentive to strive for success.

For the employees who take a risk on joining a startup, these schemes can offer a real incentive to strive for success and the rewards that come with it.

So what needs to change?

Despite providing a boost for businesses and workers, only **16,000 companies** operate share schemes backed by the Government.

This is such a tiny percentage of the country and we absolutely know from this small cohort, that the **gains are significant.**

If you could help us get the message out, more businesses would create share schemes, creating more wealth and greater stability across the country.

We calculate that if **100,000** more businesses set up share schemes, this would add nearly **£1 BILLION** to the UK economy.

If this number shifted to **250,000**, this would equate to a **£2.4 BILLION** boost.

If share schemes became the norm, the uplift would be like **nothing we've EVER seen before.**

What are the barriers we need to break down?



Employee ownership has a lot to offer – so why are they not more widely adopted?

Fear about giving too much away

It's natural that founders would want to retain all of their equity but there would be no business at all without those early employees.

Employers remain firmly in control with a vesting schedule that determines exactly when and how an employee receives their shares or options, linked to achieving performance goals.

There's literally no risk of somebody taking something that they don't deserve.

Lack of awareness

Some business owners don't know what share schemes are available, or whether their business is eligible. Because of this, companies could find themselves at a competitive disadvantage because they can't attract high-calibre employees.



Too complex


Even if founders are on board with employee share schemes, some believe they are too complex to administer, as James Cartlidge (South Suffolk, Conservative) told Parliament:

“ *My experience is that all such schemes are terribly complicated. Companies have to spend a lot on accountants to get them to work, especially if they are small or medium-sized enterprises. In the submissions ... received from external groups, were there any proposals to simplify the schemes? That may help to increase uptake.* **”**

These concerns were sadly true when companies relied on spreadsheets to manage share schemes. **But now apps and platforms like Vestd do the heavy lifting, ensuring that schemes comply with HMRC requirements and that rewards are closely tied to performance milestones.**



The 10% Pledge



We know that our customers allocate an average of 16.7% equity to their teams so our (very doable) ambition is to get companies to share at least 10%.

Join the campaign

We are seeking influential people to stand behind the 10% pledge. **We need voices like yours** to join the fray.

We'd love for you to put your name to the pledge. And all we ask in return is that you speak up for share schemes in parliament and that you remember to mention the power of share schemes to your constituents.

Do you stand for?

- Fair rewards?
- Stronger economies?
- Stable businesses?
- Better working opportunities?

If so, email jemma@vestd.com to confirm that you support the 10% pledge.

We need your help!

With share schemes now firmly in the spotlight, we are drumming up support for more businesses slicing the pie. You can help by:

- 01 **BEING A SIGNATORY TO OUR 10% PLEDGE.** See previous page. Email jemma@vestd.com to confirm your support today.
- 02 **USING YOUR VOICE** to push for every company to offer employees equity. We would argue that companies should receive a 1% corporation tax break if they create a share scheme.
- 03 **EXPANDING EMI.** EMI is the most popular share scheme by far but it is only open to staff who work for at least 25 hours a week for a company or 75% of their working time. It is also not available to contractors or to companies with more than 250 employees or £30 million-worth of assets.

We would like to see EMI opened up to part-time workers, contractors and companies above the current threshold.

- 04 **SUPPORTING THE EMPLOYEE SHARE OWNERSHIP (REFORM) BILL** on 24th November.

Join the share scheme revolution! Help create a better world of work.



How we can help you



Vestd is the UK's most powerful equity management platform and makes light work of share schemes.

Our easy-to-use FCA-regulated platform helps companies to manage their shares and options in real time, and to keep an accurate live cap table.

With Vestd, it's straightforward and cost-effective to unlock the ownership effect. **We can help your constituents to create more stable, productive and prosperous businesses.**

Find out more about us at vestd.com.

