



January 2020

Tax Advantaged

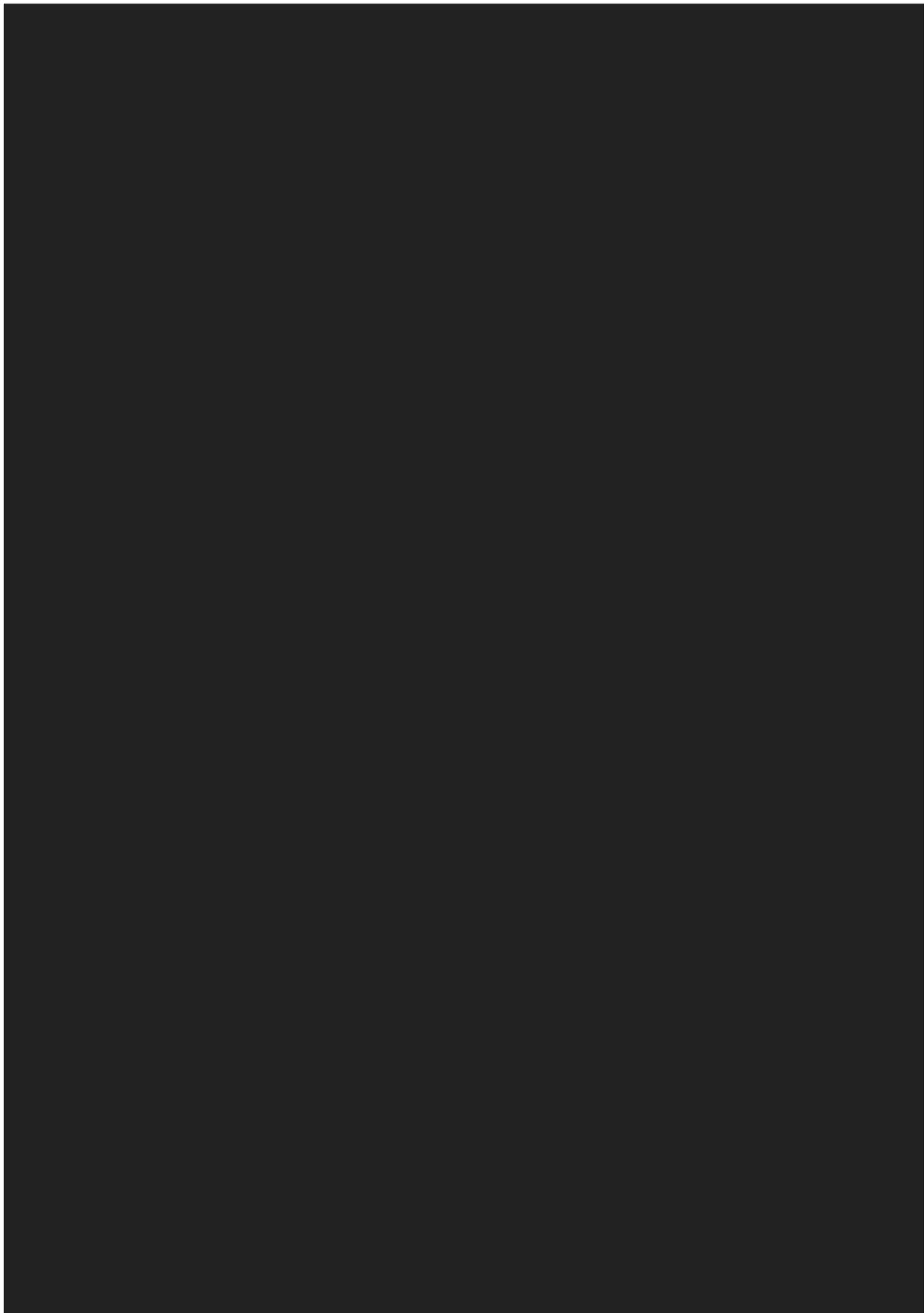
Share Schemes

2019

**Qualitative research to explore motivations and
barriers to uptake**

Daniel Pedley, Katie Hughes, Debra Crush

HM Revenue and Customs Research Report 594



Disclaimer The views in this report are the authors' own and do not necessarily reflect those of HM Revenue & Customs.

© Crown Copyright 2020. Copyright in the typographical arrangement and design rests with the Crown. This publication may be reported free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified. Published by HM Revenue and Customs, September 2020. www.hmrc.gov.uk

Contents

Glossary	5
1. Executive Summary	6
2. Research Background, Objectives and Method	8
2.1 Research Objectives.....	8
2.2 Methodology.....	9
3 Employer and employee context	11
3.2 Awareness of Tax Advantaged Share Schemes	11
3.3 Career and life stage of employees.....	12
3.4 Other employee benefits offered by employers	13
3.5 Attitudes towards saving and risk	14
3.6 Perceived relevance and views towards share schemes broadly	16
4 Detailed views towards each scheme	18
4.1 Save As You Earn (SAYE)	18
4.2 Share Incentive Plan (SIP).....	25
4.3 Company Share Option Plan (CSOP).....	31
4.4 Enterprise Management Incentive (EMI).....	35
5 Role of Intermediaries	40
5.1 Role in initial application process	40
5.2 Ongoing management and communication.....	43
6 Encouraging Tax Advantaged Share Schemes' participation	45
6.1 Views on encouraging employer participation	45
6.2 Views on encouraging employee participation	46
6.3 Intermediary views on encouraging participation.....	47
6.4 Summary of findings	49
6.5 Suggestions for improvements to Tax Advantaged Share Schemes based on findings.....	49
Appendix	51
Achieved sample composition	51

Glossary

A glossary of key terms related to Tax Advantaged Share Schemes referred to throughout the report is listed below:

Exercising Options	Exercising an option means the purchase of shares subject to an option.
Entrepreneurs relief	A reduction in the amount of Capital Gains Tax payable when an individual disposes of (sells) shares in all or part of a business.
Free shares	In a Share Incentive Plan employers can give each employee shares worth up to £3600 per year that are free of tax/NIC.
Holding Period	The period during which the users' shares are held in a trust (SIP), or savings held with a registered savings provider (SAYE), prior to the user being able to make use of the tax advantage. If shares are withdrawn during this period, then the user will normally have to pay national insurance or tax.
Matching shares	In a Share Incentive Plan employers can give up to two matching shares for each partnership share bought by the employee.
Partnership shares	In a Share Incentive Plan employees can use up to £1800 a year from pre-tax salary to buy these shares.
Remuneration	Payment or other financial compensation for work that has been done or services that have been provided.
Share options	The right for an employee to buy a certain number of shares at a fixed price, some period of time in the future, within the company they are employed by.

1. Executive Summary

1.1. Background

This qualitative research was commissioned to provide HM Revenue and Customs (HMRC) with insight into the motivations for, and barriers to, uptake of Tax Advantaged Employee Share Schemes (TASS) amongst employees and employers in the UK. The specific aims of the research were to:

- Understand what motivates and prevents employers and employees from taking up TASS;
- Understand how the schemes are communicated and whether this impacts awareness and understanding of TASS amongst employers and employees;
- Explore the process of administering the schemes on behalf of employers and employees and consider how this process might be eased.

A qualitative approach was adopted and consisted of a total of 83 in-depth interviews with employers, employees, and intermediaries to inform an assessment of whether TASS are currently fit for purpose and their relevance for both employers and employees.

1.2. Employer and Employee Perception of TASS

Overall, employers and employees were positive about TASS and the schemes were perceived to have continued relevance in the current business environment.

- Employers reported positive impacts on employee engagement, especially for Share Incentive Plan (SIP), Company Share Option Plan (CSOP) and Enterprise Management Initiative (EMI) scheme members.
- TASS were important tools for recruiting and retaining talented and key staff and employers felt TASS enabled companies to remain competitive and improved staff retention.
- Employees participating in TASS often felt more invested in the success of their company, together with an increased motivation to perform and a sense of job security.

1.3. Employer and Employee Decision to Take Part

Employee life and career stage had a strong bearing on motivations to participate in TASS particularly among younger employees and those in junior roles. These types of employees lacked understanding of shares and tax efficiencies and were more financially risk averse.

- Employees in less secure jobs were concerned about employment instability resulting in reduced allegiance to one company especially when building their career.
- Company ownership was more desirable among older employees and those in senior job roles who also had greater financial confidence and understanding of tax advantages.

There was generally low awareness of the specifics of TASS. Therefore, increasing awareness of the schemes was perceived as key to boosting their appeal and relevancy. Although information about schemes was provided by employers, a common criticism was the depth of information and ease of understanding among

employees. Some employers and employees also wanted to relax some eligibility criteria and scheme features to increase uptake. The cost of introducing a TASS acted as a barrier among small and micro companies, especially when compared with other types of employee benefits which were less expensive to introduce.

1.4. Views of specific TASS

Save As You Earn (SAYE) was considered an easy scheme to understand and for employers to operate, with limited risk through the option of receiving cash rather than shares at the end of the holding period. Monthly contribution limits helped the scheme to appeal to younger employees in lower paid roles, or in business sectors with high turnover. However, the three-year holding period was a potential disincentive and intermediaries felt the lack of interest and bonus rates eroded the value of this scheme. In addition, the relative ease of operating the scheme and use of payroll to deduct contributions resulted in limited engagement with the scheme among employees.

Employers who offered a **Share Incentive Plan (SIP)** used the scheme as an alternate form of remuneration for skilled staff and senior roles which they felt lead to a greater investment in the company's wider performance. The structure of different types of SIP shares was difficult for some employees to understand.

Company Share Option Plans (CSOP) and Enterprise Management Incentive (EMI) schemes were used to attract new, highly skilled employees with the schemes described as a reward or bonus. Employers used EMI for employees who were integral to the success of the company.

Across all these schemes both employers and employees had concerns about fully understanding scheme rules. With EMI, this related to understanding CGT liabilities and some employers and employees wanted to amend the length of the 10-year holding period to allow EMI to become a part of their retirement plan or to reduce the barrier for younger employees who might perceive ten years as too long to stay with one company.

2. Research Background, Objectives and Method

HMRC commissioned the Social Research Institute at Ipsos MORI, an independent research organisation, to undertake qualitative research into TASS. The purpose of this research was to understand the motivations for, and barriers to, employers and employees participating in TASS, while also exploring customer awareness and knowledge of the employee share schemes currently on offer.

Employee share schemes allow employees to own a stake in the company they work for by offering them the opportunity to buy shares or securities. The government has historically encouraged the use of TASS to increase employee share ownership and employee engagement. While there has been a steady-but-slow increase in the number of employees participating in TASS over the past decade, the absolute number of companies doing so remains at 13,330¹.

2.1 Research Objectives

HMRC commissioned Ipsos MORI to conduct qualitative research with employers, employees and intermediaries to inform an assessment of whether TASS are currently fit for purpose and their relevance for both employers and employees. Specifically, the research sought to answer four main questions:

1. What drives and prevents employers and employees from taking up TASS?

- What barriers can and/or have prevented employee and employer participation?
- Where an employer offers a TASS, what proportion of employees participate in the schemes?
- What benefits or drawbacks have employers and employees seen?
- Where employers and employees don't participate, do they offer or receive other financial products or remuneration options instead?

2. How are schemes communicated?

- How does this impact employer and employee awareness and understanding?

3. How could employers and employees be encouraged to take up TASS?

- Could this be through communication, focus on the benefits or changes to rules?

4. How significant is the administrative burden of the schemes?

- How might any administrative burden be eased?

¹ HMRC, 2019, 'Table 6.2: Companies with tax-advantaged employee share schemes', available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811415/Table_6.2.pdf (Accessed: 25 November 2019).

2.2 Methodology

Ipsos MORI's Social Research Institute carried out the research, using qualitative telephone interviews with employers, employees and intermediaries, with one interview carried out face-to-face. Fieldwork took place between August and October 2019. A total of 83 interviews were conducted, which included 48 employers, 30 employees and 5 intermediaries. Most interviews lasted between 45 and 60 minutes.

Once participants were recruited, they were emailed a summary document explaining each of the TASS: Save as You Earn (SAYE); Share Incentive Plan (SIP); Company Share Option Plan (CSOP) and Enterprise Management Incentive (EMI). This enabled them to have a basic understanding and familiarity of the schemes to be able to speak about these during the interview.

A qualitative approach was considered the most appropriate methodology for the research in order to explore the nuances and diversity of views and experiences, as well as the factors which shape or underlie them, and the situations in which views can change. The results are therefore intended to be illustrative, not statistically representative. The research used a purposive sampling approach, whereby key criteria were set, and participants were recruited to these using a screening document, with all participants being recruited by specialist recruiters. The sample for the research was sourced from HMRC's register of employers and employees that participate in a TASS, and free-found from the general population. When contacting organisations we targeted the HR Director, Finance Director or Company Secretary for interview.

2.2.1 Sample Composition

The quotas and achieved interviews for employers and employees were as follows:

	Subgroup	Interviews
Employers	Offer scheme	23
	Do not offer scheme	25
Employers ²	SAYE	8
	SIP	7
	CSOP	4
	EMI	8
Employees	Participate	15
	Do not participate	15
Employees ³	SAYE	3
	SIP	4
	CSOP	4
	EMI	5

² Number of schemes offered exceed total number of employers who offer a scheme because employers could offer more than one tax-advantaged share scheme.

³ One employee participated in two schemes.

Secondary quotas were set on: number of schemes offered, when the scheme was introduced, had employers considered offering a scheme (for those not currently offering a scheme) or had employees participated in the past. Quotas also included an employer's eligibility for TASS, whether they offer alternative non-tax advantaged share schemes and if employees contribute the maximum monthly amounts (for SAYE and SIP). Details of company age and size, region, sector, occupation and income were also recorded at the screening stage.

A full breakdown of the achieved sample composition is included in appendix a. A further five qualitative interviews were undertaken with intermediaries who advise clients on the use of TASS. These included accountants and financial advisers who were best placed in the organisation to speak about TASS. No other hard quotas were set for these participants, other than a mixture of regions and coverage of small and medium sized companies (up to 249 employees).

3 Employer and employee context

This chapter outlines the background and context to the employers and employees that were interviewed as part of the research. It explores their levels of awareness of TASS, the employees' career and life stages and their general attitudes towards savings and financial risk. The wider employee benefits offered by employers outside of TASS will also be explained, and the chapter concludes with an overall understanding of employer and employee' views towards share schemes more broadly.

3.2 Awareness of TASS

Across employers and employees, both participating and non-participating, there was a generally low awareness of the specifics of each TASS. While employers and employees were generally aware of the concept of TASS, unless they had recent personal experience of one, they struggled to recall the names or details of the schemes without referring to the summary document sent to them before the interview took place.

3.2.1 Participating employer and employee awareness of TASS

Employers participating in a TASS had a good level of understanding of the schemes they offered. They were confident in explaining the application and administration processes, the features and rules of the schemes and how schemes operated within their organisation. Participating employers gained this awareness from their involvement in its set up and management, but also gained knowledge on TASS from advisers including internal or external accountants, financial advisers and other intermediaries. However, these employers showed a limited awareness and understanding of the schemes outside of those that they offered or said they could not name any other schemes at all before reading the summary document. Employers involved in the decision-making process of introducing the scheme could only identify the other schemes in terms of general reasons for not choosing them. This included the scheme appearing too 'complicated' or not being 'right' for the company.

"I haven't heard of either CSOP or EMI. Are they new?"

Large, Banking & Finance, SIP, Employer

Employees who were participating in a scheme were less aware of TASS than the participating employers, typically because employees were less involved in the scheme management or company decision-making around TASS. Their employer had typically given them enough information to make an informed decision as to whether to participate in the scheme or not, but employees were unlikely to revisit this information or think much about TASS afterwards. Unless they had come across another scheme in a previous organisation, employees had very low awareness of the other schemes.

"They've never been relevant to me, so I've never looked into the detail"

Medium, Transport, SAYE, Employee

3.2.2 Non-participating employer and employee awareness

Employers and employees who were not offering or participating in TASS had a limited awareness of the different schemes. Any prior awareness before reading the summary document was basic and came from networking, financial education talks, media channels (including HR magazines), rather than from wider communication campaigns or from the government. Where someone had previously worked for an organisation that offered a scheme, they were aware of that specific scheme, although may not necessarily have participated. Those that had previously participated had a basic level of understanding and if this was some years ago they did not remember the specific details.

Employers and employees who had no prior awareness whatsoever understood the concept of TASS but again, they raised questions about the specifics of the schemes after first reading the summary document. This included questions on what would happen if the employee left the scheme or if the company closes. Nonetheless, non-participating employers and employees with no awareness were generally open to learning more about the schemes, even if they would not currently consider participating or offering one and were surprised they had not come across these before.

"I haven't been exposed to [TASS] because my employers have never offered it. We don't really deal with accountants or third parties that might be why I haven't heard about them"

Micro, Recruitment, Non-Participant, Employer

3.3 Career and life stage of employees

A notable theme arising from the research was that the life stage and career stage of employees had a strong bearing on whether they took up TASS. Employees who were younger, usually in their twenties, and in junior roles, felt that they lacked the understanding of shares and tax efficiencies. Consequently, they appeared to be more risk averse and lacked confidence to participate in a scheme. These employees said they would prefer to save their money to get onto the property ladder or that they simply did not have the funds to participate. There was a perception among younger employees who were starting out their career that they would be changing jobs frequently to build up their CV, experience and chances of a higher salary. Those in less secure jobs were concerned about the instability of their employment and did not know what would happen in the next few years. This meant that these employees did not feel that they had a personal long-term investment in and allegiance to one company.

"I don't think the three to five years' contract length is great for the typical millennial employee right now because people in their twenties are not in the same position their parents were where a career was for life. A lot of people now, their employment is generally in transit so I would feel a bit nervous not knowing whether this job is going to be forever."

Medium, Education, Non-Participant, Employee

Older employees and those in more senior roles were more inclined to take up employee share schemes or were interested in doing so. These employees were likely to have more disposable income, confidence in money management and a lack of conflicting financial needs. These employees found share schemes more appealing, as they saw themselves staying with the same company over a longer period of time; particularly when they were nearing retirement, as well as having the life experience, experience with financial planning and the financial means to participate.

3.4 Other employee benefits offered by employers

Employers generally offered TASS as part of a wider benefits and remuneration package. Where an employer did not offer TASS, they either offered a comprehensive package of benefits to employees instead or focused on giving staff a competitive salary with minimal extra benefits.

3.4.1 Employee benefits and reasons for offering

As standard, employers offered their employees a pension scheme, with varying levels of employer contribution. Other popular benefits included: life insurance, health and dental insurance, flexible working, childcare vouchers, gym membership, travel schemes and flexible annual leave. Employers offering a TASS typically offered a competitive salary and a bonus scheme that was usually aimed at employees in more senior positions. However, those who could not afford to pay staff high salaries would offer their TASS alongside wider benefits to compensate for this. Employers who did not offer TASS, but offered a wider benefits package, used similar employee benefits to those offering a TASS. Employee benefits, with the exception of bonuses, were typically offered to all staff at the outset of their employment.

The main reason employers offered employee benefits was to help attract, retain and motivate their staff members. They wanted to be competitive in their market, by either matching or exceeding their competitors' offers, to reduce their staff turnover and recruit and retain high quality staff. This was particularly the case for those who could not afford higher salaries, as employee benefits were perceived as a cheaper way to generate loyalty. Employers believed that offering health insurance related benefits was an effective way of investing in workplace productivity in the long-term, by ensuring a quicker return to work. Employers felt that while employees may not think about these benefits day-to-day, they believe it encourages the perception that the company has a longer-term investment in them. Employers also felt that as a result employees had a greater buy-in to the company and its success.

“The more benefits you offer, it’s more of a temptation for people to come and work for you. It should show people that your company really cares. If you can’t offer candidates a big salary then offering benefits would show you are flexible”

Micro, Recruitment, Non-Participant, Employer

3.4.2 Employers offering no employee benefits

Aside from the examples above, non-participating employers more commonly offered no or very few benefits to employees compared to employers offering TASS. This was generally due to affordability, or a lack of awareness of available benefits. Employers who did not offer a wider variety of benefits were smaller in terms of turnover or number of employees than those who offered employee benefits. Businesses that were growing reported that they planned to, or were in the process of, introducing more employee benefits but this was not yet in place.

Employers who were aware and actively chose not to offer employee benefits instead offered a competitive salary and career progression opportunities as means of attracting and retaining staff. They chose not to offer benefits because they were more focused on the wider purpose of the organisation and increasing profitability. Those with a high turnover of casual staff, for example businesses operating zero hours contracts or in transient industries such as the service or hospitality sector, were more focused on providing a competitive salary than implementing wider benefits. This was because it was not expected in their line of work, which employers perceived as more of a ‘stopgap’ career. Employee benefits were more common in large, corporate businesses such as those in the banking and finance sector.

“There aren’t excessive benefits provided to staff, the reason being there is a determined focus on the bottom lines and the profitability of the company”

Medium, Financial Services, Non-Participant, Employer

3.4.3 Non-tax advantaged share schemes

A very small number of employers in the research offered non-TASS as part of their employee benefits package. The only other employee share schemes outside of TASS identified were Employee Ownership Trusts, Long-term Incentive Plans and Restricted Stock Units. The reasons provided for offering them varied from advice received from consultants to having more flexibility or being more suited to the company structure, despite being more costly in some instances.

3.5 Attitudes towards saving and risk

The importance of saving money on a regular basis was recognised by all participants. However, instant access to their money was important to fund a variety of, often unexpected, needs. Consequently, employees were

more inclined to say they used instant access accounts or ISAs as their primary savings vehicle, which made saving and instant access easy. Investments such as shares were seen as a riskier option because the financial reward can be dependent on a variety of factors and is not always guaranteed. This view was shared by both employees who participated in TASS and those who did not.

"Life's too unpredictable to have everything tied up and not accessible"

Small, Other Service Activities, CSOP, Employee

Employees' attitudes towards financial risk were, again, typically influenced by age and level of job seniority within their company. Those who had enough disposable income to fall back on and were confident in managing their money appeared to be more comfortable with taking risks for future financial gain. Employees that reported being in more comfortable financial positions, and those with experience of managing money often tended to be older and in more senior positions, which again demonstrates investment choices being dependent on which stage an individual is in life and in their career.

"I think savings and investments have to be for the long term so I'm comfortable in putting it away"

Large, Telecommunications, SAYE, Employee

Employees who lacked experience of investing reported feeling they did not have a clear enough understanding to take the financial risk. There was a perception that investing was for 'other' people on higher salaries, because they have more disposable income to risk and for those who have a good understanding or training in this area. Employees who had conflicting financial needs, including paying off their mortgage, often prioritised this over long-term investment. Nonetheless, these employees thought that taking some financial risk could reap longer-term benefits. They were therefore generally open to investing at some point in the future when they were likely to be more 'settled' and had more experience and education in this area.

"When it comes to money, there's still this attitude that investment is for the elite"

Medium, Social Work Activities, CSOP, Employee

"Any spare money goes on the mortgage, to clear it as soon as possible. That's my main objective at the moment. Sometimes I do invest privately in shares in and out of the market but that's more of a hobby than a long-term investment, so I can buy something. In the medium term, it's really about getting cash to pay off the mortgage"

Large, Manufacturing, Non-Participant, Employee

3.6 Perceived relevance and views towards share schemes broadly

Participants in the research generally thought that each TASS had at least some continued relevance in the current business environment and UK economy. Employers viewed the share schemes as an important tool for recruiting and retaining talented staff, and as a way of rewarding and encouraging good performance at work. For employees, company share ownership was seen as increasingly important in an uncertain climate and as something that should be actively promoted, particularly among younger audiences. This is because it was felt that share ownership could help build employees' investment portfolio and financial confidence and could potentially help to fund a variety of life events as well as offering tax advantages. Employers and employees therefore thought that increasing awareness and understanding of TASS was key to boosting the relevancy of the schemes.

“Share schemes are a chance for an employer to offer something to staff which might make them hang around, and it also has the tax advantages”

Small, Transport & Communications, EMI, Employee

It was also suggested by employers and intermediaries that changing aspects of the schemes could help to increase the appeal and relevance to businesses. This included relaxing some of the eligibility criteria and scheme features, such as the limits on the number of employees and sectors for EMI and reconsidering the length of the holding periods for SIP and SAYE. However, there were some concerns about the future of the schemes. The discretionary⁴ aspects of CSOP and EMI were raised as having a potentially negative impact on equality and transparency in the workplace. This was because of the perceived secrecy and selectivity around who is invited to participate. Others questioned what effects the upcoming withdrawal from the European Union might have on employee share schemes, and therefore thought that this area might need to be reviewed in the near future.

“We are starting to distinguish between staff, so you are creating a hierarchy. I'm very much about providing the same benefits regardless of status or hierarchy in the organisation. Personally, that's why I'm not in favour of CSOP whereas I am in favour of the SAYE plan”

Medium, Technology, CSOP & SAYE, Employer

3.6.1 General views towards share schemes

Overall, employers and employees were generally positive about the concept of TASS and had few concerns. Employees favoured the concept of share schemes because of the financial benefits and tax advantages, while the benefits of remaining competitive and improving retention within the organisation were recognised by

⁴ By discretionary we mean that employers are not obligated to offer these schemes to all employees and they are typically only offered to a select few employees.

employers. Employers who were already participating and outsourced their scheme management to an intermediary did not report any particular issues with the administration processes. As the organisation had budgeted for the use of an intermediary, their cost was not raised as a particular issue.

“Share schemes don’t automatically ensure that your company is successful, but I think that it importantly gets employees on board in terms of what the company is looking to achieve and what they expect from people. And I think you would get a different attitude and work ethic from employees if a share scheme was offered”

Medium, Retail Distributor, Non-Participant, Employee

The main issues raised amongst employees included perceptions that employee share schemes are geared towards those who were more knowledgeable, sometimes higher-earning and in more senior positions. Employees with less knowledge of the schemes were confused about some of the specifics, such as distinguishing between the different share types under SIP and how it would work if they wanted to change companies. Both employers and employees reported that greater awareness should be raised using plain English and without the use of jargon. Where an employer already offered a scheme but did not use an intermediary, they reported that the administration process for the scheme could be quite time, cost and labour intensive for the organisation.

“It’s definitely a good thing for higher up employees...I’m not sure what would attract younger people to share schemes”

Medium, Technology Services, Non-Participant, Employer

4 Detailed views towards each scheme

4.1 Save As You Earn (SAYE)

4.1.1 General awareness

Employers found out about SAYE and other TASS in a variety of ways but primarily through their accountant or other advisers. Other employers had found out about SAYE by participating in or managing a scheme in their previous employment. A few employers also mentioned hearing about the schemes when at industry seminars or conferences. Employers rarely mentioned finding out about SAYE via the HMRC website unless directed there by their advisers.

"I became aware of the schemes because I've been in the field I'm in for a number of years now, I've been kept aware from networking, reading and previous experience"

Medium, Pharmaceutical, SAYE, Employer

Employers with the lowest general awareness of TASS included micro and small companies, some of whom were not using any type of intermediary.

"I haven't been exposed to it because [we] have never offered it. We don't really deal with accountants or third parties - that might be why I haven't heard about it. My main concern is that people would not stay in their role for five years. The average person stays in their role for two years. I can see what they are doing, they want to encourage more loyal staff. But I think there is too much of a high turnover [in recruitment]. In principle it sounds like a good idea, but it seems to be aimed at more established companies"

Micro, Other service activities, Non-Participant, Employer

Employee non-participants were usually not aware of SAYE unless they had participated in a scheme before or had been offered it by their current employer.

Where employers offered the scheme, employees may become aware of SAYE via a variety of methods including a 'pre-employment pack' sent to new starters, employee handbooks, company Intranets, and / or personal email or letter invitations to join the scheme.

4.1.2 Set up and decisions to take part

Decisions about whether to offer SAYE in a company differed across sectors, but the majority of employers felt that SAYE could help to improve employee retention and encourage employees to contribute to the growth of the company. SAYE was considered by some employers as a potential way to retain either younger employees in lower paid roles or key staff who had worked for the company for a long time but who were not eligible for additional remuneration or bonuses. As mentioned in chapter 3, this was less effective among younger

employees, although employers still viewed it as an option. For other companies, the reason for participating in a TASS was due to the fact that the schemes were commonly offered in their sector.

SAYE was perceived by some employers to fit in well with the business environment and UK economy. It particularly appealed to companies who felt it matched their company philosophy of equality among all employees. They felt SAYE would make employees feel a part of the company.

"We put in SAYE last year because we wanted to encourage our employees to have ownership and to take interest in the company. We knew that our company was growing very well so we wanted to give them an opportunity to participate in that growth"

Medium, Pharmaceutical, SAYE, Employer

"It was important for me to make [the employee] feel like she had a piece of the company, so she felt wanted and that she could grow with the company. If people are good at their job, then they could just go somewhere - you rely on them and then they go missing. I can't afford massive benefits, but I wanted her to have something. In construction things can change a lot and it's out of our control. This gives her more of an incentive to work hard for me. Now, she's on the scheme I think that she is firing on all cylinders"

Micro, Construction, SAYE, Employer

Some employers discussed intractable factors such as high turnover of lower paid staff. A couple of non-participating employers in the hospitality and recruitment sectors felt that SAYE might help to overcome this issue. However, employers working in the Arts and Entertainment sectors felt that SAYE sounded too 'corporate' and 'impersonal' to offer to their staff, despite acknowledging that retention of younger staff was an issue.

Smaller companies weighed up the cost of setting up a scheme against the potential benefits of operating SAYE and felt it was unaffordable without an additional incentive from HMRC. The additional incentive suggested was some form of financial incentive to cover all set up and management costs of the scheme.

"As an employer, I would want some kind of help towards the cost of offering it and managing it"

Micro, Other service activities, Non-Participant, Employer

The three-year holding period was considered by some employers to be a disincentive for their company especially among younger, lower paid staff who were likely to move jobs more frequently.

Some employers felt their company offered a good range of other benefits and that TASS would not provide any additional value in terms of employee retention.

"The more benefits you offer, it's more of a temptation for people to come and work for you. It shows people that your company really cares. If you can't offer candidates a big salary then offering benefits would show you are flexible"

Micro, Other service activities, Non-Participant, Employer

A common question among micro and small companies was understanding how operating SAYE or another TASS would affect the value of the business. This was the case especially if the company was family owned or where the company owner did not believe in employee ownership.

4.1.3 Setting up a scheme

Setting up a SAYE scheme was considered straightforward for employers, the majority of whom used an outside adviser. Methods of communicating the scheme to staff varied among employers, but the majority included information on SAYE for all new starters, either on paper or on company Intranets. Employees felt that the application process for joining their SAYE scheme was straightforward, but it was easier to miss information if online. Larger employers held presentations for employees when inviting staff to join the scheme.

"Our employer just gave us one form to fill in. It was clear that it would involve us sharing some information with HMRC"

Medium, Transport & Communications, Participant, Employee

4.1.4 Advice and support

Employers who were not aware of SAYE felt they would need some advice and guidance before setting up a scheme, either from advisers or direct from HMRC. The HMRC website was considered comprehensive but technical. When providing advice or support to employees, employers relied on information and support from advisers, and either asked them to speak directly to scheme participants or provided written information on company Intranets or via email/letter.

"My experience with HMRC is that the information is all there but you would need someone with you to sit down, go through it and answer any questions"

Micro, Transport, Non-Participant, Employer

Employee participants noted that they often relied on information given by their employers about the SAYE scheme when deciding whether to participate and did not generally have any questions since the scheme rules and features seemed straightforward. However, there was low awareness among participating employees about exercising SAYE options and employers were likely to direct any employee questions on this topic to the third-party organisations handling the SAYE scheme.

"I know that I can save a pot of cash, use it to buy shares, I can then put them into my pension, tax free. What I don't understand is how fully to take advantage of them. Making it clearer... One thing I don't understand is what happens at the end of three years. How do I translate turning that pot of cash into stocks?"

Medium, Transport, Participant, Employee

"I wasn't made aware that I would have to pay capital gains tax on the shares when I exceeded the limit. A chance comment by a colleague made me aware of the CGT implications. I would have like to have received a fact sheet before getting involved but I only received very simple, basic advice [from my employer]. I was very unhappy. It meant I had to fill out a tax return. It was annoying for me, but lesson learned and I won't do it again"

Large, Transport & Communications, Participant, Employee

4.1.5 Ongoing management of scheme

Employers sent employee contributions to the financial organisation administering the scheme on their behalf and relied on them to deal with the administration and operate a helpline for any employee questions.

"We know it is managed well. It is not something we have to get stressed out about"

Large, Other service activities, SAYE, Employer

The majority of employers operating a SAYE scheme used accountants to help with annual returns and asked them to communicate scheme values to employees. The frequency of these updates varied by company with some being sent monthly, some quarterly, and others annually.

Employers who were unaware of reporting requirements or did not use TASS expressed a desire for all reporting to HMRC or their accountants to be online. They found other experiences of filing paper returns to be time consuming and onerous and therefore wanted to avoid this if hypothetically using TASS in future. Others wanted HMRC to offer an online service with a live chat as phoning HMRC for answers to technical questions was time consuming.

"If HMRC had some sort of platform that would manage it for us and take away any potential headache"

Micro, Transport, Non-Participant, Employer

"I check every quarter with my accountant in terms of the values. But really, I leave it to him. "He charges me £60 a month, it's so minimal I don't even think about it"

Micro, Construction, SAYE, Employer

4.1.6 Preference and use of channels

Employers outlined processes for communicating with employees about the SAYE scheme and a variety of methods were mentioned by different employers. Some informed employees about SAYE when they joined the company. Larger employers emailed staff when inviting them to join the SAYE scheme and held general scheme information on company intranets. Some larger companies also mentioned using webinars. In smaller companies, employers sometimes used accountants to outline the scheme and its benefits, either verbally or through emails or letters.

Employees felt they generally had low awareness of the tax implications of SAYE when this was being communicated to them on joining, and that employers were more likely to focus on the benefits of participating. One employee said he had only received a very simple question and answer sheet from his employer and only checked on his scheme values annually. In one large company employees accessed information about their own scheme through a secure personal online account.

4.1.7 Views towards benefits and impacts of scheme

Employers felt SAYE had contributed to employees' productivity and performance and made them more invested in the success of the company. Employees could see the value they were bringing through the stock price increasing.

"It's the easiest way to participate in company ownership and will make people care more about the company if they know their performance indirectly affects the value of their shares"

Medium, Education, Non-participant, Employee

Both employers and employees considered SAYE schemes to be generally easy to operate and understand as well as a flexible savings vehicle because it offered limited risk, and the opportunity to contribute an affordable monthly amount. Younger employees viewed it as a good way to earn extra cash at a discount, whereas older employees used it as a means for saving for retirement or paying off debt such as a mortgage.

"The SAYE is the best because it is heads you win tails you win"

Large, Other service activities, SAYE, Employer

"It comes directly from your pay packet and it goes out before you see it, like pension, which some people may find easier because you're not physically handing it over or having to transfer it across, if you don't see it I think that most people find that an easier way of saving"

Medium, Hotels, Non-participant, Employee

Employers felt that a SAYE scheme offered flexibility as a savings vehicle because employees had the choice to withdraw the cash they invested rather than invest in shares and could benefit without depending on the share performance of the company.

"It's an unconscious saving, you tend to spend money you have, so it's good to have an ongoing savings scheme with the tax benefits simultaneously so it's a saving with return"

Large, Manufacturing, Non-participant, Employee

"I don't see myself coming out unless I leave the company"

Medium, Transport, Participant, Employee

Some employers felt that employees didn't understand how shares work, so the option to withdraw their savings was an important part of the scheme. For one company, this was reflected in the fact that 80% of their employees were taking the cash.

There were mixed views about the three-year holding period. Older, more settled employees were generally accepting of this scheme rule and felt that it was required to enable substantial contributions to accumulate in the scheme. However, some employers, and employees more interested in career progression, felt that a shorter period would be required to motivate them to participate and to choose a SAYE scheme over another savings vehicle.

"I'm fine with it. It takes ages for stocks to turn around. Anything less than three to five years is just a short-term play which I don't think I agree with"

Large, Transport & Communications, Participant, Employee

"Three years is slightly too long given today's job market, where people move around a lot. Tying it to a tax year at a time would be more sensible. Would encourage more people to join"

Medium, Transport, Participant, Employee

In one company only 10% of the workforce contributed to SAYE and only 20% of these participants contributed for the entire three-year period. The employer felt that the three-year period was a reason for this.

"Three years would feel like a long time, I would want to know how much it was going to benefit me...I would want to know projections, I would want to know if it was worth my time doing that compared to putting money into an ISA"

Micro, Other service activities, Non-participant, Employee

For non-participating employees, especially those who worked in sectors or companies operating under challenging conditions, there were questions around whether SAYE offered a risk-free way to save. It should be noted that some concerns among non-users were not accurate. In reality, the more that scheme users contribute to the scheme, the more they will benefit, whether they decide to use their contributions to acquire shares in the company or simply withdraw the cash that they've saved.

"The benefit is in saving a bunch of money without really noticing it...also with the share stuff you kind of have a bit of a stake in the future of the company performing well. One downside I could see is that if you are getting shares instead of a salary you might lose out if the company doesn't do well or is taken over or something. It would depend on my financial situation, but cash does feel safer....it would be a knife edge decision"

Micro, Other service activities, Non-participant, Employee

"I don't play the stock market, there's always risks, things can go up as well as things can go down. Some people might go diving in thinking 'this is a safe option' and then in x years' time think they've been doing good for the past x years but find that the shares are worth nothing. I would need some assurances and some details before I decided what to do 'just take the cash and run' or shall I go for it and invest in shares"

Medium, Hotels, Non-participant, Employee

The majority of employers and employees felt that the monthly contribution limits were affordable for a wide range of employees. Some higher paid employees wanted to increase the upper limit to enable them to benefit more fully in the scheme.

"It's fine. It's more than I'm saving... if it were higher it might lead to criticism that it was a 'for the wealthy' type limit. It's generous enough to be fine for most people, but not massively generous"

Medium, Transport, Participant, Employee

"Compared to an ISA it's a perfectly reasonable and adequate amount."

Large, Transport & Communications, Participant, Employee

"[His employee] contributes the maximum of £500 – I'm happy for her to decrease it but not necessarily increase it"

Micro, Construction, SAYE, Employer

Case study 1 – SAYE employee

Profile

The participant has worked at a large UK telecoms company for the last 10 years and at a major competitor before this. They explained that the industry had generally struggled over the last decade with price and margin being squeezed.

Reason for using SAYE

They considered SAYE within the context of other savings vehicles, such as Cash ISAs and Stocks and Shares ISAs. After considering them they felt that no other option could offer them more favourable returns than the potential financial gains that could be made from SAYE. Further to this, they also liked the idea of buying into the company and investing both their time and money in the long term. Therefore, they decided to sign up.

Experience of using SAYE

They found it very quick and easy to sign up for the scheme within their company. This was beneficial as at the time they were very short of free time. When they signed up they felt an increased sense of loyalty to the company and a tangible investment in its future and success. As a result, they perceived their performance at work to have improved due to their participation in SAYE.

Drawbacks of SAYE

The participant was generally very happy with the scheme but did express some frustration that when he signed up to the scheme, he was not made explicitly aware of the potential CGT bill he might have to pay depending on share performance. He only found out about this from a colleague and was disappointed his employer did not make him aware.

4.2 Share Incentive Plan (SIP)

4.2.1 General awareness

Among employees, awareness of SIP was very low and non-participants had typically not heard of SIP prior to the interview. In a few cases, they had heard the scheme's name but were not aware of anything specific about what it involved.

There was greater awareness of SIP among employers, particularly those who offered one of the other TASS. They had come across SIP when deciding which scheme to offer their employees. Among these employers SIP was perceived as a flexible scheme that could be offered as a bonus but also complex, which meant employees might not understand it.

"I've never operated one, but the admin is more difficult in my opinion with the matching shares and the bonus shares. Employees don't understand it as easily"

Large, Other services, Non-Participant, Employer

4.2.2 Set up and decisions to take part

Although SIP schemes are offered to all staff, employers reported a key motivation for offering SIP was to help with the recruitment and retention of skilled employees or those in senior job roles. Businesses that were not able to compete with large salaries offered by their competitors, would offer SIP as an alternate form of remuneration.

"It helps with attracting higher staff - we can't meet high salary demands, at the moment, so these benefits are something we can offer"

Large, Financial services, SIP, Employer

There was also a perception that offering a scheme such as SIP was 'the norm' in certain industries and, as a result, employees would expect it to be offered as standard. This meant that to keep up with competitors, employers felt compelled to offer SIP. This sentiment was observed in the financial services and technology sectors.

"It's something that's always been offered here and definitely seems to be the norm in the financial services industry"

Large, Financial services, SIP, Employer

SIP employee participants considered the scheme in relation to other savings and investments vehicles when deciding to take part. SIP was viewed very much as a personal / private investment and users were attracted to the potentially significant financial gains to be made, with a perception that the gains to be made from SIP exceeded alternative savings vehicles, which therefore convinced them to take part.

This was enhanced by the fact that users typically had disposable income to invest in the scheme. Users were also typically financially confident and knowledgeable and felt that SIP could be useful in helping them to achieve their long-term financial goals.

"At the time I couldn't think of anything else that would give me that type of return. If it paid off it would help to pay off a substantial part of my mortgage"

Large, Financial Services, SIP, Employee

4.2.3 Scheme set-up

Employers' experience of setting up a SIP within their company varied, depending on whether they used an intermediary to administer the scheme. For companies who used intermediaries the set-up process was viewed

as straightforward. These businesses outsourced the entire process to the third-party and therefore had little involvement in the technical or logistical aspects of the set up.

Employers who handled the set-up process internally found it much more onerous and time intensive as it required significant involvement from their finance department to set up the financial and administrative aspects of the scheme. For example, this involved changing employment contracts, amending payroll systems and handling a large volume of internal queries from staff. However, this was still perceived to be worthwhile due to the potential impact on recruitment and retention.

“It was a complex thing to set up and probably took our finance department about six months to get it running”

Large, Hotels, SIP, Employer

4.2.4 Advice and support

Employees received minimal advice before signing up to the scheme. This was often in the form of informal conversations with colleagues, members of the HR team, or the company’s solicitor. Employees had not typically thought much about the advice they received until prompted and reflected that they would have liked to receive more advice and guidance from an independent professional before signing up to the scheme. This may be linked to the fact that these employees were financially confident and as such the questions they had were usually regarding the potential of the financial gains they could make.

“With the benefit of hindsight, I think it would have helped if I had some independent financial advice because I wasn’t sure how much value my initial investment could offer me”

Large, Financial Services, SIP, Employee

Employers typically had some form of advice from intermediaries, either in their choice to set the scheme up or receiving help to handle queries from employees. Those who had offered similar schemes in the past, for example other TASS or company share schemes, did not typically receive advice on their decision to offer the scheme.

“We got advice from a consultant on handling all of our staff queries related to the scheme”

Large, Hotels, SIP, Employer

“We didn’t use external advisers. This was an in-house decision made up of input from different departments”

Large, Financial Services, SIP, Employer

4.2.5 Ongoing management of scheme

Employers described the ongoing management of the scheme as administratively straightforward. For organisations who outsourced the management, their HR team would have a small role in maintaining internal information/documents and liaising with the third-party administering the scheme. Employers who handled the management in-house also reported that after they had completed the set-up, the ongoing management was simple and required minimal resources. These organisations typically maintained information documents and a generic email address for specific queries about the scheme.

“We manage the general HR website which contains the relevant information on the [TASS]. That’s all in-house. We don’t update it very regularly, so it doesn’t take much running. The majority of the work is done by the third party”

Large financial services, SIP, Employer

Employers broadly felt that the management process for the scheme worked well and there were no major issues. However, they did express a desire for more direct information and guidance from HMRC. Suggestions included either having more written guidance from HMRC online or HMRC offering face-to-face training.

“HMRC could have a better written guide of what you need in place to offer the scheme and how to manage it”

Large financial services, SIP, Employer

4.2.6 Preference and use of channels

Information about SIP schemes was communicated by employers either in the form of online portals or infrequent company-wide emails. Information was promoted to coincide with benefit enrolment windows or key financial stages throughout the year. Those who used third-parties occasionally sent all-staff emails that would direct employees to the intermediary for further information if they were interested to hear more. These channels were preferred by employers due to their speed, ease of use and low cost.

“There is a central HR team that can take very basic questions about the scheme, but more often than not we direct staff to the external company”

Large financial services, SIP, Employer

Employees reported receiving minimal information and communications on their SIP scheme. This was not deemed to be a problem as they felt well informed and confident in their financial knowledge and understanding of the scheme. However, some did indicate some concerns about not knowing where they could seek information if something significant were to change; for example, if they decided to leave the company or the company’s share price fell dramatically.

4.2.7 Views towards benefits and impacts of scheme

Positive impact on staff but limited by lack of engagement

Employees indicated that participating in the scheme improved their view of the company they worked for and felt their performance had improved as a result. They viewed SIP as a benefit the company was offering them and felt they were more invested in the company's wider performance as a result.

"It has enhanced my view of the company definitely. I am middle-aged with two kids so benefits like this are really important to me"

Large, manufacturing, SIP, Employee

However, this sense of inclusion within the company's aims was reduced by the limited engagement and interaction employees had with the scheme. They felt it was easy to forget they were taking part as they very rarely received any communication related to it or felt motivated to check on information related to their investment.

"I don't really think about it very often because I don't need to do anything with it. It's just something that I would expect to have as part of my contract"

Large, Pharmaceutical, SIP, Employee

Flexibility to tailor the scheme to specific needs

Employers had positive views towards the flexibility of the scheme. The ability to offer the shares partly as a performance related bonus or alternatively as something that the employee needs to invest in was well received among participants and non-participants. Further to this, there was a perception that it was easy and straightforward to withdraw funds.

Potentially complex for inexperienced employers/employees

Employers and employees who did not use SIP had some concerns over whether the scheme would be complex to administer and participate in. The other schemes appeared simpler to understand and employers were concerned that administering the scheme could be a burden and that their employees might not understand the scheme rules.

"It's so much more complicated, so I would want a proper breakdown of what each of these options would mean"

Micro, Other Services, Employee, Non-Participant

Issues around image and compatibility

Small and micro businesses had some difficulty in seeing the relevance of SIPs to their business. These businesses had the perception that SIPs would only be relevant to large and corporate businesses due to the high financial limits involved. This made them less likely to want to explore the possibility of offering the scheme as the values indicated in the scheme rules seemed to be far too substantial and generous a reward for them to offer.

"It seems more relevant to larger companies – so it could be something for the future"

Micro, Entertainment, Non-Participant, Employer

Case study 2 – SIP employer

Profile

This participant was the lead on benefits and rewards with a large global financial services provider. The business had experienced fluctuating performance over the last decade, due to the financial crisis, but there had been a broad trend of growth. They explained that their key business challenges were the wider economic and political climate.

Benefits offered

Offered health insurance, high street discounts and flexible annual leave to their employees. Their reason for offering benefits was to remain competitive in the market and to help to attract new employees.

Decision to offer SIP

They offered SIP because it was widely considered to be the norm to do so in the financial services sector. It also helped them recruit higher value employees who would typically demand very high salaries. This business was not able to compete on these salaries and therefore they could offer SIP as a supplementary reward.

Experiences offering the scheme

The participant was generally positive about the scheme. They had seen reasonable take up (around 35% of employees) and noted that the scheme was more likely to be used by senior level managers who had more disposable income to invest in the scheme. However, they did express a concern over the level of knowledge among their staff in relation to the scheme.

4.3 Company Share Option Plan (CSOP)

4.3.1 General awareness

There was very limited awareness of CSOP among employees with only one employee interviewed having heard the name before from their time working in the financial services sector. Typically, employees were aware of the concept after it had been explained to them but not the CSOP name. Among employers, there was no awareness of CSOP aside from those who had some vague recollections from when they offered other TASS.

"I used to work for a bank and I heard about this there. I don't really know anything about how it works. I just remember hearing that name"

Medium, Technology, Non-Participant, Employer

4.3.2 Set up and decisions to take part

Decision to take part

Employers were motivated to offer CSOP primarily to attract new staff who might expect to be offered some form of employee benefit. Further to this, employers also saw CSOP as a tool to motivate and engage existing staff by encouraging buy-in in the business and a sense of investment in the company's performance. Decisions to offer CSOP were also typically advised by a third party.

"We started by thinking, how can we engage the key staff that we have. I then consulted with my accountant who provided me with lots of information on the various schemes"

Small, Hotels, CSOP, Employer

Employees who use CSOP explained that the scheme was presented to them as a reward and a replacement for bonus/salary by their employer. As such, they demonstrated an assumption that there would be no reason to refuse the offer and that it would likely benefit them financially in future.

"My line manager offered it to me in my annual review along with a salary increase. He said he would like to offer me x number of shares at x price. It made me feel like I was getting more of a salary increase"

Medium, Arts and Entertainment, CSOP, Employer

Scheme set up

Employers indicated that the set-up process for CSOP was not complex but that it was somewhat time consuming to gather all of the relevant information to send to HMRC. The forms required were viewed as extensive and employers felt they should have been more straightforward to understand and complete.

"It was time consuming as I had to liaise with various people to get the information my accountant needed. So, there was a cost from the time spent on it"

Medium, Financial Services, CSOP, Employer

Employees felt that it was very straightforward to sign up to the scheme and reported that most of the administration was handled by their employer.

"The process was all done for me through the company's accountant. Then they explained it all in some detail"

Small, Other Services, CSOP, Employee

4.3.3 Advice and support

Employees reported receiving little to no advice or support during the sign-up process. This was partially due to the fact they felt financially confident but also related to how CSOP was presented as a reward or bonus they were receiving for nothing in return. Employees stated that they received some informal guidance from their employer and trusted this as they had a positive relationship with the company.

"All the information was given to me through the company. They are people who I trust so I felt comfortable with it"

Small, Other Services, CSOP, Employee

Employees did note that they discussed it with friends or partners after being offered the scheme to gauge their views and opinions on it.

"I didn't feel informed enough to make a decision without further advice. The most important factor was the advice she got from her partner and his colleagues"

Small, Other Services, CSOP, Employee

4.3.4 Ongoing management of scheme

Employers' experience of managing the scheme varied depending on whether the organisation used a third party or not. Those who used intermediaries said that there was very little ongoing management required from them and that their intermediary, typically an accountant, managed the process entirely.

"We looked for something that had very little administrative work involved. We sought to remove all of the headache - our company secretary keeps an eye on compliance, but our accountant manages it all"

Small, Hotels, CSOP, Employer

Employers who did not use intermediaries, however, reported that the ongoing management was extensive and required significant resource. They referred specifically to information-gathering for completion of the required forms as frustrating and time consuming.

"It's very time-consuming to manage. To be honest, we find the process quite onerous"

Medium, Financial Services, CSOP, Employer

Employees indicated that they had very little involvement or responsibility in the ongoing management of the scheme and explained that it was managed by their employer and their employer's accountant. Employees were generally happy with this arrangement but there was some desire for more transparency from employers and accountants regarding how the scheme worked and how their holdings were performing.

"I'd like more transparency in terms of understanding what different company schemes/deals there are and whether my company is doing right by me"

Medium, Arts and Entertainment, CSOP, Employee

4.3.5 Preference and use of channels

Employers used a variety of channels to communicate about the CSOP scheme. Typically, information about the scheme was reported within general business and performance updates in the form of meetings or emails. Further to this, employers also commonly provided information and updates about the scheme on an online portal that scheme users could privately access.

"It's communicated within the context of business performance, share value and tax planning"

Medium, Other Services, CSOP, Employee

Employees were typically happy to receive information via these channels, but they did demonstrate a desire for information about the scheme to be communicated in more straightforward, understandable language and for the use of jargon and complex terminology to be avoided. In some cases, employees noted that they believe HMRC should be responsible for communicating information about the schemes in a simple way to employers.

"It could help if HMRC made a very simple explanation of the rules and the reasons for them, and obliged employers to use this"

Medium, Financial Services, CSOP, Employee

4.3.6 Views towards benefits and impacts of scheme

Employers reported positive impacts on employee engagement and staff motivations due to offering the scheme. They noticed increased engagement through employees asking more pertinent questions about the company's performance at key meetings and demonstrating more interest in productivity. Employers also noted that some employees were less demanding with salary requests as they perceived CSOP, to some degree, to be a part-replacement of salary.

"Productivity and the bottom line became more important to people in the business"

Small, Hotels, CSOP, Employee

Employees also mentioned that they felt their participation in the scheme increased their likelihood to stay at their company in the long term. They expected that if the company they worked for was sold or floated, they could potentially make a significant financial gain as a result.

"If it got to a point where I was thinking of leaving and my boss said that they may be floating in 18 months then I'd probably stay"

Small, Other Services, CSOP, Employee

There were some concerns from employees regarding the complexity of the scheme and doubts about whether they fully understood the rules. This was particularly the case with rules about what would happen to their holdings if they were to leave the company or if it was sold.

"I should probably have a better understanding of the rules to be honest. I don't really know what would happen if I left, so I'm in the dark a bit"

Small, Other Services, CSOP, Employee

Further to this, employees also had some concerns over how the scheme had been presented to them. They felt that it had been portrayed as a bonus/reward but not necessarily as something that required their investment. As they were generally uninformed about the rules they felt they had entered into the scheme without fully understanding it and had some uncertainty over how well-balanced their employers' description of the scheme was.

"It was presented to me as a really great thing. Like, wow, you are being offered shares! But in a way it was a bit of any empty offer"

Small, CSOP, Employee

Case study 3 – CSOP employer

Profile

This participant owned a medium-sized premium bakery and grocery company. The company had undergone substantial growth in the last five years and one of their key brand principles was to promote ethical, sustainable growth within the company. The key challenges the business faced were high staff costs, overheads and competition to attract skilled workers.

Benefits offered

The company offered what they described as 'family friendly' benefits. This included travel schemes, family schemes and childcare vouchers.

Decision to offer CSOP

The owner consulted their accountant because they wanted to offer a benefit that would enable them to retain and recognise their key and critical employees. They also wanted something that could help with recruitment of new staff. Their accountant recommended introducing a TASS, and suggested that CSOP would be best suited to meet their objectives.

Experiences offering the scheme

The employer's experience of offering the scheme was very positive. They noted an improvement in their employees' engagement in the company and their productivity. They noticed that employees were more interested in the company's performance and were less demanding in salary negotiations. They were also pleased by the straightforward and simple administration process associated with the scheme.

4.4 Enterprise Management Incentive (EMI)

4.4.1 General awareness

Awareness of EMI was very low, including among employers who offered other TASS. In rare instances, some employers noted that EMI had been mentioned to them by their accountant, but they did not know anything specific about it. Among employees who did not use EMI, there was no awareness of the scheme.

4.4.2 Set up and decisions to take part

Decision to take part

Employers' primary reason for offering EMI was to motivate and retain existing staff that they deemed to be key to the business. It was viewed as a tool to incentivise essential staff to stay at the company in the long-term. EMI was presented as a reward to these staff and the potential financial gain was emphasised.

"It gives us a chance to retain the staff by offering long term financial incentive with no immediate cost"

Small, Transport, EMI, Employer

Further to this, employers also used EMI to help with attracting new, highly skilled employees. EMI was viewed as supplementary to salary and an additional benefit that could be used to attract good employees with high salary demands.

"We are primarily staff orientated. We hire lots of specialist staff and we want to hire good people"

Small, Transport, EMI, Employer

Employees said that the scheme was explained to them as a reward and bonus and as such they did not see it as their personal decision to take part. Some felt as though it would be illogical to refuse the reward and were therefore happy to receive EMI as an added benefit. They were positive about being offered EMI and did not see any drawbacks to taking part.

"It was offered as part of my remuneration, so of course I was going to say yes"

Small, Financial Services, EMI, Employee

Scheme set up

Employers viewed the set-up process of EMI as straightforward and low cost. It was therefore viewed very positively in this respect. Employers also typically employed their accountant to manage most of the set-up process which meant they had to invest little time in this initial phase.

"It was all surprisingly smooth to be honest and it all got done quite quickly, in about 4-6 weeks"

Micro, Other Services, EMI, Employee

Employees generally had very little involvement in this phase of the scheme. As the set up was managed entirely by the employer and intermediaries, employees reported that the process of signing up for the scheme was minimal and only required them to verbally confirm their decision to take part and sign documentation related to their wider remuneration package.

"We just discussed the benefits in a meeting with some other colleagues and we could ask any questions we had. All of us accepted then and there"

Micro, Other Services, EMI, Employee

4.4.3 Advice and support

Employees taking part in EMI were financially confident and knowledgeable. They did not seek third party advice when deciding to take part in the scheme or for ongoing support. Instead scheme users sought informal advice from other colleagues who either already participated in EMI or were considering whether to do so. They also relied on advice from their employers and trusted this due to the positive relationship they had with them.

"I didn't seek any outside support, but I did talk to my colleagues about it at the time for some clarification on the tax implications"

Small, Other Services, EMI, Employee

Employers received advice and ongoing support about the benefits of the scheme and were advised by their accountants about how best to offer and position the scheme depending on their circumstance. They typically reported trusting their accountants' recommendation of which scheme to offer. Some also discussed the scheme with financial advisers'.

"Our accountants set up the scheme for us, they are specialists and advised us on how to structure the scheme to be tax efficient"

Micro, Other Services, EMI, Employee**4.4.4 Ongoing management of scheme**

Employers outsourced the majority of the ongoing management to their accountant and as such they found the process required little time and engagement. They explained that they would not be fully confident in their companies' ability to administer the scheme and therefore were comfortable in outsourcing it to specialists. In this respect, they were also not fully aware of what is involved in managing the scheme because it was fully outsourced and therefore could not comment in great detail.

"We wouldn't be confident of managing it within tax rules ourselves, so we seek the help of specialists"

Micro, Other Services, EMI, Employer

Employers explained that their main responsibility was contributing to an annual report to submit to HMRC alongside their accountant. They generally viewed this as simple and straightforward to produce. Some, however, felt that the upload process was complex and could be simplified.

"There's a report to download, then you fill that in and upload it. It would be simpler if it was just on the website"

Small, Transport, EMI, Employer

Employees had very little engagement and interaction with the scheme on an ongoing basis and typically trusted their employer to handle this.

4.4.5 Preference and use of channels

Employers provided minimal communication to employees related to EMI. It was discussed when hiring new employees who will be offered the scheme and when offering the scheme to existing employees. Employers typically provided written information packs collated from HMRC documentation or from their accountant. Communication was typically handled on an individual basis with scheme users encouraged by employers to have a direct discussion with the company accountant if they require information.

"We discuss the scheme when we hire staff and say how it can be beneficial to them. Beyond that we provide employees with a link to the HMRC website and that's about it"

Micro, Other Services, EMI, Employer

Employees reported receiving information directly from their employer in the form of face-to-face meetings and written information packs. They were happy with this arrangement for receiving information and were comfortable with continuing to receive further information in this format.

4.4.6 Views towards benefits and impacts of scheme

Employees felt that participating in the scheme had improved their sense of engagement and loyalty to the company. They felt like they were seen as more than just an employee, and this gave them added motivation in their performance and a sense of job security. In turn, they felt this would mean they were more likely to stay at the company for longer. Employers shared this view and reported seeing improved performance and motivation in employees participating in the scheme.

"I feel like I've got a stake in this company which is a big incentive"

Micro, Other Services, EMI, Employee

Employees also demonstrated very positive views towards the Entrepreneurs' Relief offered on the scheme. This added to the view that the scheme could potentially be very financially beneficial.

Employers were very positive about the impact the scheme had in helping them to retain employees. They indicated they were starting to see evidence of reduced staff turnover and increased retention which was a very beneficial result for them.

"A chance to retain the staff by offering long term financial incentive with no immediate cost"

Micro, Other Services, EMI, Employer

Both employers and employees had some concerns over whether employees had a full understanding of the scheme and all the associated rules. There were particular concerns over understanding of potential CGT liabilities and what would happen to their shares if they left the company, both in terms of the actions they would need to take and the tax implications of leaving the company.

"I'm not sure if they understand the implications of CGT"

Small, Other Services, EMI, Employer

There were also some concerns over the 10-year exercise period. Some employees would have preferred this to be longer and form part of a longer-term retirement plan. Conversely employers felt it should be explicit

that this could be shortened, as a 10-year advertised period might put off some employees who would see it as too long an investment. However, this was not raised as a major issue, more broadly.

Case study 4 – EMI employer

Profile

This employer was a micro company that offered motorbike training courses via a digital platform. The business was three years old with a flat, non-hierarchical structure. The intention was to sell the company in three to five years' time. The key challenges faced by the business were raising capital and recruiting/retaining good employees.

Benefits offered

The company offered a number of other benefits to employees including unlimited holiday, flexible working and free food/drink.

Decision to offer EMI

The owner of the company had heard about EMI in other companies and some of the positive impacts it could have on staff retention. The scheme was also then recommended when they discussed employee benefits with their accountant. They were keen to offer something that would help them with both recruitment and retention and after receiving advice they decided EMI was the best option.

Experiences offering the scheme

The scheme was deemed to be successful in promoting a sense of employee ownership and in motivating employees who take part. They also mentioned how it had been successful in motivating and creating a sense of ownership among the younger employees in the business who were offered EMI. As the scheme was entirely managed by the accountant, the business reported that it was very straightforward and simple for them to offer the scheme.

5 Role of Intermediaries

The research included five interviews with intermediaries. These interviews were conducted with accountants advising companies on which TASS would be the best fit for their company. Of the five interviews, four were with SME accountancy firms whose clients were owner managers. These intermediaries had worked in the accountancy profession for typically 20+ years and amassed experience of all four TASS in their career. One intermediary worked for a large accountancy firm for the past four years, advising a range of large companies, and specialised in advising and managing EMI schemes.

5.1 Role in initial application process

The SME intermediaries had a client base made up of mostly SME companies and recommended a TASS based on an assessment of their client's company sector, size, profile of employees, and company ethos and goals.

On the whole, intermediaries felt that TASS were still relevant and could encourage employees to save. They also explained that the relationship between the employer and their employees played a valuable role in encouraging employee participation in the scheme; where the employee felt they could trust the employer they were more likely to sign up.

Intermediaries reflected on several societal and economic opportunities and challenges influencing their recommendations to businesses and the uptake of TASS. They were mindful that some businesses now used employee recruitment and retention initiatives such as flexible working, gym membership, birthday holiday, and mobile phone contracts. They reflected that these initiatives could offer employers a substantial return on investment in terms of employee loyalty, and presented as good value for money, since they were cheaper to introduce than a TASS and can provide short-term positive impact on employee retention.

In terms of the opportunities and challenges of providing TASS to firms, intermediaries noted that they were acquiring more business from technology companies open to the idea of using TASS to retain staff in senior positions. As retail sector business models had changed significantly over the last few years fewer opportunities for business were available in this sector. In addition, intermediaries felt that the upcoming withdrawal from the European Union was causing employers and employees to delay decision-making around saving and spending. Intermediaries also reinforced perceptions of shares being viewed as a risky way to save and felt this was influenced by the volatility of stock markets and negative media stories around the use of tax avoidance schemes.

Other challenges influencing the uptake of TASS included a less informed understanding of the concept and benefits of these schemes, discomfort with the potential for TASS to dilute company share values among smaller companies, or disagreement among directors about the best way to provide impact.

“Every company is different; it all depends on the values and ethos of the company/managers. Those who go for TASS see their business operating best when everyone is on board with the idea of doing their best for the company and everyone gets the benefit of that. Clients who are less interested in TASS are those who aren’t interested in giving the company away- they say ‘it’s mine, I worked hard to get it where it is’. Most of my clients are interested in keeping their higher earning staff so I would advise either SIP or EMI to them”

SME intermediary

“For non-managerial employees, depending on their salary, they are already having money taken out by their workplace pension, so this scheme would just eat away at their salary”

SME intermediary

“They are archaic, these are not the things that staff want any more. I don’t think ownership is that important any more for junior/non-management/younger staff. For older more senior staff that’s where EMI has its place”

SME intermediary

Employees often raised questions about different aspects of TASS demonstrating a lack of understanding about the benefits of tax advantages, scheme-related features or terminology and the impact of their decisions or actions.

“The kind of questions we get about EMI from employees can be quite random- does my plan expire at retirement, can I transfer shares into someone else’s name, can I buy more shares, or they don’t understand the terminology especially around granting options and exercising shares”

SME intermediary

5.1.1 Scheme set-up and management costs

Intermediaries based the costs of setting up a scheme on the amount of time required to do the work. Overall costs were influenced by the complexity of the work required to assess a company’s valuation, which accounted for the bulk of the cost to an employer. Other costs included dealing with HMRC when drafting scheme rules and communicating schemes to employees. Some economies of scale could be introduced into the overall cost for an employer, for instance, using templates when communicating scheme rules or features.

Intermediaries were mindful that smaller companies had more limited budgets for TASS and employers were more likely to cut costs by limiting the amount or type of communications or training provided to employees/employers. Employers with higher budgets used the intermediary to provide presentations and one-to-one meetings with staff to explain the scheme. Employers with lower budgets communicated the

scheme to their staff themselves. The intermediary working for a large accountancy firm offered clients a FAQ document for employees at a cost of £2,500.

“The cost of schemes means employers skimp on information and employees don’t consult independent financial advice”

SME intermediary

Smaller intermediaries quoted costs in the range of £5,000-10,000 to set up a TASS, with individual costs varying by scheme. For a SIP scheme, £8,000-9,000 was quoted and for an EMI scheme this could be around £5,000.

The intermediary working for a large accountancy firm quoted costs of £20-30,000 for setting up an EMI scheme, £2,500 for a FAQ document, £5,000-7,000 for a presentation to staff and an additional £15,000 to draft rules on options.

5.1.2 Influences on SAYE / SIP recommendations

SAYE was perceived to offer fewer benefits for employees and employers than SIP. Intermediaries believed the value of a SAYE scheme lay in the fact that it was easy to understand and communicate to employees, and relevant for a wide range of employees. However, there appeared to be lower take-up of this scheme among smaller companies, and intermediaries felt that employers did not believe the cost of setting up this scheme would outweigh the potential benefits. Employers were deterred by the scheme’s low interest and bonus rates which were not competitive against other savings vehicles. In addition, intermediaries felt that the maximum monthly contribution should be raised to encourage more staff in senior roles to use the scheme.

“Cost is a factor for employers, especially if they don’t see very high uptake among staff”

SME intermediary

Intermediaries suggested that a cash incentive would motivate smaller companies to take more of an interest in the SAYE scheme. They believed this would be best achieved by giving both employers and employees a tax incentive so that both parties would benefit from participating.

“The interest and bonus rates are so low in SAYE and the wider market, so if government bumped up those rates it would turn a few heads, and SAYE would be positioned as flexible because of the option to use it as a savings account or buy shares”

SME intermediary

Intermediaries felt that SIP schemes appealed to smaller companies who wanted to demonstrate to employees that they are in agreement with the concept of company ownership, and also helped to retain skilled

employees. These employers liked the flexibility of SIP in terms of being able to use different types of shares, especially free shares and partnership shares. Intermediaries felt that employers would have liked to raise the maximum limit on partnership shares to give managerial staff higher rewards.

“A client in the education sector wanted to be like John Lewis, their ethos was for the employees to own the company, so they liked the idea of partnership shares because it sounded non-hierarchical, they also gave free shares each year, as well as a cash bonus for senior staff, based on performance targets and a minimum length of service”

SME intermediary

“The gesture, I’ve seen the impact when the employer gives something to blue collar workers, it does so much for morale”

SME intermediary

Employees raised questions about the different types of shares available in a SIP and the reasons why the shares were held in a trust. Intermediaries also felt that employees were not aware of the pre-tax salary benefit.

“An employee asked me about partnership shares and said: ‘Is the company in trouble, is that why they are asking us to buy shares?’”

SME intermediary

SME intermediary

5.1.3 Influences on CSOP/EMI recommendations

Intermediaries recommended both CSOP and EMI schemes to companies who were experiencing high growth and/or wanted to retain key staff. Both of these schemes were perceived as offering a versatile way to motivate and retain a range of staff including key sales people, those with the potential to become directors and those nearing retirement. EMI schemes were also used by companies contemplating a management buy-out.

Intermediaries felt that EMI in particular offered employers flexibility and freedom because of the lower rate of CGT and the potential for Entrepreneurs’ Relief. They perceived that one drawback of EMI was the 10-year limit.

5.2 Ongoing management and communication

Smaller intermediaries quoted annual costs of around £500 for the ongoing management of TASS. Employers generally compiled any ongoing paperwork in-house throughout the tax year and used the intermediary to complete and submit their annual return to HMRC.

The larger intermediary offered more scheme-management services to their clients, including a telephone helpline for employees which was charged at an hourly rate, and ad-hoc employer training. These services were offered to distinguish their accountancy firm from competitor firms. This intermediary noted that their clients were encouraged to deal with as much scheme management in-house as possible.

"It's one of the least profitable parts of our business so we encourage companies to manage schemes"

SME intermediary

"Clients are not share experts, so we do need to give them a bit of handholding"

SME intermediary

"HR staff can get a bit scared of HMRC so that's when I would get involved"

SME intermediary

6 Encouraging TASS participation

6.1 Views on encouraging employer participation

It was clear from the research that many employers were not aware of TASS. Accountants and advisers often only informed companies about TASS if asked to advise on ways to improve employee retention. Even when approached, advisers were not necessarily recommending the full range of schemes available.

Employers suggested that they would welcome information from HMRC using a variety of channels but would need to be convinced with evidence about the impact of TASS on loyalty, for example, using case studies.

“Hospitality in this country is seen as a stop gap career rather than a lifetime career. SAYE seems like a good package to offer but depends on the employee making a commitment to save. In hospitality it's not a high powered high earning industry so making that commitment on a regular basis could be quite challenging. The type of person who comes in to hospitality is not thinking about staying with a company for three to five years. For general staff running the bars, they would be more interested in bonuses, they are a younger demographic. I could explain how SAYE works easily and could sell it to my senior employees as a great way of saving for a mortgage, the employees would be at the stage of their life where they are starting to think about property, it's a nice sort of help in the right direction, and you could get a certain amount of tax relief on it”

Micro, Arts, Entertainment & Recreation, Non-Participant, Employer

“Of the schemes, SAYE is the most relevant because it is a small amount for an employee to contribute, but as a [company] owner I am not sure this would motivate better performance from them, I don't understand the benefit to me of this scheme”

Small, Banking and finance, Non-Participant, Employer

Employers wanted to receive information that was clear and non-technical and suggested that HMRC could attend industry events to make presentations to companies and answer questions. Some employers felt that an advertising campaign by HMRC would also help to raise awareness.

“I'm on an HMRC email list each month. They should include information in there. Or the accountants should have leaflets”

Micro, Construction, SAYE, Employer

Micro and small companies cited the cost of setting up a TASS as a barrier. Employers did not demonstrate awareness of existing tax incentives and intermediaries felt that an additional tax incentive to compensate for the cost of schemes would be a potentially encourage employers to participate in one of these schemes.

"I think the government needs to think about smaller companies just starting out because there aren't any benefits to it at the moment. I would expect information about this to come from our accountant. I've got the radio on all day, I hear the adverts for making tax digital. I think HMRC could do radio and TV adverts"

Micro, Other service activities, Non-Participant, Employer

6.2 Views on encouraging employee participation

Like employers, employees also felt that HMRC need to raise awareness of schemes in order to encourage participation. Importantly, employees wanted communication of the schemes to be straightforward and easy to understand.

A key barrier for younger employees was their fear of shares as a way to invest. In order to overcome this, employees and employers felt that much more detailed and balanced information would need to be available about the benefits and drawbacks of TASS and how the tax advantages of the schemes work.

There were mixed views on the best source of communicating this information; some employees were not confident that their employers would give them clear and correct information, whilst others felt that receiving information from their employer was the most logical way to receive communications and to encourage participation. HMRC was seen as a trustworthy source but potentially too technical. Furthermore, employers felt the administration process for employees can act as a barrier and can be quite complicated for employees to understand without an adviser.

"To be honest, I think the burden [of letting people know] is on the employers...when I am looking at an overall package it's the employer I want to deal with, because that's...everything, salary, holidays...these kind of benefits as well, so really the guidance I would want would be from the people who are giving me the original money or the original shares or whatever",

Micro, Other service activities, Non-participant, Employee

"I had a quick look on HMRC's website... it's just a paragraph, it's not very useful. Attach the comms to tax returns, letters. People don't read letters generally, but they do from HMRC!"

Medium, Transport, Participant, Employee

"This information needs to come from someone trustworthy and independent, not the company itself ...I would get more from it if [the information] came from a government/tax office as long as it is clear and concise"

Medium, Other service activities, Non-participant, Employee

Using examples that the employee can understand and follow easily would help to raise understanding and enable more informed decisions, for example: how SAYE compares with other savings vehicles or the risk element of participating in company ownership compared with private investments. Some employees suggested a calculator tool to show the effect of TASS participation on their savings.

"The more I have to do something to participate, the less likely I am to do so. The easiest is the SIP, where you just give it to me as a bonus. Saving by default is the easiest way to do it. If I have to log on to a website, I have to remember to do it... I may be a bit skint on a given month... [so] the more automated it is, the more likely I am to do so"

Medium, Transport, Participant, Employee

"It's all a bit of a risk I guess, you just don't know what is going to happen to the company. Also, I haven't heard of many people who are participating - it would persuade me more if my friends were doing it. I don't think someone young like myself would choose a company just because of a share option"

Small, Other service activities, Non-participant, Employee

Some employee participants wanted greater flexibility in the scheme rules and features to feel they would be getting the maximum benefit from each TASS. This included increasing the upper monthly contribution limit on the SAYE scheme.

5.3 Intermediary views on encouraging participation

Intermediaries agreed that TASS would need to be more widely communicated by employers. Intermediaries contributed a wide range of ideas for improving uptake of TASS among companies based on their experience of advising SMEs and their knowledge of the full range of schemes. These ideas were often different to those put forward by employers and employees, but some examples included

- Extending the number of sectors eligible for TASS;
- Harmonising the CGT rate of 10% across all schemes;
- Increasing SAYE bonus and interest rates;
- Increasing the maximum amount of free shares and partnership shares that can be awarded per year, in SIP schemes.

Intermediaries also agreed that introducing tax incentives to benefit smaller employers may increase participation within this population. Some suggestions included:

- A tax-free annual allowance of £5,000 for the employee, with the government and the employer contributing towards this amount provided the employee contributes also;

- Deferring or removing the assessment of the company market value in the set-up process as these costs take up much of the employer budget and can deter some employers from setting up schemes;
- Introducing a substantial market value discount to make TASS more beneficial for staff and removing the tax/ NI advantage.

"If the government were to ring-fence X amount, and it has to be less than £5,000, whereby it said that the government's contributing, say, £2,000 of that and the employer's contributing £3,000 of that. They have a package of £5,000 maximum, and then the employee receives that £5,000 which then they put into a savings plan, which then goes on to buy shares, that's how I would bring a product together. The government incentivises employers and companies through tax breaks, so then, in turn, it does the same for employees, but on a smaller scale. At the moment, the maximum is £500 a month, which is £6,000 per annum. So, you'd say, 'Of that £500, we're contributing £200, you've only got to contribute £300 pro rata,' you'd just scale that down"

Intermediary

"The schemes are fair, I hope they don't die because once they go it's hard for them to reappear, you have to tinker with them and allow employers to help employees. The employee-employer relationship is a trusted relationship so that is the way to go"

Intermediary

One intermediary suggested a way for employees to benefit from a tax advantage without the need for companies to distribute shares. This would make use of the individual £2,000 dividend allowance to give staff a tax-free bonus. They felt this would enable staff to benefit within the same tax year avoiding the need to set any minimum participation periods or the need to submit a tax return.

"If there was a way for a company to give their staff a dividend but they don't own shares, it would be a good way for limited companies to pay out dividends to employees without them having to own shares or the company to give shares to employees"

Intermediary

6.4 Summary of findings

- Societal and economic changes over the last decade have influenced employer perceptions of the value of TASS when compared with other initiatives for motivating or retaining staff, especially in companies or sectors facing substantial change, and smaller companies who consider TASS unaffordable. Whilst TASS are still seen as relevant there are ways to maximise the benefit of the schemes.
- Company ownership is desirable but generally more attractive to older employees and those in senior job roles who have more money to invest and have a greater understanding of tax advantaged benefits. Younger employees were also less likely to invest via their employer whilst they are developing their career.
- Awareness and detailed understanding of TASS is generally low. Many employers are outsourcing the set up and ongoing management of schemes to advisers. However, even where employers manage the schemes themselves, they still lack a detailed understanding of the schemes.
- The appeal of SAYE may have eroded among employers and advisers because of the lack of interest and bonus rates, and perceived inflexibility of this scheme.
- Where SAYE is offered there is some evidence of improved motivation among employees, but this is limited by the low engagement required by the scheme.
- SIP/CSOP/EMI are all seen as attractive and flexible schemes with CSOP/EMI both offering ways for employers to retain valued staff in senior positions. However, the holding periods of these schemes can often act as a deterrent for some employees.

6.5 Suggestions for improvements to TASS based on findings

- To revitalise and increase interest in TASS, several key changes are required to accommodate societal and economic changes and individual goals.
- Educating, informing and communicating with employers and employees (especially younger and non-managerial staff) about TASS is required to shift perceptions and to reinforce TASS as a superior savings and investment vehicle, normalising saving via employment for younger employees.
- There is an opportunity to communicate the schemes to young people whilst they are still in education.
- Tax incentives would support smaller employers with the cost of setting up a scheme.
- There is a need for HMRC to educate employers on the benefits of TASS so they are less reliant on advisers for information and education.
- Increasing employers' ability to be more flexible with the rules and features of SAYE/SIP schemes could help increase uptake among a wider range of company sizes and sectors.

- With SAYE this would include the ability to increase the upper monthly contribution limit; offering a reduction on the three-year holding period and increasing interest and bonus rates to be more competitive with ISAs. In addition, to encourage lower paid employees to consider SAYE, consider offering a financial incentive from the government/employer.
- With SIP, the ability for smaller employers to receive an additional tax incentive when providing free shares to employees could benefit employers and employees. Offering employers the ability to increase partnership share limits could allow a greater number of staff to invest in their companies and maximise their investment.

Appendix

Achieved sample composition

Employees

Employees			
Characteristics	Description	Quota	Completed
Whether participate in TASS scheme	Yes	15	15
	No	15	15
Scheme participating in	SIP	MIX AND MONITOR	4
	SAYE		3
	CSOP		4
	EMI		5
Whether contribute maximum amount	Maximum amount		6
	Below maximum		3
Whether participated in a scheme in the past	Yes	Max 10	3
	No	Max 10	5
Occupation	Elementary occupations	MIX AND MONITOR	
	Process, plant and machine operatives		
	Skilled trades occupations		1
	Sales and customer service occupations		2
	Caring, Leisure and Other Service Occupations		
	Administrative and secretarial occupations		1
	Associate professional and technical occupations		7
	Professional occupations		2
	Managers, Directors and senior officials		13
Income	My income is under £12,500 and I don't pay income tax	MIX AND MONITOR	1
	I am a basic rate tax payer (20%) and earn £12,501 - £50,000		8
	I am a higher rate tax payer (40%) and earn £50,001 - £150,000		16
	I am an additional rate tax payer and earn over £150,000		3
Sector	Agriculture and energy	MIX AND MONITOR	1
	Manufacturing		4

	Construction		
	Distribution, hotels and restaurants		4
	Transport and comms		1
	Banking and finance		8
	Public administration, education and health		3
	Arts, Entertainment and Recreation		2
	Other Service Activities		5
Size of employer	Less than 10 employees (Micro)	MIX AND MONITOR	
	10-49 (Small)		9
	50-249 (Medium)		10
	250+ (Large)		10
Region	East Midlands	MIX AND MONITOR	2
	East of England		1
	London		9
	North-East		2
	North-West		3
	Scotland		0
	South-East (excluding London)		6
	South-West		1
	Wales		1
	West Midlands		1
	Yorkshire & Humberside		1
	Northern Ireland		2

Employers

Employers			
Characteristics	Description	Quota	Completed
Whether offer schemes	Offer scheme	25	23
	Do not offer scheme	25	25
Scheme offered	SIP	Min 5	7
	SAYE	Min 5	8
	CSOP	Min 5	4
	EMI	Min 5	8
	One	20	21

Number of schemes offered	More than one	5	4
When started offering the scheme	Pre 2014	Min 10	2
	2014 onwards	Min 10	22
Whether considered offering scheme (for those not offering scheme)	Considered	12	5
	Not considered	13	20
Eligibility criteria	Don't offer a scheme but know they are eligible	Min 15	10
	Don't offer a scheme and know they're not eligible	Max 5	13
	Don't offer a scheme and don't know whether they're eligible AND offer alternative scheme	Max 5	
Whether offer alternatives to TASS	Offer alternatives	MIX AND MONITOR	2
	Do not offer alternatives		45
When company was founded	Pre 2014	Min 10	31
	2014 onwards	Min 10	11
Number of employees	Less than 10 employees (Micro)	MIX AND MONITOR	14
	10-49 (Small)		14
	50-249 (Medium)		10
	250+ (Large)		9
Region	East Midlands	MIX AND MONITOR	
	East of England		2
	London		24
	North-East		3
	North-West		
	Scotland		1
	South-East (excluding London)		4
	South-West		5
	Wales		
	West Midlands		3
	Yorkshire & Humberside		2
Northern Ireland	1		
Sector	Agriculture and energy	MIX AND MONITOR	2
	Manufacturing		2

	Construction	1
	Distribution, hotels and restaurants	7
	Transport and Comms	2
	Banking and finance	17
	Public administration, education and health	2
	Arts, Entertainment and Recreation	4
	Other Service Activities	9

For more information

3 Thomas More Square
London
E1W 1YW

t: +44 (0)20 3059 5000

www.ipsos-mori.com

<http://twitter.com/IpsosMORI>

About Ipsos MORI's Social Research Institute

The Social Research Institute works closely with national governments, local public services and the not-for-profit sector. Its c.200 research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methods and communications expertise, helps ensure that our research makes a difference for decision makers and communities.