

# Share Schemes Statistics

## User feedback and HMRC Response

### October 2012

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#### Introduction

1. This note summarises feedback from users of HMRC's Share Schemes Statistics received via our user consultation and our user registration tool up to September 2012. As a result of the feedback we have identified changes we will make to the publication to better meet users' needs.
2. After launching the user consultation problems were found in the Employee Share Scheme Statistics which has led us to undertake a major exercise to review the data validation and cleaning for the new year of data and the preceding three years' historical data. This has meant that our priority has been to complete this exercise so that we can publish robust data as soon as possible. We will therefore not be making any changes to this year's publication. We plan to implement the changes that are the highest priority for users when we publish the 2011/12 data (scheduled for June 2013).
3. The delay in publication may also mean that some users will have missed the user consultation, and so we are leaving the [User Survey \(Opens new window\)](#) open until the end of the year so any other users can feed in their views. In addition users can register their interest in the statistics or offer feedback at any time using our [user registration tool \(Opens new window\)](#).
4. We are grateful to all who have responded to our user consultation or registered via the user registration tool for improving our knowledge of how our statistics are being used.

#### Users of the statistics and how the data is being used

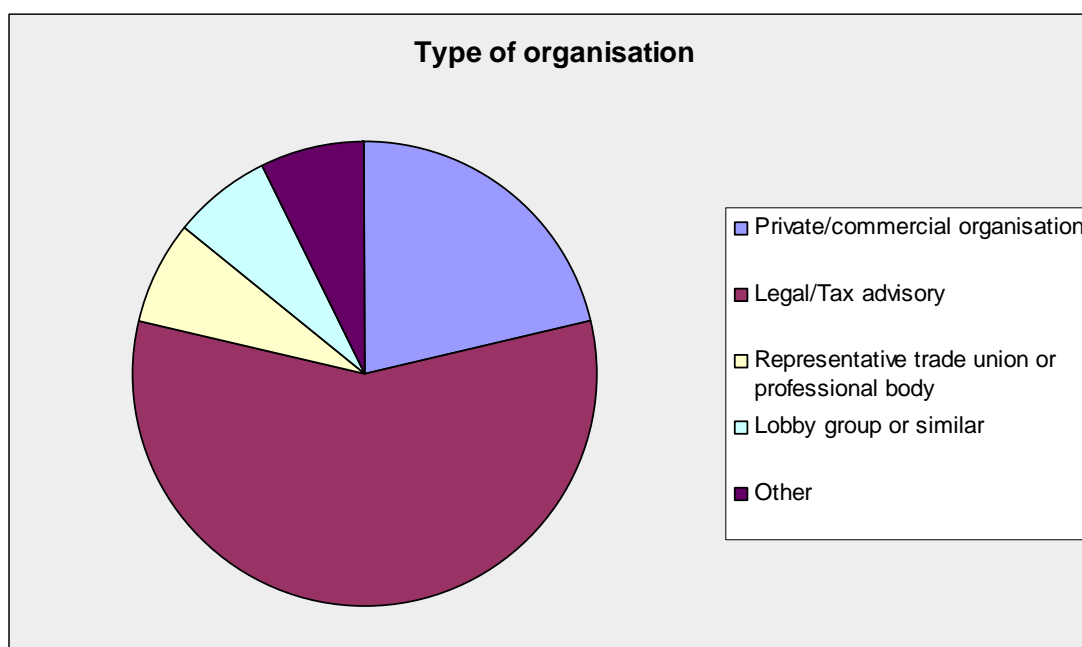
##### Within Government

5. The data is mainly used by HMRC and HM Treasury (HMT), although there is also interest in the Department for Business, Innovation & Skills. The Office for Tax Simplification (OTS) also used the data for their review of the tax-advantaged employee share schemes.

6. The published statistics are used for monitoring the use of the schemes. For example, the OTS published a report with recommendations for simplifying employee share schemes ([http://www.hm-treasury.gov.uk/d/ots\\_share\\_schemes\\_060312.pdf](http://www.hm-treasury.gov.uk/d/ots_share_schemes_060312.pdf)) and used the statistics in its research into the schemes. It commented on key trends in the published statistics in its report.
7. The published statistics and the detailed returns used to create the statistics are also used in policy development, such as for estimating the cost of policy proposals and assessing their impact. For example, the data was used to estimate the cost of the increase in the individual limits of the Enterprise Management Incentive scheme, and to inform the summary of impacts table published in the Overview of Tax Legislation and Rates document at Budget 2012 (<http://www.hmrc.gov.uk/budget2012/ootlar-main.pdf>).
8. The figures may also be used in briefings and answering Parliamentary Questions.

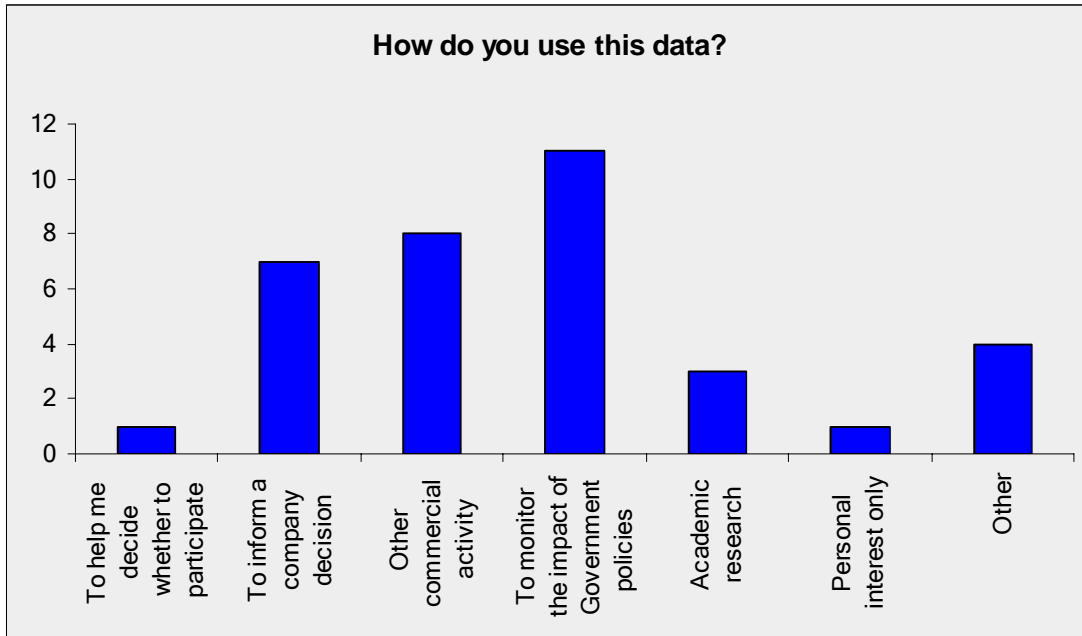
#### Uses outside Government

9. Out of the 22 users who responded to the user consultation, 14 responded to the question asking about their type of organisation. As shown in the chart below the majority of respondents identified themselves as “Legal/Tax advisory”, with several respondents identifying themselves as private/commercial organisations. In addition the data was also used by a representative trade union or professional body, a lobby group or similar, a publisher and a share schemes administrator. We also have information on who our users are from our registration tool which gives similar findings.

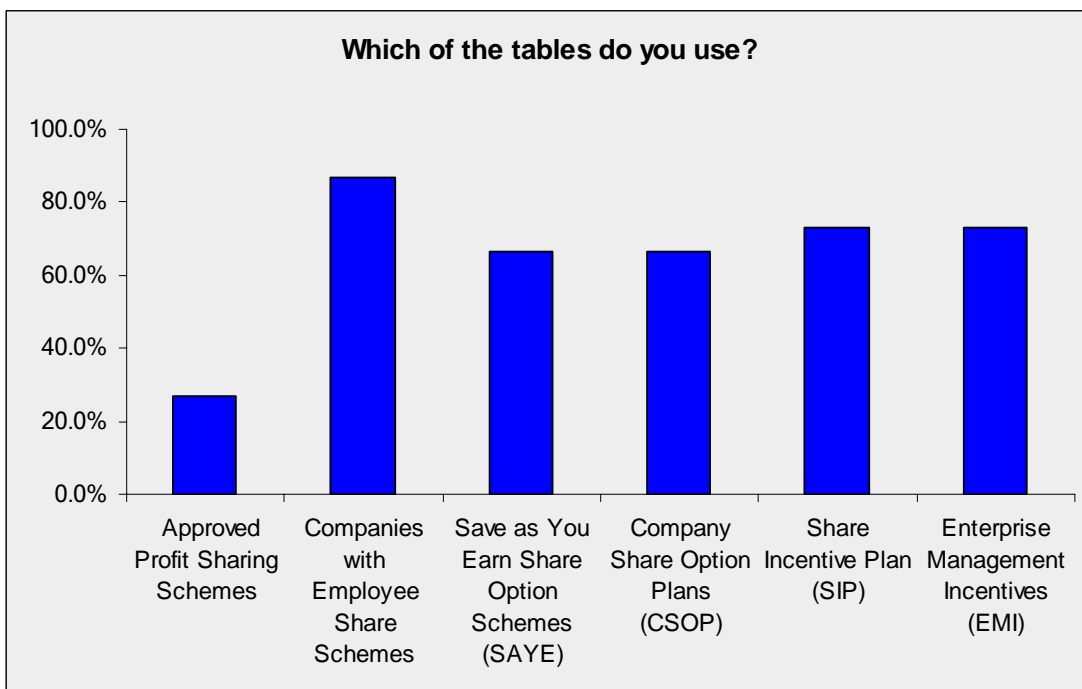


10. External users were also interested in using the statistics to monitor the effect of Government policy as shown in the chart below, with 11 out of the 19 users who replied to how they used the data listing that as one of their uses. Other common responses were using the statistics to inform a decision by a company as to

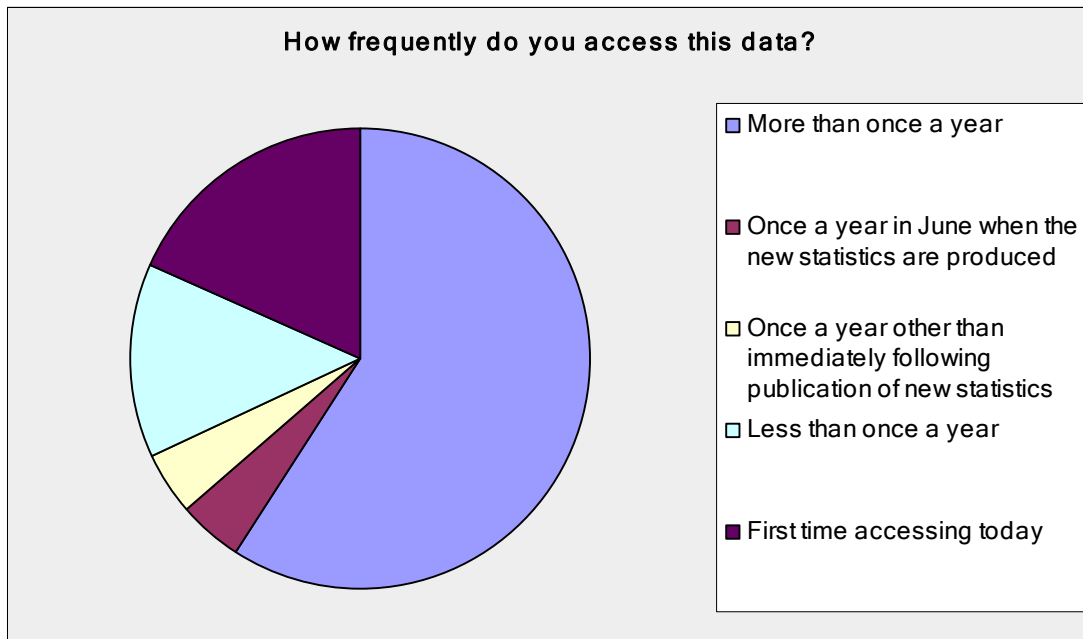
whether to offer a share scheme and/or other commercial activities. There were also small numbers of users interested in the data for academic research, for deciding whether to participate in an Employee Share Scheme and the other uses included assessing trends in share schemes, advising clients and for news stories.



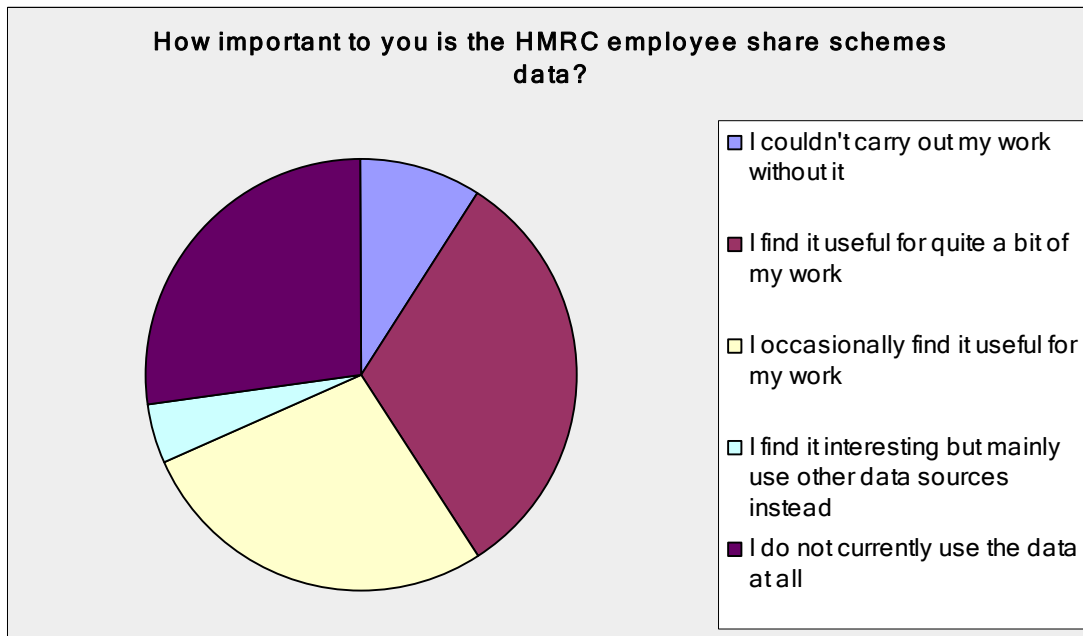
11. Table 6.2 showing the numbers of companies with different types of employee share schemes is the most widely used, as shown in the chart below, with broadly similar numbers of people using tables 6.3 to 6.7 which show the four current tax-advantaged share schemes. Unsurprisingly, table 6.1 on approved profit sharing schemes is used less. This scheme ceased to operate in 2003 and the table is no longer updated.



12. Although the statistics are only released annually, more than half the respondents to the survey are accessing the data more than once a year, as shown in the following chart.

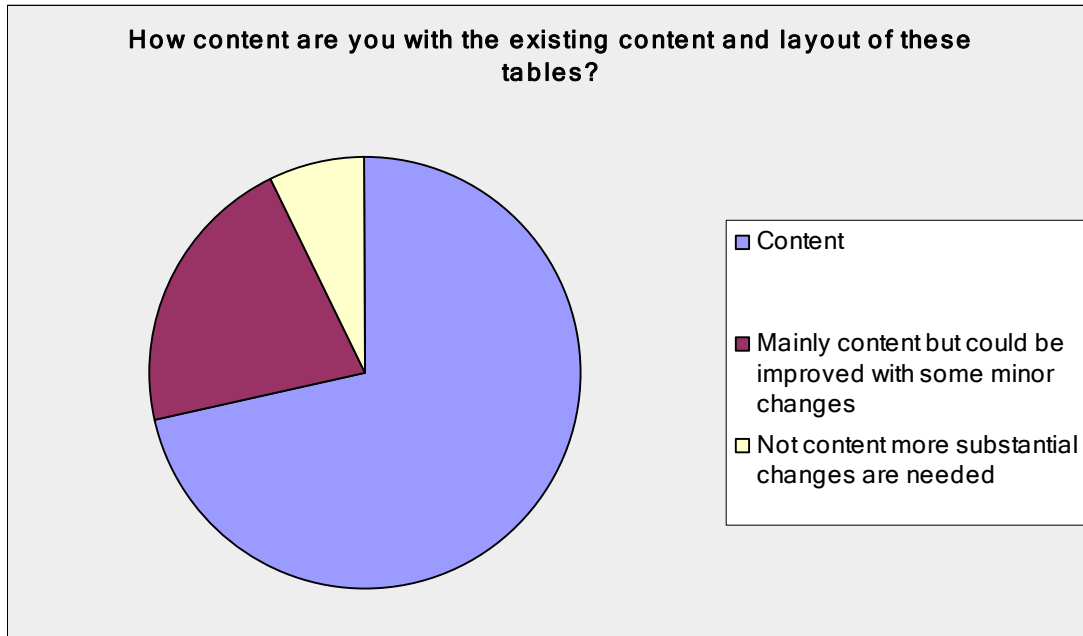


13. Around 40% of respondents either said that they could not carry out their work without the data, or they find it useful for quite a bit of their work, with around a further 30% saying that they find it occasionally useful.

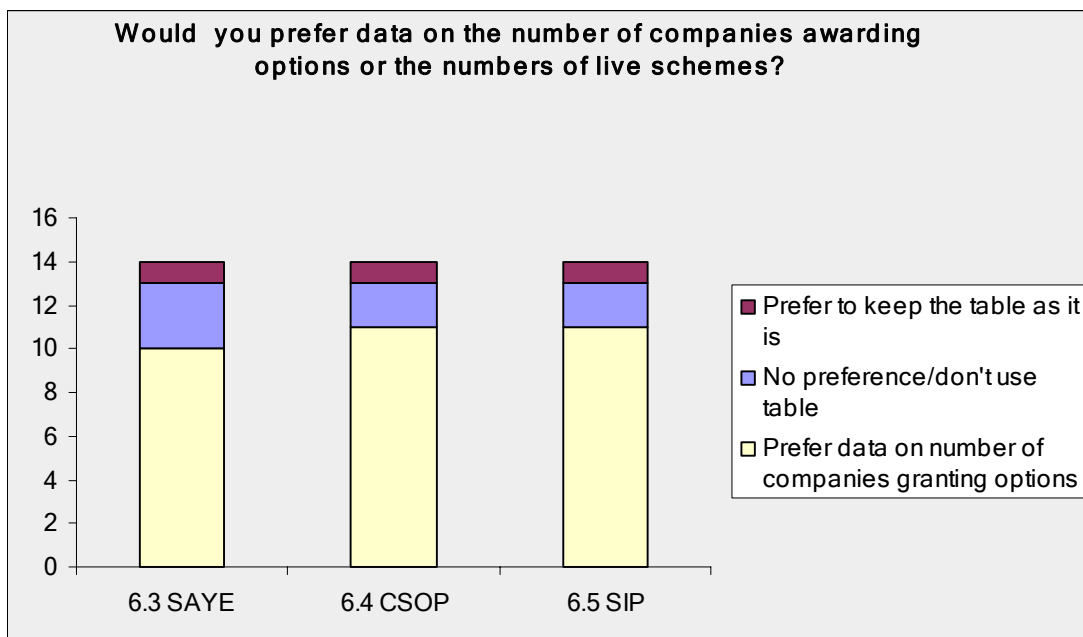


### The extent to which the statistics currently meet user needs

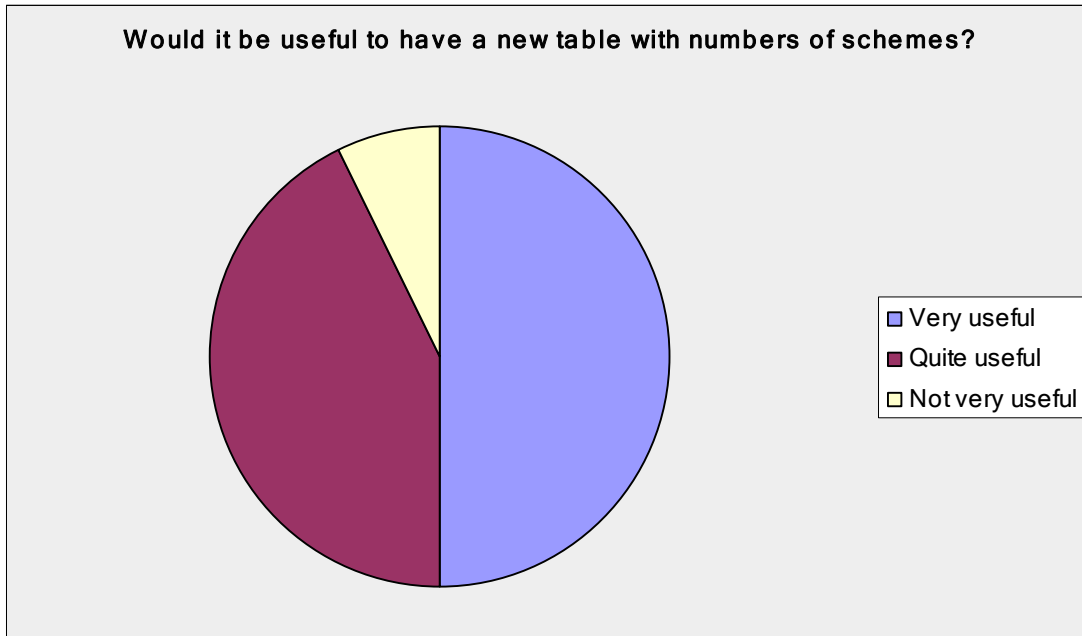
14. Feedback from users shows that the statistics mostly meet users' needs, but not completely. While 10 users said they were content with the tables, 3 thought they would be improved with minor changes, and 1 wanted more substantial changes. The suggestions given on the changes needed are included with the suggestions in paragraph 18 below.



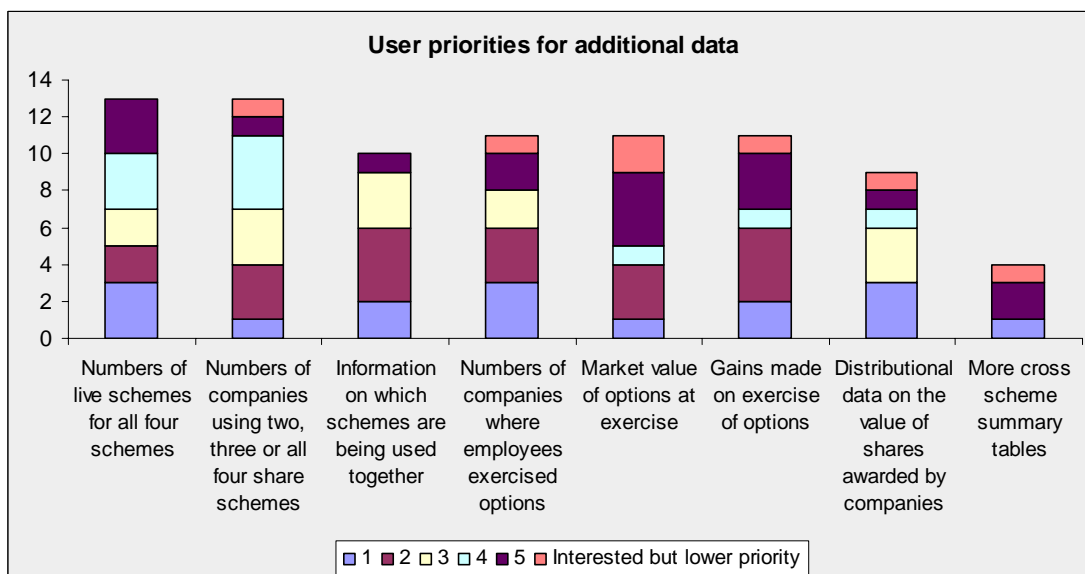
15. As part of the user consultation, HMRC identified some changes which might better meet users' needs and asked users specifically about these. One specific change we thought might help users is if we provided data on the numbers of companies awarding options rather than the numbers of live schemes in tables 6.3, 6.4 and 6.5. (Companies may have more than one live scheme, and not all schemes will award options in any given year.)



16. This suggestion was well received by users with 70%-80% preferring information on the number of companies awarding options. However, when we asked users if we should make available a table with numbers of live schemes alongside this then all but one user said that these would be very or quite useful, showing that there is strong demand for both sets of information. Users also prioritised this information highly compared to other responses (see paragraph 17 below).



17. We also asked users about the relative priorities for 8 different suggestions for information we could add to the data. Out of these 8, data on live schemes (as mentioned above) and numbers of companies using two, three or all four share schemes came out as priorities for all the users who responded to this question. Information on which schemes are being used together, numbers of companies where employees exercised options and gains made on exercise of options had slightly fewer users prioritising them, but a higher number putting them as either their first or second priority. The other 3 suggestions (market value of



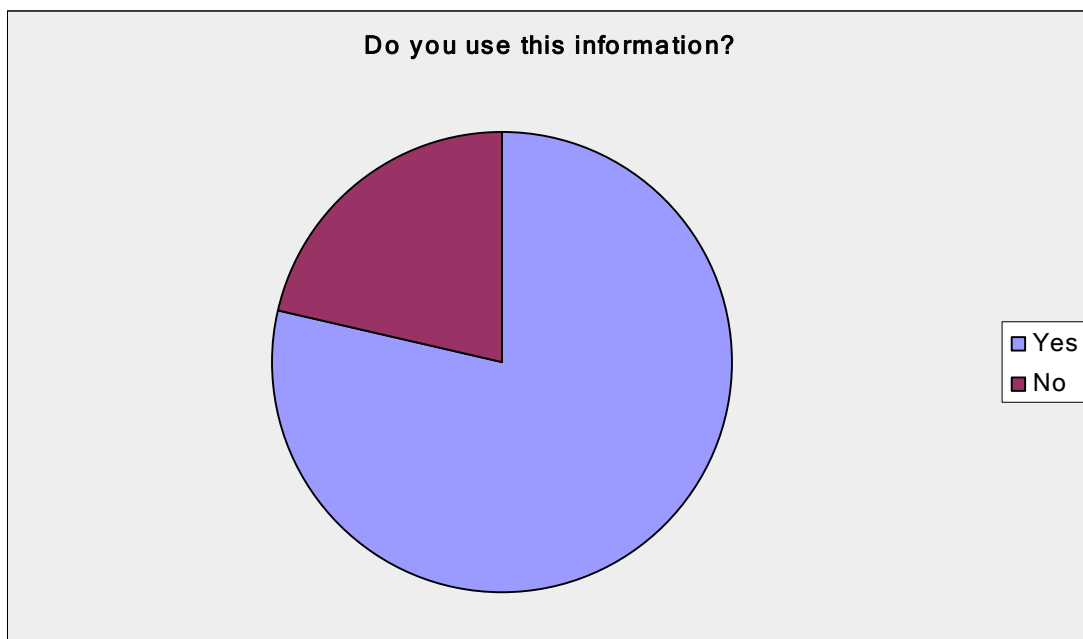
options at exercise, distributional data on the value of shares awarded by companies and more cross scheme summary tables) came out as prioritised by fewer users or a lower priority for the users prioritising them but the first 2 of these still attracted a significant amount of user interest.

18. Other areas suggested in comments by users (although in general not by more than 1 or 2 users) were:

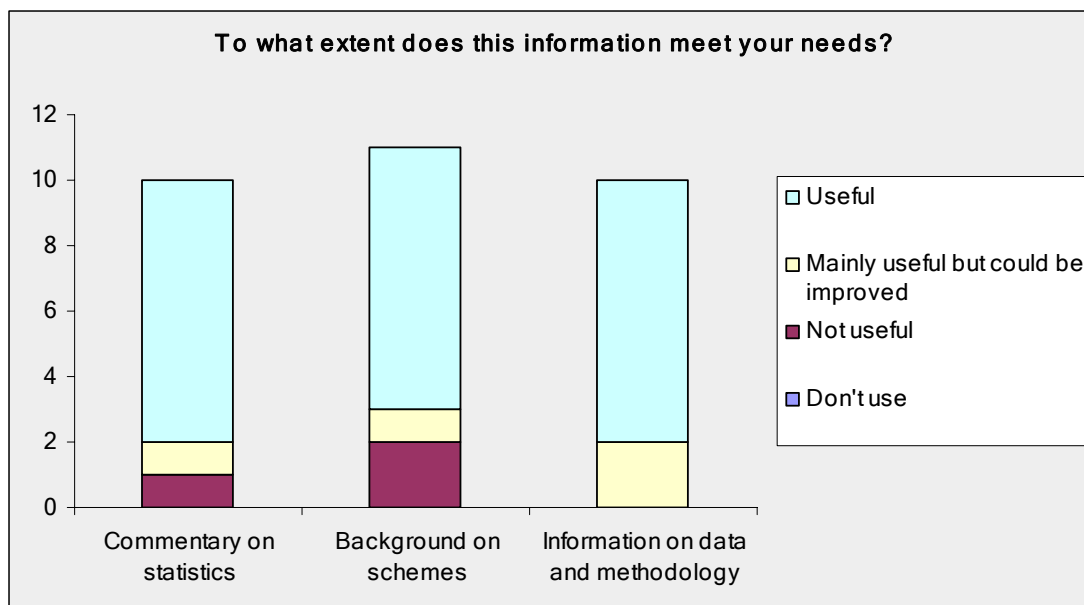
- Tables by FTSE sector.
- Combined views across companies.
- More detail, possibly even publishing anonymised raw data.
- More distributional analysis such as 90<sup>th</sup> percentile data (we had suggested mean, median, mode and quartile).
- More information on how the costs are calculated.

19. One user also expressed concerns about the way in which the data on costs were calculated.

20. We also asked users about whether they use the supporting information in the commentary, and the extent to which the supporting information meets their needs.



21. Most of the users who responded to this question are using this information, and 80% of those users said that they found the information useful. However there is also scope to better meet users' needs here with between 2-3 users saying either that the information was not useful or that it could be improved.



22. Some users offered more detailed suggestions and comments as follows:

- More detail would be helpful.
- The background to the schemes is not helpful and will be largely the same most years.
- The commentary shouldn't just repeat the data in the tables.
- The commentary should cover changes in the legislation or other factors that impact the statistics.

## HMRC response to the feedback

### Statistics

23. Based on the responses to the consultation we will make the following changes in the publication of the share schemes data due to take place in June 2013:

- We will change the data in tables 6.3, 6.4 and 6.5 to the number of companies awarding options, providing data from 2007/08 onwards, and continue to publish the data on the number of live schemes in a new separate table.
- We will add data on numbers of companies using two, three or all four share schemes and information on which schemes are being used together in a new table. This will contain data for the latest year.
- We will include numbers of companies where employees exercised options and the gains made on exercise of options, providing data from 2007/08 onwards.

24. The responses suggested the following changes are lower priorities but still useful for users so we will implement them in later publications as and when resources allow:

- Market value of options at exercise.
- Distributional data on the value of shares awarded by companies (including considering if we could produce data for percentiles as well as mean, median, mode and quartiles).
- More cross scheme summary tables.
- Tables by the FTSE sector.



- More distributional analysis such as 90<sup>th</sup> percentile data (we had suggested mean, median, mode and quartile).

However we would welcome feedback from other users interested in these suggestions so that we can prioritise the changes for which there is greatest user demand.

25. We are not sure what type of tables the user who asked for combined views across companies is hoping for, and would welcome further feedback in this area.
26. As part of the October 2012 publication we are including further information on how the data on costs is calculated, and the limitations of the methodology. Hopefully that will meet the needs of the user asking for better information, and also will help meet some of the concerns on the quality of the information by explaining what is included. The data on costs will not perfectly reflect all aspects of Exchequer Costs, but nevertheless we think despite its limitations this data is useful to users of these statistics.
27. We are not able to release anonymised raw data under the Commissioners for Revenue & Customs Act 2005. However HMRC's datalab allows approved researchers to access anonymised data to undertake research that serves one of HMRC's functions and benefits the wider research community. The datalab could potentially be used to access the share scheme data. More information on the datalab is available from the HMRC website at <http://www.hmrc.gov.uk/datalab/index.htm>. We are willing to consider releasing more detail where that can be done without disclosing the information from individual taxpayers. This consultation was intended to help us understand what additional information would be helpful for users, and we would welcome further feedback and suggestions.

### Supporting information

28. We are currently reviewing the supporting information for the October 2012 publication and will make the following changes to better meet users' needs:
  - Moving the information on the background to the schemes to a separate section. This will make it available for new users needing this background but will make it easier for more experienced users to skip this information.
  - Include a summary of the main policy changes which may affect the data.
  - Adding more context to the statistics where possible.
  - Including better information on how the costs are calculated and the limitations of that approach.

We believe these changes will better meet users' needs without having a detrimental impact on the users who already find the information useful and did not suggest any changes. We welcome continued feedback on the commentary to identify further changes to better meet user needs.