

Seeing the wood for the trees



Amid the inevitable hue and cry over departing Persimmon Homes CEO Jeff Fairburn - he of the controversial £110m LTIP payout last year - an important story is being missed. Alongside the usual discretionary plans for top execs the company operates two all-employee share plans, the Share Incentive Plan and Save As You Earn or 'Sharesave' plan.

With media coverage entirely focussed upon rewards for the handful of individuals at the top of listed companies, the benefits of share price growth for employees - in the form of Sharesave - have been entirely overlooked.

As a refresher: Sharesave is an all-employee plan enabling employees to save a fixed amount deducted from their net pay each month, of between £5 and £500, over a 3 or 5 year term. At the start of the savings term, employees are granted an option to buy a fixed number of shares. The price payable for the shares is set at the start of the savings term, usually at a 20% discount to the shares' market price. Participating employees can then use their savings to buy shares (and keep or sell them) at the end of the savings term. They can take their savings back if they wish, without buying the shares - a sensible course of action if the share price has fallen.

Persimmon Homes' 3 year Sharesave options, granted in 2014 at an option price of £10.80 per share, matured on 1 December 2017 and on that day the company's share price closed at £25.52. An employee saving at 2017's industry-wide monthly average of £127 per month would therefore have made a gain of £6,226.56 under Persimmon's latest maturity. If all of Persimmon's 4,500-strong UK workforce had each saved the maximum £500 per month in the scheme over those 3 years, their total gain would have come to...£110m.

Regardless of what you may think about the executive pay debate (and with or without the benefit of hindsight, it is more complex and nuanced than the headlines suggest) it is hard to argue that

employees shouldn't share in the financial success of their company. They are the hands laying the bricks to build the houses, after all. Companies deserve credit for giving employees the opportunity to benefit from share ownership.

Sharesave is a valuable and much-valued benefit for many rank-and-file employees at listed companies. Ninety-one FTSE 100 companies operate it, according to ProShare data gathered from publicly available information. ProShare's latest SAYE and SIP report shows that 2.5m UK employees take part in one or both of these two share plans.

Contact team@proshare.org if you would like a copy of our latest SAYE and SIP benchmarking report.

A handwritten signature in black ink, appearing to read 'G Stopp', with a long horizontal flourish underneath.

Gabbi Stopp
Executive Director ProShare