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## Employees at Ayrshire's largest coach firm board the employee ownership bus!

Kilwinning-based **Shuttle Buses** has become employee-owned, giving all 70 employees a stake in the business as the current MD plans for his eventual retirement.

Established in 1990, the bus and coach company has 60 vehicles and operates both commercial and subsidised local bus services – including school and private contracts, the MyBus on-demand service and private coach hire. A key motivation for transitioning to employee ownership was to retain the ethos and culture of the company whilst anchoring it in the local community – something that could not be guaranteed with a trade sale.

David Granger, Managing Director of Shuttle Buses, said: *“Having considered various exit strategies, it was clear that Employee Ownership was the best way forward for both me and the business. We have a great workforce, some of whom have been with the company for almost as long as I have, and safeguarding their future was equally important to me as my own. Despite having grown to 70 employees we have managed to retain much of the*

*ethos of a family company; my son and youngest daughter both work here and I think a trade sale could have been disastrous for both them and our other employees. Employee ownership gave me a tax-efficient exit, yet retaining both a role and a shareholding in the business, whilst passing on the role of Managing Director to my son.”*

Ralph Leishman of 4-Consulting advised Shuttle Buses on the transaction. He says, *“It’s rewarding to see such a good company make the move to employee ownership. The sale to an EOT secures the future for Ayrshire’s largest bus operator. The team at Shuttle Buses are a joy to work with and I’m delighted to be part of the next stage of their growth.”*

CDS funded a feasibility study, allowing Shuttle Buses’ leadership to make an informed decision on whether to move to employee ownership. Once the company had decided to proceed, its transition was project-managed by Ralph Leishman and legal advice was provided by Blackadders.

## Trustee Training

28th October  
9.30 - 11.30

Information [here](#).



## Oxford International Symposium on Employee Ownership

60 employee ownership experts from across the globe gathered in London and Oxford over three days to discuss employee ownership. The event was a joint venture between Professor John Hoffmire of Oxford University and the UK's leading expert on employee ownership, Graeme Nuttall OBE. The main sponsor of the symposium was the US based Employee Ownership Foundation, a non-profit organisation dedicated to promoting the employee ownership model of business. The wide-ranging agenda covered diverse topics such as valuations, share schemes, the UK EOT vs the US ESOP as a model, EO Design and where EO goes wrong.

Graeme Nuttall kicked off the Oxford segment of the event with a broad view of developments across time and place. He said pre-2012 should be viewed as the pioneering era for employee ownership in the UK. The experience of these "Early adopters" clarified what had to be in place to create a growing, vibrant employee ownership sector.

Graeme was largely responsible for the introduction of the Employee Ownership Trust, following the Nuttall Review in 2012. He said that the strength of the EOT models is that it provides a platform for permanent long-term employee ownership.

This was followed by a very interesting discussion on the costs of the EOT transaction,

with a comparison between the UK and US. There was a particularly live discussion about what constituted "optional costs" – is employee communication and ongoing education really optional if everyone agrees that this is what makes employee ownership work?

Dr David Erdal and Carole Leslie had the painful task of talking about some projects where the businesses or parts of businesses ceased to be employee-owned in more unfortunate circumstances. It was far from a depressing session, with the emphasis being on lessons learned, and how the mistakes in the past now inform the models of the present.

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Valuations provided for a very lively hour, with the differences in process and compliance in the US and UK being challenged.

Campbell McDonald of think tank Ownership at Work emphasised the need for current and comprehensive data to build an evidence base for employee ownership.

Who would have thought a session titled Precedent Documents and Government Guidance would prove to be the most hotly discussed? Both speakers, Janet Cooper OBE and Rick Pearl of US law firm Faegre Drinker led an engaging debate on a range of relevant topics such as mandatory compliance or light touch legislation.

Dawn Butler, MP and Shadow Equalities Minister and Liberal Peer, Baroness Bowles demonstrated an impressive knowledge of employee ownership and a real heartfelt commitment to supporting employee ownership in the UK. Dawn Butler said “If we really want a fairer society and to reduce the grotesque inequalities that exist in our country, then employee ownership must be on the agenda.” Baroness Bowles has been an employee ownership enthusiast for many years and particularly recognised Scotland’s success in encouraging more employee ownership. Scottish

Labour Leader sent a statement of support saying “*The case for more employee ownership in our economy is clearly demonstrated by the superb employee-owned companies that we see flourishing in Scotland. Recent visits to Kidzcare nursery group and Jerba Campervans reinforced for me the benefits of a structure that has proven to be a successful, sustainable structure that allows employees to share in the wealth they create. I would be very interested in reading any output from the Symposium. It’s important to me that Scotland isn’t left behind in promoting employee ownership.*” The Minister for the Economy in the Welsh Government gave a similarly supportive address by video.

It was a truly ground breaking event and there are already plans to replicate it next year. Attendees agreed that limiting the numbers allowed for good debate and the calibre of expertise on show meant that there was a lot of learning. It was no mean feat to bring together policymakers, lawyers, share scheme experts, employee ownership experts from the US, Canada, Australia, the Basque Country, Japan Denmark, Wales, Scotland and England. All agreed it was a superb event.



# OAK News

Well, that was a last minute rush! Despite months of notifications and articles, the requirement to register EOTs and EBTs seemed to catch people by surprise and submissions flooded into the HMRC Trust Registration Service during the few days before the 1st September deadline. It wasn't helped by company's advisors giving the advice that EOTs were exempt; obviously not all accountants are keeping up to date with changes in legislation! I think we managed to get most over the line. There is no requirement to update the registration unless there are any changes. For example, if there is a change in trustees then the TRS should be notified within 90 days.

I would encourage all of our employee owned companies to consider entering the WeDO awards. The stellar performance by employee-owned businesses across all categories did much to raise the profile of employee ownership in Scotland's business community. **PAUL Heat Recovery** picked up the Eco-Entrepreneur Award and **Woollard & Henry** won the International Award, with **TEFL Org** becoming a very close second. The winner of the Employee-owned Company of the Year went to **David Narro Associates**. The organisers have entered a new category this year "Employee-Owned Business Leader of the Year". If you think the leaders in your company deserve a nomination, you can nominate them here . And of course, don't restrict yourself to the employee-owned categories; our fantastic businesses have demonstrated their superior performance across many measures.

I'm still buzzing following my attendance at the International Employee Ownership Symposium in Oxford. To bring together so many accomplished experts from across the globe is such an achievement – Graeme Nuttall and John Hoffmire really do deserve every plaudit for creating such an effective forum for the exchange of ideas and views. The President of the event's main sponsor, Jim Bonham commented that the symposium surpassed all expectations.

It was interesting how many delegates referred to Scotland's progress in growing employee ownership successfully. My own opinion on that is that we do well, but we could be doing



so much better. Cindy Turcott, Chair of the Trustees of the Foundation said that she believed that having centres for supporting employee ownership in every US state would go a long way to multiplying the number of US employee-owned firms. We are very lucky to have CDS in Scotland which does an admirable job of promoting employee ownership and raising awareness amongst advisers. The funded feasibility report is welcomed as a useful starting place for many businesses considering a sale to an EOT.

The EOT is admired by many countries and is seen as a structure to replicate. The US model is very much the shares based ESOP. Both schemes have their advantages and disadvantages and the prevailing thought in the room was that both structures had more in common than they had differences. The ESOP is typically used as a retirement plan with employees drawing the value when they retire. This comparison led me to two observations. The first observation is that if someone leaves an EOT owned company, then they no longer benefit from the Trust. When I'm involved in announcements to employees, I often feel that employees close to retirement won't see the real financial benefits of employee ownership. Of course, no one is any worse off financially when a company moves to an EOT structure and quite often they are much better off from the perspective of long term security, voice and access to information. However, because the company will often prioritise the servicing of debt to the selling shareholders, any bonuses are likely to be limited in the early years. I quite understand that someone who has given 30 years of service to a company, contributing to its success, will not derive a tangible value from an EOT.

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The second observation is reinforced by some Annual General Meetings (AGM) I've attended recently where the companies also have share schemes in place – usually Share Incentive Plans. The annual Share Price is announced at the AGM and there's a palpable excitement as people see the share value as a barometer to how well the company is doing. A secondary benefit of this is that the company's executives will explain why the share value has increased or decreased, providing useful information to the employees that cements ownership thinking. The EOT bonus is more of a random figure that will be based on the company's cash flow. All food for thought although after a

few days absorbing the different mechanisms of employee ownership across the world, I still believe strongly that the EOT is an excellent model for employee ownership.

Back to the grindstone for September when I'm hoping to see two companies into EOT models. All going well, you'll have to wait until the next issue to see who they are!

Until then

Take Care

- Carole

01786 611066

## HED heads to employee ownership

Black Isle-based consultancy **Highland Ecology and Development Ltd** (HED) has moved to an employee ownership trust joining the trend in supporting and retaining local jobs in the highlands.

With the transfer of all shares into an Employee Ownership Trust (EOT) there are tangible benefits for everyone in the new company, rewarding the contribution of its dedicated team. The EOT safeguards job security while ensuring that ownership of another successful independent, growing business remains in Scottish hands.

HED has been at the forefront of the renewables, ecology and environmental management sectors providing support for businesses in the north of Scotland over the last 20 years. The company has focussed its expertise in the development of wind, hydro and solar power projects as well as housing, road, rail and major utility developments.

The company enjoys long-term partnerships with Scottish construction and renewable companies including BEAR Scotland, Bam Nuttall, SSEN, Green Highland Renewables, architectural companies and developers such as GH Johnston and Springfield properties.

An Employee Ownership Trust has been formed and holds 100% of the shares on behalf of the employees. Once the company had decided to proceed, its transition was project-managed by Ralph Leishman with legal services from Blackadder solicitors. The EOT provides the employees with opportunities to have annual tax-free bonuses and shares.



Top: (from left) Vicki Rennie (office administrator), Imogen Young (senior ecologist and director), Paul Young (principal ecologist, director and trustee) and Diana Gilbert (trustee).

Bottom row: (from left) Michael Pedder and Isla Macleod (senior ecologists)

Imogen Young, director and senior ecologist, said: *"The employee ownership model is the perfect solution for us as a small company allowing us to pass ownership and responsibilities to our hard-working team. This will be phased over a number of years allowing successional planning and eventually retirement in our later years."*

Michael Pedder, senior ecologist and new trustee with the employee trust, said: *"This is an exciting opportunity as an employee to reap the long-term benefits of a well-established company which has a fantastic reputation in supporting projects across the Highlands."*

*"With the ongoing support of the previous owners Paul and Imogen we are all up for the challenge. HED Ltd senior management team will remain involved with the business for the foreseeable future providing on site advice and mentoring support."*



## Merlin Celebrate 5 years of Employee Ownership

On 26th August, the team at world class drilling engineering experts, **Merlin** celebrated 5 years of employee ownership spending the Friday afternoon enjoying a celebratory lunch at the Parklands Hotel in Perth. It was not possible for the beneficiaries based in America, Australia, Malaysia, Poland, and France to join in person, but all were sent a gift to mark the occasion.

Since moving into Employee Ownership, three out of the past five years have delivered record returns, with revenue in 2020 and 2021 reflective of the effect that the COVID19 pandemic

had on global markets. 2022 is expected to surpass all previous years, as demand for services rebounds strongly. As an employee-owned business the team are aligned and motivated to grow the business and further develop Merlin's service capability: in software development, geographical expansion, enhanced training delivery, and additional technical services.

The measure of success for the business in these ventures can be seen through the exceptional team at Merlin, delivering and continually affirming the positive attributes of employee ownership.

## New Employee Director for Merlin

The previous week, an internal ballot was conducted to select Merlin's new Employee Director. Merlin's Engineering Director, Neil Armstrong, had just completed the maximum two terms in the role, which meant that a new representative had to be appointed. It is the responsibility of the Employee Director to ensure that the employees are represented at board level, in relation to business strategy and company oversight. Following a tie during the first ballot, Stewart McGregor, Merlin's Technical Development Director received a marginally higher percentage of the votes in the second ballot and was duly elected as the new Employee Director. Congratulations, Stewart!



**Merlin Leadership Team, left to right: Neil Armstrong, Stewart McGregor, Iain Miller, Ron Ramage**

## Stewartry Care Collaborate to Commemorate

Employee-owned care at home business, **Stewartry Care**, commissioned a mural showing a very unusual product of the town of Dalbeattie, where the company is head quartered. The Skeoch utility car was designed in the 1920s to give individuals access to an affordable, roomy two-seater vehicle that could be used for both business and pleasure.

Only twelve automobiles are believed to have been produced in Dalbeattie's 'The Burnside Motor Works' before a fire broke out destroying the workshop in 1921. Stewartry Care's offices are close to the site of the workshop and seemed a fitting tribute to the town's history.

The project was a collaboration with Dalbeattie's Men's Shed. The Men's Shed movement was created to provide community spaces for men to connect, communicate and create and have been recognised as an immensely valuable means to combat isolation and improve mental health in a section of society that is often forgotten. Dalbeattie Men's Shed was named the best in the United Kingdom at the UK Men's Sheds Association's shed of the year awards in 2017. Last summer, Sir Billy Connolly popped into the shed when he was filming a new TV project. He was very interested in the Skeoch utility car replica that members of the shed were building.



Debbie Cochrane, Managing Director, Stewartry Care said *"The impact that loneliness and social isolation can have on the physical, mental, and social health of older people is well documented, as an organisation we recognise the issue and through re-investment of our profits, we have been able to set up a number of initiatives to help combat social isolation amongst our service users and the communities we operate in. Having linked up on a previous project setting up intergenerational sessions with a local nursery it was always going to be a yes when asked to be involved with this project."* Debbie added, *"The Dalbeattie Men's Shed is such a vital resource to so many people in this town and to promote them in such a unique way embracing the history of the town is something we wanted to be involved in."*

## Congratulations as Altar Group wins Future Workplace Award

Huge congratulations to **Altar Group** who won the Future Workplace award at the Dundee & Angus Chamber of Commerce's Chamber Business Champion Awards 2022.

Chief Executive Scott McCallum says *"Altar Group was born out of a passion for supporting and empowering a workforce. We've rewritten what it means for us to support the people in our business and our partners, striving to be a centre of excellence. Not for the work we do in the design, digital marketing and web space, but for the way we foster local talent, building a community rather than a workforce."*





**Thursday 10th November**  
**The Kimpton Charlotte Square, Edinburgh**  
[wedoscotland.com](http://wedoscotland.com)

**MY  
NAME'S  
DODDIE**  
foundation

The WeDo Scotland Awards rank in the most highly respected accolades for the entrepreneurial and business communities in Scotland. The Awards are open to **members** & non-members of WeDO Scotland and are free to enter. The application process is comprehensive, with the 2 finalists in each Award category interviewed face-to-face by our Judging Panels. Last year saw an incredible showing with 3 employee-owned companies collecting awards.

Throughout the process, semi-finalists and finalists benefit from extensive promotion to the Scottish business community and beyond. Without exception, year on year, shortlisted applicants and **Award winners** report that they have gained outstanding exposure for both themselves and their businesses, as well as valuable advice & introductions from the Judges.

This year, in light of the ongoing growth of the Employee Ownership movement and the level of applications we received last year in the EO category, we have introduced a new Award – Employee Owned Business Leader of the Year, alongside our regular 9 categories below. There are 7 Awards categories which anyone can be nominated for or you can apply directly.

To nominate an individual or business for the Awards, click **HERE**.

To apply directly for an Award, click **HERE**.

Click **HERE** to take advantage of Early Bird tickets offering fantastic savings on regular prices.

**Closing Date for Applications is  
19th September.**



## Mondragon: Humanity at Work

**Mondragon**, located in the Basque Country to the north of Spain, is recognised as the world's largest employee-owned enterprise and continues to inspire people and businesses around the world about the power of co-operation and equality.

The Mondragon Corporation, as it's known, is a voluntary association of ninety-five autonomous cooperatives that differs radically from a conventional company. Each co-op's highest-paid executive makes at most six times the salary of its lowest-paid employee. There are no outside shareholders; instead, after a temporary contract, new workers who have proved themselves may become member-owners of their co-ops. A managing director acts as a kind of C.E.O. within each co-op, but the members themselves vote on many vital decisions about strategy, salaries, and policy, and the votes of all members, whether they are senior management or blue-collar, count equally.

When individual cooperatives do well, their members share in the profits. When times are hard, the cooperatives collectively support one another, sharing funds and reallocating workers among themselves to preserve jobs. During the pandemic, workers at many Mondragon co-ops voted to temporarily reduce their own salaries or hours until markets recovered; people who felt sick were trusted and encouraged to stay home. The treatment Hernández said he received when he was fired would be almost impossible within Mondragon, since worker-owners must vote to dismiss one another, and this can occur only in cases of very severe misconduct.

Worker-owned cooperatives are often considered both idealistic and inefficient; the model is seen as suitable mainly for upscale grocery stores or boutique bakeries in progressive towns. At a 2019 conference, the economist Larry Summers characterized co-ops as intrinsically sleepy and short-sighted. *"When you put workers in charge of firms and you give them substantial control over the firms,"* he said, *"the one thing you do not get is expansion. You get more for the people who are already there."* And yet Mondragon is not a sleepy grocery



store. Its collection of co-ops employs around eighty thousand people, and seventy-six per cent of those who work in manufacturing co-ops are owners. One makes bicycles at an industrial scale; others make elevators or produce huge industrial machines used in the production of jet engines, rockets, and wind turbines. Mondragon's businesses include schools, a large grocery chain, a catering company, fourteen technology R. & D. centres, and a McKinsey-like consulting firm. In 2021, the network brought in more than eleven billion euros in revenue. The collective enforces five hundred and five types of patents and employs about twenty-four hundred full-time researchers. It also owns subsidiaries in countries including China, Germany, and Mexico, and competes effectively in international markets, winning contracts from firms such as General Electric and Blue Origin. The odds are good that key elements of something within a hundred feet of you—an espresso maker, a gas grill, a car—were made at Mondragon.

This is an excerpt from an article written by Nick Romeo in The New Yorker.

You can read the entire article [here](#).

