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**Employee
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**CDS Webinar
Series**

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scotland**



Speyside company announce employee ownership move

Fochabers based **Muirton Controls and Automation** is now owned by its employees. The company specialises in the distillery sector, with a client list that reads like the Who's Who of the whisky industry. Muirton also provide electrical contractor services to a varied range of customers across the industrial, commercial, agricultural and domestic sectors.

The company was founded by Ewen McDonald in 2011 and has built up a solid reputation for providing electrical and control services across the distilling, industrial and commercial sectors building an enviable loyal customer base and relationships with many of the industry's top suppliers in the UK and beyond. With the motto "Using simplicity to control complexity", Muirton works closely with customers to fully understand what is required and identify and implement the optimal solution.

Ewen McDonald believes that the Muirton team are the best in the sector. He says, "The success of

Muirton is largely down to the mix of talent and loyalty in the company. Every one of our employees is important, and every one of them is an ambassador for Muirton Controls and Automation. When I came to think about my succession options, my first priority was to protect the employment of the team. Most employees have been with the company since joining as apprentices. Another prime consideration was to ensure that our customers would receive continuity and expert attention and support at time. I believe employee ownership will deliver on both counts."

He continues, "Our employees have always played a large part in the success of the company, our apprentices are never far from the top apprentice spot at the local colleges. Indeed, they have been top at Moray and Banff & Buchan in the past, just lately also winning the SELECT top apprentice

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in Scotland award. A major factor in allowing the company to grow and develop has been the hard work, growth and development of our employees. I feel it is appropriate that the future of the company should rest in the hands of these same people rather than any third party. To that end Muirton Control & Automation Ltd is now wholly owned by an Employee Ownership Trust."

The news was received very positively by both employees and customers.

Ewen plans to gradually reduce his time in the business over the next 5 – 10 years, handing over to the competent management team. Indeed, Ewen's email signature contains the description: *"My aim is to become purely decorative rather than indispensable!"*

The transaction was supported by Thorntons Law and Ownership Associates.

Top Apprentice

There was additional cause to celebrate recently as Muirton employee John Baxter won Apprentice of the Year from the Scottish Joint Industry Board (SJIB). John was presented with an award and certificate in recognition of his achievement and received a cheque for £1000.

Fiona Harper, the Secretary of the SJIB, said: *"The SJIB Apprentice of the Year awards celebrate the best new talent in our industry and reinforce the fact that apprentices are the sector's great hope for the future.*

"John is a remarkable young electrical professional who has demonstrated a tenacity and determination to succeed in his chosen career and has now acquired skills which are not only future-proofed but internationally-transferrable.



"He has shown both ability and dedication throughout his training and we are delighted that John has now been recognised for his exceptional talent."

Branch Manager Appointment at Platinum Recruitment

Construction recruitment specialists, **Platinum Recruitment** have appointed a new Branch Manager for the Livingston Head Office. Graeme Torrance has 26 years recruitment experience.

MD Stephen Donoghue says *"We believe Graeme has the necessary skills & knowledge to add well into the Platinum team. We are expanding rapidly at the moment due to demand and are always keen to hear from talented recruiters keen to work for a successful, employee-owned business."*





Your Equipment Solutions (Y.E.S Hire) celebrate one year of employee ownership

Plant & Equipment solutions providers, **YES Hire**, based in Falkirk, celebrated the first year anniversary of their move to an EOT recently. The team gathered in nearby Stenhousemuir FC's hospitality suite to hear how the company had been performing.

MD David Johnstone told the employee owners it had been a great year with an increase in turnover of more than 30%. Everyone was delighted to hear that the forthcoming year is looking even better.

David emphasised that employees are now part owners of the business, and the company's future is very much in everyone's hands. It is a tough, volatile market but all the signs are that YES is leading the way at a time when many of the competition are facing challenges. David told the group that he believes this is the best team that YES has ever had and with everyone's efforts they sky is the limit.

There had been several new employees join over the past year, with many commenting what a great company YES Hire is to work for.

Just before the move to employee ownership, the company opened a new location in Dundee, and this has proven to be a great

success, smashing initial forecasts, and growing rapidly.

YES Hire is renowned for the level of support the company gives to community projects and this is one of the key reasons for the move to employee ownership, the Johnstone family were keen this commitment would continue. David ran through all the planned activities on the run up to Christmas which includes distributing hampers locally with Falkirk FC & Stenhousemuir Foundations, Sponsoring Beecraigs Festive Forest Santa Grotto, and our Yearly Toy Appeal Lead by Alex Johnstone.

Sales Senior Manager, Gregor Mabbot, talked through areas of the business he would like the company to focus on over the next few years. He emphasised that cost control is paramount, and it was up to all employees to identify opportunities across the Company.

Gregor says that the company has won some significant business from other employee-owned companies and the feedback from other customers about the EOT has been very positive.

All agreed it was a great meeting, and the happy smiles tell you what a great place to work it is at YES Hire.

OAK News

Anticipation is building for the results of the recent HMRC consultation into the future of the EOT. Some of the respondents have published their submissions online and this makes for some interesting reading. A common theme is that the tax free bonus threshold should be increased.

The Chartered Institute of Taxation (CIOT) argues that the £3600 tax free threshold should now be £4735 to reflect the impact of inflation. London law firm, **Postlethwaite**, who have been involved in employee ownership in all its forms for many years, propose that allowing the bonus to reflect job role should be considered. The Institute of Chartered Accountants for England & Wales (ICAEW) suggests that directors should be able to waive their right to any bonus. Currently the rules state that all qualifying employees must receive the bonus, including directors. I have no issue whether or not directors should waive their bonus, but I would have concern about creating an “us and them” environment if the result is an expectation that directors don’t benefit. Indeed, in EOT-owned companies, the directors are rarely shareholders and often the pay differential between director and non-board employee is much narrower than in conventional businesses.

One area where there is divergence in views over rules on the composition of the Trust Board. **TLT**, the national law firm that is very active in the employee ownership space, suggest that there should be some form of employment protection for employee trustees, to encourage more to consider the role. TLT also argue against the mandatory inclusion of an Independent Trustee, arguing that although aware of the benefits, there is recognition that identifying a good independent might be a challenge.

Most of the responses that I have read have agreed that some of the “admin” around the EOT transaction requires some tidying up, saving cost and time.

There is an interesting submission from the **ESOP Centre**, which takes a different stance. The ESOP Centre is a membership organisation promoting broad based employee ownership. Their argument is that, with an EOT, the individual



employees’ benefits are limited, suggesting that the key benefit of the EOT legislation is the tax exemption for the sellers. It’s a provocative challenge, although I’d say that the key benefits for employees in EOT businesses are not purely financial – job security, involvement, having a voice, are all benefits. The ESOP Centre suggests that the policy objective of the legislation should be “*to enable employees to share in the growth in value of the business to which they contribute by their labour*”. Instead of the tax free bonus, the Centre proposes that the legislation allows employees direct share ownership, under some form of tax advantaged plan.

It is hoped that the results of the consultation will be published early in the New Year, if not before, with any proposals announced in the Spring Budget. It’s highly unlikely there will be any negative impacts resulting from the consultation itself. The overall tone suggests that the objective is to encourage more companies to consider a sale to employees, and to support the company once in employee ownership.

Many companies also operate share plans alongside the majority shareholding in the EOT. The CDS series of webinars “Employee Ownership Explained, aimed at advisers but open to all, concludes with the topic of Shares and Incentives. If you’re interested in finding out more, see **page 10** for details on how to register.

I’ll be in touch with companies shortly to gauge interest on forming a directory of employee-owned companies. More news in future issues of Ownership Matters.

Yours in Partnership

- **Carole**
01786 611066

ESPL - working internationally and supporting local!

The UK's most northerly employee, owned business, pharmaceutical regulatory company, **ESPL**, made the move to an EOT back in 2019. The company is located in Lunna, on the north-east coast of Shetland and operates internationally with employees dotted across the globe. The company started in 2000 when Dr Helen Erwood, a senior Regulatory Affairs professional, with previous experience of a number of large pharmaceutical companies, decided to offer her expertise to a wider audience by building on the business which was initially founded in 1996. Initially it was just Helen, but the company has grown and now employs a permanent team of regulatory professionals, as well as working with other experts as needed to support specific projects. The driver for employee ownership was as a means to maintain the company's independence and retain the ethos of a friendly and happy working environment.



The past couple of years have been focussed on growing and developing the team and expanding the reach of ESPL in exploring opportunities in new markets. The company recently attended the US Regulatory Affairs Professional Society (RAPS) conference in Montreal Canada: the major gathering/networking/learning forum for professionals in medicines and medical device regulatory affairs. This event provided the opportunity to connect with north American companies and discuss the services ESPL can provide. The company's attendance was supported by Scottish Enterprise / Scottish Development International.



Jason Collins and **Laura Jayne Hall** made their way to Lisbon, Portugal this year to attend the Symposium hosted by **TOPRA - The Organisation for Professionals in Regulatory Affairs**. They both enjoyed meeting up with friends and colleagues, making new contacts, and engaging in the wealth of knowledge that was presented by experts from across the world.

ESPL continues to promote a healthy work/life balance and supports several community activities. The company sponsors the Shetland Folk Festival (in particular the local community events) and has recently supported Chichester Ladies hockey with some new training kit to help their endeavours following promotion to a new league. ESPL's Managing Director, Jason Collins, is the team coach. Jason is a former international hockey player, having gained over 50 caps for England and Great Britain, and is also a volunteer at his local **Royal National Lifeboat Institution** station.

As one of the earlier companies to adopt the EOT, ESPL is glad to see that so many others are taking the opportunity to move to employee ownership.





Woollard & Henry celebrate 150th Anniversary

Woollard & Henry, based at Stoneywood Park in Dyce, celebrated the firm's 150th anniversary recently.

The company's roots are very much in the paper sector, manufacturing and servicing Dandy Rolls for paper mills. The Dandy Roll is the device that inserts watermarks in paper. The company was a family business until 2002, when the employees bought out the previous owners, in what was one of the early adopters of the employee ownership model in Scotland.

Since the employee buyout the company has grown significantly from 22 employees to 130 and turnover growing from less than £1m to averaging approximately £10m per annum. The decline in the paper industry led the company to embark on an ambitious diversification strategy, looking at international markets and new products. Woollard and Henry now has a world-wide reputation for quality equipment and solutions across multiple sectors including energy, waste water, glass/basalt fibre and now aerospace, delivering everything from small components to installing full production lines.

The company has twice won the Queens Award for International Trade and now has offices and workshops in Gdansk, Frankfurt and continues to grow its presence internationally having recently acquired two other businesses, WH Lipex in Munich and a 50% stake in PAMA beside Dresden.

Managing Director, Fred Bowden has been at the helm of the company since 2002. He says, *"The company's success and longevity can be attributed to the commitment and the tenacity of the workforce. We've weathered several recessions, market disruption and of course, the impact of the global pandemic. We're still here and still growing."*

Operations Director Kenny Harris has been with Woollard & Henry since 1989. He says, *"To be honest, the move to employee ownership was a survival tactic for us. We didn't want the company to close. I don't believe we would be where we are today had this been a conventional business. Every employee has a stake in this company; we all have an interest in making sure our customers are happy."*

Stuart Robertson, Sales Director, has been with the company most of his career and seen a lot

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of changes. *“We’ve had to change as a business. As we diversified, employees had to adapt and learn new skills and ways of working. I travel across the world visiting customers and it is immensely rewarding to hear how our products and service are so highly thought of.”*

More than 80% of the company’s shareholding is held in an Employee Trust, with the remainder held directly by employees.

At Woollard & Henry all employees have the opportunity to elect an employee director to the company’s board. There are two elected directors: Elaine Malone, Finance and Manager and Matthias Ulrich, (Design Engineering).

Scott Daniels is an elected employee trustee on the Trust Board. He says, *“Employees are at the heart of how we function at Woollard & Henry. My role as Trustee is to ensure that the company operates always in the best interests of the employees, being a successful business whilst investing in staff and being a great place to work.”*



Employees and partners marked the occasion with a dinner dance at the Village Hotel in Kingswells, attended by local and international employees. The German employees got into the spirit of the evening wearing their national dress. A great night was had by all.

Director appointments at International Doors and Windows

International Doors and Windows, a leading company in the Scottish door and window industry, is welcoming two new directors to their team. James Parker and Andy Robertson have recently joined the leadership team, bringing their unique skills and experiences to the table.

James Parker comes with a wealth of experience in the industry. Where he is expected to contribute to the company’s growth and development. His track record includes a series of successful roles within the merchant industry coupled with joinery technical experience, his addition to the team is sure to bring fresh insights and strategies.

Andy Robertson has been with International Doors and Windows Ltd since day one and a key player already in the company’s success having been the senior project manager for some time. His promotion to Director will add valuable experience to the board ensuring



James Parker & Andy Robertson

our trade customers’ demands are not only met but exceeded.

These appointments come at a critical time for International Doors and Windows, as the demand for doorsets and windows continues to grow. Both James and Andy are expected to play key roles in driving the company’s growth and maintaining and improving its reputation for quality, service, and innovation. The entire International Doors and Windows community welcomes them and looks forward to their contributions.

IDAW became employee-owned in June 2022.

5 Reasons to move to EOT

ALTAR Group recently celebrated their second anniversary as an EOT. Financial Director Vicki Anderson shares five key reasons why more companies may want to consider becoming an EOT:

- **An EOT Offers Seamless Succession Planning & Tax Benefits for Key Shareholders**

This transition ensures that the people and core values at the heart of your business remain intact, providing continuity and stability.

An EOT is not a quick fix for owners looking to exit a business quickly. Unlike a trade sale, it allows for a gradual transition that safeguards the company's values and culture.

This transition ensures that the people and core values at the heart of your business remain intact, providing continuity and stability.

This was the original **driving factor behind our decision to become an EOT**. As senior shareholders started to consider their exit plans, it was vitally important to them that they were able to leave a stable and secure legacy for their colleagues.



Vicki Anderson, Financial Director

After taking valuable advice from David Morrison at **EQ Accountants LLP**, Kirk Dailly at **Blackadders** and Carole Leslie at **Ownership Associates UK**, we knew it was the right move for ALTAR Group.

While it may take several years to fully transition and for exiting shareholders to receive their funds, this is offset by the tax benefits.

Shareholders can claim full relief against Capital Gains Tax on the proceeds from the sale of shares to an EOT.

- **An EOT Empowers Employees**

At ALTAR Group, we have empowered our employees by transferring 60% of the shares to them.

Employees take ownership as soon as the EOT is established, providing a seamless and stable environment and preserving the company's culture and core values.

This is in stark contrast to a trade sale where the shape of a business can change overnight. New owners bring their own way of doing things and may even make redundancies to streamline the team.

This arrangement allows them to have a say in how the business is run and ensures their voices are heard, fostering a genuine sense of ownership and responsibility. It also provides them with the security of being in control of their own destiny.

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• An EOT Promotes Greater Transparency

Transparency enables employees to make informed decisions that can positively impact their day-to-day work and the company's profitability. EOTs inherently promote transparency within the organisation.

Employees have a greater insight into how the company operates, receiving regular updates on innovation and financial performance alongside the context to understand the numbers. Transparency enables employees to make informed decisions that can positively impact their day-to-day work and the company's profitability. We have introduced monthly reports and regular company meetings to share key financial and performance metrics with the whole team.

We encourage them to be involved in the process of finding solutions to any issues that are preventing us from meeting our targets.

The EOT board includes employee-elected representatives to ensure the management team operates the business in the interests of all employees.

• An EOT Can Lead to Increased Collaboration & Productivity

A more productive workforce can lead to increased profitability and employees benefit directly from their own hard work.

Employee engagement and motivation are critical challenges for any organisation.



ALTAR Group's EOT Trust has seen Avian, Blue2 and Ginger collaborate to achieve award-winning results

In an **Employee Ownership Trust**, where employees have a direct stake in the company's success, there is a strong incentive to work efficiently and collaboratively.

A more productive workforce can lead to increased profitability and employees benefit directly from their own hard work.

By fostering a culture of collaboration, businesses can become more competitive and rewarding places to work.

Our people have always been at the heart of our business, it's their talent that makes ALTAR Group so special.

Our clients also benefit from an even more motivated, engaged team and they can be confident that everyone on our team is continuously pushing themselves to deliver their very best. It's in everybody's best interest for them to do so.

• An EOT Can Deliver Financial benefits for employees

Under EOT rules, companies can offer tax-free bonuses of up to £3,600 per year to their employees.

Whilst money is not the sole motivator for employees, financial incentives are a powerful tool for retaining and engaging your workforce.

Under EOT rules, companies can offer tax-free bonuses of up to £3,600 per year to their employees. Such incentives align the interests of the employees with those of the company, driving commitment and dedication.

In the early years, following our transition to an EOT, the focus for profit distribution will be to repay the exiting shareholders. The team is fully invested in this goal.

We track progress and all look forward to what we call 'Financial Freedom Day.' That is the day when all the shares have been paid for and employees will start to see the real financial benefits of their ownership.

One of our company values is 'CELEBRATE' and we will definitely be celebrating that day!

I am really excited and passionate about employee ownership and the future of ALTAR Group. If you have questions I'm always more than happy to chat all things EOT over a coffee so please get in touch with me **Vicki Anderson ACMA, CGMA**.

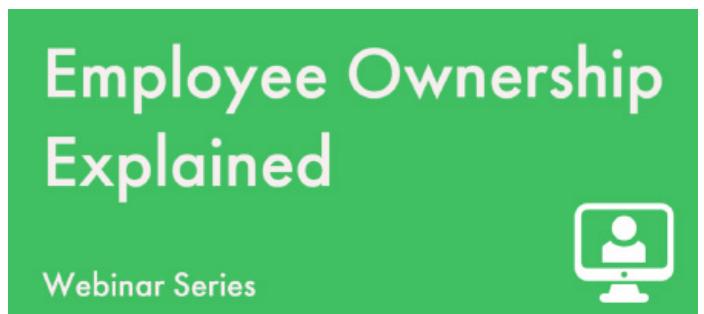
Employee Ownership Explained

22nd November 2023 at 10am

The topic for the final session of the year in the Scottish Enterprise series of webinars aimed at raising knowledge of employee ownership is “Recognition & Reward – Share schemes within the employee-owned business”. The webinar features two of the most knowledgeable advisers in this area: Rodger Cairns and Gavin Charlton of leading law firm **Shepherd & Wedderburn**.

This session will give an overview of incentives and take a closer look at share incentives vs bonuses. Rodger and Gavin will talk through how to choose the appropriate share plan and what administration is required. Importantly, there will be some guidance on how to communicate any share plan or incentive scheme effectively.

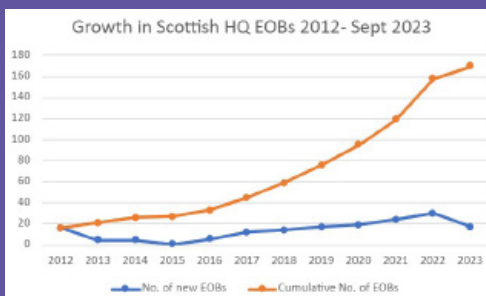
The webinar is open to all – you can register [here](https://www.cdsblog.co.uk/webinars).



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Employee Ownership in Scotland



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