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Land Rover Experience becomes Scotland's latest employee-owned business

Dunkeld, Perthshire based **Land Rover Experience Scotland** has become the country's latest employee-owned business after giving staff an 83% share in the company via the establishment of an employee ownership trust (EOT)

The company decided to transition to employee ownership after working with Co-operative Development Scotland (CDS), part of Scottish Enterprise, which offers advice and support to companies considering their succession options via a 100% funded ownership succession review and employee ownership feasibility study.

The off-road driving and training centre was established in 1996 and employs 28 people, all of whom now have a stake in the business. Based at Butterstone Loch and with a specialist off-road driving centre in Dunkeld, the company offers a range of driving experiences, corporate days and training courses in beautiful surroundings.

Director Will Cox said: "We were conscious some of our shareholders were due to retire, so began looking at options to sell the business commercially as well as internally. Through Scottish Enterprise we learned about employee ownership and, following discussion with our employees, decided to sell 83% of the business to the team, with one remaining director retaining the other 17%.

"Employee ownership ended up being a great fit for us, as we really wanted to ensure the business stayed in the local area and retained its existing management team. We believe it will ultimately make the team stronger and even more invested in ensuring the company's continuing success while maintaining the excellent level of customer service we've always provided."

(Continued)

The Seven Building Blocks of Ownership Culture

CDS Podcast
More info on [page 5](#)

Clare Alexander, Head of CDS, said: *“It’s easy to see why employee ownership would appeal to a business like Land Rover Experience Scotland, with its dedicated team of experts and firm roots in the local area, because there are so many advantages.*

“Not only does it give employees a meaningful stake in their organisation together with a genuine say in how it’s run, but employee-owned businesses are also proven to be more resilient during times of economic crisis, more

profitable, more productive and have greater staff engagement. These are all key measures of business success and longevity.”

Employee ownership specialist, Ralph Leishman of 4-Consulting provided expert advice on the transaction. Ralph says, *“It’s great to see another rural tourism business protecting local employment and bringing its employees in as joint owners.”*

Blackadders provided legal advice for the transaction, and the accountancy input came from Milne Craig.

The Power of Giving

Every year, the brilliant team at **The TEFL Org** select a charity to support. The company matches customer donations and also initiate a number of fund raising activities such as baking, quizzes and even marathon running. Over the years the business has supported a number of charities, often those focused on education. 21/22 during the pandemic and growing refugee crisis the firm opted to look more locally, and once again supported a Scottish based charity Aberlour Children’s Charity. One of the TEFL team, Erin MacKenzie, volunteers and it seemed a really great fit.

The team were altogether recently and took the opportunity to present Aberlour with this cheque for £8320.20. With each donation, The TEFL Org is making a meaningful impact in the



lives of vulnerable children, providing them with love, care, and opportunities for a brighter future.

Co-founder and director Jennifer Mackenzie says *“It was so lovely to be able to hand over the cheque to them at our recent get together where (almost!) all the team got to hear the genuine thanks for the money they’ve all helped to raise. Being able to give a little bit back of the good luck we’ve had in life is so important.”*

TEFL Org – Made in the UK, Sold to the World!

Employee-owned education business, **TEFL Org** are amongst the first ever recipients of Made in the UK, Sold to the World awards announced on 17th May. These awards celebrate the exporting success of small businesses across the UK.

For the past 18 years, TEFL Org have led the way in TEFL training. The courses – all developed and delivered by highly experienced EFL teachers – have trained over 140,000 EFL teachers who have gone on to find work across



the globe. And along the way the company has picked up numerous awards and become the most accredited TEFL course provider in the UK.



Employee Owned Company of the Year: STAR-Dundee!

STAR-Dundee picked up the award for Employee Owned company of the Year at the glittering occasion of the WeDO Scotland Awards. STAR-Dundee spun out of the Space Technology Centre at the University of Dundee in 2002, and employs 27 staff. The company became employee-owned in 2017 and the business has soared.

CEO Stuart Mills says, “We were both delighted and surprised to win the award. I was joined on stage to receive the award by the other 9 members of our team who were present, and I think this perfectly represented the company that we are. STAR-Dundee is proud to be an employee-owned company and this award recognises the contribution made by the whole team to our continuing success.”

STAR-Dundee is an aerospace engineering company and has a global reputation for spacecraft on-board data-handling and processing technology. The company delivers a comprehensive range of test and development equipment, chip designs and IP cores to the world’s space agencies and international

aerospace industry. STAR-Dundee is a world leader in SpaceWire and SpaceFibre technology.

Runners up were East Kilbride based engineering consultancy, **Grossart Associates**. MD Hector Munro says, “STAR-Dundee were worthy winners and it’s a real honour to be runner up in what I believe was a hotly contested category. It was a privilege to be flying the employee ownership flag at such a prestigious business event and we all had a great time.”



Grossart Associates

OAUK News

There is some great news coming from the US with a bill designed to make access to funding easier for companies looking to fund the move to employee ownership. The Employee Equity Investment Act is proposing that loan guarantees are used to fund employee ownership transition. One of the strengths of the proposal is that the bill is presented by Senators from each of the two main parties; Snr Chris van Hollen (Dem) for Maryland and Snr Marco Rubio (Rep) for Florida. It would be so good to see this collaboration happen in our Westminster and Holyrood governments. Since the EOT legislation was passed in 2014, all has been quiet on the political front in the UK. The numbers of EOBs continue to grow, but that's largely down to the fantastic work of the companies who make this move spreading the word. I feel we could be doing so much better with some real champions in government.

It was also good to read that the leadership team at John Lewis Partnership have committed to retaining the company's employee ownership structure. There had been a proposal mooted to release some equity for private investment. However, the company's Partnership Council rejected that idea and The Council did pass a no confidence vote in the company's performance. Although this must be a torrid time for all involved, it is good to see that the Council is flexing that employee ownership muscle. The leadership are now acutely aware of who they work for – the employees of John Lewis- and their task now is to get the company back on track.

Some of the criticism of John Lewis Partnership has been the leadership appointments. Neither of the key roles, that of Chair and of CEO, were filled by internal candidates or people with retail experience. Both are accomplished individuals, with obvious skills and proven achievements. A company's employee ownership certainly seems to attract high calibre candidates; the key question is whether they are the right fit. And it's such a key role. As I say in the recent [podcast](#), having the right leadership in place is critical to the success of an employee-owned business.



Leadership succession is a thorny issue in most businesses, and I'm involved as a Trustee with a company who is currently wrestling with that very problem right now. Despite best efforts to develop capability internally, it's unlikely there is an existing employee ready or willing to take on the mantle at the required time. External recruitment is fraught with is fraught with uncertainties and challenges, especially as we don't yet have the critical mass in in the employee ownership community to guarantee any external appointment has a real understanding of what EO means.

Finally, great to see the next series of podcasts is out! It is so inspiring to hear about the journeys towards employee ownership told by so many companies. It's good to be told the truth – people are honest about the pitfalls and mis-steps they take. It really is an excellent resource. An inspiring listen for long journeys or for when you're sitting in the sun now it's arrived!

Until next time

- Carole
01786 611066

The seven building blocks of ownership culture

I recently participated in Co-operative Development Scotland's podcast series, designed to spread the knowledge on how employee ownership works. My topic was Ownership Culture in the Employee-Owned Firm and I thought it might be useful to write down my thoughts on this. You can listen to the podcast [here](#).

I believe there are seven building blocks to achieve a true culture of engaged ownership. All seven have to be present, and have to be appropriate for the company. All companies are different and come with different histories and environments. It's great to learn what others do, and equally important to challenge whether that works for your business. What's important is that each block is tailored for you.

During the podcast, Glen did make the excellent point that this is good management practice, and he is correct. The key difference between conventionally structured firms and employee-owned companies is that in the latter, employees have a right to working in an organisation where they know they have a voice. There will be mechanisms in place to reinforce that voice. In most employee-owned firms, the employees will control the majority shareholding, often through a trust. The trustees responsibility is to the beneficiaries; and in an EBT or EOT the beneficiaries are the employees. This means the company must run in the best interests of the employees.

Corey Rosen, founder of the US employee-owned members' organisation NCEO uses a great analogy. He says a sense of ownership is like a sense of lunch. You can talk about it, describe it, but it's not real. You don't get to eat a "sense of lunch". In the EOB, ownership is real. When employees feel, think and behave like owners, your ownership culture is real.

LEADERSHIP

This is fundamental to a successful culture. The leader sets the standards, lives the values, walks the talk. The good leader inspires, engages and motivates. Of course, you get good leaders in businesses that are not employee-owned. However, the employee ownership dynamic requires a different kind of leader. The MD/CEO ultimately reports to the employees; this requires a different kind of leadership behaviour.

OWNERSHIP STRUCTURE

How do employees own the business? Employee ownership has to be real for employees and this requires genuine understanding of the mechanics of the ownership structure. If employee ownership is just about bonuses and dividends then it's not really ownership, just additional remuneration. It's the ownership stake and what that delivers that is at the heart of a positive culture.

BUSINESS UNDERSTANDING

Knowing how a business works is a very positive move towards harnessing the energy and initiative in employees. Understanding the difference between turnover, profit and cash is key, as is awareness of the company's strategic position in the market. Importantly, employees must know how their contribution impacts the overall success of the business.

VALUES

Values must be clear within the organisation and championed throughout the organisation. Yes, employee ownership bestows rights on individuals, but these rights carry responsibilities and that balance must be understood and adhered to.

PARTICIPATION

All companies are different in how they approach participation, formally and informally. Some will elect employees to the board, almost all will elect employees to the trust. There may be an employee forum or council in place. Do these elected employees have the appropriate training and support to carry out their roles effectively? Is the importance of these positions respected in the business?

GOVERNANCE

Good governance is critical in the employee-owned firm. It's the company's governance structure that "hard-wires" employee ownership into the business. The governance structure determines how the company is controlled and where responsibilities sit. Governance makes it real.

COMMUNICATION & INFORMATION

Of course, good channels for communication are essential in any organisation, and even more so in the EOB. An honest, open and transparent flow of information where employees are comfortable they are fully abreast with how their company is performing and know their voices are heard, cements ownership culture in the firm.

Kilmac's Lauren Pratt appointed to industry group

THE construction industry is encouraging women to pursue careers in a traditionally male dominated sector of the economy.

Lauren Pratt, who has marked two years as HR and marketing officer with Tayside civil engineering firm **Kilmac**, has been appointed vice-chair of the Scottish Civils Training Group.

And the 28-year-old Abertay University Business Management graduate and secretary of the Fife Networking Group is encouraging school leavers and university graduates to consider careers in the building industry.

"Having served on the committee for the past year, I am delighted to have been invited to step-up into the vice-chair role of the Scottish Civils Training Group," said the former Kirkcaldy High pupil, who spent five years as office manager with a joinery business before taking-up her role with Dundee-based Kilmac.

"Past chairman Alan Kirkwood, of George Leslie, and his successor Adrian Aikman, of Luddon Construction, have been very supportive.

"The group has a wide remit. In addition to promoting innovation in the industry, encouraging best practice and flying the flag for members across the civil engineering sector, we are also encouraging new entrants to the industry and highlighting training and grant support opportunities.



Lauren Pratt

"Traditionally, the construction industry has been regarded as something of a male preserve, but we are seeing more and more women involved, particularly in engineering and quantity surveying roles.

"Hopefully as a woman and the youngest on the training group's committee I can bring a fresh perspective to the role and help get the word out.

"The construction industry is definitely changing, and we are particularly keen to get the message over at school and college level.

"We are seeing more and more women being encouraged to pursue careers in the industry.

"In my day-to-day role with Kilmac, I deal with issues like health and safety, training and apprenticeships.

"This new role with the Scottish Civils Training Group is an exciting opportunity for me on a personal level and looking forward to seeing what the future holds for women in engineering."

Gold RoSPA Award for Chemco International

Chemco International is delighted to have received the prestigious RoSPA Gold Award for the second year running – with the company's Operations Director, Brian Duncan, on-hand to collect the award on behalf of the Company at the ceremony in May.

Brian Duncan noted: "As a 100% Employee-Owned company, the safety and well-being of our employee-owners and partners is at the heart of everything we do, and to achieve this award again is testament to all the hard work and passion of the whole team."

Managing Director, Colin Wade said "Congratulations to all at Chemco on earning,



deserving and receiving this prestigious award and at its highest level for the second year running. Special recognition to Brian Duncan Fiona McElroy Craig Holmes for their relentless pursuit of excellence in this regard. Well done to everyone."

The RoSPA Awards is one of the most prestigious and recognised schemes in the world with almost 2,000 entries every year, covering nearly 50 countries and a reach of over 7 million employees.

Clansman apprentice recognised

Calum McCrindle of **Clansman Dynamics** was runner up for Apprentice of the Year Award at the recent Scottish Engineering Awards 2023. The judging panel deemed him a worthy contender for his project that, in a short period, of time grasped the concept of manufacturing in an engineering environment – reducing cost, part count and variation.



Calum McCrindle

Paying the tax free bonus

We're receiving an increasing number of queries around the payment of the "EOT bonus" and thought it might be helpful to revisit the rules.

Firstly, although referred to widely as the EOT bonus, it is the company that pays the bonus, not the Trustee. The legislation allows a company controlled by an EOT (i.e. more than 50% of the shareholding is in an EOT or compliant EBT*) to pay a bonus to employees that is free of income tax up to the threshold of £3600 in any tax year. Note that National Insurance Contributions still apply.

The bonus must be paid to all employees, subject to any qualifying period.

As the bonus is paid by the company and not the trustee, the excluded participator rule does not apply. Excluded participators are those who hold or held more than a 5% shareholding or people connected to them (family members). This means that if the former owner is an employee then they can also receive the bonus payment.

There are three key requirements to meet:

Officeholder Requirement: the ratio of directors and other office-holders (and connected employees) to all employees and office-holders must be less than two-fifths

Participation Requirement: The bonus must be paid to all employees globally. It can't be adjusted to reflect local remuneration and the tax exemption only applies to UK tax payers.

Equality Requirement: The bonus must be paid on the same terms although can be differentiated according to the following:

- Remuneration
- Length of Service
- Hours worked

There is an additional requirement that the application of the bonus does not favour a specific group of employees:

- Directors or former directors
- Highest paid employees
- Those employed in a particular department or group
- Those undertaking particular activities

The bonus cannot be paid to compensate the employee forgoing their usual remuneration (eg salary sacrifice). The DWP has clarified that payment of the EOT bonus will not be included in Universal Credit calculations.

Any questions on the EOT bonus, seek advice from your accountant or contact Carole on carole@ownershipassociates.co.uk. Further information can be found on the [HMRC website](#).

*Companies who transitioned to an EOT prior to the new 2014 legislation using an Employee Benefit Trust (EBT) and meet the qualifying requirements of an EOT can pay the bonus to their employees.

EO Podcasts

As the growth of employee ownership continues to accelerate, **Co-operative Development Scotland** have added 7 new episodes to its podcast series, The EO Podcast. Listen to these new episodes to hear directly from business owners, their employee representatives and specialist advisers. The series aims to raise awareness of the wide-ranging benefits that employee ownership can offer those considering a move to the model. Hear direct from employee-owned **Accord Energy Solutions, Swansons Food Wholesalers, Union Industries, Auchrannie Resort, Quantics Biostatistics, Esteem Training**



www.cdsblog.co.uk/the-employee-ownership-podcast

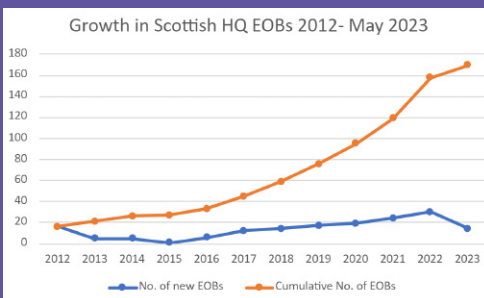
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