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## Martin Precision celebrate 30th anniversary with move to employee ownership

Historic Lanark engineering firm has become the latest company to announce their move to an EOT. The shareholders of Martin Precision Ltd opted for employee ownership as a means to preserve the company's legacy and protect local employment, as well as a means to provide a strong platform for continued growth. The company can trace its lineage back to 1887, although started in its present form as G.T. Martin & Sons Ltd in 1993 as the result of a successful 'buy-back' from receivers of the Lanark Division of Hugh Martin & Sons (Carluk) Ltd and Bardrec. Bardrec was one of the early "workers co-ops" having started in 1973. The buy back was funded by the Martin family, Scottish Enterprise and UK Steel Enterprise Ltd. The company manufactured parts for the Energy and Aerospace Industries from its Lanark base.

In 1995 after becoming a Rolls-Royce Derby supplier the company was awarded further contracts and immediately expanded to meet demand. In this year non-destructive testing (NDT) was introduced in-house which best suited the supply complete rationale of Rolls-Royce. An expansion plan in 1998 saw the site doubling manufacturing and office space this was completed in 2000.

In 2006 the company decided to focus solely on Aerospace and changed its name to reflect this position. 'Martin Aerospace Ltd' grew its international customers as Rolls-Royce expanded its Joint Ventures and Risk Sharing Partnerships and the business was able to support these companies as a trusted Rolls-Royce

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supplier. In 2008 Martin Aerospace received HRH Princess Anne on site for a Royal visit.

To support the expansion strategy in 2017 Neil Lawson & Lorna Gourlay join the board, quickly embarking on a rapid change programme ensuring the business was able to compete in a globally competitive market. In 2018 Allan Caldwell was appointed to the board as a non-executive Director to support this new strategic direction. During this period an investment program of £1.3M began to support the introduction of new technology and is being maintained to this day.

In Nov 2020 the business changed its name to '**Martin Precision Ltd**' to help broaden its reach and to better reflect its diverse customer portfolio. This was prompted by Covid 19 which shut the economy down although the company continue to operate on a skeleton staff as an essential Defence supplier and part of the UK Ventilator Challenge initiative.

The directors led strategy discussions on the future of the business and a key part of this was succession planning. There had been offers to buy the company and the shareholders were very aware that a third party sale would likely have destroyed the company's rich legacy, and endangered the employment of the loyal, local workforce. Indeed, 6 employees have been with the company since 1996. The four

shareholders, William, Lorna, Neil and Hugh Martin (William's brother) explored their options. A sale to an EOT sounded as if it might be a good fit. As part of their fact-finding exercise, the shareholders visited some businesses who had taken this route. They visited **Chemco International** in Coatbridge, **Clansman Dynamics** in East Kilbride and **GS Brown** in Ladybank. They also tuned in to webinars broadcast by Co-operative Development Scotland (CDS). All four shareholders decided this was the way ahead, and with advice from Consilium Accountants and law firm, Bellwether Green, both firms having advised on many employee ownership transactions, the move was completed in July.

The employee ownership move coincided with the company's 30th anniversary. The employees gathered in the local village hall for a celebratory lunch. William Martin talked through the company's impressive history, and announced the news. It was unexpected, and very well-received. The company also took the opportunity to present long service awards, along with a raffle with very generous prizes.

William Martin is confident that employee ownership will support the company's future growth. He says, "*The business is performing well; it has survived and prospered despite Covid which brought the Aerospace Industry to its knees. This*

**(Continued)**



## Shareholders

Hugh Martin, Lorna Gourlay,  
Neil Lawson, William Martin



### Martin Precision Original Employees (30 year Service)

L-R Steven McKay, Martin McKay, Tom Morrison, William Martin, Dougie Smith, Stuart Thomson, Alan McLellan

*success is in no small part due to the commitment and skill of our employees, and it is fitting that they have a secure future. I will retain a small minority shareholding in the business and continue as Managing Director focusing on our growth strategy. Employee ownership will also benefit our customers who continue to believe in our ability to provide world-class product and I thank them for their support through the years."*

Lorna Gourlay, Financial Director, is a keen advocate of the employee ownership structure. *"I knew the EOT would be a good fit for who we are and what we want to achieve as a business. We have a fantastic team of people at Martin Precision and are proud of our reputation for quality and delivery. One of our key pillars is our commitment to developing local talent. This commitment will be reinforced now we're employee-owned. Our future is secure for the long term, and we can only go from strength to strength."*

Neil Lawson started his career as an apprentice with Rolls Royce and is now the company's Operations Director. He says, *"I'm delighted to see Martin Precision take such a bold and visionary step. What we have achieved over the years has been remarkable and it's brilliant to think that the impressive Martin legacy will continue to thrive in the hands of local people."*

Newly appointed Employee Trustee, Alan Muir said, *"I was taken aback when I first heard of the plans as it was unexpected. Now I understand more about how it will work, I feel very honoured that the shareholders have such confidence in the employees that they are entrusting us with the future of the business. It's up to us now to carry on the Martin family's legacy and drive the business forward."*



William Martin

# OAUK News

There's a lot going on at the moment! There seems to be a step change in enquiries from businesses looking to find out more about the EOT structure. Much of this has been prompted by the news of recent transitions. The transfer of **Tough Construction** to employee ownership has generated a lot of interest in the construction sector, and the recent announcement by **Martin Precision** of their employee ownership has spurred on a few business owners to ask questions and find out if employee ownership is a way to offer continuity while protecting a company's legacy. It is such a huge decision to transfer a business to employee ownership and it was good to hear that the Martin Precision shareholders were helped by speaking with **Chemco**, **Clansman Dynamics** and **GS Brown**.

It's these success stories that present the most compelling case to consider employee ownership. However, we can always use some additional help and the HMRC consultation on the EOT makes for very encouraging reading (see [page 10](#)). There is always a worry that the tax exemption might be removed, and therefore the interest of the media and advisors will subside. The positive tone of the consultation suggests that is far from the truth, and the EOT is here to stay. Please do share your thoughts – there is a link on the page.

The Scottish government is committed to increasing the number of employee-owned firms in Scotland, and Co-operative Development Scotland (CDS) has an exercise running to gather the views of the employee-owned community on how to best grow and support employee ownership. The first stage of this project is a survey which you can find [here](#). It would be great to have a wide response from those inside the sector, as well as those who support it with advice.

I am delighted to have been invited to attend the **Oxford Symposium** again this year. This event brings together people involved in employee ownership across the world and examines what works and doesn't work in promoting growth of the sector. The Symposium is supported by a number of organisations internationally and



Which city is fast becoming a hotspot of employee-owned companies?



attracts a range of speakers on a variety of topics. The agenda has not yet been released, but I know it will have plenty of thought-provoking content. For me, the most interesting parts of the day is just hearing from other enthusiasts about what works in their countries and their environments. It takes place at the end of this month and I promise a full report in the next Ownership Matters.

Thanks again to everyone who has submitted their company news and stories for this month's edition. It's all very welcome and please do get in touch if you would like to see any topics explored or stories covered. Just email me on [carole@ownershipassociates.co.uk](mailto:carole@ownershipassociates.co.uk)

Yours in Partnership

- **Carole**  
01786 611066



## Network ROI Celebrates 20 Years in Business

**Network ROI** is a Managed Service Provider (MSP) based in Roslin, Edinburgh that has a variety of clients across the UK. We have been in business for the past 20 years, which we are celebrating this July since starting our business in 2003.

In 2017, we became the UK's first Employee-Owned Managed Service Provider which offers clients great stability and ensures that all our employees are wholly focussed on consistently high service delivery. Our clients benefit from our employee ownership model through the way we challenge ourselves to find solutions together and how our employees are empowered to drive improvements.

As a company, we strive to be socially accountable for ourselves, our customers, and our community. We focus on continuously training our staff, ensuring our technical capability matches our clients' IT requirements and ambitions. We have a well-defined on-boarding process, a streamlined help desk system and a dedicated support team to triage our clients' IT requests for our assistance to keep them working.

Over the years, we have grown our client base and UK coverage by providing a consistent high-quality service as well as our focus on continuous improvement, ensuring that our people's technical capability matches our clients' ambitions. Our aim is to continue to recruit, retain and develop the best talent in the industry through creating a work environment that empowers our employees and pleases our clients.

Keith Bevan, CEO, Network ROI said *'We introduced an Employee – Owner profit share scheme to reward our employees for their hard work during the year and they will now benefit from the ongoing success of the business.'*

*It is important to note that we wouldn't be here today without our employees who deliver an exceptional service and our valued clients for our continuous support, so we would like to give them a special thanks and look forward to the next 20 years in business.'*

Alana McGraddie, Marketing Executive Network ROI said *"Employee ownership means that we all get to work together to achieve better customer service. It's also great to get recognised for our hard work."*



## Pacific's new look hits the road

**Pacific** celebrated their birthday at the weekend by taking delivery of a fleet of shiny new vans carrying the company's all-new branding and proudly stating their credentials as an employee-owned business.

The Vauxhall and Citroen load carriers arrived to coincide with Pacific's 18th year in operation – and they immediately caught the eye with their white and blue livery, new dynamic logo, certifications and the “employee-owned” proclamation.

The vehicles will proudly fly the flag for the company at various projects up and down the land – so look out for them.

Managing Director Gerard McMahon said: *“It's great to get the new Pacific brand out there in the public domain via these new vans.*

*“We will proudly display not just our credentials as a construction and fit-out company but our vision and aspirations as well as the proclamation that we are an employee-owned business.”*



Pacific Building began life in 2005 with a vision to provide a consistent level of quality service to customers in core sectors such as travel, hospitality and fast-track projects – and the company rapidly grew to encompass different areas of operation and a broad client base.

In any business, it is essential to consider its future in terms of succession planning and ownership, so, in line with the people-focused ethos of Pacific, it was decided that the best route was for it to become employee-owned.

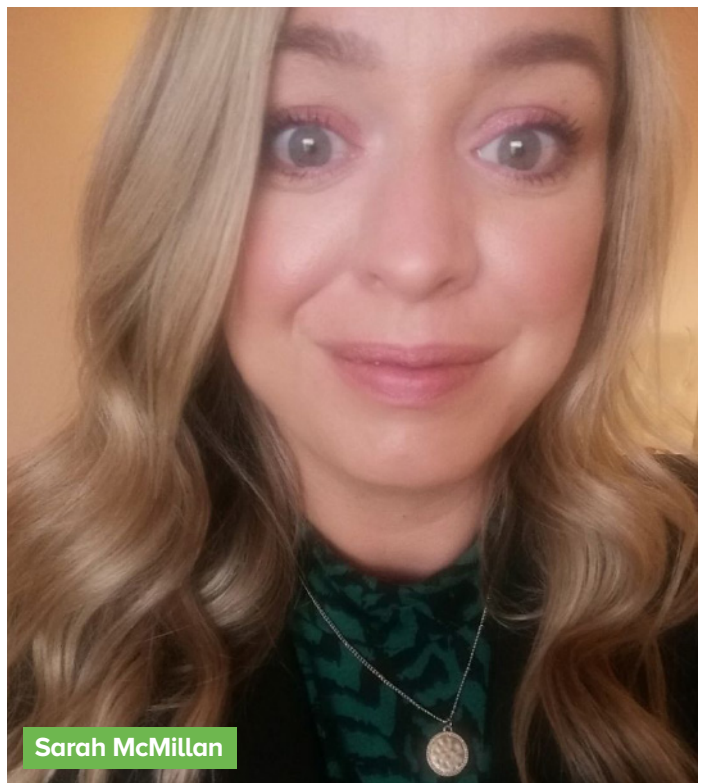
## Sarah McMillan celebrates 20 years with ERS

**ERS** HR Manager Sarah McMillan has now been with the company for 20 years - another significant milestone for ERS.

Sarah originally joined as an office assistant and has since gone on to master many tasks and roles, including Office Manager and Facilities Manager.

We'd all like to congratulate Sarah on her work anniversary and would like to thank her for everything that she has contributed to ERS - it wouldn't be where it is without her hard work and support.

Here's to the next 20 years!



Sarah McMillan

## Altar celebrates employee milestones

Career progression within our team is something we champion, and Project Manager Cailin Smith has done exactly that in her six years at **ALTAR Group**.

Cailin said: *“Not sure of what I wanted to do after school, I had the opportunity to join ALTAR Group and I’ve never looked back - it’s really an amazing place to work.”*

*“I’ve been given the opportunity to learn so many different aspects of the business, discover my own strengths and develop my skills to progress my career within the company.*

*“I started as a Business & Administration Apprentice in the finance department and gained an understanding of how each of the companies within the group worked. During this time, I realised I have strong organisational skills and enjoy communicating with clients, so when an opportunity to become a project manager in Blue2 presented itself, I jumped at the chance.*

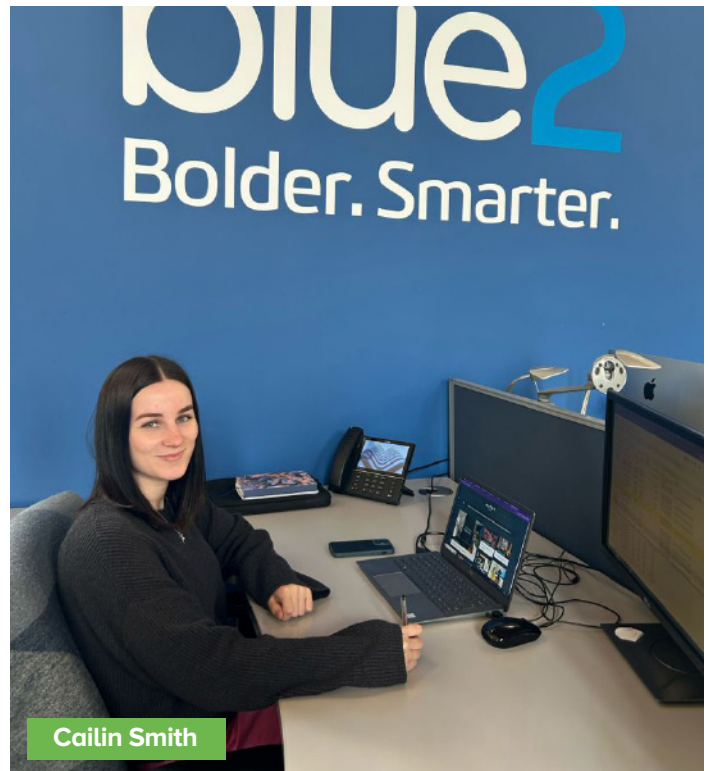
*“Everyone at ALTAR has supported me through every step, and I can’t thank them enough.”*

Here’s to the next six years, Cailin, and we can’t wait to see what you’ll be doing then.

The company also celebrated Sophie Stuart’s first anniversary as a designer with Avian, one of the Altar group companies, and she is also now a beneficiary of our employee-ownership trust.

Sophie was asked what the highlights from the past year have been, and here’s what she said:

*“Joining Avian following my graduation from Uni has been a wonderful transition into the world of professional design. It has allowed me to develop new skills and grow as a designer by working on a wide variety of projects across different disciplines, including brand development, animation, print and packaging.*



Cailin Smith



Sophie Stuart

*“Everyone at ALTAR Group has been very welcoming and supportive, and it’s a privilege to learn from everybody in the Avian team and across the group as a whole.”*

A huge congratulations and a big thank you to Sophie from the Altar team for all your hard work this past year.

## Mediascape take a hike!

The **Mediascape** team recently took part in the Big Hike at Loch Lomond, a beautifully scenic half marathon from Drymen, past Loch Lomond, over Conic Hill and back to Drymen. It was a stunning day, and everyone thoroughly enjoyed the wee wander.

More importantly, the company raised over £3,000 for Cancer Research, a very worthy charity. The big lesson for the day was to do a bit more training for next year! Well done to the team!



Lianne Gannon, Tracey Turner, Fyona McArthur



The Mediascape Big Hike team

## Platinum Recruitment Specialists now owned by employees

Construction specialist recruiter, **Platinum RS**, is now in employee ownership. Founder Stephen Donoghue sold his shareholding to an Employee Ownership Trust in a move to reward and incentivise the loyal team. Based in Livingston, the company has offices in Glasgow, Dundee and Manchester. The firm specialises in recruitment in the construction sector, from Mechanical & Engineering roles, construction, to director positions. Platinum holds an excellent reputation for delivering on time and on budget. 90% of the firm's work is repeat business, and Platinum can count many blue chip companies amongst its clients.



The move was initiated when Platinum client, Kilmac, became employee-owned last year. Stephen saw the benefits that EOT ownership might bring and explored how that might work for Platinum. With support from accountancy firm Azets and advice from Ownership Associates, the firm completed the transaction and is now 100% in employee ownership.



# Shore give back

One of the key drivers behind medical device designers **Shore Group** move to employee ownership was to remain rooted in Leith. The company is keen to play an active part in the community and 5 of the team spent some time volunteering for the charity **Empty Kitchens Full Hearts SCIO**. They were lending a hand with the prep and packing of meals that were on their way to people around Edinburgh. The charity made them feel very welcome and let them get stuck in.

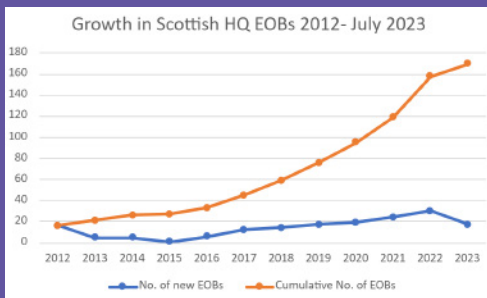
Empty Kitchens Full Hearts work to turn surplus food into healthy meals for those who need them in and around Edinburgh. Since April 2020 they have provided over 1.8 million meals free of charge.

If you would like to learn more about the amazing work they do and to get involved visit their website: [www.emptykitchens.co.uk](http://www.emptykitchens.co.uk)

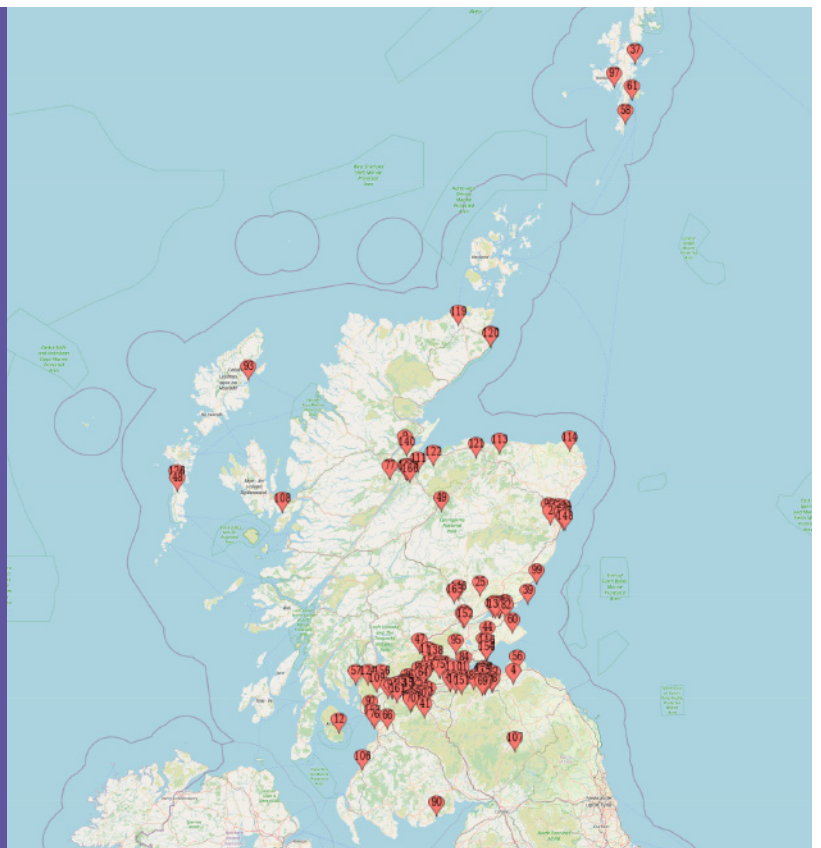
This was part of Shore’s commitment to giving back to the local community, a very rewarding way to spend a Wednesday morning.



## Employee Ownership in Scotland



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let's make it happen



# HMRC Consultation into Employee Ownership Trusts

HMRC has now launched its consultation into Employee Ownership Trusts (EOT) and the EO sector breathed a collective sigh of relief to read the supportive language used in the preamble. It is clear that the government is looking to retain the EOT and the consultation seeks to identify how the structure could become more attractive and thus encourage more business owners to choose this option, and also how to close any potential loopholes.

The EOT was introduced in the Finance Act in 2014, a result of an effort to increase the number of employee-owned companies in the UK economy. Many research studies had demonstrated the benefits – higher productivity, more resilience, increased innovation, happier staff and customers. The Nuttall Review of 2012 identified the key obstacles to the wider adoption of employee ownership: lack of awareness, lack of knowledge amongst advisers, perceptions of a complex and expensive process. The EOT was designed to remove some of the complexity, and the attached tax incentives for both potential vendors and employees, certainly caught the attention of advisers. The EOT has been a huge success and it is estimated that as many as 80% of today's employee-owned companies have done so using the EOT structure.

HMRC is now looking to gather views on proposals to reform the tax treatment of EOTs and EBTs, to ensure the focus remains on the targeted objectives of rewarding employees and encouraging engagement. You can read the consultation document [here](#).

It was good to see the point raised about composition of the Trust board. In Scotland, we tend to work to the (as yet unwritten) rule that the former owners (and individuals connected to them eg family) should not dominate the Trust Board. The consultation is suggesting that this is written into the legislation.

The consultation also asks whether it should be mandatory to include beneficiaries as trustees stating: “this would help ensure that employee interests are represented adequately on the board.” This makes sense, it is an employee ownership trust and the employees are the beneficiaries.

The consultation proposes that trusts and trustees should be UK resident rather than offshore. This is an interesting one. I would question whether offshore trusts are in the spirit of the ethos of employee ownership. However, a hard rule on this would prevent international employees of UK EOBs being appointed to the Trust board.

There are some clarifications proposed for the tax treatments of contributions to the trust which would remove the requirement to seek specific clearance on this from HMRC.

The consultation also addresses the “office holder requirement” which relates to payment of the tax free bonus to employees. As it stands, the number of directors or officeholders and other employees connected to them when compared to the total number of employees must be less than the ratio of 2/5. The reason for this rule is to prevent the tax-free bonus being weighted in favour of directors or the highest paid individuals in the company. An unintended consequence is that if a subsidiary company has for example, only one director and no other employees, then the group companies will not qualify for the bonus.

The consultation runs until 25th September. The questions are listed below. Ownership Associates will be submitting a response. I'm keen to gather the views of Scotland's employee ownership community and have set up a SurveyMonkey form to capture thoughts. Please do contribute your comments [here](#).

(Continued)

## Summary of Consultation questions

**Question 1:** Do you have any comments on the proposal to prohibit former owners and connected persons from retaining control of an EOT-owned company post-sale by appointing themselves in control of the EOT trustee board?

**Question 2:** Should the government go further and require that the EOT trustee board includes persons drawn from specific groups, such as employees or independent persons? If so, how should these groups be defined?

**Question 3:** Do you have any comments on the proposal to require that the trustees of an EOT are UK resident as a single body of persons?

**Question 4:** Do you have any comments on the proposal to confirm in legislation the distributions treatment for contributions made by a company to an EOT to repay the former owners for their shares?

**Question 5:** Do you have any comments on the proposal that HMRC stops giving clearances on the application of section 464A of the Corporation Tax Act 2010 to the establishment of EOTs?

**Question 6:** Should the EOT bonus rules be eased so that tax-free bonuses can be awarded to employees without directors necessarily also having to be included, and would this undermine protections which ensure that bonus payments are not abused or weighted towards some employees?

**Question 7:** Do the EOT bonus rules create any other unintended consequences or challenges in administering the tax-free bonus payments?

**Question 8:** In addition to the reforms proposed at Chapters 4 to 6, do you have any views on ways the Employee Ownership Trust tax regimes could be reformed to better support employee ownership?