

Inside this issue...

Highland Home Carers Page 2

OAK News Page 3

New Appointments Page 4

HMRC's Trust Registration Service
Maeve Wright Page 5

Meet Magda Network ROI Page 6

20/20 Gold Investors Page 6

Pacific Building Secures Investment Page 7

Woollard & Henry Queens Award Page 7

Leadership in the EOB Page 8

FAB Assurance EOT Page 9

First Friday Lunch and Learn

9th April
12noon - 1pm

Trustee Training
18th March



Paul Heat Recovery is owned by the employees

OAK were delighted to work with Dunfermline-based ventilation company Paul Heat Recovery on their move to employee ownership. The 12 staff now have a stake in the business and are delighted at the vision of the former owner, Stefan Huber, in ensuring the company remains committed to sustainable energy.

Established in 2007, the company provides energy-efficient ventilation solutions for sustainable homes, specialising in the supply, design, installation and commissioning of high quality MVHR systems (Mechanical Ventilation with Heat Recovery).

Director Stefan Huber, who co-founded the business in 2007, said: "Over the years we've worked extremely hard to grow the business and to be at the forefront of domestic ventilation and MVHR in Scotland, making our mark on the industry through best practice methods, materials, installation, service and training. Our non-compromise approach has taken us in a different direction than many of our competitors, but we have focused on building a highly skilled, dedicated team and providing the best service possible.

I am proud of my team, their dedication, hard work and loyalty. I wanted to reward them whilst opening up a door for myself to concentrate more on charitable work in Perth, which I have been doing for the last few years in my leisure time. My team has basically been working as if it was their own business anyway, so it was only natural to take this course."

Stefan added: "Employee ownership is the ideal solution for us; it fits well with our ethos and allows me to pass ownership and responsibilities to my hard-working team. We already have an open and inclusive culture, so employee ownership allows us to keep operating as normal and ensures the protection of the company we've worked hard to build together."

Stephen Hutchison was promoted to Technical Director as part of the company's new leadership team. He says, "I am so proud to be involved with this company as it transitions through to employee ownership. Stefan has handed us an amazing opportunity and we are all up for the challenge."

The company has got off to a terrific start having had an excellent year last year, and the current year is looking even busier.

Fair Pay for Extraordinary Home Carers

Pictured: Campbell Mair



Highland Home Carers have announced that all of their front-line care and support staff will now be paid a minimum of £10/hour – a decision which has been hailed as “fantastic news” by Minister for Business, Fair Work and Skills, Jamie Hepburn. They will also be increasing its employers’ contribution to the company pension scheme.

In June 2020 Highland Home Carers – which is the biggest employee owned organisation in Scotland in terms of employee numbers – also awarded its staff a tax-free payment of £500 per person for the extraordinary service and support offered during the Covid-19 pandemic.

Managing Director, Campbell Mair said “We are proud that we exceed all national minimum standards in all aspects of our reward policy and take pride to be part of an employee owned organisation that so demonstrably strives to improve the working lives of the social care workforce, creating positive social change. “In the past two years, we have increased our

front-line rates of pay by over 11%. It’s a fantastic example of employee ownership in action.”

Operating across the Highland region since 1994, Highland Home Carers care for and support people living in their own homes, people often with highly complex health and social care needs, and working alongside doctors, nurses and other health care professionals. Alongside traditional home care, HHC provides one-to-one support work tailored to individuals’ needs and is increasingly involved in providing care outside the traditional care-at-home model. The company has been employee-owned since 2004.

Highland Home Carers intend to review their pay structure every April going forward.

Trustee Training - 18th March 9.30 - 11.30AM

This two hour session aims to equip Trustees to fulfil what is a pivotal role within the employee-owned company. The session is in two parts and is delivered over Zoom. You can join for both parts, or if you have already attended Part 1 or a previous session, you’re very welcome to join only for Part 2.

Part 1: Information giving – legal duties of trustee, responsibilities, the Trust deed, the Trustee role. 9.30am – 10.30

Part 2: Case Study – group work on a trustee dilemma in an employee-owned company. All groups work on same case study, come together to report on discussions. Everyone says this is tremendously useful. 10.30 - 11.30

To register, email carole@ownershipassociates.co.uk

OAUK News

Congratulations to Paul Heat Recovery of Dunfermline which became employee-owned on 5th February. Wonderful company to work with and so energising to hear how highly the employees regarded MD Stefan Huber.

We helped three companies in total make the move to employee ownership in February – hope to give more details in the next issue. That makes five so far this year and the level of interest continues to grow. I receive Google alerts every day on employee ownership news and on one day recently four UK companies announced they were employee-owned so we are all definitely part of something that's growing!

The budget didn't bring the expected hike in Capital Gains Tax. I'm happy about that. I would worry that higher tax on company sales might drive more people to consider EOTs purely for the tax advantages, rather than genuinely wanting to create a fairer, more sustainable business. You just have to read some of the stories on here and in the media to see how employee ownership really is a force for good, both within businesses and very often in the communities as well. The increase in Corporation Tax will be disappointing for many of our successful companies.

And, on the topic of success, good to see Woollard & Henry finally receiving their Queen's Award. Very well-deserved, and also highlights how employee ownership contributes to better, more ambitious business. It is well worthwhile pursuing industry awards; the PR can be tremendously beneficial for the company and can also raise awareness of employee ownership as a feasible business structure.

We talked about awards at this month's First Friday event. We recognised how well our employee-owned architects do when it comes to winning prestigious trophies. It was a lively session with several new faces and we had some good discussions around Trust structures, terms of office, communication and elections.



Registrations for the Trustee Training on 18th March are going well and we can always fit in some more. Same format as last time; attend for the entire two hours or just join for either the first session (me doing a lot of talking!) or the second (you look at a real life scenario). Get in touch if you would like more information:

carole@ownershipassociates.co.uk

Finally, huge thanks to everyone who sends articles for publication in the newsletter. Ownership Matters is one year old with this edition. I started this in March 2020 to keep employee owners in touch over lockdown and we're still going, thanks to your interest and contributions. Circulation is growing all the time and it's being read as far away as South Africa and the US. Do let me know if you would like to see any changes, and suggestions for stories (or even better written articles!) are very welcome!

Want to keep talking to other employee owners? Join our Slack group at this link:

https://join.slack.com/t/ownershipassociates/shared_invite/zt-lcbnorp-tPCx9UNNp7ObaMX-~hKtU~g

Take care everyone.

- Carole

New Appointments



Aquascot

Rachel Hannah, Chair of the Partnership Council has been promoted to Head of Technical from her role as Compliance Manager at Aquascot. Rachel has demonstrated her passion and commitment to the technical team over the last 4 and half years since joining the employee-owned company. Her new role will see her lead the 40 -strong technical, quality and hygiene team, overseeing the technical strategy and driving improvements in the food safety and quality of Aquascot's high-quality products.

Rachel continues to Chair the Partnership Council and represent employee ownership in Scotland as a board member for Scotland for Employee Ownership.



Aspire

Congratulations to Richard Stevenson, who has been confirmed as Finance Manager at Aspire. He says,

"I moved to Aspire after 3.5 years in the motor industry with Peter Vardy as their Head Office Accountant. To be honest, I didn't see my future in the motor industry and wanted a change. I saw the position for finance manager advertised for Aspire and it really appealed to me. The work Aspire do is amazing, and I wanted to part of that success story and use my experience help the company grow. I love the fact that the company is employee owned, it's a great motivator for staff and you get the impression everyone cares. We have a strong management team in place, and I look forward to working with them in the future to help Aspire grow and make it a great place to work for all employees"

Trustees appointed at Paul Heat Recovery



You'll see our front-page news that energy efficiency specialists, Paul Heat Recovery, moved to employee ownership recently. As part of that process, two Trustees were elected by their colleagues to sit on the Employee Ownership Trust. Both Greg Cunningham and Garrie Glasgow are Project Managers, who manage and support each project to the end.

Greg says "I am very proud to be working on the forefront of Mechanical Ventilation with heat Recovery in sustainable homes, and becoming an employee owned company is a really exciting endeavour. Looking ahead, we all have a part in the growth of the company and all want the best for it."

HMRC's Trust Registration Service and Employee Ownership Trusts

What you need to know



Under new rules introduced by the UK government, by this time next year, all UK trusts will be required to register with HMRC using the online 'Trust Registration Service' (TRS). There are some limited exceptions to this rule, however, Employee Ownership Trusts (EOTs) are not excluded and will be required to register if they have not already done so.

The TRS was originally set up in 2017 to combat money-laundering and the financing of terrorism, however, up until August last year, the obligation to register was only imposed on UK tax paying trusts, meaning that the overwhelming majority of EOT's were not required to register. The Fifth Money Laundering Directive, however, significantly expanded the scope of the registration requirements and, despite Brexit, these will be implemented in the UK.

Final guidance on TRS is awaited from HMRC, however, once the TRS is open for registration it will be the responsibility of trustees to ensure that trusts are registered and that information is kept updated.

What do the trustees of an EOT need to do?

The TRS system has not yet been updated to allow registration of non-tax paying trusts. This means that there is no immediate action required, however, trustees should look out for updates from HMRC and be prepared to update the register when it opens. Trustees will have until **10 March 2022** to comply with the new registration requirements.

Any trustee can complete the TRS registration. Alternatively, the registration can be made by an agent, such as a law firm or accountant, on behalf of the trustees. It is worth noting that Agents cannot update trust

registrations without first 'claiming' trusts and undertaking online client authorisation which will require a lead trustee to have a Government Gateway ID registered specifically for TRS. A trustee cannot use an existing Government Gateway ID which, for example, allows the trustee to complete self-assessment tax returns.

What information is required by the TRS?

Information that trustees will be required to provide includes basic information about the trust such as the name of the trust, the date it was set up and the trust assets. Trustees will also be required to give details of the beneficial owners behind the trust.

Where the beneficial owners of a trust include a class of beneficiaries (i.e. current and future employees), as will be the case with an EOT, a description of the class of beneficiaries can be provided, however, HMRC guidance states that they will also expect directors and key employees to be listed on the register. The specifics of these requirements will be made clearer when the updated TRS manual is published by HMRC.

Information provided will not be publically available and will only be shared by HMRC with law enforcement authorities.

Next steps

Given that the TRS is not yet open for registration of all trusts, provided that an EOT is non-tax paying, there is no immediate action required. Trustees should, however, note the deadline of 10 March 2022 and look out for further guidance due to be published by HMRC imminently. If in any doubt, trustees should contact an advisor for further details on TRS registration obligations.



Meet Magda

To commemorate International Women's Day on the 8th of March, Magda Dabrowska of Network ROI talks about her career to date and her positive experiences during 'lockdown' life:

"It was hard leaving Poland sixteen years ago to come to work in Scotland. I had to learn another language and embrace another culture. So, it was difficult having to start my career again". Magda goes on to say "In Edinburgh, the historic buildings are like Wroclaw where I grew up. The people are very friendly in Scotland and working for Network ROI everyone I met is very genuine and sincere, it's like being part of a big family".

Magda has always wanted to work in finance "I fell in love with finance when I got the chance to work in accounts in a kilt hire company a few years ago. So, I knew from that moment then that's the career I wanted to follow." She is currently studying for the ACCA (Association of Chartered Certified Accountants Institute) qualification. "Studying and working full-time requires a lot of perseverance and hard work."

Magda enjoys learning new things, analysing problems, and coming up with solutions. She says that Network ROI has really supported her in her studies, but it also requires a lot of self-discipline.



Magda loves walking in nature and has even taken up landscape painting as a new hobby to help her relax. "If I exercise at home or walk the dog it gives me energy. During tough times, it's good to keep your spirits up and find something you enjoy doing when you are not working".

Network ROI has diversity as one of its core values. They have a strong culture of inclusion and embrace diversity in all its forms. They want all of their employees to feel valued, appreciated, and free to be who they are at work. It is uniqueness that binds everyone together and ensures the diverse voices of employees fuel innovation for their clients.

People at Network ROI are not just employees, they are employee-owners. With a strong culture and an emphasis on training, This is a company where "People are our greatest asset" are not empty words.

**20/20 win
Gold Investors
in People!**



As an Employee-owned Company the 2020 team are committed to building the best possible workplace and supporting each other and the Clients that make the business. 20/20's CEO, Tony Marks commented "Achieving the IIP Gold Standard was an important step in our commitment to making 20/20 a great place to work. This award is an acknowledgement of the whole team's approach to investing in each other for the future. As a Learning & Development Company we need to lead by developing our own people and to practice what we preach, so this is a particularly important award for us."

Six figure investment brings new jobs to Pacific Building



Pacific Building, the employee-owned fit-out and construction company based in Hillington, has invested in a new manufactured joinery workshop, and is expanding its workforce by taking on six new staff members. The company, which became employee owned in 2019, makes bespoke pieces for the hospitality, retail and travel sectors.

As a contractor, Pacific would previously have had to source manufactured joinery items from external suppliers and often engage a third party to install. This meant that they had limited

control over quality, which may only have become apparent at the time of delivery to site. Now they will be able to provide added value to clients as there will be continuity from design to installation.

Managing director Gerard McMahon said: “This significant investment in our workshop will allow us to provide a minimum of six additional jobs, increase capacity and deliver bespoke joinery solutions for our growing client base. As an employee-owned business, investing in our people and services is central to our culture and values.”

Woollard & Henry receive Queens Award – finally!



Not quite Buckingham Palace but Woollard & Henry was presented with their Queens Award on Thursday 25th of February at a virtual ceremony. The Queen’s representative Lord-Lieutenant for Aberdeen, Barney Crockett made the presentation. Fred Bowden, managing director of W&H, said: “There has been a lot of hard work over a number of years which have gone into winning this award. “It comes off the back of some exceptional growth in international trade with acquisitions such as

the PAMA Paper Machinery in Dresden, Germany and Lipex Engineering GmbH in Munich, which specialises in the glass and basalt fibre industry.

“Our award win was announced back in lockdown so we haven’t had a chance to celebrate the win, but receiving the award, virtually, will be a proud moment for all members of the team.

“Needless to say we are delighted with this achievement, and it is testament to the continual hard work our team puts in each day.”

Leading an Employee Owned Business – Culture really does matter

Is leadership easier in Employee-Owned organisations? You might think the structures that surround the ownership model naturally create a culture where everyone is more engaged in the success of the business. Well not in my experience! This article is designed to ignite thinking amongst EO leaders about the challenges of leading a successful EO business and invites you to think about these things, or even better explore them with the employee owners you lead, through asking five questions. You might be surprised by what you discover!

Does your business have a clear purpose to believe in?

EO organisations have a head start here as the essence of this will be captured in the Trust Deed. But how many employees even know what is in the deed? More importantly is there a critical mass prepared to put their effort into fulfilling that purpose? Does your business even have a common set of values? Consider exploring these things with your top team first as it is essential that leaders are aligned; otherwise it will quickly be seen and negatively felt through the business.

Are you a role model?

Employees look to leaders for the cues in how they are expected to behave. Engagement with ownership and its responsibilities therefore need to start with those at the top, often through symbolic actions that demonstrate you are always “walking the walk”. Do you behave in a way that motivates and inspires by providing meaning, optimism and enthusiasm for the benefits of employee ownership? Or do the pressures of leadership get in the way of good intentions? Invite your leaders to hold the mirror up to themselves, as individuals and a collective to explore the same question.

To what extent do leaders have the right skills to deliver the purpose and live the values?

Do your leaders have the skills to lead employees who also own the business? Do they empower and



Barry

Biography

Barry had a successful 30 year career in the John Lewis Partnership before becoming a leadership consultant and Executive Coach. He is keen to help leaders in employee-owned businesses unlock the potential within their teams to make ownership a truly successful way to do business. An operational leader at heart, he has extensive experience of developing leadership teams and saw the difference it makes when leaders put culture and people ahead of process to deliver sustainable business success. He brings this experience into his work alongside a natural curiosity in people and process that leads to insightful and intuitive enquiry.

Barry is offering readers a free session to explore what executive coaching is and how it can benefit them. If you have never experienced executive coaching and wonder if it might be of interest to your business, then get in touch:

matheson.barry1@gmail.com

coach for success or do they achieve success through control? Many leaders in small businesses acquire their position because of their technical skills but success in an EO business also requires confidence in skills such as setting clear direction, coaching, empowering and the giving and receiving of feedback.

Do your business processes reinforce the culture you want?

Organisational structures, symbols of hierarchy, even

meetings are just some of the things that will typically impact on the sense of 'how things really are done around here'. Even with the best of intention leaders will have blind spots to things that can greatly impact employees' commitment to the business. Only through powerful questioning and keen observation will a skilled leader truly understand the positive and negative things that impact on company culture and make ownership come alive.

Do you make Ownership Personal?

Or is employee ownership only felt through structures such as employee councils and trust boards? Ensuring that commitment to developing the right skills and adopting the right behaviours should be recognised and rewarded at an individual level, not just through collective structures. Consider performance management, reward and recognition systems in particular to ensure employees engaged in business success are recognised ahead of those who go through the motions.

Death & Taxes – the only certainties in life?

The EOT brings tax advantages, but what happens in the event of a death once the EOT is in place? Edinburgh based FAB Assurance has introduced a new product aimed at minimising the risks to both the seller and the business by protecting payments of the purchase price in an EOT transaction.

Most EOT transactions consist of at least an element of deferred consideration by the seller i.e. the former owner/s do not receive the full value of the business at the time of the completion. The trading company funds the outstanding consideration from future profits.

Now, let's hope it doesn't happen, but what if the seller is to die? The sellers' estate would be repaid the money, but that would be over the agreed time period and the beneficiaries of the will might require that cash earlier, eg to fund inheritance tax liabilities. FAB's **Deferred Consideration Insurance** reduces that risk by resolving two issues:

- Vendors' heirs receive the outstanding consideration via the policy pay-out
- The EOT is relieved of that debt.

This is of particular relevance to EOT deals. Very often the vendor tapers their exit and can often play an important role in the business post implementation of the EOT. A sudden or unexpected death during this payback period can have serious consequences:



- The seller is out of the picture and may still be the prime driver of business strategy and relationships
- The company can have a highly geared balance sheet
- The vendor's family have an Inheritance Tax liability on the consideration
- The loss of a key figure will affect colleagues and may impact on business performance

The benefit of the Deferred Consideration Insurance creates a financial safety-net protecting the seller's family and the company:

- The process for payment to the heirs to the estate is swift and smooth
- The debt is removed from the company's cash flow
- Premiums are funded by the company as a non-trading expense.
- The operating company is the beneficiary of the policy and the pay-out is free of Corporation Tax.

If you would like to find out more, get in touch with FAB Assurance on **0131 221 6585** or email:

andrew.campbell@fab-assurance.com