

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: EMPLOYEE OWNERSHIP SCOTLAND (EOS) FORMERLY SCOTTISH COOPERATIVE DEVELOPMENT COMMITTEE INTERIM REPORT
From: DIRECTOR OF PLANNING & DEVELOPMENT		
Date: 18th November 1996	Ref: MMcC/EH/REP.099	

Employee Ownership Scotland (EOS), formerly Scottish Cooperative Development Committee is an organisation aimed at increasing the number of employee owned companies in Scotland. The organisation provides a range of assistance to employees and managers interested in buying into their employers business. The organisation was previously funded by Strathclyde Regional Council, Monklands District Council and Motherwell District Council. In the 1996/97 period the organisation has received £5,000 of project funding from North Lanarkshire Council.

An interim report on their activities in this area has been submitted and has been summarised as follows:

#### Company Activity

- Company A - 25 employees with owner looking to exit the business over the next 2 years. EOS have been working with the owner and advisors since last year and are now working with the employee group to produce a business plan to raise the necessary funding for the employee buyout.
- Company B - This company has been in receivership for over 2 years. More profitable parts were sold off early on but Employee Ownership Scotland have been maintaining contact trying to encourage employee buyout of the original heavy manufacturing arm. The most likely outcome is a management buyout with a sizeable employee stake.
- Company C - EOS, currently working with 4 employees buying out the company from the existing owner. The price has been agreed but financial details are being finalised to complete the deal. Target for conclusion is the end of 1996.
- Company D - Initial discussions with the owner of this company who is looking at a longer term exit but in the short term is interested in stakes in this company for the key managers. This owner may be willing to look at an employee buyout for the future.
- Company E - Initial enquiry via Motherwell Enterprise Development Company. A potential business start-up from a redundancy situation involving 6 employees of the company.
- Company F - This company is interested looking at an employee buyout within the next 6/12 months.
- Company G - This company is interested in an employee buyout but is not able to proceed at this point.

Elected members should note that due to the sensitivity of negotiations it is not possible to identify the companies involved by name.

### Marketing Activity

Employee Ownership Scotland have conducted a direct mail marketing campaign, to directors over 55 "ML " and who reside within "G" postcodes within the Council area. The response has been poor compared to a similar exercise to Glasgow postcodes earlier this year. Further direct mail marketing campaigns are under consideration for the future.

The Economic Development Unit hosted a seminar for EOS in September to raise awareness of the employee ownership option and the services that the organisation can offer in this field. Members of the local enterprise trust network, local banks and staff from the Economic Development Unit attended this seminar.

A Lanarkshire wide seminar on employee buyouts and succession planning has been scheduled for February which will target companies from across Lanarkshire on the services provided by Employee Ownership Scotland. This is being organised in partnership with North and South Lanarkshire Councils.

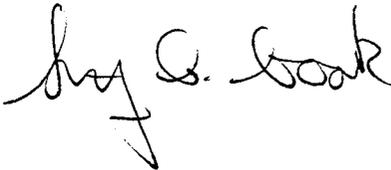
Employee Ownership Scotland has had discussions with the Petersburn Initiative on the possibility of joint working in the area of community care. EOS in partnership with the Co-op Bank organised a seminar on care co-operatives which was attended by several members of North Lanarkshire Council's Social Work Department.

Employee Ownership Scotland also provide a range of training courses which are funded by the LDA and the European Social Fund as well as delivering a number of Urban Programme projects in the former Monklands area which are reported to Committee through Urban Programme monitoring.

Employee Ownership Scotland are holding their Annual General Meeting on Monday 9th December. As North Lanarkshire Council is a funder of the organisation they are invited to send a representative to the meeting.

### Recommendation

Members are asked to note the contents of this report and instruct that the Director of Planning and Development send a representative to the Annual General Meeting.



Stanley C Cook

**Director of Planning and Development**

For further information contact Gordon Smith, Head of Economic Development & Property