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# Employee Ownership in West Yorkshire

A report by the  
Centre for Democratic Business

Written by Jonny Gordon-Farleigh

January 2026

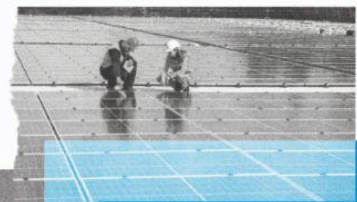
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## Executive Summary

Employee ownership (EO) represents a proven and increasingly important model for delivering resilient, productive and inclusive economic growth in the UK. National evidence demonstrates that employee-owned businesses (EOBs) significantly outperform conventional firms across productivity, job creation, wage fairness, resilience, environmental practice and community contribution. Although EOBs account for just 0.1% of UK businesses, they generate a disproportionately high share of economic activity and are growing rapidly, driven in large part by Employee Ownership Trust (EOT) conversions.

Despite a strong historical presence of co-operative and employee-owned firms, West Yorkshire is currently under-represented in the national EO economy. While the region accounts for around 3% of the UK's business population, it represents only 0.6% of employee-owned businesses nationally. This gap highlights a missed opportunity to retain viable firms, protect local jobs, and embed fairer ownership models within the regional economy.

Case studies from West Yorkshire and Yorkshire more broadly demonstrate that EO works across sectors and scales—from professional services and advanced manufacturing to logistics and inclusive employment for disabled workers. These businesses show strong growth, high retention, and improved employee engagement, while maintaining local ownership and long-term stability.

The report concludes that West Yorkshire is well-positioned to accelerate EO growth but lacks a coordinated support infrastructure. With forthcoming reductions in Capital Gains Tax relief for EOT sales, proactive intervention is increasingly important. By embedding EO into business support, succession planning and inclusive growth strategies, West Yorkshire could realistically triple its EO sector within five years – strengthening productivity, resilience and democratic participation across the regional economy.

## Key Recommendations

### Strategic Growth Target

- Set an ambition to increase EO businesses from 0.6% to 1.5% of the West Yorkshire economy within five years.

### **Awareness, Engagement & Promotion**

- Publicise successful EO and co-operative conversions across West Yorkshire and host WYCA-sponsored public events on succession planning and employee ownership.

### **Business Support Infrastructure**

- Provide specialist EO training for growth managers, local authority business support teams, business advisors, and the wider support ecosystem (Chambers, LEPs, universities, investor networks, accountants, solicitors, banks, wealth managers)

### **Funding & Feasibility Support**

- Launch a feasibility grants scheme (£5,000 per business) to support 10 businesses per year exploring EO as a succession option.

### **Sector Development Opportunities**

- Explore the potential for converting other social businesses, such as Private Community Interest Companies (CICs) to co-operatives

## Introduction

Employee ownership (EO) has become one of the most significant developments in the UK's business landscape over the past decade, reshaping the way companies think about ownership, governance, and succession. At its core, an employee-owned business is one in which the workforce holds a meaningful stake – whether directly, through shareholding, or indirectly, via trusts that act on behalf of employees. This report begins by clarifying what EO means in practice, exploring the range of models now available, from Employee Ownership Trusts (EOTs) to hybrid arrangements that embed co-operative principles into company structures.

In West Yorkshire, interest in EO has been gathering pace, driven both by the pressing need for succession solutions among business owners and by a growing recognition that employee ownership can deliver long-term resilience, productivity, and fairness in the workplace. Innovations in corporate governance – such as democratising the role of EOTs and embedding cooperation more explicitly into trust-based models — are strengthening the appeal of EO as a mainstream business option rather than a niche alternative.

At present, however, the infrastructure for supporting employee ownership in West Yorkshire remains underdeveloped. The West Yorkshire Combined Authority (WYCA), and in particular its network of Growth Managers, could play a pivotal role in shaping the future of the sector. While EO has yet to feature prominently in their business support offer, raising awareness among Growth Managers, the wider business support ecosystem, and embedding EO into WYCA's inclusive growth strategy would ensure that more businesses can access the guidance and resources needed to explore this model as a succession option.

This report examines the current conversion market in the region, outlining how business transitions are supported and where gaps remain. It provides data on the scale and benefits of EO in the local region, placing this within a national context to assess whether the region is leading or lagging behind broader trends.

## The National Landscape

At the national level, employee ownership of all kinds has increased over the last 15 years. The **Employee Ownership (EO) Knowledge Programme** is the most comprehensive research initiative ever undertaken to understand the scale, performance, and impact of Employee Ownership Trusts and Worker Co-operatives (described collectively in the report as EOBs) in the UK.

Commissioned by the Employee Ownership Association (EOA) and delivered by the independent think tank Ownership at Work, with analytical support from WPI Economics and YouGov, the data programme below contrasts economic, social, and environmental outcomes between EOBs and comparable non-EOBs for the first time.

### Rapid Expansion

There are over 1,650 employee-owned businesses (EOBs) in the UK as of October 2023, growing at around 30% per annum — the fastest rate of growth globally for this model.

**30%**  
annual growth

**16%**  
average  
annual growth  
2011 – 2023

### Long-Term Growth Trend

Between **2011 and 2023**, the sector grew at an **average annual rate of 16%**, compared with **2.2% growth** in all UK active companies over the same period.

### Economic Contribution

Although EOBs make up just **0.1% of UK businesses**, they generate **0.8% of direct Gross Value Added (GVA)** and between **1.7–2.1% of total UK economic activity**, demonstrating a disproportionate contribution to national productivity.

**0.8%**  
of direct  
Gross Value Added  
to UK economy

## Productivity Advantage

**8-12%**  
more productive

EOBs are **8-12% more productive** than non-EOBs, measured by Gross Value Added per employee.

## Employment Growth

**64%** of EOBs have **expanded their workforce** in the past five years, compared with **41%** of non-EOBs — making them around **50% more likely to create jobs**.

**50%**  
more likely to  
create jobs

**5x**

less likely to face  
redundancy

## Resilience and Job Security

Employees in EOBs are **five times less likely to face redundancy**, rising to **eight times less likely** in smaller firms.

## Higher Wages and Fair Pay

Lower earners in EOBs receive on average **£2,900 more per year** than peers in non-EOBs. In addition, **37%** of EOBs are **Living Wage accredited**, compared with **15%** of non-EOBs.

**37%**  
are Living Wage  
accredited

## Profit and Reinvestment

**57%**  
have seen  
profits increase

**57%** of EOBs have seen profits increase since becoming employee-owned, and they are **25% more likely to have grown profits** in the past five years than non-EOBs. They are also **50% more likely** to reinvest in research and development (R&D).

## Community and Social Impact

EOBs contribute over **£500 million more per year** to local communities through volunteering and charitable giving, and are **twice as likely** to offer staff volunteering days (43% compared to 15%)

**£500m**  
per year contributed  
to local communities

**54%**  
have a Net Zero or  
carbon management  
strategy

## Environmental Leadership

**54%** of EOBs have a **Net Zero or carbon management strategy**, compared with **30%** of non-EOBs. **35%** hold formal environmental sustainability accreditations such as B Corp, Planet Mark, or ISO standards.

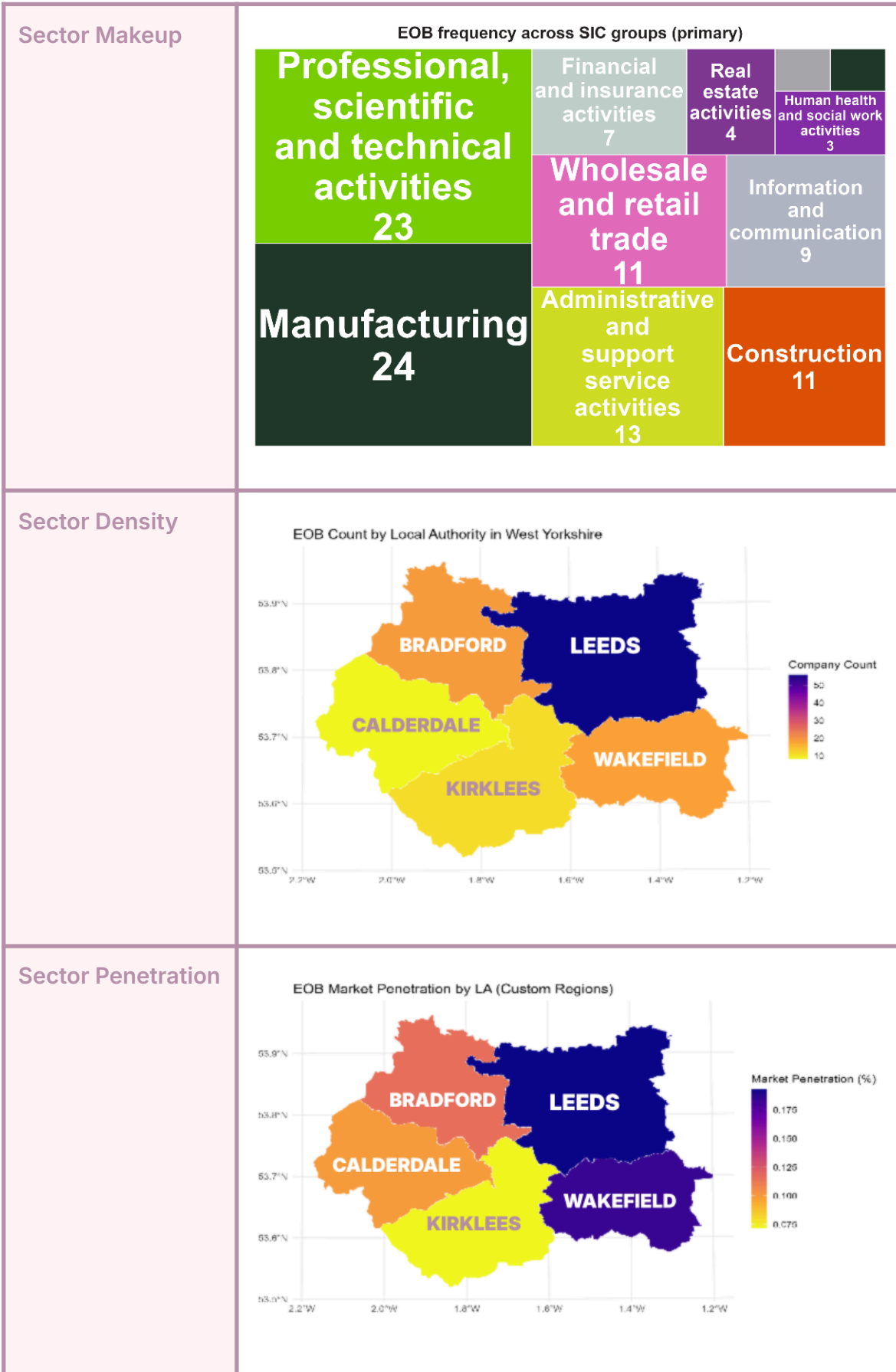
For the full data programme, you can access the Knowledge Programme [here](#).

## West Yorkshire’s regional EO economy

West Yorkshire has a long history of EO businesses in its local economy, but what does it look like compared with their representation in the national economy?

Unlike at the national level, we have two separate data sets for EO businesses, which are broken down into Employee-Owned Businesses and Co-operatives.

Employee Owned Businesses																									
As of October 2025, the UK Employee Ownership Business Register created by the Employee Ownership Association shows that:																									
Total EOBs	112																								
Total employees	9190																								
Turnover	£1.2bn																								
Size	<ul style="list-style-type: none"> <li>• Small 62.5%</li> <li>• Medium 29.5%</li> <li>• Large 5.4%</li> </ul>																								
Sector Growth	<p style="text-align: center;">EOB count over time</p> <table border="1"> <caption>EOB count over time (Estimated)</caption> <thead> <tr> <th>Year</th> <th>EOB Count</th> </tr> </thead> <tbody> <tr><td>2015</td><td>5</td></tr> <tr><td>2016</td><td>6</td></tr> <tr><td>2017</td><td>7</td></tr> <tr><td>2018</td><td>8</td></tr> <tr><td>2019</td><td>9</td></tr> <tr><td>2020</td><td>10</td></tr> <tr><td>2021</td><td>15</td></tr> <tr><td>2022</td><td>25</td></tr> <tr><td>2023</td><td>28</td></tr> <tr><td>2024</td><td>25</td></tr> <tr><td>2025</td><td>15</td></tr> </tbody> </table>	Year	EOB Count	2015	5	2016	6	2017	7	2018	8	2019	9	2020	10	2021	15	2022	25	2023	28	2024	25	2025	15
Year	EOB Count																								
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2020	10																								
2021	15																								
2022	25																								
2023	28																								
2024	25																								
2025	15																								



Employee-owned co-operatives																									
Total number	28																								
Total employees	525 known employees																								
Collective turnover	£64,041,068																								
Sector Makeup	<table border="1"> <caption>Sector Makeup Data</caption> <thead> <tr> <th>Sector</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Agriculture</td> <td>10.7%</td> </tr> <tr> <td>Arts and culture</td> <td>10.7%</td> </tr> <tr> <td>Digital, media and comms</td> <td>14.3%</td> </tr> <tr> <td>Energy and environment</td> <td>3.6%</td> </tr> <tr> <td>Food, accommodation and pubs: 1</td> <td>3.6%</td> </tr> <tr> <td>Health and social care</td> <td>14.3%</td> </tr> <tr> <td>Manufacturing</td> <td>7.1%</td> </tr> <tr> <td>Other</td> <td>7.1%</td> </tr> <tr> <td>Professional and legal services</td> <td>14.3%</td> </tr> <tr> <td>Retail</td> <td>10.7%</td> </tr> <tr> <td>Sports and recreation</td> <td>3.6%</td> </tr> </tbody> </table>	Sector	Percentage	Agriculture	10.7%	Arts and culture	10.7%	Digital, media and comms	14.3%	Energy and environment	3.6%	Food, accommodation and pubs: 1	3.6%	Health and social care	14.3%	Manufacturing	7.1%	Other	7.1%	Professional and legal services	14.3%	Retail	10.7%	Sports and recreation	3.6%
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Based on national data (Nomis), West Yorkshire represents 3% of the country's business population. But in terms of EO, it only represents 0.6% of the national EO business population (24,720). This means that West Yorkshire is significantly underrepresented in the national EO economy.

## What is an employee owned business?

Employee owned businesses are where employees have a significant stake in the ownership and governance of a business.

For the purposes of this report, we are mainly looking at the following forms:

### Worker Co-operative (WC)

A worker co-operative is a business that is owned and democratically controlled by its employees, typically on a one-member-one-vote basis. Unlike conventional companies, ownership is not tied to the size of an individual's financial stake but to their participation as a worker-owner. Worker co-operatives can adopt a wide variety of legal forms in the UK, including companies limited by guarantee, companies limited by shares, and societies. Profits are usually reinvested in the enterprise or distributed fairly among members, with governance emphasising equality, participation, and collective responsibility.

### Employee Ownership Trust (EOT)

An Employee Ownership Trust is a legal structure in which the majority of a company's shares are transferred into a trust that holds them on behalf of all employees. Rather than employees owning shares individually, the trust acts as a collective steward, ensuring that the business is run for the benefit of its workforce. Introduced in 2014, EOTs have become the most common route to employee ownership in the UK, particularly as a succession solution for founders seeking to exit while preserving the company's independence.

### Employee-Owned Company (Shareholding Model)

An employee-owned company, in this narrower definition, refers specifically to businesses in which employees hold shares directly rather than through a trust. This can range from broad-based employee share ownership schemes, where a large proportion of staff hold small stakes, to companies where employees collectively hold a controlling interest. The key feature is direct shareholding, giving employees both a financial stake in the business and, depending on the structure, voting rights linked to their shares.

## Business Case Studies

This section of the report features case studies of Employee Owned businesses in West Yorkshire and Yorkshire.

In the following order:

- **Employee Ownership Trust:** [Engage Interactive](#) (Digital, creative, professional services)
- **Employee Owned Company:** [Gripple](#) (manufacturing)
- **Worker Co-operative:** [Enabled Works](#) (packaging/logistics)

### Engage Interactive



#### Location

Leeds, West Yorkshire, UK

#### Sector

Digital agency specialising in digital strategy, design, development, and performance marketing.

### Year of Conversion

July 2024 – transitioned to an Employee Ownership Trust (EOT) structure, becoming 100% employee-owned.

### Previous Form

Privately owned limited company, founded and led by Managing Director Alex Willcocks since 2007.

### Trigger for Conversion

The decision to adopt an EOT model was driven by a desire to secure long-term stability, preserve company culture, and reward the collective contribution of the team.

The founder, Alex Willcocks, emphasised that the move was not prompted by retirement or external pressure but by a proactive commitment to sustainable growth, employee engagement, and values-based governance.

In terms of advisor/specialist support they used RSM who are a national accountancy firm who offer legal

services too. They were recommended based on past experience from an existing EO business. RSM were brought in at the point the company had decided they were certain about this route.

### Conversion Journey

Engage Interactive was established in 2007 as a privately owned digital agency. Over time, it built a strong reputation and client base, becoming one of Yorkshire's leading independent agencies.

In July 2024, after 17 years of operation, the company completed its transition to an Employee Ownership Trust. The ownership transfer placed 100% of shares into a trust that holds them on behalf of all employees. The existing leadership, including Alex Willcocks, continues to manage day-to-day operations, supported by a board of trustees representing employee interests.

The transition process was designed to be smooth and inclusive, with an emphasis on transparency and communication throughout.

Although initial discussions and research into different structures were restricted to the board level, they went on to create an Employee Ownership Playbook. This

playbook included the organisation's founding background, the reasons behind the decision to change structure, and the options available. The narrative consistently highlighted why an EOT was the best choice. They wanted to avoid a sudden announcement. The official announcement came a month before the deal was finalised, during a full team meeting that covered financial details, the timeline, and the final vote. Employees felt comfortable with the decision and understood the pros and cons.

### Development Timeline

**2007:** Engage Interactive founded by Alex Willcocks.

**2010–2020:** Growth into one of Yorkshire's leading independent digital agencies, expanding client portfolio nationally.

**2023:** 17 new client partnerships secured; 28% year-on-year revenue growth.

**2024:** Transition to 100% employee ownership via an Employee Ownership Trust; 13 additional client partnerships established.

### Employee Engagement and Culture

Engage is known for its inclusive and transparent culture, which was a central reason for adopting the EOT model. The company places strong emphasis on fairness, wellbeing, and personal development.

It operates with clear principles of wage transparency and pay equity, balancing roles, responsibilities, and experience while ensuring shared rewards. Employees are engaged not only through profit-sharing but also through structured communication and participation channels linked to the EOT.

Engage has received national recognition for its cultural and wellbeing initiatives, including awards for Best Team Culture and Best Workplace Health & Wellbeing Awareness at the UK Company Culture Awards.

Beyond internal engagement, the company supports diversity and inclusion through its paid digital internship programme, aimed at helping underrepresented groups gain skills and experience in the digital sector.

### Turnover

Turnover and % growth for the last 2 complete financial years and forecast for this FY (FY26)

- FY24 (1st March '23 - 28th Feb '24) - £4,350,000
- FY25 (1st March '24 - 28th Feb '25) - £5,150,000 (18% growth vs previous)
- FY26 (1st March '25 - 28th Feb '26) forecast - £6,000,000 - (16% growth vs previous)

**Note:** They became EO in June 2024, so 1/4 of the way through FY25.

### Employee Numbers

At the time of the transition in July 2024, Engage employed over 50 people, with steady growth in headcount since then.

They now have 56 members of staff, which is an increase of 12%.

They also have 98% staff retention.

### Advisors

See 'Trigger for conversion'.

### Borrowing History / Capital Financing

They had built up a large enough amount of cash in the business that they were able to pay out approximately 20% on day 1 and they planned to pay off the rest over the course of 6 months out of operational income. They did this to avoid putting excess pressure on the business through debt.

### Governance Model

Engage Interactive is now a company limited by shares, with those shares held in full by the Employee Ownership Trust.

Governance is structured around:

- **A Board of Trustees**, representing employee interests and overseeing the trust's operation. This is made up of the primary expander Alex Willcocks, one independent trustee, and they have a voting process for the 3rd employee member representative.
- **An Operational Board** includes Managing Director, Sales director, Finance director, non exec director, Ops director and two employee representatives.

Feedback mechanism in place for the two employee representatives to feedback back to employees following each board meeting.

- The **Managing Director**, Alex Willcocks, who continues to lead the business alongside the existing management team.
- A **collective profit distribution model**, where employees benefit from shared success through profit shares while ensuring reinvestment in innovation, training, and sustainability.

This structure is designed to maintain strategic stability while embedding employee voice and representation at all levels.

### Challenges & recommendations

- Stress the importance of positioning it correctly to your staff team
- Take your time and do it properly
- Understand the process and implications fully
- EO feels new still - if you do the research yourself it's there but lack of visibility of it is huge.

- Access to a service that can explore the initial idea and feasibility would be beneficial
- SMEs should promote the banner of EO

## Glide



### Location

Sheffield, South Yorkshire, UK

### Sector

Engineering and manufacturing — serving markets in agriculture, construction, building services, rail, and solar energy solutions.

### Year of Conversion

2014 – when Gripple formally transferred its internal share trading system into GLIDE, the employee-owned company that manages ownership across Gripple and its associate businesses.

(Employee share ownership began in 1994, but full EO structure was established in 2014.)

### Previous Form

Privately owned business, originally founded by entrepreneurs and major shareholders.

### Trigger for Conversion

The transition appears to have been motivated by a desire for long-term independence, succession planning, and cultural preservation, rather than crisis or financial distress.

Initial inspiration came in 1994, when the two main shareholders began offering shares directly to employees, setting the foundations for shared

ownership. By 2014, the decision to formalise the structure through GLIDE reflected a strategic commitment to employee empowerment and democratic governance.

### Conversion Journey

In 1994, two major shareholders offered employees the opportunity to buy shares directly, initiating the process of employee share ownership. Between 1994 and 2014, employee shareholding increased gradually, managed through internal trading. In 2014, GLIDE (Growth Led Innovation Driven Employee company) was created as the employee-owned company that now holds and manages shares in Gripple and its seven associate businesses. GLIDE also established an internal share market, allowing employees (and retirees) to buy and sell shares while preventing external ownership.

### Development Timeline

- 1994: Employees first offered shares by founders.

- 2014: GLIDE established as employee-owned company managing Gripple's shareholding.
- 2014–Present: Expansion to seven associate businesses; continued growth and employee participation.

### Employee Engagement and Culture

- Flat management structure.
- No formal job descriptions.
- Board representation spans sales, engineering, and production, with the shop floor holding the majority of seats.
- The company places strong emphasis on accountability, collaboration, and wellbeing — reflected in 95% staff retention and high levels of employee satisfaction.

### Turnover

Data unavailable for Glide so this is Gripple, Sheffield's turnover over 4 years.

2021 - 102,295,611  
2022 - 106,708,790  
2023 - 114,404,497  
2024 - 121,269,151

Approx 5.8% increase in turnover each year. This consistent, steady growth between years indicates stability.

#### Employee Numbers

- Currently: 950 employees.
- Total members (including retirees): 1,100.
- They have a staff retention rate of 95%.

#### Borrowing History / Capital Financing

It appears that Gripple's model relied on internal capital accumulation and employee share purchase, rather than external debt or leveraged buyouts.

#### Governance Model

- Ownership: 100% employee-owned through GLIDE, which manages Gripple and seven associate companies.
- Governance: GLIDE has a 44-member board elected by employees.
- Voting: One member, one vote, regardless of shareholding.
- Shareholding: No individual may hold more than 10% of shares.
- Profit Distribution: One-third of post-tax profits distributed as quarterly dividends; two-thirds reinvested in cash reserves and R&D.
- Structure: Flat management, collective accountability, and a strong culture of participation.

### Challenges & recommendations

- Beyond employee bonuses and dividends, explore and test management structures that are distinctive from the pre-succession culture
- Design the board tenure to be longer to accommodate workers with no previous experience of governance

*95% staff retention, high levels of employee wellbeing, and GLIDE's 'golden share' means we can prevent the break-up of our companies for the sole purpose of profit.*

**Michael Hodgson, the current Chair of GLIDE**

## Enabled Works



### Location

Leeds and Pontefract, West Yorkshire, UK

### Sector

Contract packing, distribution, and storage.

### Year of Conversion

October 2012 – formed as a worker co-operative following the closure of the Leeds and Pontefract Remploy factories.

### Previous Form

Spinout from a national charity (Remploy) that had provided 'sheltered' employment opportunities to disabled people for six decades.

### Trigger for Conversion

The business was created as a 'Worker Restart', in which redundant employees pooled their redundancy pay to establish a new business entity and continue operations.

At the time of the closure, 13 employees contributed £5,000 each, raising £65,000 in initial capital.

This enabled the co-operative to attract further financing and establish the business.

The team also benefited from the experience of a previous Remploy spinout in York (2010), which had converted to a co-operative producing garden furniture and pet accommodation products.

### Conversion Journey

October 2012: Enabled Works officially registered as a co-operative society.  
Initial capital raised by employee contributions allowed the business to secure additional funding and commence operations.

From the outset, the business was structured to empower disabled workers as co-owners, rather than solely employees, embedding democratic governance into the business model.

### Development Timeline

**2010:** Remploy spinout in York provides model and support.

**2012:** Enabled Works formed as a worker co-operative after closure of Leeds and Pontefract Remploy factories. Initial 13 employees contribute £65,000 in capital.

**2012–Present:** Business has grown to 30 employees and 22 members, more than doubling in size since formation.

### Employee Engagement and Culture

- Fully democratic governance as a worker co-operative.
- The workforce is predominantly disabled, making the business exceptionally rare in the alternative business sector.
- Flat pay structure: all employees receive the same salary, reflecting equality and collective responsibility.
- Profits may be distributed as dividends or reinvested in reserves and community services.
- Uses the upper floor of its warehouse as a learning centre to train and rehabilitate disabled and disadvantaged people.
- Operates a job club partnership with the GMB union, supporting placements and skills development.

### Turnover

- 2025 – £841,881
- 2024 – £779,876

This represents an 8% increase in turnover.

### Employee Numbers

**Currently:** 36 employees (up from 32 in 2023).  
**Members:** 22 (reflecting co-operative ownership status).  
**Growth:** workforce has more than doubled since formation in 2012.

### Advisors

The workers received support from the GMB union when it tendered to take on the business as a co-operative

They also received advice and support from another business spin-out in York in 2011.

### Borrowing History / Capital Financing

**Initial capital:** £65,000 pooled by 13 employees.

Additional external finance was then attracted, though exact sources are unspecified.

### Governance Model

- Co-operative society: democratic ownership with members controlling the business.
- Decision-making: co-operative principles (one member, one vote).
- All members share responsibility for strategic decisions, profit allocation, and reinvestment.
- Profits are partly reinvested into the business and community projects.

### Challenges & recommendations

- Rare example of democratic ownership by a disabled workforce, highlighting systemic barriers within the charity and social enterprise sectors

where disabled workers are more often employees rather than owners.

- Likely challenges include balancing operational growth with social mission, maintaining inclusion, and ensuring sustainability with a small capital base.

*People said that disabled people couldn't run their own business. We took that as a challenge! If you have disabilities life's a challenge, so this was just another one. People said it couldn't be done – but we're winning.*

**Ethics and Integration Manager — John Wormald**

## Employee Ownership conversions in West Yorkshire

This section is an extended list of employee ownership conversions in West Yorkshire to give growth hub officers a greater sense of the sector in the region and to highlight the viability of the EO business model locally.

As you can see, the conversion market over the last decade has been dominated by the EOT model, which represents almost all growth in this area.

### Ison Solicitors

This solicitor practice became one of the UK's first 100% employee-owned law firms via an Employee Ownership Trust in January 2022. With over 350 staff and around 20 offices across the region, the firm has seen record turnover—surpassing £27 million in 2024—and experienced sustained growth across its practice areas. Operating under its EOT model, all eligible employees benefit from annual tax-free profit distributions (around £4,000 per person) and share in ongoing success.



## Sutcliffe Play

A designer and manufacturer of children's play and outdoor equipment, has been employee-owned since 2010, when the company was bought by its workforce. Under this model, every employee is an owner, fostering a culture of shared responsibility and accountability, where staff take pride in maintaining high standards



across all aspects of the business. The company continues to operate its factory in West Yorkshire, emphasizing inclusive design, sustainability, and local heritage, with the employee-ownership structure

aligning the interests of staff with the long-term success and growth of the business.

## Union Industries

Union Industries, a leading UK manufacturer of high-speed industrial roller doors, operates as an employee-owned company under an Employee Ownership Trust (EOT). Over the past decade, the company has seen significant growth, with profits increasing from around £130,000 in 2013/14 to approximately £2.4 million in 2023/24, while employees have benefited from substantial tax-free bonuses, reaching around £6,500 per person in 2024. The employee-ownership structure allows all staff to buy into the business during an annual dealing day, with new employees granted shares after 12 months of service.

## Horizon Platforms

Is a company providing access equipment, including scissor lifts, cherry pickers, and other mobile elevating work platforms, and are well-known for high-quality equipment and nationwide service. In 2021, they became an employee-owned company through an Employee Ownership Trust, giving all staff a stake in the business. Since then, revenue has grown 61% from 2020 to 2023, driven by increased employee engagement and shared ownership.



## Craggs Energy

A fuel distributor headquartered in Cragg Vale, Hebden Bridge. Established in 2011, the company supplies a range of fuels, including heating oil (kerosene), gas oil (red diesel), white diesel, and industrial lubricants to homes, farms, businesses, and public sector clients across the UK. In 2021, Craggs Energy transitioned to an employee-owned business model by establishing an Employee Ownership Trust, becoming the first fuel distribution company in the UK to adopt this structure. This move granted all employees a stake in the company's success, enabling a culture of shared ownership and accountability.



## William G Search Ltd

A supplier of industrial products and services including compressed air systems, seals & packing, turnstile cabins, and event hire equipment.

The company became employee-owned in 2024 and chose the Trust structure. This model fosters a culture of shared ownership and accountability as well as providing a long-term, sustainable ownership model, ensuring the company's future remains in the hands of its employees.



## National landscape

The 2025 Co-operative and Mutual Economy Report shows there are 2,337 EOs in the national economy, which is a 26% increase in one year from 1,777.

This section is a short list of EO conversions to demonstrate the growth of the sector, particularly showing the interest from household names – such as Aardman Animations and Richer Sounds – to convert their businesses from private to employee ownership.

### Suma

Suma Wholefoods, a recent Queens Award for Enterprise winner - did not begin as a worker co-op. It was originally started in the mid-1970s by Reg Taylor, who operated a wholefood shop in Leeds. He gathered other wholefood retailers to create a wholesaling operation to supply shops in the North of England. A couple of years later, in 1977, the original founder sold the business to its employees. Seven workers took it over collectively, and at that point the organisation became a worker co-operative.

It has operated as a worker-owned and equally paid co-op ever since.



## Aardman Animation

Aardman Animations was originally started in 1972 by Peter Lord and David Sproxton as a small independent animation project, creating short films and commissioned animation for local television in Bristol.

A few years later, as the studio grew and more animators joined the team, the founders implemented a collaborative ownership structure. Key creative staff became co-owners of the studio, and Aardman developed a culture of collective decision-making.

It has operated with this collaborative, employee-empowered structure ever since, becoming internationally renowned for its stop-motion and CGI animation films.



## Aquascot

Aquascot was founded in 1987 in the Scottish Highlands as a salmon-processing company. In 2008, the company began its journey towards employee ownership, and by 2016 it became 100%

employee-owned, with staff becoming shareholding. Since then, it has operated under an Employee-Owned Trust structure, combining its community roots with long-term, inclusive governance.



## Go Ape

Go Ape was founded in 2002 by Rebecca and Tristram Mayhew as an independent outdoor adventure company, running treetop ropes courses and forest experiences. In October 2021, the founders transferred 90% of the company's shares into an Employee Ownership Trust, handing over majority ownership to their staff.



Since then, Go Ape has operated under this employee-owned model, with co-owners contributing to decision-making through an elected "Tribe Council" and benefiting from their shared long-term success.

## Richer Sounds

Richer Sounds was founded in 1978 by Julian Richer, who opened his first hi-fi shop when he was just 19 and he gradually expanded the business, growing a chain of audio-visual retail stores across the UK. In May 2019, Richer transferred 60% of his shares into an Employee Ownership Trust, handing majority ownership to the company's staff. Since then, Richer Sounds has operated under this employee-owned model, giving its employees a significant stake in the business and a real voice in its future.



## What are the tax benefits available to employee-owned businesses?

There are several models of employee and worker ownership in the UK, each with its own approach to governance and tax treatment. The table below outlines how two key tax reliefs — Capital Gains Tax relief on the sale of a business and Income Tax relief on employee bonuses — apply across Employee Ownership Trusts (EOTs), direct employee ownership (EO), and worker co-operatives.

Feature	Employee Ownership Trust (EOT)	Direct Employee Ownership (EO)	Worker Co-operative
<b>Ownership Structure</b>	Shares held collectively in a trust on behalf of all employees.	Shares held directly by individual employees.	Business owned and controlled collectively by its worker-members.
<b>Capital Gains Tax (CGT) Relief on Sale</b>	✅ <b>50% CGT relief</b> available to former owners when selling a controlling interest (>50%) to a qualifying EOT (under Finance Act 2014).	❌ <b>No CGT relief</b> for selling shareholders — standard CGT rules apply.	❌ <b>No CGT relief</b> on sale; transfers taxed as normal disposals (though often minimal share trading).
<b>Income Tax Relief on Employee Bonuses</b>	✅ Companies majority-owned by an EOT can pay <b>annual bonuses free of income tax</b> (up to <b>£3,600 per employee per tax year</b> , though NI still applies).	❌ <b>No specific tax relief</b> on bonuses — taxed under standard PAYE rules.	❌ <b>No specific bonus tax relief</b> ; profits distributed as <b>dividends or surplus allocations</b> , which are subject to income tax.
<b>Eligibility Conditions</b>	<ul style="list-style-type: none"> <li>- EOT must hold <b>&gt;50% of voting rights</b>.</li> <li>- Must benefit <b>all employees equally</b>.</li> <li>- Company must be <b>trading</b>, not investment-focused.</li> </ul>	<ul style="list-style-type: none"> <li>- Employees must <b>personally own shares</b>.</li> <li>- Ownership usually via internal market or share schemes (e.g. SIP, EMI).</li> </ul>	<ul style="list-style-type: none"> <li>- Must operate on <b>co-operative principles</b> (one member, one vote).</li> <li>- Profits distributed per participation or agreed formula.</li> </ul>
<b>Who Benefits from Reliefs</b>	<ul style="list-style-type: none"> <li>- <b>Selling shareholders</b> (CGT relief).</li> <li>- <b>All employees</b> (bonus tax relief).</li> </ul>	<ul style="list-style-type: none"> <li>- <b>No special tax reliefs</b>, but may benefit from other approved share schemes.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Members</b> benefit from profit sharing, but no dedicated tax reliefs for co-operative ownership.</li> </ul>

## What is capital gains tax relief?

One of the key incentives underpinning the Employee Ownership Trust (EOT) model is Capital Gains Tax (CGT) relief. Introduced in the Finance Act 2014, this relief allows company owners to sell a controlling interest (more than 50%) in their business to a qualifying EOT without incurring any CGT liability. In other words, the sale of the business to the trust can be completely tax-free for the selling shareholders. Note - this will be changing in April 2026, following the announcement in Budget 2025 that the CGT relief will be cut from 100% to 50%.

The purpose of this relief is to make employee ownership a competitive and attractive succession route compared to trade sales or management buyouts. It encourages business founders to pass ownership into the hands of employees, ensuring long-term independence and continuity of culture. To qualify, the EOT must meet specific conditions: it must hold a majority of the company's shares, operate for the benefit of all employees, and ensure that all employees benefit on the same terms.

In contrast, companies that are directly employee-owned (where individuals hold their own shares) or worker co-operatives do not qualify for this relief - sales of shares in these models are generally subject to standard CGT rules. As such, the EOT model provides a unique tax incentive that supports sustainable employee ownership while offering a significant financial advantage to outgoing business owners.

## Income Tax Relief on Employee Bonuses

Under an Employee Ownership Trust (EOT) structure, companies can pay annual bonuses to employees that are exempt from income tax up to a maximum of £3,600 per employee per tax year. This provision is designed to encourage profit sharing and reward staff for their contributions in a way that aligns with the collective ownership principles of EOTs. While the bonus is tax-free for income tax purposes, it remains subject to National Insurance Contributions for both the employee and the employer. To qualify, the bonus must be offered on the same terms to all eligible employees, and the company must be majority-owned by the EOT. This mechanism supports employee engagement, motivation, and long-term business sustainability by allowing EOTs to distribute profits without imposing an immediate tax burden on their workforce.

## Policy Landscape

The **Mutual and Co-operative Sector Business Council**, which includes leading organisations such as John Lewis Partnership, Royal London, Nationwide, and other prominent mutuals and co-operatives, is working closely with the government on an ambitious initiative to double its size. This collaboration brings together council members, government officials, and sector experts to develop strategies for growth, strengthen governance, and expand impact.

The **Department for Business & Trade** has recently launched a 'call for evidence' for co-operatives and non-financial mutuals. It has a specific section on 'mutualisation', which will explore the barriers and enablers to mutualisation and EO buyouts.

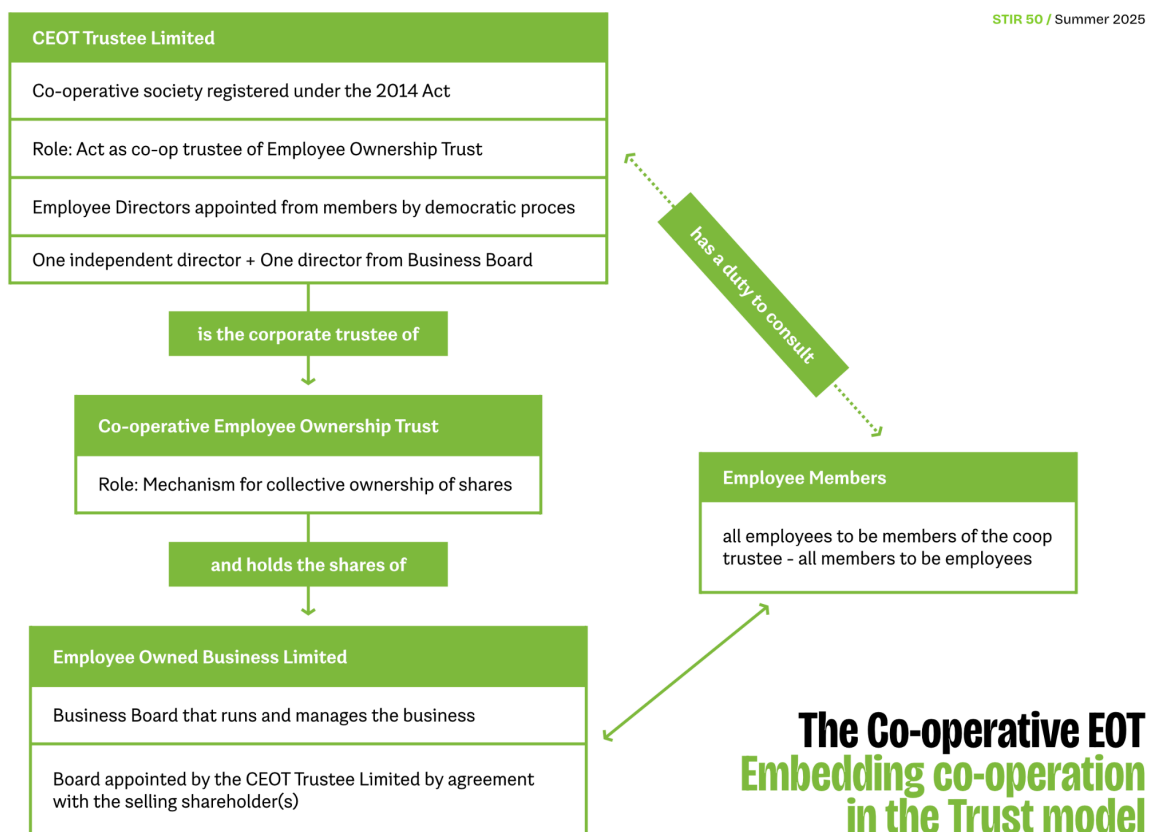
The **Law Commission** is currently conducting a comprehensive review of the legal framework governing co-operatives, working closely with government officials, co-operative organisations, and sector experts. The initiative aims to identify opportunities to modernise legislation, simplify regulatory requirements, and strengthen governance structures, ensuring that co-operatives can operate efficiently and sustainably.

**Extend the employee buyout tax reliefs** to worker co-operatives is a policy proposal – put forward by Co-operatives UK – which recommends expanding current tax-reliefs to better support employee-ownership transitions. Specifically, it urges the government to extend the reliefs under Schedule 37 of the Finance Act 2014 - which currently apply when a controlling stake in a business is sold to an employee ownership trust (EOT) - to include sales to a "common ownership worker co-operative" (COWC) formed by employees. The rationale is that this would open up new, viable pathways for business succession and job preservation, especially among smaller or foundational economy firms, by providing a simpler, lower-cost model of employee ownership; enhance choice, reduce complexity and cost; maintain transparency and low tax-risk; and broadly be cost-neutral to the Exchequer while generating social and economic benefits over time.

## Legal innovation: Embedding Co-operation in the Trust Model

New research and emerging proposals suggest a fresh way to blend two well-known models of employee ownership: Employee Ownership Trusts (EOTs) and worker co-operatives. These models are often treated as opposites - one based on a trust holding shares on behalf of staff, and the other based on employees directly owning and democratically running the business. But recent thinking shows they can be combined to create a more balanced, participatory approach.

Traditionally, EOTs give employees an indirect stake through a trustee, with real involvement depending heavily on how that trustee board is set up. This has led some to view some EOTs as light on democracy. At the same time, co-operatives, while strongly democratic, can be harder for some businesses to transition into. The new proposals aim to bridge that gap by designing the trustee itself as a co-operative society.



In this model, the trust that holds the company's shares becomes a co-operative under existing UK legislation. All employees join this trustee co-op at little or no cost, and they elect employee trustees to represent them. These trustees sit alongside an independent trustee and a representative from the company's board, creating a balanced decision-making structure where employee and management voices are on equal footing.

This approach strengthens democratic oversight and can be written into the trust deed and governance documents. Membership of the trustee co-op naturally follows employment -when someone leaves the business, they leave the co-op, but the co-operative trustee continues to act as shareholder and steward of the company.

Regulators have shown support for this direction. The Financial Conduct Authority has indicated that using a co-operative society as the EOT trustee is permissible and aligns with the legal principles of co-operative participation. Recent UK policy changes - including tighter rules on trustee independence and fair share valuations - also fit well with this model, adding rigour and credibility.

Overall, this "co-operative EOT" model offers businesses a practical way to deepen employee engagement and governance while keeping the familiar advantages of the trust-based ownership structure.

## Local & National Support

### Regional

#### **Business for Good West Yorkshire**

A free, UK Government funded initiative designed to support the growth and development of social enterprises, co-operatives, and community businesses across West Yorkshire. Through the partnership made up of; TSL Kirklees, BfGWY partners with Co-operatives UK, Stir to Action, Co-op Culture, Voluntary Action Leeds, Community Action Bradford & District, Nova Wakefield District, and Voluntary And Community Calderdale - the programme offers specialist coaching, training, and funding to help these organisations thrive and create positive social impact in their communities.

It closes in March 2026.

### National

#### **Co-operatives UK: Business Support for Co-ops**

A collaborative initiative led by Co-operatives UK in partnership with The Co-operative Bank, operating since 2016. Backed by over £3 million in funding.

The programme offers tailored support—including up to six days of expert advice—for groups starting, growing, or converting to co-operatives. Services include mentoring across HR, marketing, finance, governance, digital tools, events, and peer support. The impact has been significant: more than 500 co-ops directly supported and over 4,000 groups empowered through workshops, accelerators, and resources.

#### **Employee Ownership Association**

Through its network of members (over 800 companies as of 2025) and close to 2,500 employee-owned businesses across the UK, EOA provides tailored support, advice, guidance, networking, data and sector insights to firms at any stage: from those exploring the transition to employee ownership to long established co-owned enterprises.

The impact has been positive: the UK's employee-owned business sector has grown rapidly, a 37 % increase in just one year (2022–2023), with many hundreds of businesses transitioning to employee ownership annually.

EOA also plays a pivotal role in shaping policy and the legislative environment; advocating for employee-ownership models, influencing frameworks (e.g. around Employee Ownership Trusts), and giving

employee-owned businesses a collective voice with government, media and advisers.

Support isn't completely free, but there *are* free/low-cost entry points and partial support for those just starting out.

### **Employee Ownership Wales**

Whether you're considering a full-blown transition to employee ownership, implementing an employee share scheme or a management buy-out, our team of experienced specialist advisors can manage the whole process for you – fully-funded. Find out more [here](#).

### **Jeremy Gadd Associates**

Provide comprehensive support to organisations adopting or operating as employee-owned businesses, guiding them through every stage of the transition. They help leadership teams plan and implement changes, while empowering employees through leadership development, coaching, and engagement initiatives to foster a sense of ownership and responsibility. At the same time, they strengthen governance structures, offering board and trustee support, independent reviews, and frameworks that ensure long-term sustainability and alignment with the principles of employee ownership.

### **Wrigleys Solicitors**

Wrigleys Solicitors LLP is a long-established specialist law firm working with purpose-driven businesses, charities, social enterprises, co-operatives and family-owned firms across the UK. Its Employee Ownership team sits within the Charities and Social Economy department and brings decades of experience advising co-operatives, mission-led organisations and family businesses on transitions to employee ownership.

For more than 30 years, Wrigleys has supported organisations seeking to create wider community impact — from succession and inheritance planning to employee-ownership conversions and strengthening governance. Legal directories routinely highlight the firm's strengths, with Chambers and Partners noting clients' praise for its ability to manage complex issues, offer clear strategic guidance, and provide high-quality advice at an appropriate cost.

Wrigleys also play a sustained role in developing the UK employee-ownership landscape. It has been an active contributor to Co-operatives UK, the Employee Ownership Association (EOA), and the think tank Ownership at Work — supporting conferences, events, webinars

and workshops that advance employee-ownership awareness and help more businesses become employee-owned.

### **Baxendale**

Baxendale provides end-to-end advisory services for businesses transitioning to or operating under employee ownership (EO). For companies considering the move, they offer workshops and strategy sessions to explore ownership options, help structure transitions via Employee Ownership Trusts (EOTs) or hybrid models, manage valuations and deal structures, and prepare all necessary legal documentation. They also support employee communications and training, ensuring that staff understand their new ownership rights and responsibilities, and advise on share schemes and governance structures to make the transition smooth and tax-efficient.

For businesses already employee-owned, Baxendale offers ongoing governance support, including reviews of ownership structures, employee engagement, and trustee or board training. They help ensure the EO model functions effectively, providing guidance on employee voice mechanisms, long-term governance, and strategic growth planning. With a strong track record of over 250 transitions and 15,000 employee owners created, Baxendale combines legal, financial, and practical expertise, underpinned by their own experience as an employee-owned business.

### **EO Sector**

EO Sector Ltd is an advocacy firm with a mission to increase the visibility of Employee Ownership across the business owner audience. They work specifically to turn the succession challenge into an opportunity. EO Sector also offers resources such as case studies, toolkits, and educational content to support both business owners and employees in understanding the benefits and practical considerations of employee ownership.

### **White Rose Employee Ownership Centre**

As a UK-wide independent research and practice centre, the centre offers tailored support including: a comprehensive database and registry of UK employee-owned firms; regular sector-wide surveys and reports documenting trends, practices and performance; in-depth data-driven analysis and insight for companies, advisers and policy-makers; and a large library of academic and practical research on EO.

## Conclusion

Employee ownership (EO) presents a clear, evidence-based opportunity for West Yorkshire to strengthen its business base, improve productivity, and deliver more inclusive and resilient local growth. National data shows that EOBs outperform conventional firms across productivity, job creation, pay fairness, environmental practice, and long-term resilience. Yet despite these benefits, West Yorkshire's EO economy remains significantly underdeveloped: where its business population represents 3% of the national economy, its EO business population only represents 0.6% of the national EO economy – 143 of 24,720 business.

The region now stands at a pivotal moment. A growing pipeline of EOT conversions, strong case studies, emerging legal innovations (such as co-operative EOT structures), and expanding national policy interest provide the foundations for rapid sector growth. But it's also important to recognise that with the significant weakening of the CGT relief for sale to an EOT, that agencies will have to be more proactive in highlighting business advice about EO succession. It also may mean it's more effective to enable other transition routes, such as use of the simple, low cost worker co-operative model, and restarts, more important, as a way to retain more viable jobs and businesses.

To unlock this potential, however, West Yorkshire requires a more coordinated support infrastructure, stronger awareness among advisors and business support professionals, and targeted interventions to help business owners explore EO as a viable succession route. With strategic action, the region could realistically **triple the size of its EO sector to 1.5% of West Yorkshire's business population** within the next five years, helping secure local jobs, retain business ownership in the region, and embed more democratic and resilient business models in the local economy.

## Recommendations

### Strategic Growth Target

- Set an ambition to **increase EO businesses from 0.6% to 1.5%** of the West Yorkshire economy within five years.
- Align this target with WYCA's Inclusive Growth and Fair Work agendas.

### Awareness, Engagement & Promotion

- Frame EO as a practical solution for:
  - Business succession
  - Avoiding closure or relocation (where business is viable)
  - Retaining viable jobs and services
  - Improving retention, culture, and productivity
- Publicise successful EO and co-operative conversions across West Yorkshire through campaigns, newsletters, and case study features.
- Host **WYCA-sponsored public events** on succession planning and employee ownership.

### Business Support Infrastructure

- Provide **specialist EO training** for:
  - Growth Managers
  - Local authority business support teams
  - Business advisors and intermediaries
- Train the wider support ecosystem (Chambers, LEPs, universities, investor networks, accountants, solicitors, banks, wealth managers)

to ensure consistent, informed referral pathways.

- Embed EO awareness into WYCA's business engagement strategies and diagnostic tools.

## Funding & Feasibility Support

- Launch a **feasibility grants scheme**:
  - Support ~10 businesses per year exploring EO as a succession option.
  - Grants of around **£5,000 each** (£50,000 total).
- Model this on the **Co-operative Development Scotland** programme, which supports ~25 conversions annually.
- Use grants to fund early-stage support (valuations, feasibility studies, governance design).

## Advisory Partnerships

- Build a WYCA-endorsed panel of experienced EO advisors, including:
  - Specialist EO legal practices
  - Financial advisors
  - Co-operative development bodies
  - Transition consultants
- Develop a light-touch referral system so business owners can access expertise quickly.

## New development pathways

- Create a development pathway to support and replicate hybrid models, such as:

- **Co-operative Employee Ownership Trusts**
- Hybrid EO-co-operative structures
- Support experimentation and legal innovation where appropriate, particularly for SMEs seeking deeper employee participation.

## **Sector Development Opportunities**

- Explore the potential for converting:
  - Private Community Interest Companies (CICs) to co-operatives
- Map sectors most at risk of succession failure and target proactive outreach.

## **Future Training & Capacity Building**

- Deliver the planned **2026 training session** as part of a wider programme for EO sector development.
- Consider ongoing annual training events or refreshers to maintain momentum.



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