

Capital receipts

Realising value from government assets and businesses

Prioritising government expenditure will lead to significant changes in the commercial structures adopted by a large number of government activities and businesses.

Obtaining best value for assets beyond those announced in the Emergency Budget will be complex and challenging, often due to conflicting objectives for such assets including maximising sales value, maximising value for money, maintaining service levels and ensuring that assets are off balance sheet.

Our response

PricewaterhouseCoopers LLP (PwC) has significant experience of identifying, designing and implementing the optimal structures for maximising value from assets specifically within the Sell option. The actual sale of assets or businesses is commonly the final part of a business transformation process. Our offering is characterised by:



Significant restructuring and preparatory work is needed to address these options. Such a process would use the full breadth of PwC's services.

The benefits

- Deep industry/market sector knowledge, insight and capability
- Measures to enhance value and groom the business for sale
- Procurements that stimulate and retain market interest
- Valuations capability
- Negotiation skills and capabilities
- Ready access to specialist resource such as due diligence, tax, pension and accounting

The strategic review/transactional life cycle

What to do?	How will it happen?	How to protect value during the process?	How to protect value after the process?
Strategic options	Preparation	Execution	Implementation
<ul style="list-style-type: none"> • Vision, objective setting and criteria • Identification and evaluation of target operating models • Identification and evaluation of business models • Identification of public interest issues and how these are to be addressed • Market appetite/surroundings • Recommendations/next steps: <ol style="list-style-type: none"> 1. In house - efficiency, new processes, trading fund, GovCo models 2. External - carve out/sale/JV/IPO 	<ul style="list-style-type: none"> • Agreeing nature and extent of pre sale corporate restructuring • Other value enhancing measures • Addressing management issues • Vesting process • Business valuation • Risk identification and mitigation • Deal structuring and process • Market reform/strengthening • Market warming • Shadow running/track record 	<ul style="list-style-type: none"> • Offer advice/execution of process: • Information memorandum • Vendor due diligence • Deal negotiation • Sale & purchase agreement • Transitional service agreements • Long term supply agreements <ul style="list-style-type: none"> - Day 1 plan - 100 day plan - Value for money review 	<ul style="list-style-type: none"> • Minority shareholdings • Profit sharing • Property clawbacks • Delivery of benefits • Day 1 execution • Manage separation/integration • HR incentives • Introduce pensions solution • Purchase price adjustments

The key objective is to drive value to the taxpayer at each stage. This is done by:

- Clarifying government objectives on sale and in particular the importance of up front proceeds against longer term value for money;
- Understanding the current sources and level of value within the business and with management developing a plan as to best leverage off these;
- Identifying the right structure for the transaction whether this be 100% sale, PPP, IPO or joint venture;

- Re-structure the business ahead of sale to maximise value, for example through terminating certain activities, pursuing efficiency enhancements and developing new products and services;
- Ensuring that any residual assets or functions that remain with government will continue to be met on secure and efficient terms;
- Developing new commercial revenue and growth opportunities;
- Designing and delivering an efficient and effective transaction process and timetable aimed at maximizing competitive tension and minimising costs.

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