

Maximising value from assets

Case Studies & Point of View



Introduction

Using assets to fill the funding gap

As public bodies are asked to find further savings, we think it is time to look harder at making the most of assets including:

- **Real Estate** e.g. land with development potential (even if it is currently in use)
- **Intellectual Property** including best practice, data and software
- **Trading assets**, i.e. products or services that are currently charged for.

Our experience demonstrates that there are big opportunities to maximise the value of these assets to the public purse. With the right investment, capabilities and commercial approach this could generate substantial benefits for taxpayers, offsetting wider funding cuts to the tune of £bns.

Some parts of the public sector have deep expertise in maximising the value of assets like these, and have made great strides. But many bodies have other priorities and are capacity-constrained, so there is a risk that assets remain under-used or are sold off too cheaply.

Growing businesses: Capita's experience

Growing businesses and maximising the value of assets is Capita's core business. Capita was formed in 1984 within Chartered Institute of Public Finance and Accountancy with a team of two. We now have 68,000 people and revenue of £4.3bn. Over 30 years we have delivered an average annual growth rate of 40%, even maintaining that growth rate at 20% over the past 10 years since becoming a £bn+ listed company.

We acquire and invest in companies at a rate of 1 per month. Some of our most successful acquisitions are high growth asset-based businesses. For example, SIMS is one of our software businesses. We acquired it in 1994, allowing us to enter the Education Market. We have grown the client base from a few local authorities and schools to over 160 local authorities and 22,000 schools. It has grown 15 fold since acquisition and is now the clear leader in its field.

Building businesses in partnership

We increasingly work with forward-looking public bodies to build businesses and commercialise assets. Our aim is to combine our capabilities (in growing businesses, commercial acumen, financial firepower etc.) with the great capabilities and assets of Local Authorities and others to increase the value that can be generated.

This document briefly summarises some of our experience, focussing particularly on partnerships with public bodies that are currently commercially developing assets.

- **Axelos**, a joint venture between the Cabinet Office and Capita which is commercialising intellectual property
- **Entrust**, a joint venture between Staffordshire County Council and Capita focussed on education support services
- **Defence Infrastructure Organisation**, in which the Ministry of Defence and Capita are working together to commercialise real estate
- **FERA**, a new joint venture between the Department for Environment, Food and Rural Affairs and Capita developing science services
- **RE**, a joint venture between the London Borough of Barnet and Capita focussed on property.

Please get in touch if you would like to know more.

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Case study

Axelos

Commercialising an intellectual property portfolio

 Partner	Cabinet Office	 Start date	1 st July 2013 JV created, 1 st Jan 2014 Full Operational Delivery
 Commercial model	51%:49% joint venture	 Value	£40m pa initially Plan to triple size over 10 years

Asset

Axelos’ Best Practice Solutions are designed to help organisations become more effective across a range of key business capabilities including project, programme and IT service management.

The Axelos intellectual property portfolio includes:

- Project and programme management including **PRINCE2**, which provides guidance that gives individuals and organisations the essentials of running a project , and programme, risk, value and portfolio management guidance.
- **PRINCE2 Agile** is the first extension module to PRINCE2®, combining the flexibility and responsiveness of agile delivery with the established and proven best practice framework of the world’s most recognized project management method.
- **ITIL** is the most widely accepted approach to IT service management in the world. ITIL can help individuals and organisations use IT to realise business change, transformation and growth.
- The recently developed **RESILIA** best practice portfolio, which is designed to help organisations improve their cyber resilience and protect themselves from cyber-attack.

This intellectual property provides the basis for a suite of learning, exams, accreditation and professional development activity globally.

More information: <https://www.axelos.com/>

Growth Story

We have created a new business capable of fully **developing, commercialising and growing the portfolio** of best practice training tools and achieving greater market penetration both in the UK and internationally. Axelos’ products are now used in 150 countries.

Our approach to achieving growth aims is focused on:

- Growing international markets
- Investing in existing products
- Developing new products
- Building online Community
- Creating tailored solutions.

Axelos has turned a £12.2m profit in its first year of trading, netting tax payers £10.4m.



Case Study

Entrust

Growing an educational services business

	Partner	Staffordshire County Council
	Commercial model	51%:49% joint venture

Asset

Educational support services including:

- Schools Intervention and Support,
- Training,
- Learning Technologies,
- Skills and Careers,
- Special Educational Needs Support,
- Performing Arts,
- HR,
- Finance and Governor Services
- Outdoor Education
- Property & Facilities Management.



	Start date	12 th March 2013 JV created, 1 st April 2014 Full Operational Delivery
	Duration	20 years
	Value	£1.7bn with annual turnover of £85m

Growth Story

Capita leveraged its commercial capabilities and existing relationships with other clients across the UK to build a robust growth model for Entrust focused on investment, expansion into new schools and authorities through the Entrust Business Development team and finally, the development of new products and services leveraging the breadth of Capita and local capability.

In 2014, we had over 270 new customers, covering 51 local authority areas.

More information:

<https://www.entrust-ed.co.uk/Pages/Welcome.aspx>

Case Study

Defence Infrastructure Organisation

Managing MOD's military estate

 Partner	Ministry of Defence	 Start date	1 st April 2014 Contract signed, September 2014 Service delivery
 Commercial model	10 year contract	 Duration	10 years
Asset	Capita is working in partnership with the MoD to lead the management and transformation of the UK's national and international defence infrastructure. The UK estate alone represents 1% of the UK land mass.		
	The contract has the potential to deliver substantial savings for the taxpayer, which could reach over £300 million-a-year during its 10-year life.		
	More information: https://www.gov.uk/government/news/dio-welcomes-new-strategic-business-partner		
	 Value	£400m	

Growth Story

Through the management of the DIO's main estates contractors Capita is responsible for the delivery of significant running cost reductions, improved estate utilisation, further estate rationalisation and **exploration of commercialisation opportunities** in line with the Strategic Defence and Security Review (SDSR), Public Accounts Committee (PAC) and Defence Reform recommendations

The main objectives of the partnership are to:



inject new and innovative ways of working to achieve peak efficiencies



access a range of new commercial initiatives and capabilities



build an integrated senior leadership team



develop and train the existing DIO staff at all levels

Case Study

Food & Environment Research Agency

Creating a science service business

	Partner	Department for Environment, Food and Rural Affairs
	Commercial model	75%:25% joint venture

Asset

Fera, formerly Food and Environment Research Agency, provides scientific services to government, and to commercial clients such as food retailers and manufacturers of crop protection products, both in the UK and overseas. It specialises in translating scientific knowledge into practical applications, such as helping to ensure food safety and quality, sustainable crop production, environmental management and conservation.



	Start date	April 2015 Service Commencement
	Duration	10 year supply agreement. The JV is not time limited.
	Value	£40m pa (targeting £700m cumulative revenue by year 10)

Growth Story

Capita will deploy complementary skills and capabilities in support of the existing scientific expertise within Fera. We are using our ability to invest in product and service development, together with our customer-centric service design methodology, to develop new strategic relationships with commercial customers.

Science for the public good will also benefit from this investment, and crown bodies can easily access Fera’s services through a 10 year supplier framework.

More information: <http://fera.co.uk/>

Case Study

Barnet RE

Partnering with a council to deliver services and regeneration

Partner London Borough of Barnet

Commercial model 51%:49% joint venture

Start date 1st October 2013 Service Commencement

Duration 10 years

Value £154m

Asset

Council-owned property and traded services. RE (Regional Enterprise) Limited, provides development and regulatory services (DRS) to residents in Barnet and the South East. We are developing, enhancing, and protecting Barnet’s built environment, while minimising the cost of these services to residents. Working together with Barnet Council, we will support the financial and economic development of the borough.

More information: <https://www.barnet.gov.uk/citizen-home/council-and-democracy/re-regional-enterprise-limited.html>

Growth Story

Capita’s focus has been on growing the partnership, with a detailed fully resourced Commercial Development Plan **targeting c.£260m net new income over 10 years** – with majority share to LBB of c.£173m.

There are at least 60 business cases in the Commercial Development Plan which will introduce new, income generating services over the term of the contract.



Maximising value from assets

There is huge potential for the public sector to commercialise its assets, generating a financial return to offset funding cuts, as well as wider benefits.

Capita is a growth business which has delivered a 40% annual growth rate, and acquires and invests in companies at a rate of 1 per month. We are increasingly working with forward-looking public bodies to combine our capabilities in order to grow businesses.

This documents sets out five case study partnerships between the public and private sector. All of them are currently commercially developing assets, including intellectual property, real estate and trading services.

Please get in touch if you would like to know more.

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CAPITA

Formed in 1984,
Capita employs 70,000 people,
interacting with 34 million people daily.

What we do...

Listen
Create
Deliver