

# Ex-chancellor Lord Hammond eyes £300m takeover of government contractor Amey

Lord Hammond, the former chancellor, is helping to assemble a £300m takeover bid for Amey, the outsourcer that ranks among the UK government's biggest private sector contractors.

Sky News has learnt that Buckthorn, a private investment firm which Lord Hammond joined as a partner early last year, has submitted an offer for Amey as part of an auction being organised by its Spanish parent company, Ferrovial.

City sources said that Amey could be worth between £300m and £400m, although uncertainties over its complex web of public and private sector contracts could mean the final purchase price falls outside that range.

The company is one of Britain's biggest outsourcers, employing roughly 15,000 people.

Lord Hammond's involvement in the process is notable because of Amey's extensive work for the government.

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Among the public sector activities it refers to on its website are the maintenance of the UK defence estate, keeping 60 prisons "safe and compliant" during COVID-19, and developing the power programme for the HS2 high-speed rail link.

News of Buckthorn's bid for Amey comes just weeks after Lord Hammond was rebuked by an influential Whitehall committee for using his government connections to assist Oaknorth, a British fintech company.

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Lord Hammond insisted that he had emailed a senior Treasury official simply to inform them about the COVID response assistance that Oaknorth – which he advises – was providing to customers, and that it would be offered on a pro bono basis.

The Advisory Committee on Business Appointments (ACOBA) said that it had been “an unwise step” for Lord Hammond to have contacted Charles Roxburgh, the second permanent secretary at the Treasury, about the matter.

In its letter to Lord Hammond about his appointment as a partner at Buckthorn, it banned him from undertaking “any work as a partner that involves providing advice to any company organisation on the terms of, or with regard to the subject matter of, a bid with or contract directly relating to the work of, the UK Government”.

The ban was imposed by ACOBA for two years from the former chancellor’s last day in ministerial office, meaning it expired in July this year.

Buckthorn describes itself as a private investment firm predominantly focused on acquiring assets in the energy sector.

Its portfolio includes Ashtead Technology, which makes advanced subsea tools, and Paradigm Energy Ventures, which it owns alongside an arm of Saudi Aramco.

In addition to Lord Hammond, the Buckthorn partnership includes Lord Colin Moynihan, the one-time sports minister under Margaret Thatcher.

The two men were university contemporaries, and Lord Hammond chaired Lord Moynihan’s constituency Conservative Association when the latter was an MP during the 1980s.

Lord Hammond was the MP for Runnymede and Weybridge for more than two decades before losing the party whip when he opposed government policy by voting against Britain leaving the European Union without a deal.

He spent nearly a decade in the Cabinet, including as chancellor, foreign secretary and defence secretary.

Since quitting politics, he has amassed an array of directorships and advisory posts, including in the fintech, transport and real estate sectors.

Acquiring Amey would represent a diversification for Buckthorn, which is competing with at least one other, unidentified, bidder.

Ferrovial decided earlier this year to relaunch an auction of Amey, two years after a previous attempt to sell it was abandoned.

The Spanish infrastructure group, which owns a big chunk of London Heathrow Airport, has contemplated a sale of its entire global services business for some time, with Amey the subject of a standalone auction process.

The initial attempt to divest it was unsuccessful amid uncertainty about the future of a controversial £2.7bn roads contract in Birmingham.

A dispute with the city's local authority was resolved in 2019, although Amey only finally extricated itself from the deal last year.

The tidying-up of Amey's business is likely to provide prospective buyers with a clearer view about the company's valuation in a sector which has been rocked by several prominent corporate collapses in recent years, including that of Carillion.

Morgan Stanley is handling the auction of Amey.

Amey and Buckthorn declined to comment.