PwC UK partners to toast six-figure windfall from $2.2bn mobility sale

Hundreds of UK-based executives at PricewaterhouseCoopers (PwC) are to receive one-off six-figure windfalls from the sale of the global accountancy giant's mobility services arm.

Sky News has learnt that the firm's 950 partners in Britain will be handed an average of just over £100,000 each following a $2.2bn deal with the private equity firm Clayton Dubilier & Rice that completed in April.

Partners were briefed on the £100m payout by Kevin Ellis, PwC's UK chairman, earlier this month, according to insiders.

Its disclosure comes just weeks before PwC, the UK's biggest accountancy firm, reports its results for the financial year ending June 30, with expectations of another bumper partner pay round.

The one-off windfall also comes amid intensifying demands from government ministers that private sector bosses exercise pay restraint, or risk fuelling the rampant inflation being seen across much of the global economy.

Simon Clarke, chief secretary to the Treasury, said this week that big pay rises could "prolong and intensify this inflation problem".

The proceeds from the global mobility deal being distributed to PwC's UK partners total approximately £100m, one insider said, with the same amount earmarked for investment in the firm's growth and technology priorities.

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In a statement on Saturday, Mr Ellis said: "As with any partnership there is always a balance to be struck between investment to underpin future growth and making a distribution to the partners as owners of the business.

"Half of the proceeds will be invested in growth opportunities linked to our people, technology and strategic programmes, including our 'Next Generation Audit' approach, to strengthen our partnership into the future.”

The payouts to partners also come as EY, another big four audit firm, prepares to announce a landmark proposal to separate its audit and consulting operations.

That deal, which remains subject to partner approval around the world, is expected to be unveiled next month.

PwC, Deloitte and KPMG have all insisted that their existing business models will remain intact.

The £200m share of the mobility sale proceeds being handed to the UK is being replicated in varying sums with awards to other firms in the PwC global network.

Last year saw PwC unveiling record profits following a surge in demand for its services during the pandemic, with partners at PwC receiving average pay of £868,000 – which included a £50,000 sum related to disposals.

Industry observers have pointed out that despite rising partner pay at the big four auditors, it continues to be dwarfed by that at “Magic Circle” law firms such as Allen & Overy and Clifford Chance.

PwC did not make any redundancies as a result of the pandemic, and did not take any government money through the furlough scheme. The firm employs about 24,000 people in the UK.

PwC won dozens of public sector contracts to help Whitehall deal with the economic chaos caused by the pandemic, including from the Cabinet Office, Treasury and Department for Digital, Culture, Media and Sport.

Like other big four firms, PwC has begun charging audit clients higher fees in the last two years as regulatory reforms have begun to bite.

A new audit regulator – the Audit, Reporting and Governance

Authority – will replace the Financial Reporting Council (FRC) in the coming years following a report by the former Treasury mandarin Sir John Kingman.

The FRC has begun to impose tougher restrictions on the consulting work that big four firms can undertake for audit clients.

The shake-up comes in the wake of a series of accounting scandals, such as those at BHS – a PwC audit client – and Carillion.

The big four have collectively been fined tens of millions of pounds in recent years for audit failures, with PwC rapped over its work at companies including BHS and Redcentric.

This month, PwC was fined £5m in total for failings in its work on the audits of Kier Group and Galliford Try, two listed construction companies.