

Amanda Davies – Chief Executive
Pobl Group,
Exchange House,
The Old Post Office,
High Street,
Newport, NP20 1AA

8 February 2018

Disclosure of compensation payable to directors and former directors

Dear Amanda,

Thank you for your letter of 26 January 2018, which sets out your response to the issues raised in my letter dated 18 December 2018. I sought clarification and information in respect of payments to senior executives for loss of office. This followed evidence you gave to the Public Accounts Committee during its inquiry into the Regulation of Housing Associations.

In your response, you note the reasons for the different amounts reported as being payable to directors for loss of office in 2014–15 as reported in the accounts for that year and in the 2015–16 accounts. You state that the payments relate to a decision to reduce the size of the Executive Team and that they were made in line with the contractual entitlement of staff.

I understand that accounting standards require that, where figures reported for the prior year are restated (or amended), this is set out clearly in the accounts. Also, accounting standards require that the accounts include explanations for amendments. It could be argued that the increase in the value of payments to directors for loss of office in 2014–15 (from £35k to £406k) was not significant in the context of the total expenditure incurred by Grwp Gwalia for that year.



However, given the sensitivity of the payments and the potential public interest in them, I would have expected appropriate disclosures to be made in the 2015–16 accounts of Grwp Gwalia. However, we have not identified any information relating to the restatement in those accounts.

You also set out the position in respect of the payment to Professor Williams, the former Chief Executive of Grwp Gwalia. My understanding is that accounting standards require organisations to recognise liabilities in their accounts, and make the related disclosures, when they have a present obligation to act or perform in a particular way.

You note that, as agreed between the respective legal advisors, the redundancy payment to Professor Williams was paid on 15 April 2016. It is not clear from the information you provide from which date Grwp Gwalia had an obligation to Professor Williams and hence, whether the redundancy payment should have been included and disclosed in the accounts for 2015–16 or 2016–17. As far as we can see, the payment was not disclosed in the 2015–16 accounts for Grwp Gwalia. You confirm that – since Professor Williams was not a director of the Pobl Group – the payment was not disclosed in its accounts for 2016–17 either.

I welcome your confirmation that you value transparency. Putting aside any technical accounting requirements in respect of which year the amount payable to Professor Williams was recognised and disclosed, it would clearly be unsatisfactory and lacking in transparency if the redundancy payment was not disclosed in the accounts of Grwp Gwalia or Pobl Group.

Your letter notes that, to respond to my letter, you have spoken to your external auditors, Mazars. You note that you are disappointed that the 2016–17 accounts of Pobl Group do not include a disclosure in respect of the payment to Professor Williams. While ultimate responsibility rests with the Board, it is for the Executive Group to prepare the accounts. In doing so, it must ensure that the accounts are



in accordance with applicable law and regulations, and include all appropriate disclosures. It is not the responsibility of the external auditor.

I welcome your decision to amend and re-issue the 2016-17 accounts for the Pobl Group so that they include information about the payment to Professor Williams. I would be grateful if you could advise that due process has been followed in this regard. I would also welcome your assurance that appropriate steps have been taken to ensure that, in future, sufficient and appropriate information is included in the accounts about sensitive payments, such as those for loss of office, thereby ensuring transparency [and enabling scrutiny].

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is written in a cursive style with a long horizontal flourish at the end.

Nick Ramsay AM
Chair

