

Development bank boss should have disclosed investment in Welsh firm he chairs says Plaid Cymru

Chief executive of the Development Bank of Wales, Giles Thorley, didn't disclose to his board and the Welsh Government that his appointment as chairman of Zip World also had a condition of him having to invest in a personal capacity.

While the development bank doesn't require staff to declare investments made in a personal capacity, and Mr Thorley has acted appropriately, Plaid Cymru leader said Adam Price, who has already called on the First Minister to conduct a review of the governance arrangements of the development bank – which is wholly-owned by the Welsh Government as its sole shareholder – said at the very least the board should have been informed when Mr Thorley was seeking approval for his appointment to Zip World in February 2019.

The Welsh Government is a co-funder of the £1.2bn City Deal for the Cardiff Capital Region, alongside the UK Government.

Last year Zip World secured a [£4.5m loan](#) from the City Deal for its now operational attraction at the former Tower Colliery in the Cynon Valley.

As revealed recently Mr Thorley has also made a personal equity investment in Cardiff start-up Lovetovisit. Again, under the governance arrangements of the development bank, this personal investment didn't need to be disclosed to the board before the investment was made. The development bank declined to reveal the amounts invested by Thorley into the two firms. However, he is a small minority equity holder in both cases.

Mr Price said: “The practice of allowing the chief executive of the development bank, to make personal investments in Welsh-based companies is highly questionable given the obvious potential for perceived conflict of interest when these companies are in receipt of Welsh Government money as has happened with Zip World through the Cardiff Capital Region.

“At the very least the Welsh Government should insist that prior approval is sought from the board, as otherwise senior executives at the bank are effectively making judgements on their own account without any proper accountability.”

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Mr Price said that if the condition of his appointment as chairman of Zip World of having to make a personal investment had been revealed to the board of the development bank and the Welsh Government before agreeing the role, "it clearly would have been a material factor in their decision making."

A spokesperson for the development bank said: "There was no need for the board to be informed of the investment as it was a personal and private matter. The development bank had no active involvement with the company and the only interest which needed to be managed was the time commitment, the matter of the investment did not require board consideration."

A Welsh Government spokesperson said: "Following the approval by the then Economy Minister (Ken Skates) that Mr Thorley could take up the position on the board of Zip World, the matter of his personal investment did not need to be declared or discussed with Welsh ministers since no conflict of interest was present."

It said that if the development bank had an active involvement with Zip World at the time, then the appointment of Mr Thorley and any related investment would not have progressed.

On the Welsh Government's involvement in the City Deal it said: "The Welsh Government does not approve individual investments as part of the City Deal. This is the responsibility of the Cardiff Capital Region Cabinet. The Welsh Government, together with the UK Government, approves the City Deal framework at a programme level only."

Zip World received a £50,000 micro loan from Finance Wales – the predecessor to the development bank – in December 2016 which was repaid in full in June 2017. The company has not had a loan from the development bank.

The development bank were asked to provide a copy of the declaration of interests of its directors. It responded: "We do not routinely publish the board of directors' declaration

of interests.” A Freedom of Information request has now been lodged by BusinessLive.

Mr Price said: “The Welsh Government should also insist that the register of interests of senior executives is published and updated regularly. “

Many publicly funded bodies in Wales, such as Transport for Wales, disclose online the declaration of interests of its executives.

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