

Minutes of the 181st meeting of the Directors of the Company duly convened and in the Map Room, Second Floor, Salix Finance, 75 King William Street, London EC4N 7BE on 10 August 2022

Present:

Dame Teresa Graham DBE (TG) – Chair
Michael Stark (MS)
Tracy Vegro OBE (TV)
Annie Shepperd MBE (AS) – Accounting Officer and Chief Executive
Helen Powell (HP) – Director of Finance and Resources

Attending:

Nick Painter (NP) – Interim Director of Strategy and Technical Services
Ian Rodger (IR) - Director of Programmes
Carol Brown (CB) – Director of HR
Paul Chambers (EA) – BEIS Observer
Selvin Brown – Director, Net Zero Buildings: Domestic, BEIS (Item 5)
Sarah Mann – Delivery Agent Team Lead, Net Zero Buildings: Domestic, BEIS (Item 5)
Darren Blackburn - Director 4C Associates (Item 5)
Julie Ellis (JE) – Governance Manager (minutes)

QUORUM

A quorum being present, TG declared the meeting open.

1. APOLOGIES

All Board members were present. There were no apologies.

Tracy Vegro was welcomed to her first Board meeting.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of 28 June 2022 meeting as a correct record.

All action items were either complete or to be dealt with in this agenda or elsewhere.

3. CHIEF EXECUTIVE'S REPORT

The report was regarded as self-explanatory and taken as read.

The Board noted that Salix has been granted retrospective consent for the extension of the licence agreement for Salix's current office space at 75 King William Street.

The Board noted that the formal dispute registered by Salix under the Framework Agreement referred to in the June 2022 Board minutes in relation to the payment of increments has been resolved as part of the 2022/23 Pay Remit.

4. RISK REGISTERS

The Board noted the Corporate Risk Register. Continued improvement was evident in the layout, content and maintenance of the register. The Board were informed that risk management training

based on the Government's Orange Book guidance was being rolled out across the business with 80% of staff to date having completed this.

An accounting anomaly arising from conflicting guidance on the treatment of £5.7m-worth of accruals addressed in the Delivery Risk Registers was discussed. Initial advice was that Public Sector Energy Efficiency Loans that had been signed but not paid by 31 March 2022 could be accrued in the same way as grants. Subsequent advice, however was contradictory, and under International Financial Accounting Standard 9, the loan should only be deemed to have been made at the date the payment was made therefore any outstanding payments could not be accrued for.

Action – HP to forward to PC e-mail from BEIS to Salix in which it was confirmed that the budget could not be amended, but that the anomaly could be noted and managed.

There is a further accruals anomaly of £6m arising from the Public Sector Decarbonisation Scheme accrual. Two invoices, that had been submitted to BEIS at the year-end in accordance with the agreed invoicing timetable, were not included within the detailed list of accruals provided by Salix to BEIS. Details of these invoices were not passed on to the financial accounting team at BEIS until after the 31 March 2022 accounts had been closed. Salix and BEIS have subsequently discussed and agreed a process to avoid recurrence.

5. SOCIAL HOUSING DECARBONISATION FUND (SDHF) AND HOME UPGRADE GRANT (HUG) SCHEMES

Selvin Brown of BEIS, Senior Reporting Officer on the SDHF and HUG schemes, Sarah Mann of BEIS and Darren Blackburn consultant at 4C Associates attended to discuss the potential involvement of Salix in supporting BEIS with the delivery of the next phases of these schemes.

6. SCHEME PERFORMANCE

The Board noted papers on PSDS and LCSF and the Loans Schemes.

It was reported that grant recipients have reported concerns about the impact of inflation on the affordability of schemes. Some organisations are close to their £325/TCO2 cost per tonne allowance. Salix will consider recommendations to avoid abandonments and scope reduction of projects.

The Board noted that our agreement with Scottish Universities has not been renewed.

7. ADMINISTRATION COSTS

The Board noted the Operational Performance, Administration Costs Summary and the Administration Cost Budget 2022/23.

The Board discussed the paper on the Administration Cost Budget noting that the budget as confirmed by BEIS required Salix to make savings of approximately £840,000 to the core budget as originally submitted to BEIS.

The board noted that Salix's current forecasts showed an overspend of £454,000 against the confirmed core budget. The Board also noted that savings achieved due to delays in recruitment, and the number of vacant posts still being carried by Salix given the number of leavers, would not carry forward to 2023/24 if all these posts were filled.

The Board noted that Salix had also been provided with a budget to cover 'one-off' items. However, the budget as confirmed by BEIS was based on Salix's original budget submission and therefore the majority of this budget was already allocated and therefore it may be difficult to utilise any of this budget to cover any shortfall. Forecasts will be closely monitored to see whether any of the budget for the IT transformation project (representing the bulk of the one-off costs) could be deferred to next year.

8. AOB

PC reported that Lord Callanan will be sending a letter in response to a letter sent to staff by the NEDs last month congratulating them on excellent customer satisfaction levels.

Action: JE to copy letter sent to staff to TV.

DATE OF THE NEXT BOARD MEETING

Tuesday 20 September 2022 at 10am.

Chair

Date

Summary of Actions:

ACTION 1: HP to forward to PC e-mail from BEIS to Salix in which it was confirmed that the budget could not be amended, but that the anomaly could be managed.

ACTION 2: JE to copy letter sent to staff regarding customer satisfaction levels to TV.