

Minutes of the 182nd 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 20 September 2022.

Present:

Dame Teresa Graham DBE (TG) – Chair
Michael Stark (MS)
Tracy Vegro OBE (TV)
Annie Shepperd OBE (AS) – Accounting Officer
and Chief Executive (from Item 6)
Helen Powell (HP) – Director of Finance and
Resources

Attending:

Ian Rodger (IR) - Director of Programmes
Paul Chambers (EA) – BEIS Observer (from Item
5)
Julie Ellis (JE) – Governance Manager (minutes)

QUORUM

A quorum being present, TG declared the meeting open.

1. APOLOGIES

AS offered apologies for late attendance. All other Board members were present throughout.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of 10 August 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 Board noted that no issues had arisen requiring a written report for this Board meeting. A paper on progress regarding discussions for the potential involvement of Salix in supporting BEIS with the delivery of the next phases of the Social Housing Decarbonisation fund (SDHF) and the Home Upgrade Grant Scheme (HUG) would be presented to a Board meeting to be held next month.

4. RISK REGISTERS

The Board noted the Corporate Risk Register (CRR). MS was nominated as the Board lead to work with the Executive risk lead on improvement of the format and content of the CRR. Among suggestions discussed were the addition of a high-level summary at the front of the CRR with detail annexed, arranging items in order of priority and inclusion of the impact of the cost-of-living crisis. The register will concentrate on present risks and pare down historical detail.

Action – MS to meet with the risk lead from the Executive team to review the CRR.

The Board noted that the accounting anomaly arising from conflicting guidance on the treatment of £5.7m-worth of accruals in respect of Public Sector Energy Efficiency Loans addressed in the Delivery Risk Registers raised at the last Board meeting will be managed without amendment of the budget.

A job evaluation exercise is underway; restraints on public sector pay will continue to make it challenging to recruit and retain staff.

It is expected that the risk relating to timely completion of Phase 3 Low Carbon Skills Fund (LCSF) projects will reduce as plans and evidence are supplied to Salix by grant recipients.

5. SCHEME PERFORMANCE

The Board noted papers on the Public Sector Decarbonisation Schemes (PSDS), LCSF and the Loans Schemes.

While appreciating the full information provided in these regular monthly reports covering all key input measures (project spend, completions etc), Board members enquired whether any conclusions could yet be reached about the impact of the PSDS and LCSF schemes. PC said that the evaluation work commissioned by BEIS was proceeding well. Although it would always lag completion by some months, it would soon generate valid measures of impact, including benefits to clients, carbon savings etc. Meanwhile BEIS was continuing to update Ministers favourably on the performance of PSDS and LCSF schemes. Salix could take credit for this performance, especially given the short deadlines and challenging circumstances of the past two years.

Salix continues to present a case for a blended approach to project funding of loans and grants, where possible. BEIS has in recent years moved away from loan funding for reasons including accounting complexities and the prohibition on some public bodies from taking loans, but energy efficiency and photovoltaic projects may be suited to some loan-based funding. A meeting with the Scottish Government next week will discuss a paper considering a wider range of appropriate arrangements for funding as well as the current loans schemes.

Action – IR to compile a further briefing paper on mixed funding options generally.

Funding for Phase 3b PSDS has been confirmed; the KPIs have been reviewed and are being discussed with BEIS. This confirmation provides some assurance in respect of the going concern declaration to be made in the financial statements and annual report.

The three-month extension to complete projects granted to Phase 1 PSDS clients funded under section 31 of the Local Government Act 2003 has reduced the amount of underspend.

6. ADMINISTRATION COSTS

The Board noted the Operational Performance, Administration Costs Summary and the Administration Cost Budget 2022/23 provided by BEIS on 31 August 2022.

The Board noted that current forecasting indicates an overspend on core budgets of £677k; though after additional budgets agreed for external technical and office occupancy costs are included, the overspend reduces to £273k. Salix is continuing to review budgets and look for any further potential savings that could be achieved.

The Board noted that Salix continues to struggle to recruit permanent staff for posts in the finance, delivery and technical areas and until these can be filled, will continue to rely on interim appointments at a higher cost to fulfil current obligations, though staff costs overall will fall as a consequence of delays in recruitment.

7. AOB

7.1 SALIX REVIEWS

PC said that as PSDS qualifies as a major project, Salix will be subject to review by the Government's Infrastructure and Projects Authority (IPA). The IPA reviews are designed to give a 'fresh pair of eyes' assessment of important delivery projects and a week is generally allocated to the review team to conduct interviews and prepare a report. It is expected that the IPA review will commence in November.

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Tuesday 1 November 2022; an earlier meeting will take place in October to discuss SDHF/HUG (see minute 3 above).

Chair

Date

Summary of Actions:

ACTION 1: MS to meet with the risk lead from the Executive team to review the CRR.

ACTION 2: IR to compile a briefing paper on mixed funding options generally.