

Minutes of the 188th meeting of the Directors of the Company duly convened via MSTeams on 28 April 2023.

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:

Ian Rodger (IR) – Director of Programmes (for
Item 5)
Paul Smyth (PS) – Director of Strategy and
Technical Services (for Item 7.1)
Tessa Clayton (TC) – Head of Internal Audit (for
Item 7.1)
Richard Wilson (RW) – Interim Director, Delivery
Agent, Housing (for Item 7.2)
Rita Varsani (RV) – Department of Energy
Security and Net Zero (DESNZ) Observer
Julie Ellis (JE) – Governance Manager (minutes)

QUORUM

A quorum being present, TG declared the meeting open.

1. APOLOGIES

There were no apologies.

TV declared that she has joined the Board of the Financial Services Skills Commission on an unremunerated basis in connection with her role as Chief Executive Officer at the Chartered Institute for Securities and Investment. The Board were content that this appointment presented no conflict of interest and that it be recorded in the Register of Members' Interests.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of the meeting of 29 March 2023 as a correct record.

Action Item 3 on a report into the Job Evaluation exercise is adjourned to May.

All other action items were dealt with in this agenda.

3. CHIEF EXECUTIVE'S REPORT

The Board noted the following points arising from the Chief Executive's Report:

The Board noted that the job evaluation conducted of all non-executive level roles within the organisation should be completed by the end of May. A benchmarking exercise will follow internal grading. In addition, a performance management framework will be created with consultants to provide a robust basis for staff progression within pay bands.

Action – When the Pay Remit submission is ready, the Remuneration Committee will meet a few days before the Board meeting to consider it with a view to recommending it to the full Board.

4. RISK REGISTERS

The Board noted the Corporate (CRR) and Delivery Risk Registers.

The Board observed that the registers did not fully incorporate the impact of some of the more recent organisational developments, such as all housing risks. It was noted that the Executive team will participate in a risk management session in May in which a comprehensive review of the registers would be conducted.

Action – outcome of review to be circulated to Board prior to next Board meeting.

5. SCHEME PERFORMANCE

The Board noted papers on the i) Public Sector Decarbonisation Schemes (PSDS) and Low Carbon Skills Fund and ii) Loans Schemes.

The Board noted challenges in obtaining quality evidence to close down some projects, with a small number who could miss the deadline for Salix to provide its own forecast to DESNZ.

The Board asked for headline figures to be included on a monthly basis in this report which are consistent across key documents.

Action - MS to liaise with IR on the figures to be provided in both grant and loan schemes' reports.

6. OPERATIONAL PERFORMANCE

The Board noted the Operational Performance, Administration Costs Summary, Administration Costs Breakdown and Finance KPIs for the period ended 31 January 2023.

The Board noted that additional budget top-ups may be requested in respect of 1) additional technical budget for Phase 3c PSDS, 2) the work being performed by the technical auditors on Project Ash and 3) the costs of the HR consultants who had been engaged to assist with the job evaluation exercise and review of Salix's pay and reward structure.

The Board were pleased to note fewer reds in the forecasting KPIs. It was reported that we are making better progress this year with financial statements preparation than at this point last year. It was acknowledged that forecasting of core costs could be improved; this is being addressed.

7. AOB

7.1 [CONFIDENTIAL ITEM]

7.2 SOCIAL HOUSING DECARBONISATION FUND (SDHF)/HOUSING UPGRADE SCHEME (HUG)

RW reported that the Retrofit event on 27 April in Manchester at which our role as DESNZ's delivery agent for the SDHF and HUG schemes and the successful bid of the delivery partner (subject to contract) were announced, had been a successful and informative event.

7.2.1 GOVERNANCE OF THE HOUSING STRUCTURE

The Board noted and **AGREED** proposals for specified business to be reserved to it in respect of the housing schemes. It was further noted that changes to the Delegated Authority Letter dated 20

January 2023 dealing with the terms under which the housing business was passed to Salix from DESNZ are at the three-month review point.

7.2.2 DELIVERY PARTNER CONTRACT

The Board noted that negotiations for the delivery partner contract in respect of the housing schemes are continuing and expected to complete in early May.

7.3 ARM'S LENGTH BODY REVIEW

The Board noted a paper on the ALB Review that Salix is undergoing. This review is to ensure that an ALB's function remains useful and necessary and that the required efficiency and VFM considerations are followed. DESNZ have made a series of recommendations and progress against these was reported.

The Board noted that some of the recommendations were shared responsibilities with DESNZ. DESNZ will create a master progress tracker, to share with Salix, so that progress by both sides can be captured in one shared document.

Action - Regular reporting of progress against recommendations to be made to the Board.

7.4 ANNUAL BUSINESS PLAN

The Board noted the current draft of the Annual Business Plan. The Board's view was that it was well-written but queried its function.

RV explained that this is required under the Cabinet Office Code of Good Practice. The Code was non-prescriptive on the form of the plan.

It was explained that this is the first time that Salix has been required to produce a version of the Business Plan for publication. Sensitive information such as that relating to budgets and recruitment and retention would not be included in that version. A fuller version with appendices on Salix's organisational overview, risk management and a transformation plan is being produced concurrently.

The Board advised that the Plan be revised to be punchier and theme based. The Board added that the Plan provides an opportunity to establish branding and enhance profile.

Action - AS will retain specialist assistance to edit the for-publication version of the Plan.

7.5 AOB

The following items of AOB from DESNZ were noted:

- The launch of Phase 4 of the Low Carbon Skills Fund on 26 April had been successful, with the portal closed early due to the volume of applications.
- A joint Salix-DESNZ paper on maximising communications in respect of PSDS should be ready for presentation at the May board meeting.
- Progression from Phases 3b to 3c of PSDS will take place without any major policy change, but with more provision for multi-year funding. Phase 4 is being considered by the DESNZ policy team.

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Friday 26 May 2023.

Chair

Date

Summary of Actions:

ACTION 1: An analysis from exit interviews to be produced for the Board – carried forward.

ACTION 2: When the Pay Remit submission is ready, the Remuneration Committee are to meet a few days before the Board meeting to consider it.

ACTION 3: Outcome of executive risk management session to be submitted to the Board.

ACTION 4: MS and IR to liaise on the headline figures to be included as standard in the grant and loan scheme updates.

ACTION 5: Reporting to Board on progress against ALB review to be included as standard item.

ACTION 6: AS to obtain specialist assistance to edit the publication version of the Business Plan.