

Minutes of the 191st meeting of the Directors of the Company duly convened at Part 1st Floor, 3 Piccadilly Place, Manchester, M3 3BN and via MSTeams on 25 July 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)
Jonathan Edwards (JEd) – Director of Housing
Paul Chambers (PC) – 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. This was the first Board meeting to take place in our new Manchester office.

1. APOLOGIES

There were no apologies.

2. MINUTES AND UPDATE ON ACTION ITEMS

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

Action item 1 on convening a formal Remuneration Committee meeting in advance of the Pay Remit submission is to be carried forward. *Post-meeting note: the Remuneration Committee convened after this Board meeting; actions agreed are recorded in a separate confidential note.*

Action item 2: the joint DESNZ-Salix paper on communications to promote the PSDS schemes will be further adjourned to the September Board.

A paper is to be presented on the current status of compliance with the Arm's Length Bodies review and the requirements of the Annual Chair's Objectives Letter to the Chair from DESNZ at the September Board meeting.

All other actions are complete or otherwise dealt with.

3. CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's Report.

The Board noted that work is continuing on the triennial review of the Framework Agreement and arrangements governing the relationship between Salix and its new sponsoring department, DESNZ. The Remuneration Committee had been asked to comment on the drafting of particular provisions. Completion of a working copy by the end of September with the objective of presenting a final version to the October Board is on course. Consideration will be given for the Board Chair to have more flexibility to address skills gaps without requiring explicit, prior approval from the Department.

4. RISK REGISTERS

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

MS as Board risk lead will adjust the wording of risk 9 on skills shortages highlighted in the ARAC Effectiveness Review to reflect recent co-optee appointments to ARAC and to include reference to opportunities. Housing risks will be fully integrated into the register in due course.

5. SCHEME PERFORMANCE

The Board noted papers on the i) Public Sector Decarbonisation Schemes (PSDS) and Low Carbon Skills Fund (LCSF); and ii) Annual Loans Review. Specific comments were made as follows:

- PSDS

The Board noted the status of projects in Phases 1, 2, 3a and 3b. Phase 3c was launched on 12 July with multi-year applications permitted, but the total fund amount is still not yet publicly available. Policy options for Phase 4 including multi-stage assessments, rolling application portal windows, flexible funding and competitive assessment are being considered.

- LCSF

The Board noted that the launch of LCSF Phase 4 had taken place three minutes behind schedule. Portals for the three grant ranges closed within minutes of opening. A number of complaints arising from the process are being dealt with in the usual way.

Salix will consider the use of Artificial Intelligence tools in the initial assessments regarding costs and compliance with carbon criteria. Salix may be able to source people from academia interested in developing appropriate tools. It was noted that the Financial Conduct Authority's Sandbox provides a set of tools that entities can use to test ideas.

6. OPERATIONAL PERFORMANCE

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

The Delegated Authority Letter in respect of financial delegations from DESNZ was received on 24 July. Clarity will be sought in respect of the core PSDS budget of £10.2m as an adjustment was made to the budget last year in respect of rent. Budgets with Scotland and Wales are currently being negotiated; the budget for Scotland is expected to increase significantly given Salix's role in delivering Scotland's Public Sector Heat Decarbonisation Fund scheme launched this year.

7. AOB

7.1 SHDF AND HUG HOUSING PAPER

JEd provided an update on progress with the Housing Schemes. Our involvement in scheme delivery is not expected to commence until mid-September.

Action - Arrangements will be made for a Board member visit to demonstrator retrofit homes at Salford University.

[7.2 CONFIDENTIAL ITEM]

7.3 BUSINESS PLAN APPENDICES

The Board noted the three appendices (Organisational Overview, Risk Management and Transformation Plan 2023-24) to the Business Plan for information. The Board made the following observations:

- There is an inconsistency in tone across the documents, which is inevitable to some extent as the items are drafted by different parts of the business.
- Positive points, such as the improvement in staff retention figures, should be emphasised.
- Our risk appetite to areas such as staff retention rates, fraud and organisational changes is not stipulated, so risk tolerance is unclear.
- Our organisational overview should reference our engagement with reviews and openness to change.

Action - It was agreed that MS would review the three documents together and offer drafting amendments.

[7.4 CONFIDENTIAL ITEM]

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Thursday 28 September 2023 in our London Office.

Chair

Date

Summary of Actions:

ACTION 1: When the Pay Remit submission is ready, the Remuneration Committee are to meet a few days before the Board meeting to consider it.

ACTION 2: A joint Salix-Department paper to promote Communications in respect of PSDS to be presented at the September Board meeting.

ACTION 3: A paper is to be presented on the current status of compliance with the Arm's Length Bodies review and the requirements of the Annual Chair's Objectives Letter to the Chair from DESNZ at the September Board meeting.

ACTION 4: Visit for Board Member to Salford University's retrofit demonstrator to be arranged.

ACTION 5: MS to review business plan appendices.