

Minutes of the 192nd meeting of the Directors of the Company duly convened in Room 1.05, 10 South Colonnade, London E14 4PU on 28 September 2023

Present:

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

Attending:

Jonathan Edwards (JEd) – Director of Housing (for Item 7)
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.

1. APOLOGIES

There were no apologies.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of the meeting of 25 July 2023 as a correct record.

Action item 1 on convening a formal Remuneration Committee (RemCo) meeting in advance of the Pay Remit submission is to be carried forward.

Action item 2: the joint DESNZ-Salix paper on communications to promote the PSDS schemes will be further adjourned. DESNZ acknowledged a delay on their part due to having to prioritise pressing matters.

Action item 4: MS reported that on 5 Sept a group of staff including JEd and Paul Smyth had visited Salford University's retrofit demonstrator, Energy House 2. The Salix housing team will now build a relationship with the university team who will shortly publish new research that would align strongly with Salix housing work. The Salix Board could then receive a presentation on this. MS would aim to update the Board in Jan/Feb.

All other actions are complete or otherwise dealt with.

3. CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's Report.

Emma Clancy will start at Salix as its new Chief Executive Officer (CEO) from 16 October 2023. The Board noted that resource shortages at the NAO have delayed the timetable for completion of 2022-23 Annual Report and Financial Statements (AR & FS) and associated documents. The Cabinet Office has agreed that AS will retain CEO/Accounting Officer (AO) responsibilities until 31st October and sign the 2022-23 AR & FS. *Post-meeting note: It has subsequently been agreed that Emma will be formally*

appointed as CEO and AO with effect from 1 November, so AS will retain the CEO/AO responsibilities until 1 November.

The Board noted that work is continuing in respect of the pay remit submission. RemCo has seen the outline of the proposed pay policy to support the pay awards, and a further meeting of RemCo will take place before the 30 October Board meeting at which the final pay remit will be presented.

The Board noted that the Places for Growth budget that has been provided to Salix by DESNZ can be used to fund the relocation costs of any staff who relocate from London to Manchester, noting that this budget was only available for this financial year. DESNZ's Relocation Policy was included in the papers for information at Item 8.2 and Salix is devising its own policy. The plan for an apprenticeships scheme based in our Manchester office will reinforce that base.

The Board noted that Salix has been shortlisted in three categories for the Investors in People Awards 2023. The event should be promoted on social media.

3A DRAFT FRAMEWORK DOCUMENT

The Board noted a draft of the new Framework Document governing the relationship between Salix and its new sponsoring department. AS and JE will be meeting with DESNZ tomorrow to discuss Salix's suggested amendments and which they are willing to incorporate.

4. RISK REGISTERS

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

The Board noted that the changing government priorities were identified as posing a high level of risk.

5. SCHEME PERFORMANCE

The Board noted papers on the i) Public Sector Decarbonisation Schemes (PSDS) and Low Carbon Skills Fund (LCSF); ii) Loan Schemes and iii) Grant Schemes.

The Board noted that the portal for Phase 3c application will be launched on 10 October. The total fund amount has yet to be publicised.

The Board noted the significant progress being made on the grant audits, for which the Head of Internal Audit was to be commended.

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 Board noted that DESNZ have been asked to provide a letter of comfort in respect of our going concern and confirming that they will guarantee any debts for at least 12 months after the date of the approval of the AR & FS.

The Board noted that the NAO's technical team have now advised that Salix's Licence to Occupy for its current office space at 10 South Colonnade does not meet the requirements for accounting under International Financial Reporting Standard 16 (IFRS16). Salix has applied the standard in the light of previous contrary advice. As at the date of the meeting Salix are still discussing with the NAO but in the meantime an adjusted version of the draft accounts has been prepared and will be included in the

next draft of the AR & FS that will be circulated to the Non-Executive Directors for review next week. The accounting treatment of the Salix's previous office at King William Street is also being discussed. The Board indicated that, if required, it would account for any anomaly arising in respect of previous years by way of a note rather than a prior year adjustment. The Board asked that feedback be given to the NAO at the ARAC meeting on 20 October on this matter and the delays to the schedule for preparing the AR & FS, referred to at 3 above.

The Board noted that KPI SAL 2 – performance against mid-year forecast is recorded as P6 actuals plus six months forecast, when it should read P5 plus seven months forecast.

7. HOUSING

7.1 HOUSING UPDATE

The Board noted that significant progress has been made with respect to the Housing schemes, with movement into the operational stage. The Board noted a burgeoning relationship between Salix and Turner and Townsend and Arup (the Delivery Partner) and smooth running of our Customer Relationship Management system.

The Board noted challenges remaining around data and delivery. Our Intelligent Client Function is working on access to data from government department that will improve delivery and enhance continuous improvement.

The Board noted a number of mitigations to address potential obstacles:

- Review of the current application form for funding to anticipate all necessary considerations to deliver, such as the requirement of grant recipients to consult with tenants prior to implementing improvements.
- A road map and pipeline for delivery to plot the course.
- The establishment of appropriate channels of communication to address rapidly any concerns arising.

7.2 APPROVAL FOR WAVE 2.2

The Board considered an invitation from DESNZ for Salix to agree to administer £100m to be spent from April 2024 in respect of Wave 2.2 SDHF. DESNZ may make an announcement as early next week for applications for funding, with the application portal to open from November 2023. DESNZ supports the running of the portal by Salix as more independent than private companies who are potential beneficiaries. This aspect has been descoped from the contract, so there should be no perception of a loss of work from the DP to Salix and third parties would assess the applications.

DESNZ will support the resources applied for including an extra two or three staff and the retention of contract staff who were to be otherwise released. Those benefitting from under Wave 2.1 will not be eligible for funding, which should allay concerns that Salix could be overwhelmed by applications.

The Board **APPROVED** that Salix administer i) the portal; and ii) the £100m-worth of funding.

[8.1 CONFIDENTIAL ITEM]

8.2 VOLUNTARY RELOCATION POLICY FOR PLACES FOR GROWTH AT DESNZ

This was shared for information only; see minute 3 above.

8.3 ARM'S LENGTH BODIES' REVIEW UPDATE INCLUDING CHAIR'S OBJECTIVES – PROGRESS REPORT

The Board noted progress made regarding Salix's compliance with specific recommendations arising from the Arm's Length Bodies' Review and the Annual Chair's Objectives Letter in the tracker documents issued as part of the Board papers. The Board welcomed the tracker format.

8.4 AOB

The Board noted that the GIAA will be performing an audit of the DESNZ team's oversight of counter fraud have asked us to review our oversight of fraud. Our Head of Internal Audit will be notified.

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Monday 30 October 2023.

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 a future Board meeting.

ACTION 3: MS to report back to the February Board meeting on Salford University's research that aligns with Salix's housing work.