

Minutes of the 190th meeting of the Directors of the Company duly convened via MSTeams on 29 June 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 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 26 May 2023 as a correct record.

Regarding Action 2, the joint DESNZ-Salix paper on communications to promote the PSDS schemes will be adjourned to the July Board allowing the DESNZ more time to consider an early draft.

Action Items 1 on a Remuneration Committee meeting in advance of the Pay Remit submission and 4 on a handover paper for the new Director of Housing are carried forward.

Action item 3 is complete.

3. CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's Report. Specific points arising are dealt with at points 7.2, 7.4 and 7.7 of these minutes.

4. RISK REGISTERS

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

5. SCHEME PERFORMANCE

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

- i) PSDS

It has been clarified that applicants for Phase 3c PSDS funding will be able to make multi-year applications, but the total fund amount is not yet publicly available. The Board extended congratulations to Ben Rimmington and Jessica Skilbeck for their endeavours to secure this.

End of FY payments and the amount of work required to finalise eligible grant spend is a challenging piece of work, requiring multiple pieces of evidence to be submitted and reviewed, against fixed financial deadlines for payments. There have been a number of challenges this year and lessons have been identified that will help manage this issue for future years. Key to this is being more proactive with grant recipients throughout their project to enable supporting evidence to be reviewed earlier in the year, reducing the administrative burden in the final period. The team is looking at how to operationalise this, including the option to withhold payments if grant recipients are not submitting key supporting evidence on time. It is important we get this right, as the policy changes, such as the 12% minimum match funding and maximum 58% energy efficiency costs for phase 3b mean the end of year checks for this phase will be more complex than in previous years.

The data in the report did not break down the amount allocated across different financial years, making the underspend seem great than it was. This will be corrected for the next report.

Delays in the issue of Phase 3b Grant Offer Letters are attributable to several factors including the extra assistance provided in applications from schools, the inclusion of an additional price check adding a few weeks to processing times and a significant turnover of staff in the delivery team.

ii) LCSF

The Board noted that every target in respect of LCSF was met. The launch of LCSF 4 was three weeks ahead of target.

iii) Loans

The Board noted that the legacy systems used in respect of SERS are no longer being supported. As the majority of the Recycling Funds are being wound down or are due to close in 2025, investing in a new system would not be practicable. Our Customer Relationship Management system will be used to manage recycling funds and transfer some data entry where possible to clients.

6. OPERATIONAL PERFORMANCE

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

A new KPI for PSDS SAL1A has been agreed with the DESNZ, which will be based on forecasts following the receipt of the majority of payment requests from clients for the month (but prior to the payment requests having gone through Salix's internal review and checking). This is a result of Salix and DESNZ looking at how the forecasting processes could be improved as recommended by the Arm's Length Body Review. However, as Treasury will continue to monitor against the original forecast, as per SAL1, this KPI has not been removed and Salix and the DESNZ will continue to monitor against both.

The Board noted that a model was being set up to calculate the total cost impact of pay rises that would follow as a consequence of the job evaluation and benchmarking exercise.

7. AOB

7.1 ANNUAL CHAIR'S OBJECTIVES LETTER

The Board noted a letter sent from Lord Callanan to the Board Chair dated 5 June 2023 in which annual objectives between DESNZ and Salix set in accordance with the [Cabinet Office's Code of Practice on](#)

[Governance for Arm's Length Bodies](#) are set out. The letter attached is the first issued to Salix and performance against the objectives set out in these letters should be reviewed annually. The letter was welcomed as an opportunity to engage with Ministers and officials in a practical and tangible way.

Action - JE to track the requirements of the letter. The tracker should reference to other monitoring exercises, including the Arm's Length Body review.

[7.2 CONFIDENTIAL ITEM]

7.3 SDHF/HUG UPDATE

The Board received an update on the housing projects. It was noted that the HUG scheme has underspent by £100m. The Board would wish to develop an understanding of how the schemes impact at the operational and individual level.

Action – Richard Wilson, Interim Director of Delivery Agent and Jonathan Edwards, Director of Housing to present a report to the July Board on pipeline, targets and how and when residents can expect to see home improvements.

7.3.1 Extension of Pilot Phase of Delivery Partner Contract

The Board **APPROVED** the extension of the pilot phase of the housing delivery partner contract in respect of the Social Housing Decarbonisation Fund and Home Upgrade Schemes until 15 March 2024.

7.4 JOB EVALUATION UPDATE

Work is now focussed on review of the proposed pay bandings and understanding the cost implications as well as completing the challenge process. Discussions will continue with HR counterparts at DESNZ to ensure the correct approach is undertaken.

7.5 INTERNAL AUDIT CHARTER

Following consideration and approval by the Audit, Risk and Assurance Committee of the Internal Audit Charter at its June meeting, the Board issued confirmatory **APPROVAL**, as is required under the Public Sector Internal Audit Standards.

7.6 ANNUAL COMPLAINTS REPORT

The Board noted the Annual Complaints Report.

The Board were delighted to note the continued excellent performance of the team and the low number of complaints. There is no pressing need to expand the current cross-departmental team, but housing staff will be asked to join to ensure representation across the organisation.

All staff receive training on our complaints handling and those on the team undertake specific training. Salix will continue to review its processes for early identification of concerns and to ensure these are allocated and resolved appropriately and in a timely manner.

Action – The Board asked for its gratitude to be extended to all staff for its excellent work in this area.

7.7 NON-CONSOLIDATED PAYMENT

The Board **APPROVED** a non-consolidated one-off payment to all eligible staff (excluding the Executive Team) from existing budgets of £1,500 per member of staff, in recognition of the increase of the cost of living for the 2022/23 pay year.

8 AOB

8.1 Framework Agreement Review

The Board noted that work is continuing on the triennial review of the Framework Agreement and arrangements governing the relationship between Salix and its sponsoring department. PC indicated that completion by 30 September was an internal deadline rather than fixed. The parties will work towards completion of a working copy by the end of September with the objective of presenting a final version to the October Board coinciding with the incoming CEO's onboarding.

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Tuesday 25 July 2023 in our Manchester 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 July Board meeting.

ACTION 3: JE to track the requirements of the Annual Chair's Objectives letter, which should refer to other monitoring exercises, including the Arm's Length Body review.

ACTION 4: Richard Wilson, Interim Director of Delivery Agent and Jonathan Edwards, Director of Housing to present a report to the July Board on pipeline, targets and how and when residents can expect to see home improvements.

ACTION 5: The Board asked for its gratitude to be extended to all staff for their excellent work in complaints handling.