

Minutes of the 179th 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 and by video conference on 28 June 2022

Present:

Dame Teresa Graham (TG) – Chair
Michael Stark (MS)
Annie Shepperd (AS) – Accounting Officer and
Chief Executive
Helen Powell (HP) – Director of Finance and
Resources

Attending:

Nick Painter (NP) – Interim Director of Strategy
and Technical Services
Ian Rodger (IR) - Director of Programmes
Carol Brown (CB) – Director of HR
Emily Anderson (EA) – BEIS Observer
Julie Ellis (JE) – Governance Manager (minutes)

QUORUM

A quorum being present, TG declared the meeting open.

1. APOLOGIES

All Board members were present.

Apologies were received from Paul Chambers of BEIS; Emily Anderson attended as BEIS observer.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of 31 May 2022 meeting as a correct record.

Regarding Action 2, an Executive Team workshop will take place at the end of July to discuss organisational structure in the light of significant uncertainty. The Board Chair is in communication with Paul in the light of an article in The Times on 16 June 2022 reporting plans to divert funds from the Public Sector Decarbonisation Scheme (PSDS) to a home insulation scheme. Discussions continue.

The Board noted that they would be unable to complete their assessment of whether Salix could be considered a going concern, in preparing the annual report and accounts for the year ended 31 March 2022, until they had more clarity on the potential diversion of funds from future phases of the PSDS and therefore the impact on Salix. The Board noted that the final audit was due to commence on 18 July and the original timetable was to complete at the end of August, however the finalisation and signing of the accounts may need to be delayed or full disclosure of the uncertainty noted in the financial statements which would likely receive significant adverse press and client coverage. The Board also noted that Salix may need to seek a letter of comfort or other form of assurance from BEIS, similar to last year.

Regarding Action 3, EA reported that Civil Service incentive funds in respect of relocated staff are capped at £14,000 per person. She will forward the relocation policy to AS and CB so it can be considered at the Executive Team workshop.

Action: EA/BEIS to forward the relocation policy to AS and CB before the Executive Team workshop.

3. CHIEF EXECUTIVE'S REPORT

AS said that no formal proposals had been issued by the Government in respect of The Times article referred to in minute 2. EA confirmed that BEIS are being asked to advise on home insulation schemes to be funded from existing projects. Funding for PSDS Phase 3a is secure and BEIS is continuing its planning for Phases 3b and c presently.

Heads of Terms for a lease for office space at Canary Wharf have been received. The Board noted the difficulties in determining the appropriate term for a new lease while there are queries over future funding. Appropriate break clauses and BEIS's assurance in the event of a change to our status should be considered in lease negotiations.

AS has met with a member of the Cabinet Office in respect of her challenge to its decision to withhold retrospective consent for the extension of the licence agreement for Salix's current office space at 75 King William Street. The challenge is at Stage Two; timing for this stage expires in eight working days. If unresolved, the next step is to ask an MP to initiate a referral to the Parliamentary Ombudsman.

CS and HP met with BEIS on Friday 24 July to discuss the 2022/23 Pay Remit business case submitted by Salix. Once finalised and approved by BEIS, this will be submitted to the minister for recommendation. A formal letter will be issued from the Board to staff to explain the pay remit process and the status of the business case made by Salix within it.

Action: AS to draft letter to staff on the current status of the Pay Remit process, to be signed by the Chair.

The Board noted that Salix had been approached to assist BEIS in a programme providing funding to local authorities and housing associations for social housing.

Action: An update on the role of Salix regarding this scheme will be presented to the next Board meeting.

4. RISK REGISTERS

The Board reviewed both the corporate risk register (CRR) and delivery risk registers (DRR), noting their content.

Regarding the CRR, risk 1 – scheme delivery – can be reduced from red to amber at the present time. Risk 2 on the recruitment and retention of appropriately trained staff will remain red. Our salaries are seen as uncompetitive in the marketplace and this is compounded by sector-wide difficulties in recruitment, particularly of finance staff.

5. SCHEME PERFORMANCE

The Board noted the content of the reports on:

- Customer Surveys 2020-22
- Phases 1-3 Public Sector Decarbonisation Scheme (PSDS) and Phases 2 and 3 Low Carbon Skills Fund (LCSF); and
- Loan Schemes.

The Board was delighted to note the consistently positive feedback about customer service and satisfaction levels. High standards have been maintained during a period of substantial change when

Salix's focus changed to offering and administering grants from loans and despite the challenges to recruitment, retention and reward. The Non-Executive Directors will write to staff to show the Board's immense gratitude; the letter will be forwarded to BEIS and its rewards team.

Action: MS will draft a letter on behalf of the Non-Executive Directors to thank staff for their excellent customer relations work.

The PSDS and LCSF paper was noted. Salix has discussed ideas with BEIS for evolving a blended loans and grants system to maximise energy efficiency, which appear to have been well received.

6. OPERATIONAL PERFORMANCE

The Board noted the Operational Performance and Administration Costs Summary.

The Board noted that the draft £12.165m Administration Costs Budget for 22/23 submitted by Salix to BEIS included £1.3m of one-off costs. The £650K savings that Salix was expected to achieve as referred to in the Operational Report was from ongoing rather than these one-off costs.

Action – BEIS to confirm allocated administration costs budget in writing.

7. ANNUAL COMPLAINTS REPORT

The Board was pleased to note that the complaints handled during the last financial year were well-managed and resolved in a mutually satisfactory way. The Board noted that Salix's complaints team is composed of members of staff across the business who volunteer to join the team and meet regularly to manage and discuss their workload. Team members receive external training on complaints management which is certificated. The Governance Manager provides oversight of the team's work and processes.

8. AOB

None.

DATE OF THE NEXT BOARD MEETING

Wednesday 10th August 2022 at 10am.

Chair

Date

Summary of Actions:

ACTION 1: EA/BEIS to forward the relocation policy to AS and CB before the Executive Team workshop.

ACTION 2: AS to draft letter to staff in the current status of the Pay Remit process, to be signed by the Chair.

ACTION 3: An update on the role of Salix regarding the scheme funding social housing will be presented to the next Board meeting.

ACTION 4: MS will draft a letter on behalf of the Non-Executive Directors to thank staff for their excellent customer relations work; to be copied to BEIS.

ACTION 5: BEIS to confirm Salix's allocated administration costs for 22/23 in writing.