

Minutes of the 186th meeting of the Directors of the Company duly convened in Room 1.12, First Floor, 10 South Colonnade, London E14 4PU and via MSTeams on 28 February 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:

Richard Wilson (RW) – Interim Director, Delivery
Agent, Housing (for Item 7.2)
Paul Chambers (EA) – 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 informed the Board of her recent appointment as Chair of LawtechUK's Regulatory Response Unit, a body funded wholly by Government via Ministry of Justice. The post is unremunerated. No issue of conflict of interest arising in respect of any agenda item or generally was anticipated.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of the meetings of 8 December 2022 and 31 January 2023 as a correct record.

Action 1 on communications and engagement with local authorities in respect of our involvement in the Social Housing Decarbonisation Fund and Home Upgrade Grant Scheme will be carried forward. All other action items were either complete or to be dealt with in this agenda or elsewhere.

3. CHIEF EXECUTIVE'S REPORT

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

The Board noted that following the restructure of the Department of Business, Energy and Industrial Strategy on 7 February, our sponsor department is now the new Department of Energy Security and Net Zero (DESNZ). No significant reporting changes have yet occurred as a consequence. The Board noted that a new dedicated sponsorship lead would be appointed by DESNZ by the end of the year as a result of taking on the Housing Schemes (see 7.2 below). The current sponsorship lead is also the Senior Reporting Officer for our current schemes, so the new appointment will ensure that the sponsorship lead is independent of all schemes.

The Board asked to be kept apprised on the progress of the current job evaluation process, being conducted by the Local Government Association, of all non-executive level roles within the organisation. The Board's approval of any proposals will be sought before their inclusion in the

business case to be submitted under the Civil Service Pay Remit which is due to be published in March 23. As the next stage in the review of the Executive structure, the consultant advising Salix will meet with the NEDs to discuss proposals (update: this meeting was held on 9 March).

The Board discussed the slippage in the timescale for the assessment of projects and delays in issuing the grant offer letters for Phase 3b PSDS and requested that this be specifically tracked for the Board to monitor progress.

Action - AS will meet the Executive Team members later today to discuss the reasons for these delays and prepare an action plan to address these.

The Board noted that the disputes resolution procedure to update that currently in the Framework Agreement has been finalised, with formal Treasury approval anticipated (update: approval confirmed).

4. RISK REGISTERS

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

Regarding the DRR, the risk of ongoing technical failures due to the age of the technology being used in respect of the system used to support the historic Recycling Funds (RFs) was noted. This is regarded as a legacy fund and will be appropriately risk managed in the light of its age while the RFs remain open over the next two years.

5. SCHEME PERFORMANCE

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

The Board discussed the form and content of the paper on the Grant Audits and the information they would wish to see in future reports.

Action – (1) MS then later (2) TG and HP to meet with the Head of Internal Audit to discuss.

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.

7. AOB

7.1 CONFIDENTIAL ITEM

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

RW presented an update on progress since the Delegated Authority Letter under which Salix will act as delivery agent for DESNZ to manage a delivery partner for these schemes was issued.

The Board noted that full business cases (FBC) for the SDHF and HUG schemes were approved on 21 February, subject to approval for the appointment of the delivery partner, which will be ready tomorrow. A third gateway review and critical friend review will report this week.

The Board were pleased to hear that the evaluation stage of the procurement exercise to select a delivery partner was completed with no technical challenges to the process anticipated. The focus has turned to operation and governance.

Action – RW to consider what tasks to be reserved to the Board and appropriate areas for delegation in respect of the schemes.

As timelines for completion and onboarding of the delivery partner are tight, there are contingency plans for DESNZ to continue operating the schemes at the outset. There are further plans for the first nine months in the event of delivery partner failure, which may include hybrid delivery and management for Salix.

The remit of an initial budget appears to extend beyond the housing schemes and anticipate Salix taking on additional work/contracts relevant to the wider retrofit agenda. The Board indicated that it was content to proceed with the role of delivery agent and contracting party for the delivery partner, but at this stage could not and was not committing Salix to taking on any additional work/contracts.

The Board extended its gratitude to the staff and consultants engaged on the housing scheme for their diligence in meeting the challenging deadlines.

7.3 IT TRANSFORMATION PROJECT

The Board noted a paper on the progress of our IT Transformation Project.

7.4 PSDS PROMOTION REPORT

The Board noted this report. The Board supported the plan for a promotional campaign by Salix and DESNZ, but the messaging would need to be practical and informative, focussing on the energy efficiency benefits conferred to the public by the projects being delivered. The draft actions proposed would need to be reviewed carefully to avoid any suggestion of a political slant to the information campaign. MS offered to commit time for a deep dive review if wished.

There is no provision for a campaign in the current 23-24 Salix budget submission; PC confirmed that extra funding would be available for this.

8. AOB

8.1 CONFIDENTIAL ITEM

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Wednesday 29 March 2023.

Chair

Date

Summary of Actions:

ACTION 1: AS will meet Executive Team members later today to discuss the reasons for the delays in assessments and issuing Grant Offer Letters and an action plan to address these.

ACTION 2: (1) MS then later (2) TG and HP to meet with the Head of Internal Audit to discuss the contents of future grant audit reports to the Board.

ACTION 3: RW to consider tasks to be reserved to the Board and appropriate delegations in connection with the Housing Schemes.