

## **Salix Finance Ltd**

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# Annual Business Plan 2023-24

# Salix Finance Ltd

## Annual Business Plan

(For the financial year 2023-24)

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**Registered Number:**  
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# 1. Introduction

by Salix Chair and Chief Executive



The UK Government has set bold strategies towards net zero and the need to respond has never been more pressing. The next few years will be critical.

Salix Finance is entering its 20th year of delivering financial support to public sector organisations to boost energy efficiency and make critical savings on energy bills. Since launching our first interest-free loan scheme, we have seen an increase in appetite from the public sector to reduce its carbon footprint. Salix now delivers billion-pound grant schemes designed specifically to tackle the decarbonisation of heating. The importance of our work has intensified whilst our core mission has stayed constant throughout – to play a leading role in enabling and inspiring the public sector transition to a low-carbon future.

In the last three years Salix has expanded its remit significantly and is now recognised as a key enabler of the public sector decarbonisation agenda. Whilst navigating the Covid 19 pandemic in 2020 we launched the £1 billion Public Sector Decarbonisation Scheme (PSDS), which, as well as providing grant funding for energy efficiency projects, supported the creation of jobs during the pandemic. The Public Sector Decarbonisation Scheme and the associated Public Sector Low Carbon Skills Fund (LCSF) are now in their fourth phase of delivery. To support administration of these schemes Salix became a Non-Departmental Public Body (NDPB) in September 2020 and is well placed to steward and steer progress towards the Government's vision.

This year brings further significant expansion as Salix has taken on the role of delivery agent for Wave 2 of the Social Housing Decarbonisation Fund (SHDF) and Home Upgrade Grant (HUG) schemes. These schemes will provide £1.4 billion in public funding for energy-saving measures for social housing and low-income households. During this uncertain time of rising energy costs, this is a massive step towards improving the quality of social housing and reducing the heating costs of poorly insulated homes.

As we continue to grow, we are ever more committed to and passionate about working with our partners to make a great contribution to the UK's decarbonisation agenda.

Annie Shepperd 

Annie Shepperd OBE  
Chief Executive

Teresa Graham DBE  
Chair

## £1.4 billion

*These schemes will provide **£1.4 billion** in public funding for energy-saving measures for social housing and low-income households.*



# 2. Our role

We help drive the transition to a low-carbon future by delivering and administering grant and loan funding on behalf of the Department for Energy Security and Net Zero, the Department for Education (DfE) and the Scottish and Welsh Governments. The schemes we manage finance energy efficiency and heat decarbonisation projects within public sector buildings in England, enabling the public sector to reduce carbon emissions in line with the UK Government’s commitment to become net zero by 2050.

Grant Stewardship	Programme and Technical Expertise	Insight and Influence
<ul style="list-style-type: none"> <li>• Allocate funding and drive value</li> <li>• Hold recipients to account on spend and targets</li> <li>• Audit projects</li> </ul>	<ul style="list-style-type: none"> <li>• Professional and tailored advice and support to clients throughout project life cycle</li> </ul>	<ul style="list-style-type: none"> <li>• Connect and disseminate lessons</li> <li>• Use insights to influence funders to improve schemes</li> </ul>

In 2023 Salix’s role expanded beyond the public sector and Salix became the delivery agent for Wave 2 of the Social Housing Decarbonisation Fund and Home Upgrade Grant schemes. These two schemes work across social rented homes (SHDF), and the homes of eligible owner-occupiers and private tenants (HUG).

Our London office is located in a government building in Canary Wharf, and we have established a second office in Manchester.

The Manchester office will be the location of the housing team and will grow to become Salix’s northern base.

This year Salix will launch its first apprenticeship scheme. We are confident that our exciting decarbonisation agenda will attract apprentices of all ages to join Salix.

# 3. Our mission

Our mission is to deliver and manage the delivery of Government funding schemes which enable local and national action towards net zero, thereby supporting Government in current and future strategy and policy.

The current schemes we administer fall within the ‘Net Zero strategy – Build Back Greener’ strategy launched in October 2021, setting out the Government’s commitment to reduce the nation’s carbon footprint by reducing energy waste and eliminating, as far as possible, the burning of fossil fuels.

Salix is uniquely positioned to play a leading role in the transition to a low-carbon future. The funding programmes we deliver drive up growth in the private sector, building capacity for the future. Our ambition beyond the life of this plan is to become the Government’s expert partner with knowledge and skills to deliver decarbonisation projects across the UK.

## The housing schemes contribute to this mission as follows:

### Social Housing Decarbonisation Fund

The Social Housing Decarbonisation Fund will improve the energy performance of social rented homes and upgrade social housing stock, currently below EPC Band C, up to that standard, delivering warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs.

### Home Upgrade Grant

The Home Upgrade Grant provides energy efficiency upgrades and low-carbon heating to low-income households living off the gas grid in England. The scheme focuses on owner-occupiers and private tenants in priority housing.

## 4. Our people

Our people are at the centre of everything we do. We employ talented individuals who are passionate about doing worthwhile work and want to make a difference to the world we live in.

We have a strong culture of teamwork. Our people have a diverse set of skills and experiences and are encouraged to learn and develop during their time here. Staff have a voice on what goes on at Salix and an opportunity to contribute. This culture permeates our interactions and creates 'one culture' across our London and Manchester offices.

Salix has dedicated teams who support our clients, partners and funders to achieve their decarbonisation goals. Our teams build long-lasting relationships based on trust.

Diversity is one of our core values and we recognise that a diverse and inclusive workforce will ensure Salix is a success in the future.

*Salix has dedicated teams **who support our clients, partners and funders to achieve their decarbonisation goals.***



## 5. Core objectives for 2023-24

1.



### PSDS and LCSF

To continue delivering successful projects through all phases of these important schemes targeted at public sector buildings.

2.



### Delivery partner contract for Wave 2 of SHDF and HUG

To use our experience to deliver these new housing projects equally, effectively and efficiently.

3.



### Scottish and Welsh Government schemes

To leverage strong historical relationships, influencing and supporting public sector organisations across the UK.

4.



### Industry expertise

Further extending our industry-wide expertise in net zero heating and retrofit matters.



## 5.1 Successfully deliver the Public Sector Decarbonisation Scheme and Low Carbon Skills Fund



Since these two schemes were launched in 2020, Salix has delivered the Public Sector Decarbonisation Scheme and Low Carbon Skills Fund, funding projects ranging from tens of millions of pounds (for major local authority consortia), down to a few thousand pounds (for individual schools).

During 2023-24, we will further evolve our operating model, ensuring that all players get maximum value from our experience, expertise and insight.

For the Public Sector Decarbonisation Scheme, our regular site visits and continuous contact with clients allow us to identify new opportunities and gives early warning of any challenges during installation and completion. Lessons are shared throughout the project life cycle, and at post-project review (because we encourage and support clients to produce a post-completion review, which helps other clients). We will continue to showcase the work we do across the country, using stories with details derived from our site visits. We use research to shine a light on the best technologies and most effective working practices, to ensure that past and present experience informs the future.

For the Low Carbon Skills Fund, we will continue to publish examples and case studies of successful projects, to support other clients. With Phase 4 of the Low Carbon Skills Fund we have introduced grant value ranges, caps on total funding values, and an earlier application window to allow preparation time for future Public Sector Decarbonisation Scheme phases. This has already helped many clients and will improve efficiency and deliver higher value throughout the Low Carbon Skills Fund and Public Sector Decarbonisation Scheme journey.

***We use research to shine a light on the best technologies and most effective working practices, to ensure that past and present experience informs the future.***



### Key actions this year:

- **Phase 3a PSDS** – Manage the final completions and processing of payments and completion of audits.
- **Phase 3b PSDS** – Manage funding claims and processing of payments, monitor and support delivery of projects and completion of audits.
- **Phase 3 LCSF** – Complete audits.
- **Phase 4 LCSF** – Launch and allocate funding, manage funding claims and process payments.



## 5.2 Efficiently and effectively manage the delivery partner contract for Wave 2 of the Social Housing Decarbonisation Fund and Home Upgrade Grant, and ensure successful completion of projects



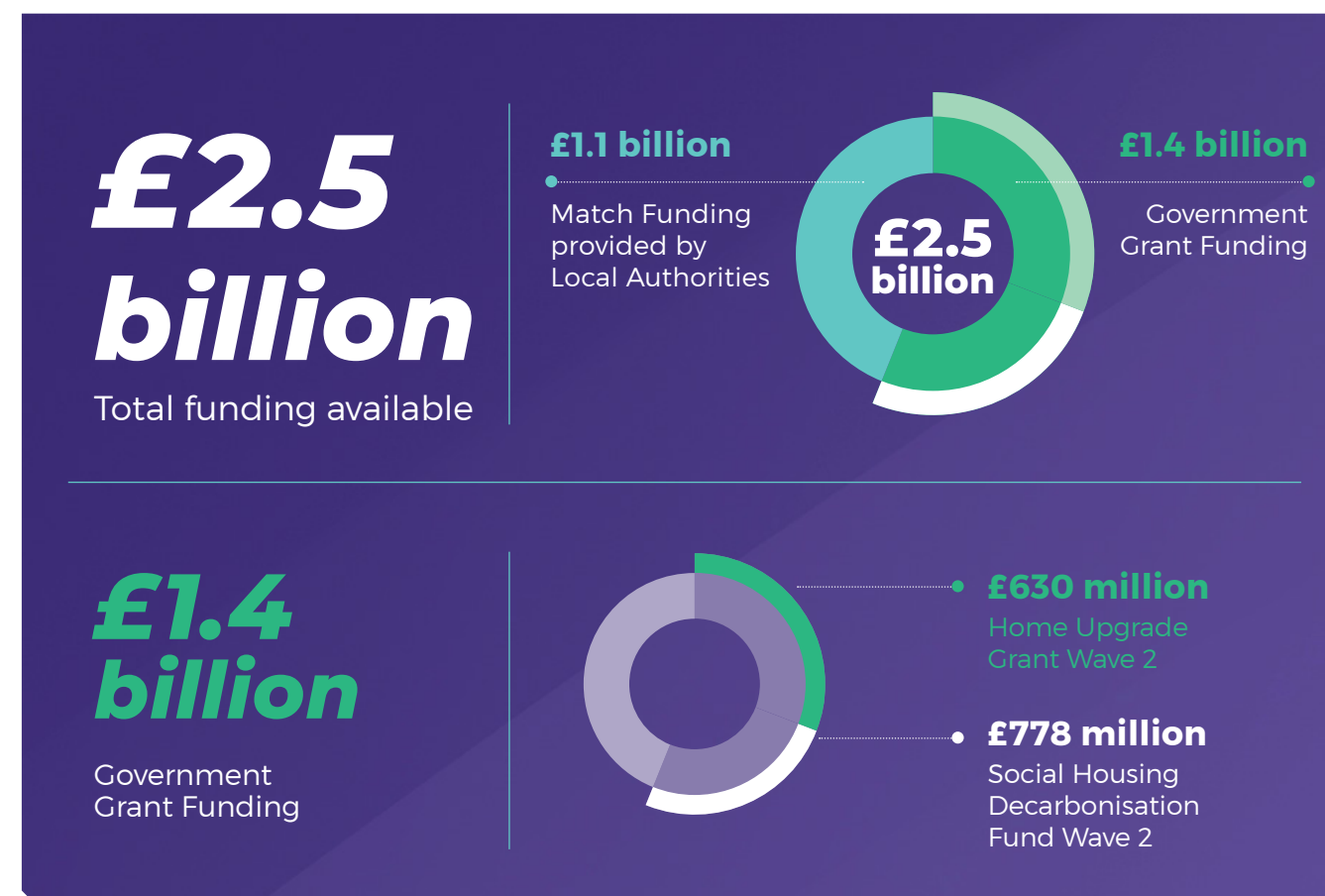
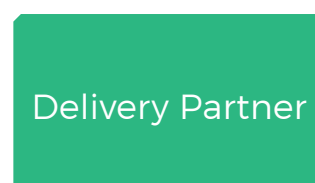
In the next year the Social Housing Decarbonisation Fund Wave 2 will provide up to £778m of grant aid to England-only projects to support eligible providers of social housing, while the Home Upgrade Grant Wave 2 will provide £630m of funding for eligible households in England. These projects thus deliver government grant funding of £1.4bn. In addition, a further £1.1bn of match funding will be provided by local authorities, providers of social housing and charities, bringing the total funding available to £2.5 billion to upgrade social and eligible private homes in England.

These schemes are critical to achieving net zero, given the contribution that UK homes make to current excessive greenhouse gas emissions. Salix is proud to be entrusted to play this key role on behalf of the Government.

### Salix's role

Salix has contracted with and will now manage the delivery partner for these schemes. We are thereby responsible for successful delivery of projects, and also for the establishment of an intelligent client function to share learning.

**Salix is proud to be entrusted to play this key role on behalf of the Government.**



### Key actions this year:

- To bring the delivery partner on board and manage them successfully.
- To support the delivery of Wave 2 Social Housing Decarbonisation Fund and Home Upgrade Grant schemes. To develop and implement systems, processes and governance arrangements for monitoring performance of both schemes.
- To establish an Intelligent Client Function to collate, review and disseminate learning.





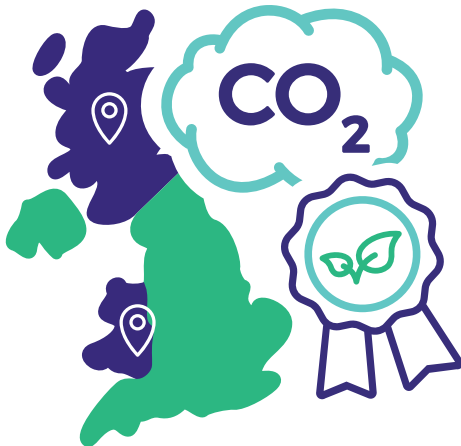
### 5.3 Continue our work with the Scottish and Welsh Governments



Salix delivers loan schemes on behalf of the Scottish and Welsh Governments.

Within the Scottish Green Public Sector Estate Decarbonisation Scheme, Salix operates the Scottish Public Sector Energy Efficiency Loan Scheme and Recycling Fund. Eligible public bodies in Scotland can access these funds. Salix also manages the Scottish Funding Council's Universities Financial Transaction Programme.

In Wales, Salix is the preferred finance partner for public sector decarbonisation. Working alongside the Welsh Government energy service, we provide funding (via the Wales Funding Programme) for energy-saving projects. We support Welsh public sector organisations carrying out low-carbon heat and energy efficiency projects.



*Working alongside the Welsh and Scottish Governments, we provide funding for energy-saving projects.*

### 5.4 Become an established industry expert in net zero and building retrofit



This objective sits within Salix's mission to deliver funding schemes which enable and inspire local and national climate action; and to become industry experts, able to support government in current and future strategy and policy.

Salix already has many years of experience, having funded and supported thousands of energy efficiency projects across the public sector. We have built a strong reputation based on technical expertise in this field. We have always worked closely with our partners, building trust and solid relationships and developing strong industry links.

To become an industry expert, we will continue to build this knowledge and expertise, deriving from our roles as delivery partner and delivery agent.

We will continue to publicise the inspiring projects our clients undertake, building awareness and sharing innovation across the sectors we work in. We will use established media tools, including website, audience research, and targeted multi-media channels including video, website, social media and online and in-person events. Our re-launched website enables us to communicate decarbonisation messages more effectively to the wider public.

*We will continue to publicise the inspiring projects our clients undertake, building awareness and sharing innovation across the sectors we work in.*



#### Key actions this year:

- To operate existing loans schemes successfully.
- To support Scottish and Welsh Governments to increase awareness of existing funding schemes.
- To explore and propose new options for future funding schemes.





## 6. Delivering our core objectives

Salix is in a phase of transition and expansion. We have identified five priority areas of organisational change for 2023-24.

### 6.1 A highly skilled and motivated workforce – investing in our people

We endeavour to support every employee in developing their skills and capabilities. Our employees continue to value the opportunity to participate in a variety of training and development activities to undertake their jobs more effectively.

#### Key actions this year:

- Continue to provide a comprehensive training programme to develop all staff.
- Recruit, bring on board and train Social Housing Decarbonisation Fund and Home Upgrade Grant teams.
- Improve staff capacity in priority areas.
- Create a delivery support team to enable greater flexibility across schemes, especially during the busiest periods.
- Complete the review of Salix's pay and reward structure.
- Conduct engagement surveys on a quarterly basis.
- Establish a modern apprenticeship programme.



### 6.2 Information systems

Our information systems must fully support all operations and enable timely management reporting. This year we will work to complete our information systems transformation project.

Our aim is to achieve a single integrated source of accurate data; to improve quality and productivity; and ensure our data systems are fit for purpose not just now but into the future. Three areas of focus are: improved Customer Relationship Management (CRM) platform, a new web portal, and finance system integration.

#### Key actions this year:

- Productivity improvements on workflow, notifications and Windows integration.
- A new web portal that fully integrates with the Customer Relationship Management platform.
- Data quality and structure improvements for more accurate reporting.
- A new finance Enterprise Resource Planning (ERP) system.
- A new Customer Relationship Management (CRM) system to support our business processes and reporting.



### 6.3 Streamlined governance and business processes

In September 2020 Salix became a Non-Departmental Public Body (NDPB). This year Salix has taken on the new housing schemes; we have opened a new office in Manchester; and we continue to grow in terms of staff employed and in scale and range of operations. Thus, we remain in a state of continuous change. We need business and governance processes that equip us to manage all these changes effectively.

#### Key actions this year:

- Set up and embed appropriate governance arrangements for the Social Housing Decarbonisation Fund and the Home Upgrade Grant.
- Embed Salix's risk management framework across the organisation and ensure all staff complete risk management training.
- Undertake performance-related benchmarking to ascertain whether there are any areas where we could achieve efficiencies or streamline our operations.
- Collaborate with the Department for Energy Security and Net Zero for Freedom of Information and Environmental Information Regulations enquiries.
- Embed processes for timely review and update of policies and guidance.



### 6.4 A second office in Manchester

Our second UK base in Manchester opened in spring 2023. Initially it is the office base for our new housing scheme team; as we continue to grow, it will become Salix's northern base.



### 6.5 Apprenticeships opportunities

We are taking the opportunity of this second office location in Manchester to design and launch an apprenticeship programme, creating additional training and development opportunities in the Greater Manchester area. The first apprentices will be recruited in 2023-24.



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