

Minutes of the 203rd meeting of the Directors of the Company held at 10 South Colonnade, London E14 4PU on 12 December 2024

Present:

Baroness Natalie Evans (NE) - Board Chair
Michael Stark (MS) - NED
Tracy Vegro OBE (TV) - NED
Kevin Holland (KH) – Chief Executive Officer and Accounting Officer
Helen Powell (HP) – Director of Finance and Resources
Andrew Jones (AJo) – Shareholder Representative Director, Department of Energy Security and Net Zero (DESNZ)

Attending:

Alison Jeffers (AJe) – Interim Chair of the Audit, Risk and Assurance Committee (ARAC)
David Conroy (DC) – Board Observer
Claire Davies (CD) – Board Observer
Ian Rodger – Director of Public Sector Decarbonisation
Gemma Gregory (GG) – Director of Organisation, Design and People
Andy Carter – Director of Communications
Simon Sharkey Woods (SSW) – Director of Data and Information Systems
Chiara Lorenzetti – Director of Transformation and Delivery Excellence
Julie Ellis (JRE) (minutes) – Head of Governance and Company Secretary

QUORUM

A quorum being present, NE declared the meeting open.

1. WELCOME, INTRODUCTION, APOLOGIES AND DECLARATIONS OF INTERESTS

All Board members were present. There were no apologies or declarations of interests.

This was HP's last meeting as a Board member. She was thanked for her excellent service to Salix and wished the best for the future.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of the meeting of 27 October 2024 as a correct record.

All other action items from the above meetings were dealt with, in progress or covered on this agenda.

3. CEO UPDATE

KH presented a paper on his first two months in post. The Board noted the following observations on the organisation and plans to address issues arising:

- Salix has twenty years' experience of supporting organisations in implementing energy efficiency and heat decarbonisation projects and this remains high on national and global political agendas. A board and executive strategy day will be arranged for early March.

Action – JE to circulate invitation for 6 March 2025.

- The portal for applications for funding under the Public Sector Decarbonisation Scheme Phase 4 (PSDS 4) closed on 25 November and was oversubscribed.
- Close collaboration is taking place between Salix and DESNZ Housing Teams to ensure the successful delivery of the HUG programme. Salix is recruiting an Interim Director of Housing Decarbonisation to lead this and other housing work.
- KH had a useful meeting in Whitehall with housing grant recipients.
- The Annual Report and Accounts have been published on our website and are being processed by Companies House.
- The Board requested that the eight apprentices who joined Salix on 9 September are invited to meet the Board at its next meeting in Manchester in mid-July.
- Salix and DESNZ are engaging in constructive discussion about amending limits on the use of advance payment bonds by grant recipients to secure the delivery of projects.

4. PUBLIC SECTOR DECARBONISATION SCHEME PHASE 4 UPDATE; GREATER MANCHESTER COMBINED AUTHORITY UPDATE/DEVOLUTION

IR presented a paper on Phase 4 PSDS. The Board noted that 305 applications made for funding under the scheme are being processed with funds to be allocated in March. The Board noted a decrease in the amount of funding being applied for compared to earlier phases, which may be attributable in part to changes to eligibility rules. It was further noted that the availability of scheme data is limited as PSDS is still relatively recent and there is ongoing dialogue between Salix and DESNZ regarding policy underlying future phases. AJo expressed DESNZ's gratitude to Salix for its adaptability.

The Board noted that Salix is in discussions with two combined authorities (Greater Manchester and West Midlands) to whom PSDS funding has been devolved.

5. [CONFIDENTIAL ITEM]

6. CULTURE CHANGE PROGRAMME

GG outlined the culture change programme to be introduced into Salix. The Board noted that the organisation attracted talented and committed people, but corporate expectations needed to be delineated comprehensively and consistently and led by the HR team. The Board noted the following:

- Key people policies have been revised as a corporate priority and the target to review other policies is 31 March 2025.
- A leadership charter drawn up in consultation with the Senior Leadership Team will be launched next week. This sets out behaviours/characteristics expected of our leaders and those that are not acceptable/fall below expected standards.

- A process to procure a provider to manage a staff survey that will be benchmarked against civil service standards has commenced.
- There will be a planned programme to enhance employee experience and increase engagement.
- A rigorous skills analysis programme will commence in April 2025 and a review of appraisal assessment to align with that of the Civil Service.

The Board welcomed this structured approach.

7. BOARD PROCESS

The Board received the following papers to assist with and formalise the process for Board meetings and other business, also setting out the framework and legal powers within which they operate:

- (i) Board and Committee meeting calendar for 2025-26 (for approval)
- (ii) Board Schedule of Business for 2025-26 (for approval)
- (iii) Board Effectiveness Review Questions (for approval)
- (iv) Draft Framework Document between Salix and DESNZ (for approval)
- (v) Drafts of special resolution to amend Articles of Association and proposed amendments to articles

(i) and (ii) Calendar/Schedule of Business

The Board **APPROVED** these in principle, subject to minor review to accommodate availability. The Board asked that the content of the schedules be continually reviewed to ensure that oversight at an appropriate level was achieved, particularly in the areas of risk and culture. *Post-meeting note – July board meeting date brought forward to 17 July.*

(iii) Board Effectiveness Review

Following initial discussion at the October Board meeting, revised review questions were considered and **APPROVED**. It was agreed that this first review would be conducted entirely internally and would commence in the New Year.

(iv) Framework Document

Subject to the matters referred to in the following paragraph, the Board **APPROVED** the Framework Document (FD) governing the relationship between Salix and DESNZ. The Board noted that the FD had been approved in principle by the Board in December 2023, following which a further review has been conducted by HM Treasury. Provisions relating to the appointment of a Shareholder Representative Director (SRD) have been added to reflect that there has been an SRD on the Board since April 2024.

The Board considered whether 10.6 needed amendment to include a reference to work with the devolved combined authorities; at present, it allows Salix to enter into agreements with the Scottish and Welsh Governments. The Board also asked that the source of funding for this work be clarified as Salix currently benefits from a Teckal

exemption in respect of its business with DESNZ (as over 80% of our business comes from DESNZ and it is our sole shareholder, a formal public sector procurement process is not required to be followed). *Post-meeting note – amendment made to reflect this for final version published on 7 January 2025.*

(v) Special resolution to amend articles and proposed amendments to articles (v)

The presence of an SRD member of the Board will be written into Salix's articles of association so draft versions of these were presented for noting. The Board noted that these will be sent for legal review by DESNZ before the resolution can be passed and the amendments brought into effect. The Board asked for the wording of articles 20.1 and 20.2 to be considered to clarify that the SRD is a non-executive director and consequently, a preponderance of non-executive directors on the Board.

Board tools

The Board noted that CL and SSW are considering options for board paper portals. This was welcomed as the current method of issue of papers with multiple attachments could be quite unwieldy.

Action – CL to consult with Board members in the portal selection process.

PART 2: PAPERS FOR NOTING

8. RISK REGISTER UPDATE (register updated as at 24 September)

The Board noted this update.

9. SCHEMES OVERVIEW

9.1 Public Sector Schemes Update

9.2.1 Grant Audits Update

9.2.2 Grant Audit Plan

9.3 Housing Schemes Update

The Board noted these papers on scheme delivery and audit.

10. OPERATIONAL PERFORMANCE (to 30 November 2024)

The Board noted the paper on operational performance for the period ended 31 October 2024.

11. COMMUNICATIONS UPDATE

The Board noted the first of a regular series of updates from the communications team. AC outlined the priorities of the team and the tools and processes currently being used to achieve these. The Board welcomed the paper and requested that an eighteen-month communications plan be presented to the Board in early 2025.

Action – AC to produce paper to Board.

12. AOB

12.1 Transformation Office

CL presented an oral update on the work of the transformation office. This was established in July 2024 to provide support to project management across the organisation. The Board noted:

- The team's priorities in its first few months of existence have been around compliance and structure including process mapping, procurement and data protection compliance, policy and training.
- The new procurement team, which reports into the transformation directorate, is reviewing expiring contracts.
- The Project Management Office will apply controls and methodology to projects already in place in housing delivery and data, technology and workplace.

13. CLOSED SESSION OF THE BOARD IN THE ABSENCE OF OFFICERS

The non-executive members of the Board had a discussion in the absence of all other officers.

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Tuesday 28 January 2025 in our London office.

Baroness Evans of Bowes Park

Chair

28th January 2025

Date