

Minutes of the 204th meeting of the Directors of the Company held at 10 South Colonnade, London E14 4PU on 28 January 2025

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
Andrew Jones (AJo) – Shareholder Representative Director, Department of Energy Security and Net Zero (DESNZ)
David Conroy (DC) – NED

Attending:

Alison Jeffers (AJe) – Interim Chair of the Audit, Risk and Assurance Committee
Claire Davies (CD) – Board Observer
Ian Rodger – Director of Public Sector Decarbonisation (for item 7)
Gemma Gregory (GG) – Director of Organisation, Design and People (for item 5)
Andy Carter – Director of Communications (for item 8)
Paul Hill – Interim Director of Housing (for item 6)
Julie Ellis (JRE) (minutes) – Head of Governance and Company Secretary
Richard McWilliams (RW) – Consultant, Tennex (for item 9)

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.

The Board noted that DESNZ have received notification that the proposed appointments of Alison Jeffers and David Conroy to the Board have passed the BPSS screening process. A formal letter of appointment from the Public Appointments Team confirmed the appointment of David Conroy with effect from 28 January 2025 and that in respect of Alison Jeffers is expected to be finalised shortly. *Post-meeting note: appointment of Alison Jeffers to take effect from 24 February 2024.* Both were congratulated.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of the meeting of 12 December 2024 as a correct record. The Board noted the remarks made by CD that minutes should, where possible, follow the style guide produced by the Cabinet Office.

The Board welcomed the combining of papers into single scripts for this meeting. Potential procurement of an electronic portal for Board papers (action item Board 009 12/12/24) will be considered with the board effectiveness review.

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

3. CEO UPDATE

The Board noted and discussed the Chief Executive's update paper. The Board noted in particular:

- The new Framework Document setting out Salix's relationship with DESNZ was published on 7 January 2025.
- The grant delivery allocations will start to migrate through devolved authorities and accelerate as the council structure adapts to the devolution agenda. Spending review 2 is underway and has a significant impact for the future financing across government.
- The appointment of Paul Hill as Interim Director of Housing. A strong candidate has been identified for the post of Director of Finance and Resources.
- The policy framework updating exercise is proceeding well, with around a further twenty revised or new policies to be drafted before the end of March.
- All in staff in the office days took place on 17 December in London and Manchester at which Salix's new values and leadership charter were launched. The days were enjoyable and well-received.
- CEO priorities remain on track with the addition of the recent launch of a strategy process.

The Board extended its congratulations to the PSDS team on its excellent customer satisfaction survey results.

4. UPDATES OBSERVATIONS AND ACTIONS FROM ARAC MEETING 16 JANUARY 2025

The Board received an oral update from the Chair of ARAC of key discussions arising from the ARAC meeting dated 16 January. Key areas covered/points noted included:

- while work remains to be done, the organisation is closing some control gaps;
- awareness among staff of the implications of being an arm's length body needs further clarification and focus; and
- the post-audit Management Letter for 2023-24 from the NAO was positive and teams from Salix and the NAO collaborated well in the external audit process.

A recent whistleblowing complaint which had been overseen by the ARAC Chair on behalf of the Board, had concluded. The complaint had not been upheld. The complainant had been informed of the outcome and appeared satisfied that matters had been fully investigated. Learnings from the case were being addressed in the new policy and supporting processes.

5. WHISTLEBLOWING POLICY

The Board received the draft whistleblowing policy for its approval, having been approved in principle by the Executive Management Team. The Board noted that the policy has been

aligned where possible with that of DESNZ, but that there was no right of reporting to the Civil Service Commission in Salix's case.

The policy was welcomed as largely clear and comprehensive. The Board asked that the following points be considered/fed into the draft before its issue as final.

- Inclusion of an explanation of responsibilities held by different parties.
- Whistleblowing must also be explained to new starters on commencement of employment.
- A standard template for all policies would ensure that boiler plate clauses were included.
- An FAQs section and/or additional guidance notes would make it easier for employees to understand the policy and apply it in practice.
- Clarity around the comparative processes to be followed for formal and informal raising of issues.
- An explanation of the difference between matters to be handled as grievances and whistleblowing would be helpful.
- Potential outcomes should be set out, with express reference to the fact that it may not always be possible to apprise the whistleblower of the conclusion.
- A softening of the wording regarding action against vexatious complaints so as not to run the risk of deterring people from raising concerns.
- Rights of referral to other bodies should be explained within this policy (e.g. reference to "prescribed regulators") and should be consistent throughout the policy.

Subject to the matters above, the policy was **APPROVED**.

6. [CONFIDENTIAL ITEM]

7. ENGLISH DEVOLUTION UPDATE

The Board received IR's update on devolution and noted the publication of the English Devolution White Paper on 16 December 2025.

The Board noted that delivery under devolved funding may not involve the end-to-end delivery partner service currently offered, but more modular solutions to fulfil policy objectives. Our operating model and skills sets would need to be reviewed (e.g. need for dedicated marketing and legal resources) and we may need to accelerate the implementation of a CRM-type system. The Board recommended a cross-delivery offer (PSDS and housing) and dedicated devolution group. No policy change is anticipated to carbon savings targets. Fragmented delivery pathways may complicate monitoring and may lead to a short term focus on achieving the targets at the expense of broader policy aims. Salix needs to devise proposals for an appropriate strategy, taking note of lessons learned from the development of Salix Plus last year in respect of future housing scheme delivery.

The Board acknowledged that our experience and links would appear to make us well placed to bid for opportunities from devolved authorities, but there is still a risk that others may be preferred. The Board noted that DESNZ have provided funding for two members of staff to work on devolution.

The Board drew attention to the fact that devolution had not yet been identified as a key separate risk on the corporate risk register (though devolution was called out in R10 on government policy). It asked that it be added so that all likely risks arising could be comprehensively addressed. The Board noted the uncertainty around the impacts of devolution and the importance of understanding its interaction with other projects. It requested that adequate time be allowed on the strategy day agenda to allow for further discussion of the potential risks and impacts on these. A change of business model to engagement on small projects may impact on financial viability and ability to operate as a NDPB. The Board requested that a cost benefit analysis be available for each of the options presented for discussion at the strategy day. A cost-benefit analysis would need to be completed, which may be challenging in the timeframe. The Board was informed that the new Director of Finance would be considering these as priority issues once in post.

8. STRATEGIC COMMUNICATIONS PLAN

Due to a shortage of meeting time, a full review of the draft communications plan was deferred. AC issued draft papers on new values and a core script for future consideration in advance of the joint Board/executive team strategy day scheduled to take place on 6 March.

9. STRATEGIC PLAN 2026-29

The Board was introduced to Richard McWilliams of Tennex Consulting who is assisting Salix with a revised strategic plan. RW has thirty years' experience as an engineer, including leading delivery for the Mayor of London and in private practice as a technical expert for Turner & Townsend.

The Board noted that RM has worked with the EMT and SLT and used the PESTLE model as a basis for eliciting key areas of risk and opportunity that will underpin the strategy. These were: devolution, policy and funding, increasing competition, new technology and consumer confidence.

Scenarios will be established so that the options to address have context and tangibility. RM will spend a half-day session with the Board and Executive at their strategy day on 6 March to advance the plan. The Board expressed a preference to conduct this exercise internally, and not invite any external speaker to the event.

The Board indicated that they would take a "carte-blanche" approach, setting aside any previous presumptions in setting any new parameters. Initial thoughts of the Board on matters to be addressed at the strategy day included:

- addressing all options open including private commercial opportunities;
- a realistic assessment of our capabilities to be worked in at an early stage;
- what are our limits in the context of a cost-benefit analysis;
- ensuring we assess what our potential customers need from us and their appetite;
- considering our legal structure;
- how any transition would be managed; and
- identifying agile and adaptable business opportunities

Interviews of key stakeholders will be conducted before the strategy day and Board members were invited to attend to assist conduct or observe these.

Action – CL to agree interview schedule and attendees with RM.

PART 2: PAPERS FOR NOTING

10. RISK REGISTER UPDATE (register updated as at 7 January 2025)

The Board noted this update.

11. SCHEMES OVERVIEW

11.1 Public Sector Schemes Update

11.2 Housing Schemes Update

The Board noted these papers on scheme delivery.

The Board was pleased to note the successful delivery of funds under the Home Upgrade Scheme before the end of 2024, which exceeded expectations and elicited praise from DESNZ. The focus will shift to the delivery of SHDF in the next few weeks.

12. OPERATIONAL PERFORMANCE (to 30 December 2024)

The Board noted the paper on operational performance for the period ended 30 December 2024.

13. COMMUNICATIONS MONTHLY UPDATE

The Board noted this update.

14. KEY MEETINGS CALENDAR/BOARD SCHEDULE OF BUSINESS

The Board noted a number of requests to change meeting dates in the current calendar.

Action – Governance Team to issue a new version and any consequential revisions to Board and Committee schedules of business for approval. Feedback is requested within seven days of issue.

15. AOB

Feedback on these minutes is requested within seven days of receipt so that the content can be locked.

Board members are welcome to provide any other feedback or commentary to the executive via the Board Secretariat and this will be considered before the next Board meeting.

16. 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 25 March 2025 in our London office. The Board and Executive will hold a strategy day on Thursday 6 March 2025 also in the London office.

Baroness Evans of Bowes Park

Chair

25th March 2025

Date