

Present:

Baroness Natalie Evans (NE) - Board Chair
Michael Stark (MS) - NED
Tracy Vegro OBE (TV) - NED
Andrew Jones (AJo) - Shareholder
Representative Director, Department of
Energy Security and Net Zero (DESNZ)
Alison Jeffers (AJe) - NED, Interim Chair of
the Audit, Risk and Assurance Committee
Kevin Holland (KH) - Interim Chief Executive
Officer and Accounting Officer

Attending:

Claire Davies (CD) – Board Observer
Louise Lynch (LL) – Interim Head of Financial
Planning and Analysis (for item 6)
Julie Ellis (JE) (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

Apologies were received from Andy Gillies (Director of Finance and Resources). There were no declarations of interests. It was noted that this would be Michael Stark's last meeting as a member of the Salix Board and the Board wished to extend its gratitude for his service and dedication.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board adopted the minutes of the meeting of 25 March 2025 as a correct record.

The Board noted the new format of the action log that combines all live action items into a single digital system which can be presented in different ways. The Board accepted the rationale for managing the information in this way for operational purposes so that the executive had clear oversight of matters arising from board meetings but did not find the current format was appropriate for the Board's review.

It was agreed that completed items should be removed from the log.

The Board requested that actions arising from discrete projects, such as from the Board effectiveness review be reported separately. It was agreed that the Board effectiveness review action plan should be presented to the Board quarterly.

The Board indicated that progress or significant slippage on implementation of some important historical projects, such as security enhancing finance systems changes, may not previously have been shared with Board as well as it should have been.

The Board noted that the upcoming introduction of BRAG rating for Board actions would be discussed at the July Board (with blue indicating completed items and green for items on track).

3. CEO UPDATE

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

- Potential challenges in the domestic and global political landscape posed by growing scepticism towards net zero policies.
- The outcome of phase 2 of the comprehensive spending review (SR2) and review of arm's length bodies is expected on 11 June. This will be a significant step in the policy direction of the remaining term of this government.
- A new programme of staff online appraisals is underway, with a moderation meeting held last week to review those in the highest and lowest of the three bands.
- The Housing team are successfully finalising the Home Upgrade Grant (HUG).
- Minister for Energy Consumers, Dr Miatta Fahnbulleh MP, recently visited Salix PSDS school and leisure centre schemes.
- KH presented Salix UK wide and its interactions with Scottish government at the All-Energy Exhibition and Conference 2025 in Glasgow.
- There is a clear interest in geothermal energy projects following the recent approval of three projects for funding in PSDS 4. A presentation will be given to Board at its July meeting and we are actively building our expert contacts in this area.

4. [CONFIDENTIAL ITEM]

5. OBJECTIVES 25/26

5.1 Annual Chair's Objectives Letter

The Board noted that the Annual Chair's Objectives Letter, which sets out the priority objectives for this financial year in accordance with the Cabinet Office's Code of Practice for sponsoring Arm's Length Bodies, is being completed and will be issued shortly.

5.2 Business Planning, CEO and cascade objectives

The Board noted the final key organisational and CEO's objectives for Salix in this financial year. The four key aims of the three-year strategic plan are:

- Delivering decarbonisation
- Innovating operations
- Expanding partnerships
- Maximising impact

The Board noted that the aims have been cascaded down via a set of objectives in each area of the business. A milestone chart is being set up and will be shared with the Board to denote progress.

6. BUDGET 25/26 – UPDATE

LL, Interim Head of Financial Planning and Analysis, deputised for AG to present this item.

The Board welcomed the early issue of the Delegated Authority Letter (DAL) (received early May) setting out the budget conferred by DESNZ for the financial year 2025-26 which should facilitate its management.

The Board noted that full amounts requested were awarded in respect of core and public sector budgets.

The Board noted that Salix's request for the Housing budget was £18.5 million and the formal allocation (in the DAL) at this stage was c.£16 million.

The Board noted that the P1 finance report reflected legacy items from the previous financial year such as the closing down of matters and the embedding of process changes/improvement. A "business as usual" report will be ready for P2.

7. BOARD MEMBERSHIP UPDATE AND UPDATE ON PEOPLE AND REMUNERATION COMMITTEE

The Board noted the following changes to board and committee composition in the light of Michael Stark's departure from the Board on 31 May:

- Tracy Vegro will replace MS as the Chair of the People and Remuneration Committee (the Committee) with effect from 22 May 2025.
- Claire Davies is appointed to the Board as a non-Executive Director with effect from 1 June.

The changes to the Board will be notified to Companies House and Salix's Register of Directors will be updated in accordance with section 162 of the Companies Act 2006.

The Board thanked MS for his role in overseeing the expansion of the Committee's remit from a focus on executive pay and terms to a broader consideration of the organisation's people. Appreciation was also extended to Gemma Gregory, Director of Organisational Design and People, for her assistance in this process.

In-depth consideration of the outcome of the recent people survey will be considered in detail by the Committee, though the Board were pleased to note the 91% engagement rate.

PART 2: PAPERS FOR NOTING

8. SCHEMES OVERVIEW

8.1 Public Sector Schemes Update

The Board noted this paper.

The Board requested consideration at a future meeting of the implications of underspend in the first year of projects. The Board noted that applicants may not always anticipate the full extent of works and commitment required to complete a project when submitting outline planning applications.

The Board was assured that project abandonment levels are analysed and inform future schemes. Under PSDS Phase 4, a further 25% of funding was awarded to applicants above the initial allocation to allow for potential abandonments. Risks associated with novel technologies will be considered at the July Board meeting.

8.2 Housing Schemes Update

The Board noted the Housing Schemes Update paper. The Board noted that SHDF2 is denoted as a red risk (as assigned by Infrastructure Projects Authority). Previously a specific focus from DA and DP to maximise delivery of the HUG scheme achieved excellent results. It is expected that a similar approach to maximise delivery in respect of the SHDF programme will now be applied, with a goal to see the red rating reduced to amber in 2025-26.

9. BOARD EFFECTIVENESS REVIEW REPORT (FINAL)

The Board noted the publication version of this paper, which summarised the high-level conclusions drawn from the recent internal Board Effectiveness Review ("BER"). (See minute 2 above regarding monitoring of actions).

10. RISK MANAGEMENT REPORT AND CORPORATE RISK REGISTER

The Board noted this update.

11. PERIOD 1 FINANCE REPORT

The Board noted the finance report for the period ended 30 April 2025.

In response to a question, the Board noted that Salix had taken steps to secure its NetSuite support system.

12. COMPLAINTS AND CUSTOMER SERVICE UPDATE 24/25

The Board noted the complaints and customer service update for full year 24-25.

The Board noted the low number of complaints. It was noted that many issues raised by clients can be appropriately classified as policy questions or suggestions and addressed outside the formal complaints process.

It was further noted that queries about funding policy are more appropriately addressed to or forwarded to DESNZ.

13. COMMUNICATIONS MONTHLY UPDATE

The Board noted the Communications Monthly update.

The Board was pleased to see effective use of social media, such as through LinkedIn, to maximise Salix's profile and invaluable work.

The Board noted that trend graphs and benchmarking would enhance the update.

14. KEY MEETINGS CALENDAR/BOARD SCHEDULE OF BUSINESS FY 25-26

This item was noted.

15. AOB

None.

16. PLUS/DELTA REVIEW

The Board conducted a brief Plus/Delta review to continue optimising the board meeting effectiveness.

17. 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 Thursday 17 July 2025 in our Manchester office.

Baroness Evans of Bowes Park

17 July 2025

Chair

Date