

Annual report and accounts

2024-2025



Contents

Strategic Report

Page 3

Chair's foreword	Page 4
Chief executive's statement	Page 5
A year of decarbonisation in a dynamic world	Page 7
Who we are	Page 8
What we do	Page 9
What we achieved in 2024-25	Page 10
Our future plans	Page 15
Our people	Page 17
Corporate and social responsibility	Page 18
Sustainability report	Page 19
Risk management	Page 22
Financial review	Page 24
A year in Salix: six case studies	Page 25

Accountability Report

Page 28

Directors' report	Page 29
Remuneration and staff report	Page 45
Parliamentary accountability and audit report	Page 55
Independent auditor's report	Page 56

Financial statements

Page 65



Strategic report

Chair's foreword

It's an honour to chair the board of Salix. Over the last year I have seen for myself the tremendous passion and dedication of our team for our mission to help save the planet.

Climate change remains one of the biggest global issues of our time. This is no small challenge, and we are tackling it step by step. Together we have already achieved significant successes, and I am proud of our achievements highlighted in this report.

In 2024 we welcomed a new chief executive, Kevin Holland, who has brought clear leadership and vision to the role. We also welcomed five other new board members: Andrew Jones, David Conroy, Andrew Gillies, Alison Jeffers and Claire Davies, each bringing a fresh perspective and relevant expertise to the company. Michael Stark retired on 31 May 2025, after more than 12 years guiding Salix's development as a member of the board. We give him our thanks and best wishes.

Salix's work has a real, tangible and positive impact on people's lives. We're focused on delivering for government, by making buildings into better places to live, work, visit and enjoy, reducing energy bills and supporting improved consumer protection.

To improve our delivery in 2024-25, we launched new schemes, successfully retired part of our housing programme and further expanded our Manchester office. We introduced new senior roles, new systems, two new directorates and a project management office.

Over the coming year, we will continue to monitor and roll out new technologies, build strong partnerships, share best practice and learn from experience. Our expertise and experience are central to meet the UK's carbon targets and our

ability to remain focused means we can get things done.

Government can lead the way. It can show leadership, but it cannot do this alone. Organisations like ours are fundamental to deliver governments' policy goals.

We will continue to drive the benefits that impact widely across society. Our work is good for the planet, good for people and good for communities.

Together we can make a difference.

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Organisations like
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policy goals.”



Baroness Natalie Evans
Chair of the board

Chief executive's statement

The world is changing fast and climate change is not standing still. Neither are we. Our mission at Salix is to deliver essential upgrades to the nation's homes and public buildings, to lower bills for energy users and cut emissions in the process. Our goal is ambitious, our work is transformative, and our drive is second to none.

We saw that 2024 was the first year to surpass the 1.5 degrees Celsius global warming threshold - a wake-up call indeed – and highlighting we still have a long way to go.

We're committed to our mission to help save the planet, and I am certainly excited about the impact of the work we do. As I review the last year's achievements in this annual report, I am both inspired and daunted by our work across the public sector and social housing area.

By the end of 2024-25, we had awarded £3.7 billion of public sector decarbonisation scheme (PSDS) grants in England for schemes with a total value of over £4.6 billion. These grants are projected to save over 550,000 tonnes of eCO₂ each year.

We also delivered more than 35,000 energy efficiency improvement measures to improve social housing.

We secured our own Silver Carbon Literate Organisation status and

welcomed eight new apprentices to the business.

In the last year, we have continued to deliver innovative and much needed carbon reduction programmes across the UK. We secured two National Infrastructure and Service Transformation Authority (NISTA) green ratings for the Public Sector Decarbonisation Scheme and the Home Upgrade Grant both of which we administer on behalf of the Department for Energy Security and Net Zero (DESNZ.) It is a significant achievement because fewer than 11 per cent of the government's major projects portfolio are given a green status.

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We will continue to strengthen delivery, maximise our impact and adapt our strategic priorities.”

We are committed to working with governments, supporting policy as it is shaped.

The UK government spending review in June 2025 confirmed that PSDS grant awards continue fully funded with almost £1 billion to disburse over three financial years.

However, it also confirmed that there would be no additional funding for the English public sector decarbonisation schemes.

My role as chief executive is to ensure our teams are equipped to meet changing needs in a fast-changing world. We will continue to strengthen delivery, maximise our impact and adapt our strategic priorities to ensure long-term resilience and sustainability.

Our professional teams in finance, energy, technology and delivery will support organisations to explore potential new pathways to decarbonisation.

Salix has unique skills and experience to contribute. I am confident that we have an agile, expert and innovative team well set for these challenges that lie ahead.

I am a mission-driven leader, and I feel a huge responsibility to support our team to deliver the best we can. We must focus on collaboration and remain agile while maintaining a passion, empathy, humility and humanity in everything we do.



Kevin Holland
Chief executive



The installation of a fossil-free heating system underway at Parrs Wood School in Manchester.

2024-25 delivering decarbonisation in a dynamic world

Two National Infrastructure and Service Transformation Authority (NISTA) green ratings for the Public Sector Decarbonisation Scheme and the Home Upgrade Grant.



£2.9 billion awarded to more than 1,200 projects since 2020 through phases 1 to 3 of the Public Sector Decarbonisation Scheme.

Phase 4 of the Public Sector Decarbonisation Scheme launched with 239 applicants securing grants worth £780 million. They include 86 education projects (c£188 million), 34 in the health sector (£370 million) and 119 other projects (circa £222 million).



Geothermal schemes approved for the first time in 2024-25, offering the deployment of novel green technology. University of York (£35 million) Countess of Chester Hospital (£24 million) and at University Hospitals Birmingham (£15 million).

Phases 2.1 and 2.2 of the Social Housing Decarbonisation Fund saw a total grant spend of £454 million in 2024-25 with more than 35,000 energy efficiency improvement measures applied to 17,000 homes.



In 2024-25, more than £162 million was paid out to Home Upgrade Grant recipients to enable 10,000 homes across the country to be improved. 17,000 homes were assessed with 12,400 approved for upgrades before the scheme closed in March 2025.

Thirteen projects benefited from a £17.4 million investment through phase one of Scotland's Public Sector Heat Decarbonisation Fund. The projects funded during 2024-25 are forecast to save more than 56,000 tCO2E every year.



We supported the Welsh Government's launch of 'Digarbon' to help the tertiary education sector to decarbonise its buildings. In 2025-25, four applicants were successful in the first round of funding, securing a total of £28.7 million.

Who we are

We began life in 2004 and now have more than two decades' experience of making buildings greener and cheaper to run while supporting organisations to decarbonise.

We are wholly owned by the UK government. We are a non-departmental public body under the sponsorship of the Department for Energy Security and Net Zero (DESNZ). We have offices in Manchester and London and employ more than 200 people.

We have delivered public sector decarbonisation funding schemes on behalf of the UK government since our inception and have an active three-year portfolio in England, with funding schemes also active across Scotland and Wales. The first schemes were interest-free loans, which gave financial support to boost energy efficiency across the public sector. Since then, we have grown to support a wide range of funding schemes which benefit from our expertise and experience.

In 2020, we launched the first phase of the Public Sector Decarbonisation Scheme (PSDS) on behalf of DESNZ. This provided £1 billion of grant funding for carbon reduction projects. We also supported the creation of jobs as part of the Low Carbon Skills Fund (LCSF). Both schemes have been enormously successful.

In 2024-25 we continued to deliver further phases of each one. We have developed into a hub of excellence with our specialist teams offering

information and advice on green technology, communications, finance, project delivery and management.

Two years ago, the UK government appointed us as the delivery agent for a new wave of the Social Housing Decarbonisation Fund (SHDF) and Home Upgrade Grant (HUG) schemes.

These projects have delivered warm, healthier and comfortable energy efficient homes to lift more households out of fuel poverty.

We are passionate about our mission because we're working to achieve net zero and delivering homes and buildings across England, Scotland and Wales that are great places to live work and visit.

We continue to use our experience and expertise to ensure each scheme successfully reduces carbon and we provide expert assurance, advisory and support to our clients.



Air source heat pumps at Morley Town Hall installed with Public Sector Decarbonisation Scheme money.

What we do

We're on a mission to help deliver essential upgrades to the nation's homes and public buildings, to lower bills for energy users and cut emissions in the process.

That's why we enable and inspire organisations in the public and private sectors to achieve their ambitious net zero targets and create better places to live, work, use and visit. We're passionate about our work and proud to be on the journey with them.

We deliver the government funding schemes that support councils, schools, housing associations, hospitals and universities to boost their energy efficiency, reduce their impact on the environment, save money and to remove households from fuel poverty.

The schemes we deliver, and the projects we support, help towards the UK's ambition to become net zero by 2050 and to make Britain a clean energy superpower, while protecting consumers and promoting the creation of jobs and economic growth.

We work with the UK government and the devolved administrations in Scotland and Wales.

As well as managing the funding schemes, we provide professional advice, expertise and support to grant recipients, from even before the projects have been secured or funded right through to project completion.

We also offer insight, intelligence and influence by sharing knowledge and lessons learnt from project delivery to help improve future schemes and to shape policy development.

This extends to organisations at the early stages of their decarbonisation journey who may have much closer contact with us as their journey progresses.



Solar panels installed on a home in Rochdale as part of the Home Upgrade Grant scheme.

What we achieved in 2024-25

In 2024-25, our 21st year, we expanded our size, scale, maturity and the value we bring to DESNZ, the governments in Scotland and Wales and to our clients and grant recipients.

Within our core mission to help save the planet, we were able to apply our skills and expertise to new areas in 2024-25.

Operationally, we welcomed a new chief executive and three additional non-executive directors.

We continued to drive forward our public sector and housing programmes with funding and support to a wide range of decarbonisation and retrofit schemes.

Our work was rewarded with a National Infrastructure and Service Transformation Authority (NISTA) green ratings for the Public Sector Decarbonisation Scheme and the Home Upgrade Grant schemes. We administer both on behalf of DESNZ. Only 11 per cent of the government's major projects were given a green rating, so this is a significant achievement.

The election of a new UK government brought a renewed focus to our work as we responded to new government policy and changing priorities. This will change the shape of our future work.

Public sector schemes

Since 2020 we have awarded funding totalling £2.9 billion to more than 1,200 projects through the earlier phases one to three of the Public Sector Decarbonisation Scheme.

We continue to support 474 projects in their delivery or completion stages. Projects in the first three phases of the Public Sector Decarbonisation Scheme are forecast to cut annual carbon emissions by more than 388,000 tonnes of carbon dioxide equivalents (tCO₂e) and to save more than £70 million in energy costs each year.

This equates to 2.6 billion miles travelled by an average petrol car or the annual carbon emissions saved by a wind farm of 75 turbines.

Phase 4 of the Public Sector Decarbonisation Scheme was launched in 2024-25 with 239 applicants successfully securing grants worth £780 million.

They include 86 education projects (c£188 million), 34 in the health sector (£370 million) and 119 other projects (circa £222 million).

Between them, the Public Sector Decarbonisation Scheme phase 4 projects are expected to reduce total carbon emissions by more than 164,000 tCO₂e each year and achieve annual energy savings of £4.5 million annually.

For the first time in 2024-25, we approved funding for three geothermal schemes which offer

exciting possibilities for the deployment of novel green technology.

The new technology is being put to the test at the University of York (a £35 million grant) at the Countess of Chester Hospital (a £24 million grant) and at University Hospitals Birmingham (a £15 million grant).

Heat networks were highlighted as a strategic priority for government in 2024-25 as an additional way to decarbonise the public estate. We are supporting the connection of a further 60 large buildings to local heat networks.

An example of the wide range of our activities is reflected in the Public Sector Decarbonisation Scheme project approval in 2024-25 for Sunderland City Council to install electric cremators at its Chester Road crematorium. The authority projects that it will save more than 5,000 tCO₂e each year by switching from gas.

In 2024-25, we received, and assessed, 705 applications to the fifth phase of the Low Carbon Skills Fund, which supports organisations to create robust heat decarbonisation plans. We distributed £15 million to 124 successful projects and offered feedback to every applicant.

The Recycling Fund scheme in England closed at the end of March 2025. Since inception, the Recycling Fund has enabled 170 public sector organisations deliver more than 10,000 public sector decarbonisation projects.

These are projected to save a combined 250,000 tCO₂e annually

and to reduce energy bills by a total of £55 million every year.

2024-25 also saw the completion of the final street lighting projects funded through the Public Sector Energy Efficiency Loan Scheme (PSEELS) with £2.2 million distributed.

At the point of closure, the scheme has paid out a total of £643 million across more than 4,400 projects. The funding is expected to lead to annual energy savings of £133 million for the organisations involved and a 470,000 tCO₂e cut in emissions each year. We continued to work closely with the governments in Scotland and Wales in 2024-25.

Thirteen projects benefited from a £17.4 million investment through phase one of Scotland's Public Sector Heat Decarbonisation Fund. The projects funded during 2024-25 are forecast to save more than 56,000 tCO₂e every year. We launched the second phase of the fund in March 2025.

We committed a further £3.9 million to 113 projects under the Scotland Recycling Fund in 2024-25. These expect to return annual energy savings totalling £1.3 million.

More than 100 existing Scotland Recycling Fund schemes were completed in 2024-25. They had a combined value of £5.3 million with forecast CO₂e savings of 1,325 tonnes. The Scotland SEELS scheme was paused for new commitments in 2024-25.

However, one existing scheme completed in 2024-25. Two more

remain in their delivery phase and are expected to finish in 2026-27.

In Wales, we worked with the government to launch a new initiative called 'Digarbon'.

It is designed to support the tertiary education sector to decarbonise its buildings. Four applicants were successful in the first round of funding, securing a total of £28.7 million. A second wave of Digarbon launched in April 2025 for delivery through to 2026.

We administered £7.1 million under the Wales Funding Programme in 2024-25 with 14 projects benefiting. The predicted annual carbon savings from these totals 890 tCO₂e and yearly energy savings are expected to reach more than £1 million.

Twelve of the 14 projects were completed during the period covered by this report.

2024-25 was also significant for the Wales Funding Programme where interest was applied to the loans granted for the first time. In previous years, recipients had no interest to pay.

The Wales Recycling Fund paid out £547,000 to 21 applicants in 2024-25. Eighteen projects were completed with expected annual energy savings of £161,000 and carbon savings of 144 tCO₂e.

In 2024-25, we started working with the combined authorities in the West Midlands and Greater Manchester to support their use of devolved decarbonisation funding. We anticipate more opportunities to work with regional administrations as

the government's ambitions for English devolution come to fruition.

We engaged with more than 5,000 participants through our programme of webinars and learning opportunities across all our public sector schemes in 2024-25.

We strengthened our specialised Decarbonisation Dialogue event, aimed at giving grant recipients a chance to showcase and share their challenges to project/scheme delivery and to promote the solutions they found.

We also continued our hugely popular Distribution Network Operator webinar series, to share expertise across the sector.

Housing highlights

In England, we continued to support the delivery of the DESNZ Social Housing Decarbonisation Fund and Home Upgrade Grant schemes in 2024-25.

Phases 2.1 and 2.2 of the Social Housing Decarbonisation Fund saw total grant spend of £454 million with more than 35,000 energy efficiency improvement measures applied to 17,000 homes.

We also re-modelled our Social Housing Decarbonisation Fund team in 2024-25 to support DESNZ's 'maximising delivery' push to support scheme grant recipients (GRs).

Our project support officers moved away from their assurance role to engage directly with grant recipients to drive successful project delivery.

By combining the expertise of our project support officers, our intelligent client function team, colleagues in the delivery partner and good data, we were able to support better decision-making and changes to policy.

The Home Upgrade Grant closed at the end of March 2025.

In 2024-25, more than £162 million was paid out to grant recipients to enable 10,000 homes across the country to be improved.

In the same period, 17,000 homes were assessed with 12,400 approved for upgrades before the scheme closed.

Permission was given for works to 645 properties to continue beyond the end of 31 March 2025 because of extenuating circumstances which had impacted project delivery.

In response to the request to 'maximise delivery', our Home Upgrade Grant team worked closely with our delivery partner consortium and DESNZ to offer additional targeted support for grant recipients.

This was provided to ensure successful project delivery and to reduce the number of projects being withdrawn or reduced in size, scale or ambition. It meant flexing the delivery agent/delivery partner model to drive improvements.

We launched our Home Upgrade Grant digital 'hive' in 2024-25. This is a separate area of our website which contains tailored information critical to grant recipients for successful scheme delivery. It is a Salix initiative to streamline

communication and improve knowledge sharing.

To provide further support to grant recipients, we launched a series of round table discussion events with the department and the delivery partner.

Segmented to either the Social Housing Decarbonisation Fund or the Home Upgrade Grant, the round tables were designed to help grant recipients better understand policy, to break down any barriers in their knowledge or understanding, to share best practice in delivery and to provide operational support. Through our 'Learning Community' function, we ran 13 learning sessions in 2024-25.

Topics were selected based on evidence and data from scheme delivery allowing us to target specific issues or challenges being faced by grant recipients.

The sessions were attended by a total of 482 grant recipients. Direct engagement with, and support for, grant recipients was also achieved through a series of onsite visits.

Our chief executive and executive leadership all visited housing projects during the year, along with colleagues from our delivery teams. We improved the performance of our delivery partner in 2024-25.

New processes were introduced and improvements made to the quality of data, the customer records management system and digitisation. We also carried out an audit of the delivery partner's billing mechanism.

A new set of key performance indicators for our delivery partner consortium was agreed with DESNZ in 2024-25 and is now being reported monthly.

A social value report commissioned in 2024-25 found the delivery partner was meeting its agreed objectives in this area with impressive activity relating to apprenticeships, volunteering and ethical governance.

During 2024-25, DESNZ asked for our delivery expertise to manage a retrofit validation project. This followed the identification of non-compliant retrofit works in the Energy Company Obligation Grants (known as ECO4) and the Great British Insulation Scheme (known as GBIS) legacy household retrofit schemes. Neither ECO4 or GBIS are Salix-administered schemes.

However, we were able to quickly provide resources to assist DESNZ with critical investigation and analysis in other schemes where homes have had been retrofitted with energy performance improvements.

We have supported validation with an audit of upgrades to homes made under capital schemes by completing 288 home audits, scheduling a further 307 and engaging with 62 grant recipients.

We continue to work with government on this issue in 2025-26.

Digital, data and technology

We grew our technology capability during 2024-25 to enable us to continually improve the way we provide access to schemes and exploit the data we manage to improve our impact.

Although the focus has been on building a capacity and capability to support increasing transformation and improvement in 2025-26, we continued to successfully manage the delivery of platforms and services that have enabled all our schemes to deliver effective decarbonisation for the government.

We also strengthened our relationships with key partners and strategic suppliers so that we can increasingly gain more from the economies of scale of working together. This will help us gain the maximum impact from the investments we make.

In terms of resilience and security, we increased our focus on protecting our operations in 2025-26 by improving the configuration of our core platforms and services and by increasingly following best practice around cyber security principles.

We also invested in people with specialist skills to help us to stay vigilant and protected. We continued to provide security awareness training and do testing to ensure people are working safely.

Our future plans

Our mission to combat climate change and to reduce fuel bills has never been more urgent, yet it is clear that the investment required presents a global funding challenge.

Our mission to combat climate change and to reduce fuel bills has never been more urgent, yet it is clear that the investment required presents a global funding challenge. We must both accelerate our impact and find new ways to finance the decarbonisation journey and allow more people access to warmer homes which are cheaper to run.

This is a pivotal moment to make a meaningful difference in a world which is changing quickly.

2024 was the first year to surpass the 1.5 degrees Celsius global warming threshold. It should be a critical wake-up call for all of us.

Recent climate events have demonstrated the escalating risks too. The 2024-25 winter's severe weather conditions, snow, ice and subsequent flooding in areas such as Leicestershire, the south-west of England and Wales left families grappling with devastation, some for a second time.

Meanwhile, catastrophic wildfires in California and Spain resulted in the tragic loss of life and caused widespread destruction.

These events are the backdrop which reinforces our purpose as a business and underscores the importance of

our work in reducing harmful greenhouse gas emissions.

We will adapt and continue to deliver decarbonisation in a dynamic world.

Our future plans laid out a three-year delivery path to reduce carbon emissions across buildings in the UK, while being ready to adapt our goals to government policy changes.

In the 2025 spending review, which outlined capital and day-to-day funding for government departments over the three years to 2028-29, the government allocated £13.2 billion to the Warm Homes Plan. However, it decided not to commit additional investment for the Public Sector Decarbonisation Scheme beyond the already awarded projects, which are due to finish by 31 March 2028.

The government's Warm Homes Plan is expected to be published shortly and will lay out an ambitious programme to reduce fuel bills, expand energy efficient technologies and improve consumer experiences. The Warm Homes Plan may shape and impact our work and objectives and may reframe our interactions in the DESNZ delivery network. DESNZ remains committed to the continuity of our portfolio responsibilities.

In the meantime, we are continuing to deliver Phase 3c and Phase 4 of the Public Sector Decarbonisation Scheme. All currently awarded projects in the scheme remain fully funded, and the work to support these projects will continue until the projects are complete and operational.

Phase 3c projects will continue until 31 March 2026 and Phase 4 projects will continue in delivery up until 31 March 2028, with scheme closure and monitoring to continue in subsequent years.

DESNZ has confirmed that it will support the continuation of our schemes and commitments with our wider partner network including the Scottish and Welsh governments, strategic authorities and other partners.

We will remain committed to our core delivery mission and build agility as well as strengthen our skills. We have identified four areas of focus in the coming year:

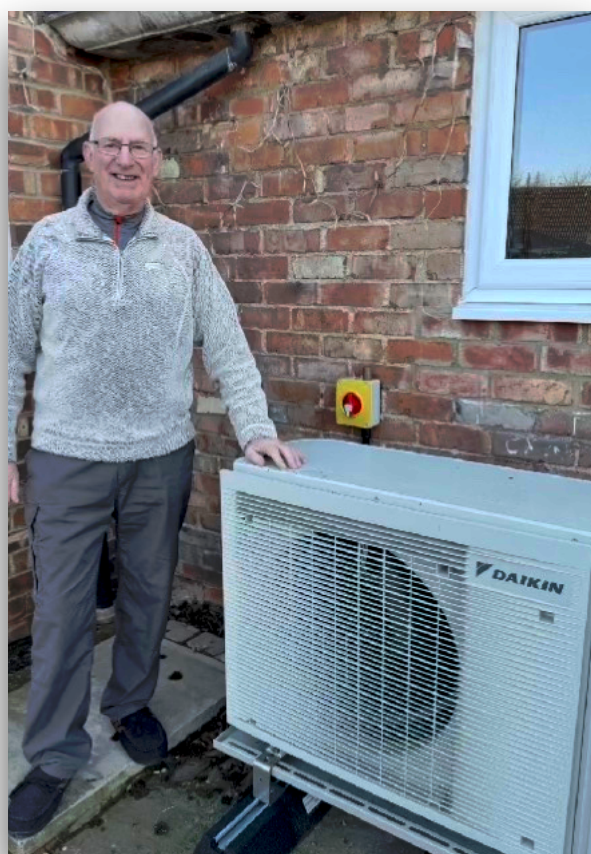
Deliver decarbonisation: we are dedicated to delivering our existing commitments for housing and public buildings schemes across England, Scotland and Wales. As a trusted partner, we will continue to manage taxpayer funds well, providing assurance and clear financial reporting. We will support our clients in responding to market challenges and new requirements as they arise.

Innovate our operations: we will be ready for a range of future scenarios by building on our strengths and increasing our capability and capacity, especially around digital delivery. We will embrace our culture of purpose and agility so that our team is inspired and ready to redeploy resources and expertise to accelerate innovative delivery.

Expand partnerships: we aim to build on our trusted and effective partnership with DESNZ to actively develop new collaborative partnerships, delivering thought leadership and market development.

We are committed to supporting local and newly combined authorities in their journey toward net zero.

Maximise impact: we will maximise our impact towards decarbonisation of UK buildings by providing high quality, experienced-based perspectives and leveraging our unique market position, data and evidence to inform policies, practice and delivery of carbon savings. This approach will position us for long-term success, ensuring we remain competitive, agile, and well-equipped to support our clients in a rapidly evolving landscape.



Resident David Fielding with his new air source heat pump which replaced an oil-fuelled boiler at his home in rural North Yorkshire.

Our people

Our people are the power behind where we are today.

Our team is experienced, motivated and deeply passionate about creating a sustainable future through impactful carbon reduction projects.

With a diverse range of expertise, our people bring together a unique combination of technical and relationship management skills, strategic thinking and experience of supporting the delivery of large-scale decarbonisation projects.

Every member of our team is dedicated to reducing carbon emissions and is genuinely enthusiastic about the opportunity to contribute to a greener, more sustainable world.

This passion fuels our collaborative approach, ensuring that our work is undertaken with innovation, dedication and a shared sense of purpose to enable clients to have the best possible chance of delivering successful carbon reduction projects.

In 2024-25, we launched our first apprenticeship programme and we welcomed eight new apprentices to the business in September 2024.

With input from colleagues across the company, we created a new set of values and a leadership charter. Both set expectations and clarity on the behaviours we expect from every member of Team Salix.

Linked to this, was the launch of a new appraisal process to provide a clearer framework for assessing performance of every member of

Team Salix. Our February 2025 employee survey showed high levels of engagement and provided useful insight and areas for improvements in 2025-26.

This includes providing clarity around our training and development as well as being clear about the pathways for progression, creating a strategy for recognition to ensure our people are praised for effective delivery. We'll also do more to promote the benefits of working for Salix and how to access them.

We are committed to promoting and encouraging a culture of equality, diversity and inclusion, where everyone feels valued and supported.

We believe in the importance of diversity, and we celebrate what makes every member of Team Salix unique. We create inclusive and accessible spaces where colleagues feel safe to be themselves.



Industrial air source heat pumps which will provide heating to a network of public buildings in Bradford.

Corporate and social responsibility

We are committed to making a positive impact on the world we live and work in at the corporate and personal level while ensuring value for money for public funds. Our 'green team' co-ordinates these efforts.

In March 2025, we were accredited as a Silver Carbon Literate Organisation by The Carbon Literacy Project. The award recognises our commitment to equip everyone who works for us with the knowledge and skills to actively reduce their carbon emissions and to contribute to a net zero future.

To reach this goal, our target was that at least 90% of employees undertake structured learning to address the challenges faced in combatting climate change on an individual and organisational basis.

Attendees establish their personal carbon footprint using a calculator prior to the course. They are asked to complete an assignment at the end of the course evidencing how in practice carbon reduction principles are applied. This is independently assessed and a certificate issued on successful completion. We continue to consider other corporate benchmarks in this area which would promote optimal practice.

In December 2024, we introduced a new employer-supported corporate volunteering policy which offers staff three days of leave per year to engage in appropriate unpaid activities during work time.

Activities are chosen to align with our values and the Nolan Principles of public office.

We recognise the benefits of corporate volunteering including skills development, job satisfaction, well-being, community engagement and team building.

Examples include a colleague giving up their time to work at a food bank based at a boxing club in their local community.

A director has also used the policy to support a local Explorer Scout group by organising weekend or weeklong camps to introduce young people to activities such as hillwalking, climbing, paddle boarding and kayaking.

We expect our clients and stakeholder to share a sustainable vision and treat their supply chains fairly and operate generally in a way that is conscious of the four pillars of sustainability: environmental, social, economic and human.



A heating and cooling system installed at the British Library in Boston Spa.

Sustainability report

Sustainability is at the core of what we do. We play a significant role in supporting grant recipients and the public to adopt emissions-reducing and energy-efficient technologies and monitor adherence to projected carbon savings targets.

In doing so, we support net zero ambitions for the government, the devolved administrations and authorities and other bodies that use funds for public benefit. We are committed to meeting the Greening Government Commitments (GGC), which set out targets for public sector organisations to monitor their own carbon footprints. Salix operates across two sites managed by the Government Property Agency (GPA). We have worked from a London base in Canary Wharf since September 2022 and a Manchester office since April 2023. We report quarterly and annually on our compliance obligations for both offices under the GGC. This includes office-related energy and water consumption and waste disposal (see scope emissions sections below).

One of the five new values we launched in December 2024 is 'environmental champion', where we will be passionate experts in what we do, determined to make a difference and will lead by example. Our sustainability policy and associated internal processes and practices are being refreshed to ensure they align with our values and meet enhanced reporting and other regulatory sustainability requirements. The work of our 'green team', originally established in 2022, continued in 2024-25. This formal working group encourages the organisation to review its sustainability practices, in alignment with our strategic goals and compliance obligations. The team exerts wide influence including through a dedicated area of the intranet to raise staff awareness of sustainability news and issues.

Greenhouse gas emissions

We have no Scope 1 emissions. We do not own or operate vehicles, air-conditioning, boilers, or generators.

Energy and utility usage (Scope 2 emissions)

Our greenhouse gas emissions principally derive from the gas and electricity used in our shared offices in London and Manchester which are leased and managed by the government. Responsibility for utilities and compliance lies with an agent under the terms of the lease of the Manchester office.

Although we are not responsible for decisions relating to energy and utilities, we feed into this process as tenants. Electricity used in both offices is from a green tariff source. The Manchester office uses renewable energy and in London, the GPA purchases electricity under a Zero Carbon for Business tariff. The Energy Performance Certificate rating of both offices is currently 'C'.

During 2024-25 the GPA have undertaken works to upgrade the building management system at the Canary Wharf site. Greater local control over building comfort levels has the potential to reduce energy use. Lighting fittings on two floors have been replaced with LEDs.

A new air source heat pump has been installed to heat the hot water for the building, removing gas use at the building, which now fully runs on electricity. In 2024-25, our London office was upgraded from an Energy Performance Certificate rating of 'F' to 'C'. In future, sub metering will enable us to better track and understand the energy uses across the site and identify further ways to improve energy efficiency.

The management of our Manchester office are working to replace gas hot water boilers with air source heat. The building management system will be upgraded by the end of 2025 to introduce a live consumption data dashboard. LED lighting and motion sensor upgrades are also being carried out. The improvements are expected to raise the EPC rating from C to EPC B. Indoor air quality is tested annually. There are 10 EV charging points in the car park.

Commuting and business travel (Scope 3 emissions)

There is ongoing communication with staff to heighten awareness of Scope 3 emissions and how they can be reduced. Most of our work can be conducted from a home or office base and most of our colleagues take advantage of our hybrid working model, which saves emissions from commuting. Most people use public transport to commute to and from the office with several staff cycling to work. We have cyclist-friendly facilities available at both our offices for colleagues and visitors to use. We also have a cycle-to-work scheme to support the cost of purchasing a bicycle for commuting.

Most meetings across offices are conducted using Microsoft Teams. The Salix business travel and expenses policy requires employees to consider carbon efficiency when booking work-related travel. Travel between our offices is primarily by train. A carpool may occasionally be used where public transport is not practicable. Air travel for long-distance journeys requires budget holder approval. In May 2025 we rolled out a travel booking platform which will enable us to automatically track carbon emissions relating to business travel and hotel stays and we will use this data to improve our GGC reports.

Other resource consumption

Most documents are generated and stored electronically, with negligible printing. Both our offices include ample recycling facilities and collections. Waste streams for recycling, refuse and food waste are reported on through GGC, with data provided by building managers and a percentage applied for the proportion of floorspace occupied by Salix. Both offices have a "zero-to-landfill" waste management approach. Food waste goes to anaerobic digestion and non-recyclable refuse goes to Energy Recovery Facilities which produce energy through the combustion of residual waste. Water consumption is also reported to GGC for both offices. ICT equipment that is no longer used, such as laptops, is disposed of through the Waste Electrical and Electronic Equipment certification process.

Resilience to climate change

Our adverse weather and travel disruption policy addresses how to enable the business to deal with the impact of such events on Salix and our business continuity

arrangements are under continuous review. These will also address practical advice to staff to improve the resilience of their homes and workspaces and support their working and wellbeing during periods of hot weather.

Biodiversity

Operating from predominantly urban locations and renting as tenants limits the direct impact we can have on biodiversity initiatives. However, following a baseline ecological assessment of the Manchester site in January 2024, initiatives implemented there include a small green roof with plants, a bug hotel, a bird box, and three bee hives. The next biodiversity review for this site is planned for 2025. There are plans to improve the bin store roof planting in 2025, as well as installing more bird boxes. There are also plans for more planters to be installed in the piazza.

Social and economic sustainability

Our procurement policy and practice is aligned to Crown Commercial Service's principles and supports an open and competitive process. The Procurement Act 2023 allows contracting authorities flexibility to incorporate social and environmental outcomes into procurement, so long as award criteria remain relevant and proportionate. We remain committed to ensure more significant procurement includes:

- consideration of the carbon emissions of the services being procured
- using suppliers with lower carbon emissions than their predecessors
- using suppliers that have a credible net zero strategy.

Our grant offer terms require grant recipients to ensure, to the best of their ability, that their suppliers' operations comply with all laws, regulations, and best practice in respect of legal and ethical practice and upholding human rights and dignity. It is our objective that the projects we fund, when completed, also provide social benefit from warmer, safer and more sustainable buildings, shared spaces and homes.

Supply chain assurance

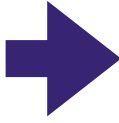
We expect our clients to treat their supply chains fairly. They should not divest unreasonable levels of risk, should pay invoices promptly and should engage with the supply chain to ensure value for money for public funds.

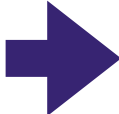
We support DESNZ in respect of its obligations to report on its supply chains under section 54 of the Modern Slavery Act 2015.

Risk management

The key risks we face, the trend in those risks over the year, and the mitigating activities and controls we have in place to manage the risks are set out below.

Our risk management processes are set out in detail in the governance report on page 39.

Risk	Risk trend	Mitigating activity
Non-delivery of objectives for our public sector and housing schemes. We have demanding objectives for delivery of our public sector and housing schemes. Not meeting these objectives would have significant implications for our contribution to net zero and future operating model.		• Detailed work to understand and support staffing and training requirements in both areas. • Continuous liaison with DESNZ to understand and support key government priorities in relation to these schemes. • Monitoring scheme performance by ELT through monthly reporting and scheme steering boards.
Changing government priorities We have expanded rapidly to meet increased government ambition and funding for our schemes, but, as is demonstrated in particular during an election year, governments and their policy priorities can change.		• Active engagement with DESNZ colleagues to understand policy changes and their impacts on Salix. • Output focus to ensure successful delivery of current schemes and highlighting their benefits. • Building support amongst public sector clients. • Active participation in projects looking at potential future delivery options.
Failure of key systems due to vulnerabilities or cyber-attack If key systems do not work because of cyber-attack or design/implementation errors, this can have wide ranging impacts for the organisation that could significantly disrupt operations.		• IT provider performs monthly on-site network checks including ensuring network protection and antivirus software are up to date. • Moved to a more advanced Microsoft licence that provides more tools for data leak prevention and security. • Multi-factor authentication rolled out to all staff for Microsoft accounts • Staff provided with ongoing online security training. • IT provider performs periodic phishing testing to improve employee understanding and awareness. • Regular attendance at DESNZ partner organisation cyber working group. Cyber security business continuity plan developed in 2024-25

Risk	Risk trend	Mitigating activity
Staffing and culture Uncertainty with regards to the future strategic direction of the company giving rise to significant people and skills risk including heightened flight risk and challenges to embed a stable culture.		· Key people policies reviewed and updated in 2024-25. · New Director of People & OD started in September 2024. · Communications related to future direction has brought certainty to the housing team. Along with training opportunities this has helped with our retention efforts. · Culture sessions have been delivered to roll out Salix's new core values and a leadership charter · Pay policy launched in November 2024. · New appraisal process launched for 2025-26
Fraud (external and internal) Fraud is committed at corporate level or in the PSDS/Housing schemes.		· In-house counter-fraud team in place. · All staff are trained in fraud prevention. · Scheme level fraud risk assessments in place and reviewed on an ongoing basis. · All housing grant recipients are required to complete fraud risk assessments that are managed by the delivery partner, with oversight by the Salix fraud team. · Ongoing site visits of projects funded through the public sector schemes and benchmarking of costings to ensure that project delivery in accordance with grant terms. · Anti-Fraud, Bribery and Corruption Policy approved by ARAC in December 2024. 20% of Public Sector grant recipients subject to grant audit by Salix's grant audit team.

Financial review

The accounts on pages 66 to 86 and this commentary cover the operating costs of Salix itself, not the funds we disburse on behalf of DESNZ or the Scottish or Welsh governments. Salix is mainly funded by grant-in-aid from DESNZ for the decarbonisation schemes that we manage on its behalf. We also receive fees from the Scottish and Welsh governments for the schemes that we manage on their behalf.

In accordance with the Treasury’s Government Financial Reporting Manual, our grants from DESNZ are treated as financing transactions, so they are credited to reserves, and appear in our statement of changes in taxpayers’ equity and cash flow statement, but they are not shown in our statement of comprehensive net expenditure.

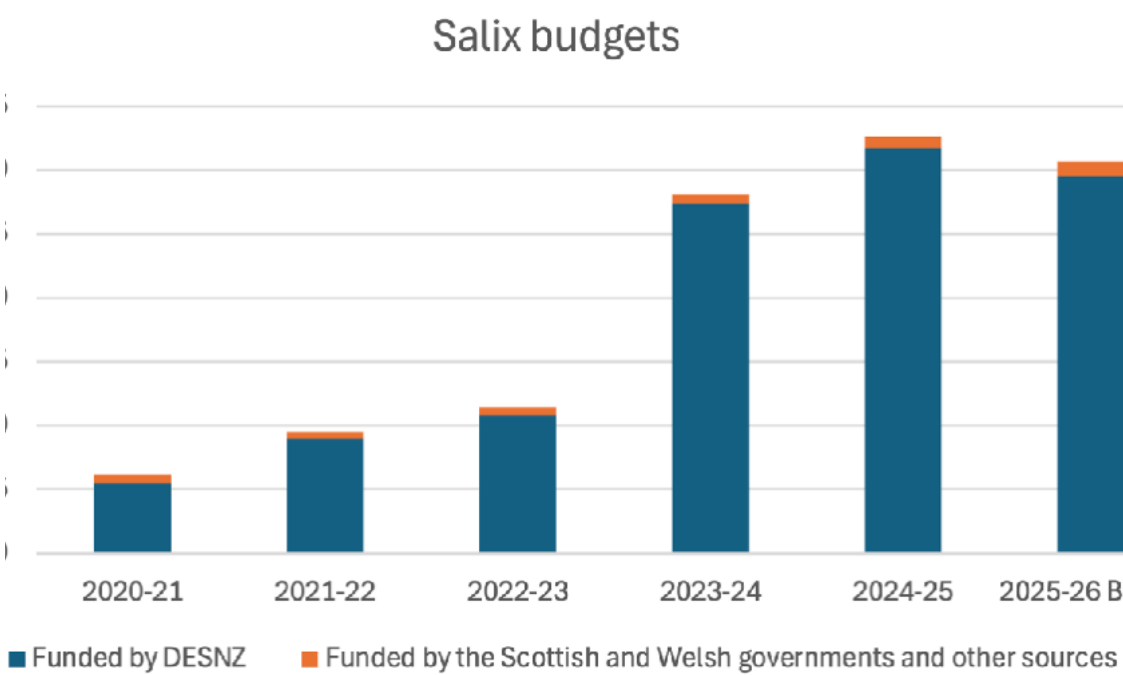
Our fees from the Scottish and Welsh governments are shown as income in our statement of comprehensive net expenditure.

Our budget from the department increased in 2023-24 as we took on the role of delivery agent for phase 2 of the Social Housing Decarbonisation Fund and phase 2 of the Home Upgrade Grant, managing the work of the department’s private sector delivery partner. This work continued through 2024-25.

Our total operating budget from the department for 2024-25 was £32.2m and our net expenditure was £31.7m, £0.5m or 1.6% under the budget.

Our budget from the department for 2025-26 is £29.5m. The reduction compared to 2024-25 reflects the end of phase 2 of the Home Upgrade Grant scheme, and the department’s decision to manage phase 3 of its housing schemes directly without a delivery agent

Our total expenditure for the past five years is summarised in the table below, together with the budget for 2025-26.



Warmer and cheaper-to-run homes for hundreds of families in Leicestershire

103 homes in Hinckley are now warmer and cheaper to heat thanks to **£1.4 million in funding through the Social Housing Decarbonisation Fund Wave 2.1**.

Through the scheme, Hinckley and Bosworth Borough Council has upgraded homes originally built in the 1920s and 1930s with external wall insulation. External wall insulation (EWI). Not only does it improve the home's energy efficiency, it entirely transforms the façade of a building and modernises what would otherwise be a dated exterior of a home.

The transformation of homes in Hinckley and Bosworth has brought a notable sense of pride for social housing tenants. Some properties also received new windows and loft insulation.

Resident Lisa Wheatley, who had EWI installed in her home speaks of the "huge difference this has made for her family. Lisa's energy bills have been reduced and she says it takes less time to heat the house.

Where it was notably cold when she first moved in, now, she says: "I can turn on the heating for just an hour before the whole home is warm, and my children have noticed the difference too."



Upgraded homes in Hinckley

£1 sunny day energy costs after Somerset homes benefit from efficiency boost

Families living in 374 properties across Bristol, Bath, and North and North East Somerset are benefitting from lower energy bills and warmer homes thanks to upgrades **funded through the Home Upgrade Grant Phase 2**.

The homes include a 300-year-old cottage which has been transformed with air source heat pumps, solar panels, loft insulation and ventilation measures.

Before the upgrade, Gillian - who has owned the property (pictured below) for 44 years - had to lug bags of coal up the steep slope to her cottage to power the ancient heating system.

Another home, a post-war end of terrace previously was only warmed with three storage heaters, two of which were either broken or faulty.

Owner - Harriet - also benefited from solar PV which has reduced her electricity costs to as low as £1 a day when the sun shines.

The HUG project was managed by Bristol City Leap. It was set up as a 20-year partnership between the local council and Ameresco to accelerate decarbonisation and green energy projects across the area.



Gillian's 300-year-old cottage

Future of film archives protected by journey towards net zero

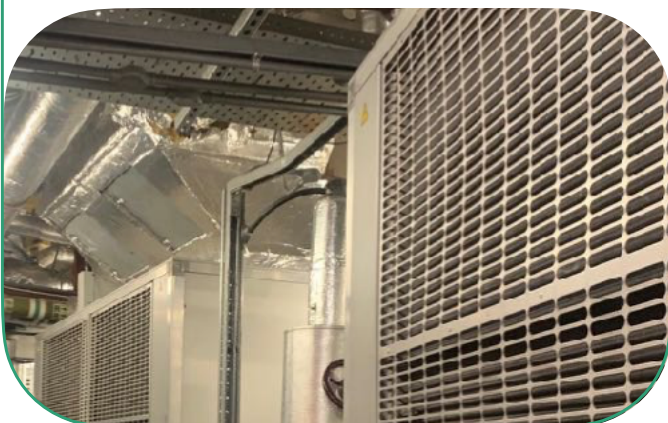
Every movie buff will be familiar with the iconic British Film Institute, home to one of the most famous collections in the world.

We've been privileged to support the BFI on its net zero journey to safeguard the BFI archives and buildings for the future. The organisation successfully bid for funding under **the Public Sector Low Carbon Skills Fund (LCSF)** which we delivered on behalf of the Department for Energy Security and Net Zero.

LCSF unlocks expert advice for public sector organisations so they can create heat decarbonisation plans and plan energy efficiency works. In 2024, the BFI was awarded £52,000 under phase 5 of the fund, enabling it to commission a heat decarbonisation plan for four of its five sites.

One of its venues is at Southbank in London. Located directly under Waterloo Bridge it has no roof or external spaces to locate plant and equipment, which brings unique challenges around implementing energy efficiency measures.

The Low Carbon Skills Fund has allowed the BFI to plan for the significant capital works required for a more sustainable future so the costs can be incorporate this into its business planning process.



The BFI's existing heating solution

Low carbon upgrades for historic RAF hangers

The Royal Air Force Museum is blending its legacy of innovation with a commitment to sustainability.

The museum's north London site is undergoing a significant upgrade **worth £2.4 million which has been funded by Phase 3c of the Public Sector Decarbonisation Scheme.**

The investment is driving the replacement of aging heating systems and introducing state-of-the-art, low-carbon technologies, ensuring that this landmark institution remains at the forefront of both history and sustainability.

Outdated gas-fired boilers, which have reached the end of their life, are being replaced by highly efficient air source heat pumps (ASPs). The pumps will extract heat from the outside air, providing a reliable and low-carbon heating solution for these expansive hangars that house rare aircraft.

The museum is also implementing a photovoltaic (PV) solar system, which will generate electricity on-site and further reduce the museum's reliance on fossil fuels. Other upgrades include insulation to help reduce possible heat loss.

Together, these upgrades are forecast to save the museum around 345 tonnes of carbon and £52,000 annually.



Helicopter display at the RAF Museum

Welsh educational institutions receive 'Digarbon' funding

Four leading education institutions in Wales have been awarded funding to help decarbonise their buildings and estates.

Swansea University, Royal Welsh College of Music and Drama, Cardiff University, and University of Wales Trinity St David have been offered funding **as part of the Welsh Government's 'Digarbon' scheme.**

The £20 million loan initiative assists higher and further education institutions in Wales transition to a sustainable low carbon future. By focusing on heat decarbonisation, energy efficiency, renewable energy, and electric vehicle infrastructure, the scheme plays a key role in supporting Wales' broader climate goals.

Cardiff University will use £12.2 million to support energy efficiency upgrades to its Tower and Law buildings the designated conservation area of Cathay's Park.

Meanwhile, Swansea University's funding will enable the installation of double glazing at its Union House and Margam buildings.



Cardiff University

Kevin Holland
Accounting office
3 December 2025

Schoolchildren benefit from decarbonisation project

A £1.625 million scheme in South Lanarkshire has become the first of the projects funded through Scotland's Public Sector Heat Decarbonisation Fund to complete.

Pupils at Our Lady of Lourdes Primary School in East Kilbride are now enjoying warmer classrooms thanks to sustainability upgrades installed through the scheme.

Issues with humidity, dampness and water ingress had been cited at the school and the 23-year-old boiler providing heat and hot water to the site had begun to fail.

The local council proposed a retrofit programme to replace the fossil fuel heating system with an air source heat pump. Insulation measures included upgrading to triple glazed windows and insulating the roof and walls.

To further reduce energy demands, new lighting controls and a remotely-managed building management system were installed.



Air source heat pumps at Our Lady of Lourdes Primary



Accountability report

Directors' report

The directors present their report together with the audited financial statements for the period 1 April 2024 to 31 March 2025. The company's registered number is 05068355.

The organisational structure, and the membership of the board during the year and up to the date of this report, are set out in the governance statement on page 33.

The principal activities of the company are set out in the performance overview section of the strategic report from page 10.

The principal risks and uncertainties of the company are set out on pages 22 and 23.

Going concern and viability

Accounting standards and the Corporate Governance Code together require company directors to assess the company's ability to continue in operation as a going concern, explain in the annual report how they have made that assessment, and state the period they have considered and why they consider that period to be appropriate.

For their assessment of Salix's status as a going concern and the viability of the business, the directors have concentrated on the period up to 31 March 2027. Beyond this date, while DESNZ has confirmed its commitment to the continuity of our current live schemes, the upcoming Warm Homes Plan may affect how those schemes are delivered, so the directors cannot meaningfully consider later periods.

As set out in the future plans section, the 2025 spending review included no further investment for the Public Sector Decarbonisation Scheme beyond the already awarded projects, and the government's Warm Homes Plan may also impact on our future work. In the meantime, our current schemes are continuing with significant funding to disburse, and DESNZ has confirmed that it expects to continue to provide funding to Salix until at least 31 March 2027.

Therefore, the directors have a reasonable expectation Salix will continue in operation and meet its liabilities as they fall until at least 31 March 2027, and they have concluded that it is appropriate to prepare the financial statements on the going concern basis.

Directors' third-party indemnity provisions

The company has directors' and officers' liability and corporate liability insurance which includes cover for third party liability in accordance with the Companies Act 2006.

Section 172 statement

The board of directors promotes the interests of the company, having regard to:

- the likely consequences of any decisions in the long-term. The board sets our strategy, in consultation with Salix, and ensures that objectives are set and decisions taken in order to deliver the strategy
- the interests of the company's employees. The board, through the People and Remuneration Committee, oversees our people strategy. For more information see page 45.
- the need to foster the company's business relationships with suppliers, customers and others, and maintaining a reputation for high standards of business conduct. Our strategy is focused on delivering decarbonisation schemes for our customers and expanding our partnerships with them
- the impact of the company's operations on the community and environment. For more information see the sustainability report on page 19.

Statement of directors' and accounting officer's responsibilities

The directors and the accounting officer are responsible for ensuring that the annual report and accounts are prepared in accordance with applicable law and regulations.

They are responsible for ensuring that proper accounting records are maintained that disclose, with reasonable accuracy at any time, the financial position of Salix and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Salix and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for preparing the strategic report and the directors' report, and for the maintenance and integrity of the corporate and financial information included on the company's website.

The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of the business and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing accounts, the directors and the accounting officer are required to comply with the requirements of the Government Financial Reporting Manual and the Companies Act 2006, and to:

- apply suitable accounting policies on a consistent basis
- make judgements and estimates on a consistent and reasonable basis
- confirm that applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- ensure that the annual report and accounts are fair, balanced and understandable
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Department for Energy Security and Net Zero, acting on behalf of HM Treasury, has designated the chief executive officer of Salix as its accounting officer. The duties of an accounting officer, as set out in HM Treasury's publication 'Managing Public Money', include responsibility for the propriety and regularity of public finances, keeping proper records and safeguarding Salix's assets.

Emma Clancy was chief executive and accounting officer of Salix from 1 November 2023 up until 3 October 2024.

Kevin Holland was appointed as interim chief executive and accounting officer with effect from 4 October 2024. Kevin Holland has both sought and received assurances

from Emma Clancy to inform his approval of the annual report and accounts and this statement of responsibilities.

The accounting officer confirms that the annual report and accounts are fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

Disclosure of information to auditor

The Comptroller and Auditor General was appointed as Salix's auditor in March 2021, after Salix was taken into public ownership. Each of the directors and the accounting officer confirms that:

- as far as they are aware, there is no relevant audit information of which the company's auditor is unaware
- they have taken all the necessary steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Signed on behalf of the board



Kevin Holland

Accounting officer

3 December 2025

Governance statement

This governance statement sets out the governance, risk management and internal control arrangements for Salix and applies to the financial year 1 April 2024 to 31 March 2025 and up to the date of approval of the Annual report and accounts.

Our governance framework and structure

Legal status and relationship with the department

Salix is a company limited by guarantee¹ and a non-departmental public body (NDPB) sponsored by the Department for Energy Security and Net Zero (DESNZ, or the Department). The Secretary of State for Energy Security and Net Zero is the sole member of the company, and Person of Significant Control under the Companies Act 2006. A Framework Agreement was concluded in September 2020 with the Department of Business, Energy and Industrial Strategy (BEIS), the predecessor of DESNZ. The Framework Agreement was replaced with a Framework Document dated 7 January 2025². The Framework Document regulates the relationship between Salix and DESNZ across all key areas of the business.

As an NDPB, Salix complies with government guidance documents including Corporate governance in central government departments: code of good practice (the Code)³, and Partnerships between departments and arm's length bodies⁴. As a limited company, and as adopted in section 6.2 of the Framework Document, we now also comply with the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code⁵ to the extent practical and appropriate to our status as an NDPB. In addition to these core documents, letters of delegated authority from the Department issued annually set out the financial delegations within which Salix can operate independently. Salix reports on an annual basis through the DESNZ Partner Organisations' return on its compliance with key requirements of being a NDPB. The chair, chief executive and the executive team have regular meetings with their counterparts in DESNZ to ensure ongoing dialogue and a consensus around how to further shared objectives. In addition to the formal meetings, our stakeholders in DESNZ can raise concerns at any time.

² Salix Finance Framework Document January 2025

³ Corporate Governance Code for Central Government Departments 21 April 2017 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609903/PU2077_code_of_practice_2017.pdf)

⁴ Partnerships between departments and arm's-length bodies: Code of Good Practice 24 February 2017 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594345/Partnerships_between_departments_and_arm_s_length_bodies-code_of_good_practice.pdf)

⁵ Financial Reporting Council's UK Corporate Governance Code: [16 July 2018](#). A new code published on 22 January 2024 will apply to financial years commencing on or after 1 January 2025.

Organisational structure



The board

In accordance with the articles of association, Salix is governed by a board of directors. The board comprises two executive directors (the chief executive and director of finance and resources) and six non-executive directors (NEDs). Kevin Holland was appointed as interim chief executive with effect from 4 October, replacing Emma Clancy. Andy Gillies was appointed as interim director of finance and resources with effect from 17 February, replacing Helen Powell.

In the light of the continued growth of the organisation, Salix has increased the number of non-executive board members from four to six during the year (the Articles of Association permit up to ten board members in total). There was some delay in appointing new NEDs under the formal Public Appointments process, in part due to a mandatory stay on appointment activity for a period leading up to the general election on 4 July 2024. Alison Jeffers was appointed chair of the Audit and Risk Assurance Committee on an interim basis from 1 April 2024 and joined the board as a non-executive director on 24 February 2025. David Conroy and Claire Davies were appointed as observers to the board with effect from 1 May 2024, and both have subsequently joined the board as non-executive directors: David Conroy from 28 January 2025 and Claire Davies from 1 June 2025. These appointments strengthened Salix’s capacity in respect of risk management, social housing and company administration specifically. Michael Stark’s term as a non-executive board member came to an end on 31 May 2025. Salix extends sincere thanks to Michael for his service since 2 April 2013 and offers its best wishes for his future endeavours.

Since 1 April 2024, there has been a shareholder representative member of the department appointed to the board with the same rights and responsibilities as any

other board member and company director. This replaced the previous arrangement where the department was entitled to send an observer to any meeting of the board or its committees, and to receive associated papers, but was not a member of the board and hence had no rights to vote, count in the quorum or sign written resolutions.

The full membership of the board for the financial year and up to the date of approval of this report is as follows:

Baroness Evans of Bowes Park (Chair) - NED
Michael Stark – NED (up to and including 31 May 2025)
Tracy Vegro – NED
David Conroy – NED (with effect from 28 January 2025)
Alison Jeffers – NED (with effect from 24 February 2025)
Emma Clancy – executive director/chief executive officer (*accounting officer*) (up to and including 3 October 2024)
Kevin Holland – executive director/chief executive officer (*accounting officer*) (with effect from 4 October 2024)
Helen Powell – executive director/director of finance and resources (up to and including 31 December 2024)
Andy Gillies – executive director/director of finance and resources (with effect from 17 February 2025)
Andrew Jones – shareholder representative director (with effect from 1 April 2024)
Claire Davies – NED (with effect from 1 June 2025)

Other than Andrew Jones who is appointed by DESNZ to represent DESNZ's interests, all of the non-executive directors including the Chair are independent.

The board is collectively responsible for providing leadership and oversight of the company and its activities. In consultation with the department and in alignment with their priorities, the board sets the company's strategic direction, ensures that the necessary financial and human resources are in place for the company to meet its objectives, monitors risks and reviews progress. The board has a code of conduct requiring board member compliance with the Nolan Principles of Standards in Public Life.

During 2024-25 and to the date of this report, the key issues the board has focused on have included:

- Salix's role in the new government's energy and net zero policies, and our opportunities to work with combined and strategic authorities in England and Great British Energy as their powers and responsibilities are increased
- Oversight of our schemes, including the launch of Phase 4 of the Public Sector Decarbonisation Scheme (PSDS), Phase 2 of the Scottish Public Sector

Heat Decarbonisation Fund, the Digarbon and Wales Funding Programmes, and responding to DESNZ's decision to deliver the Warm Homes: Social Housing Fund Wave 3 programme through other partners

- The strengthening of Salix's executive leadership team and the focus on organisational change and people and process developments to ensure that the organisation can deliver against its expanded remit. This has included the establishment of a new data, technology and workplace directorate, to drive our use of data, information systems and artificial intelligence
- Completion of the revised Framework Document with DESNZ, moving to closer alignment and greater maturity as an Arm's Length Body
- Developing our strategy for 2025-26 to 2027-28.

The board has two committees: the Audit and Risk Assurance Committee (ARAC) and the People and Remuneration Committee (RemCo) (formerly Remuneration Committee)⁶. Terms of reference for these Committees are published on our website.

Audit and Risk Assurance Committee (ARAC)

ARAC supports the board by overseeing financial reporting, audit, risk management, internal controls and compliance with laws and regulations. Among the key areas of business for ARAC are considering and recommending the signing of the annual accounts to the board, approving key audit documents such as the internal audit plan and internal audit charter and oversight of Salix's risk management framework.

ARAC's terms of reference permit the appointment of specialist advisers on a temporary basis. Since 27 July 2023, Helen Lister and Jay Doshi of the Infrastructure and Projects Authority (now NISTA) have provided guidance to the ARAC committee on this basis. Further strengthening of ARAC has taken place with Alison Jeffers appointed as Interim Chair from 1 April 2024. Andrew Jones also became a member with effect from 1 April 2024, a requirement of the terms of his appointment as a shareholder member director. Claire Davies was appointed as an observer to ARAC with effect from 1 May 2024 and became a full member of the committee from 1 June 2025.

Highlights of ARAC's activity during the year and up to the date of this report include:

- considering and monitoring the implementation of internal and external audit plans and management actions arising from internal audits
- closer scrutiny at meetings on risk management and assurance, counter-fraud measures and financial stability

⁶ The Remuneration Committee was renamed People and Remuneration Committee with effect from October 2024

- considering the Head of Internal Audit's Annual Opinion. The overall opinion gave moderate assurance on Salix' system of governance, risk management and internal control. Of the six internal audit assignments undertaken in 2024-25, two had a limited assurance rating, three had a moderate assurance rating, and the other engagement was an advisory assignment that did not result in an audit opinion
- reviewing the Annual Report and Accounts and supporting documents, providing independent challenge and oversight before their recommendation to the board for approval. The only significant issue for the committee to consider was Salix's status as a going concern, which is addressed in the directors' report on page 29.
- reviewing key documents governing ARAC's activities, audit roles and responsibilities, including Terms of Reference and Internal Audit Charter
- an internal ARAC effectiveness review, and monitoring performance against the recommendations arising from the review for the year, with a further review to take place.

People and Remuneration Committee (RemCo)

The People and Remuneration Committee (formerly the Remuneration Committee⁷) was restructured and an additional NED added to the Committee in 2024-25 to reflect the wider organisational design and Public Sector Pay Controls that accompanied Salix completing the final stages of its transition into an arms length body of DESNZ.

RemCo makes recommendations to the board in respect of the strict adherence to the Public Sector Pay Remit and annual submissions to the Cabinet Office on pay and bonus arrangements for all staff. RemCo also provides advice regarding other employment law matters and policy oversight on recruitment, training and other related matters, including travel and other allowances.

RemCo's key activities during the year are set out in the remuneration and staff report on page 45.

⁷ The Remuneration Committee was renamed People and Remuneration Committee with effect from October 2024

Attendance at board and committee meetings

Attendance at meetings during the financial year 2024-25 was as follows:

Directors	Board Meetings attended out of those eligible	Audit and Risk Assurance Committee Meetings attended out of those eligible	People and Remuneration Committee Meetings attended out of those eligible
Baroness Evans of Bowes Park (Chair)	8 out of 8	N/A	N/A
Michael Stark	8 out of 8	1 out of 1	3 out of 3
Tracy Vegro	8 out of 8	6 out of 6	3 out of 3
Andrew Jones ⁸	7 out of 8	6 out of 6	N/A
David Conroy ⁹	1 out of 2	N/A	1 out of 1
Alison Jeffers ¹⁰	1 out of 1	6 out of 6	N/A
Kevin Holland ¹¹	4 out of 4	3 out of 3	2 out of 2
Emma Clancy ¹²	4 out of 4	3 out of 3	1 out of 1
Helen Powell ¹³	6 out of 6	4 out of 4	N/A
Andrew Gillies ¹⁴	1 out of 1	1 out of 1	N/A

In addition, David Conroy attended six board meetings and one RemCo meeting during 2024-25 as an observer, before joining the board as a full member; and Claire Davies attended eight board meetings and five ARAC meetings during 2024-25 as an observer.

Salix has no subsidiaries or related companies.

Chief executive officer and accounting officer

The board delegates day to day management of Salix to the executive leadership team, and the chief executive is accountable to the board for the performance of the organisation. The chief executive is tasked with ensuring that Salix:

- delivers its mission of managing government funding entrusted to Salix aimed at reducing the emission of greenhouse gases and in pursuance of other climate change and environmental policies

⁸ With effect from 1 April 2024

⁹ With effect from 28 January 2025

¹⁰ With effect from 24 February 2025

¹¹ With effect from 4 October 2024

¹² Up to and including 3 October 2024

¹³ Up to and including 31 December 2024

¹⁴ With effect from 17 February 2025

- delivers funding schemes on behalf of the department and the Scottish and Welsh governments or devolved administrations targeted at public sector bodies in England to fund heat decarbonisation and energy efficiency measures
- acts as the department's delivery agent, contracting with a delivery partner for energy-saving schemes targeted at social housing and low-income households.

Salix's chief executive also serves as the accounting officer. The accounting officer's responsibilities are set out on page 31.

Executive leadership team

The board and the chief executive are supported by an executive leadership team (ELT) which has appropriate delegated management authority for running the business, managing risks and expenditure.

At the year end, the executive leadership team comprised of Kevin Holland (interim chief executive officer), Andy Carter (director of communications), Andy Gillies (interim director of finance and resources), Gemma Gregory (director of organisational design and people), Paul Hill (interim director of housing), Chiara Lorenzetti (director of transformation), Ian Rodger (director of public sector decarbonisation), and Simon Sharkey Woods (director of data, technology and workplace).

The executive leadership team meets formally at least once a month and regularly to meet the needs of the business.

Risk management and assurance

Risk management and internal control processes are embedded within the organisation and integrated within Salix's planning and day-to-day management. Salix's Risk Management Framework, approved by the board in March 2023, ensures collective ownership of and responsibility for risk. These processes were in place during the year and up till the date of approval of the annual report and accounts.

Salix seeks to continually improve its risk management processes through learning and experience. All staff have responsibility for risks in their business areas and receive training in risk management. RADIO logs (risk, assumptions, dependencies, incidents and opportunities) are completed by staff on an ongoing basis for their business areas and reviewed at least monthly at team meetings with an annual refresh. The Executive Leadership Team, supported by the Head of Internal Audit and Risk, are responsible for compiling and maintaining the register of key corporate risks from the team logs and other relevant information, and the board and ARAC horizon scan for new areas of risk which may need to be added.

ARAC plays a key role in assessing and challenging the organisation's attitude to, tolerance for and management of risk, making recommendations to the board. This includes consideration of whether the risks identified by EMT are the most urgent, offering challenge where required. ARAC also assesses our risk management framework and processes. The board, supported by the ARAC, has carried out a robust assessment of Salix's emerging and principal risks. The board reviews and approves the corporate risk register and key risk and audit related policies, again with advice and recommendations from the ARAC. This review process supports informed decision making within the organisation and ensures that changes in risk to our objectives and work programmes are identified and then managed at an early stage. In July 2025, the board approved a risk appetite statement for Salix aligning to our three-year strategic plan for 2025-2028.

The board and the accounting officer take assurance on the systems of risk management and internal control through a 'three lines of defence' model. Operational controls such as recruitment processes, mandatory training, objective setting and budgets and authorization of transactions are the first line of defence. Risk management and compliance processes are the second line. Our internal audit function is the third line of defence.

Salix's strategic risks during the year are summarised on pages 22 and 23.

Board performance and corporate governance

The board is committed to good governance and compliance with the UK Corporate Governance Code and the code of good practice for corporate governance in central government departments.

In accordance with these codes, we carried out an internal board Effectiveness Review in 2024-25. The findings were reported to the board at the March 2025 meeting and shared with DESNZ. The review concluded that the board is operating effectively and is compliant with governing law and guidance. Strengths included the composition and skills of the board, and the board's role in our relationship with DESNZ. Areas for improvement included the need for more clarity around governance and risk management, and better quality and presentation of data. An action plan has been prepared and its delivery will be overseen by the board. An independent external review is planned during 2025-26.

A review of the effectiveness of ARAC was deferred pending the outcome of the board Effectiveness Review and is scheduled to be conducted over the first and second quarters of 2025-26. ARAC will use the National Audit Office's Audit and Risk Assurance Committee effectiveness tool.

The chair and chief executive work closely together, holding pre- and post-meeting reviews and feedback discussions before and after each board meeting. Formal

board meetings are supplemented by information on significant matters as they arise, with regular liaison between board members on an individual basis, and matters referred to a plenary session when required.

Performance reviews are conducted annually for individual board and committee members by the chair, at which there is opportunity for members to feedback on the chair's performance. The chair's performance review is conducted by the Department.

Internal audit

An effective internal audit function is led by the Head of Internal Audit and Risk, who reports directly to the Chair of ARAC, and supports both the board and ARAC.

Internal audit carried out a programme of six audits in 2024-25. The Head of Internal Audit's overall opinion for 2024-25 provided moderate assurance on the effectiveness of the governance and risk and control framework of the organisation.

The Head of Internal Audit's opinion is necessarily retrospective and reflects the system of internal control that was in place across 2024-25. Actions to improve and mature our system of internal control were taken during 2024-25, including:

- The development and consolidation of our internal audit service, following the appointment of a full-time Head of Internal Audit and Risk in August 2024
- The development of assurance processes to assess and demonstrate our compliance with Government Functional Standards
- The creation and consolidation of the Data, Technology and Workplace directorate, improving our cyber security and our capability in the use of data and IT
- A review of policies and processes across the organisation, in particular in risk management, procurement and project management

We expect to see the impact of these changes in the results of the internal audit programme for 2025-26.

The board and Executive acknowledge that rapid growth in recent years had resulted in some underdeveloped areas in its control framework as highlighted in internal audit reports. Some of the specific actions to address this taken over the period include:

- The development and consolidation of our internal audit service. This has resulted in clear recommendations made in respect of, and specific actions identified, for areas requiring attention, such as procurement, contract management and project management skills/capabilities
- Recruitment of specialist staff in areas such as fraud facilitate the task of managing controls.
- The creation and consolidation of the Directorate of Data, Workplace and

Technology will ensure the importance of IS systems to operational efficiency is addressed at the highest level.

- The appointment of a full-time Head of Internal Audit and Risk in August 2024 to continue to build on the solid foundations already established and to evolve an approach apposite for a rapidly growing organisation.
- In addition to these subject matter experts, risk awareness and responsibility for prevention, management and mitigation continues to be rolled out to all staff through risk management training and risk registers across the organisation.
- A new policy framework had been issued and departments across the business are systematically reviewing those in their areas, updating extant policies and/or developing from scratch.
- The new internal directorate of transformation and excellence set up in August 2024 will assist to embed the processes required to ensure ongoing vigilance in respect of our controls across the business. New central project management and central procurement functions have been established and will be supervised under this area.

Accordingly, Salix is confident that major control issues are identified and addressed on a continuous basis and that both processes and lines of defence are continuing to improve.

The work of the People and Remuneration Committee is covered in the Remuneration and Staff Report which is included in the next section.

Conflicts of interest

Salix recognises that its non-executive board or committee members may have external interests. They are not employees of Salix and in most cases will have been appointed by Salix because of the skills and experience acquired through their service with connected and relevant organisations. Board member interests are disclosed on our website. Board members are required to declare any relevant interests arising during meetings and can be required to recuse themselves.

All staff must declare relevant activities and interests which might give rise to actual or perceived conflicts of interest in accordance with our Declaration and Conflicts of Interests policy, which sets out clear guidance for how these should be managed.

Whistleblowing

Salix operates a whistleblowing policy which addresses the handling of concerns raised under the Public Interest Disclosure Act 1988. Our Whistleblowing procedure is monitored by ARAC and concerns received are reported to the board and the Department. One internal whistleblowing concern was reported during the year or

to date. This was independently investigated, and the findings were reported to ARAC.

Customer satisfaction and complaints

Bodies that bid for Salix grants and other Salix customers can complain to us if they are dissatisfied with our service. Salix has a three-stage internal formal complaints process with a right of appeal to the Parliamentary and Health Services Ombudsman (PHSO) after stage three.

An annual complaints report is presented to the board reporting on the activity in the previous financial year. In 2024-25 and to date, there were six matters referred to the complaints team. Of these, three were resolved and three remain ongoing. Complaints received were as follows:

- Three complaints arose from applications to the Low Carbon Skills Fund which were rejected for breaches of our grant conditions. The decisions to reject the applications were upheld in our internal review and the applicants did not pursue the complaints after the outcome letters were issued
- A complaint was made by a grant recipient under the Public Sector Decarbonisation Scheme in relation to the evidence we require. The complaint is still ongoing.
- Two complaints were made by grant recipients under the housing schemes about the timing of grant payments. Those complaints are also still ongoing.

There have been no referrals to the Parliamentary and Health Service Ombudsman.

Information and cyber security

There have been no reportable data loss incidents in the year or to date. Salix continues to take a proportionate approach to the management of security risks in line with the low volume of sensitive and personal information handled.

Conclusion

As accounting officer, it is my assessment, and that of the board, that Salix has complied with the requirements of the [Corporate governance in central government departments: code of good practice](#) (the “Code”) to the extent possible and we are not aware of any material instances of non-compliance at the reporting date. In making this assessment, I am mindful of my accountability to Parliament as accounting officer.

Salix is also required to comply with the requirements of the FRC Code. The code applies primarily to listed companies, but Salix is required to comply where applicable under section s6.2 of its Framework Document. Derogations from the code can be explained as follows:

- Section 3 Composition, Succession and Evaluation of the board – NEDs are appointed by the Department, so there is no dedicated nomination committee to lead the process for new appointments, but the board Chair is actively engaged in the process to the extent possible. In addition, the Chair leads the annual appraisal process of members.
- Section 4 Audit Risk and Internal Control - the Framework Document requires that Salix is audited by the Comptroller and Auditor General, so ARAC does not tender for the external audit.
- Section 5 Remuneration of the board – remuneration of NEDs is determined by the Department.

Emma Clancy was the chief executive and accounting officer from 1 November 2023 up until and including 3 October 2024. I was appointed as interim chief executive and accounting officer with effect from 4 October 2024. I have both sought and received assurances from the previous accounting officer to inform my assessment of this statement and conducted the due diligence that has been reasonably practicable to establish its accuracy for the reporting period. I confirm that, as far as I am aware, all legal and regulatory requirements are met.



Kevin Holland

Accounting officer

3 December 2025

Remuneration and staff report

People and Remuneration Committee

During 2024-25 Salix's People and Remuneration Committee (RemCo) comprised of non-executive directors Michael Stark, Tracy Vegro and David Conroy. RemCo's responsibilities include:

- Setting the overall remuneration policy of the company in consultation with the director of organisational design and people and the chief executive, in line with the Civil Service pay remit.
- Signing off the salary and performance bonuses for executive directors and senior management, in line with Senior Civil Service pay guidance.
- Ensuring the remuneration package for employees and salary levels are appropriately benchmarked.

During the period RemCo met three times and discussed:

- The performance or achievement of objectives by the executive directors and executive leadership team and the recommended performance awards for the 2023-24 financial year
- The annual pay increase for the executive directors and executive leadership team for the 2024-25 financial year in accordance with the senior civil service pay guidelines
- The revised salary bands for all staff below the executive leadership team for the 2024-25 financial year, ensuring compliance with the annual pay remit
- The expansion of the Committee's remit, to include greater emphasis on people and culture, with appropriate adjustments to the name of the Committee and its Terms of Reference
- The People strategy and plan for the culture change programme – agreed by the Committee and progress being monitored

Appointment of non-executive directors

As Salix is an NDPB of the Department for Energy Security and Net Zero, the Secretary of State for Energy Security and Net Zero appoints non-executive directors to the board. These appointments are made in accordance with the Code of Practice for Ministerial Appointments to Public Bodies issued by the Office of the Commissioner for Public Appointments.

All non-executive appointments are for up to three years but may be extended. Appointments are made by the Secretary of State. Remuneration is fixed and not directly performance related. Objectives for non-executive directors are set by the chair.

Non-executive board members and their dates of appointment are listed in the governance statement.

Appointment of the chief executive and executive directors

Executive board members and their dates of appointment are listed in the governance statement. Unless otherwise stated, the executive directors and other officials covered by this report hold permanent appointments.

Appointments are made in accordance with the Salix recruitment and selection policy and principles. The principles set out that appointments must be made on merit based on fair and open competition.

To ensure business continuity all senior appointments are subject to minimum notice periods: the chief executive must give six months' notice, and other executive directors and members of the senior management team must give three months' notice.

Remuneration policy

Our remuneration policy is governed by Public Service pay controls, pay remits and guidance. Within these constraints we aim to provide compensation and remuneration packages to attract and motivate suitably able and qualified individuals and retain them.

Non-executive remuneration (audited)

The remuneration of non-executive directors was as follows:

Name	2024-25	2023-24
	Fees (£000)	Fees (£000)
Alison Jane Jeffers ²	20-25	-
Andrew Jones ⁵	0	-
Dame Teresa Graham ⁴	-	60-65
David Conroy ³	0-5	-
Michael Stark	10-15	10-15
Natalie Evans ¹	20-25	0-5
Tracy Vegro	10-15	10-15

¹ Natalie Evans joined the board on 1 March 2024. Her full year equivalent fees for 2023-24 were £20k to £25k

² Alison Jeffers joined ARAC as interim Chair on 1 April 2024 and joined the board as a non-executive director on 24 February 2025. Her fees in the table include her fees as Chair of ARAC

³. David Conroy was a board observer from 1 May 2024. He was appointed as a non-executive director from 28 January 2025. His fees in the table do not include his fees for serving as board observer

⁴. Dame Teresa Graham's term as Chair of Salix ended on 31 March 2024.

⁵. Andrew Jones was appointed as a non-executive director and the shareholder representative member of the board with effect from 1 April 2024. He is employed by DESNZ and is not remunerated separately by Salix or DESNZ for his role on Salix's board.

Remuneration of executive board members

The remuneration of the executive board members was as follows:

Name	Salary (£000)		Bonus payments (£000)		Pension benefits (£000)		Total (£000)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Annie Shepperd ⁵	-	120-125	-	0	0	10-15	0	130-135
Andrew Gillies ⁴	10-15	-	0-5	-	0-5	-	15-20	-
Emma Clancy ¹	80-85	65-70	-	0-5 ⁶	0-5	0-5	85-90	70-75
Helen Powell ³	85-90	100-105	-	5-10	5-10	10-15	95-100	115-120
Kevin Holland ²	75-80	-	5-10	-	5-10	-	90-95	-

¹. Resigned 11/10/2024 (Full Year Equivalent: £145-£150k)

². Joined 25/09/2024 (Full Year Equivalent: £145-£150k)

³. Resigned 31/12/2024 (Full Year Equivalent: £115-£120k)

⁴. Joined 17/02/2025 (Full Year Equivalent: £115-£120k)

⁵. Resigned 31/12/2023

⁶. Misstated in the 2023-24 annual report and now corrected

'Salary' includes gross salary, recruitment and retention allowances, and other allowances to the extent that they are subject to UK taxation.

Salix does not provide any taxable benefits in kind.

In line with all employees, Executive Directors have access to a defined contribution pension scheme. The Company will contribute six per cent into the scheme if the employee contributes a minimum of three per cent and offers an enhanced pension contribution on a 2:1 basis up to a maximum of ten per cent employer contribution. All executive directors were contributing members of the scheme.

No changes were made to the salary bands of the executive directors during the financial year, and should any future changes be made, they will adhere to the pay guidance for senior civil servants.

No compensation for loss of office payments were made to directors in 2024-25 (2023-24: nil).

Fair pay disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. Total remuneration for this purpose includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, or employer pension contributions. Calculations are based on annualised full time equivalent salaries.

	2024-25	2023-24
Remuneration banding for highest paid employee		
Salary and allowances	£145,000 to £150,000	£175,000 to £180,000
Performance pay and bonuses	£5,000 to £10,000	£0
Total pay including bonuses	£155,000 to £160,000	£175,000 to £180,000
Percentage change from the previous year for the highest paid employee		
Salary and allowances	-16.9%	5.5%
Performance pay and bonuses	Not applicable ¹	-100.0%
Total pay including bonuses	-12.8%	1.2%
Average percentage change from the previous year for all other employees		
Salary and allowances	5.3%	12.4%
Performance pay and bonuses	4.4%	-23.1%
Total pay including bonuses	5.4%	10.6%
Remuneration range	From £22,000 up to £155,000 to £160,000	From £25,500 up to £175,000 to £180,000

Pay ratios		
75th percentile		
Salary and allowances	£52,500	£50,000
Total pay including bonuses	£54,600	£51,000
Ratio of highest paid employee total pay to 75th percentile total pay	2.90	3.5
Median		
Salary and allowances	£40,800	£40,000
Total pay including bonuses	£42,870	£40,700
Ratio of highest paid employee total pay to median total pay	3.7	4.4
25th percentile		
Salary and allowances	£34,170	£33,500
Total pay including bonuses	£35,270	£34,300
Ratio of highest paid employee total pay to 25th percentile total pay	4.5	5.20

¹No bonus was paid to the highest paid employee in 2023-24 so the bonus paid to the highest paid employee in 2024-25 does not return a percentage change.

The reduction in the ratios compared to 2023-24 is because Kevin Holland, the highest paid employee on an annualised basis in 2024-25, has a lower salary than Annie Shepperd had in 2023-24. Annie Shepperd was chief executive for part of 2023-24 and was the highest paid employee on an annualised basis in 2023-24.

The reduction in the salary of our lowest paid employees is because we began an apprenticeship scheme in 2024-25.

Exit packages (audited)

One severance payment in the range £10,000 to £25,000 was made in 2024-25, (2023-24: nil).

Staff numbers (audited)

The number and gender breakdown of staff at the end of the financial year was:

	2024-25			2023-24
	Female	Male	Total	Total
Non-executive directors	3	3	6	4
Executive board	-	2	2	2
Executive Leadership Team	2	4	6	5
Senior Leadership Team	8	7	15	13
Other employees	101	82	183	171
Total	114	98	212	195

The average number of staff during the year was 212.

Staff costs (audited)

	2024-25				2023-24
	Board members £000	Other permanent employees £000	Consultancy and temporary staff £000	Total £000	Total £000
Wages and salaries	359	9,423	726	10,508	8,713
Social security costs	39	1,053	-	1092	854
Pension costs	21	611	-	632	439
Total	419	11,087	726	12,232	10,006

Off-payroll engagements

Temporary off-payroll worker engagements as at 31 March 2025, where individuals are earning at least £245 per day:

No. of existing engagements as at 31 March 2025	7
Of which....	
No. that have existed for less than one year at time of reporting	1
No. that have existed for between one year and two years at time of reporting	4
No. that have existed for between two and three years at time of reporting	2
No. that have existed for between three and four years at time of reporting	0
No. that have existed for between four or more years at time of reporting	0

Temporary off-payroll worker engaged at any point during the year ended 31 March 2025, where individuals are earning at least £245 per day:

No. of existing engagements during the year ended 31 March 2025	13
Of which....	
No. determined as in-scope of IR35	6
No. assessed as out-of-scope of IR35	7
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which: no of engagements that saw a change to IR35 status following review	0
No. of engagements where the status was disputed under provisions in the off pay-roll legislation	0
Of which: no. of engagements that saw a change to IR35 status following review	0

Off-payroll engagements of board-members and/or senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

There was no engagement of board members or senior staff who were not on payroll.

No. of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed board members and/or senior officials with significant financial responsibility', during the financial year. This figure includes both on payroll and off-payroll engagements	0

Consultancy and temporary staff

Salix hires consultants and temporary staff for various professional services when it is cost effective and appropriate, for example to meet a requirement that is short term or outside our core business, or where an external, independent perspective is needed.

Staff	2024-25	2023-24
	£000	£000
Consultancy	74	587
Temporary and agency staff	653	441
Total (incl. VAT)	727	1,028

The costs are inclusive of VAT that Salix does not recover.

Sickness

During the period ended 31 March 2025 the average number of working days lost due to sickness absence was 2.4 days per full time equivalent (2023-24: 1.9 days). These figures exclude 5 members of staff on long term sick (2023-24: 3 staff members on long term sickness). Salix endeavours to provide a safe and supportive work environment and with robust employee assistance programmes.

Staff turnover

The annual staff turnover rate was 24.2% (calculated as leavers as a percentage of the average number of staff during the year). The equivalent figure for 2023-24 was 21.6%. Most leavers cited new opportunities as the major reason for their seeking alternative employment.

Exit interviews held with departing staff are reviewed to identify any emerging trends and/or new insights. This is discussed at executive level to address concerns raised where possible and to develop more appropriate retention strategies.

Diversity and inclusion

Salix is committed to promoting and encouraging a culture of equality, diversity and inclusion where everyone feels valued and supported.

We believe in the importance of diversity, and we celebrate what makes every member of Team Salix unique. We ensure all our people processes, such as recruitment and learning and development, are transparent, fair, and free from discrimination.

We create inclusive and accessible spaces where colleagues feel safe to be themselves. We ensure each voice is heard, acknowledged and appreciated through openness and active listening.

The gender pay gap is the difference in the average earnings between all men and women in an organisation. Salix’s median gender pay gap for 2024-25 was 0.9% (2023-24: 2.7%) in favour of men and the mean gender pay gap for 2024-25 was 8.9% (2023-24: 6.7%) in favour of men.

We also calculate our ethnicity pay gap. Our median ethnicity pay gap for 2024-25 was 0.9% (2023-24: 1.5%) in favour of white employees, while our mean ethnicity pay gap for 2024-25 was 12.4% (2023-24: 11.2%) in favour of white employees.

	Median %		Mean %	
Financial Year	2024-25	2023-24	2024-25	2023-24
Gender pay gap	0.9	2.7	8.9	6.7
Ethnicity pay gap ¹⁵	0.9	1.5	12.4	11.2

Salix actively encourages applications from a diverse range of candidates including those with disabilities and we support disabled people at recruitment and throughout their employment with us. We offer reasonable adjustments for both office and home working environments.

There were no new declarations of disabilities from existing staff during the accounting period. Disability awareness training is provided to all staff by our equality and diversity team. We do not publish our disability pay gaps because the number of colleagues disclosing a disability is too small for the information to be reliable.

¹⁵ Analysis excludes ‘Prefer not to say’, ‘Other’ and non-disclosure which was 11% in FY 24/25 & 11.5% in FY 23/24.

Disability (Employed during FY)*	2024-25	2023-24
	No. of staff	No of Staff
No	232	207
Prefer not to disclose	13	11
Yes	9	8

**All staff including leavers during the year.*

Supportive employment practices

The health, safety and wellbeing of our people is paramount to Salix, whether working from home or in the office. We have a strong record in providing a safe and supportive work environment.

Salix offers all staff training in resilience, stress management, mental health, health campaigns and disability awareness. Staff also have access to the Employee Assistance Programme for confidential counselling and advice for work and life issues. Salix also have five staff trained as Mental Health First Aiders who provide first support to those who seek help due to mental health concerns.

We monitor our employee policies, practices and training noting any adverse impact on particular groups, reporting to the Executive Leadership Team, and continue to engage with our staff on what more we could do to better inform communications, guidance and training.

Trade Union Facility Time

Salix is currently a non-unionised organisation.



Kevin Holland

Chief executive and accounting officer
3 December 2025

Parliamentary accountability and audit report (audited)

Losses statement

	2024-25		2023-24	
	No. of cases	£	No. of cases	£
Assets disposed outside of policy	none	nil	1	3,976
Loss on stolen laptop	none	nil	1	550
Total	none	nil	2	4,526

Regularity of payments

Salix's expenditure was applied for the purposes intended by Parliament.

Fees and charges

Salix receives fee income from the Scottish and Welsh governments, as set out in note 5 to the accounts on page 77. The fees are set to cover the estimated costs of the grant and loan scheme management services provided, with no gain and no subsidy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALIX FINANCE LTD AND THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of Salix Finance Ltd for the year ended 31 March 2025 which comprise Salix Finance Ltd's

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of Salix Finance Ltd's affairs as at 31 March 2025 and of the comprehensive net expenditure for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 '*Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*'. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of Salix Finance Ltd in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities	
Authorising legislation	Companies Act 2006;
Shareholder, HM Treasury and related authorities	- Articles of Association - Framework document between the Secretary of State and Salix Finance Ltd.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Salix Finance Ltd's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included assessing the timeline of the remaining schemes still being administered by Salix, the confirmation of future financial support supplied by DESNZ (Salix Finance Ltd's sole shareholder), the details of the Government's Spending Review 2025 in so far as relevant to Salix Finance Ltd., and the potential changes to Salix Finance Ltd.'s future work that may be brought about through the Government's Warm Homes plan.

Salix Finance Ltd have made disclosures on these matters and their going concern assessment in their Directors' Report (page 29) and in Note 3 to the Financial Statements (page 71). The board of directors of Salix Finance Ltd have concluded that Salix Finance Ltd will remain a going concern for at least the next 12 months.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Salix Finance Ltd's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entity's reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified though the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the Delivery Partner expenditure for housing, which I identified as a significant risk due to the size and complexity of the contract that underpins this expenditure. I have also not included information relating to the work I have performed in response to the presumed risk of management override of controls which I identified as a significant risk in accordance with the requirements of ISA (UK) 240 The Auditor's Responsibility Relating to Fraud in Financial Statements. For both areas, my work has not identified any matters to report.

The key audit matter over the Going Concern status of Salix Finance Ltd is described in the Conclusions relating to Going Concern section of my report above. This matter was discussed with the Audit and Risk Assurance Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 36-37.

This is the first year I am required to issue my report in an enhanced format under ISA701, as a result of Salix Finance Ltd reporting under the provisions of the UK Corporate Governance Code for the first time in 2024-25.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for Salix Finance Ltd's financial statements as a whole as follows:

	Audited Entity
Materiality	£481,000 (2023-24: £379,000)
Basis for determining materiality	1.5% of total gross expenditure (2023-24: 1.5% of gross expenditure)
Rationale for the benchmark applied	Salix Finance Ltd's operating expenditure reflects the costs incurred in delivering its role of administering funds to deliver decarbonisation across the public sector. Salix Finance Ltd's funding is via grant-in-aid from DESNZ and a small revenue stream from devolved administrations. The Statement of Financial Position for Salix Finance Ltd is predominately working capital balances. I therefore chose gross expenditure as the benchmark as I consider it to be of principal interest to the users of the financial statements.

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2024-25 audit (2023-24: 75%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Audit and Risk Assurance Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £9,600, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Assurance Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements

Total unadjusted audit differences reported to the Audit and Risk Assurance Committee have increased net expenditure and decreased net assets by £35,667.

Audit scope

The scope of my audit was determined by obtaining an understanding of Salix Finance Ltd's and its environment, including the entity wide controls, and assessing the risks of material misstatement.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Directors' Remuneration and staff Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Salix Finance Ltd and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Directors' Report; or

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Directors' Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
 - certain disclosures of director's remuneration specified by law are not made.

Corporate governance statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Salix Finance Ltd's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 29);
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on page 29);
- Directors' statement on fair, balanced and understandable (set out on page 31);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 40);
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on pages 39-40); and
- The section describing the work of the audit committee (set out on pages 36-37).

I have nothing to report in respect of these matters.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of directors' and accounting officer's responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Salix Finance Ltd from whom the auditor determines it necessary to obtain audit evidence.
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Directors' Remuneration and Staff Report, in accordance with the Companies Act 2006; and
- assessing Salix Finance Ltd's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Salix Finance Ltd's accounting policies, key performance indicators and performance incentives.
- inquired of management, Salix Finance Ltd's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Salix Finance Ltd's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Salix Finance Ltd's controls relating to Salix Finance Ltd's compliance with the Companies Act 2006 and Managing Public Money.
- inquired of management, Salix Finance Ltd's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Salix Finance Ltd for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Salix Finance Ltd's framework of authority and other legal and regulatory frameworks in which Salix Finance Ltd operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Salix Finance Ltd. The key laws and regulations I considered in this context included Companies Act 2006 and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the

business rationale of any significant transactions that are unusual or outside the normal course of business;

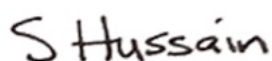
I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.



Samad Hussain (Senior Statutory Auditor)

3 December 2025

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial statements



**Statement of Comprehensive Net Expenditure
for the year ended 31 March 2025**

	Note	2024-25 (£000)	2023-24 (£000)
Revenue from contracts with customers	5	(927)	(712)
Total operating income		(927)	(712)
Staff costs	6	11,505	8,978
Purchase of goods and services	6	20,914	18,981
Depreciation and amortisation	6	76	108
Total operating expenditure		32,495	28,067
Net operating expenditure		31,568	27,355
Loss on disposal and write off of fixed assets	7	109	4
Comprehensive net expenditure for the year		31,677	27,359

Income is reported in brackets within SoCNE above.

All operations are continuing operations.

The notes starting on page 70 form part of these accounts.

Statement of Financial Position
as at 31 March 2025

	Note	31 March 2025 (£000)	31 March 2024 (£000)
Non-current assets			
Computer equipment	7	-	109
Intangible assets	8	603	466
Total non-current assets		603	575
Current assets			
Trade and other receivables	11	971	728
Cash and cash equivalents	12	1,225	844
Total current assets		2,196	1,572
Total assets		2,799	2,147
Current liabilities			
Trade and other payables	13	(4,129)	(4,059)
Delivery partner (DP) provision	14	(196)	-
Total current liabilities		(4,325)	(4,059)
Non-current liabilities			
Dilapidation provision	14	(121)	(117)
Total non-current liabilities		(121)	(117)
Total liabilities		(4,446)	(4,176)
NET LIABILITIES		(1,647)	(2,029)
Taxpayers' equity and reserves			
General reserve		(1,647)	(2,029)
TOTAL EQUITY		(1,647)	(2,029)

The financial statements were approved by the board of directors on 27 November 2025 and signed on its behalf on 3 December 2025 by:

Kevin Holland

Chief executive and accounting officer

The notes starting on page 70 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2025

This statement shows the movement in the year on the general reserve held by Salix, including the funding received from DESNZ. The general reserve represents the total assets less liabilities of Salix.

	General reserve (£000)
At 1 April 2023	(420)
Grants from DESNZ	25,750
Comprehensive net expenditure for the year	(27,359)
Balance at 31 March 2024	(2,029)
Grants from DESNZ	32,059
Comprehensive net expenditure for the year	(31,677)
Balance at 31 March 2025	(1,647)

The notes starting on page 70 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2025

The Statement of Cash Flows shows the changes in cash and cash equivalents of the company during the reporting period. The statement shows how Salix generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Note	2024-25 (£000)	2023-24 (£000)
Cash flows from operating activities:			
Comprehensive net expenditure for the year		(31,677)	(27,359)
Changes in working capital:			
(Increase) in trade & other receivables	11	(243)	(454)
Increase in trade & other payables	13	70	2,527
Non-cash items:			
Transfer to dilapidations provision	14	4	43
Transfer to delivery partner provision	14	196	-
Write off of assets	6	109	-
Loss on disposal of assets	7	-	4
Amortisation	8	76	108
Net cash outflow from operating activities		(31,465)	(25,131)
Cash flows from investing activities:			
Tangible assets – computer equipment	7	-	(90)
Intangible assets - software	8	(213)	(505)
Net cash outflow from investing activities		(213)	(595)
Cash flows from financing activities:			
Cash received from DESNZ		32,059	25,750
Net cash inflow from financing activities		32,059	25,750
Net increase in cash and cash equivalents		381	24
Cash and cash equivalents at the beginning of the year		844	820
Cash and cash equivalents at the end of the year		1,225	844

The notes starting on page 70 form part of these accounts.

Notes to the financial statements

1. *Authorisation of financial statements*

The financial statements of Salix Finance Ltd (the “company” or Salix) for the year ended 31 March 2025 were approved with a resolution of the board on 27 November 2025 and authorised for issue on the same date as the independent auditor's report.

The company is a company limited by guarantee, incorporated and domiciled in England. The registered office is 10 South Colonnade, London, E14 4PU and principal place of business is 3 Piccadilly Place, Manchester, M1 3BN. The company is unlisted and all the voting rights are held by the Secretary of State for Energy Security and Net Zero (the “sole member”), making the Department for Energy Security and Net Zero (DESNZ) the company's ultimate controlling party.

2. *Principal activities*

Salix Finance Ltd was established to act as an agent for DESNZ in administering and disbursing funding solutions to public sector bodies for use in the deployment of low carbon initiatives. The company undertakes other activities that the board considers to be consistent with its functions, duties, obligations, and constitution.

The only income and expenditure reported in the company's financial statements is in respect of Salix's administration of grant and loan schemes. Salix does not have control over the schemes' criteria. Salix has concluded that it is an agent in its revenue arrangement because it does not typically control the services it undertakes on behalf of the principals.

3. *Statement of significant accounting policies*

3.1 *Basis of preparation*

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000).

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by UK. The company applies relevant requirements of HM Treasury's Financial Reporting Manual (FReM) when preparing the financial statements, to the extent this is consistent with the Companies Act 2006. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts. Estimates are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. There are no judgements or key sources of estimated uncertainty that have a significant effect on the amounts recognised in the financial statements other than as disclosed in the financial statements.

3.2 Going concern

The directors have carried out a going concern assessment and have considered the following points:

- Salix's ongoing role in the delivery of the Public Sector Decarbonisation Scheme, and its continued relationship with the Scottish and Welsh Governments;
- The possible impact of the Warm Homes Plan on our objectives and our interactions in the DESNZ delivery network, and DESNZ's commitment to the continuity of our portfolio responsibilities in the meantime; and
- DESNZ's confirmation that they expect to continue to provide funding to Salix until at least 31 March 2027

Based on this assessment, the directors have a reasonable expectation that the company has adequate resources to continue to operate until at least 31 March 2027. Therefore, the financial statements have been prepared on the going concern basis.

New accounting standards adopted in the year

No new accounting standards have been adopted in these financial statements.

3.3 Accounting standards in issue but not yet effective

IFRS 18 – Presentation and Disclosure in Financial Statements

This standard replaces IAS 1 - Presentation of Financial Statements. The standard was issued in April 2024 and will become effective for financial years beginning on or after 1 January 2027.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The standard was issued in May 2024 and will be effective for financial years beginning on or after 1 January 2027. This standard will not be applicable to

Salix as the company is a public body with public accountability.

Salix has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3.4 **Revenue**

Funding from DESNZ is accounted for on a cash basis in line with the FReM and recognised as grant-in-aid through reserves. This does not conflict with the requirements of the Companies Act 2006.

Revenue from contracts with customers consists mainly of income received for the administration of grant and loan schemes, and project management services to the Welsh Government and the Scottish Government. Salix also receives revenue from other organisations and from other government departments to provide funding programme support.

Salix recognises revenue from contracts with customers in accordance with IFRS 15. The standard sets out that the point of recognition is based on when performance obligations of a contract are satisfied, and the benefits are fully received by the customer.

3.5 **Valuation of non-current assets**

The threshold for capitalising non-current assets is £2,500 (including irrecoverable VAT). Individual items are not grouped unless they are components of a single asset.

Intangible non-current assets

Salix has intangible assets which comprise of internally developed software for internal use.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Salix are capitalised if they meet the criteria specified by IAS 38 'Intangible Assets'.

Other development expenditure that does not meet these criteria is recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period. Expenditure on research is treated as an operating cost in SoCNE.

Purchased software licences would be recognised as intangible assets if it were probable that future service potential would flow to Salix for more than 12 months following purchase and the cost of the license could be measured reliably. Such licenses would initially be measured at cost. Software-as-a-service would be expensed unless Salix could determine that it has control over the software.

Subsequent to initial recognition, any intangible assets are measured at cost less any accumulated amortisation and impairment losses.

3.6 **Amortisation**

Amortisation is provided on all non-current assets on a straight-line basis to write off costs (less any estimated residual value) evenly over the asset's anticipated life. Amortisation is charged from the month it becomes available for use.

Software is typically amortised over three years from the date it is available for use. Assumptions on remaining asset lives are reviewed annually and may be adjusted in line with revised expectations.

3.7 **Impairment**

An impairment reflects a diminution in value of an asset because of a clear consumption of economic benefits or service potential. Assets are reviewed annually for indications of impairment. Where impairment indicators exist, relevant assets are tested for impairment by comparing the carrying value of those assets with their recoverable amount.

Where the recoverable amount of an asset is less than the carrying value, the carrying value of the asset is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and value-in-use. Impairment losses are charged directly to the Statement of Comprehensive Net Expenditure (SoCNE).

3.8 **Value Added Tax**

During the year, Salix was involved in delivering services funded by grant-in-aid on behalf of DESNZ and such activities are classified as non-business and therefore outside the scope of VAT. In general output tax does not apply except for those activities that are deemed taxable.

Input tax on purchases funded by grant-in-aid is not recoverable. Irrecoverable VAT is charged to the SoCNE. Generally, income and expenditure are shown net of VAT.

3.9 Employee benefits

Defined contribution pension scheme

Under a defined contribution scheme, Salix's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Salix recognises contributions payable as an expense in the year in which they are incurred.

3.10 Provisions

Provisions are recognised in accordance with IAS 37 'Provisions, contingent liabilities, and contingent assets.' The amount recognised as a provision is the best estimate of expenditure required to settle the present obligation at the SoFP date. Provisions expected to crystallise more than one year from the SoFP date are discounted at the rates set annually by HM Treasury.

3.11 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the SoFP.

A contingent liability is disclosed when the possibility of an outflow of economic benefits to settle the obligation is more than remote. A contingent asset is disclosed when an inflow of economic benefit is probable.

In addition to contingent liabilities disclosed in accordance with IAS 37, Salix discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of 'Managing Public Money'.

3.12 Financial instruments

Salix holds the following financial assets and liabilities:

- cash
- trade and other receivables (excluding prepayments) – current
- accrued income – current
- trade and other payables – current
- liabilities e.g. accruals – current

Financial assets and liabilities are accounted for under IFRS9 Financial Instruments, and IFRS 7 Financial instruments: disclosures.

3.13.1 Financial assets

Financial assets are recognised initially when Salix becomes a party to the contractual provisions of the instrument, at the amount of consideration that is unconditional. They are subsequently measured at amortised cost, being,

transaction cost less amounts settled and any impairment losses. The simplified approach under IFRS 9 allows Salix not to impair financial assets if they fall due within 12 months. Cash balances are measured as the amounts received in Salix's bank account. Salix does not have available-for-sale assets and securities, nor does it have cash equivalents or derivative financial instruments.

3.13.2 Financial liabilities

Financial liabilities are recognised initially when Salix becomes a party to the contractual provisions of the instrument, at nominal value (transaction price if due within one year) and does not include a financing component. Subsequent measurement is at amortised cost, which is the transaction price less any amounts settled. Salix does not have borrowings. Financial liabilities do not include provisions.

3.13 Estimation techniques used and changes in accounting estimates

Salix uses management judgment, current policies, reliable third-party information and also applies estimation techniques to determine the following:

- calculation of provisions
- useful lives of assets
- accruals

3.14 Changes in estimation techniques

During the year, the capitalisation threshold cost for non-current assets was raised from £500 per individual item to £2,500. Computer equipment which had been capitalised under the previous threshold, but which fell below the new capitalisation threshold, was written off to expenses. The impact on both the SOCNE and SoFP in 2024-25 was £109k.

4. Operating segments

Salix operates schemes to finance the delivery of energy efficiency and decarbonisation projects in two main markets:

- public sector non-domestic buildings, including central government departments and non-departmental public bodies in the United Kingdom.
- social homes and low-income households in the United Kingdom.

Management's decision to segment financial and operational performance information into these two activities reflects the differences between these markets in risk profile, cost structure and Salix's delivery roles.

2024-25	Public sector non-domestic energy efficiency (£000)	Household energy efficiency (£000)	Total (£000)
Revenue from contracts with customers	(927)	-	(927)
Total operating income	(927)	-	(927)
Staff costs	7,021	4,484	11,505
Purchase of goods and services	4,293	2,609	6,902
Delivery partner charges	-	14,012	14,012
Amortisation	38	38	76
Total operating expenditure	11,352	21,143	32,495
Net expenditure for the year	10,425	21,143	31,568
Loss and write off of fixed assets	55	54	109
Comprehensive net expenditure for the year	10,480	21,197	31,677

2023-24

	Public sector non-domestic energy efficiency (£000)	Household energy efficiency (£000)	Total (£000)
Revenue from contracts with customers	(712)	-	(712)
Total operating income	(712)	-	(712)
Staff costs	6,030	2,947	8,977
Purchase of goods and services	3,988	2,417	6,405
Delivery partner charges (incl VAT)	-	12,577	12,577
Amortisation	91	17	108
Total operating expenditure	10,109	17,958	27,355
Net expenditure for the year	9,397	17,958	27,355
Loss on disposal of fixed assets	4	-	4
Comprehensive net expenditure for the year	9,401	17,958	27,359

5. Revenue

Revenue from contracts with customers

	2024-25 (£000)	2023-24 (£000)
Scottish Government	(474)	(358)
Welsh Government	(449)	(350)
Scottish Funding Council	(4)	(4)
Total income	(927)	(712)

6. Expenditure

	2024-25 (£000)	2023-24 (£000)
Staff costs		
Wages and salaries	9,770	7,654
Social security costs	1,059	854
Apprenticeship Levy	34	23
Pension costs	632	439
Annual leave	10	8
Total	11,505	8,978
Goods and services		
ICT and estates costs (including facility management)	2,673	2,241
Contracted professional services	1,906	2,091
Delivery partner costs (incl VAT)	14,012	12,578
Travel and subsistence costs, legal fees and other service costs	343	256
Recruitment, training and staff- related costs	820	956
Advertising and marketing, office equipment and stationery	23	40
Irrecoverable VAT*	1,055	738
Auditor's remuneration and expenses	82	81
Total	20,914	18,981
Non-cash items		
Assets write off	109	-
Amortisation	76	108
Total	185	108
Total expenditure	32,604	28,067

*The VAT on expenditure, excluding Delivery partner costs, is shown separately as irrecoverable VAT

7. Property, plant and equipment

Property, plant and equipment comprised IT hardware. During the year the capitalisation threshold was increased from £500 to £2,500, and as a result the previously capitalised assets, which all fell below the new threshold, were written off. The net book value written off was £109k.

2024-25	Information technology hardware (£000)	Total (£000)
Cost or valuation		
At 1 April 2024	423	423
Disposals	(423)	(423)
At 31 March 2025	-	-
Depreciation		
At 1 April 2024	(314)	(314)
Disposals	314	314
At 31 March 2025	-	-
Carrying amount at 31 March 2025	-	-
2023-24	Information technology hardware (£000)	Total (£000)
Cost or valuation		
At 1 April 2023	357	357
Additions	89	89
Disposals	(23)	(23)
At 31 March 2024	423	423
Depreciation		
At 1 April 2023	(263)	(263)
Charge for year	(70)	(70)
Disposals	19	19
At 31 March 2024	(314)	(314)
Carrying amount at 31 March 2024	109	109

8. Intangible assets

2024-25	NetSuite (£000)	WIP (£000)	Total (£000)
Cost or valuation			
At 1 April 2024	228	276	504
Additions	-	213	213
At 31 March 2025	228	489	717
Amortisation			
At 1 April 2024	(38)	-	(38)
Charge for year	(76)	-	(76)
At 31 March 2025	(114)	-	(114)
Carrying amount	114	489	603

2023-24	NetSuite (£000)	WIP (£000)	Total (£000)
Cost or valuation			
At 1 April 2023	-	-	-
Additions	228	276	504
At 31 March 2024	228	276	504
Amortisation			
At 1 April 2023	-	-	-
Charge for year	(38)	-	(38)
At 31 March 2024	(38)	-	(38)
Carrying amount	190	276	466

The WIP (work in progress) relates to Schemes Customer Relationship Management system (CRM) £292k (2023-24: £143k) and the development of the NetSuite Enterprise Resource Planning system (ERP) £197k (2023-24: £134k).

9. Capital and other financial commitments

Salix has no contractual commitments for the acquisition of tangible or intangible assets. The HM Treasury Financial Reporting Manual requires disclosure of other financial commitments under contracts that are non-cancellable, or until the operation of a no fault termination clause. Salix's commitments including VAT under those contracts are as follows. The commitments at 31 March 2024 were misstated in the 2023-24 annual report and accounts because the requirements had not been properly understood and have been restated.

	31 March 2025 (£000)	31 March 2024 (Restated) (£000)
Delivery partner contract	2,763	2,182
Other commitments	381	347
Total	3,144	2,529

The maturity analysis of committed payments on these contracts is as follows.

	31 March 2025 (£000)	31 March 2024 (Restated) (£000)
Not later than one year	3,144	2,520
Later than one year and not later than five years	-	9
Total	3,144	2,529

10. Financial instruments

Salix cash requirements are met by DESNZ through a monthly drawdown on our approved budget. Therefore, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. As a result, Salix's exposure to credit, liquidity or market risk is limited.

11. Trade and other receivables

	31 March 2025 (£000)	31 March 2024 (£000)
Amounts falling due within one year		
Trade receivables	262	317
Prepayments	709	407
Deposits, advances, and other receivables	-	4
Total trade & other receivables	971	728

Trade receivables included £148k (2023-24: £313k) due from the Scottish Government, £110k (2023-24: £0) from the Welsh Government and £4k (2023-24: £0) from the Scottish Funding Council.

Key elements within prepayments included £304k (2023-24: £58k) in relation to property rent and management related costs, £53k (2023-24: £76k) for insurance related costs and £204k (2023-24: £270k) on IT-related software and licences.

12. Cash and cash equivalents

	31 March 2025 (£000)	31 March 2024 (£000)
Opening balance	844	820
Net change in cash and cash equivalents	381	24
Closing balance	1,225	844

All balances were held with the Government Banking Service.

13. Trade and other payables

	31 March 2025 (£000)	31 March 2024 (£000)
Amounts falling due within one year		
Trade payables	(1,218)	(1,245)
Tax and social security	(352)	(314)
Accruals	(2,526)	(2,500)
Other payables	(33)	-
Total trade and other payables	(4,129)	(4,059)

14. Provisions for liabilities and charges

	2024-25 Property dilapidations (£000)	2024-25 Delivery partner provision (£000)	2024-25 Total £000	2023-24 Property dilapidations and total (£000)
Opening balance	(117)	-	(117)	(74)
(Provided in year)	(4)	(196)	(200)	(43)
Closing balance	(121)	(196)	(317)	(117)

Analysis of expected timing of discounted flows

	31 March 2025 Property dilapidations (£000)	31 March 2025 Delivery partner provision (£000)	31 March 2025 Total £000	31 March 2024 Property dilapidations and total (£000)
Less than one year	-	(196)	(196)	-
Later than one year and not later than five years	(121)	-	(121)	(117)
Closing balance	(121)	(196)	(317)	(117)

14.1 Property dilapidation

Salix leases its office accommodation under a License to Occupy agreement with the Government Property Agency. It is a standard contractual requirement that the lessee returns the leased estate in good order at the end of the lease period and makes good any dilapidations. These costs will be payable at the end of the lease.

14.2 Delivery partner provision

This provision arose from a variation in the contract with the delivery partner for which the costs and timing were uncertain.

15. Related party transactions

15.1 Transactions between Salix and other government departments

Salix is a non-departmental body and wholly owned subsidiary of DESNZ. The company's primary source of funding is grant-in-aid, based on approved expenditure. The total amount of funding received from DESNZ for the year ended 31 March 2025 amounted to £32,059k (2023-24: £25,750k).

In addition, Salix had a number of significant transactions with its other funders during the year: Welsh Government - £449k (2023-24: £350k) and Scottish Government - £474k (2023-24: £358k). See Note 11 - Trade and other receivables for more information on receivables from Scottish Government as at 31 March 2025.

15.2 Transactions between Salix and board members and key managers

The accounts provide disclosure of all material transactions with those who are recognised as key management personnel as per IAS 24 'Related Parties'. This is taken to be all of Salix's board members as included in the Remuneration and Staff Report. There are no additional disclosures due to related parties.

16. Pension arrangements

The Salix Group Personal Pension Plan is provided by Royal London and is a defined contribution scheme.

To remain in the plan, employees must make a minimum monthly contribution of 3% of basic salary. Salix makes a minimum employer contribution of 6% of basic salary. If employees increase their contribution, Salix will pay an extra 2% employer contribution for every extra 1% employee contribution up to a maximum employer contribution of 10%.

Salix reserves the right to vary the contributions at any time, subject to the company meeting minimum statutory requirements.

17. Events after the reporting period

In accordance with the requirements of IAS 10 – *Events after the reporting period*, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Independent Auditors Report. The events below have been registered after the reporting period but do not require any adjustment to the financial statements.

The 2025 spending review was published in June 2025. The government outlined capital and day-to-day funding for government departments over the three years to 2028-29 but decided to commit no additional investment for the Public Sector Decarbonisation Scheme beyond the already awarded projects, which are due to finish by 31 March 2028.



Produced by the communications team

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