

Minutes of the 207th meeting of the Directors of the Company held at 3 Piccadilly Place,
Manchester M1 3BN on 17 July 2025

Present:

Baroness Natalie Evans (NE) - Board Chair
Tracy Vegro OBE (TV) - NED
Andrew Jones (AJo) - Shareholder
Representative Director, Department of
Energy Security and Net Zero (DESNZ)
Alison Jeffers (AJe) - NED, Interim Chair of
the Audit, Risk and Assurance Committee
David Conroy (DC) – Non-Executive Director
Claire Davies (CD) – Non-Executive Director
Kevin Holland (KH) - Interim Chief Executive
Officer and Accounting Officer
Andy Gillies (AG) – Interim Director of
Finance and Resources

Attending:

Gemma Gregory - Director of
Organisational Design and People (Item 7)
Ian Rodger – Director of Public Sector
Decarbonisation (Item 9)
Davide Natuzzi – Assistant Director, Energy,
Carbon and Technical (Item 9)
Julie Ellis (JE) (minutes) – Head of
Governance and Company Secretary

QUORUM

A quorum being present, NE declared the meeting open.

1. WELCOME, INTRODUCTION, APOLOGIES AND DECLARATIONS OF INTERESTS

All Board members were present and there were no apologies. Claire Davies was welcomed to her first meeting as a full Board Member.

The Board noted that TV has joined the Board of the UK-ASEAN Business Council, chaired by Lord Vaizey. DESNZ is aware and no conflict of interest is anticipated.

The Board expressed appreciation and thanks to the apprentices and the housing team for the informal pre-Board sessions.

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board agreed the minutes of the meeting of 22 May 2025 as a correct record.

The action log was noted. Items completed since the last meeting appeared in the open section of the log pending the Board's confirmation.

The Board raised a query regarding the closure of action item 016. This concerned the budget impact of the closure of the Low Carbon Skills Fund post Phase 5. It was noted that approximately five staff worked on LCSF so the impact on the total budget was limited and the staff had been redeployed within the organisation.

DESNZ has asked for a reforecast of the PSDS budget following the Spending Review 2025 decision to provide no new funding for the scheme, and this will have a greater impact.

Post meeting note: the re-forecasted PSDS budget will be shared with the Board for re-approval in accordance with the Delegation of Financial Authority.

3. CEO UPDATE

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

- Our three-year strategic plan is being reviewed in the light of Spending Review 2025 (SR25) (see Item 4). There will be no immediate effect on our going concern status as £2.4 billion worth of PSDS projects will continue to be delivered with £1 billion remaining to be disbursed to 2028 and then post-completion monitoring to 2032.
- There was a discussion about the impact of scheme closure on budgeting for staff (see Item 2). It was noted that not all budgeted roles are hired.
- Green project ratings have been awarded from the Infrastructure and Projects Authority (IPA, now NISTA) for PSDS Phases 1 and 2 and applications for Phase 4, (subject to final confirmation). The Board extended its thanks to the PSDS team for their excellent work.
- Visits to Milton Keynes University Hospital and Farnborough College of Technology by members of the Board have taken place. Salix staff have attended a number of events including the Energy Awards 2025 and Wales North and South regional events.

4. SPENDING REVIEW UPDATE

AJo presented an oral update on possible outcomes for delivering policy arising from SR25, which was announced on 11 June 2025.

The Board noted that an update on the review of arm's length bodies is expected before parliamentary recess.

5. UPDATE, OBSERVATIONS AND ACTIONS FOLLOWING AUDIT, RISK AND ASSURANCE COMMITTEE (ARAC) MEETINGS OF 5TH JUNE AND 3RD JULY 2025

The ARAC Chair presented an oral summary of proceedings from the ARAC meetings of 5 June and 3 July, including:

- The outcome of the ARAC Effectiveness Review using the NAO's Audit Committees effectiveness tool. The results indicate generally robust controls.
- The moderate assurance rating issued in the Head of Internal Audit's annual opinion.
- Subject to minor amendments, approval of the Delegation of Financial Authority.

The Board were further requested to deal with the items at 5.1, 5.2, 6 and 11, as referred by ARAC.

5.1 24/25 Annual Report of ARAC to the Board

The Board approved ARAC's annual report to the Board. The Board noted that ARAC should produce this report to support the preparation of the Governance Statement (HM Treasury Audit and Risk Assurance Committee Handbook 6.4-6.6).

5.2 Minor ARAC Name Change to Audit and Risk Assurance Committee

Having been **RECOMMENDED by ARAC**, the Board approved that the name of the Audit, Risk and Assurance Committee be changed to "Audit and Risk Assurance Committee" for consistency with other government bodies and compliance with HM Treasury's Audit and Risk Assurance Committee Handbook.

6. SALIX'S DRAFT RISK APPETITE STATEMENT

The Draft Risk Appetite Statement was presented to the Board having been reviewed by ARAC. ARAC recommended its approval, subject to early review. The Board were pleased to have a statement in place which would be developed with experience.

The Board:

- **APPROVED** the Risk Appetite Statement;
- noted that an interim review of it would be conducted by ARAC at its October meeting, with a further review at the January 2026 ARAC meeting, in advance of referral back to the Board in March 2026 with any recommended updates.

7. UPDATE, OBSERVATIONS & ACTIONS FOLLOWING PEOPLE AND REMUNERATION COMMITTEE MEETING OF 4TH JULY

The Chair of the People and Remuneration Committee, TV, gave an oral update to the Board about recent Committee activity. The Board noted:

- The excellent preparation by the HR team had enabled early submission of the pay remit submission to DESNZ and Salix is in the 'first phase' (see Item 8 below).
- Executive and CEO pay were considered alongside the wider pay remit submission adhering strictly to the Cabinet Office guidance.
- Good progress with the People Strategy and Culture Change Programme. There was an excellent engagement rate with the Employee Engagement Survey and key performance indicators were encouraging.

The Board wished to extend their thanks to GG for the work she has led in this area.

8. PEOPLE UPDATE

8.1 Civil Service Pay Remit FY 24/25

GG presented an oral update on the application in respect of the Pay Remit. The Board noted that the 2025 to 2026 Civil Service Pay Remit Guidance allows government departments to make average pay awards up to 3.25% with an additional 0.5% available for targeted groups including the lowest paid. Salix's application was thorough and early, in the first two received

by DESNZ. GG thanked her team and that of the Department for their assistance and co-operation to enable this.

8.2 [CONFIDENTIAL ITEM]

9. DELIVERY OF INNOVATIVE TECHNOLOGIES – GEOTHERMAL

DN and IR attended to present this paper.

The Board noted that Salix is administering the delivery of three projects using geothermal technology for the first time under PSDS funding. The Board also noted that this technology up until now was more commonly used on the continent.

The Board noted some of the advantages and risks of this technology. Advantages included i) using less electricity from the grid, lower carbon and operating costs; ii) good returns on investment; and iii) minimal disruption at ground level. Risks included: i) uncertainty about the outcomes of drilling, in terms of geology, project feasibility and consents/permissions required; ii) as a consequence, mitigations may involve unanticipated costs; iii) abandonment/underspend in these projects could have an impact on all PSDS grant funding; and iv) perception of similarity to fracking.

The Board welcomed the opportunity for Salix to become leaders in this field and noted the interest being taken in our involvement by the sector. The Board noted the enhanced governance framework adopted to ensure robust oversight, early identification of risks and opportunities and effective use of public funds. Whilst supportive of the approach, the Board noted the risks of entering this sector for the first time and requested that updates be provided at each Board meeting.

10. DRAFT ANNUAL REPORT & ACCOUNTS FY 24/25

The Board received an oral update on the progress of the finalisation of the annual report and accounts. The Board noted that these will be reviewed in the light of SR25 and the longer-term position of Salix as a going concern will be considered.

An updated draft annual report will be circulated by e-mail. It is expected that the external audit will have been completed and the accounts ready for signature by the end of September.

11. INTERNAL AUDIT CHARTER FY 25/26 – ANNUAL BOARD APPROVAL

The Board received the Internal Audit Charter. This document, reviewed annually, was approved by ARAC at its meeting on 3 July. Internal Audit Standards require that it is formally approved at Board level.

There being no further observations, it was further **APPROVED** by the Board.

PART 2: PAPERS FOR NOTING

12. SCHEMES OVERVIEW

12.1 Public Sector Schemes Update

The Board noted the Public Sector Schemes Update paper.

12.2 Housing Schemes Update

The Board noted the Housing Schemes Update paper.

12.3 Devolution Delivery Update

The Board noted that we are no longer in discussions with the West Midlands Combined Authority.

13. RISK MANAGEMENT REPORT AND CORPORATE RISK REGISTER

The Board noted this update.

14. PERIOD 3 FINANCE REPORT

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

15. COMMUNICATIONS MONTHLY UPDATE

The Board noted the Communications Monthly Update.

16. ANNUAL CHAIR'S OBJECTIVES LETTER

The Board noted the Annual Chair's Objectives Letter, issued on 3rd June which sets out the priority objectives for this financial year in accordance with the Cabinet Office's Code of Practice for sponsoring Arm's Length Bodies.

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

This item was noted.

18. AOB

18.1 External Board Effectiveness Review

The Board noted that work has started on an external Board Effectiveness Review, which is required every three years. The option of a senior person from another government body conducting the review is preferred to a consultancy on the grounds of cost and speed.

19. PLUS/DELTA REVIEW

The Board conducted a brief plus/delta review to continue optimising the board meeting effectiveness.

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

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

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on Thursday 30 September 2025 in our London office.

Baroness Evans of Bowes Park
Chair

30 September 2025
Date