salix

Annual report and accounts

2025-2026

September 2026

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Strategic report

2025-26: Warming homes, managing grants and loans and upgrading for the future.

Phase 2 of the Home Upgrade Grant (HUG) scheme benefitted a total of 11,900 homes with 22,000 measures completed in 2025-26.

In 2025-26, we continued to support 560 Public Sector Decarbonisation Scheme projects in delivery or completion stages.

In Wales, we delivered a second round of the Digarbon loan scheme, designed to support the tertiary education sector to decarbonise its buildings. Four applicants received a total of £15 million funding through the scheme.

Nine projects benefitted from a £9.8 million investment through a second phase of Scotland's Public Sector Heat Decarbonisation Fund in 2025-26.

More than 9,700 homes were upgraded in 2025-26 through the Social Housing Decarbonisation Fund (SHDF) Wave 2 scheme.

To enhance employee voice and encourage greater collaboration, we established an employee forum in 2025-26. It created new opportunities for colleagues to share feedback, contribute ideas and help shape the future of the business.

We launched the Scotland Solar Energy Efficiency Loan Scheme in 2025-26, with funding from Great British Energy, supporting a total of five projects with a value of £2 million.

In 2025-26, we supported audits of more than 1,000 installed energy efficiency measures at 552 properties in support of the government's checks on two legacy schemes not delivered by Salix.

Chair's foreword

As chair, I am pleased to present this year's report at a time of significant change across the net zero landscape and for Salix itself.

Our focus is driven by ambition to deliver and with a constant emphasis on execution, accountability and measurable impact. In this context, strong governance and organisational resilience are essential.

Throughout the year, the board has overseen continued strong performance across our programmes. The Public Sector Decarbonisation Scheme, the Social Housing Decarbonisation Fund and Home Upgrade Grant, alongside activity in Scotland and Wales, demonstrates consistency at scale and a strong commitment to value for money and public service.

The organisation has shown adaptability in response to evolving government priorities, while our continued investment in skills and capability demonstrates a forward-looking organisation that is strengthening its readiness for the future while maintaining operational focus.

The publication of the Warm Homes Plan represents a significant step forward in the national approach to energy efficiency and decarbonisation and signals a more integrated delivery environment. Our close work with our sponsor, the Department for Energy Security and Net Zero reflects the value of our expertise in scheme delivery, assurance and stakeholder engagement. We will play an important role in supporting a more joined-up system.

Our board remains focused on ensuring strong oversight, effective risk management and clear accountability throughout this period of change.

Maintaining trust across government and partners continues to be central to our approach.

Salix is well positioned for the future. We are a well-governed organisation with capable, committed people, strong systems and a proven track record of delivery. In a changing environment, our stability and outcomes focused approach remain key strengths.

Salix is trusted, resilient and ready for what comes next.

> "We are driven by an ambition to deliver with an emphasis on measurable impacts"

Baroness Natalie Evans
Chair of the board

Chief executive's statement

I am proud to present this year's report at a time when effective action to address the current energy crisis and long-term climate targets will define the future of our planet and our society.

Across the UK and globally, the net zero agenda is accelerating from ambition to implementation - from setting direction to executing delivery at scale.

The conversations shaping our sector are increasingly focused on transforming policy into action: stable planning frameworks, investable propositions, effective partnerships and strong delivery institutions.

This is the environment in which Salix operates - and where our role has never been more important. This is where we shine.

We are navigating increasingly uncertain times as the energy crisis intensifies amid ongoing conflict in the Middle East, reinforcing our energy security again as an urgent priority.

2026 marks the beginning of an exciting new chapter for us.

We have refreshed our strategy to align with evolving government priorities and to support the plans to create a new Warm Homes Agency. We are ready to help shape the future of the Agency and our expertise will ensure impact from day one.

With more than 20 years' experience delivering complex decarbonisation programmes at pace and scale, we bring deep expertise and a proven track record.

Our success is driven by ambition, disciplined planning, using strong governance and adaptability to sustain delivery momentum.

Over the past year, we have continued to deliver effectively across our core housing and public sector programmes, while further strengthening our capability through enhanced data, insight and decision-making.

At every stage, we remain focused on reducing energy bills and improving outcomes for consumers, ensuring they are at the heart of everything we do.

Across all our work, whether in England, Scotland or Wales or in housing or public sector, and through our work with the devolved authorities, engagement with Salix continues to strengthen. More partners are joining us to share expertise, strengthen collaboration and accelerate delivery at scale.

The Warm Homes Plan reflects a clear recognition that energy affordability, security and resilience are inseparable.

At the same time, the net zero debate is also focused on the structural barriers to progress - planning and permitting delays, funding and financing challenges, generation and grid constraints and the need for long-term policy certainty.

These are not peripheral issues. These are the challenges for successful execution. Our experience, expertise and skill will ensure the Warm Homes Plan can effectively address them.

Timely, quality assured delivery is what we do best.

Our refreshed strategy at Salix is built around four clear pillars: delivering decarbonisation, innovating our operations, expanding partnerships and maximising impact. Together, they ensure we remain focused on delivery today while preparing for the system-level change ahead.

This report reflects not only what we have achieved, but our readiness to help turn national ambition into lasting impact.

Our climate future will be defined not by what we say, but by what we build and deliver.

Kevin Holland
Accounting officer
and chief executive

> Our success is driven by ambition, disciplined planning, using strong governance and adaptability to sustain delivery momentum.

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 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 just over 200 people.

We are a silver Investors in People employer and a Silver Carbon Literate Organisation. Our entire workforce is studying towards a Level 2 Award in Understanding Domestic Retrofit.

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

These projects have delivered warm, safe, healthy and comfortable energy efficient homes and workplaces and have lifted households out of fuel poverty. We're passionate about our work and proud to support all our clients.

We work with the UK government, devolved administrations in Scotland and Wales and strategic mayoral authorities including the Greater Manchester Combined Authority.

As well as managing the funding schemes, we provide professional advice, expertise and support to grant and loan recipients throughout all stages of their projects.

For example, we have a long history of providing loans. Salix has issued more than £380 million of loans over the last six years and more than £1.1 billion of loans in total.

Loans provide a fast track to project financing while providing good value for money to the taxpayer. We also offer assurance and insight and we influence outcomes by sharing knowledge and lessons learnt from project delivery. This helps improve future schemes and to shape policy development.

Our status as a high-performing and expert arm's length body will adapt to the changing environment and support the delivery of the Warm Homes Plan.

One of more than 100 homes in the borough of Colchester which have been upgraded with energy efficiency measures courtesy of Wave 2.1 of the Social Housing Decarbonisation Fund.

Case study
Westmorland and Furness Council

Hundreds of families living in social housing across Cumbria in the North West of England are now benefitting from warmer homes and lower energy bills thanks to an ambitious energy efficiency project.

Led by Westmorland and Furness Council, the project saw upgrades to 993 homes owned and managed by South Lakes Housing, Lune Valley Rural Housing Association, Progress Housing Group, Eden Housing Association and Westfield Housing Association.

This project was enabled thanks to more than £5 million in funding through the **Social Housing decarbonisation Fund Wave 2.1**. The open dialogue between consortium members, who would meet to prevent, discuss and overcome challenges, has also been cited as a key enabler for project success.

Residents Frank Storey and Rhoda, received energy efficient retrofit upgrades to their respective homes which were funded through the scheme.

Frank Storey at home in Tebay (left) and his new air source heat pump (right).

Frank, who has lived with is wife in his Tebay property for 14 years, has noticed such significant energy savings that he'd built up a £500 credit in his energy account within just a few months.

Previously fitted with electric storage heaters, Frank's home is now kept warm with an air source heat pump. Solar panels were also installed to provide a source of renewable energy.

In the nearby town of Kendal, resident Rhoda noted how much more comfortable her home has been since it received solar panels, cavity wall insulation and ventilation measures in 2024.

Rhoda and her husband have lived in their home for more than three decades.
The upgrades demonstrate the positive impact that energy efficiency works are having for residents in their homes, improving comfort, warmth and supporting lower energy bills to alleviate risks of fuel poverty.

What we do

We're here to help energy consumers.

Our aim is to deliver decarbonisation, support clean power and lower energy bills.

We enable people to live in warmer and healthier homes and enjoy resilient public buildings which are better places to work, visit or use. Our work means homes and buildings are cheaper to run as they benefit from cleaner and more sustainable energy.

We are a trusted delivery partner to the UK, Scottish and Welsh governments and public sector organisations across the country, as well as regional combined authorities.

As well as managing and assuring the funding schemes, we provide professional advice, expertise and support to the organisations awarded financial resources throughout all stages of their projects.

We also offer insight, intelligence and influence by sharing knowledge and lessons learnt from project delivery to help improve future schemes and policy development across both the housing and public sectors.

Our work focuses on practical improvements that make a real difference to everyday comfort, running costs and the environment, supporting the UK's net zero ambition.

Since we were created in 2004, we've supported thousands of projects with a combined value of more than £3.7 billion. We are committed and passionate about helping organisations and governments to protect bill payers and achieve their decarbonisation and net zero ambitions.

We are proud and excited to be on the journey together.

Solar panels installed on the roof of social housing in Lewisham in south London.

Case study
Together Housing Association

At its heart, retrofitting is about people, creating homes that feel warm, welcoming and affordable, while also supporting our journey to net zero.

That's the message from Together Housing Association, a large housing provider which manages more than 38,000 properties that house more than 80,000 residents.

A key focus for the association is ensuring homes meet relevant Energy Performance Certificate (EPC) standards.

To progress towards this target – alongside its net zero 2050 aim – the association has started a project to upgrade more than 2,000 homes.

The success is determined by critical work with householders, talking to them about how the upgrades could benefit them.

New solar panels installed on social housing at Raven Croft, Helmshore, Lancashire
Picture credit: Together Housing Association.

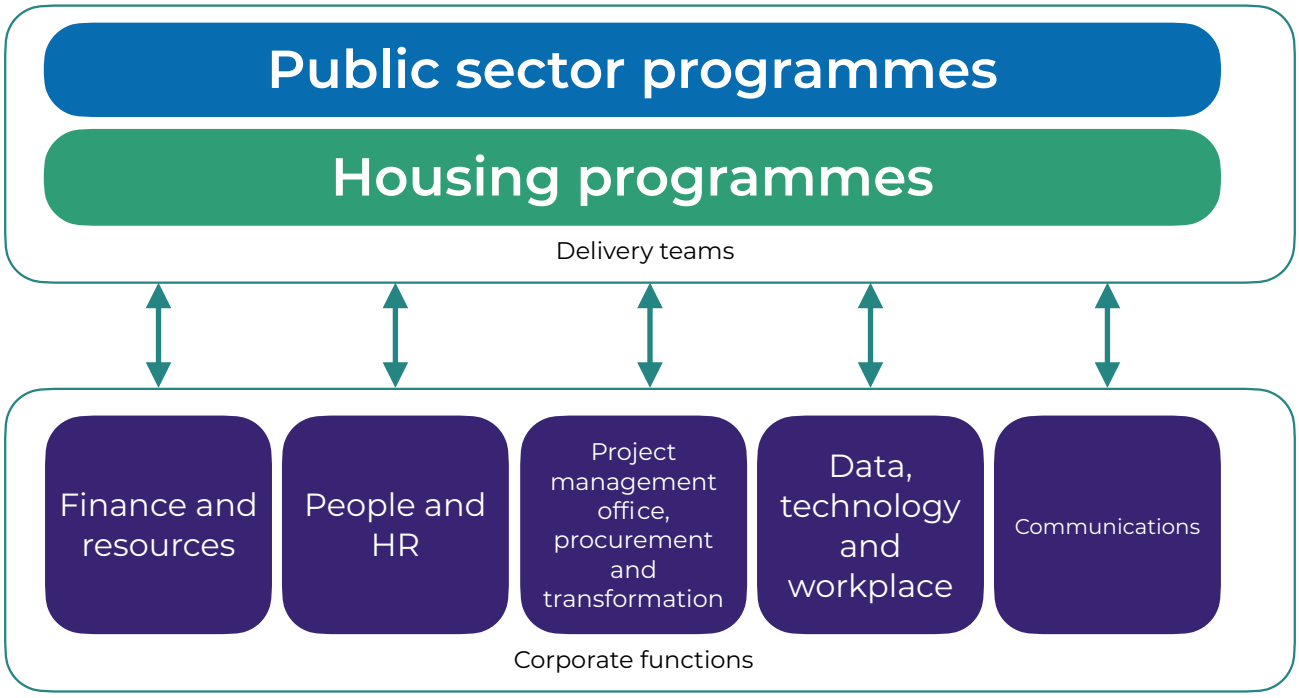
To support its ambitions to upgrade the 2,000 homes, Together Housing Association was awarded more than £9.5 million through the government's **Social Housing Decarbonisation Fund Wave 2.1**.

Sheridan Boyd, Together Housing's senior project coordinator, said: "We have a dedicated team of five tenant liaison officers purely looking after the net zero works that we deliver and they're key to success.

"They're genuinely there just to support the residents, explain the journey step-by-step and ensure that, when we've finished the work, they're satisfied with the service they received in the end."

How we operate

Our operating model is structured to prioritise the delivery of the funding schemes we administer across our housing and public sector programmes. These are supported by an agile and responsive set of five corporate functions as follows:



Kevin Holland
Chief executive

Ian Rodger
Director of public sector delivery

Paul Hill
Director of housing

Patrick Bolster
Director of finance and resources

Gemma Gregory
Director of people and organisational design

Chiara Lorenzetti
Director of transformation and delivery excellence

Simon Sharkey Woods
Director of data, technology and workplace

Andy Carter
Director of communications

Organisation as at 1 September 2026

What we achieved in 2025-26

We had to respond to new and emerging priorities in 2025-26. This included news that the Public Sector Decarbonisation Scheme would not be funded in future, and a shift in policy direction, to reflect commitments made in the 2024 election manifesto.

We demonstrated our ability to adapt all while illustrating our skills, expertise and capability to support the drive to lower the cost of energy bills for households and the public sector. We did this by contributing to the creation of hundreds of healthier and warmer homes and public buildings.

In January 2026, we welcomed the publication of the Warm Homes Plan and the proposal to create a Warm Homes Agency. Our expertise in scheme delivery across housing and the public sector, technical assurance, grant and loan management, risk management and stakeholder engagement will be critical to the success of the new agency.

We were also very pleased to be able to provide further direct assistance to DESNZ to assess the quality of historic and legacy home energy efficiency schemes.

Although this activity began at the end of 2024, our involvement increased significantly in 2025-26 when we were commissioned to carry out audits of energy efficiency measures at hundreds of homes to check the quality of installs and to ensure compliance.

Housing schemes

Better homes can have a lasting impact on people's lives. By upgrading homes with essential energy efficiency measures, households can enjoy warmer living spaces, greater comfort and lower energy costs.

Installed measures include double-glazed windows and loft, wall and cavity insulation.

Together with our partners, we have helped create healthier homes and more sustainable communities for the future. This is a legacy we can be proud of.

The Home Upgrade Grant (HUG) Phase 2 scheme funding window concluded at the end of March 2025 but our support continued for several grant recipients throughout April 2025. They were given permission by DESNZ to extend their delivery timetables.

In the extension period, 1,886 energy efficiency measures were installed at 897 properties. This means the HUG Phase 2 benefitted a total of 11,900 homes with 22,000 measures completed.

These households are forecast to save a combined total of almost £3 million on their annual energy bills.

More than 9,700 homes were upgraded in 2025-26 through the Social Housing Decarbonisation Fund (SHDF) Wave 2 scheme. This means almost 69,000 homes have benefitted from energy efficiency measures since the scheme first launched. A further 21,064 measures on 8,086 homes were funded through the SHDF Wave 2.1 and we assured £12.1 million in grant spend through the SHDF Wave 2.2. This funded 4,035 measures to upgrade 1,638 homes.

Since the scheme's inception, the Social Housing Decarbonisation Fund Wave 2.1 has paid for a total of 96,038 energy efficiency measures. This is comprised of 48,865 insulation measures, 5,986 low carbon heat solutions, 3,142 heating controls, 15,958 upgrades to windows and doors and 22,087 electricity related measures, such as LED lighting.

Mini case study:
Amplius Housing,

As an example of our work in 2025-26, we supported housing association Amplius to deliver energy efficiency upgrades to 581 homes funded through the Social Housing Decarbonisation Fund Wave 2.1 scheme. Measures installed include solar PV, air source heat pumps, cavity wall insulation, room in roof insulation, internal wall insulation, heating controls, storage heaters, hot water cylinders, high thermal doors and windows and external wall insulation. More than £200,000 of digitalisation-specific funding was also awarded to the organisation through the scheme. The digital monitoring technologies installed through the scheme are enabling both residents and the housing provider to see when a home may not be performing as efficiently as it should. This visibility supports earlier intervention and helps residents make better use of the energy efficiency measures installed in their homes. Amplius is using key lessons learnt through its Wave 2.1 delivery to scale up significantly delivering through the Warm Homes: Social Housing Fund Wave 3.

As part of SHDF Wave 2.2 there were 4,193 insulation measures, 545 low carbon heating solutions, 752 heating controls, 1,407 upgrades to doors and windows and 2,296 electricity related measures. This is a total of 9,139 measures. Since launch, the SHDF Wave 2 scheme has supported the installation of solar panels at 20,047 homes and 4,248 have been switched to air source heat pumps.

In 2025-26, we continued to support DESNZ with audits of homes which had energy efficiency measures installed by local authorities or social housing providers between 2020 and 2026.

The audits were designed to assess whether the Social Housing Decarbonisation Fund (SHDF), Home Upgrade Grant (HUG) or Local Authority Delivery Scheme (LAD) were affected by non-compliance with quality standards. In 2025-26, we supported audits of more than 1,000 installed measures at 552 properties.

Public sector schemes

Since 2020 we have awarded funding totalling more than £3.7 billion to more than 1,400 projects through the Public Sector Decarbonisation Scheme.

We continue to support 560 projects in their delivery or completion stages. Projects are forecast to cut annual carbon emissions by more than 474,000 tonnes of carbon dioxide equivalents (tCO2e) and to save more than £30 million in energy costs each year.

This equates to more than 4.4 billion miles travelled by an average petrol car or the annual carbon emissions saved by a wind farm of 125 turbines.

Building on the approvals made in 2024–25, the delivery of three PSDS-funded geothermal projects got underway in 2025-26. These mark a significant step forward in the deployment of this emerging low-carbon heat technology in England.

The University of York project has made strong progress with planning consent secured and the drilling contract signed. The University Hospitals Birmingham project has progressed through RIBA

Stage 3, with detailed design development supported by digital twin modelling and close collaboration with PFI partners.

At the Countess of Chester Hospital, enabling works are underway to remove old fossil-fuelled boilers which will be replaced by a geothermal heat solution.

In addition, we continued to build internal capability in geothermal technology through closer collaboration with the geothermal industry and targeted internal learning activities. This included site visits such as the operational geothermal scheme at the Eden Project in Cornwall.

Heat networks were highlighted as a strategic priority for government in 2025-26 as an additional way to decarbonise the public estate. We are supporting the connection of a further 41 large buildings to local heat networks.

We continued to work closely with the governments in Scotland and Wales in 2025-26.

Nine projects benefitted from a £9.8 million investment through a second phase of Scotland's Public Sector Heat Decarbonisation Fund. The projects funded during 2025-26 are forecast to save 21,000 tCO2e over the lifetime of the projects. We launched a third phase of the fund in March 2026, while continuing to support the completion of projects which benefitted from an investment totalling £13.8 million from phase one.

More than 80 existing projects in the Scotland Recycling Fund loan scheme completed in 2025-26. They had a combined value of £4.8 million with forecasted annual CO2e savings of 866 tonnes.

We launched the Scotland Solar Energy Efficiency Loan Scheme in 2025-26, with funding from Great British Energy, supporting a total of five projects with a value of £2 million. These are expected to result in £230,000 of annual financial savings once complete. The Scotland Energy Efficiency Loan Scheme also continued to be open for applications. This includes the delivery of a LED lighting project in Aberdeen.

In Wales, we delivered a second round of the Digarbon loan scheme. It is designed to support the tertiary education sector to decarbonise its buildings.

Mini case study:
Science and Industry Museum, Manchester

As an example of our work in 2025-26, we supported the Science and Industry Museum in Manchester to deliver a major decarbonisation upgrade. Funding of £4.3 million from the Public Sector Decarbonisation Scheme, enabled the deployment of innovative low-carbon technologies within a historic setting. These measures include an aquifer-based heating system and an electric boiler, allowing the museum's working engines to operate using renewable energy while preserving their heritage significance. The project is expected to reduce carbon emissions by approximately 515 tonnes per annum, demonstrating Salix's role in enabling the public sector to adopt pioneering technologies that achieve measurable carbon savings and long-term sustainability.

Four applicants received a total of £15 million funding. Later in the year, an additional £27 million top-up funding was awarded to two applicants, bringing total Digarbon funding for the year to £42 million. Four round one projects are still in delivery. Once all round one and two projects are complete, they are forecast to save 2,386 tCO2e per year. A third round of Digarbon launched in March 2026.

We administered £9 million under the Wales Funding Programme in 2025-26 with 18 projects benefiting. The predicted annual carbon savings from these totals 5,675 tCO2e and yearly energy savings are expected to reach more than £670,000. The Wales Funding Programme budget included £6 million provided by Great British Energy. We allocated these funds working collaboratively with the Welsh Government and other partners in Wales.

The Wales Recycling Fund committed £405,000 to four applicants in 2025-26. Ten projects were completed with expected annual carbon savings of 68 tCO2e.

In 2025-26, we supported Greater Manchester Combined Authority (GMCA) to deliver its Public Buildings Retrofit fund. Our assistance meant GMCA could develop the scheme criteria and delivery of this fund, alongside us assessing applications for the initial application window. We will continue to collaborate with GMCA for a further two phases of its funding scheme to support its retrofit targets. We will also plan for future partnership opportunities.

We ran more than 64 information and knowledge-sharing webinars in 2025-26, engaging with nearly 4,000 attendees across all our housing and public sector schemes. We continued to strengthen our Decarbonisation Dialogue online events for both Scotland and England, showcasing speakers and projects from across the regions showcasing energy projects in universities, local authorities, hospitals and more.

We also continued to run Distribution Network Operator online events to help stakeholders discuss connectivity, capacity and share issues.
Our podcast, The Decarbonisation Dialogue, gained further traction in 2025-26. Episodes featured a range of technologies and issues, including heat networks, carbon capture and

Transport for London's Therapia Lane tram depot where funds from the Public Sector Decarbonisation Scheme were used to install energy efficiency measures which are forecast to save around 183 tCO2e a year.

geothermal. The podcast was downloaded/streamed more than 4,500 times in 2025-26.

Our people

Our shared expertise, commitment and passion continue to drive our mission to support the delivery of impactful carbon reduction projects and help create a more sustainable future.

Across the business, our teams bring together a broad range of technical knowledge, strategic insight and relationship management experience. The diversity of skills and perspectives enables us to deliver complex decarbonisation programmes effectively, while continuing to innovate and respond to the evolving needs of our clients.

A shared sense of purpose underpins the way we work. Colleagues across the business are committed to making a positive environmental impact, working collaboratively to deliver high-quality projects that maximise carbon reduction outcomes and support long-term sustainability goals.

During 2025–26, we continued to strengthen employee engagement and involvement across the organisation. To enhance employee voice and encourage greater collaboration, we established an employee forum, creating new opportunities for colleagues to share feedback, contribute ideas and help shape the future of the business.

We also developed new skills dashboards to better understand the breadth of expertise and experience across Salix. This gives us greater visibility of the capabilities within our workforce and supports a more dynamic and flexible approach to deploying skills across projects and teams.

Alongside this, we updated our training guidance and policy to make development opportunities clearer, easier to access and more consistent across the organisation.

By improving access to learning and development, we are helping colleagues build their skills, support career progression and continue delivering excellent outcomes for our clients.

Our employee engagement survey, carried out in February 2026, showed high levels of engagement, an increase compared to the 2025 results. It also provided valuable insight into areas where we can continue to improve during 2026–27.

This includes strengthening development pathways, recognising achievement and delivery and continuing to promote the benefits and opportunities available to colleagues across the organisation.

We remain committed to fostering a culture of equality, diversity and inclusion where everyone feels respected, supported and able to thrive. Diversity strengthens our organisation and we are proud to create an inclusive environment where colleagues feel safe to be themselves and valued for the unique perspectives they bring.

Digital, data and technology

Supporting the schemes we manage on our current technology platform continued to be a priority for us in 2025-26. Alongside this, we have started a programme of work to uplift to a new technology platform. This will increase automation, provide greater self-service for our grant and loan recipients. It will also support us to become increasingly data led in the decisions we take to improve our schemes and the way we work.
Our collaboration with other specialists from both our government partners and commercial organisations has accelerated our improvement work. We

will be running at least two funding schemes on our new grant management platform in 2026-27.

The work to continually improve our defences against cyber-attack has continued and we have completed major upgrades during 2025-26. This included the removal of any remaining Microsoft Windows 10 devices.

The data, technology and workplace team has been reshaped to adopt a product management approach by creating combined support, innovation and development teams that are dedicated to a specific key business service. This means we can take a more streamlined and coherent approach to the way we manage the key platforms we use, enabling us to launch new digital schemes in 2026-27.

Supported by the recruitment of specialist expertise, the pace of this change accelerated in the last six months of 2025-26. Data is now increasingly impactful to the way we work and we have plans to continue to grow this important area during 2026-27.

Change management and procurement

During 2025-26, we continued to strengthen our change management, our project management office (PMO) and procurement capability to support our growing portfolio of schemes and organisational priorities.

The PMO has embedded a clearer approach to project initiation, governance, reporting and delivery assurance, helping teams manage change in a more consistent and transparent way across the organisation. We have also introduced a new portfolio management system to track projects, deliverables, risks and dependencies. This gives us a clearer overall view of change across the organisation and improves delivery confidence.

A key area of progress has been the introduction of stronger investment governance, aligned to HM Treasury's Green Book principles. This has supported more structured business case development, clearer assessment of options, benefits, risks and value for money, and aligned decision-making on change and investment activity.

Procurement has also continued to mature during the year, with improved processes, guidance and controls to support compliant and effective purchasing. We have introduced a new e-procurement system, enabling suppliers to register with Salix, supporting pipeline management. This means procurement notices are issued through a compliant procurement process. These improvements provide a stronger foundation for 2026-27 as Salix continues to grow and prepare for future delivery challenges.

Communications

Our external engagement in 2025-26 continued to strengthen Salix's role as a trusted source of knowledge, insight and practical experience in the UK's energy transition.

We used our communications channels to connect people with the expertise, innovation and real-world impact behind the housing and public sector programmes we support. Through webinars, events, podcasts, videos, news stories, industry publications and direct communications, we shared learning from projects across the country and created opportunities for stakeholders to learn from one another.

Our external profile was further strengthened through nine features in leading industry publication Energy Manager Magazine, where Salix colleagues shared their expertise and contributed to important industry conversations.

Our communications helped amplify the impact of Salix's work - connecting colleagues, partners and stakeholders, sharing practical learning and ensuring that the experiences of those delivering decarbonisation continue to inform and inspire the transition to net zero.

Finance and resources

Finance and resources includes the finance, governance, audit and fraud teams.

The common focus of the teams is on maintaining and developing the systems, processes and controls which help to ensure that we achieve value for money from the projects we fund and from our own budget.

The work of finance and resources is reflected within the governance statement and in the financial review.

Seismic trucks in use in York checking ground conditions as part of a Public Sector Decarbonisation Scheme geothermal project at the University of York.

Case study
Swansea University

Swansea University is continuing to advance its decarbonisation programme across its Bay and Singleton campuses, improving energy efficiency, reducing carbon emissions and modernising teaching and research facilities.

Building on earlier investment through the **Wales Funding Programme and Digarbon 1**, the university secured a further £7.23 million through **Digarbon 2** funding to expand low-carbon upgrades across its estate in support of its net zero ambitions.

The programme combines fabric-first improvements, LED lighting upgrades and heating decarbonisation measures to improve building performance and long-term sustainability.

The projects planned and delivered across the university estate included intelligent LED lighting systems with occupancy and daylight controls, fabric improvements to reduce heat loss and improve efficiency, upgrades to heating infrastructure and district heat

Swansea University

network connections, improvements to air handling systems and continued decarbonisation of heat across campus buildings.

Through Digarbon 1, Swansea University delivered a £11.47 million programme of upgrades across several buildings. Digarbon 2 funding will support further heating improvements at the Energy Centre alongside additional fabric upgrades and LED installations.

The upgrades reduced the university's electricity consumption, lowered operational and maintenance costs from the use of smarter building controls and improved management of heating and energy distribution.

Our future plans

Salix will support the delivery of the ambitious Warm Homes Plan.

The government published the Warm Homes Plan in January 2026, setting out ambitions to reduce energy bills, support clean energy, and improve the energy efficiency of homes.

As part of this, a new agency has been proposed to help strengthen delivery and improve the overall consumer experience.

The potential future role of Salix within any new arrangements is still being considered.

This includes how its existing functions, people and schemes—such as the Public Sector Decarbonisation Scheme—might fit into any future delivery model alongside other parts of government.

In the meantime, Salix continues to operate as normal, delivering its current programmes and managing significant levels of funding already committed.

Our business plan for 2026-27 sets out how we will turn our ongoing strategy into short term action. We will focus on ongoing scheme delivery and helping to support the implementation of the Warm Homes Plan, so its impact is maximised.

Guided by our four strategic pillars, we will align focus and resources to support the accelerated transition to the WHA. In 2026-27, we will prioritise the following three areas:

Protect and grow customer focused delivery

What: We will deliver high-quality, consistent and impactful services across public sector buildings and homes, ensuring the best possible outcomes for our customers. Our offer will be positioned for a devolved funding landscape, enabling effective delivery within locally commissioned and mayoral authority models, while continuing to support net zero and broader decarbonisation goals. We will pursue sustainable growth by securing new business aligned to our capabilities and public sector priorities across England, Scotland, and Wales.

How: We will embed customer-centred delivery and strengthen organisational capability to maximise the impact of energy efficiency and decarbonisation projects.

We will operate flexibly within devolved models, building on our work with the Greater Manchester Combined Authority to offer clearly defined services adaptable to different local funding and commissioning arrangements. A standardised core delivery model for retrofit and clean energy programmes will enable scale, agility and cost-effective delivery across multiple schemes.

Additionally, we will enhance our project development to align with government priorities and allow us to secure and deliver future programmes.

Enhance our people development and retain our talented workforce

What: We will build a future-ready workforce that is empowered to succeed and address the emerging priorities for delivering the WHP. By strengthening both technical and leadership capacity, we will enhance organisational capability and resilience. Our agile, flexible workforce will remain 'here to help'.

How: We will invest in skills and leadership development, building on the 2025 organisation-wide skills analysis and skills matrix to provide clear development pathways and targeted management programmes.

For example, our entire workforce is completing retrofit training as part of our 2026-27 programme. We will also continue to listen actively to employee insight as we build on the 2026 employee forum and engagement survey.

Accelerate next generation technology and digital innovation

What: We will accelerate the adoption of next-generation technologies in decarbonisation and energy efficiency, supporting clients to deploy emerging solutions.

How: Our focus will include geothermal energy, scalable UK solutions, heat networks and low-carbon heating systems, and broader horizon scanning for innovations in building design, energy efficiency and low-carbon systems.

We will invest in team development and technical capability to provide up-to-date guidance, assess novel technologies and deliver high-quality technical assurance. It is also our ambition to strengthen our partnerships and mobilise private finance.

How: On the digital front, we will enhance IT infrastructure, strengthen cybersecurity, and modernise operational systems to deliver a smooth, secure client journey.

We will transition to a government-owned integrated grant management platform, improving efficiency and governance across schemes while maintaining operational continuity. Improvements to data management, including a formal data lifecycle and retention policy, data maturity assessment, and integration with a new grant management platform, will turn data into actionable insight, enhance decision-making and support effective programme delivery.

A borehole being drilled at Cranfield University which is harnessing a £7.8 million Public Sector Decarbonisation Scheme grant to replace its fossil-fuelled boilers with a ground source heat system.

Case study
Prestwick Leisure Club

Prestwick Leisure Club has reduced energy consumption, lowered running costs and increased community use following a refurbishment programme supported through **Phase 1 of Scotland's Public Sector Heat Decarbonisation Fund**.

South Ayrshire Council secured around £720,000 in funding for the project to improve the building's energy performance and support local decarbonisation ambitions. The leisure centre reopened in October 2025 following upgrades designed to reduce heat loss, improve operational efficiency and modernise facilities for users and staff.

South Ayrshire Council is working on a similar project in a neighbouring coastal town at Troon Swimming Pool – with around £1.72 million from Phase 2 of the fund.

The project saw the installation of new roof insulation, external wall cladding and insulation, solar photovoltaic panels, ultrasonic humidifiers and upgrades to the building management system.

Prestwick Leisure Club

The refurbishment also focused on sustainable construction practices, including material reuse and diverting waste from landfill.

Since reopening, South Ayrshire Council says gym usage has increased by 61 per cent compared to the same period in 2023, memberships and class attendance have increased year-on-year and that there has been positive feedback from users.

The projected annual energy cost savings are approximately £45,000 because of a 60 per cent reduction in the use of electricity compared to 2023.

The installed solar panels have also generated free electricity for the centre and the insulation upgrades have reduced heat loss.

Corporate and social responsibility

We are committed to building sustainability knowledge and capability across Salix, ensuring colleagues have the skills and confidence to support our mission to deliver decarbonisation, support clean power and lower energy bills.

We maintained our 'Silver' Carbon Literate Organisation accreditation from The Carbon Literacy Project, first achieved in 2024-25, which recognises our commitment to climate education across the organisation. New colleagues joining Salix complete structured carbon literacy training, including calculation of their personal carbon footprint and practical application of carbon reduction principles through assessed work.

We are also proud to note our investment in organisation-wide training through an AIM Level 2 Award in Domestic Retrofit. This investment strengthens our ability to provide informed advice and support to the public sector organisations and communities we serve with our housing schemes. The qualification also gives our employees practical knowledge they can apply beyond the workplace, improving understanding of home energy performance and retrofit considerations.

Our wellbeing group is a voluntary staff group dedicated to championing an inclusive and holistic approach to wellbeing internally. While the group existed before 2025, it became more formally embedded in 2025-26, with its terms of reference and strategy approved by the executive leadership team. The wellbeing group's key achievements in 2025-26 included a menopause awareness talk, an 'active wellbeing' walking challenge, and a 'connect café' meet up for parents.

We recognise the benefits of corporate volunteering including skills development, job satisfaction, well-being, community engagement and team building. Our corporate volunteering policy offers members of Team Salix three days of leave per year to engage in appropriate unpaid activities during work time. Activities are chosen to align with our values.

Examples of employee volunteering in 2025-26 include litter picking, leading an educational outdoor expedition for young people, a charitable fundraising event and working with a charity that supports families.

In January 2026, our green group produced a volunteering opportunities catalogue, focused primarily on London and Manchester. It was produced to encourage colleagues to utilise their volunteering days and engage in positive initiatives and will continue to be built upon as an internal resource.

New heating controls installed at Lincoln College. The institution has benefitted from a total of £2.6 million from phases 3c and 4 of the Public Sector Decarbonisation Scheme.

Sustainability report

Sustainability is at the core of what we do. We play a significant role in supporting grant and loan recipients 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.
One of Salix's five values is 'environmental champion', where we will be passionate experts in what we do, determined to make a difference as we lead by example.

Green group

The work of our voluntary internal 'green group', first established in 2022, continued in 2025-26. In August 2025, the group created its terms of reference and strategy and two co-chairs were appointed to lead and deliver its annual plan. The strategy focused on continuing to raise employee awareness, encourage uptake of sustainability initiatives and ensure sustainability is included in all relevant policies and ways of working.

The green space on our intranet was created to be a resource of information with posts about topics including Earth Day, World Water Day and Global Recycling Day.

The green group was involved in the development of Salix's new internal artificial intelligence (AI) policy launched in 2025. The policy includes reference to the significant environmental impact of AI use and encourages colleagues to consider this when deciding whether AI is needed for a particular task. A member of the green group is represented on our internal AI panel to promote sustainability considerations.

Biodiversity

Operating from predominantly urban locations and renting as tenants limits the direct impact we can have on biodiversity initiatives. We will continue to engage with the building operators about biodiversity initiatives related to the office buildings.
At our Manchester office there is a small green roof with plants, a bug hotel, a bird box and three bee hives. Every year the honey is harvested and sold to support a local charity. In 2025-26, a local school got involved with a competition to produce the honey jar labels.

We share case studies of biodiversity impact and improvement initiatives conducted as part of scheme projects to inspire others. There are two case studies of bats being protected as part of scheme projects at Cranfield University and Dartford Borough Council.

Compliance obligations

We are committed to meeting the Greening Government Commitments (GGC) which set out the actions that UK government departments and their partner organisations (agencies and public bodies) should take to reduce their impact on the environment. Five commitments apply to us: office-related electricity and gas consumption in kilowatt-hours, business travel in kilometres, waste streams in tonnes and water in cubic metres.

Greenhouse gas emissions

We currently have no Scope 1 emissions as we do not directly 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 through the Government Property Agency (GPA).

Commuting and business travel (Scope 3 emissions)

Most of our work can be conducted from a home or office base. Many 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. A cycle-to-work scheme supports employees with the cost of purchasing a bicycle for commuting.

Most meetings across offices are conducted using Microsoft Teams. Our business travel and expenses policy requires employees to consider carbon efficiency when booking work-related travel. Travel between our offices is primarily by train.

Air travel is rarely used and may only be considered for travel within the UK where more sustainable options, such as rail, would take significantly longer or be more expensive. Air travel can only be approved by a director.

In May 2025, we rolled out a new online travel booking platform. This enables us to automatically track carbon emissions relating to business travel and hotel stays. We 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 through GGC.

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.

In our London office, the building managers have recently improved the waste management process to include more eco-friendly soap products, new clearer signage, a new stream for compostable waste and a zero-waste collection box for used cleaning materials that will be recycled instead of discarded.
Water consumption is reported to GGC for both offices. ICT equipment no longer used or required, such as laptops, is responsibly disposed of through the Waste Electrical and Electronic Equipment (WEEE) certification process.

Climate change adaptation

The primary purpose of the schemes we deliver is to boost energy efficiency and reduce the impact of climate change. Our own business processes have been adapted to recognise that climate change is expected to result in increased extreme weather events. Our adverse weather and travel disruption policy and our agile working policy enable the business to deal with the impact of such events on Salix. Our business continuity arrangements are under continuous review. These will also provide practical advice to staff to support their working and wellbeing during periods of extreme weather.

Social and economic sustainability

Our procurement policy and practice is aligned to the Government Commercial Agency's principles and supports an open and competitive process. It ensures that every purchasing decision we make contributes meaningfully to decarbonisation and social responsibility where appropriate. Bidders will be required to demonstrate the environmental impact of their business operations and materials used, including their approach to carbon reduction and resource efficiency. Bidders must also show how their services or products contribute to our broader environmental outcomes.

The Public Services (Social Value) Act 2012 requires public authorities to have regard to economic, social and environmental well-being in connection with public services contracts. Before starting the process of procurement, we must assess how the goods or services we are procuring could enhance the social, environmental and economic well-being of the area where the contract will be implemented. We specifically require bidders to address social value among the questions put to them during the tender process.

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.
All our decarbonisation schemes across the UK support activity within the green economy, including jobs within the areas of clean heat and other clean energy technologies. Our aim is for the projects we support to also deliver meaningful social benefits resulting in warmer, safer and more sustainable homes, buildings and shared spaces for communities.

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.

New LED lighting installed at Hillingdon Civic Centre. It was one of several Hillingdon Council projects which benefitted from £13.7 million of funding through Phase 3b of the Public Sector Decarbonisation Scheme.

Case study
Royal Botanic Gardens, Kew

The Royal Botanic Gardens, Kew is progressing a major programme of decarbonisation and energy efficiency improvements as part of its ambition to become Climate Positive by 2030.

Supported through the **Public Sector Decarbonisation Scheme** and **Low Carbon Skills Fund**, the programme is helping Kew reduce emissions while protecting one of the world's most significant historic and scientific estates.

Home to globally important plant collections, research facilities and historic glasshouses, Kew welcomes millions of visitors each year while supporting scientific work focused on biodiversity and climate change.

Funding through Phase 3c and Phase 4 of the Public Sector Decarbonisation Scheme is supporting energy efficiency improvements at the Temperate House alongside low-carbon heating upgrades at the Lower Nursery.

The Palm House at Kew Gardens

Completed and ongoing projects across the estate include the replacement of oil boilers with heat pumps, fabric improvements across historic buildings, energy efficiency upgrades for the Wakehurst estate and decarbonisation works at the Temperate House.

Air source heat pumps are also being installed in the Lower Nursery.

The financial and operational benefits are a reduced reliance on fossil fuel heating systems, improved energy efficiency across buildings and glasshouses and the increased resilience of historic infrastructure.

The investment also provides long-term support for Kew's ambition to become 'climate positive' by 2030.

Risk management

Our risk management framework enables us to deliver our core delivery mission in a controlled, accountable, and effective manner.

The framework ensures that risk is actively managed, supporting strategic objectives while maintaining the integrity of public funds and compliance with statutory requirements.

In July 2025, the board approved a risk appetite statement for Salix aligning to our three-year strategic plan for 2025-2028. It supports informed decision making, protects public funds and ensures we take proportionate and well-managed risks in pursuit of innovation and impact.

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 pages 45-46.

Risk	Risk trend	Mitigating activity
Non-delivery of objectives for our public sector and housing schemes. We deliver ambitious housing and public sector schemes with challenging timelines. Failure to meet these objectives could impact delivery of net zero targets and organisational performance.	→	Ongoing monitoring of scheme performance through the executive leadership team (ELT) and steering groups, alignment of roles and responsibilities and continued engagement with delivery partners and DESNZ to manage delivery risks.
Changing government priorities Changes in government policy and funding priorities may impact our programmes, strategic direction and future operating model.	↑	Active engagement with DESNZ and wider stakeholders, delivery of existing schemes, development of future strategy and participation in cross-government initiatives.
Failure of key systems due to cyber threat or vulnerabilities Cyber threats or system failures could disrupt operations and impact our ability to deliver our services.	→	Strengthening of IT controls including multi-factor authentication (MFA), enhanced Microsoft security tools, ongoing cyber training, phishing testing and development of a cyber business continuity plan.
Staffing and culture Uncertainty and organisational change may affect employee retention, morale and the ability to maintain a stable and effective workforce.	↓	Implementation of people initiatives including updated policies, new appraisal process, leadership development, culture programme and ongoing workforce planning.

Risk	Risk trend	Mitigating activity
External fraud There is an inherent risk of fraud within corporate operations and government-funded schemes, which could result in financial loss.	→	Counter-fraud framework in place including dedicated fraud team, staff training, fraud risk assessments, grant audits and ongoing monitoring of scheme delivery.
DESNZ budgetary pressures Constraints on departmental funding may impact our ability to deliver programmes and maintain required resource levels.	→	Ongoing engagement with DESNZ, cost control measures, workforce planning adjustments and exploration of new opportunities.
Business continuity and crisis management A failure to respond effectively to disruption or crisis events could impact our ability to maintain critical operations.	→	Delivery of phase one of the business continuity and disaster recovery programme, including business impact assessments and development of response plans.

Risk profile update – impact of the Warm Homes Plan

In January 2026, the government published the Warm Homes Plan, which includes the establishment of a Warm Homes Agency (WHA). The potential future role of Salix within any new arrangements is still being considered.

This represents a significant and managed shift in our organisational risk profile and a structured risk assessment exercise was undertaken with the executive leadership team (ELT) to identify transition-related risks.

The corporate risk register (CRR) has been updated to reflect these new risks. A summary of the risks associated with a potential transition, and key mitigations, is set out below:

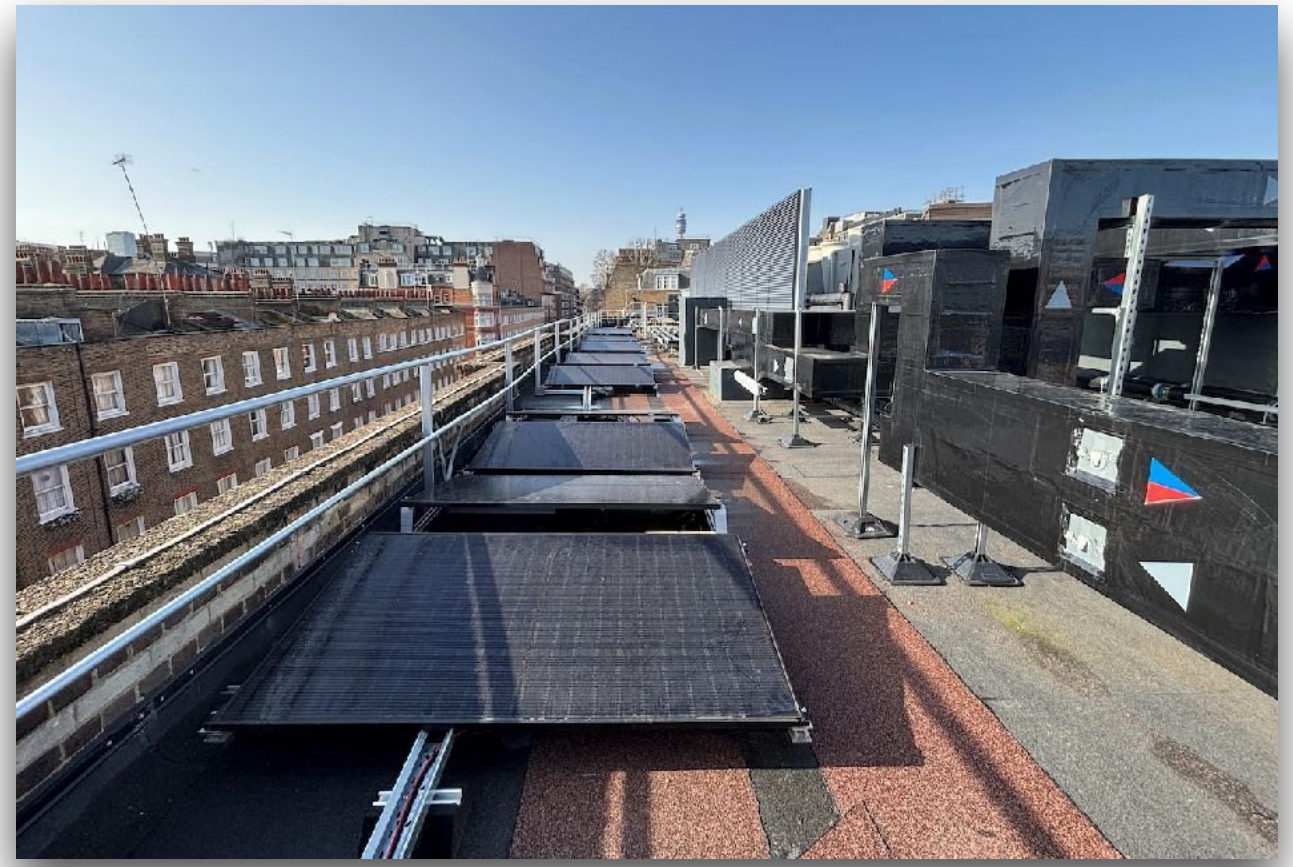
Risk	Mitigating activity
Contract novation and extension If Salix's functions transition to the Warm Homes Agency, contracts extending beyond 2027 may not be appropriately transferred or aligned with legal and operational requirements.	Review and monitoring of contracts extending beyond 2027, with procurement oversight and regular reporting to ensure alignment with potential transition requirements.
Work pipeline and organisational sustainability During a transition period, there would be a risk that insufficient new work is secured, which could reduce organisational activity and impact long-term sustainability.	Ongoing engagement with DESNZ and exploration of new opportunities to maintain organisational momentum; continued review of recruitment strategy.

Risk	Mitigating activity
Workforce stability and transition capability Uncertainty regarding future roles and structure may impact our ability to retain and recruit the skills needed to deliver current programmes and manage any future transition.	Employee engagement initiatives, change management training plans and development of retention and succession strategies to support workforce resilience.
Transition governance risk The potential transition to the Warm Homes Agency may create complexity in governance arrangements, including potential conflicts between organisational and stakeholder responsibilities.	Strengthening governance arrangements and ongoing engagement with DESNZ to manage potential conflicts of interest and ensure appropriate oversight during any future transition.

Overall risk position

As at the end of 2025-26, we maintained a diverse risk profile. Several risks remained outside appetite, including the risk of changing government priorities and the staffing and culture risk, largely driven by external factors such as government policy, funding and the potential transition to the Warm Homes Agency.

The executive leadership team (ELT) continues to actively monitor and respond to these risks, with a focus on maintaining delivery of existing schemes, supporting organisational stability and preparing for transition. Risk management arrangements continued to mature during the year, supported by enhancements to the framework, systems and training, strengthening our ability to identify, assess and respond to risk.



Solar panels on the roof of the London School of Hygiene and Tropical Medicine, funded through Phase 1 of the Public Sector Decarbonisation Scheme.

Case study
Adur & Worthing Council

Adur & Worthing Councils are delivering a major decarbonisation programme to connect several historic public buildings to the Worthing Heat Network, helping reduce emissions while preserving valued heritage assets.

Supported through the Public Sector Decarbonisation Scheme, the project is connecting sites including Worthing Town Hall, the Connaught Theatre & Studio, Worthing Museum, Worthing Assembly Hall and Splashpoint to a low-carbon heat network, replacing ageing gas boilers with a more sustainable energy supply.

The council secured £2.9 million through Phase 3b and £5.6 million through Phase 3c of the scheme to support the programme.

The funding has enabled connections to the district heat network, loft insulation and draught proofing and double and secondary glazing.

Worthing heat network central energy hub

Solar photovoltaic panels have also been installed along with LED lighting upgrades and improvements to heating and distribution system improvements.

The programme is balancing decarbonisation with the protection of listed and culturally significant buildings in a busy town centre environment.

It means there is reduced reliance on ageing gas boilers leading to lower long-term operational energy costs with the works also future-proofing public buildings and community spaces.

The programme supports Adur & Worthing Councils' target of becoming carbon neutral in its own operations by 2030 and wider ambitions to reach net zero by 2045.

Financial review

The accounts on pages 74-93 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 and (from 2025-26 onwards) from Greater Manchester Combined Authority 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.

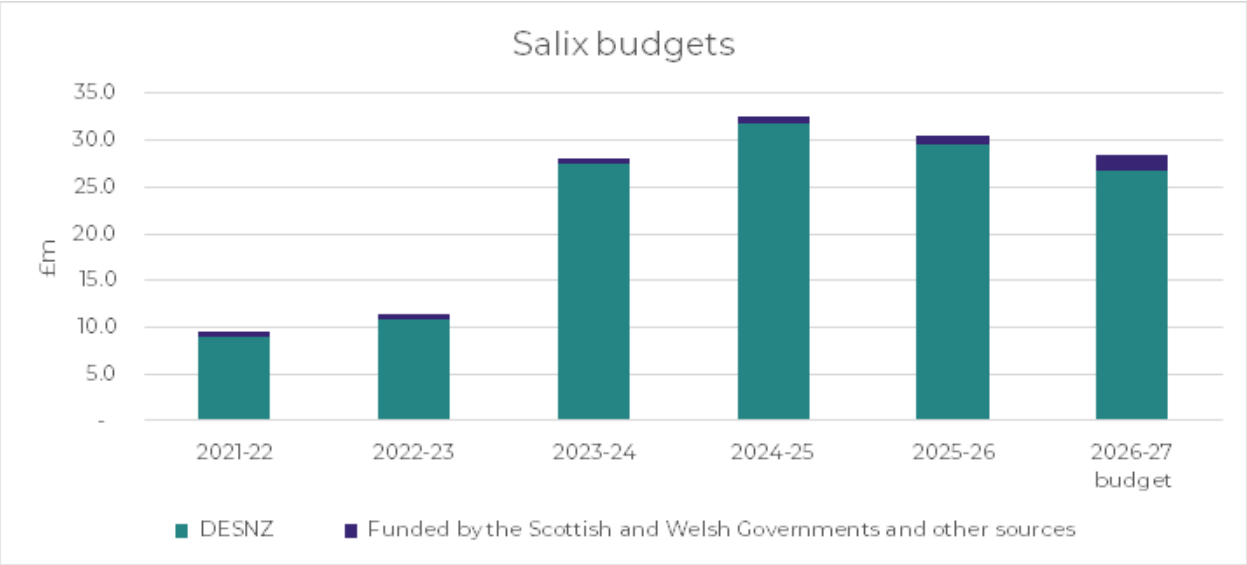
They are not shown in our statement of comprehensive net expenditure.

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

Our total expenditure for the past five years is summarised in the table below, together with the budget for 2026-27. 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.

In 2025-26, phase 2 of the Home Upgrade Grant ended, and in 2026-27 Wave 2 of the Social Housing Decarbonisation Fund will also close. However, in those two years we have been engaged by the department to carry out a series of assurance projects on insulation schemes, so the net effect on our budget has been broadly neutral.

Our total operating budget from the department for 2025-26 was £30.4 million. Our net expenditure was [£29.5 million, £0.9 million or three per cent] under the budget.
Our budget from the department for 2026-27 is £26.7 million.



Accountability report

Directors' report

The directors present their report together with the audited financial statements for the period 1 April 2025 to 31 March 2026. 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 39. 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 29 to 31.

Going concern and viability

Accounting standards and the UK Corporate Governance Code require directors to assess whether the company can continue in operation as a going concern and to explain that assessment in the annual report, including the period considered and why that period is appropriate.

A company's accounts are prepared on a going concern basis unless the directors intend to wind up the company or have no realistic alternative but to do so.

In making their assessment of Salix's status as a going concern and the viability of the business, the directors have considered the current Parliamentary term, considering the current operating environment and the government's wider policy, including the Warm Homes Plan published in January 2026.

As set out on page 21, the Warm Homes Plan includes a proposal to establish a Warm Homes Agency to support delivery. However, plans for the agency are still in development. The potential implications of these proposals for Salix, including any future organisational changes, remain uncertain.

In the meantime, the directors consider that they have realistic alternatives in the foreseeable future to the winding up of the company.

The government is committed to reducing energy costs, tackling fuel poverty and developing secure, clean, renewable power. The Middle East conflict in 2026 has added urgency to this already high priority.

Salix has demonstrated unique capability and expertise to address this priority through scheme delivery for housing, public sector and new technology, resulting in incremental awards over the last two years to manage schemes on behalf of the UK, Scottish and Welsh governments and of English strategic authorities.

Salix's current schemes are continuing with significant funding to disburse. Public Sector Decarbonisation Scheme projects continue in delivery until 31 March 2028, followed by two years of post-completion monitoring. DESNZ has confirmed that it expects to continue to provide funding to Salix through to the 2028 financial year to allow Salix to complete the responsibility of dispersing the capital budget for the Public Sector Decarbonisation Scheme.

For the remaining Parliamentary term, the directors expect that demand for Salix's services will continue and that we can sustain a viable business.

With Salix's proven expertise in the field of retrofit and decarbonisation projects and our established relationships with DESNZ and the Scottish and Welsh governments, there are a range of options for how Salix can support the Warm Homes Plan, helping the government to deliver its priorities on energy security, independence, devolution and affordability. We will continue to engage with DESNZ on the development of the plans for the Agency.

The directors have a reasonable expectation that Salix will continue in operation and meet its liabilities as they fall due for the foreseeable future. They have concluded that it is appropriate to prepare the financial statements on the going concern basis. The uncertainties that exist around the form and timing of Salix's role in the Warm Homes Plan are not material to our status as a going concern.

The directors have concluded it appropriate to assess going concern and viability over the three-year period to September 2029 to assess the viability of alternative outcomes for Salix if the plans for the establishment of the Warm Homes Agency were to be delayed or amended. This also aligns with the Parliamentary term and priorities of the current Labour government.

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 Chapter 7 of the Companies Act 2006.

Section 172 statement

The board of directors promotes the success of the company for the benefit of its sole member, the Secretary of State for Energy Security and Net Zero, having regard to:

- the likely consequences of any decisions in the long-term. The board sets our strategy, in consultation with DESNZ and ensures that objectives are set and decisions taken to deliver the strategy. During the year the board has paid particular attention to Salix's role in the Warm Homes Plan.
- the interests of the company's employees. The board, through the people and remuneration committee, oversees our people strategy. During the year, we have focussed on training and internal communication, to develop our people, maintain their engagement and retain them within the business. This included our investment in training across the Salix team in the AIM Level 2 Award in Domestic Retrofit. For more information see page 22.
- 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. Our primary stakeholder and customer is DESNZ, and we ensure close collaboration with the department through the chair and chief executive's regular liaison with senior officials and the role played by our shareholder representative director. The board has also discussed Salix's work with English devolved authorities and with Great British Energy.
- the impact of the company's operations on the community and environment. For more information see the sustainability report on page 25.

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.

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

29 September 2026

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 2025 to 31 March 2026 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 guarantee[1] 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 2025[2]. 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[3] and Partnerships between departments and arm's length bodies[4]. 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 Code[5] 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.

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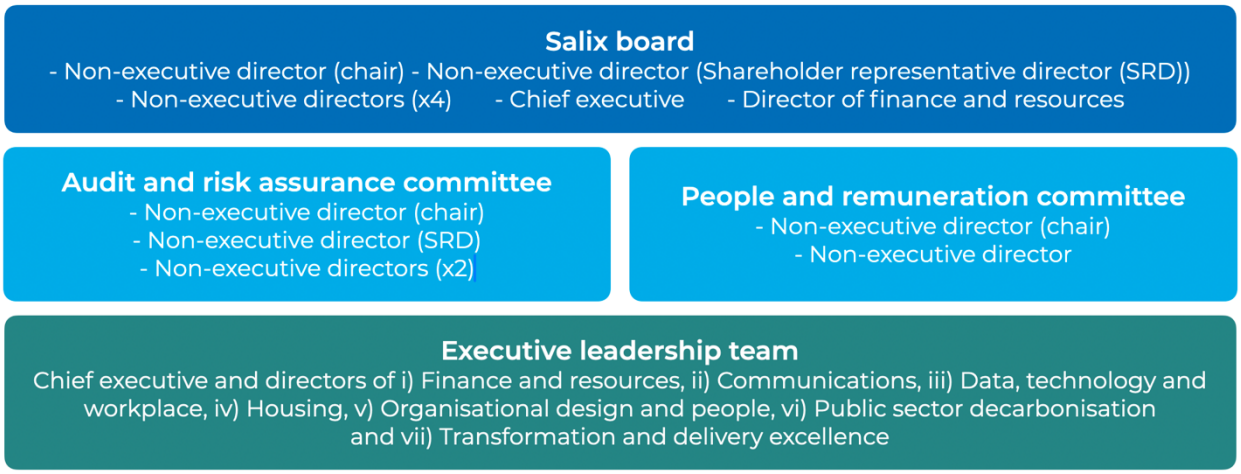
[1] Registered company number 05068355 England & Wales
[2] Salix Framework Document
[3] Corporate governance in central government departments: code of good practice – 21 April 2017; Guidance Note
[4] Partnerships between departments and arm's length bodies Cabinet Office 24 February 2017
[5] Financial Reporting Council's UK Corporate Governance Code 22 January 2024

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).

Since 1 April 2024, there has been a representative 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 therefore 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:

Name	Role	Appointment date	Reappointed/ extended	Term end date
Baroness Evans of Bowes Park	Chairperson	1 March 2024		28 February 2027
Michael Stark	NED	10 April 2013		Resigned 31 May 2025
Tracy Vegro OBE	NED and chair of people and remuneration committee	1 August 2022	1 August 2025	31 January 2027
Andrew Jones	Shareholder representative director	1 April 2024		Will end on termination of corresponding appointment within DESNZ

Name	Role	Appointment date	Reappointed/ extended	Term end date
Kevin Holland	Executive director/ chief executive officer *(accounting officer)*	4 October 2024	Originally on interim basis. Extended from 1 April 2026	Up to 1 April 2029 subject to WHA
David Conroy	Interim NED	28 January 2025	28 July 2026	26 July 2027
Andrew Gillies	Interim executive director/director of finance and resources	17 February 2025		Resigned 14 August 2026
Alison Jeffers	Interim NED and chair of audit and risk assurance committee	24 February 2025	24 August 2026	23 August 2027
Claire Davies	Interim NED	1 June 2025		30 November 2026
Patrick Bolster	Interim executive director/director of finance and resources	1 September 2026		1 April 2028

Other than Andrew Jones who is appointed by DESNZ to represent its interests, all 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 incorporating the Code of Conduct for Board Members of Public Bodies[6] and requiring board member compliance with the Nolan Principles of Standards in Public Life.

During 2025-26 and to the date of this report, the key issues the board has focussed on have included:

- Salix's role in evolving government's energy and net zero policies, especially the new Warm Homes Plan and the proposed transfer of our business to a new Warm Homes Agency. We have continued to build our relationships and influence with DESNZ at senior levels.

[6] Code of conduct for Board members of Public Bodies – Cabinet Office and Efficiency and Reform Group 1 November 2019

- continuing work with national devolved authorities through the second and third phases of the Scottish Public Sector Heat Decarbonisation Fund, Digarbon 2 and 3 and Wales Funding Programmes.
- working with English devolved authorities including the Greater Manchester Combined Authority and with Great British Energy as their powers and responsibilities are increased.
- in the light of the Government's announcement that there would be no further phases of the Public Sector Decarbonisation Scheme (PSDS) beyond Phase 4, focussing on excellent delivery of existing schemes.
- the completion and demobilisation of Social Housing Decarbonisation Fund Wave 2 project.
- audit and assurance activity for housing schemes delivered by third parties
- Refreshing our strategy for 2025-26 to 2027-28 in the light of the WHP.

The next annual review of the board's own effectiveness commenced in June 2026, following the completion of recommendations arising from the previous review in December 2024 (see page 46).

The board has two committees: the audit and risk assurance committee (ARAC) and the people and remuneration committee (RemCo). Terms of reference for these committees are published on our website.

Audit and risk assurance committee (ARAC)

The 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. Representatives of the Infrastructure and Projects Authority (now NISTA) have provided guidance to ARAC on this basis. Having previously been a board observer, Claire Davies became a full member of the committee from 1 June 2025.

In accordance with its terms of reference, highlights of ARAC's activity during the year and up to the date of this report include:

- considering a new robust risk management framework document and risk appetite statement, and recommending it to the board for approval
- closer scrutiny at meetings on risk management and assurance, counter fraud measures, financial stability and compliance
- considering and monitoring the implementation of internal and external audit plans and management actions arising from internal audits
- 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 seven internal audit assignments undertaken in 2025-26, one had a limited assurance rating, three had a moderate assurance rating, and the other three

engagements were conducted as advisory engagements 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.
- assessing the suitability of the accounting policies and considering significant issues relating to the annual report and accounts. The only significant issue for ARAC was Salix's status as a going concern, which is addressed in the directors' report on page 35. ARAC reviewed papers at its June and September 2026 meetings setting out the basis for the conclusion that it is appropriate to prepare the financial statements on the going concern basis, [and ARAC supported that conclusion]
- reviewing key documents governing ARAC's activities, audit roles and responsibilities, including terms of reference and the internal audit charter
- the annual review of its effectiveness published in June 2025, and monitoring performance against the recommendations arising from the review for the year. A further review will take place in 2026-27.

ARAC is not involved in the appointment or reappointment of the external auditor, because the Framework Document requires that Salix is audited by the Comptroller and Auditor General. However, ARAC receives assurances from the National Audit Office, who carry out the external audit on the Comptroller and Auditor General's behalf, that their audit is independent, [and ARAC is satisfied with the independence and effectiveness of the National Audit Office's audit]. ARAC also noted that the National Audit Office's audit of Salix's 2024-25 annual report and accounts was subject to a review by the Financial Reporting Council, and that the quality of the audit was assessed as good (the highest of four possible ratings).

People and remuneration committee (RemCo)

The 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 50.

Attendance at board and committee meetings

Attendance at meetings during the financial year 2025-26 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)	6 of 6	N/A	N/A
Michael Stark	1 of 1	N/A	N/A
Tracy Vegro OBE	6 of 6	7 of 7	3 of 3
Andrew Jones	6 of 6	6 of 7	N/A
David Conroy	6 of 6	N/A	3 of 3
Alison Jeffers	5 of 6	7 of 7	N/A
Claire Davies[7]	4 of 5	6 of 7	N/A
Kevin Holland	6 of 6	7 of 7	3 of 3
Andrew Gillies	5 of 6	7 of 7	N/A

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 who 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
- 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

[7] With effect from 1 June 2025. Claire Davies attended the May 2025 board meeting as an observer, before joining the board as a full member

- acts as a delivery agent to DESNZ, 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 37.

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 (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 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 and updated in January 2026, 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. Investment in an automated risk management system is improving and standardising risk recording across the business as it is rolled out, replacing the RADIO logs (risk, assumptions, dependencies, issues and opportunities) that have been 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 (ELT), 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. The board and the ARAC horizon scan for new areas of risk which may need to be added.

The 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 ELT are the most urgent, offering challenge where required. The 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 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 authorisation 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 29 and 30.

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. Recommendations arising from the ensuing action plan have been implemented in full during the financial year. In the light of the potential transfer of Salix's functions to the Warm Homes Agency, it was agreed with DESNZ that an internal board effectiveness review was appropriate for 2026-27.

A review of the effectiveness of ARAC was conducted using the National Audit Office's Audit and Risk Assurance Committee effectiveness tool. This was reported to ARAC at its meeting of June 2025 and an action plan produced to address areas identified for improvement. The plan identified the skills ARAC requires and the areas it should focus on to carry out its duties effectively. ARAC has increased the length of its meetings to ensure it has sufficient time to consider its regular business and take a 'deeper dive'. Permanent appointments to ARAC during the year have improved the rigour of analysis and challenge during meetings. Areas identified as requiring further attention including the development of Salix's risk management framework to include more risk context have been addressed. Recommendations to improve and standardise compliance frameworks and their reporting are underway.

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 seven audits in 2025-26. The head of internal audit's overall opinion for 2025-26 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 2025-26. Actions to improve and mature our system of risk management and internal control were taken during 2025-26, including:

- the development, approval and implementation of a new robust risk management framework document and risk appetite statement based on HM Treasury's Orange Book
- rolling out risk management training to all staff, and risk registers across the organisation, to improve risk awareness and understanding of responsibilities for prevention, management and mitigation of risks
- strengthening of the data, technology and workplace directorate, through the recruitment of specialist staff and closer alignment with the Government's Integrated Corporate Services function
- reviews across all directorates of our compliance with government functional standards, supported by the governance and transformation and delivery excellence teams.

We expect to see the impact of these changes in the results of the internal audit programme for 2026-27.

Accordingly, Salix is confident that 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[8]. Board members are required to declare any relevant interests arising during meetings and can be required to recuse themselves.

[8] https://www.salixfinance.co.uk/sites/default/files/2026-04/Salix Register of Interests.pdf

All employees 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 is available via our intranet, MyHub. It sets out clear guidance for how these should be managed.

Whistleblowing

We operate 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. There were no reports received in FY 2025-26.

Customer satisfaction and complaints

Organisations 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 2025-26, there were three matters of an administrative nature were referred to the complaints team. Of these, two were resolved and one remains open.

There were no referrals to the Parliamentary and Health Service Ombudsman in 2025-26.

Information and cyber security

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

Salix has a complaints process for information rights requests, as is required to be in place by 16 June 2026 under Section 103 of the Data (Use and Access) Act 2025. It was not in force in the 2025-26 financial year so there were no complaints in respect of that year and there have been no complaints since the process was in force to the date of this report.

Conclusion

As accounting officer, it is my assessment, and that of the board, that Salix has complied with the requirements of the code of good practice for corporate governance in central government departments to the extent appropriate 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 Financial Reporting Council's UK Corporate Governance Code. The code applies primarily to listed companies, but Salix is required to comply where applicable under section 6.2 of its Framework Document. Derogations from the code can be explained as follows:

- Provision 17 states that the board should establish a nomination committee to lead the process for appointments of directors, provision 18 states that directors should be

subject to annual re-election, and provision 23 states that the annual report should describe the work of the nomination committee. Salix does not have a nomination committee. NEDs are appointed by the department, in accordance with the code of good practice for corporate governance in central government departments, so there is no nomination committee. The board chair is actively engaged in the appointment process alongside the department, and leads the annual appraisal process of NEDs.

- Provision 21 states that there should be an annual board performance review, with an externally facilitated board performance review at regular intervals. Salix carried out an internal board effectiveness review in 2024-25, and has implemented all the recommendations during 2025-26. Given the plans for Salix to transition into the Warm Homes Agency, the board concluded that an externally facilitated board performance review would not provide value for money. The board has carried out a further internal review of its performance in 2026-27.
- Provision 25 requires that ARAC should follow the minimum standard for audit committee and the external audit published by the Financial Reporting Council[8]. The minimum standard includes provisions relating to the tendering of the external audit. The Framework Document requires that Salix is audited by the Comptroller and Auditor General, so our external audit is not tendered.
- Provision 34 states that the remuneration of NEDs should be determined in accordance with the Articles of Association or, alternatively, by the board. The remuneration of Salix's NEDs is determined by the department in accordance with Cabinet Office guidance on approval of senior pay.

I have sought and received assurances 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

29 September 2026

[9] Audit Committee Minimum Standard

Remuneration and staff report

People and remuneration committee

During 2025-26, our people and remuneration committee (RemCo) comprised of non-executive directors Michael Stark (up to 31 May 2025), Tracy Vegro and David Conroy. In line with Michael's retirement, Tracy was appointed chair of the committee from 22 May 2025. The 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 awards 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
- Reviewing and providing guidance on people strategies and plans
- Advising on strategic people and culture related issues.

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 2024-25 financial year
- The annual pay increase for the executive directors and executive leadership team for the 2025-26 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 2025-26 financial year, ensuring compliance with the annual pay remit
- Staff non-consolidated pay awards
- The draft chief executive and corporate objectives FY 2026-27, with emphasis on remaining agile and adapting in line with the Warm Homes Pan developments
- Amendments to the committee's terms of reference, including increased clarity on reporting, responsibilities and meeting arrangements
- The ongoing people strategy and plan for the culture change programme – agreed by the committee and with progress being monitored.
- Employee retention and how we can maximise personal development and engagement to maximise our ability to retain our talented people.

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. All current appointments are for a maximum of 18 months (except for Andrew Jones, whose

appointment to the board arises from his employment with DESNZ). 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 serving during the period covered by this report are listed in the governance statement at page 39.

Appointment of the chief executive and executive directors

Executive board members serving during the period covered by this report 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.

The Corporate Governance Code requires that the remuneration report includes a description of malus and clawback provisions for directors' remuneration. Malus and clawback provisions are appropriate for companies which pay significant performance related bonuses, stock options, or long term incentive packages, enabling the company to cancel or recover elements of remuneration in cases of misconduct or poor performance. Salix does not have any malus or clawback provisions in its employment contracts and performance related bonuses are limited in nature.

Non-executive remuneration (audited)

The remuneration of non-executive directors was as follows:

Name	2025-26 Fees (£000)	2024-25 Fees (£000)
Alison Jeffers[1]	20-25	20-25
Andrew Jones[2]	0	0
Claire Davies[3]	5-10	-
David Conroy[4]	10-15	0-5
Michael Stark[5]	0-5	10-15
Natalie Evans	20-25	20-25
Tracy Vegro OBE	10-15	10-15

1. Alison Jeffers joined the 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.
2. 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.
3. Claire Davies was a board observer from 1 May 2024. She was appointed as a non-executive director from 1 June 2025. Her fees in the table do not include her fees for serving as board observer.
4. 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.
5. Michael Stark's term ended on 31 May 2025. His full year equivalent fees for 2025-26 were £10k to £15k.

Remuneration of executive board members (audited)

The remuneration of the executive directors was as follows:

	Salary (£000)		Bonus payments (£000)		Pension benefits (£000)		Total (£000)	
Name	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Andrew Gillies[1]	115-120	10-15	0-5	0-5	10-15	0-5	130-135	15-20
Emma Clancy[2]	-	80-85	-	-		0-5	-	85-90
Helen Powell[3]	-	85-90	-	-		5-10	-	95-100
Kevin Holland[4]	150-155	75-80	10-15	5-10	15-20	5-10	175-180	90-95

1 Joined 17/02/2025 (Full Year Equivalent for 2024-25: £115-£120k)
2 Resigned 11/10/2024 (Full Year Equivalent for 2024-25: £145-£150k)
3 Resigned 31/12/2024 (Full Year Equivalent for 2024-25: £115-£120k)
4 Joined 25/09/2024 (Full Year Equivalent for 2024-25: £145-£150k)

'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. 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 2025-26 (2024-25: 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.

The 2024-25 figures in this table and in the table on page 55 for our gender and ethnicity pay gaps have been restated. In the 2024-25 annual report we based the calculations on the pay of all employees who had been in post during the year. This year, as recommended by the guidance, we have based the calculations for the current and prior year on the employees in post at the end of the year.

	2025-26	2024-25 Restated
Remuneration banding for highest paid employee		
Salary and allowances	£150,000 to £155,000	£145,000 to £150,000
Performance pay and bonuses	£10,000 to £15,000	£5,000 to £10,000
Total pay including bonuses	£160,000 to £165,000	£155,000 to £160,000
Percentage change from the previous year for the highest paid employee		
Salary and allowances	3.4%	-16.9%
Performance pay and bonuses	66.7%*	Not applicable[1]
Total pay including bonuses	3.2%	-11.3%
Average percentage change from the previous year for all other employees		

*2025-26 figure represents the full year. 2024-25 figure is part-year.

	2025-26	2024-25 Restated
Salary and allowances	5.1%	3.2%
Performance pay and bonuses	5.2%	9.0%
Total pay including bonuses	5.1%	3.6%
Remuneration range	From £23,100 up to £160,000 to £165,000	From £22,000 up to £155,000 to £160,000
Pay ratios		
75th percentile		
Salary and allowances	£56,697	£52,500
Total pay including bonuses	£58,797	£54,600
Ratio of highest paid employee total pay to 75th percentile total pay	2.8	2.9
Median		
Salary and allowances	£43,365	£42,000
Total pay including bonuses	£44,765	£42,900
Ratio of highest paid employee total pay to median total pay	3.6	3.7
25th percentile		
Salary and allowances	£35,879	£34,170
Total pay including bonuses	£37,979	£35,270
Ratio of highest paid employee total pay to 25th percentile total pay	4.3	4.5

1. No 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.

Exit packages (audited)

No severance payments were made in the financial year 2025-26. One severance payment in the range £10,000 to £25,000 was made in 2024–25.

Staff numbers (audited)

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

	2025-26			2024-25
	Female	Male	Total	Total
Non-executive directors	4	2	6	6
Executive board		2	2	2
Executive leadership team	2	4	6	6
Senior leadership team	8	9	17	15
Other employees	104	83	187	183
Total	**118**	**100**	**218**	**212**

The average number of employees during the year was 212.

Staff costs (audited)

	2025-26				2024-25
	Board members £000	Other permanent and fixed term contract employees £000	Temporary and agency staff £000	Total £000	Total £000
Wages and salaries	353	10,063	284	10,700	10,508
Social security costs	49	1,317		1,366	1,092
Pension costs	27	706		733	632
Total	**429**	**12,086**	**284**	**12,799**	**12,232**

Salix employs a number of its executive directors and employees on fixed term contracts to effectively manages resource levels based on current and future workload. All executive directors are employed on payroll, subject to PAYE.

Included in amounts paid to staff members is a non-contractual company performance payment based on overall company performance not linked to individual employee performance.

Off-payroll engagements

Temporary off-payroll worker engagements as at 31 March 2026, where individuals are earning at least £245 per day:

No. of existing engagements as at 31 March 2026	1
Of which....	Nil
No. that have existed for less than one year at time of reporting	Nil
No. that have existed for between one year and two years at time of reporting	Nil
No. that have existed for between two and three years at time of reporting	Nil
No. that have existed for between three and four years at time of reporting	Nil
No. that have existed for four or more years at time of reporting	Nil

Temporary off-payroll worker engaged at any point during the year ended 31 March 2026, where individuals are earning at least £245 per day:

No. of existing engagements during the year ended 31 March 2026	9
Of which....	
No. determined as in-scope of IR35	4
No. assessed as out-of-scope of IR35	5
No. of engagements reassessed for compliance or assurance purposes during the year	Nil
Of which: no of engagements that saw a change to IR35 status following review	Nil
No. of engagements where the status was disputed under provisions in the off-payroll legislation	Nil
Of which: no. of engagements that saw a change to IR35 status following review	Nil

Off-payroll engagements of board-members and/or senior officials with significant financial responsibility, between 1 April 2025 and 31 March 2026

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.	Nil
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	Nil

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.

	2025-26 £000	2024-25 £000
Consultancy	-	74
Temporary and agency staff	284	653
Total (incl. VAT)	**284**	**727**

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

Sickness

During the period ended 31 March 2026 the average number of working days lost due to sickness absence was 3.7 days per full time equivalent (2024–25: 2.4 days). These figures exclude five members of staff on long term sick (2024-25: five staff members on long term sickness). We endeavour to provide a safe and supportive work environment and with a comprehensive programme of assistance for our employees.

Staff turnover

The annual staff turnover rate was 14.8 per cent, a significant reduction on the previous year's rate of 24.2 per cent, reflecting the work we have done to increase employee engagement and improve communication, as described on page 17. Staff turnover is calculated as leavers as a percentage of the average number of staff during the year. Most leavers cited new job opportunity 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

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 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 2025-26 was 8.7 per cent (2024-25: 2.7 per cent) in favour of men and the mean gender pay gap for 2025-26 was 15.1 per cent (2024-25: 10.9 per cent) in favour of men.

Our gender pay gap widened during 2025-26 because we are currently recruiting to fixed term contracts, due to the uncertainty with the Warm Homes Agency. We have found that men are more likely to apply for fixed term contracts, especially in higher level positions, compared to women. Despite our efforts focusing on attracting women into key roles, this continues to be a problem.

We also calculate our ethnicity pay gap. Our median ethnicity pay gap for 2025-26 was 3.2 per cent (2024-25: 3.1 per cent) in favour of white employees, while our mean ethnicity pay gap for 2025-26 was 10.4 per cent (2024-25: 8.3 per cent) in favour of white employees.

The 2024-25 gender and ethnicity pay gaps have been restated. In the 2024-25 annual report we based the calculations on the pay of all employees who had been in post during the year. This year, as recommended by the guidance, we have based the calculations for the current and prior year on the employees in post at the end of the year.

	Median %		Mean %	
Financial Year	2025-26	2024-25 Restated	2025-26	2024-25 Restated
Gender pay gap	8.7	2.7	15.1	10.9
Ethnicity pay gap[9]	3.2	3.1	10.4	8.3

We actively encourage 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 employees 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 meaningful.

[10] Analysis excludes 'Prefer not to say', 'Other' and non-disclosure which was 0.9% in 2025-26 and 7.8% in 2024-25.

Disability (Employed during FY)*	2025-26 No. of staff	2024-25 No of Staff
No	226	232
Prefer not to disclose	7	13
Yes	10	9

*All staff including leavers during the year.

Supportive employment practices

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

We offer all employees training in resilience, stress management, mental health, health campaigns and disability awareness. They also have access to our Employee Assistance Programme for confidential counselling and advice for work and life issues. We have seven staff trained as Mental Health First Aiders who are available to 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. We continue to engage with our people 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

Date: 29 September 2026

Parliamentary accountability and audit report (audited)

Losses statement

There were no losses or special payments during either 2025-26 or 2024-25.

Regularity of payments

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

Fees and charges

Salix receives fee income from the Greater Manchester Combined Authority (GMCA), Scottish and Welsh governments, as set out in note 3.5 to the accounts on page 80. 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 L td for the year ended 31 March 2026 which comprise Salix Finance Ltd's

- Statement of Financial Position as at 31 March 2026;
- 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 2026 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 opinions.

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. • Managing Public Money and Cabinet Office spending controls (to the extent they are applicable to the Company under the Framework Agreement)

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), 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 35) and in Note 3 to the Financial Statements (from page 78). 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 entities 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 director's 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 inaccordance 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 42-43.

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	£453,000 (2024-25: £481,000)
Basis for determining materiality	1.5% of total gross expenditure of £30,503,000 (2024-25: 1.5% of total gross expenditure of £32,495,000)
Rationale for the applied benchmark	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 2025-26 audit (2024-25: 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 £9,000, 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 decreased net expenditure and increased net assets by £169,860.

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.

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 pages 35-36);
- Directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on pages 35-38);
- Directors' statement on fair, balanced and understandable (set out on page 37);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 45);
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on page 45 to 46); and
- The section describing the work of the Audit and Risk Assurance Committee (set out on pages 42-43).

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 the 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 intend to liquidate the entity or to cease operations, or have 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 charges 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 the 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; and
- 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.

S Hussain

Samad Hussain (Senior Statutory Auditor)

02 October 2026

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 2026

	Note	2025-26 (£000)	2024-25 (£000)
Revenue from contracts with customers	5	**(1,069)**	(927)
Total operating income		**(1,069)**	(927)
Staff costs	6	**12,515**	11,505
Purchase of goods and services	6	**17,534**	20,914
Depreciation and amortisation	6	**454**	76
Total operating expenditure		**30,503**	32,495
Net operating expenditure		**29,434**	31,568
Loss on disposal and write off of fixed assets		**-**	109
Finance expense	7	**16**	-
Comprehensive net expenditure for the year		**29,450**	31,677

Income is reported in brackets within SoCNE above.

All operations are continuing operations.

The notes starting on page 78 form part of these accounts.

Statement of Financial Position

as at 31 March 2026

	Note	31 March 2026 (£000)	31 March 2025 (£000)
Non-current assets			
Right of use assets	8	**584**	-
Intangible assets	9	**387**	603
Total non-current assets		**971**	603
Current assets			
Trade and other receivables	12	**790**	971
Cash and cash equivalents	13	**2,544**	1,225
Total current assets		**3,334**	2,196
Total assets		**4,305**	2,799
Current liabilities			
Trade and other payables	16	**(3,346)**	(4,129)
Delivery partner (DP) provision		**-**	(196)
Total current liabilities		**(3,346)**	(4,325)
Non-current liabilities			
Dilapidation provision	15	**(297)**	(121)
ROU lease liability	14	**(413)**	
Total non-current liabilities		**(710)**	(121)
Total liabilities		**(4,056)**	(4,446)
NET ASSETS/(LIABILITIES)		**249**	(1,647)
Taxpayers' equity and reserves			
General reserve		**249**	(1,647)
TOTAL EQUITY		**249**	(1,647)

The financial statements were approved by the board of directors on 29 September 2026 and signed on its behalf on 29 September 2026 by:

Kevin Holland
Chief executive and accounting officer

The notes starting on page 78 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2026

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 2024	**(2,029)**
Grants from DESNZ	32,059
Comprehensive net expenditure for the year	(31,677)
Balance at 31 March 2025	**(1,647)**
Grants from DESNZ	31,346
Comprehensive net expenditure for the year	(29,450)
Balance at 31 March 2026	**249**

The notes starting on page 78 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2026

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	2025-26 (£000)	2024-25 (£000)
Cash flows from operating activities:			
Comprehensive net expenditure for the year		**(29,450)**	(31,677)
Changes in working capital:			
Decrease / (increase) in trade & other receivables	12	**181**	(243)
(Decrease) / increase in trade & other payables	16	**(783)**	70
Non-cash items:			
Dilapidations provision raised		**8**	4
Delivery partner provision (utilised)/raised		**(196)**	196
Write off of assets		**-**	109
Finance costs	7	**16**	-
Amortisation	6	**216**	76
Depreciation	6	**238**	-
Net cash outflow from operating activities		**(29,770)**	(31,465)
Cash flows from investing activities:			
Intangible assets - software	9	**-**	(213)
Net cash outflow from investing activities		**-**	(213)
Cash flows from financing activities:			
Right of use liability repayment		**(257)**	-
Cash received from DESNZ		**29,647**	32,059
Cash in transit from DESNZ		**1,699**	
Net cash inflow from financing activities		**31,089**	32,059
Net increase/(decrease) in cash and cash equivalents		**1,319**	381
Cash and cash equivalents at the beginning of the year		**1,225**	844
Cash and cash equivalents at the end of the year		**2,544**	1,225

The notes starting on page 78 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 2026 were approved with a resolution of the board on 29 September 2026 and authorised for issue on the same date as the independent auditor's report.

Salix 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 which covers at least the 12 months from the date of authorisation of the accounts 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 potential implications for Salix of the government's proposal, in the Warm Homes Plan, to establish a Warm Homes Agency. Plans for the Agency are still in development and the implications for Salix remain uncertain

- DESNZ's commitment to the continuity of our portfolio responsibilities in the meantime, and their confirmation that they expect to continue to provide funding to Salix until the earlier of the establishment of the Warm Homes Agency, or October 2027; and

- The company's opportunities, if the plans for the establishment of the Warm Homes Agency were to be delayed or amended, to continue to manage schemes on behalf of DESNZ, the Scottish and Welsh governments and other clients, while reducing the size of the company if necessary.

Based on this assessment, the directors have realistic alternatives to the winding up of the company. They have a reasonable expectation that Salix will continue in operation and meet its liabilities as they fall due for the foreseeable future. Therefore, the financial statements have been prepared on the going concern basis.

3.3 New accounting standards adopted in the year

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

3.4 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.

3.5 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.

3.6 Leases

In accordance with the FReM, the group does not recognise right of use assets and lease liabilities for assets with a value of less than £10,000 or leases with terms of 12 months or less.

Measurement of right-of-use assets

At the commencement of the lease, Salix measures the right-of-use asset at cost, comprising the initial measurement of the lease liability, and estimated costs for restoring the underlying asset required by the lease terms. The cost model for IFRS 16 is used as a proxy for valuation.

Right-of-use assets are depreciated on a straight-line basis from commencement date to the earlier of the end of the useful life of the right-of-use asset, or the lease term. Salix applies IAS 36 'Impairment of Assets' to determine whether a right-of use asset is impaired and to recognise any impairment loss identified.

Measurement of lease liabilities

Lease liabilities are initially measured at the present value of future lease payments. Lease payments are discounted using the interest rate implicit in the lease, or the HM Treasury discount rate (5.32%) where interest rates implicit in the lease cannot be readily determined.

3.7 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.

3.8 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.

3.9 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).

3.10 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 vatable.

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.

3.11 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.

3.12 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.

3.13 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'.

3.14 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.

3.15 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

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.

Salix delivers a number of assurance activities with its own staff as well as through a delivery partner for household energy efficiency.

2025-26	**Public sector non-domestic energy efficiency (£000)**	**Household energy efficiency (£000)**	**Total (£000)**
Revenue from contracts with customers	(1,069)	-	(1,069)
Total operating income	**(1,069)**	**-**	**(1,069)**
Staff costs	7,689	4,826	12,515
Purchase of goods and services	4,515	3,481	7,996
Delivery partner charges	-	9,538	9,538
Amortisation and depreciation	326	128	454
Total operating expenditure	**12,530**	**17,973**	**30,503**
Net expenditure for the year	**11,461**	**17,973**	**29,434**
Finance costs	8	8	16
Comprehensive net expenditure for the year	**11,469**	**17,981**	**29,450**

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 (incl VAT)	-	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 on disposal of fixed assets	55	54	109
Comprehensive net expenditure for the year	**10,480**	**21,197**	**31,677**

5. *Revenue*

Revenue from contracts with customers

	2025-26 (£000)	2024-25 (£000)
Scottish Government	(525)	(474)
Welsh Government	(458)	(449)
Scottish Funding Council	-	(4)
Greater Manchester Combined Authority (GMCA)	(86)	-
Total income	**(1,069)**	**(927)**

6. *Expenditure*

	2025-26 (£000)	2024-25 (£000)
Staff costs		
Wages and salaries	10,379	9,770
Social security costs	1,366	1,059
Apprenticeship Levy	37	34
Pension costs	733	632
Annual leave	-	10
Total	**12,515**	**11,505**
Goods and services		
ICT and estates costs (including facility management)	2,642	2,673
Contracted professional services	1,516	1,906
Delivery partner costs (incl VAT)	11,445	14,012
Travel and subsistence costs, legal fees and other service costs	332	343
Recruitment, training and staff- related costs	646	820
Advertising and marketing, office equipment and stationery	41	23
Irrecoverable VAT*	831	1,055
Auditor's remuneration**	80	82
Total	**17,534**	**20,914**
Non-cash items		
Write offs	-	109
Amortisation	216	76
Depreciation	238	-
Total	**454**	**185**
Total operating expenditure	**30,503**	**32,604**

*The VAT on expenditure, excluding Delivery partner costs, is shown separately as irrecoverable VAT.
** Auditor's remuneration represents the fees charged, exclusive of VAT, for external audit services. No non-audit services were provided by the external auditor.

7. *Finance costs*

	2025-26 (£000)	2024-25 (£000)
Right of use asset lease interest	16	-
Total	**16**	-

8. *Property, plant and equipment (Right of Use Assets)*

In 2025-26, Salix entered a new two-year lease for its London offices. The lease has been capitalised as a right of use asset in accordance with IFRS 16, together with the present value of the dilapidations provision. It is being depreciated over the lease term. In 2024-25, the only property, plant and equipment was IT hardware. During 2024-25 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 in 2024-25 was £109k.

2025-26	**ROU Assets (£000)**	**Total (£000)**
Cost or valuation		
At 1 April 2025	-	-
Additions	822	822
Disposals	-	-
At 31 March 2026	**822**	**822**
Depreciation		
At 1 April 2025	-	-
Charge for year	(238)	(238)
Disposals	-	-
At 31 March 2026	**(238)**	**(238)**
Carrying amount at 31 March 2026	**584**	**584**

2024-25	Hardware Information Technology (£000)	Total (£000)
Cost or valuation		
At 1 April 2024	423	423
Additions	-	-
Disposals	(423)	(423)
At 31 March 2025	**-**	**-**
Depreciation		
At 1 April 2024	(314)	(314)
Charge for year	-	-
Disposals	314	314
At 31 March 2025	**-**	**-**
Carrying amount at 31 March 2025	**-**	**-**

9. *Intangible assets*

2025-26	NetSuite (£000)	WIP (£000)	Total (£000)
Cost or valuation			
At 1 April 2025	**228**	**489**	**717**
Transfers	**489**	**(489)**	**-**
At 31 March 2026	**717**	**-**	**717**
Amortisation			
At 1 April 2025	**(114)**	**-**	**(114)**
Charge for year	**(216)**	**-**	**(216)**
At 31 March 2026	**(330)**	**-**	**(330)**
Carrying amount	**387**	**-**	**387**

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

The WIP (work in progress) relates to Schemes Customer Relationship Management system (CRM) 0k (2024-25: £292k) and the development of the NetSuite Enterprise Resource Planning system (ERP) £0k (2024-25: £197k).

10. 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.

	31 March 2026 (£000)	31 March 2025 (£000)
Delivery partner contract	1,465	2,763
Other commitments	266	381
Total	**1,731**	**3,144**

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

	31 March 2026 (£000)	31 March 2025 (£000)
Not later than one year	1,731	3,144
Total	**1,731**	**3,144**

11. 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.

12. Trade and other receivables

	31 March 2026 (£000)	31 March 2025 (£000)
Amounts falling due within one year		
Trade receivables and accrued income	103	262
Prepayments	687	709
Total trade & other receivables	**790**	**971**

Trade receivables included £54k (2024-25: £148k) due from the Scottish Government, £49k (2024-25: £110k) from the Welsh Government, £0k (2024-25: £4k) from the Scottish Funding Council.

Key elements within prepayments included £171k (2024-25: £304k) in relation to property rent and management related costs, £4k (2024-25: £53k) for insurance related costs and £401k (2024-25: £204k) on IT-related software and licences.

13. Cash and cash equivalents

	31 March 2026 (£000)	31 March 2025 (£000)
Opening balance	1,225	844
Net change in cash and cash equivalents	1,319	381
Closing balance	**2,544**	**1,225**

	31 March 2026 (£000)	31 March 2025 (£000)
The following balances at year-end were held at:		
Government Banking Service	845	1,225
Cash in transit (from DESNZ)	1,699	-
Total	**2,544**	**1,225**

14. Right of use lease liability

	31 March 2026 (£000)	31 March 2025 (£000)
Opening balance	-	-
Additions	(654)	-
Finance charges	(16)	-
Repayments	257	
Closing balance	**(413)**	**-**

Maturity analysis

	2025-26 Total (£000)	2024-25 Total (£000)
Less than one year	(327)	-
Later than one year and not later than five years	(86)	-
Closing balance	**(413)**	-

The right of use liability is in relation to the lease of the London Office at 10 South Colonnade, Canary Wharf, London, E14 4PU. The lease contract for this property is due to expire on 1 September 2027.

15. Provisions for liabilities and charges

	2025-26			2024-25		
	Property dilapidations (£000)	**Delivery Partner Provisions (£000)**	**Total (£000)**	Property dilapidations (£000)	Delivery Partner provisions (£000)	Total (£000)
Opening balance	**(121)**	**(196)**	**(317)**	(117)	-	(117)
(Raised in year)	**(168)**	-	**(168)**	-	(196)	(196)
(Unwind in the year)	**(8)**	-	**(8)**	(4)	-	(4)
Released	**-**	**196**	**196**	-	-	-
Closing balance	**(297)**	**-**	**(297)**	(121)	(196)	(317)

Analysis of expected timing of discounted flows

	2025-26			2024-25		
	Property dilapidations (£000)	**Delivery Partner Provisions (£000)**	**Total (£000)**	Property dilapidations (£000)	Delivery Partner provisions (£000)	Total (£000)
Less than one year	-		-		(196)	(196)
Later than one year and not later than five years	(297)	-	(297)	(121)	-	(121)
Closing balance	**(297)**	**-**	**(297)**	(121)	(196)	(317)

Property dilapidation

Salix leases its office accommodation from 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.

16. Trade and other payables

	31 March 2026 (£000)	31 March 2025 (£000)
Amounts falling due within one year		
Trade payables	(1,005)	(1,218)
Tax and social security	(417)	(352)
Accruals	(1,880)	(2,526)
Other payables	(44)	(33)
Total trade and other payables	**(3,346)**	**(4,129)**

17. Related party transactions

a. 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 2026 amounted to £31,346k (2024–25: £32,059k).

In addition, Salix had several significant transactions with its other funders during the year: Welsh Government - £458k (2024-25 £449k) and Scottish Government - £525k (2024-25: £474k). See Note 12 - Trade and other receivables for more information on receivables from Scottish Government as at 31 March 2026.

b. 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.

18. 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 per cent of basic salary. Salix makes a minimum employer contribution of six per cent of basic salary. If employees increase their contribution, Salix will pay an extra two per cent employer contribution for every extra one per cent employee contribution up to a maximum employer contribution of ten per cent.

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

19. 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. There were no events between the end of the reporting period and the date of the Independent Auditor's Report requiring any adjustment or disclosure in the financial statements.

Produced by the communications team

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