

Annual report and accounts

2023/2024

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Strategic report

Chair's foreword

When I joined the board in early 2024, I was instantly struck by the drive and talent of the team at Salix. Ten months on, I am still impressed by what is being accomplished across the organisation every day.

I would like to pay tribute to my predecessor, Dame Teresa Graham DBE, who skilfully led the board for most of our first two decades and set the foundations for the work we do today.

I am proud of our achievements during the period covered by this annual report. However, I know there is still much work to be done to achieve our goals and make the contribution required to achieve the UK's net zero ambitions.

In 2023 we welcomed a new chief executive, Emma Clancy, who brought a strong vision and energy to her role and helped us develop our talent, systems and capability so we can deliver more for our clients and stakeholders. We also set about strengthening our organisation by creating more senior job roles.

During the year, we expanded our Manchester office bringing in skilled people to support the delivery of the various funding schemes we administer.

We also established our Intelligent Client Function to put us in a better position to share insights for informing future policy, having clearly recognised that good systems and understanding of data are key to a solid future.

Emma left Salix in October 2024 and her successor Kevin Holland will now build on the foundations created.

Kevin brings a wealth of experience to Salix from roles in the public and private sectors with expertise across innovation, economic development and life sciences. With business, investment and government expertise, he has the skills

we need to continue our mission, especially when set against a changing policy landscape as a result of the July general election.

As a board, we are supporting and challenging the executive team to achieve the ambitious goals and vision that we aspire to and that the Net Zero agenda demands. I look forward to continuing our work together. Climate change is not going to sit still, and Salix won't either.

“

We are aiming high with an objective to engage further and continuously improve our delivery.



Baroness Natalie Evans

Chief executive statement

Salix is a dynamic organisation with incredible people and a strong track record delivering carbon reduction programmes across the UK.

I have recently begun my Salix journey, joining in October 2024, but already I feel the incredible enthusiasm across our team and am excited by the opportunities that lie ahead.

The challenges of climate change are huge and very real. We simply must reduce the carbon we emit, and we must do it with urgency.

Although we face ambitious goals to support the government net zero targets, I am confident in our expert, passionate and client-focussed workforce committed to make a positive impact on climate change. They are why I believe we can deliver life-improving schemes across the UK.

As a government body delivering funding the decarbonisation of homes and public buildings, every day we advance our net zero expertise and further our unique delivery skills. We stand ready to support our stakeholders and partners as they implement increasingly challenging projects.

My role as chief executive will be to reach out to all our key stakeholders to assess how we best serve their changing needs. I will build on the Salix transformation programme and

focus our support on our clients' varied carbon reduction journeys.

Our core mission remains the successful delivery of existing funding schemes and the sharing of insight for future programmes as the decarbonisation landscape shifts.

At Salix we will continually adapt, supporting government delivery right across the UK.

I look forward to next year and beyond, as we work together and make a difference to tomorrow's world.



Climate change is real. It is today's challenge. We must reduce the carbon we emit and we must do it with urgency.



Kevin Holland

2023/24 highlights making buildings greener

England public sector schemes*	Scotland schemes*	Wales schemes*	Housing programme*
<p>PSDS: £414.5 million distributed to 191 projects and £611m of grant funding allocated to 244 projects</p> <p>LCSF: £16.6 million distributed to 134 projects</p> <p>English Loan Scheme: £13.7 million distributed to seven projects</p>	<p>Scottish Public Sector Loan Scheme: £1 million distributed to one project</p> <p>Scotland's Public Sector Heat Decarbonisation Fund: £14.9 million allocated to nine projects</p>	<p>Wales Funding Programme: £25.7 million distributed to 25 projects</p>	<p>Social Housing Decarbonisation Fund: 14,386 homes upgraded</p> <p>Home Upgrade Grant: 1,613 homes upgraded</p>

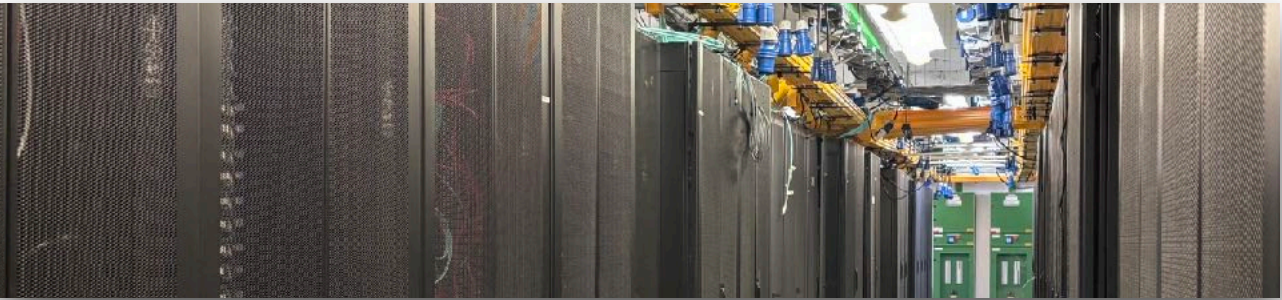
6,500 attendees at 52 knowledge sharing webinars

40 events, conferences and exhibitions attended with eight speaking slots

47,612 visitors to our corporate website

Twenty-three nationalities represented across our diverse workforce

PSDS: The Public Sector Decarbonisation Scheme. LCSF: The Low Carbon Skies Fund.
*figures are in-year for 2023/24



Who we are

We began life in 2004 and celebrated 20 years in business making buildings greener at the end of the financial year covered by this annual report.

We are wholly owned by the UK government and operate as a non-departmental public body (NDPB) under the sponsorship of the Department for Energy Security and Net Zero (DESNZ).

Our principal base is in Manchester with a second office in London.

We have been delivering public sector funding schemes on behalf of the UK government since 2004. The first schemes were interest-free loans, which gave financial support to boost energy efficiency across the public sector. Since then, we have grown to support a wide range of funding schemes which benefit from our expertise and experience.

In 2020, we launched the first phase of the Public Sector Decarbonisation Scheme (PSDS) on behalf of DESNZ. It provided £1 billion of grant funding for carbon reduction projects and supported the creation of jobs during the pandemic under the Low Carbon Skills Fund (LCSF).

Both schemes have been enormously successful, and we are now delivering further phases of each one. We have developed into a hub of excellence with our specialist teams able to offer information and advice on green technology, communications, finance, project delivery and management.

In 2023, the UK government appointed us as the delivery agent for a new wave of the Social Housing Decarbonisation Fund and Home Upgrade Grant schemes.

These projects will deliver warm and comfortable energy efficient homes over the years ahead, lifting more households out of fuel poverty.

We are passionate about the work we do because we're helping to achieve net zero and delivering homes and buildings across England, Scotland and Wales that are great places in which to live and work.

We continue to use our two decades of experience and learning to ensure each scheme successfully reduces carbon and that we provide expert support to our clients.



What we do

We're on a mission to help save the planet.

That's why we enable and inspire organisations in the public and private sectors to achieve their ambitious net zero targets and create better places to live and work.

We're passionate about our work and proud to be on the journey with them all our clients.

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

The schemes we deliver and the projects we support help towards the UK's ambition to become net zero.

We work with the UK government and the devolved administrations in Scotland and Wales. As well as managing the funding schemes, we provide professional advice, expertise and support to grant recipients 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 to shape policy development.



Our 2023/2024 activity

Public sector programme and project support

Key to the success of the funding schemes we deliver is the personal, tailored support we provide to every client we work with. Our delivery and energy and carbon teams work directly with clients to monitor and support progress. Each project has an assigned contact who supports the client throughout the scheme to ensure the best possible project outcomes. Our programme team uses examples and experience from other projects and from the wider business to support the client with risk and issue resolution.

For larger projects, a dedicated senior delivery team member works closely with the client. This enables matters to be clarified quickly. In addition, regular site visits take place so we can meet clients and better understand their projects, the different types of technologies and the challenges they face.



Mid and South Essex NHS Foundation Trust, a PSDS beneficiary

Technical support

Our carbon, energy and technical experts provide ongoing advice and information to our clients. They are involved in all aspects of our programmes, playing a key role in scheme design and application assessments, and then providing a key supporting role to the project's relationship managers throughout delivery. The team also liaises extensively with our external technical consultants to ensure we are well placed to always offer the best possible advice to clients.

Assurance

A key part of our role is to ensure that projects comply with the scheme criteria and terms and conditions of funding agreements, are delivered in accordance with the project programme, and that funding is only used for eligible expenditure and only claimed when that expenditure has been incurred.

This work commences at the application and assessment stage and continues throughout the life of the project with our programme and finance teams working closely to ensure that all claims for funding are fully evidenced. This includes post completion monitoring of projects to determine whether their actual carbon savings matched their forecasts.

In addition, our internal audit team performs audits of a sample of projects both during the delivery phase and after completion.

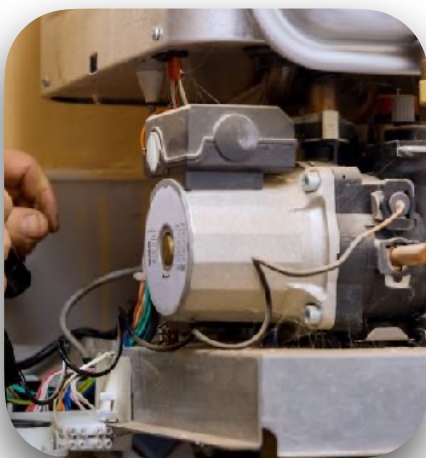
Performance highlights in 2023/24

We deliver schemes to support public sector energy efficiency and decarbonisation for the Department for Energy Security and Net Zero, the governments of Scotland and Wales and the Scottish Funding Council.

Public Sector Decarbonisation Scheme (PSDS)

This scheme provides grant funding to public sector organisations in England, including central government departments and non-departmental public bodies to replace end of life carbon emitting heating systems, such as oil, coal and gas fired boilers and replace them with zero carbon heating solutions such as air and ground source heat pumps.

Since the first phase of the scheme was launched in September 2020, we have supported 957 projects with more than £2.15 billion of grant funding. During the year, a further 244 projects were allocated phase 3c grant funding totalling £611 million, completing the allocation of PSDS phase 3c.



HUG enables the replacement of oil fired boilers with energy efficient systems

Low Carbon Skills Fund (LCSF)

This scheme provides funding for public sector organisations to engage specialist and expert advice to develop heat decarbonisation plans for their estates. We launched phase 4 on behalf of the Department for Energy Security and Net Zero in April 2023 and have provided £16.6m of grant funding across 134 projects covering 2,094 separate buildings.



Industrial air source heat pumps

English loan schemes (SEELS)

This scheme closed to new applications on 31 March 2021. During 2023/24, we distributed £15.7m of loan funding to pay for seven energy saving projects.

English Recycling Funds (RFs)

This scheme closed to new applications on 31 March 2021. During 2023/24 we supported 88 projects forecast to save 2.1kt CO₂e across 64 recycling funds.

Scottish loan schemes

We manage the Scottish Public Sector Energy Efficiency Loan Scheme on behalf of the Scottish Government as part of its Green Public Sector Estates Decarbonisation Scheme. Eligible public sector bodies have access to two models of interest-free loan funding: a one-off loan or the Recycling Fund. In 2023/24 £2.2m was allocated to 62 Recycling Fund and Scottish Public Sector Energy Efficiency Loan Scheme projects.



The Hydroneess scheme benefited from the Scottish Recycling Fund

Scotland's Public Sector Heat Decarbonisation Fund

New in 2023/24, the Scottish Government made £15.6m in grant funding available for projects to decarbonise heating systems by replacing them with zero direct emissions systems and for retrofit energy efficiency measures to support the overall decarbonisation of heat in buildings. We have allocated this funding to nine projects across Scotland

Welsh Funding Programme

We manage two loan schemes on behalf of the Welsh Government. One is the Wales Energy Efficiency Loans Scheme and the other is the Wales Recycling Fund loan scheme. In the period covered by this annual report, 22 clients received £10.3m of loan funding which was forecast to save 2.8 ktCO₂e.

New schemes in 2023/24

Digarbon

This is the decarbonisation fund for tertiary education in Wales. It is a new 25-year scheme providing £20m of loan funding for further and higher education institutions in Wales to support heat decarbonisation, energy efficiency, renewables and electric vehicle and electric vehicle charging infrastructure measures.

The scheme aligns closely with the Heat Strategy for Wales by implementing low carbon heat solutions, enhancing energy efficiency and reducing heat demand, while increasing renewable energy capacity.

It is intended to be utilised with other funding from the Welsh Government available to higher and further education institutions such as the Wales Funding Programme that we also deliver. In the period of this annual report, our teams worked to support the formal launch in April 2024.

Phase 4 Public Sector Decarbonisation Scheme

Funding was confirmed in December 2023 by the UK government with high-level details publicly announced in February 2024. The scheme opened to new applications in September 2024.



A new solar energy install in a south Manchester school

The housing programme

The housing programme has a different structure to our public sector schemes. For housing we act as delivery agent with the Department for Energy Security and Net Zero. A delivery partner (led by PwC) has responsibility for managing the projects funded by the schemes.

Our role is to enable scheme delivery, reduce risks, and monitor fraud to support preventive measures for successful scheme delivery.

Since commencing the delivery of the housing programme in May 2023, we have continued to refine our role as delivery agent with our delivery partner to enhance support for a new grant recipients. We have given them greater access to our data to help improve grant performance and mitigate future delivery risks.

The Social Housing Decarbonisation Fund (SHDF)

The Social Housing Decarbonisation Fund provides funding to social housing landlords to improve the energy performance of social rented homes. It is designed to tackle fuel poverty, reduce carbon emissions and support green jobs.

The funds can be used to install energy efficiency measures, such as insulation and heat pumps. In March 2023, the government announced £778m, which was awarded to 107 projects for Wave 2.1 of the scheme. Match funding from applicants provides an additional £1.1 billion of spend toward energy efficiency measures in social homes across England.

The delivery window for SHDF Wave 2.1 runs to September 2025. In March 2024, a top up to the Wave 2 SHDF scheme was announced. Wave 2.2 offered a further £75.5m to an additional 42 projects. Match funding provides an additional £139m for energy efficiency improvements. The delivery window for Wave 2.2 runs to March 2026.

In 2023/24, 97% of the £303m fund allocated for the first year 2.1 phase of the scheme was allocated. More than 11,700 homes have been retrofitted with energy efficiency measures against an expected baseline of 21,187. Efforts have been made to pinpoint grant recipients in the pre-delivery phase who are at high risk of under-delivery, with the assistance of our Intelligent Client Function.

Of the approximate 97% (£297 million) of funds were paid out by DESNZ, around 88% (£267 million) was actual grant spend.

We also mobilised a dedicated Wave 2.2 team to establish and launch the application and management process for this additional funding. Additional team members have been recruited and the delivery partner mobilised through contract variation for the scheme's setup.

Two-thirds of grant recipients in Wave 2.2 are expected to require extra support due to an identified lack of project delivery experience and an immaturity in the grant funding arena. They will be facilitated by our project support officers, Intelligent Client Function and enhanced with profiling and collaborative work with our partner organisations to implement action plans for project kick-off.

Home Upgrade Grant 2 (HUG2)

The Home Upgrade Grant 2 follows HUG 1 and launched for delivery in March 2023, running until March 2025. HUG has been established to tackle fuel poverty in households in England that meet certain criteria.

Eligible households are those on a low-income, are off-grid and have an Energy Performance Certificate (EPC) between D and G. HUG 2 will allocate up to £700m. Funding has been available from early 2023. The scheme runs until 2025.

Year one grant funding spend in 2023/24 was approximately £49m. This equates to 1,905 homes upgraded to the energy efficiency EPC standard of EPC C or higher.

We enhanced the system used by grant recipients to identify homes eligible for energy efficiency enhancements.

These developments provide better visibility on the approval progress during scheme delivery and helped DESNZ recalibrate the year two forecast.

Other highlights

Intelligent Client Function

We successfully established an Intelligent Client Function (ICF). Initially focused on our housing programme, it gathers, assesses, and shares insights for informing future policies and scheme delivery. Insights and data are routinely collected during monthly meetings with our delivery partner and grant recipient network. To further enhance our offer, we have introduced a 'Learning Community' for the benefit of grant recipients throughout their scheme delivery. The community provides knowledge sharing resources, webinars and learning opportunities for recipients.

Growing our presence in Manchester

Our principal office in Manchester has significantly expanded its presence and we have located many of our new job roles at our north-west base. In 2023/24, the headcount grew significantly to 69 employees (at the date of publication).

These span the Social Housing Decarbonisation Fund, Home Upgrade Grant, Public Sector Decarbonisation Scheme programmes and several corporate

support functions including finance, HR, communications and workplace.

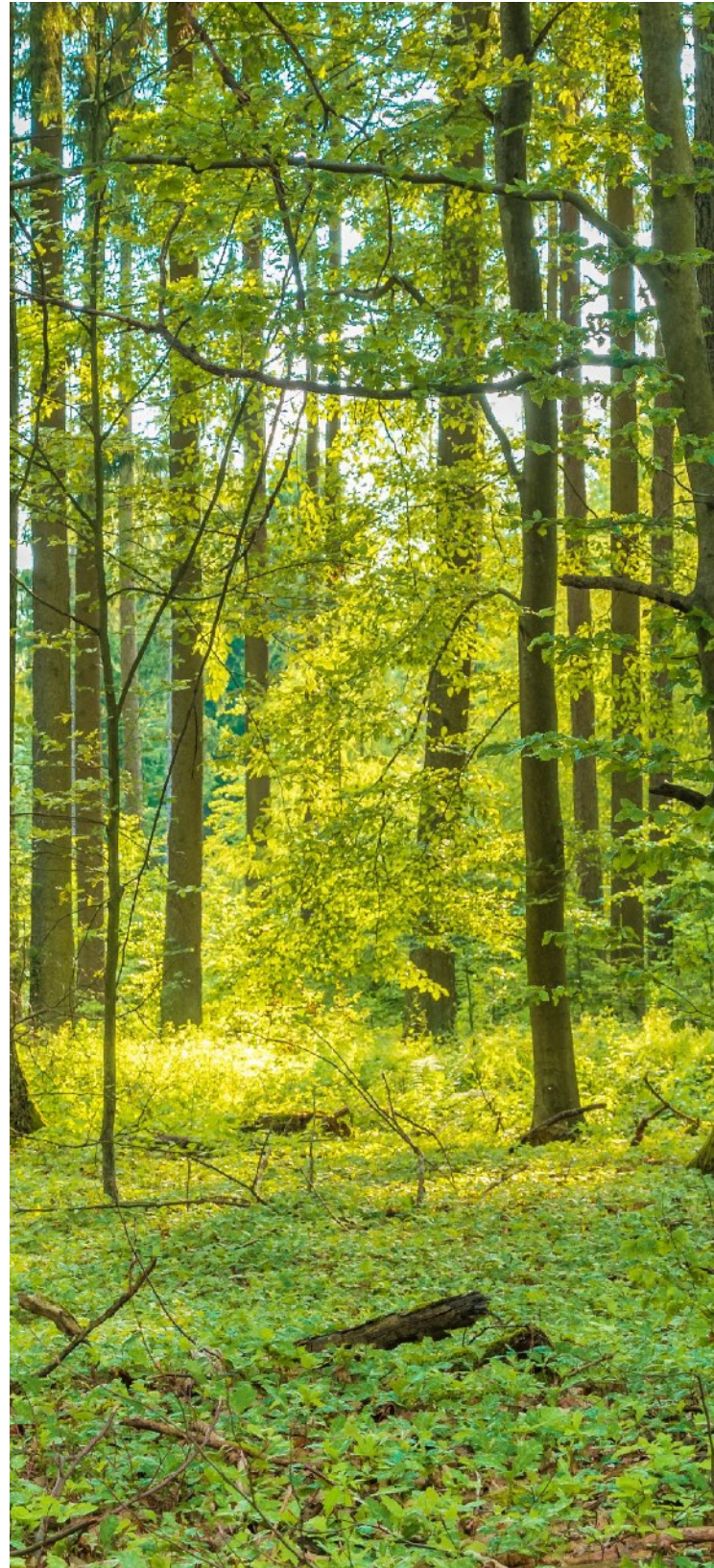
Digital, data and technology

During 2023/24 Salix used several cloud-based technology platforms to capture, manage and report on information so that we can effectively interact with large numbers of grant and loan recipients across England, Scotland and Wales. We provided a digital point of entry for applying for decarbonisation funds and then used our systems to monitor and support projects to completion.

The team developing and enhancing the core platform we used is small and managed to deliver the required functionality through agility and close working with the delivery teams in the rest of the business.

The team has supported the creation of analytics that can assist decision making and potentially influence the net zero agenda. These are routinely shared with the Department for Energy Security and Net Zero and we have plans for major enhancements to this work during 2024/25. Policy changes by the department can sometimes be sent to Salix with short timescales and we have managed to cope with this and deliver the required information processes throughout the year.

During 2024/25 we will be reviewing our approach to digital, data and technology and seeking to connect more with other agencies and partners to make the journey for grant and loan recipients increasingly easy to navigate.



Our future plans

The net zero agenda is moving at pace and it's clear that we will not stand still at Salix.

The outcome of the July 2024 general election means a change in policy direction but the new government remains committed to the UK's net zero targets.

With our experience and expertise we are well placed to support the government to meet its ambitions.

We aspire to remain a partner of choice by providing solutions which can assist with the challenges of reaching net zero.

As we look ahead to our future, we are tasked with administering funding programmes over multiple years, ensuring we have the right people with the core skills we require.

We will deliver the multi-year Public Sector Decarbonisation Scheme Phase 3 projects ensuring the public sector sees maximum benefit during the grant period 2024/2025. We will deliver Phase 3c projects up until March 2026 with up to £361 million having been awarded in grants for the second year of Phase 3c.

Alongside this we will also deliver Phase 4 of the Public Sector Decarbonisation Scheme which launched in September 2024. This will be a three-year scheme which will fund projects up to 2028. Phase 4 will build on previous phases to reduce direct emissions from public

sector buildings by 75% by 2037, compared to a 2017 baseline. We will deliver Phase 5 of the Low Carbon Skills Fund with grant offers being distributed in the summer of 2024. Projects will be delivered by March 2025.

In housing, we will continue to work on the Social Housing Decarbonisation Fund and Home Upgrade Grant. The delivery window for the SHDF Wave 2.2 will run to 31 March 2026. All grant funding for the SHDF Wave 2.2 projects will be transferred to the grant recipient and should be spent by March 2025. As delivery agent this is where our priority will be for housing.

The Department for Energy Security and Net Zero has confirmed that we will not be involved in Wave 3 of the SHDF and HUG schemes as it seeks to review the delivery model.

We will continue to work with the two governments in Scotland and Wales and other funding providers. As we successfully manage the loan and grant schemes to completion, we'll continue to support our partners to achieve their carbon reduction targets.

Across all our programmes, our expert teams will continue to gather data and lessons learnt from previous phases to help inform future schemes and build our business.

Our people

Our people are at the heart of everything we do.

We have a dedicated and talented team helping our clients, partners and funders to create positive change by delivering decarbonisation across the public and private sectors.

We continue to invest in, and maintain, a highly skilled workforce. We want to be a place where people feel engaged and inspired. We encourage staff to contribute ideas and solutions for continuous improvement.

In 2023/24, a series of thematic consultation workshops and 'Town Hall' staff engagement events took place enabling staff to shape employee policies such as maternity, paternity, flexible working, bullying and harassment etc, and generate ideas to improve working practices.

In April 2023, we opened a new office in Manchester, conveniently located opposite Piccadilly railway station. Manchester is now our principal office and at the centre of our response to the government's Places for Growth agenda.

Although it is the main hub for our housing team, almost as many corporate roles are now based in Manchester and in 2023/24 all new roles were only offered as Manchester anchored.

The office space is shared with two other government agencies and managed by the Government Property Agency.

It offers state-of-the-art workspaces with meeting rooms and hospitality facilities.

Investing in our people: a learning organisation

We invest heavily in training to develop the skills and capabilities of our employees, through a variety of training and development activities to enable them to undertake their roles effectively.

These activities include industry-specific and skills-based training delivered through a variety of means including online and in-person, and both internal and externally procured workshops.

In 2023/24, we also established two new professional training schemes and started work on our apprenticeship strategy. The first eight apprentices joined the company in September 2024.

Recruitment and retention

We reduced staff turnover from 42 per cent in 2022/23 to 22 per cent in 2023/24. This partly mirrors the nationwide trend of career moves and job market recovery post-Covid.

We are focusing on our culture and engagement, allowing us to hear the voices of our employees and have acted by implementing job evaluation and market testing of roles (within public sector pay constraints) which should bring turnover down in future years to manageable levels

Equality, diversity, and inclusion (EDI)

Diversity is one of our core values. We know that maintaining and supporting a diverse workforce gives us the best chance of developing the skills and capabilities we need.

In 2023/24 our staff were drawn from 23 different nationalities and an even wider range of backgrounds, skills and experience. This contributes towards our positive working environment. We continue to focus and work on equality, diversity and inclusion (EDI) with fantastic input from our established EDI employee steering committee.

The committee meets regularly with employees applying to be part of the group. The committee will select the strongest applicants from those who have applied to be part of the group and membership is reviewed annually.

Members are encouraged to attend a Chartered Management Institute course on management and leadership. This is focused on promoting equality and diversity in the workplace. It combines online work with practical assessment.

We are committed to encouraging open dialogue and a sharing of ideas.

In 2023/24 we recognised a number of events including Black History Month, Deaf Awareness Week, International Women's Day and Pride Month.

We have also held multi-faith lunches. We understand that we can always do better in how we represent ourselves and reflect the population as whole.

Corporate social responsibility (CSR)

We remain committed to making a positive impact on the world we live and work in.

Apart from the strong social commitment which underpins our work towards public sector net-zero goals, we have committed to a target of 90% of employees taking a dedicated course and achieving accreditation from the Carbon Literacy Trust.

As we recruit new staff, we enrol them on the course to equip them to meet the challenges faced in combatting climate change on an individual and organisational basis.

Attendees use a carbon footprint calculator prior to the course to help them establish their personal carbon footprint. They are also asked to complete an evidence form at the end of the courses which is independently assessed. On successful completion, a certificate is issued.

In 2023/24, employees raised more than £5,000 for five charities. Colleagues can also individually continue to voluntarily support charity or community groups of their own choice. We will continue to ensure our 'green team' is supported in its work to embed sustainability across the business.

We plan for the future and our business continuity plan addresses various risks such as extreme weather.

As we continue to deliver further schemes, we also expect our clients to treat their supply chains fairly, ensuring value for money for public funds and the taxpayer.

Our sustainability report has more detail about our further commitment to meeting the 'greening government' commitments.

Apprenticeships scheme

To support the growth of our business, we launched our apprentice scheme in 2023/24.

The first eight apprentices joined the company in September 2024. As a group they are undertaking either corporate sustainability and responsibility level four, digital technology solutions level six or project management level six.

They are supporting three areas of the business: data, IT and workplace, our new corporate project management office and organisational design and people.

The apprenticeship scheme will act as our future talent pipeline and allows us to grow and develop early careers talent in Manchester alongside 69 of our permanent roles.



Risk management

Robust risk management is central to all that we do.

In 2023/24 we took structured approaches to raising our risk management maturity even further.

The chief executive and director of finance and resources have overall responsibility for risk management. They are supported by the board, the executive management team (EMT) and a dedicated risk manager. The audit, risk and assurance committee (ARAC) provide regular assurance on how risk management is conducted. In 2023/24 we placed greater importance to managing risk. Our risk manager attends each ARAC meeting.

We maintain risk registers at all levels of our operation. The corporate risk register details the external and internal strategic risks identified by the executive management team (including horizon scanning), the board or one of its committees and draws on risks identified across the company.

Each corporate risk is owned by a member of the leadership team. Separate risk registers are kept for each grant and loan scheme and within each operational unit. We follow a comprehensive risk management approach which includes risk identification, management and agreed processes for escalation.

In 2023/24 all new staff received risk management training as part of their induction to the business. In March 2023, a new risk management


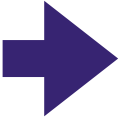
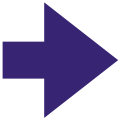
framework was approved by the board. The framework, risk training and processes align with the government's 'Orange Book: Management of Risk - Principles and Concepts' and the National Audit Office's good practice guidelines for managing risk. Proficient risk management has been a pillar of our success in delivering the grant and loan schemes to date.

The new risk management framework will further embed collective ownership of and responsibility for risk across the business and support the executive management team in growing its risk management maturity and our risk management culture.




The executive management team collectively considers risks on a regular basis and the board receives an updated risk report at each meeting. This review process, alongside regular team meetings, supports informed decision making across the business and ensures that changes in risk to our objectives are identified and managed at the earliest opportunity.

Given our new arms-length public body status, and the additional complexities of delivering the housing schemes, we have also set up regular meetings between the chair of our board and ministers and senior officials in the department. ARAC plays a key role in assessing and challenging the organisation's attitude to and tolerance for risk.

Our strategic risks

Risk	Risk trend	Mitigating activity
<p>Non-delivery of objectives for our public sector and housing schemes.</p> <p>We have demanding objectives for delivery of our public sector and housing schemes. Not meeting these objectives would have significant implications for our contribution to net zero and future operating model.</p>		<p>Salix continue to liaise with DESNZ to ensure any impacts on the business in respect of government-led decisions, namely in respect of delivery, are appropriately managed.</p> <p>On the housing programme's specifically, delivery risks relating to the schemes have been raised via the programme board and within DESNZ.</p> <p>Risk registers have been developed within all functions at Salix, including individual registers attached to each scheme. This allows the business to manage risks that raise their head at scheme level.</p>
<p>Changing government priorities</p> <p>We have expanded rapidly to meet increased government ambition and funding for our schemes, but, as is demonstrated in particular during an election year, governments and their policy priorities can change.</p>		<p>Stakeholder engagement with policy decision makers.</p> <p>Focus on ensuring successful delivery of current schemes.</p> <p>Evidence the cost-effectiveness as a delivery partner/ delivery agent.</p> <p>Building support amongst public sector clients for our delivery model.</p> <p>Salix continue to liaise with DESNZ to ensure any impacts on the business in respect of government-led decisions, namely in respect of delivery, are appropriately managed.</p>
<p>Data and technology</p> <p>We do not improve how we manage data or we do not improve our use of technology quickly enough to work smarter and have efficient and effective access to insights on scheme outputs.</p>		<p>A director of data and information systems recruited to develop and lead on the future shape of data and technology services across the business including alignment at corporate not scheme level.</p> <p>Develop greater capacity to accelerate improvements to our business systems.</p> <p>Augmentation of the team with roles that will improve our control of system and service design and our approach to data modelling and management and establishing a set of working practices that ensure consistency in the way we operate.</p>

Our strategic risks

Risk	Risk trend	Mitigating activity
<p>Staffing and culture:</p> <p>Our rapid expansion has resulted in challenges in recruiting high calibre staff and a relatively high staff turnover potentially linked to cultural, motivational, pay and morale issues or staff wellbeing and workloads.</p>		<p>Pay and reward structure review.</p> <p>Reinforcing the non-remunerative benefits of working for Salix, such as training, flexible working, pensions.</p> <p>Enhancement of the benefits offer to employees to achieve closer alignment with those available to members of the civil service.</p>
<p>Failure of key systems due to design or implementation fault or cyber attack</p> <p>We have not experienced a breach of system security, but the ubiquity of this risk makes it high. Such a breach could have serious implications on the business continuity of the organisation and on our reputation.</p>		<p>Continual review and update of information systems policies and procedures to ensure fit for purpose and address arising issues.</p> <p>All staff are required to complete continuous cybersecurity training.</p> <p>Business Continuity Plans have also been developed to ensure the business respond in the most appropriate manner in the event of a cyber breach impacting Salix.</p>
<p>Fraud and assurance</p> <p>We are mindful that grant programmes are susceptible to fraud and the importance of providing high-levels of assurance and good governance. The Housing schemes may increase risk in this area.</p>		<p>In-house counter-fraud team established.</p> <p>All staff are trained in fraud prevention.</p> <p>Scheme level fraud risk assessments in place and reviewed on an ongoing basis..</p> <p>All housing grant recipients are required to complete fraud risk assessments managed by the delivery partner, with oversight by our fraud team.</p> <p>Ongoing site visits of projects funded through the public sector schemes and benchmarking of costings to ensure that project delivery in accordance with grant terms.</p>

Our strategic risks

Risk	Risk trend	Mitigating activity
<p>Procurement and contract management</p> <p>Salix has specialist contract managers in house and have recently set up a new centralised procurement function in the business. As this is still in its infancy, there remains a risk of inconsistent or inadequate procurement and contract management processes across the business.</p>		<p>Implementation of a new procurement policy and establishment of a central procurement team to ensure optimal practice in compliance with public sector procurement regulations and good practice.</p> <p>Contract register has been reviewed and its use to be developed and subject to continuous review.</p> <p>All the contracts we hold are being reviewed to ensure that, especially where long-term providers, they provide value for money, are compliant with all applicable standards and meet our current needs given the growth/ changes to the organisation.</p>



Financial overview

The day-to-day operational expenditure of Salix is funded by DESNZ and the Scottish and Welsh governments for the schemes that Salix delivers on their behalf. The total operational expenditure depends on the schemes being launched and delivered by Salix during a reporting period and any additional work Salix plans to do during the year, for example delivering the IT Transformation programme.

Robust financial management is applied to ensure that commitments are managed within budgeted levels of spend and the required timing for collection of third-party revenue.

The total budget for 2023/24 was £29.78m with a total operating expenditure of £28.07m. In 2022/23 the budget and total operating expenditure were £15.23m and £11.38m respectively. This increase in budgets and operating expenditure reflects our expansion to take on the new role as delivery agent for the SDHF and HUG schemes including taking on additional office space in Manchester.

DESNZ provides Salix with grant-in-aid funding to finance the activities we undertake on their behalf. This funding is recorded in our accounts when the cash is received. However, expenditure for the associated activities is recorded when incurred, not when the cash is disbursed. Under Treasury guidance to minimise the amount of cash held in our accounts at any one time, cash amounts are only claimed from DESNZ when payments for activities fall due. This timing difference between recognising expenditure and receiving the cash to pay for it results in Salix's balance sheet showing a net liability position at year-end.

The funding distributed by Salix on behalf of DESNZ and the Scottish and Welsh governments is not recorded in Salix's accounts but the accounts of the relevant government funding body. The total grant and loan funding distributed in 2023/24 was £472m (2022/23 £470m).

Sustainability report

We are committed to meeting the Greening Government Commitments and have structured our sustainability goals accordingly. The work of our 'green team', established in 2022, continued in the period covered by this annual report. The team was created to help embed sustainability across the business. Our internal processes and practice align with our values of being a 'green leader' of climate change and leading by example through the work we do.

In 2023/24, the green team's work included arranging sustainable lunches and surveying staff on their personal lifestyle choices in terms of purchasing and travel. Colleagues across the business also attended carbon literacy training. It encourages reflection and commitment to improve work-based and personal sustainability practices. Since September 2022, our London base has been in government-managed offices in Canary Wharf. In April 2023, we opened our second office in Manchester.

We report quarterly and annually on our compliance obligations under the greening commitments. Responsibility for utilities and compliance lies with an agent under the terms of the lease of the Manchester office. In addition to the matters described under Scope 2 emissions below, the agent has reported that annual air quality assessments of the site are carried out and a baseline ecological assessment of the site, with a view to improving the site's value for biodiversity, was produced in January 2024.

Greenhouse gas emissions

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

Energy and utility usage (Scope 2 emissions)

Our greenhouse gas emissions principally derive from the gas and electricity used in our shared offices in London and Manchester which are leased and managed by government. Although we are not responsible for decisions relating to energy and utilities, we feed into this process and in 2023/24 monthly sustainability meetings took place. The Display Energy Certificate (DEC) for the Canary Wharf government hub is currently 'F'. This is primarily because the building is heated with electricity. In 2023/24 feasibility studies took place to explore the potential for further improvements including sub-metering, upgrading some remaining areas to LED lighting, dimming potential, solar PV/thermal and heat pumps to replace gas boilers.

Commuting and business travel (Scope 3 emissions)

Most of our work can be conducted from a home or office base and many of our colleagues take advantage of our hybrid working model. This does not require attendance at the office every day of the week. Most people use public transport to commute to and from the office with several staff cycling to work. We have cyclist-friendly facilities available at both our offices for colleagues (and visitors) to use. We also have a cycle-to-work scheme. The overwhelming majority of business travel is by public transport. A carpool may occasionally be used where public transport is not

practicable. There is ongoing communication with staff to heighten awareness of Scope 3 emissions and how they can be reduced. Travel between our offices is usually by train with travel and expenses policies in place to underpin good practice. The majority of routine meetings across offices are conducted electronically using Microsoft Teams. In 2023/24 we reviewed the potential use of an expenses tracker which will enable us to track business travel carbon emissions.

Paper and recycling

Most documents are generated and stored electronically, with negligible printing. Both our offices include ample recycling facilities and collections.

Resilience to climate change

Our business continuity plan addresses extreme weather. Practical advice has also been given to staff to improve the resilience of their homes and workspaces and support their working and wellbeing during periods of hot weather. In 2023/24 we explored how we can advise staff to improve the resilience of homes to extreme weather events.

Social and economic sustainability

Our procurement policy and practice is aligned to Crown Commercial Service's principles and supports an open and competitive process. We remain committed to ensure more significant procurement includes:

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

Our grant offer terms require grant recipients to ensure, to the best of their ability, that their suppliers' operations comply with all laws, regulations, and best practice in respect of legal and ethical practice and upholding human rights and dignity.

Supply chain assurance

We expect our clients to treat their supply chain fairly. They should not divest reasonable levels of risk, should pay invoices promptly and should engage with the supply chain to ensure value for money for public funds. We support Department for Energy Security and Net Zero in respect of its obligations to report on its supply chains under section 54 of the Modern Slavery Act 2015.

Signed on behalf of the board



Kevin Holland

Chief executive

13 November 2024

The image shows a dense forest with tall, slender trees and a thick canopy of green leaves. The foreground is filled with fallen leaves and branches, suggesting a natural, undisturbed environment. The overall color palette is dominated by various shades of green, from light lime to deep forest green.

Accountability report

Directors' report

The directors' report contains two sections:

- directors report
- statement of accounting officer's responsibilities

The first section of the report describes Salix's structure and governance framework and includes information about board members' and directors' significant interests. The second sets out the accounting officer's responsibilities and how they have been assured.

Directors' report

Salix is a company limited by guarantee and a non-departmental public body (NDPB) wholly owned and sponsored by the Department for Energy Security and Net Zero (DESNZ). We administer and manage the administration of funds on behalf of DESNZ and devolved administrations awarded to public bodies and social housing providers. Whilst changes to their priorities have potentially significant implications for the company, our prime objectives as set out in our corporate and business plans remain the same: to improve the delivery of our schemes in a relentless pursuit of excellence, improve ways of working to strengthen our custodianship of public funds and share insights and learnings with stakeholders.

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 March 2024. The company's registered number is 05068355.

Salix is led by its interim chief executive officer (CEO), Kevin Holland. Kevin was appointed with effect from 4 October 2024 replacing Emma Clancy. Emma Clancy was appointed with effect from 1 November 2023, replacing Annie Shepperd OBE. The CEO is accountable to the board for the operations of Salix, and, as accounting officer, to Parliament through the Secretary of State for DESNZ. The CEO's duties are set out in Salix's corporate governance framework, which include the framework agreement/document with DESNZ and other delegations.

The board

During the year, Salix's board comprised five directors. Two are executive directors (the chief executive and director of finance and resources) and three are non-executive directors (NEDs). Baroness Evans of Bowes Park was appointed as the chair of the board on 1 March 2024, replacing Dame Teresa Graham DBE (retired 31 March 2024).

The board had the following membership during the year and up to the date of signing this report:

Name	Position held and NED/ED
Dame Teresa Graham DBE	Chair and non-executive director ¹
Baroness Evans of Bowes Park	Chair and non-executive director ²
Michael Stark	Non-executive director
Tracy Vegro OBE	Non-executive director
Annie Shepperd OBE	Chief executive and accounting officer ³
Emma Clancy	Chief executive and accounting officer ⁴ (executive director)
Kevin Holland	Chief executive and accounting officer ⁵ (executive director)
Helen Powell	Director of finance and resources (executive director)
Andrew Jones	Department for Energy Security and Net Zero ⁶

1: retired 31 March 2024. 2: from 1 March 2024 3: to 1 November 2023. 4: from 1 November to 3 October 2024
5: from 4 October 2024. 6: from 1 April 2024

The framework document concluded on permits/requires DESNZ to appoint a shareholder representative director on the board as a non-executive director and Andrew Jones of DESNZ joined the board in this capacity with effect from 1 April 2024.

In the light of the continued growth of the organisation, Salix is seeking to increase the number of non-executive board members to at least eight (the Articles of Association permit up to ten). Salix and the department are endeavouring to make permanent appointments under the formal public appointments process.

There was a mandatory stay on appointment activity for a period leading up to the general election on 4 July 2024 but Salix is continuing to work with the department in terms of strengthening the board and committees.

While the formal process takes place, the department has commenced recruitment of non-executive board members on an interim basis. In addition, the board may complement its existing skills through the appointment of observers and two were appointed to the board with effect from 1 May 2024. These appointments strengthen Salix's capacity in respect of social housing and company administration specifically.

Board and committee members reported the following directorships and other significant interests for between April and up to the date of this report:

Name	Organisation	Role	Organisation type
Dame Teresa Graham (retired on 31 March 2024)	RSM's Audit Oversight Board)	Chair/non-executive director	Auditor
	SME Advisory Group of UK Finance (not an office)	Chair	Interest Group
	Pagefield Communications Ltd	Chair	PR Consultancy
	Space Man Ltd t/a The Lexi Cinema	Chair	Cinema (profits donated to charity)
	Awards committee of Women of the Year	Member	Awards Body
	HMRC's Administrative Burdens Advisory Board	Chair	Advisory Group
	Steering board of 'Bankers for Net Zero'	Member	Interest Group
Baroness Evans of Bowes Park (Board Chair from 1 March 2024)	Oversight Committee -Salad Projects Limited (Company no. 10988702)	Joint chair	For-profit social enterprise
	Gresham House Sustainable Infrastructure Funds	Senior advisor	Asset Management – Investing in sustainable companies



Name	Organisation	Role	Organisation type
Baroness Evans (continued)	Rud Pedersen Group	Senior advisor	European Public Affairs & Strategic Communications Consultancy
	Campaign Board of the Coalition on Secure Technology	Chair	Campaign Group
	Changeblock UK	Senior advisor -policy & ethics	Carbon Market Technology Company
	NJE Advisory Limited (Company No. 15084672)	Director	Management Consultancy Company
	Board of St George's Guildhall & Creative Hub (reg. charity no.1204051)	Chair	Charity
	Cricket Builds Hope (reg. charity no. 1157287)	Board member/ trustee	Charity
	The Conservative Party Spouse is James Wild MP (Conservative MP for NorthWest Norfolk)	Life Peer	Political Party
Tracy Vegro OBE	Chartered Institute for Securities and Investment	CEO	Professional body
	Lawtech UK's Regulatory Response Unit	Chair (as part of an MoJ funded initiative)	Legal sector, technology collaborative forum
	Financial Services Skills Commission (FSSC)	Board member (rotating NED duties)	Independent body

Name	Organisation	Role	Organisation type
Michael Stark	Educators International (reg. charity no 1156412);	Director and trustee	Charity
	UK Government Cross-Departmental Overseas Volunteering Project	Head	Government
	Morgan's Walk Management Limited (Company No. 01705403)	Director	Residential estate management company
Annie Shepperd	As above	As above	As above
Andrew Jones (from 1 April 2024)	Department for Energy Security and Net Zero	Deputy Director - Net Zero Buildings Portfolio	Government department
	Lewisham Council Audit and Risk Committee	Independent member	Local authority committee
Alison Jeffers (from 1 April 2024)	HTS Group Limited (Company No. 09929960)	Non-executive director	Limited company
	ii) First Garden Cities Homes Limited (FCA Reg. No. 8333)	Non-executive director	Registered community benefit society
	iii) Plunkett Foundation (also known as Plunkett UK) (Charity No. 313743)	Trustee	Charity



Going concern

The directors have also considered the potential impact of the recent change in government and the potential impact of new policies and/or funding changes on the schemes that Salix currently delivers, including those stemming from the developing warm homes plan.

We note the high priority the new government assigns to achieving decarbonisation goals and Salix Finance' related core expertise.

Although a new government will always result in a period of change, it is too early to assess with any certainty the extent to which new policies will directly impact on Salix, so the directors conclude that the going concern basis is still appropriate.

Directors' third-party indemnity provisions

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

Auditors

So far as each person who was an executive director at the date of approving this report is aware, there is no relevant audit information required by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow executive directors and the company's auditor, each executive director has taken all the steps that they are obliged to take as an executive director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The NAO on behalf of the Comptroller and Auditor General has expressed its willingness to remain in office. The board and the audit, risk and assurance committee consider the performance of the auditors and assess their reappointment on an annual basis. The Comptroller and Auditor General (National Audit Office) was re-appointed as auditor during the period, under Section 487 of the Companies Act 2006.

Statement of directors' and accounting officer's responsibilities

The Secretary of State for the Department for Energy Security and Net Zero appointed Salix's chief executive officer as accounting officer. The accounting officer must make sure that Salix operates with regularity and propriety and that resources are spent effectively to secure value for public money and also complies with applicable Cabinet Office controls. This is set out in Managing Public Money (MPM) published by HM Treasury and Cabinet Office Controls, published by the Cabinet Office.

The accounting officer is responsible for preparing the annual report and accounts in accordance with applicable law and regulations. Company law requires directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the company financial statements in accordance with international accounting standards (in conformity with the requirements of the Companies Act 2006) and any applicable law. Under company law, directors must not approve the

financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period.

Accounts are prepared on an accruals basis and present a true representation of Salix's income and expenditure, statement of financial position, and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements issued in the Government Financial Reporting Manual (FRM) is so far as they do not conflict with the Companies Act 2006 provisions and, in particular to:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and accounting estimates that are reasonable and prudent.
3. State whether the applicable IFRS has been followed, subject to any material departures disclosed and explained in the financial statements.
4. Prepare the accounts on a going-concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors, whose names and functions are described herein, confirms that to the best of their knowledge:

1. The financial statements, which have been prepared in accordance with international accounting standards (in conformity with the requirements of the Companies Act 2006), give a true and fair view of the assets and liabilities, financial position and the profit or loss of the company, and
2. The directors' report and the corporate governance report include a review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. The directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for the stakeholders to assess the company's position, performance, business model and strategy.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding Salix's assets, are set out in MPM.

Emma Clancy was appointed as the chief executive and accounting officer of Salix with effect from 1 November 2023. She continued to discharge this accounting officer role up until and including 3 October 2024.

Kevin Holland was appointed as interim chief executive and accounting officer with effect from 4 October 2024, and as accounting officer is responsible for signing the accounts.

Accounting officer's statement

I have both sought and received assurances from Emma Clancy to inform my assessment of this statement and taken all the steps that I ought to have to make myself aware of any relevant audit information and to establish that Salix's auditors are aware of that information.

As accounting officer and on behalf of the board of directors, as far as I am aware, there is no relevant audit information of which Salix's auditors are unaware. I confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the judgements required to ensure this.

Signed on behalf of the board

A handwritten signature in blue ink that reads "K Holland".

Kevin Holland

Chief executive

13 November 2024

Governance statement

1. Introduction

2. This statement is an assessment of performance in key governance and risk areas. The report covers the financial year (“the year”) between 1 April 2023 to 31 March 2024. It also includes relevant and significant information relating to the period from 1 April 2024 up to the date of publication.
3. Salix Finance Ltd (Salix) is a key partner in helping the government deliver on its commitments, reaffirmed at COP28, to reduce carbon emissions and limit climate change impacts. This governance statement sets out the governance, risk management and internal control arrangements for Salix and applies to the financial year 1 April 2023 to 31 March 2024 and up to the date of approval of the annual report and accounts. Salix is a company limited by guarantee and a non-departmental public body (NDPB) or arm’s length body (ALB). Its sponsoring government department is the Department for Energy Security and Net Zero (‘the department’) and our operational relationship is explained at 2.1 below. Salix is classified by the Office of National Statistics as a central government company.

4. Our governance framework and structure

5. Legal status and relationship with the department
6. Salix became a NDPB in September 2020 and the department became its sole shareholder and person of significant control under the Companies Act 2006. A framework agreement/document regulates the relationship between Salix and the department, setting out mutual expectations for responsibilities and ways of working across all key areas of the business, though as a limited company, Salix’s own articles of association remain paramount in regulating the Board’s decision-making. The agreement/document covers matters at the organisational level such as the roles and duties of the accounting officer, board and committee and decision-making reserved to the department, but also covers expectations in respect of operational areas such as data protection and information sharing.
7. Salix is required as a NDPB to follow governmental guidance documents including corporate governance in central government departments: code of good practice (‘the code’), partnerships between departments and arm’s length bodies; Government Functional Standards and any other applicable governmental general guidance documents. A review of Salix’s framework agreement took place in accordance with the requirement that the agreement is reviewed on a triennial basis. 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 partnerships organisations’ return on its compliance with key requirements of being a NDPB.
8. An annual letter is issued to the board chair from the minister with objectives and an in-person meeting is scheduled annually. In addition, regular meetings take place between the board chair and representatives of the department to ensure ongoing dialogue and a consensus around how to further shared objectives.

Meetings with the permanent secretary are set up as and when required and a quarterly meeting with directors of the department. Moreover, meetings are scheduled between the director general and the whole board three times per year.

9. Members of the Salix executive team meet with their counterparts at the department regularly on a formal basis. At the quarterly review meetings with the department, the executive focusses on the key points arising from recent board meetings including financial and scheme performance and risk management. At monthly joint strategy meetings, issues relating to governance, finance and core services are discussed and fortnightly meetings between delivery teams from both parties ensure that there is collaboration at an operational level across the business in pursuance of our shared objectives including agreed key performance indicators.
10. In addition to the formal meetings, our stakeholders can raise personal and cross-business concerns at any time. At the scheme operational level, relationship managers deal with day-to-day issues which are appropriately escalated where required. Each business area has a designated HR business partner to deal with employee remuneration and welfare issues. There is an open culture at Salix where staff are communicated with and encouraged to air concerns through several channels including a weekly bulletin and monthly staff meetings. HR key performance indicators in respect of employee data are monitored by the executive team. Where a more formal approach to raising concerns may be required, such as for whistleblowing or disciplinary or grievance concerns, there are clear policies in place. Direct contact between staff and the department or board members is facilitated through appropriate policies, if needed. The remuneration committee provides oversight and an advisory role for staff terms and conditions. Areas of concern in these areas requiring board attention are highlighted in the chief executive's report to the board, and reported sooner where an urgent response is warranted or required.
11. The 13 Government Functional Standards set expectations for the consistent management of central functions across government. With effect from September 2021, the Cabinet Office has required all government departments and their NDPBs to implement mandatory elements of each applicable functional standard. As we mature as a NDPB, we continue to develop our internal framework for monitoring the compliance with both mandatory and advisory elements of the relevant Functional Standards. The framework identifies actions required to comply with the standards across the business, and departmental leads monitor progress against them.

12. Accounting officer

13. The accounting officer in a public sector organisation is the person accountable to Parliament for stewardship of that body's use of public sector funds and for its operations and management and may be required to give evidence before the Public Accounts Committee in this respect. Salix's accounting officer is its chief executive. The accounting officer has responsibility for maintaining and reviewing the effectiveness of Salix's governance, risk management and internal control arrangements. The accounting officer is personally responsible for safeguarding the public funds entrusted to Salix, and for ensuring propriety and regularity in their handling.

14. The accounting officer 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/devolved administrations targeted at public sector bodies in England to fund heat decarbonisation and energy efficiency measures
- acts as the department's delivery agent, contracting with a delivery partner for energy-saving schemes targeted at social housing and low-income households
- operates, in terms of governance, decision-making and financial management, to the standards set out in Chapter 3 and Annex 3.1 of HM Treasury's 'Managing Public Money' (May 2023), fiduciary duties under the Companies Act, the Code and any other law, or applicable guidance

15. The specific key tasks of the accounting officer include:

- signing the accounts and ensuring that supporting records are maintained
- preparing and signing this governance statement in advance of its inclusion in the annual report and accounts so that its contents can also be included in the department's statement
- preparing business and corporate plans in consultation with the department and informing the department how Salix is assisting the department to meet its policy objectives through forecasting and other indicators of monitoring performance
- ensuring that effective complaints procedures are established meeting the requirements of the Freedom of Information Act 2000 and data protection legislation.

16. Board and committees

17. Salix is governed by a board of directors comprising two executive directors (the chief executive and director of finance and resources) and four non-executive directors. Details of the board's composition are set out on page 27.

18. 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. In compliance with the code, the board has a code of conduct requiring board member compliance with the Nolan principles of standards in public life.

19. The board has two committees: the audit, risk and assurance committee (ARAC) and the remuneration committee (RemCo). As specified by the code, a business operating framework sets out the delegation of powers from the board to committees and the chief executive. Discussion of the function of RemCo appears in the audit and remuneration report. It is a requirement of our framework agreement and the code that an audit committee is set up to assist the board. ARAC oversees financial reporting, audit, internal controls and compliance with laws and regulations. Among the key areas of business for the 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. RemCo manages and makes recommendations in respect of executive remuneration and terms and provides advice regarding other pay and benefit related matters, including the annual pay remit for staff. Terms of reference for ARAC are published on our website, as required by the code, as are those for RemCo.

20. Audit, risk and assurance committee (ARAC)

21. The ARAC had the following memberships during the year:

- Dame Teresa Graham DBE (chair)
- Michael Stark (member)
- Tracy Vegro OBE (member)

22. Prior to the ARAC effectiveness review, ARAC had only three members. Its Terms of Reference were expanded to permit the appointment of specialist advisers on a temporary basis. Since 27 July 2023, Helen Lister and Jay Doshi of the Infrastructure and Projects Authority have provided guidance to the ARAC committee on this basis. Further strengthening of ARAC has taken place with Alison Jeffers appointed as interim chair from 1 April 2024 to replace Dame Teresa Graham DBE. Andrew Jones also became a member with effect from 1 April 2024, a requirement of the terms of his appointment as a shareholder member director and one of the observers referred to at paragraph 11 of the corporate governance Report above was also further appointed as an observer to ARAC with effect from 1 May 2024 and RemCo with effect from 17 September.

23. The board met most months in the financial year, (so in excess of the minimum of four meetings required under the code) and bi-monthly for the 24/25 FY onwards. The ARAC meets at least four times and the remuneration committee at least three times during the financial year. Both committees report directly to the board.

24. Up to 31 March 2024, under clause 12.3 of the framework agreement, and as Salix's sole member, the department was entitled to send an observer to any meeting of the board or its committees, and to receive associated papers. The observer was not a member of the board and hence had no rights to vote, count in the quorum or sign written resolutions. Since 1 April 2024, the shareholder representative member of the department was appointed to the board and will have the same rights and responsibilities as any other board member and company director.

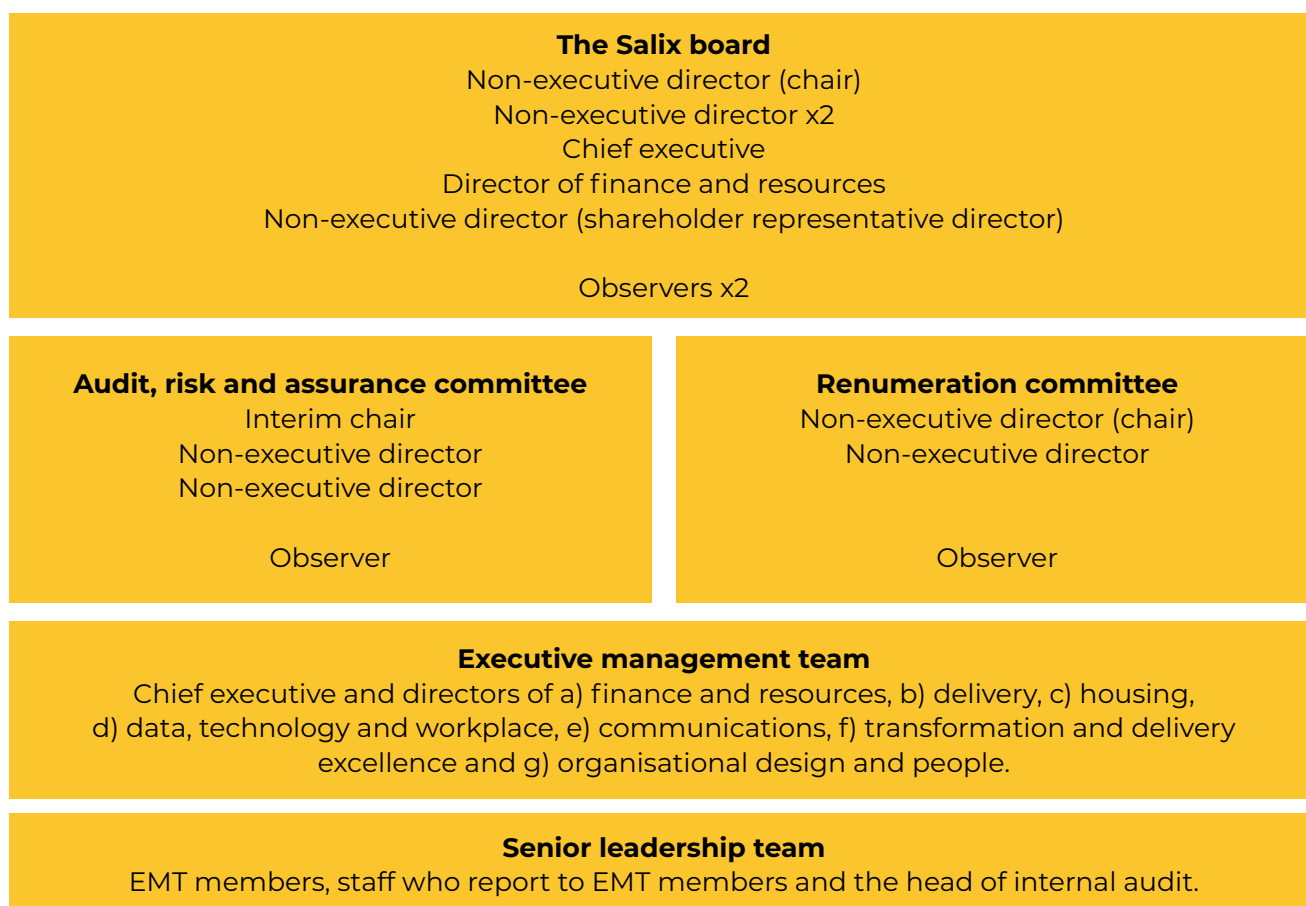
25. Salix has no subsidiaries or related companies.

26. Attendance at meetings during the financial year 2023/24 was as follows:

Director	Board meeting attended (out of number of expected meetings)	Audit, risk and assurance committee meetings attended (out of expected meetings)
Dame Teresa Graham ¹	Ten out of ten	Five out of five
Baroness Evans ²	One out of one	not applicable
Michael Stark	Ten out of ten	Five out of five
Tracy Vegro	Ten out of ten	Five out of five
Annie Shepperd	Six out of six	Three out of three
Emma Clancy	Five out of five	Two out of two
Helen Powell	Ten out of ten	Four out of five

1: retired 31 March 2024 2: with effect from 1 March 2024

27. Organisational structure



28. The executive leadership team

29. The board is supported by an executive management team (EMT) which has appropriate delegated management authority for running the business, managing risks and expenditure. The graphic at below indicates the specific roles. The EMT is composed of directorates across the main delivery and core services areas and assists the chief executive in exercising the authority delegated by the department to provide leadership. The EMT is responsible for developing the strategy plan for Salix, taking a longer-term view of the objectives that the company needs to achieve and risks and issues that will need to be managed to enable these. The EMT also ensures that Salix operates its business in a manner which complies with its strategic and operational aims, its compliance requirements, and ensuring that Salix is aligned with Civil Service requirements. The EMT supports the accounting officer/CEO with regard to liaison with the board, government and other external agencies. Authority is specifically delegated through our business operating framework and scheme of delegation (non-financial) and scheme of financial delegation. Delegation to other staff is also dealt with in these documents and limits and authorisations required for decision-making are particularised where required (e.g. in relevant policies, such as procurement).
30. At the year end, the executive management team comprised of Emma Clancy (chief executive officer), Helen Powell (director of finance and resources), Ian Rodger (director of programmes (now director of public sector decarbonisation), Paul Smyth (director of strategy and technical services), Carol Brown (director of human resources), Jonathan Edwards (director of housing) and Simon Sharkey-Woods (director of data, technology and workplace (joined 26 February 2024).
31. The following have joined the executive management team since the end of the year: Andrew Carter as director of communications, from 2 April 2024, Chiara Lorenzetti as director of transformation and excellence from 15 July 2024, Gemma Gregory as director of organisational design and people from 27 August 2024 and Kevin Holland as interim chief executive officer with effect from 4 October 2024. Emma Clancy and Annie Shepperd left the team as indicated above. Richard Wilson was interim director of housing until 4 August 2023. Paul Smyth left on 31 May 2024.

32. Members of the leadership team had the following interests in 2023/24 and to the date of signing this report:

Name	Organisation	Role	Organisation type
Annie Shepperd OBE (CEO until 1 November 2023)	Lucy Faithfull Foundation	Trustee	Charity
	The Lord Mayor's Big Curry Lunch Committee	Member	Charity event committee
	Chartered Institution of Water and Environmental Management	Chair (as trustee) (from August 2023) (acting chair from 18 April 2023)	Professional body/ registered charity
Simon Sharkey Woods	Action4Youth (charity No. 1033626)	Trustee	Youth charity
Andy Carter	Andy Carter Limited (company No.08332199)	Director	Limited company
	Better Giving Partnership charity No. 1168976)	Chair of trustees	Charity
Kevin Holland (from 4 October 2024)	Inspiromics Limited (company No.12294973	Director	Limited company

33. The executive management team (EMT) meets formally at least once a month and as and when required to meet the needs of the business. These meetings enable the consideration of inter-business dependencies so that work can be focused on the most pressing matters and resource appropriately mobilised in support. The remit of the EMT is discussed at section 21 above. The directors of public sector delivery and housing lead on implementation of funding and, in the case of housing, managing the issue of funds, ensuring it is harnessed to our corporate objectives. They are supported by the director of finance and resources, who leads on making sure our scheme and core spending is within budget and carried out in accordance with good governance. The director of transformation and delivery excellence is a new post concerned with instituting a new project management office which standardises and improves the quality and efficiency of processes in a relentless pursuit of excellence. The director of data, technology and workplace sets the information systems strategy for the organisation and leads on ensuring that internal systems are efficient and fit for purpose. The director of communications leads on both external and internal communications. The role ensures Salix's continued influence and relevance in the net zero space. A new directorate has been created for organisational design and people, which is indicative of Salix looking to the future for its most important assets – people – as well as oversight of

the terms and development of those currently with us. EMT members attend board meetings as and when required.

34. The senior leadership team (SLT), comprising the assistant directors, assist the EMT with operations on a project/task basis, with quarterly plenary sessions. The SLT provides the EMT with direct support and assistance to ensure the management of Salix's ongoing activities is being delivered in line with the strategic objectives and Salix's values. The SLT has an oversight of operations and the remit to hone and provide input into the EMT's objectives.
35. Up to 31 March 2024, under clause 12.3 of the framework agreement, and as Salix's sole member, the department was entitled to send an observer to any meeting of the board or its committees, and to receive associated papers. The observer was not a member of the board and hence had no rights to vote, count in the quorum or sign written resolutions. Since 1 April 2024, the shareholder representative member of the department was appointed to the board and will have the same rights and responsibilities as any other board member and company director.

36. Board performance and corporate governance

37. The board is committed to good governance and compliance with the code and incorporates what would be considered company best practice.
38. In September 2022, Salix was selected for arm's length body (ALB) review. The review is a Cabinet Office programme to ensure that an ALB's function remains useful and necessary, and, if so, the ALB is accountable, effective and efficient. The review team concluded that Salix remains relevant and required as an NDPB, particularly given its identification as the preferred choice to deliver two high profile net-zero related social housing schemes in addition to the public sector decarbonisation schemes. In the light of these additional delivery responsibilities, the department confirmed that Salix should proceed to a full-scale arm's length body review. This was due to commence in May/June 2024, but has now been deferred. The review will provide a framework for assessment of good governance generally and Salix will seek to dovetail its other obligations in this respect with the requirements of the ALB review to maximise efficiency and to demonstrate that evidence of good practice is readily available to meet the requirements of all reviews.
39. In the process of the decision to advise that a full review take place, eighteen recommendations for improvement were made in respect of four categories: efficacy, efficiency, accountability and governance, some of which apply to the department as well as Salix and half have been completed. Accountability recommendations relating to how Salix improves engagement with the department have been completed. The remainder focus on:
- governance – succession planning and board appointments, board member appraisals, board/committee effectiveness reviews and setting appropriate metrics for measuring performance
 - efficiency – use of costs benchmarking and entering into the government shared strategy to improve efficiency

31. Efficacy recommendations relating to use of benchmarks and our compliance with greening government commitments in relation to sustainability have been met. Salix is being included within the Cabinet Office's next government-wide benchmarking exercise for our corporate and grant management functions. A third, internal DESNZ led review/benchmarking assessment will be performed of Salix's counter fraud function.
32. Guidance on board effectiveness reviews for arm's length bodies indicates that an annual review should take place internally, with an external review conducted triennially. While the board considers its performance on an ongoing basis, Salix's inaugural formal board effectiveness review has been deferred.
33. Salix agreed with DESNZ that this be deferred until the new chair was established in post and it is currently envisaged that it will take place in Q3 or Q4 of 24/25.
34. Work has now commenced to scope an internal review which is to be followed by an external review during the FY24/25. Several factors have contributed to the delay. The rapid expansion and diversification of the business over the last year has precipitated the need to expand the board and a review will be more informative when membership has settled. The announcement of a general election and the delay in commencement of the ALB review of Salix's board have also affected the start date. .
35. A further self-effectiveness review of the ARAC will also be impacted. An initial self-assessment of ARAC's effectiveness was conducted using the National Audit Office's Audit and Risk Assurance Committee Effectiveness tool. The results were reported to the ARAC at its meeting of 6 June 2023 and an action plan produced to address areas identified for improvement. The plan delineated the skills required and areas that should be focussed on that will enable it to carry out its duties effectively. Recent appointments to address skills' gaps around financial experience are detailed above at point 19 above and have had an immediate impact in improving the rigour of analysis and challenge and appropriate coverage 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. Closer scrutiny to risk issues during meetings through "deep dives" and financial reporting and systems will also be undertaken. A permanent appointment of a risk and assurance manager from the end of June 2024 should bolster this more forensic approach to ARAC business.
36. 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 of significant matters as they arise, with regular liaison between board members on an individual basis, with matters referred to a plenary session when required.
37. An effective internal audit system is led by the head of internal audit, who reports directly to the chair of the ARAC, in compliance with the code, and supports both the board and the ARAC. A robust and reliable internal audit plan was in place for FY 23/24 and the internal audit plan for FY 24/25 has been approved. An annual

internal audit opinion of overall reasonable assurance was issued in June 2024 on the basis of eight internal audits completed for 23/24.

38. The focus for the board's leadership for the major strategic priorities during the last financial year and to the date of completing this report as reflected in meeting agenda items and other briefings and discussions were:

- Salix's role in the new Labour government's energy policy and opportunities for collaboration
- the onboarding and ongoing contract management of the delivery partner to administer wave 2 of the Social Housing Decarbonisation Fund (SHDF 2.1) and Home Upgrade Scheme (HUG2) schemes)
- consideration and approval of the extension of the delivery partner contract after the pilot phase including the proposed improvements to the contract to ensure effective delivery
- the delivery challenges /low implementation of the HUG 2 scheme and whether the scheme was delivering value for money
- the review of the current delivery model for the housing schemes. Proposals made to improve the efficiency and effectiveness of the delivery model for the next wave (wave 3) of the schemes in the light of lessons learned to ensure future deliverability and that the delivery model offered the best value for money as the department has since decided to deliver wave 3 of the schemes internally, the impact of this on the housing staff, funding for core services and our status as a going concern continued oversight of the delivery of the public sector schemes, including the launch of the Phase 3c of the Public Sector Decarbonisation Scheme (PSDS) and Phase 4 of the Public Sector Low Carbon Skills Fund (PSLCSF)
- continued oversight of the delivery of the public sector schemes, including the launch of the Phase 3c of the Public Sector Decarbonisation Scheme (PSDS) and Phase 4 of the Public Sector Low Carbon Skills Fund (PSLCSF)
- the work done with the department to contribute to the development of Phase 4 of the Public Sector Decarbonisation Scheme
- continued oversight of the schemes being delivered for the devolved administrations including launching the new Scottish Public Sector Heat Decarbonisation Fund
- the outcome of the review of Salix's pay and reward structure, the ongoing risks with regards to staff pay and ability to recruit and the work being done to enhance Salix's benefits to achieve closer alignment with those available to members of the Civil Service
- the strengthening of Salix's executive management team and the focus on organisational change and people and process developments to ensure that the organisation can deliver against its expanded remit
- launch of a change programme for Salix and a revised vision and mission for the organisation, reflected in our business and corporate plans
- management of risk and review of operational challenges to ensure we build stronger systems in the future
- support for the development of an intelligent client function/project office to systematise lessons learned and enable continuous improvement in internal processes and approach

- consideration of how Salix can maximise use of information systems in particular, to support continued growth and be agile enough to underpin any diversification in our business
- progress of the implementation of the recommendations following the review of Salix under the Public Bodies Review Programme
- progress against achieving Salix's Places for Growth targets
- review/consideration of the revised framework document

39. Salix's work is entirely domestic and neither our objectives nor resources to fulfil them have required revision following the UK's departure from the European Union. Our clients and business partners have been more directly affected by component, supply and staff issues that have arisen since Brexit, but there has been no tangible impact on our planned programmes. No immediate impact on our operations has been established from the implementation of the Retained EU Law (Revocation and Reform) Act on 1 January 2024 and the assimilation of retained EU law has been discerned but will continue to monitor this.

40. Highlights of activity conducted by the audit, risk and assurance committee (ARAC) include:

- reviewing the remit, composition and business of the ARAC and its interaction with the board
- reviewing the financial statements and annual report and supporting documents, providing independent challenge and oversight before their recommendation to the Board for approval
- considering and monitoring the implementation of internal and external audit plans and management actions arising from internal audits
- reviewing key documents governing ARAC activities, audit roles and responsibilities, including terms of reference and internal audit charter
- an internal ARAC effectiveness review and monitoring performance against the recommendations arising from the review for the year, with a further review to take place
- closer scrutiny at meetings on risk management and assurance, with a regular update from the risk and assurance lead
- considering the head of internal audit annual opinion. This gave overall 'reasonable assurance' on the control environment in Salix, based on eight internal audits completed for 2023-24

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

- the development and consolidation of our internal audit service. This has resulted in clear recommendations made in respect of, and specific actions identified, for areas requiring attention, such as procurement, contract management and project management skills/capabilities
- recruitment of specialist staff in areas such as fraud facilitate the task of managing controls
- the appointment of a director of data and information systems (now titled director of data, technology and workplace following a departmental restructure) will

ensure the importance of information systems to operational efficiency is addressed at the highest level

- a full-time risk, assurance and performance manager has been appointed to develop our risk management framework, building on the solid foundations already established and evolving an approach apposite for a rapidly growing organisation
- in addition to these subject matter experts, risk awareness and responsibility for prevention, management and mitigation has been rolled out to all staff through training and risk registers across the organisation
- policies have been reviewed and/or developed from scratch where required such as data protection
- a new director of organisational design and people will be pivotal in ensuring that both the people we recruit and employ and the context in which they work meet the needs of an ever-evolving business
- the new internal directorate of transformation and delivery excellence will assist to embed the processes required to ensure ongoing vigilance in respect of our controls across the business. New central project management and central procurement functions will be established and supervised under this area

42. Accordingly, Salix is confident that any major control issues have been identified and addressed and that our processes and lines of defence are continuing to improve.

43. The work of the remuneration committee is covered in the remuneration and staff report which is included in the next section.

44. This governance statement has been written in accordance with the requirements set out in HM Treasury's "Managing Public Money". Salix is conscious of its duty to protect public funds both in terms of grants distributed and administrative costs incurred. In terms of ensuring accountability for the grants administered, Salix operates rigorously, to the extent that it is able, its processes for checking the alignment of claims with projects completed and will conduct additional audit activity where required. We are continuously seeking to improve accountability through review of grant conditions and engagement with the department to feed into policy. In terms of administrative costs, our main expense relates to staff salaries and benefits. We are mindful of the principles of the Alexander Report on our treatment of any off-payroll staff and maintain close control over contractor/consultant costs. Monthly meetings take place with budget holders to monitor variances.

45. While the code applies primarily to central government departments, its principles are appropriate standards for arm's length bodies to follow and the code encourages ALBs to adopt them where relevant and practical. The code covers parliamentary accountability; the board's role, composition and effectiveness; and risk management. Salix aims to ensure full compliance with the good governance code to the extent possible and fully support the department in respect of its own obligations to comply and all other relevant governance guidance which we have committed to follow under Appendix 2 of our framework agreement/annex A framework document. There is currently already good compliance but this will be kept under continuous review. Meeting administration, board composition and

procedural compliance requirements are met and to some extent exceeded, such as terms of minimum number of meetings. The more general requirements such as having an effective risk management system are amply demonstrated within this report and stipulations around board and committee effectiveness will be addressed during the ALB review. As accounting officer, it is my assessment, and that of the board, that Salix has complied with the requirements of the code to the extent possible and we are not aware of any material instances of non-compliance at the reporting date. I am mindful of my accountability to Parliament as accounting officer, embodied in the framework agreement/document in making this assessment.

46. Data integrity and relevance

47. Board members receive comprehensive management information in advance of their meetings, which provides them with an appropriate level of analysis and advice to inform their strategic discussions and facilitate informed decision-making. Meeting papers are led by director or senior manager but will have been compiled by a team so that expertise across the business team providing the report will have been drawn up to collate it and the management data underlying reports is subject to the scrutiny of more than one person. Extra checks are incorporated in the event of any concerns; with a continuous review of existing validation processes. Meeting agenda have been reviewed so that the board receives streamlined data directly relevant to decision-making and progressing the objectives of corporate and business plans. An electronic portal for board papers is being set up so that a library of more detailed information, including, where appropriate, original operational document such as budget papers is available should more detail be required. There are clear internal cut-off points to ensure consistency of data. Meeting paper templates ensure consistency and alignment to key board considerations such as the risk profile and resource considerations. Directors and other staff attend meetings as required to provide further in-depth insight and analysis.

48. The department has identified suitable organisations against which we can benchmark data quality as well as the information reported upon.

49. Standing items for board meetings include scheme performance, operational performance and risk registers. Other matters are covered in the chief executive's report or separate papers depending on the depth of coverage required. The ARAC agenda includes a risk management update with focus on the three main risk and deep dives, internal and external audit activity and analysis of key policies such as whistleblowing and anti-fraud.

50. Salix will co-operate with the department in the analytical modelling in line with appropriate quality assurance models, as anticipated in the Macpherson report. Accordingly AQuA book assurance is not applicable.

51. Risk management

52. Risk management and internal control processes are embedded within the organisation and integrated within Salix's day-to-day management and strategic

planning. Salix's risk management framework, approved by the board in March 2023, ensures collective ownership of and responsibility for risk.

53. Salix seeks to continually improve its risk management practices through learning and experience, and we have taken risk management within the organisation to a more sophisticated level by replacing our previous risk register template with RADIO (risk, assumption, dependency, issue and opportunity) logs. RADIO logs are considered best practice for the management of big, complex programmes and projects such as those which Salix increasingly delivers. In addition, implementing RADIO logs across Salix will aid more balanced and uniform conversations about risk and opportunity in the organisation.
54. All staff have responsibility for risks in their business areas and are scheduled to receive training in risk management and are responsible for risk identification and management. The RADIO logs (risk, assumptions, dependencies, incidents and opportunities) are completed by staff on an ongoing basis for their business areas so that the approach to risk is contextual. It is expected that these "local" registers are reviewed at least monthly at team meetings with an annual refresh. The executive management team, supported by the risk manager, is primarily responsible for compiling and maintaining the first draft of register of key corporate risks from the logs and other relevant information, but the board and the ARAC are required to horizon scan for new areas of risk which may need to be added. The EMT feeds into the register in respect of its own business areas after liaison with teams.
55. In the light of organisational growth and the recent recruitment to the board and the ARAC, and to ensure compliance with the code in terms of division of labour, the ARAC has taken the opportunity to review its business and its relationship with the board, resulting in a closer focus on risk management and context. 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 where required, using the expertise of its members to do so, though it is ultimately for the board to determine the organisation's risk appetite. This includes consideration of whether the risks identified by the EMT are the most urgent, offering challenge where required. The ARAC also assesses our risk management framework and processes at the operational level as part of its role to assess Salix's controls framework. The board reviews and approves the corporate risk register and key risk and audit related policies, again with advice and recommendations from the ARAC. This review process supports informed decision making within the organisation and ensures that changes in risk to our objectives and work programmes are identified and then managed at an early stage.
56. The corporate risk register setting out key risks is included under the risk management section in this document.

57. Conflicts of interest

58. Board members and staff work closely with a wide range of organisations and stakeholders. This is necessary to ensure Salix has access to the expertise needed to effectively deliver the organisation's objectives. Salix recognises that as a matter of necessity, its board or committee members will 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 recorded separately to those of staff and disclosed on a public register. These interests may on occasions give rise to concerns about actual or potential conflicts of interest in respect of an issue or transaction. Board members are required to declare any interests arising or even during meetings and can be required to recuse themselves. Our articles of association deal with conflicts affecting proceedings during meetings setting out rules for member eligibility and the strict conditions that can be applied if a conflict arises.

63. An annual complaints report is presented to the board reporting on the activity in the previous financial year. All complaints in the year have come from grant recipients or applicants to the public sector funding schemes in England, though we anticipate that in the future, more complaints are likely to emanate from our housing arm and are reviewing systems to adapt accordingly. Complaints received fell largely into the following categories:

- challenges from unsuccessful applicants; these included concerns about equal access to our electronic applications portal and the fairness of allocation; our movement away from the “first come first served” policy of grant funding should reduce this type of complaint
- sufficiency of evidence of terms conditional before funding will be supplied/ continued, such as the ability to substantiate carbon savings made and use of funding within timescales
- concerns about communication such as in respect of eligibility for funding or in the event of project change requests

In the FY 2023/24 and to date, there have been 21 matters referred to the complaints team. Of these, four were resolved at pre-stage one, 15 at stage one and one at stage two. There have been no stage three referrals to the Parliamentary and Health Services Ombudsman.

64. Information and cyber security

65. Data breaches crossing the threshold for reporting to the Information Commissioner’s Office are also reported to the board. A record of all near misses is also maintained by the governance team. One data breach was reported to the Information Commissioner’s Office in the year and adjudication is awaited. The breach was entirely internal. Salix continues to take a proportionate approach to the management of security risks in line with the low volume of sensitive and personal information handled. Staff and board members are trained in responding appropriately to cyber-attacks such as phishing, malware, and all other aspects of data security and the governance team feed lessons learned from data breaches into staff awareness and training exercises. Our data protection framework has been strengthened by the appointment of a data protection manager during the year. No further reportable data loss incidents have occurred to date.

57. All staff must disclose relevant activities and interests which might give rise to actual or perceived conflicts of interest in accordance with our declaration and conflicts of interests policy, which sets out clear guidance for how these should be managed. Relevant interests must be declared on appointment which are reviewed annually and when new interests materialise (new interests must be reported as soon as practicable and within ten working days). Separate declarations of interests' registers are maintained for board and committee members and the executive management team which are published on our website to those of other staff, which are maintained internally. Interests declared are checked by the governance team and mitigations applied to minimise the materialisation of actual conflict. There are clear guidelines for recognising conflict and to whom declarations or queries must be reported/raised. Line managers work with the chief executive (where required) to address and mitigate conflict situations.

58. Whistleblowing

59. Salix operates a whistleblowing policy which aligns with the key elements of the Civil Service employee policy 'Whistleblowing and Raising a Concern'. Our policy addresses the handling of concerns raised under the Public Interest Disclosure Act 1988. This primarily addresses concerns raised by employees/workers internally but there is also guidance for those wishing to raise concerns with someone other than their employer and we can facilitate referral to a body prescribed to hear a complaint in lieu of an employer. The policy has easily accessible contact details and links to other useful resources and is published on our website.

60. Whistleblowing procedure is monitored by the ARAC and incidents are reported to the board and the department. Incidents of concern arising are reported to the chair of ARAC without delay. Whistleblowing policy and procedure are considered by the ARAC on an annual basis for assurance that our arrangements are fit for purpose. No internal whistleblowing incidents were reported during the year with one being reported since April 2024. However, Salix has referred two matters relating to the operation of schemes drawn to its attention to the department.

61. Customer satisfaction and complaints

62. Salix has a two-stage internal formal complaints process with a right of appeal to the Parliamentary and Health Services Ombudsman (PHSO) at stage three. There is a pre-stage where resolution of complaints/concerns is considered before recourse to the formal complaints process (pre-stage one). Stage one is the first level of internal review and during the financial year was conducted by members of the complaints team who have had no previous dealings with the matter. An escalation to internal stage 2 can be required by complainants that are dissatisfied with the outcome of Stage 1. The complaints team is currently made up of members of staff across the business that now report to the communications team, having been transferred from the governance team. Complaints handling is regarded as part of an integrated and proactive approach to customer service and there will be some further changes to how they are handled. A full-time customer services officer will be recruited in pursuance of our corporate aim to improve the delivery of our schemes in a relentless pursuit of excellence.

Overall compliance

As stated at page 33 of this report, in the accounting officer's statement, Emma Clancy was appointed as the chief executive and accounting officer with effect from 1 November 2023 up until and including 3 October 2024.

I, Kevin Holland, was appointed as interim chief executive and accounting officer with effect from 4 October 2024 and as accounting officer I am responsible for signing this governance statement.

I have both sought and received assurances from the previous accounting officer to inform my assessment of this statement and conducted the due diligence that has been reasonably practicable to establish its accuracy for the reporting period.

I confirm that, as far as I am aware, all legal and regulatory requirements are met.

Signed on behalf of the board



Kevin Holland

Chief executive

13 November 2024

Remuneration and staff report

Remuneration report part A (audited)

Remuneration committee

During 2023/24 Salix's remuneration committee comprised of non-executive directors Michael Stark and Tracy Vegro. The responsibilities of the committee include:

- setting the overall remuneration policy of the company in consultation with the director of HR and the chief executive, in line with the Civil Service pay remit
- setting the salary for executive directors and senior management, in line with senior civil service pay guidance
- ensuring the remuneration package for employees and salary levels are appropriately benchmarked

During the period the committee met three times and discussed:

- the performance, and performance awards for the 2022/23 financial year, of the executive directors and executive management team
- the annual pay increase for the executive directors and executive management team for the 2023/24 financial year in accordance with the senior civil service pay guidelines
- the revised salary bands for all staff below the executive management team for the 2023/24 financial year level following the completion of a job evaluation and benchmarking exercise, ensuring compliance with the annual pay remit

Attendance at remuneration committee meetings during 2023-24 was as follows:

Director	Remuneration committee meetings attended (out of number of expected meetings)
Michael Stark (chair)	Three out of three
Tracy Vegro	Three out of three

Appointment of non-executive directors

As a NDPB, the Secretary of State for the Department 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 a fixed period up to three years. Remuneration is fixed and not performance related. Non-executive board members and their dates of appointment are listed in the governance statement.

Two board observers were appointed to the board, with one each being further appointed to the ARAC and RemCo (see Corporate Governance Statement above).

Appointment of the chief executive and executive directors

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

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

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

Remuneration policy

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



Remuneration report part B: audited

Non-executive remuneration

The remuneration of non-executive directors was as follows:

Name	2023/24 Salary (£'000)	2022/23 Salary (£'000)
Dame Teresa Graham ¹	60-65	40-45
Michael Stark	10-15	10-15
Tracy Vegro	10-15	5-10
Natalie Evans ²	0-5	0-0

1: resigned 31 March 2024 2: joined 1 March 2024 (full year equivalent:L £20k to £25k)

Remuneration of executive board members

The remuneration of the executive directors for the year ending 31 March 2024 was:

Name	Salary (£'000)		Bonus payments (£'000)		Pension including cash supplements (£'000)		Total (£'000)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Annie Shepperd ¹	120-125	165-170	-	5-10	10-15	15-20	130-135	190-195
Emma Clancy ²	65-70	-	5-10	-	0-5	-	70-75	-
Helen Powell	100-105	105-110	5-10	5-10	10-15	10-15	115-120	120-125

1: resigned 31 December 2023 (full year equivalent £175k to £180k)

2: joined 16 October 2023 (full year equivalent £145k to £150k). Resigned 11 October 2024.

In line with all employees, executive directors and members of the executive management team have access to a defined contribution scheme. All executive directors and members of the executive management team were contributing members to the scheme.

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

Fair pay disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. Total remuneration

includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions.

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

In line with Salix's approach to pay, bonus payments are based on performance and are made as part of the appraisal process.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs (HMRC) as taxable emoluments.

All employees have access to a defined contribution 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.

Employee remuneration ratios are shown in the table:

2023/24	Salary (£)	Other (£)	Total remuneration (£)	Ratio to highest paid director remuneration (£)
25th percentile	33,500	650	34,300	5.2
Median percentile	40,000	1,800	40,700	4.4
75th percentile	50,000	2,100	51,000	3.5
Change from previous FY in respect of the highest paid director	5.5%	-100%	1.2%	
Average change from the previous FY in respect of the employees of the entity taken as a whole	12.4%	-23.1	10.6%	



2022/23	Salary (£)	Other (£)	Total remuneration (£)	Ratio to highest paid director remuneration (£)
25th percentile	28,000	0	29,900	5.9
Median percentile	33,000	1,700	34,800	5.1
75th percentile	45,000	3,800	46,100	3.9
Change from previous FY in respect of the highest paid director	0%	-58.3%	-5.2%	
Average change from the previous FY in respect of the employees of the entity taken as a whole	2.9%	-26.4	1.1%	

The banded remuneration of the highest-paid director in the organisation in the financial year 2023/24 was £175k-£180k (2022/23, £175k-£180k). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed above.

The banded remuneration of the lowest-paid staff in the organisation in the financial year 2023/24 was £25k-£30k (2022/23, £20k-£25k). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed above. The grading structure is different to the traditional Civil Service grades AO to SCS.

Exit packages

No severance payments were made in the financial year 2023/24, (2022/23: nil).

Compensation for loss of office

No compensation for loss of office payments were made in 2023/24 (2022/23: nil).

Staff report part A (audited)

Staff numbers

The number of staff at the of end of the financial year was:

Role	2023/24	2022/23
Executive board	2	2
Executive management	5	4
Senior leadership team ¹	13	8
Administrative, professional and technical	171	116
Totals	191	130

1: The corporate management team has been replaced with the senior leadership team which assistant directors and heads of service.

Administrative, professional and technical (APT) staff comprises all members of staff below the senior leadership team.

Salix assumed the role of delivery agent for DESNZ to deliver the Social Housing Decarbonisation Scheme and the Home Upgrade Grant during 2022-23. Delivery of these schemes commenced in April 2023, requiring a significant increase in staff numbers to aid delivery as well as an expansion of core services in support of these and existing schemes.

Off-pay roll engagements

The company is required to publish information on highly paid and/or senior staff off-payroll appointments. Off-payroll appointments are those that are not on the department's payroll.

Temporary off-payroll worker engagements as at 31 March 2024, where individuals are earning at least £245 per day:

Type	Number
Number of existing engagements as at 31 March 2024	5
of which:	
Number that have existed for less than one year at time of reporting	5
Number that have existed for between one year and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for between four or more years at time of reporting	0

Temporary off-payroll worker engaged at any point during the year ended 31 March 2024, where individuals are earning at least £245 per day:

Type	Number
Number of existing engagements during the year ended 31 March 2024	13
of which:	
Number determined as in-scope of IR35	0
Number assessed as out-of-scope of IR35	13
Number of engagements reassessed for compliance or assurance purposes during the year	0
of which:	
Number that have existed for between four or more years at time of reporting	0
Number of engagements that saw a change to IR35 status following review	0
Number of engagements where the status was disputed under provisions in the off pay-roll legislation	0
of which:	
Number of engagements that saw a change to IR35 status following review	0

Off-payroll engagements of board-members and/or senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

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

Type	Number
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year.	0
Total number of individuals on payroll and off-payroll that have been deemed board members and/or senior officials with significant financial responsibility', during the financial year. This figure includes both on payroll and off-payroll engagements	0

Consultancy and temporary staff

Salix hired consultants for the various professional services required for a short term where it does not have the skills set required or the requirement falls outside the core business of employee or an external, independent perspective is required. Consultancy services are a cost effective and efficient way of getting the temporary and skilled external input in a short notice that the Salix required.

Type of role	2023/24 (£'000)	2022/23 (£'000)
Consultancy	587,279	325,289
Temporary and agency staff	440,775	529,681
Totals (including VAT) ¹	1,028,054	854,970

Staff report part B

Staff composition

As at 31 March 2024, Salix directly employed 191 staff in England. The gender of the staff was as follows (headcount):

Role	Female	Male	Total
Executive board	2	0	2
Executive management	1	4	5
Senior leadership	6	7	13
Administrative, professional and technical	95	76	171
Totals	104	87	191

The average number of staff during the year was 166.

Employee matters

Sickness

During the period ended 31 March 24, the average number of working days lost due to sickness absence was 1.88 days per full time equivalent (2021/22: 1.75 days). These figures exclude three members of staff on long term sick. Salix endeavours to provide a safe and supportive work environment and with an extensive employee assistance programme.

Staff turnover

The staff turnover rate was 21.6% (calculated as leavers as a percentage of the average number of staff during the year). The equivalent figure for 2022/23 was 41.67%. Most leavers cited pay and economic factors as the major reason for their seeking alternative employment.

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

Diversity and inclusion

Salix is fully aware of its duties as a public body to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities and this is embedded in its relationships with business partners and staff. This duty is embedded into staff training and recruitment processes with appropriate assistance and encouragement such as in respect of promotion opportunities. Exit interviews are reviewed to ensure that any issues that may impact on diversity are identified. Flexible working is fully supported.

The gender pay gap is the difference in the average earnings between all men and women in an organisation. Salix's mean gender pay gap for 2023/24 was 6.75% (2022/23: 8.95%) in favour of men and the median gender pay gap for 2023/24 was 2.7% (2022/23: 10.60%) in favour of men.

Salix actively encourages applications from a diverse range of candidates including those with disabilities and supporting disabled people at recruitment and throughout their employment is important to Salix. We offer reasonable adjustments where practical for both office and home working environments.

We support disabled staff or staff with long-term health conditions. There were no declarations of disabilities from existing staff during the accounting period. Disability awareness training is provided to all staff by our equality, diversity and inclusion team.

Disability (Employed during 2023/24 including leavers)	2023/24 Number of staff	2022/23 Number of staff
No disability	207	167
Prefer not to disclose	11	7
Disability	8	3

Supportive employment practices

The health, safety and wellbeing of our people is paramount to Salix, whether working from home or in the office. We have a strong record in providing a safe and supportive work environment. Salix offers all staff training in resilience, stress management, mental health talks, health campaigns and disability awareness. Staff also have access to the employee assistance programme for confidential counselling and advice for work and life issues. Salix also have five staff trained as Mental Health First Aiders who provide first support to those who seek help due to mental health concerns. Salix monitors its employee policies, practices and training noting any adverse impact on specific groups, reporting to the executive management team, and continue to engage with our staff on what more we could do to better inform communications, guidance and training.

Trade union facility time

Salix is currently a non-unionised organisation.

Signed on behalf of the board

Kevin Holland

Chief executive

13 November 2024

Parliamentary accountability and audit report (audited)

Losses and special payments:

	2023/24		2022/23	
	No of cases	£	No of cases	£
Assets disposed outside of policy	1	3,976	1	15,664
Loss on stolen laptop	1	550	-	-
Total	1	4,526	1	15,664

In the course of the 2023-24 laptops to the value of £3,976 were disposed of outside of the fixed asset policy. These assets had been covered by warranties to cover any repairs necessary to continue operating.

A laptop with a net asset value of £550 was stolen during the 2023-24 year and could not be recovered.

In the course of the 2022-23 laptops to the value of £15,664 were disposed of outside of the fixed asset policy. These assets had been covered by warranties to cover any repairs necessary to continue operating.

During the 2022-23 year, two external frauds were carried out against Salix that involved small amounts of money being paid by Salix incorrectly. A small amount of money relating to one incident was retrieved.

Regularity of payments

Expenditure of Salix was applied for the purposes intended by Parliament.

Independent Auditor's Report to the members of Salix Finance Ltd

Opinion on financial statements

I have audited the financial statements of Salix Finance Ltd for the year ended 31 March 2024 under the Companies Act 2006.

The financial statements comprise Salix Finance Ltd's

- Statements of Financial Position as at 31 March 2024;
- 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 2024 and its comprehensive net expenditure for the year then ended; and
- 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 (2022). 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 2019. I am independent of Salix Finance Ltd in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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.

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

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 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
- the financial statements and the parts of the 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; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Accounting Officer's responsibilities, the directors are responsible for:

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

Auditor's responsibilities for the audit of the financial statements

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

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of Salix Finance Ltd's accounting policies.
- inquired of management, Salix Finance Ltd's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Salix Finance Ltd's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Salix Finance Ltd's controls relating to Salix Finance Ltd's compliance with the Companies Act 2006 and Managing Public Money;
- inquired of management, Salix Finance Ltd's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and IT Audit specialists 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's for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

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

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 and the Audit, Risk and Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements 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 including internal specialists 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

13 November 2024

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 2024

	Note	2023-24 (£)	2022-23 (£)
Revenue from contracts with customers	6	(711,711)	(587,437)
Total operating income		(711,711)	(587,437)
Staff costs	7	8,977,506	5,746,623
Purchase of goods and services	7	18,981,363	5,091,620
Depreciation and amortisation	7	107,680	542,959
Total operating expenditure	7	28,066,549	11,381,202
Net operating expenditure		27,354,838	10,793,765
Finance expense	8	-	731
Net expenditure for the year		27,354,838	10,794,496
Loss on disposal of fixed assets	9	4,526	15,664
Comprehensive net expenditure for the year		27,359,364	10,810,160

*Income and receipts are reported in brackets within SoCNE above.

All operations are continuing operations.

The notes on pages 72 to 86 form part of these accounts.

Statement of Financial Position

as at 31 March 2024

	Note	31 March 2024 (£)	31 March 2023 (£)
Non-current assets			
Property, plant and equipment	9	108,583	93,427
Intangible assets	10	466,522	-
Total non-current assets		575,105	93,427
Current assets			
Trade and other receivables	14	728,490	273,560
Cash and cash equivalents	15	843,305	820,214
Total current assets		1,571,795	1,093,774
Total assets		2,146,900	1,187,201
Non-current liabilities			
Dilapidation provision	16	(116,968)	(74,091)
Total non-current liabilities		(116,968)	(74,091)
Current Liabilities			
Trade and other payables	17	(4,059,317)	(1,533,030)
Total current liabilities		(4,059,317)	(1,533,030)
Total liabilities		(4,176,285)	(1,607,121)
NET LIABILITIES		(2,029,385)	(419,920)
Taxpayers' equity and reserves			
Opening Balance		(419,920)	211,555
General reserve		(1,609,465)	(631,475)
TOTAL EQUITY		(2,029,385)	(419,920)

The notes on pages 72 to 86 form part of these accounts.

The financial statements were approved by the Board of Directors on 29 October 2024 and signed on its behalf on 13 November 2024 by:



Kevin Holland
Chief Executive and Accounting Officer

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

This statement shows the movement in the year on the general fund reserves held by Salix, that reflect a contribution from the consolidated fund. The general reserve represents the total assets less liabilities of Salix.

	General Reserve
	(£)
At 1 April 2022	211,555
Grants from sponsoring department	10,178,685
Net operating expenditure for the year	(10,810,160)
Balance at 31 March 2023	(419,920)
Grants from sponsoring department	25,749,899
Net operating expenditure for the year	(27,359,364)
Balance at 31 March 2024	(2,029,385)

The notes on pages 72 to 86 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2024

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.

The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by income from the recipients of Salix's services or on whose behalf Salix carries out those services. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to future public service delivery.

	Note	31 March 2024 (£)	31 March 2023 (£)
Cash flows from operating activities:			
Comprehensive net expenditure for the year		(27,359,364)	(10,810,160)
Changes in working capital:			
Decrease / (increase) in trade & other receivables	14	(454,930)	280,766
Increase in trade & other payables	17	2,526,287	104,840
Non-cash items:			
Use of provisions	16	-	(59,570)
Interest on lease liabilities	8	-	731
Unwinding discounting KWS	16	-	130
Dilapidations Provision raised	16	42,877	74,091
Loss on disposal of assets	9	4,526	15,664
Depreciation and amortisation	7	107,680	542,959
Net cash outflow from operating activities		(25,132,924)	(9,850,549)
Cash flows from investing activities:			
Purchase of property, plant and equipment – Computers	9	(89,289)	(60,525)
Intangible assets - Software	10	(504,595)	-
Net cash outflow from investing activities		(593,884)	(60,525)
Cash flows from financing activities:			
Cash from sponsoring departments		25,749,899	10,178,685
Payment of lease liabilities		-	(458,269)
Payment of interest on lease liabilities		-	(731)
Net cash inflow from financing activities		25,749,899	9,719,685
Net increase)/(decrease) in cash and cash equivalents		23,091	(191,389)
Cash and cash equivalents at the beginning of the year		820,214	1,011,603
Cash and cash equivalents at the end of the year		843,305	820,214

The notes on pages 72 to 86 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 2024 were approved with a resolution of the board on 29 October 2024 and authorised for issue on the same date as the independent auditor's report.

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

2. Principal activities

Salix Finance Ltd was established to act as an agent for the DESNZ in administering and disbursing funding solutions to public sector bodies for use in the deployment of low carbon initiatives. In 2023-24 this role was expanded to include the delivery of funding solutions to the social housing sector. The company undertakes other activities that the board considers to be consistent with its functions, duties, obligations, and constitution.

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 pound (£).

The accounts are prepared in accordance with UK adopted International Accounting Standards (or 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. This application of the FReM extends to the financial statements only, except for the inclusion of the following specific FReM-derived disclosures within the Annual Report: those areas of the Remuneration and staff report that are subject to audit.

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.

The accounts are prepared in accordance with UK adopted International Accounting Standards (or International Financial Reporting Standards (IFRS) as adopted by UK) using the historical cost model.

3.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future. The financial statements are, therefore, prepared on a going concern basis. The company's liabilities due after 31 March 2024 will be

paid for through funding from our sponsoring department, DESNZ. Our estimated requirement for funding in 2024–25 has been included in His Majesty’s Treasury Main Estimate, which has been approved by Parliament.

In forming this view, the directors note that the company:

- i) applies prudent financial management to ensure that its commitments are accommodated within the timing of the allocated budget; and
- ii) undertakes a robust annual business planning and budgeting process to establish its operational cost requirements for each financial year.

The directors have carried out a going concern assessment and concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements. This assessment is based on Salix’s role in the delivery of future phases of the Public Sector Decarbonisation Schemes and the Public Sector Low Carbon Skills Fund, Salix’s current role as delivery agent for Wave 2 of the Home Upgrade Grant and Social Housing Decarbonisation Fund schemes and its continued relationship with the Scottish and Welsh Governments. Regardless of events noted in note 20, the company will continue in operational existence beyond 12 months from the time of signing the accounts.

The directors believe that the recent decision by DESNZ re the model for the delivery of Wave 3 of the Home Upgrade Grant and Social Housing Decarbonisation Fund schemes does not impact this assessment.

The directors have also considered the potential impact of the recent change in Government and the potential impact of new policies and/or funding changes on the schemes that Salix currently delivers, including those stemming from the developing Warm Homes Plan. We note the high priority the new Government assigns to achieving decarbonization goals and Salix’s related core expertise. Whilst a new government will always result in a period of change, it is too early to assess with any certainty the extent to which new policies will directly impact on Salix, so the directors conclude that the going concern basis is still appropriate.

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 17 – Insurance Contracts

IFRS 17 – ‘Insurance Contracts’ replace IFRS 4 – ‘Insurance Contracts’. The IASB announced the deferral of IFRS 17 until 1 January 2023 and therefore, the effective implementation date in the public sector was extended to the earliest of 1 April 2023. The Financial Reporting Advisory Board (FRAB) has since agreed to a further two-year deferral to require adoption on 1 April 2025.

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.

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

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 fully owned by DESNZ and therefore has some degree of public accountability.

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.

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. The table below sets out the approach to income recognition for the main customer contract types:

Contract type	Point-of-revenue recognition	Judgements applied
Provision of grants and loan schemes administration services and other project management delivery	Revenue to be recognised over a period-of-time	<p>Salix assesses that its obligations are fulfilled by providing the services over the period that the scheme covers. Revenue from contracts (agreements) is recognised when services are rendered on behalf of the principals at an amount that reflects the consideration which Salix expects to be entitled in exchange for those services. Therefore, the revenue received for these services should be recognised proportionately annually.</p> <p>IFRS 15 requires Salix to treat as one single contract any linked contracts that have similar features, such as the timing and commercial purpose. Therefore, revenue received for loan, grant schemes and project delivery management services is apportioned and recognized evenly over 12 months.</p>

(i) Significant financing component

Salix applies the practical expedient for short-term advances received from our funders. The promised amount of consideration is not adjusted for the effects of a significant financing component. The contracts are not discounted using prevailing interest rates if the period between the transfer of the promised service and the payment is one year or less.

(ii) Trade receivables

Salix recognises a receivable if an amount of consideration that is unconditional is due from the customer (i.e., only passage of time is required before payment of the consideration is due).

3.6 Valuation of non-current assets

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

Property, plant and equipment

Property, plant and equipment are initially recognised in the statement of financial position at their current value in existing use, which is calculated as the cost of the asset less its accumulated depreciation, at the reporting date.

Intangible non-current assets

During 2023-24, Salix had intangible assets which comprised 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 the 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 fair value. As no active market exists for Salix's intangible assets, fair value is assessed as replacement cost less any accumulated amortisation (the proportion of the asset value charged to SoCNE) and impairment losses (when the value of an asset falls below its carrying value).

3.7 Depreciation/amortisation

Depreciation/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. Depreciation/amortisation is charged from the month it becomes available for use.

Asset lives are in the following ranges:

- Hardware information technology – typically three years. Assumptions on remaining asset lives are reviewed annually and may be adjusted in line with revised expectations.
- Software – same as information technology above.

3.8 Impairment

An impairment reflects a diminution in value of an asset as a result 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 its 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).

3.9 Value Added Tax

Salix does not engage in business activities for VAT purposes and therefore, most of its activities are outside the scope of VAT. In general output tax does not apply except for those activities that are deemed vat-able.

Input tax on most purchases funded by grant-in-aid is not recoverable unless the VAT has been incurred in the course of contracting out those services listed in the HM Treasury's 'Contracting out of services' directions. Irrecoverable VAT is charged to the SoCNE or included in the capitalised cost of fixed assets in the SoFP. Income and expenditure are otherwise shown net of recoverable VAT.

3.10 Employee benefits

Employee accruals

An accrual for unpaid employee annual leave is no longer made as the annual leave calendar has been aligned with the financial year end and employees are not allowed to carry forward any leave not taken into the next year unless there are exceptional circumstances like during maternity leave.

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 its incurred.

3.11 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.

3.12 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' and 'Government accounting'.

3.13 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.

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 amounts 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.

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, being the transaction price less any amounts settled. Salix does not have borrowings. Financial liabilities do not include provisions.

3.14 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. Reported revenue and expenditure

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.

5. 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.

2023-24	Public sector non-domestic energy efficiency (£)	Household energy efficiency (£)	Total (£)
Revenue from contracts with customers	(711,711)	-	(711,711)
Total operating income	(711,711)	-	(711,711)
Staff costs	6,029,493	2,948,013	8,977,506
Purchase of goods and services	3,987,761	2,416,791	6,404,552
Delivery partner charges (incl VAT)	-	12,576,811	12,576,811
Depreciation and amortisation	91,114	16,566	107,680
Total operating expenditure	10,108,368	17,958,181	28,066,549
Net expenditure for the year	9,396,657	17,958,181	27,354,838
Loss on disposal of fixed assets	4,526	-	4,526
Comprehensive net expenditure for the year	9,401,183	17,958,181	27,359,364

2022-23	Public sector non-domestic energy efficiency (£)	Household energy efficiency (£)	Total (£)
Revenue from contracts with customers	(587,437)	-	(587,437)
Total operating income	(587,437)	-	(587,437)
Staff costs	5,432,880	313,743	5,746,623
Purchase of goods and services	4,219,005	872,615	5,091,620
Depreciation	542,959	-	542,959
Total operating expenditure	10,194,844	1,186,358	11,381,202
Finance expense	731	-	731
Net expenditure for the year	9,608,138	1,186,358	10,794,496
Loss on disposal of Fixed Assets	15,664	-	15,664
Comprehensive net expenditure for the year	9,623,802	1,186,358	10,810,160

6. Revenue

6.1 Revenue from contracts with customers

	31 March 2024	31 March 2023
	(£)	(£)
Scottish Government	(358,242)	(229,241)
Welsh Government	(350,000)	(350,000)
Scottish Funding Council	(3,469)	(8,196)
Total income	(711,711)	(587,437)

6.2 Details of contracts with customers

The following additional disclosure provides users of the accounts with more detailed information regarding the nature of Salix's contracts with customers.

Contract	Scottish Government
Contract details	Salix recovers from the Scottish Government the costs the company incurs in administering the Scottish Energy Efficient Loans.
Performance obligations	The performance obligations identified below are combined into one to recognise correctly the revenue earned. Administration process (Drawdown requests) Application of designated Account Funds Reporting Data Protection
Contract duration	Annual
Revenue recognition	Revenue is recognised annually over a period of time during which the service is provided.
Contract values	£358,242

Contract	Welsh Government
Contract details	The Welsh Government pays Salix to administer the Wales Energy Efficiency Loans on its behalf.
Performance obligations	The performance obligations identified below are combined into one to recognise correctly the revenue earned. Administration process (Drawdown requests) Application of designated Account Funds Reporting Data Protection
Contract duration	Annual
Revenue recognition	Revenue is recognised annually over a period of time during which the service is provided.
Contract values	£350,000

Contract	Scottish Funding Council
Contract details	Provision of professional services for SFC's Financial Transactions Programme.
Customer details	Scottish Government public body
Performance obligations	The performance obligations identified below are unbundled to recognise correctly the revenue earned from contract. 1. recommendations on priority projects 2. annual programme reports
Contract duration	Contract 2 – September 2022 to 2025
Revenue recognition	Fixed amount at a point in time
Contract values	Contract 2 – £28,977.62 (incl. VAT)

7. Expenditure

	31 March 2024 (£)	31 March 2023 (£)
Staff costs		
Wages and Salaries	7,653,145	5,004,582
Social Security Costs	853,785	565,680
Apprenticeship Levy	23,324	10,186
Pension Costs	438,842	306,057
Annual Leave	8,410	(139,882)
Total	8,977,506	5,746,623
Goods and Services		
ICT – outsourcing, maintenance and support of infrastructure, and telecoms	1,206,249	554,533
Estates costs including rates, facility management and security	1,034,741	525,424
Contracted professional services	2,091,702	2,117,879
Delivery partner costs (incl VAT)	12,576,811	-
Travel and subsistence costs	98,756	42,035
Legal fees	148,597	143,950
Recruitment, training and staff- related costs	956,003	700,888
Stationery, printing, postage and office equipment	5,355	2,810
Advertising, Marketing and Business Development	35,303	75,007
Irrecoverable VAT*	737,614	845,614
Service costs	9,232	13,480
Auditor's remuneration and expenses	81,000	70,000
Total	18,981,363	5,091,620
Non-cash items		
Depreciation	69,607	68,967
Amortisation	38,073	-
ROUA Depreciation Charge	-	473,992
Total	107,680	542,959
Total Expenditure	28,066,549	11,381,202

*The VAT on expenditure is shown separately as irrecoverable VAT.

8. Finance expense

	31 March 2024 (£)	31 March 2023 (£)
Ceased Right-of-Use Asset	-	731
Total	-	731

9. Property, plant and equipment

Property, plant and equipment comprises IT hardware and a right-of-use asset (in 2022-23).

	Hardware Information Technology (£)	Total (£)
2023-24		
Cost or valuation		
At 1 April 2023	357,006	357,006
Additions	89,289	89,289
Disposals*	(23,607)	(23,607)
At 31 March 2024	422,688	422,688
Depreciation		
At 1 April 2023	(263,579)	(263,579)
Charge for year	(69,607)	(69,607)
Disposals	19,081	19,081
At 31 March 2024	(314,105)	(314,105)
Carrying amount at 31 March 2024	108,583	108,583

	Hardware Information Technology (£)	Right-of-use asset (£)	Total (£)
2022-23			
Cost or valuation			
At 1 April 2022	344,846	1,408,656	1,753,502
Additions	60,525	4,440	64,965
Termination of lease contract	-	(1,413,096)	(1,413,096)
Disposals	(48,365)	-	(48,365)
At 31 March 2023	357,006	-	357,006
Depreciation			
At 1 April 2022	(227,312)	(939,105)	(1,166,417)
Charge for year	(68,968)	(473,991)	(542,959)
Termination of lease contract	-	1,413,096	1,413,096
Disposals	32,701	-	32,701
At 31 March 2023	(263,579)	-	(263,579)
Carrying amount at 31 March 2023	93,427	-	93,427

*Disposals relate to laptops written off because they are either damaged (£3,976) or stolen (£550) or are fully depreciated and are no longer in use.

Intangible assets

	NetSuite (£)	WIP (£)	Total (£)
2023-24			
Cost or valuation			
At 1 April 2023	-	-	-
Additions	227,943	276,652	504,595
At 31 March 2024	227,943	276,652	504,595
Amortisation			
At 1 April 2023	-	-	-
Charge for year	(38,073)	-	(38,073)
At 31 March 2024	(38,073)	-	(38,073)
Carrying amount	189,870	276,652	466,522

During the financial year, Oracle NetSuite accounting software was developed and commissioned for use for the admin side of the business. The WIP relates to Schemes CRM (£142,531) and the ERP work (£134,121).

10. Lease liabilities

	31 March 2024 (£)	31 March 2023 (£)
Cost or valuation		
At 1 April	-	(458,269)
Repayments	-	458,269
At 31 March	-	-

Salix entered a new accommodation contract which is not under IFRS 16 during the 2022-23 year.

Discount rates (nominal rate)

For leases commencing or remeasured in the 2024 calendar year	For leases commencing or remeasured in the 2024 calendar year
nil	3.51%

Amounts recognised in Statement of Net Income and Expenditure

	2023-24 Office Accommodation (£)	2022-23 Office Accommodation (£)
Interest on lease liabilities	-	731
ROUA Depreciation Charge	-	473,992
Total amount recognised in the SoCNE at year end	-	474,723

11. Capital and other financial commitments

Salix has entered into non-cancellable contracts (which are not a lease or private finance initiative contract) for IT, rent, office services and other capital commitments. The maturity analysis of committed payments is as follows.

	31 March 2024 (£)	31 March 2023 (£)
Not later than one year	525,927	1,020,967
Later than one year and not later than five years	976,371	1,271,567
Later than five years	159,234	379,765
Total	1,661,532	2,672,299

The commitment for IT services are recurring monthly costs which are expected to incur but are not contractually obliged.

12. Financial instruments

Salix cash requirements are met through the Estimates process. 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.

13. Trade and other receivables

	31 March 2024 (£)	31 March 2023 (£)
Amounts falling due within one year		
Trade Receivables	317,469	96,164
Deposit and Advances	1,920	813
Prepayments	407,070	176,213
Other receivables	2,031	370
Total Trade & Other Receivables	728,490	273,560

Trade Receivables at 31 March 2024 include £313,306 (2022-23: £90,492) due from the Scottish Government.

14. Cash and cash equivalents

	31 March 2024 (£)	31 March 2023 (£)
Opening Balance	820,214	1,011,603
Net change in cash and cash equivalents	23,091	(191,389)
Closing Balance	843,305	820,214

The following balances at year-end were held at:

Government Banking Service

Total

	31 March 2024 (£)	31 March 2023 (£)
	843,305	820,214
Total	843,305	820,214

At year end, Salix held £23.1m in separate accounts for the purposes of funding various projects being delivered on behalf of DESNZ (£7m), Scottish Government (£7.4m) and Welsh Government (£8.7m), other than for the operating activities of Salix.

15. Provisions for liabilities and charges

Opening Balance

Provided in year

Provisions utilised during the year

Unwinding of discount

Closing Balance

	2023-24 Property Dilapidations (£)	2022-23 Property Dilapidations (£)
	(74,091)	(55,000)
	(42,877)	(78,531)
	-	59,570
	-	(130)
Closing Balance	(116,968)	(74,091)

Analysis of expected timing of discounted flows

Later than one year and not later than five years

Later than five years

Balance

	2023-24 Property Dilapidations (£)	2022-23 Property Dilapidations (£)
	(74,091)	(74,091)
	(42,877)	-
Balance	(116,968)	(74,091)

15.1 Property dilapidation

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

16. Trade and other payables

Amounts falling due within one year

Trade Payables

Tax and social security

Accruals

Other payables

Total Trade & Other Payables

	31 March 2024 (£)	31 March 2023 (£)
	(1,245,072)	(285,882)
	(313,958)	(191,275)
	(2,500,247)	(1,054,447)
	(40)	(1,426)
Total Trade & Other Payables	(4,059,317)	(1,533,030)

17. Related party transactions

17.1 Transactions between Salix and other government departments

Salix is a non-departmental body of DESNZ which is wholly owned by the UK government. The company's primary source of funding is grant-in-aid, based on approved expenditure that is voted for by Parliament. The total amount of funding received from DESNZ for the year ended 31 March 2024 amounted to £25,749,899 (2022-23: £10,178,685).

In addition, Salix had a number of significant transactions with its other funders during the year: Welsh Government - £350,000 (2022-23: £350,000) and Scottish Government - £358,242 (2022-23: £229,241). See Note 14 - Trade and Other Receivables for more information on receivables from Scottish Government as at 31 March 2024.

17.2 Transactions between Salix and Board members and key managers

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

18. Pension arrangements

The Salix Group Personal Pension Plan is provided by Royal London and is a defined contribution scheme. Employees pay into the scheme and Salix contributes to this scheme.

To remain in the plan, employees, must make a minimum monthly contribution of 3% of basic salary. The contributions are shown in the following tables:

Employees Contribution	Salix Contribution	Total Contribution
3%	6%	9%
For enhanced contributions of 2:1 up to a maximum of 10% of basic salary		
4%	8%	12%
5%	10%	15%

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. The events below have been registered after the reporting period but do not require any adjustment to the financial statements.

In August 2024 DESNZ determined not to proceed with the current delivery model for the delivery of the next phase, Wave 3 of the schemes to finance delivery of energy efficiency and decarbonization projects to the social housing sector and Salix will no longer act as delivery agent. This decision does not impact the delivery of the current schemes which are not scheduled to complete until 2025/26.



Produced by the communications team

Salix Finance Ltd
10 South Colonnade, London, E14 4PU (registered office)
3 Piccadilly Place, Manchester, M1 3BN
Registered Number: 05068355

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Enquiries regarding this publication should be sent to info@salixfinance.co.uk