

No: 16/2018

Memorandum for Executive Council

SUBJECT

Withdrawal Warrant 2017/2018

Memorandum by The Financial Secretary

ADVICE SOUGHT

1. **Executive Council is asked to consider and advise the Governor whether to authorise the attached draft Withdrawal to reduce directorate appropriated budgets as detailed in the draft Withdrawal Warrant.**

BACKGROUND & CONSIDERATIONS

2. In December 2017 Executive Council was asked to consider a Supplementary Appropriation financed from within existing budget allocations.
3. A draft Withdrawal Warrant was submitted with the Executive Council Memorandum that sought to withdraw funding from Technical Cooperation budget to fund some of the costs. This was pending a decision by DFID to release ring fenced budgets to be applied to other spend areas. Executive Council agreed the Supplementary Appropriation in principle pending confirmation from DFID on the release of ring fenced funding.
4. Since then, as members are aware, DFID agreed the release of ring fenced budgets and gave specific consideration to the utilization of the under spent Technical Cooperation budget and the Aero medical Evacuation budget. At the formal Legislative Council meeting held in January 2018 where the First Supplementary Appropriation Bill, 2018 was considered the Acting Financial Secretary outlined how the Supplementary Appropriation would be funded.
5. However due to the uncertainty around forecast expenditure at that point time on aero medical costs and taking into account that we did not want to overspend that budget at the end of the year by withdrawing too much from the aero medical evacuation budget it was decided to hold off on the Withdrawal Warrant until closer to the year end when there was greater certainty over forecast expenditure.
6. Following the recent forecasting exercise carried out by directorates in collaboration with Corporate Finance we are now in a position to finalize the Withdrawal Warrant.
7. It is proposed that budgets are reduced as follows:

Head of	£'000	Explanation
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Expenditure		
13 Corporate Human Resources	750	Projected under spend for the HR Technical Co-operation budget for the financial year where posts have not been filled or the full budget allocated for a post was not utilised.
19 Economic Development	115	Projected under spend on ESH subsidy provided by SHG for day to day running costs particularly for vacancies not filled and underutilised funding for the Sports Field at Bottom Woods.
22 Education	50	Education projected under spends on overseas scholarships budget where the number of students taking up tertiary education was less than budgeted.
23 Health	350	Health under spend on aero medical evacuation budget for the year where the number of evacuations was less than budgeted.
Total	1,265	

8. Section 104(1) of the Constitution of St Helena provides that:

“The Governor, acting on the recommendation of the Financial Secretary and after consulting the Executive Council, if satisfied that financial exigencies so require, may issue a Withdrawal Warrant authorising the limitation or suspension of appropriated expenditure, to the extent specified in the warrant.”

9. Executive Council is asked to advise whether the attached Withdrawal Warrant (*Annex I*) should be approved.

10. This Withdrawal Warrant will legally limit the budget allocations made to Corporate Human Resources, Economic Development, Education and Health but this does not limit the responsibility of Accounting Officers to ensure that they control their spend in line with the forecast projections on expenditure for the rest of the financial year.

11. As we are close to the end of the financial year the risk of the forecast under spends changing is limited and therefore we can be comfortable with the proposals for withdrawal of budgets. It is projected that certain expenditure budgets will be further under spent as the latest Management Accounts (January 2018) show.

12. The overall movement on the Consolidated Fund based on the forecasts of revenue and expenditure in the latest Management

FINANCIAL IMPLICATIONS

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Accounts (January 2018) show that there is projected to be a modest surplus for this year.

ECONOMIC IMPLICATIONS

13. The proposed solution allows for more efficient allocation of budgets to meet prioritised needs.

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES PUBLIC / SOCIAL IMPACT

14. Not applicable.

15. There is expected to be no public or social impact as there will be no limitation or curtailment of public service as a result. This is because the withdrawal proposed is based on year end projections of expenditure by directorates and being so close to the year end there is unlikely to be any unexpected calls on the budget.

ENVIRONMENTAL IMPACT

16. There will be no environmental impacts resulting from this paper.

PREVIOUS CONSULTATION / COMMITTEE INPUT

17. This has been discussed with Executive Council previously and outlined at formal Legislative Council in January 2018. No further discussion has taken place.

PUBLIC REACTION

18. It is expected that the public will be concerned with withdrawing significant budgets from directorates and the subsequent impacts this may have on public services particularly any emergency medical evacuations that may be required. However, with appropriate explanation as to the reason for this withdrawal which is to fund other key public services this may address their concerns.

PUBLICITY

19. This should also be stated in the ExCo report following the meeting and associated broadcast. The Withdrawal Warrant will be laid at the next formal Legislative Council meeting and become a public document.

SUPPORT TO STRATEGIC OBJECTIVES

20. Though this is an administrative process the approval of the Withdrawal Warrant is to finance the Supplementary Appropriation earlier in this financial year that supported the National Goals within the 10 Year Plan.

OPEN/CLOSED SESSION

21. It is recommended that this is held in open session.

DLR

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Corporate Finance
The Castle

20 March 2018