

**Memorandum for Executive Council**

**SUBJECT**

**The First Withdrawal Warrant 2019**

Memorandum by the Financial Secretary

**ADVICE SOUGHT** 1. **Executive Council is asked to consider and advise the Governor whether the attached Withdrawal Warrant should be approved and brought into effect in this current financial year.**

**BACKGROUND & CONSIDERATIONS** 2. As part of the financial management processes carried out to forecast revenue and expenditure to the end of the current financial year, it was identified that there has been projected underspends across a number of directorates. In considering the request made by other directorates for additional funding and taking into consideration those underspends the Supplementary Appropriation we developed and presented as Government business at the recent formal Legislative Council meeting.

3. The Supplementary Appropriation which was based on withdrawing funding from other directorates has been enacted.

4. 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”*

5. Council is asked to advise whether the attached Withdrawal Warrant (Annex A) should be authorised by the Governor. The Withdrawal Warrant asks for a total withdrawal of £899,000.

**FINANCIAL IMPLICATIONS** 6. The withdrawal from Head 15 Police, Head 22 Education and Head 26 ENRD is to allow the transfer of budget from their recurrent budget to their capital budget which has now been approved under the Supplementary Appropriation Ordinance. Therefore it is not anticipated that there will be any further financial implications from these areas.

7. The withdrawal from Safeguarding will be used to finance the other requests made as part of the Supplementary Appropriation. The Safeguarding projected underspend of £200,000 from across the directorate. It includes the unspent

funding earmarked for additional staff at the CCC. Other underspends on employee costs across the directorate has added to this underspend.

8. The withdrawal from Corporate Finance of £300,000 is required to limit the budget for litigation and legal costs that was included within the budget at the beginning of the year which is not expected to be spent. This necessary step as the corresponding revenue from DFID as part of the Contingency Fund for the year is also not expected to be collected. The risk of litigation or significant legal costs arising in these last few weeks of the financial is considered low.
9. The underspend for Health of £300,000 is projected for the Aero Medical Evacuation budget and also the Overseas Medical Treatment budget. These are demand led services and the demand has been lower than anticipated when the budget was developed at the budget setting stage. As a demand led service there is a level of uncertainty as to the requirements for the remaining few weeks of the financial year. There is a medium risk that an aero medical evacuation flight will be required or there is a greater need for overseas treatment however this is closely monitored by the Health Directorate and Corporate Finance.
10. Overall this Withdrawal Warrant will ensure that SHG is able to deliver the services this year within the overall funding envelope for this year and that a draw down from the Consolidated Fund is not required. Annex B Third Quarterly Management Account 2018/19 provides the overall projected position of the Government by the year end.

**ECONOMIC  
IMPLICATIONS**

11. There are no direct economic implications in making this decision.

**CONSISTENCY  
WITH  
INVESTMENT  
POLICY  
PRINCIPLES**

12. N/A

**PUBLIC / SOCIAL  
IMPACT**

13. The withdrawal of budget is not expected to have an impact on the public or have social impacts. The forecast of expenditure for both Health and Safeguarding have been made with the projected demand in services in mind. The underspends represent budget that is surplus to the requirements and demand on public services.

<b>ENVIRONMENTAL IMPACT</b>	14. There are no direct environmental impacts identified.
<b>PREVIOUS CONSULTATION / COMMITTEE INPUT</b>	15. This has formed part of the discussion regarding the supplementary appropriation process.
<b>PUBLIC REACTION</b>	16. It is anticipated that there will be some reaction from the public particularly as it is proposed to withdraw budget from Health, Overseas Medical Treatment and Aero Medical Evacuation and Safeguarding, CCC. The public may be concerned that the withdrawal of funding may have an effect on services particularly where there is already a feeling that Safeguarding and Health in certain areas are under resourced.
	17. This a housekeeping exercise ensuring that the allocation of public funds reflect the needs of SHG. The public will be assured that SHG are proactively managing public finances.
<b>PUBLICITY</b>	18. It is proposed that mention should be made in the ExCo Report and associated broadcast.
<b>SUPPORT TO STRATEGIC OBJECTIVES</b>	19. N/A
<b>LINK TO SUSTAINABLE</b>	20. N/A
<b>ECONOMIC DEVELOPMENT PLAN GOALS</b>	
<b>OPEN /CLOSED AGENDA ITEM</b>	21. It is recommended that this is held in open session.

*DLR*

Corporate Finance  
Corporate Services

*20<sup>th</sup> March 2019*

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