



ST HELENA GOVERNMENT FUNDING PUBLIC SERVICE PROVISIONS POLICY

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1. Introduction

1.1. Background

The St Helena Government (SHG) provides funding to a number of organisations in the community that deliver critical services that cannot and should not be provided by SHG. These organisations include those that are established under law and their responsibilities and activities are dictated by law. These are considered to be Public Service Provisions (PSPs).

In the 2019/20 fiscal year SHG provided £178,744 to PSPs. SHG recognises the work of these organisations within the community and their role in underpinning social and economic development through the services and work that they perform.

This policy aims to set out the intentions of SHG in relation to the provision of funding to PSPs to support them in delivering their statutory objectives and sets out the policy with regards to the determination and administration of funding by SHG. It is intended that this policy will set the framework for governance arrangements, outline the intentions and aims of SHG in providing funding to PSPs and provide the mechanism by which the funding is approved and administered.

A separate Procedure document and Implementation Plan underpins this policy that sets out the specific processes by which all funding for PSPs should be assessed, analysed, approved and managed within SHG.

2. Policy Outline and Scope

2.1 Aims and Objectives

It is the intention of SHG in providing funding to PSPs to:

- i. Ensure that statutory bodies and institutions are able to fulfil their obligations and effectively deliver their public services and activities required under law; and
- ii. Ensure that, through meeting their statutory obligations and carrying out their services and activities, they provide the **institutional framework** that support the economic and social development of the Island through the achievement of the long term goals of SHG and the Island.

In some instances public institutions are set up under law and SHG is legally obliged to meet the reasonable costs of that organisation in meeting their statutory objectives. It is acknowledged that these organisations in some instances depend on direct and indirect financial interventions by SHG in order to meet the costs of their services and it is also recognised that these organisations where possible to do so should mitigate the cost of their service by charging for their services at reasonable rates and securing external funding other than SHG.

Through the implementation of this policy SHG aims to:

- i. ensure a fair, clear and consistent approach to the determination and allocation funding to PSPs; and
- ii. define the governance arrangements for approving funding to PSPs;

2.2 National Goals and Strategic Objectives

The intention of SHG under this policy is to provide a clear process by which SHG can consider the allocation of funding to PSPs. This policy should be seen as an enabling policy, as on its own it does not contribute to any specific goal under the 10 Year Plan¹ or Sustainable Economic Development Plan² (SEDP). However, the public bodies and institutions to which funding is approved through the implementation of this policy must contribute through their activities or services to the delivery of the national goals under the 10 Year Plan or the goals under the SEDP.

Funding must not be provided to a PSP under this policy unless it can be clearly demonstrated that the intended outcomes align to the goals and strategic objectives under the 10 Year Plan or SEDP.

It is not the intention of this policy to outline the specific objectives or intended outcomes for each of public bodies or institutions to which funding is provided but sets the framework for the determination of the amount of funding that should be provided, how this will be provided and the process for this to be approved.

2.3 Definitions

A **Public Service Provision** is defined as the appropriation of funding by the government to a statutory or public institution for the delivery of a public, community or statutory service under law with no affiliation with the government to either partially or fully meet the cost of the statutory service to the public.

For example, the Equality & Human Rights Commission is a statutory body established under law.

Public Service Provisions are separate to subsidies and grants because by their nature and service they have a very distinct purpose under the law that cannot be provided by another entity or by the government. The duration of a Public Service Provision is therefore expected to be long term and will be determined by the law which governs their operations.

2.4 Scope

This policy covers funding to any public body or institution where it has been established under law or statute or where the government has determined that in order to maintain independence from the government the public body or institution must also be financially separate and independent from the government.

2.5 Legal Framework

There are no specific Ordinances or Regulations under which this policy sits or to which this policy underpins. However a public body or institution may have its own ordinance that establishes it and sets specific rules on the allocation of funding.

In the allocation funding or payments made under this policy must be made in accordance with the Public Finance Ordinance 2010 and the Financial Regulations.

2.6 Baseline Statistics

In the financial year 2019/20 SHG provided £178,744 to 3 public bodies. This was delivered through direct financial payments. The current level of funding provided represents 0.4% of the overall SHG recurrent budget for 2019/20.

¹ [St Helena Island 10 Year Plan 2017-2027](#) approved by Executive Council on 20 January 2017

² [St Helena's Sustainable Economic Development Plan 2018-2028](#) Approved by Executive Council on 1 May 2018

3. Policy Implementation

3.1. Framework Agreement

A Framework Agreement shall be developed and agreed between SHG and each public body or institution in receipt of funding under this policy.

The Framework Agreement shall set out the relationship between SHG and the public body or institution and clearly articulate:

- the governance arrangements and roles and responsibilities of each party to the agreement;
- the mechanisms for setting the strategic direction of that public body or institution;
- the process and timeline for the allocation of funding;
- the key deliverables and performance measures; and
- the mechanisms for financial and non-financial reporting.

The terms agreed under the Framework Agreement shall complement and shall not contradict what is already in the legislation that governs that public body or institution.

3.2. Evaluation

A robust process of evaluation should be conducted as part of the MTEF³ process annually and each public body or institution making an application for funding under this policy shall provide SHG with its strategic plan and draft budget within the required timeframes that shall be agreed annually with Corporate Finance.

It is important when evaluating funding allocations to PSPs that the following principles are taken into account and should strive to attain or work towards these different aspects.

3.2.1. Sustainability

The evaluation of funding to a PSP should consider the financial sustainability of the public body or institution and consideration should be given to strategies to strengthen the financial sustainability of the entity. This should include a review of potential revenue streams, consideration of external or donor funding and reviewing the current operating or delivery model for services although other strategies can be considered. This can include the review of reports undertaken by third parties on behalf of the entity or SHG.

3.2.2. Accountability

The evaluation should also consider the mechanisms for ensuring that the entity and its officers are accountable for the funding allocated to it. This shall include reviewing the governance arrangements whether or not this is included within any legislation that governs its establishment or operation, reviewing the regulatory compliance where applicable and audit arrangements.

3.2.3. Risk Analysis

The evaluation should also consider the entities risk management processes and the identification of financial and non-financial risks. This should include reviewing the risk register for the entity to identify key risks and the mitigation plans determined by management for

³ The MTEF Process is SHG's Medium Term Expenditure Framework process that used to determine the strategic planning and budgeting annually.

those risks. An understanding of the budgetary implications those mitigation plans on the funding request need to be obtained so an informed decision can be made.

3.2.4. Transparency

The evaluation shall also consider the mechanisms for ensuring that the entity is transparent in its operations and use of public funds subject to confidentiality requirements or non-disclosure requirements. An entity eligible for funding under this policy must be accountable for the deliverables associated with the funding and must ensure transparency in the use of the funding to deliver those deliverables. The review should consider where appropriate to do so publication of the annual accounts of the entities or other means to hold those in receipt of public funds accountable. It is imperative for public accountability and transparency that the government is also able to demonstrate how all government funding meet and supports the overall aims and strategic objectives for the Island.

3.3. Eligibility Criteria

A public body or institution must meet the eligibility criteria under this policy before consideration will be given to funding as a PSP. The onus is on the public body or institution to demonstrate that they meet the criteria by providing the necessary supporting evidence.

For public body or institution to be eligible for government financial support under this policy they must demonstrate:

- They are appropriately constituted and governed by a Constitution or legal framework or governing document (e.g. Articles of Incorporation);
- They do not have any outstanding debt to the SHG unless they have specific arrangements in place with SHG to clear that debt;
- The services that they provide do not benefit only a particular group or discriminate against a particular group;
- None of its members of its Governing body or senior management are convicted of fraud or irregularity or similar convictions;
- The remuneration package for officers, employees and members of the governing body is not greater than would be expected at equivalent levels in SHG;
- Its Governing body is not made up of close family members;
- Compliant with all terms and conditions of previously awarded Government funding (where applicable);
- Compliant with all applicable laws including employment and tax laws;
- The organisation has an adequate level of public liability insurance;
- The organisation has obtained satisfactory Vetting Certificates and appropriate clearances for any staff member who engages with vulnerable people including children in the course of their work; and
- The Organisation has appropriate policies on safeguarding, whistle blowing and health and safety.

3.4. Terms & Conditions

All public bodies and institutions in receipt of funding under this policy shall comply with the following terms and conditions:

- Ensure that the funding is used for the purposes for which the funding was provided (where applicable) as detailed in their strategic plan and budget submission;
- Submit quarterly Management Accounts in a form agreed with Corporate Finance showing clearly total revenue and expenditure against budget, surplus or deficit, cash flow and cash holdings, and accumulated financial position. Submitted before the release of the next funding tranche;
- Submit audited (or independently examined) financial statements for the previous year with no issues of fraud or irregularity identified
- Make such audited financial statements publically available;
- Submit a Mid-Year Report on performance against targets and performance measures and a detailed Annual Report that sets out how the funding was used to deliver the objectives of the organisation;
- Provide the quantitative and qualitative data required in order to measure performance against intended outcomes;
- Establish appropriate mechanisms to independently assess and review controls;
- Establish appropriate risk management processes;

4. Governance and Administration

4.1. Roles and Responsibilities

The roles and responsibilities in relation to governance and administration under this policy is summarised below.

4.2. Decision Making

4.2.1. Executive and Legislative Councils

Executive Council considers and approves the overall government budget.

The Legislative Council consisting of all twelve elected members scrutinises and approves the budget allocation through the Appropriation process.

It is these bodies that determine budget allocation and gives the final approval for the Government programme for PSP for the financial year.

Executive Council is the body that decides the final package for inclusion in the Government Budget and it is Legislative Council that scrutinises and approves that Budget.

4.2.2. Council Committees

The Social and Community Development Committee (S&CDC) has political responsibility and oversight for the allocation of funding that furthers or supports social development in the community. Therefore, PSPs that have social benefits or implications should be considered for endorsement by the S&CDC before final approval.

4.2.3. Executive Council and Council Committee Responsibilities:

Executive Council and Council Committees in considering proposals for government funding to PSPs will have responsibility for:

1. Ensuring that their consideration and decisions are free from bias and personal interest;
2. Ensuring fair consideration of the application in accordance with the policy and legislative requirements;
3. Ensuring sufficient budgetary provision is made before funding is approved;
4. Agreeing reasonable objectives and key performance indicators (KPIs) for PSPs;
5. Holding the administration to account for the proper administration of this policy;
6. Holding Those Charged with Governance within an entity to account for the efficient, effective and economical use of Government funds provided.

4.3. Budgetary Control

The full provision for PSPs should be separately accounted for and clearly disclosed and easily identifiable within the government budget.

The Deputy Financial Secretary (DFS) as Accounting Officer shall ensure that sufficient budgetary provision is made for funding to PSPs following approval by the relevant Council Committee in accordance with the approved policy as part of the annual MTEF process and throughout the financial year.

The DFS shall also be responsible for proper budgetary control around the release of Government funding and ensuring that the budget allocated by Legislative Council throughout the year is spent in accordance with the parameters set and will ensure that payments are made in accordance with the Financial Regulations, ensuring that any deviation from the agreed payment schedules is flagged with the relevant decision making body and reasons for the deviation fully explained.

4.4. Administration

Corporate Finance shall be responsible for the administration and management of all funding under this policy on behalf of SHG in accordance with this policy and the associated procedures.

The Deputy Financial Secretary shall have overall responsibility for the proper administration of this policy and will be responsible for:

1. Co-ordinating the submission of Applications and supporting documents from entities;
2. Analysing submissions for consideration by the relevant approval body;
3. Communicating with those entities throughout the process, i.e. in application, in the lead up to decisions, communicating decisions, issuing of Award Letters on behalf of SHG;
4. Monitoring performance throughout the year against agreed performance objectives, KPIs and budgets;
5. Ensuring in-year submissions and compliance with terms and conditions as set out in approval letters; and
6. Reporting back to the respective approval body on a regular basis throughout the year on performance and compliance.

5. Procedures Document

5.1. Applications and Submissions

This Policy does not provide the process for applications and submissions, this will be detailed in a separate Procedures document.

5.2. Notification of Decisions

This Policy does not provide the process for notification, this will be detailed in a separate Procedures document.

6. Policy Review

This policy should be reviewed by Executive Council every two years to ensure it still meets the strategic aims and the policy intention. The policy review should be led by the Deputy Financial Secretary and shall report back to Executive Council the findings and recommendations where applicable.