



St Helena Government
BUDGET EXECUTION REPORT
FOR PERIOD 5 (AUGUST 2020)
FINANCIAL YEAR ENDING 31 MARCH 2021

OVERVIEW OF BUDGET AND PERFORMANCE

Current stage of the budget monitoring process

This Budget Execution Report (BER) covers the period to 31 August 2020, period 5 in the financial year 2020/21.

As a control mechanism budgets are constantly monitored for potential overspends of expenditure and under collections in revenues throughout the year by Directorates and Corporate Finance. Performance against revenue and expenditure budgets are scrutinised on a monthly basis with the annual forecasting process having commenced in July 2020 for the appropriation period 2020/21.

Forecasts are updated on a monthly basis to year end with actuals for prior month revenues and expenditure. Any predicted (overspends) / underspends of expenditure / revenue is managed by the Directorate by making cost savings elsewhere if possible.

Summary of Performance

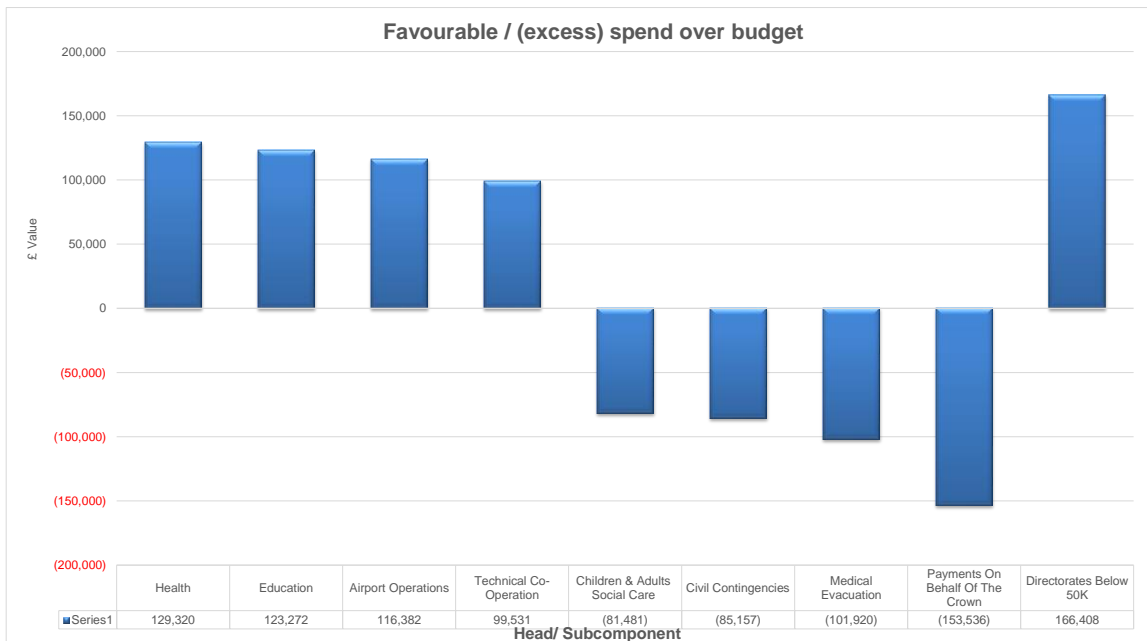
	Period to 31 August 2020			Forecast to 31 March 2021		
	Actual	Budget	Variance	Forecast	Approved Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Revenue	18,779	19,302	(524)	48,777	48,326	451
Total Expenditure:	(18,437)	(18,650)	(213)	(49,374)	(49,076)	(298)
Recurrent Expenditure	(17,730)	(18,215)	(485)	(47,945)	(48,054)	109
Capital Expenditure	(707)	(435)	272	(1,429)	(1,022)	(407)
Total Surplus / (Deficit)	342	653	(311)	(597)	(750)	153

Total Revenue

Actual revenue had an adverse variance of **-3%** (£524k) for the period to 31 August 2020 compared to the budget to the same date.

Total Expenditure

A favourable variance of 1% (£213k) was achieved for the period to 31 August 2020. The diagram below shows the heads of appropriation with variances above £50k. Detailed review of the variances can be found on pages 6 - 7. Total expenditure includes Recurrent and Capital expenditure.



Performance Against Budget

To date an actual surplus of £342k has been recorded being 48% less than the budgeted surplus of £653k. The actual surplus has been mainly due to significant underspends on the Health, Education, Airport Operations and Technical Co-operation budgets.

Performance Measures

	Approved Budget £	Actual to Period 5 £	Budget to Period 5 £
Local revenue as a % of Total revenue			
Total Local revenue	3,518,000	5,293,577	4,966,916
Total revenue	11,026,000	17,343,260	17,282,416
	32%	31%	29%

Actual performance is favourable reflecting 2% more than budget for the period to date. The favourable performance is mainly due to more than projected revenues received by Corporate Finance, Infrastructure & Transport (I&T), Health, Environment, Natural Resources & Planning (ENRP) and Payments on Behalf of the Crown (POBC).

The BER on page 3 shows the performance against revenue and expenditure budgets by Head of Appropriation and significant sub component budgets. The performance is further illustrated by the Variance Summary Report on pages 4 and 5. Detailed explanations for the budget variances are included on the Variance Explanation Report on pages 6 - 7.

**BUDGET EXECUTION REPORT
PERIOD 5 (AUGUST 2020)**

HEAD/ SUBCOMPONENT

HEAD/ SUBCOMPONENT	YEAR TO DATE				FULL YEAR			
	Actual £	Approved Budget £	(1) Variance A - AB £	A / AB %	Forecast £	Approved Budget £	(2) Variance F-AB £	F / AB %
REVENUE								
Corporate Support, Policy & Planning	75,545	75,091	454	101%	189,103	189,000	103	100%
Judicial Services	8,930	10,212	(1,282)	87%	35,309	39,000	(3,691)	91%
Police	120,616	115,998	4,618	104%	311,934	312,000	(66)	100%
Corporate Finance	4,043,835	3,964,047	79,788	102%	11,453,419	11,393,000	60,419	101%
Payments On Behalf Of The Crown	11,206,376	11,176,500	29,876	100%	28,655,000	28,655,000	(0)	100%
Civil Contingencies	1,435,271	2,020,000	(584,729)	71%	3,067,000	2,500,000	567,000	123%
Airport Operations	1,143,618	1,260,000	(116,382)	91%	3,284,000	3,500,000	(216,000)	94%
Education	90,990	88,770	2,220	103%	242,834	244,000	(1,166)	100%
Health	273,309	255,975	17,334	107%	641,370	632,000	9,370	101%
Environment, Natural Resources & Planning	53,835	38,342	15,493	140%	134,619	111,000	23,619	121%
Infrastructure & Transport	220,529	168,908	51,621	131%	499,181	447,000	52,181	112%
Children & Adults Social Care	105,677	128,573	(22,896)	82%	263,101	304,000	(40,899)	87%
Sub-Total	18,778,531	19,302,416	(523,885)	97%	48,776,870	48,326,000	450,870	101%

RECURRENT EXPENDITURE

Corporate Support, Policy & Planning	504,392	544,845	40,453	93%	1,353,137	1,329,000	(24,137)	102%
Judicial Services	41,034	54,116	13,082	76%	128,210	128,000	(210)	100%
Human Resources Services	128,385	135,080	6,695	95%	502,544	508,000	5,456	99%
Technical Co-operation	3,105,628	3,205,159	99,531	97%	8,282,435	8,231,000	(51,435)	101%
Police	689,544	716,444	26,900	96%	1,850,602	1,862,000	11,398	99%
Corporate Finance	637,089	625,366	(11,723)	102%	1,513,635	1,470,000	(43,635)	103%
Payments On Behalf Of The Crown	2,156,921	2,003,385	(153,536)	108%	6,847,176	7,024,000	176,824	97%
Civil Contingencies	671,023	852,750	181,727	79%	1,668,902	2,050,000	381,098	81%
Economic Development	380,556	380,556	0	100%	897,000	897,000	0	100%
Pensions	512,105	554,000	41,895	92%	1,290,000	1,290,000	(0)	100%
Basic Island Pension	1,108,480	1,104,000	(4,480)	100%	2,690,169	2,649,000	(41,169)	102%
Income Related Benefits	304,081	286,000	(18,081)	106%	968,793	885,000	(83,793)	109%
Access	352,423	387,683	35,260	91%	1,008,054	1,007,000	(1,054)	100%
Airport Operations	1,143,618	1,260,000	116,382	91%	3,284,000	3,500,000	216,000	94%
Education	1,265,544	1,388,816	123,272	91%	3,425,510	3,375,000	(50,510)	101%
Health	1,433,306	1,562,626	129,320	92%	3,953,395	3,878,000	(75,395)	102%
Overseas Medical Treatment	480,122	480,000	(122)	100%	1,489,402	1,500,000	10,598	99%
Medical Evacuation	199,920	98,000	(101,920)	204%	299,920	200,000	(99,920)	150%
Environment, Natural Resources & Planning	625,024	659,822	34,798	95%	1,725,585	1,675,000	(50,585)	103%
Infrastructure & Transport	642,201	649,081	6,880	99%	1,560,661	1,548,000	(12,661)	101%
Children & Adults Social Care	1,348,401	1,266,920	(81,481)	106%	3,206,198	3,048,000	(158,198)	105%
Sub-Total	17,729,798	18,214,649	484,851	97%	47,945,325	48,054,000	108,675	100%

CAPITAL EXPENDITURE

Civil Contingencies	641,884	375,000	(266,884)	171%	770,269	450,000	(320,269)	171%
Education	0	0	0	0%	30,000	30,000	0	100%
Infrastructure & Transport	65,149	60,000	(5,149)	109%	146,500	60,000	(86,500)	244%
Sub-Total	707,033	435,000	(272,033)	163%	1,428,769	1,022,000	(406,769)	140%

SURPLUS/(DEFICIT)

Total	341,700	652,767	(311,067)	52%	(597,224)	(750,000)	152,776	80%
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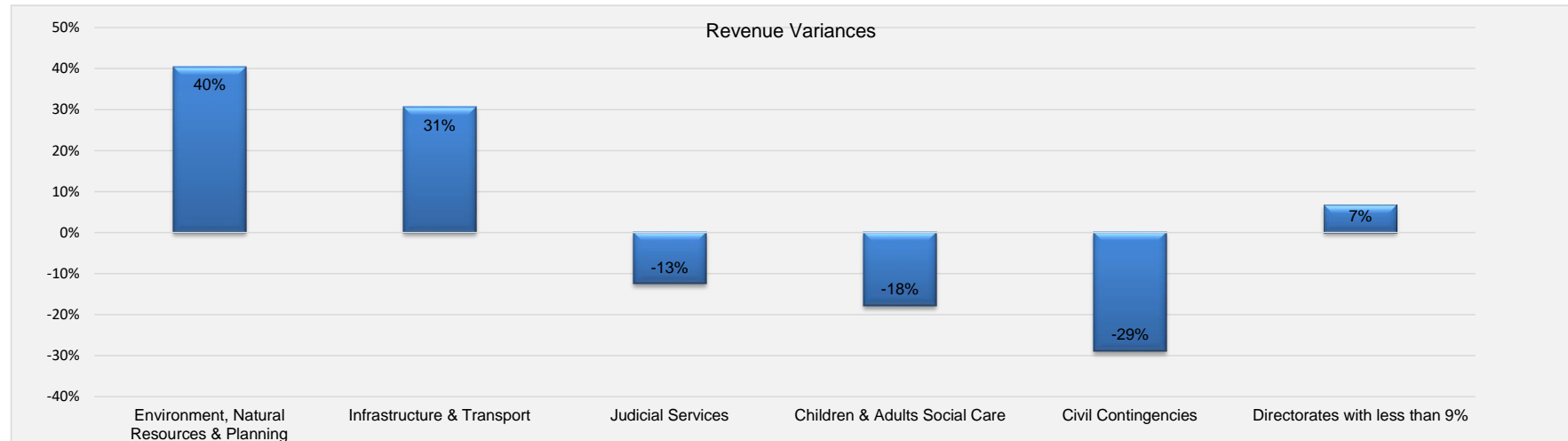
VARIANCE SUMMARY REPORT PERIOD 5 (AUGUST 2020)

REVENUE:

Overall revenue for the 5 months period ending August 2020 was £18,778,531 representing an under collection of **3%** (£523,885).

When compared to budgeted revenue for the 5 months period to 31 August 2020, the ENRP and I&T collected more revenue by 40% and 31% respectively. For ENRP the annual commercial waste collection licence for waste management services was received earlier than expected and a significant planning application that was not anticipated being received. Civil Contingencies, CASC and Judicial Services reported revenue under collections compared to the budgeted revenue, missing the target by 29%, 18% and 13% respectively.

Please refer to the Variance Explanation Report for further details.





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VARIANCE SUMMARY REPORT PERIOD 5 (AUGUST 2020)

EXPENDITURE:

Overall expenditure for the 5 months period ending August 2020 was £18,436,831 reflecting a favourable underspend of £212,818, being 1% lower than budget.

When compared to budgeted expenditure Judicial Services, Access, Airport Operations and Education had the highest percentage savings 24% (Judicial), and 9% each for the remainder. The savings are mainly attributed to the COVID-19 travel restrictions as a result no travel arrangements were made for the Chief Justice and procurement of goods/services overseas was hampered and forecasted to occur outside the budget predictions. Medical Evacuations budget was overspent by 104% due to an increased number of medical evacuations occurring than anticipated.

Refer to the Variance Explanation Report for further details.



**VARIANCE EXPLANATION REPORT
PERIOD 5 (AUGUST 2020)**

REVENUE

YEAR TO DATE

HEAD/ SUBCOMPONENT	Actual	Approved Budget	Variance A - AB Favourable / (Adverse)	Variance AB - A Favourable / (Adverse)	%	Explanations of variances > 5% and £5,000
	£	£	£	£		
Civil Contingencies	1,435,271	2,020,000	(584,729)	(29%)		The revenue was less than budget due to nature of the project, the income recognition was projected to be earlier in response to the proposed project's expenses.
Airport Operations	1,143,618	1,260,000	(116,382)	(9%)		Airport Operations income is based on a cost reimbursement system. Due to COVID-19 restrictions, the arrival of external consultants to carry out routine inspections and maintenance was delayed. As a result these could not be claimed, resulting in a under collection of revenue when compared to the budget.
Health	273,309	255,975	17,334	7%		The increase in revenue is mainly due to eye examinations service as the optician was on Island longer due to travel restriction amounting to £6k. Medical and hospital fees as well as food testing fees, £4k each, were higher than anticipated due to increase demand.
Environment, Natural Resources & Planning	53,835	38,342	15,493	40%		The over collection is significantly attributable to planning application fees, £15k, that had not been anticipated, with additional vet service fees of £4k being collected. This was offset by a net under collection of A&F gardens fees that had been budgeted to be collected earlier.
Infrastructure & Transport	220,529	168,908	51,621	31%		The increase in revenue is mainly due to COVID-19 related works performed under the Roads Section, £29k, which has been recharged to Civil Contingencies under Corporate Finance. Additional charges by Works Section crossed charged amounting to £8k for housing maintenance. Receipts from the loan of Tar Sprayer and CAN France salary recharges amounted to £11k. The remainder relates to a net annual land registration / rental / licences fees received earlier than anticipated.
Children & Adults Social Care	105,677	128,573	(22,896)	(18%)		Due to ongoing client assessments, the change in policy allowing the government to charge fees to CCC residents that are in receipt of private pensions was not implemented immediately as expected.
RECURRENT REVENUE BY EXCEPTION	3,232,239	3,871,798	(639,559)	(17%)		

EXPENDITURE

YEAR TO DATE

HEAD/ SUBCOMPONENT	Actual	Approved Budget	Variance AB - A Favourable / (Adverse)	Variance AB - A Favourable / (Adverse)	%	Explanations of variances > 5% and £5,000
	£	£	£	£		
Corporate Support, Policy & Planning	504,392	544,845	40,453	7%		The under-spend is mainly due to the COVID-19, which resulted from the closure of the UK Representative's office of £31k. Due to delayed budget approval conservative spending was maintained resulting in underspends in various areas across the budget notably Administrative expenses £9k.
Judicial Services	41,034	54,116	13,082	24%		Due to the COVID-19, travel and accommodation arrangements to St Helena amounting to £8k were not made for the Chief Justice. Magistrates' attendance fees, were lower than anticipated resulting in a £2k underspend. A vacancy saving on employee costs was achieved £2k.
Human Resources Services	128,385	135,080	6,695	5%		The variance is attributable to overseas training, which has slowed down due to COVID-19 as candidates could not travel off Island.
Payments on behalf of the Crown	2,156,921	2,003,385	(153,536)	(8%)		The overspend is mainly due to compensation pay-outs exceeding budgeted by (£103k), as well as IT replacement of equipment (£35k) being earlier than anticipated. Payments to related entities St Helena Hotel Development and Connect Saint Helena exceeded budget amounts by (£70k) and (£36k) respectively. A net saving from Administration, Public Sector Pensions and other various areas (£38k, £21k, £44k respectively) reduced the excess expenditure.

**VARIANCE EXPLANATION REPORT
PERIOD 5 (AUGUST 2020)**

EXPENDITURE						
YEAR TO DATE						
HEAD/ SUBCOMPONENT	Actual	Approved Budget	Variance AB - A Favourable / (Adverse)	Variance AB - A Favourable / (Adverse)	%	Explanations of variances > 5% and £5,000
	£	£	£	£	%	
Civil Contingencies	671,023	852,750	181,727		21%	The underspend has been due to the nature of the project relating to COVID-19, an initial higher budget was provided at the onset of the project as a reactionary measure. This is expected to be utilised as the year progresses and the risk to the Island continuously assessed.
Pensions	512,105	554,000	41,895		8%	The provision for pensions benefits on retirement for new pensioners was not required due to continued employment after retirement age.
Income Related Benefits	304,081	286,000	(18,081)		(6%)	The actual is demand led and is more than the budget due to an increase in the number of claimants.
Access	352,423	387,683	35,260		9%	The difference is mainly on the Shipping contract which is dependant on quantity shipped. During this COVID-19 period this has been dependant on the availability of items procured from off shore suppliers. The underspend is due to procurement assumptions not in line with actual procurement.
Airport Operations	1,143,618	1,260,000	116,382		9%	The underspend is due to COVID-19 restrictions delaying the arrival of external consultants to carry out routine inspections and maintenance notably £80k for the runway calibration as well as general maintenance of equipment which includes the fire trucks.
Education	1,265,544	1,388,816	123,272		9%	The underspend was mainly due to 2 students dropping out of the scholarship program resulting in a £73k saving. Additional saving resulted from property costs being £11k from lower maintenance costs and lower usage of variable costs such as water costs. Supplies & Services not yet procured had a saving of £12k. Telephone usage and inter-directorate recharges was lower than budgeted by £4k and £10k respectively.
Health	1,433,306	1,562,626	129,320		8%	The net saving is due to stock adjustments on medical supplies. The cost of medical supplies purchased is transferred to the inventory account and reflected as an expense as it is used. At presents a total of £502k has been spent however the vast majority is held in inventory. This expected to reverse as the year progresses and inventory is issued.
Medical Evacuation	199,920	98,000	(101,920)		(104%)	The variance is as a result of an additional 2 Medical Evacuations being activated which had not been budgeted. To date only 2 flights had been budgeted for as opposed to the 4 actual flights that took place.
Environment, Natural Resources & Planning	625,024	659,822	34,798		5%	The underspend has been mainly due to overseas procurement supply delays as a result of reduced activities from the effects of COVID-19, supplies and services were underspent by £22k. Farmer Support grants £9k was underspent due to less claims received for water subsidy than anticipated. Administrative costs mainly Telephone charges were lower than budgeted by £4k due to lower usage.
Children & Adults Social Care	1,348,401	1,266,920	(81,481)		(6%)	The overspend is due to employee costs being higher which included allowances & overtime (£43k). Increased contracts payments in relation to laundry costs (£19k) and supplies & services (£24k) contributed to the overspend. A net saving of £5k was achieved mainly from grants not yet awarded.
RECURRENT EXPENDITURE BY EXCEPTION	10,686,177	11,054,043	367,866		3%	
CAPITAL EXPENDITURE						
YEAR TO DATE						
HEAD	Actual	Approved Budget	Variance AB - A Favourable / (Adverse)	Variance AB - A Favourable / (Adverse)	%	Explanations of variances > 5% and £5,000
	£	£	£	£	%	
Civil Contingencies	641,884	375,000	(266,884)		(71%)	The expenditure projections for construction works were less than the actual.
Infrastructure & Transport	65,149	60,000	(5,149)		(9%)	Capital maintenance was required above the budgeted amount to ensure buildings were safe for use.
CAPITAL EXPENDITURE BY EXCEPTION	707,033	435,000	(272,033)		(63%)	