

4.3 (Minute 6 of 26 August 2020) SHG Budget Execution Reports June and July 2020

The Deputy Financial Secretary reported that the Social Policy Planner had attended a meeting of the Social and Community Development Committee to present a discussion paper on Pensions. Following the discussion an amended discussion paper was to be prepared and the Terms of Reference for the Pensions Review Consultant would be drafted during October 2020.

5. Finance Committee Terms of Reference

The draft Terms of Reference (TORs) for the Finance Committee, with further comments tracked, had been re-circulated to Members for comments. The Chairman informed Members that the Attorney General (AG) would like to review the draft TORs; Members agreed to continue the discussion with any amendments to the TORs being forwarded to the AG for review.

Members discussed the responsibilities they felt should be the remit of the Finance Committee, referring to the 2010 Council Committee (Constitution) Order 2010, which set out the role of the then Economy and Finance Committee, as a guide. They agreed that responsibilities should include:

- Bank of St. Helena Ordinance
- Companies Ordinance
- Currency Ordinance
- Economic Development Ordinance
- Financial Management Ordinance
- Financial Services Ordinance
- Money Laundering Ordinance
- Patents (Registration) Ordinance
- Income Tax Ordinance
- Monopolies
- Risk management
- Investment (cross cutting with Economic Development Committee)
- Monitoring of Fiscal Risk and contingent liabilities

In terms of the responsibilities for Ordinances set out in the draft TORs, it was agreed that the following Ordinances should be deleted from the list:

- Harbours Ordinance
- Merchant Shipping Ordinance
- Post Security Ordinance
- Post Office Ordinance

In terms of membership of the Committee as set out in the draft TORs, it was agreed that the Deputy Financial Secretary should be a Member and that his appointment as a Member of the Economic Development Committee should be revoked; the list of officers who may attend Committee when required to be deleted from the TORs, as any officers could be invited to attend when the need arose.

Members also agreed that the Committee should have oversight of State Owned Entities and the Financial Secretary would discuss this with the Attorney General. It was also agreed that the amended draft TORs should be sent to the AG for his review.

(Action: Secretary/Financial Secretary)

6. Q1 SHG Management Accounts 2020/21

The Quarter 1 SHG Management Accounts for 2020/21 were presented by the Deputy Financial Secretary, giving an explanation of the financial position as at the 30 June 2020.

Members noted that the general reserve had a healthy balance. With regard to fund balances in Special Funds, Members noted the sum of £111k under Locally Funded Projects and agreed that the way forward with this funding should be discussed at the October 2020 meeting of the Committee.

(Action: Deputy Financial Secretary)

Members also discussed the need to look into the possibility of securing external finance through loans and agreed that this should be raised with FCDO as part of the FAM discussions.

(Action: Financial Secretary)

7. Budget Execution Report – August 2020

The Deputy Financial Secretary presented the Budget Execution Report for August 2020, explain the most significant Directorate under and overspends. He highlighted the fact that there could be issues with Health Directorate spending this financial year, due to a number of patients being referred to the UK for medical treatment, rather than South Africa due to the travel restrictions as a result of the COVID 19 pandemic. It was anticipated that the treatment costs would be much higher than those incurred when treatment is provided in South Africa and a close eye would need to be kept on expenditure in this area. The Chairman, Public Health Committee would raise the matter during JMC discussions.

(Action: Hon Chairman, Public Health Committee)

It was also noted that a significant overspend was forecast by the Children and Adults Social Care Directorate and Corporate Finance staff were working with the Director to understand the issues and try to resolve them; this area of the budget was the highest risk this financial year. The significant increase in the cost of laundry services for the Directorate was noted as one of the major factors for the forecast overspend and it was agreed that the Director of Children and Adults Social Care, as well as the Director of Health, should be invited to the October Committee meeting to explain the reasons for the increased costs of the laundry services in the closed session.

(Action: Secretary)

8. Expenditure in Excess Report 2019/20

The Deputy Financial Secretary explained that 2 Directorates, namely Health and Children and Adults Social Care (C&ASCD) had overspent their budgets in the 2019/20 financial year by £191,755 and £45,215 respectively. The over expenditure by Health related to Overseas Medical Referral costs, with the overspend by (C&ASCD) being for various areas including Laundry Services, transport, training materials and staffing costs.

Due process would be followed in that the Directors would be called by the Public Accounts Committee on behalf of the Legislative Council to provide explanations for the overspends.

There was cause for concern about the financial management by both Directorates but Members noted that training and development of staff was ongoing to improve the situation, with improved budget forecasting techniques needing to be developed also.

9. Update COVID-19 Budget Spend August 2020

The Deputy Financial Secretary presented details of expenditure to date on COVID-19 related activity, which totalled £1.6m for the period March – August 2020.

It was noted that the contractor who had carried out the refurbishment works at Bradleys had highlighted to the Hon Chairman of the Public Health Committee various building maintenance concerns that ought to be addressed to ensure no further deterioration. The Hon Chairman, Public Health Committee would forward the relevant correspondence to the Financial Secretary so that he could have an understanding of what was required.

(Action: Hon Chairman, Public Health Committee)

10. Any Other Business

The Hon Chairman, Economic Development Committee enquired whether the Financial Services Regulatory Authority (FSRA) report would be discussed by Committee with a view to making recommendations to HE the Governor. The Financial Secretary informed Members that an Action Plan was already in place, as the FSRA had contacted various organisations; on this occasion, therefore, the Finance Committee would not be required to make any recommendations but rather to keep abreast of the progress in taking forward the various actions in the Action Plan. The Financial Secretary agreed to check whether the Action Plan could be copied to Members.

(Action: Financial Secretary)

Signed.....



Chairman

Date.....

28/10/20