

Minutes of the Finance Committee Meeting held on Wednesday, 28th October 2020 at 9am in the Council Chamber

Present: Chairman Hon C R Beard
Deputy Chairman Hon L A Henry
Members Hon C G Buckley
Hon A A Green
Hon D F Thomas
Hon Financial Secretary - D L Richards
Secretary Mrs C A George, Hd of Corporate Support

Invited: Deputy Financial Secretary – N A G Yon

OPEN SESSION

1. Welcome

The Chairman opened the meeting by welcoming all present.

2. Declarations of Interest

The Hon Clint Beard and the Hon Derek Thomas declared interests in that they both operate small businesses on the island.

3. Confirmation of Minutes

The minutes of the open session of the Finance Committee meeting held on 30 September 2020 were confirmed.

4. Matters Arising from the open session minutes of 30 September 2020

4.1 (Minute 4.2 of 30 September 2020) SHG Budget Execution Reports June and July 2020

The Deputy Financial Secretary had sent details to Members of the amount of the predicted overspend on Income Related Benefits that related to unemployed people.

4.2 (Minute 5 of 30 September 2020) Finance Committee Terms of Reference

The draft Terms of Reference (TORs) for the Finance Committee, with further comments tracked, had been sent to the Financial Secretary to discuss with the Attorney General the issue of including oversight of state-owned entities, as well as for general comment by the Attorney General. A response was awaited and the Secretary would send a reminder to the Attorney General.

(Action: Secretary)

4.3 (Minute 6 of 30 September 2020) Q1 SHG Management Accounts 2020/21

The possibility of securing external finance through loans would be raised with FCDO as part of the FAM discussions.

(Action: Financial Secretary)

4.4 (Minute 9 of 30 September 2020) Update COVID-19 Budget Spend August 2020

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 in terms of maintenance issues at Brandley's Camp.

(Action: Hon Chairman, Public Health Committee)

4.5 (Minute 10 of 30 September 2020) FSRA Action Plan

The Financial Secretary would discuss the question of whether or not the FSRA Action Plan could be shared with Members of the Finance Committee during his one-to-one with the FSRA Chair and feedback to Members in due course.

(Action: Financial Secretary)

5. Budget Execution Report P6 September 2020

The Deputy Financial Secretary (DFS) set out the main points to note in the report, highlighting a forecast under collection or revenue of £16k for the year-end, with revenue from Customs Duty 'Other' anticipated to be under collected by £54k to the year-end. These predictions were not as low as had been anticipated at the beginning of the year when the likely impact of COVID-19 travel restrictions was considered. Payment of a shareholders dividend to SHG by the Bank of St Helena was expected to have an overall positive impact on revenue collection for the year. Under collection of revenue by the Children & Adult Social Care Directorate due to delayed implementation of some aspects of a new fees and charges policy was anticipated to be £57k.

With regard to over expenditure, this was forecast to be £436k to the year-end and Corporate Finance staff would discuss with the relevant Directorates areas where cut-backs might be achievable, as well as the possibility of supplementary appropriation being forthcoming if agreed by Elected Members. Costs of overseas medical referrals were expected to be on budget but costs of Medevacs were anticipated to be overspent, as the budget allocation provided for 4 in the full year. Members noted that there had already been 4 medevacs since April and thus costs for a further 2 had been forecast to end March 2021.

Members noted planned Capex of £174.5k for a road sweeper for airport operations and that this was to be funded from a ring-fenced amount in the Consolidated Fund, subject to approval by the Finance Committee. Continued cost implications of funding Fish Processing activities beyond December 2020 was highlighted and noted by Members.

6. Q2 Management Accounts

The Deputy Financial Secretary (DFS) gave a presentation and overview of the key points to note in the Quarter 2 Management Accounts to the end of September 2020.

A question was asked concerning the number of EDF funding tranches that had been received to date. Members were informed that 3 funding tranches had been received, with a further fixed funding tranche of £610k expected during the 2021/22 financial year and a variable funding tranche of £2m to £3m possible during the 2022/23 funding year if the cable project milestones were achieved.

The Financial Secretary explained the potential for Directorates securing further FCDC CSSF funding in the future for equipment such as a sea rescue vessel and an offshore vessel.

The DFS would circulate a copy of the Quarter 2 Management Accounts to all Members.

(Action: Deputy Financial Secretary)

7. COVID-19 Expenditure as @ 21.10.20

The Deputy Financial Secretary (DFS) gave details of expenditure for the period March to September 2020, which totalled £2.1m. In relation to the expenditure for Charter flight costs, Members asked whether they could be provided with a breakdown of the total expenditure to date and the DFS agreed to provide this.

(Action: Deputy Financial Secretary)

The Hon Chairman, Public Health Committee updated Members on his recent telecon with Baroness Sugg, the UK Minister for Overseas Territories and Sustainable Development, when she had indicated her support for the continuation of Charter flights until at least the end of March 2021 and suggested that SHG should apply for additional financial support, if required, to enable that. The Hon Chairman, Public Health Committee would circulate the notes of the telecon to Members.

(Action: Hon Chairman, Public Health Committee)

8. Any Other Business

8.1 The Honourable Lawson Henry enquired as to why the Education and Employment Directorate would have an increase in IT recharges for the 2021-24 financial year and was of the view that there should be some political input into how those recharges are arrived at.

The Financial Secretary explained that it was likely that all Directorate would have increased IT recharges, as a result of the expenditure incurred in the purchase of a UPS. Senior staff in Corporate IT had recently given an explanation of how IT Recharges were arrived at for SHG Directors and other senior staff; the Secretary would circulate the presentation to Members for their information and discussion at the next Finance Committee meeting.

(Action: Secretary)

8.2 The Hon Derek Thomas asked whether it was possible to be provided with an update on the proposed sale of Chief Secretary Houses.

The Financial Secretary explained that the valuation of the properties had been revisited as part of the annual accounting practices and as a result, the Prospectus had been updated to reflect the new valuations. Some concern was raised about this, as Executive Council had agreed the original Prospectus and thus the valuations and there was a view that Executive Council should have been consulted prior to the Prospectus being updated to reflect new valuations.

The Financial Secretary agreed to check whether or not the new valuations needed to be endorsed by Executive Council/Finance Committee.

(Action: Financial Secretary)

8.3 The Hon Lawson Henry commented that the Finance Committee should have scrutiny over Enterprise St Helena between now and the 31 March 2021.

8.4 The Hon Derek Thomas re-iterated the view that Crown property valuation should be a matter for Executive Council. The Financial Secretary stated that the Lands Disposal Policy should include a caveat to that effect; he would discuss this with the Chief Secretary.

(Action: Financial Secretary)

Signed.....
Chairman

Date.....25/11/2020