

OPEN AGENDA

Copy No:

No: 79/2020

Memorandum for Executive Council

SUBJECT

First Supplementary Appropriation (2020/21) Bill 2020

Memorandum by the Financial Secretary

ADVICE SOUGHT

1. Council is asked to note the draft Supplementary Estimates (Annex A) and to consider and advise whether the attached First Supplementary Appropriation (2020/21) Bill, 2020, (Annex B) should be printed, published and presented as Government Business at the next formal meeting of Legislative Council to be held on 4th December 2020.

BACKGROUND & CONSIDERATIONS

2. The operational costs for St Helena Airport Limited (SHAL) are budgeted under the Head of Appropriation: 21 Access. In 2019/20, the government claimed the full allocation of financial aid of £3.5 million for SHAL operations from the Foreign Commonwealth & Development Office (FCDO) previously DFID. The total expenditure claimed by SHAL for 2019/20 was £3.0 million. As a result, £0.5 million of the 2019/20 financial aid for airport operations is held in the Consolidated Fund and these unspent funds were ring fenced by FCDO for SHAL capital requirements in this financial year.
3. SHAL presented a Business Case to SHG and FCDO, seeking approval to fund the procurement of a road sweeper for the airport runway in 2020/21 from the unspent financial aid granted for 2019/20. In September 2020, approval was granted by FCDO to apply the unspent financial aid for airport operations in 2019/20 to the procurement of the runway sweeper.
4. The indicative purchase cost of the sweeper, training costs and one year's supply of consumables was estimated to be £174,500 in September 2020. The actual supplier's cost will be subject to the placement of a firm order. It is estimated that £230,000 will be required for the sweeper, this comprises the indicative purchase cost and includes a contingency for any potential difference to the original quotation, freight and other associated costs to bring the asset fully operational.
5. The sweeper will be owned by the government and procurement can only take place under the authority of appropriation for capital expenditure. No capital expenditure has been

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OPEN AGENDA

appropriated for Head 21 in 2020/21. Approval in the form of a Supplementary Appropriation Ordinance is therefore required to withdraw £230,000 from the Consolidated Fund to enable the sweeper to be procured during 2020/21.

6. The total appropriation for Airport Operations in 2020/21 for recurrent expenditure is £3.5 million. The forecast spend for 2020/21 excluding costs associated with the procurement of the sweeper is approximately £3.0 million. On the basis, that the current projections reflect an under spend of approximately £0.5 million, additional withdrawal from the Consolidated Fund is not required to meet recurrent expenditure that may be related to the sweeper.
7. This request is the first request for a withdrawal from the Consolidated Fund since the appropriation of the annual budget for 2020/21.
8. No additional financial implications or financial risks are expected from the withdrawal of funds from the Consolidated Fund for the initial procurement of the sweeper. The funding is held in the Consolidated Fund as a result of the full disbursement of the financial aid package for Airport operations in 2019/20 exceeding actual expenditure. Approval has been granted by FCDO to apply the unspent funds for this purpose.
9. The purchase of the sweeper is a requirement for the Safety Management System to remove foreign object debris from the runway for Airport operations. The acquisition of the sweeper will incur running costs. Since the sweeper will be fully utilised for airport operations, all running costs will be met by SHAL. Airport operations costs are currently met through the government's annual financial aid package.
10. There are no economic implications expected from this decision. This request is a procedural matter to enable funds to be released from the Consolidated Fund for the asset to continue the service delivery of existing airport operations.

FINANCIAL IMPLICATIONS

ECONOMIC IMPLICATIONS

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

PUBLIC/SOCIAL IMPACT

ENVIRONMENTAL IMPACT

11. N/a

12. No public or social impacts are expected from this decision. This is a procedural matter.

13. There are no significant environmental impacts.

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OPEN AGENDA

PREVIOUS CONSULTATION/ COMMITTEE INPUT

14. The Finance Committee will be consulted on this Bill.

PUBLIC REACTION

15. It is expected that there will be limited public reaction as this is a procedural matter for the withdrawal of funds from the Consolidated Fund for the delivery of the service for which funds were originally provided.

PUBLICITY

16. Executive Councils decision will be covered during the Executive Council Radio Briefing.

17. Further publicity should follow if endorsed by Legislative Council and publicity considered by SHAL once the Runway Sweeper has arrived on-Island.

SUPPORT TO STRATEGIC OBJECTIVES

18. N/A.

LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS

19. As above.

IMPLEMENTATION OF POLICY/ LEGISLATION

20. Subject to the approval of this Bill by Executive Council it will form part of the Agenda for the next formal meeting of Legislative Council. If approved by Legislative Council and the Ordinance enacted, SHAL management will be notified and authority to commence procurement will be given by the Accounting Officer.

DLR

OPEN/CLOSED AGENDA ITEM

21. Recommended for the Open Agenda as the matter will need to be agreed by Legislative Council in due course.

Corporate Support
Corporate Services

10th November 2020

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