

Open Agenda

Copy No:

No: 9/2021

Memorandum for Executive Council

SUBJECT Second Supplementary Appropriation (2020/21) Bill, 2021

Memorandum by the Chairman of the Finance Committee

ADVICE SOUGHT

1. Council is asked to note the draft Supplementary Estimates (Annex B) and to consider and advise whether the attached Second Supplementary Appropriation (2020/21) Bill, 2021, (Annex A) should be printed, published and presented as Government Business at the next formal meeting of Legislative Council to be held on 19 March 2021; and
2. Subject to Legislative Council approving the Second Supplementary Appropriation (2020/21) Bill, 2021, Council is asked to consider and advise whether the Governor should approve the attached Withdrawal Warrant (Annex D) to fund the Supplementary Estimates for 2020/21.

BACKGROUND & CONSIDERATIONS

3. This Supplementary Appropriation Bill is the second supplementary appropriation for this financial year and follows the work undertaken by Corporate Finance, Accounting Officers and their finance teams to forecast the revenue and expenditure outturn for each directorate and the St Helena Government (SHG) as a whole.
4. A summary of this work showing directorate outturn against revenue and expenditure budgets and the corporate position of SHG is included in Annex C. The projected outturn for the SHG is a surplus of £549,523.
5. During the course of this work it was identified that some directorates have experienced or anticipate additional budget pressures that could not or cannot be managed within their current allocation and therefore requested as part of this process additional allocation in this financial year. Some directorates had applied for recurrent budget appropriation for capital needs and request transfer of funding between recurrent and capital.
6. There is provision under the Constitution of St Helena, Ascension and Tristan Da Cunha, for a supplementary appropriation if, in the course of any financial year it is found that the amount appropriated is insufficient or that a need has arisen for expenditure for a purpose for which no amount has been appropriated.

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7. The Supplementary Estimates 2020/21 detailing the additional requirements and basis for these requirements are included in Annex B.
8. The total supplementary appropriation required is £749,000, comprising £465,000 for Recurrent Expenditure and £284,000 for Capital Expenditure. The Supplementary Appropriation Bill is included at Annex A which Council is asked to advise to be introduced as Government Business at the next session of Legislative Council on 19 March 2021.

FINANCIAL IMPLICATIONS

Financing the Supplementary Appropriation

9. The proposed financing of the Supplementary Appropriation of £749,000 is detailed in (Annex B).
10. It is proposed that part of the Supplementary Appropriation of £749,000 will be financed through existing budget allocations under capital and recurrent and additional revenues as follows:
 - i. A withdrawal of recurrent budget from Head 13 Corporate Human Resources of £80,000;
 - ii. A withdrawal of recurrent budget from Head 15 Police of £50,000;
 - iii. A withdrawal of recurrent budget from Head 17 Corporate Finance of £450,000;
 - iv. A withdrawal of recurrent budget from Head 21 Access of £100,000;
 - v. A withdrawal of recurrent budget from Head 26 Environment, Natural Resources and Planning of £8,000; and
 - vi. Additional revenues generated within Head 27 Infrastructure and Transport of £61,000.
11. The financial aid package for 2020/21 includes a contingency Call Down Fund which provides for aero medical evacuation expenditure in addition to that appropriated at the beginning of the financial year. The projected overspend on aero medical evacuation of £334,000 had been discussed with the FCDO and we propose to make a claim from the Call Down Fund to cover the actual expenditure. In addition, FCDO has confirmed support for the funding of the actual costs for the charter flights in February and March 2021.
12. Council is asked to advise the Governor to approve the Withdrawal Warrant (Annex D), which is subject to the Second Supplementary Appropriation (2020/21) Bill 2021 being approved by Legislative Council in March 2021.

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Impacts on the Consolidated Fund

13. The overall movement on the Consolidated Fund is projected to be a surplus of £549,523 (Annex C).
14. The proposal to reallocate and withdraw appropriated funds to meet supplementary expenditure is a regulatory compliance procedure to mitigate the risk of unauthorised expenditure.
15. The Consolidated Fund General Reserve balance at the end of the 2019/20 financial year was £6.3 million. The projected outturn for this year of £549,523, will result in an increase the Consolidated Fund balance.

Financial Risks

16. Overseas medical treatment and aero medical evacuation costs continue to be budget areas of great uncertainty as to potential spend. These services are demand led and will depend on the number of cases that may materialise towards the end of the financial year. These budgets are closely monitored and managed by the Health Directorate.
17. Separate provisions are made available to SHG to meet Overseas medical treatment and aero medical evacuation from the contingency Call Down Fund should these cases be finalised before the end of the financial year. The Special Warrant route may be applied to address the requirement for additional appropriation.
18. The 2020/21 Budget and the amendments proposed in this Supplementary budget support all of the National Goals. The additional funding is primarily to ensure the delivery of public services. The increase in government spending for goods and services provided locally, will boost the funds in circulation in the economy. Goods procured from offshore will generate revenues in the form of customs dues.

ECONOMIC IMPLICATIONS

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

PUBLIC/SOCIAL IMPACT

ENVIRONMENTAL IMPACT

19. N/A

20. If supported, funding for key services will have a positive impact for the public.

21. There are no direct environmental impacts resulting from this paper.

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PREVIOUS CONSULTATION/ COMMITTEE INPUT

22. The request for a Second Supplementary Appropriation was discussed at the Finance Committee meeting on 24 February 2021 and endorsed for submission to Executive Council.

23. It is proposed that the draft Bill will be discussed with Elected Members on 26 February 2021.

PUBLIC REACTION

24. If supported, funding for key services will have a positive impact for the public therefore it is anticipated that there will be a positive public reaction.

PUBLICITY

25. The decision will be announced during the ExCo Radio Briefing and the Second Supplementary Appropriation (2020/21) Bill, 2021 will be published in line with the normal legislative procedures before the next formal meeting of Legislative Council to be held on 19 March 2021.

SUPPORT TO STRATEGIC OBJECTIVES

26. The 2020/21 Budget and the amendments proposed in this Supplementary budget support all of the National Goals and Strategic Objectives.

LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS

27. This memo supports all of the SEDP goals.

CRB

OPEN/CLOSED AGENDA ITEM

28. This paper is for recommended for the Open Session.

Corporate Support
Corporate Services

24th February 2021

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