



**St Helena
Government**

ST HELENA PUBLIC ACCOUNTS COMMITTEE

**REPORT TO LEGISLATIVE COUNCIL
ON THE FORMAL SESSION OF THE
PUBLIC ACCOUNTS COMMITTEE
HELD ON THE
31ST MAY AND 15TH JUNE 2021**

St Helena Public Accounts Committee

Report to Legislative Council on the Formal Session of the Public Accounts Committee held on 31 May and 15 June 2021

1. Introduction

In accordance with section 69 (6) of the Constitution of St Helena the Public Accounts Committee (PAC) hereby reports to Legislative Council on the Formal Session of the Committee, held on the 31st May and 15th June 2021.

Membership of the Committee comprises:

Chairman:	Mr Cyril Gunnell
Vice Chairman:	Mr Mark Yon
Members:	Hon Dr Corinda Essex
	Hon Cyril Leo
	Hon Jeffrey Ellick

PAC is advised professionally by the Chief Auditor, Mr Phil Sharman.

A transcript of these proceedings will become available on the SHG website: <https://www.sainthelena.gov.sh/government/legislative-council/councils/public-accounts-committee/> and in the Public Library.

2. Order Paper – Second and Fourth Session 2021

31st May 2021

- I. Chairman's Address
- II. Audit Investigation Report: The Bulk Fuel Installation Project

15th June 2021

- III. Chairman's Address
- IV. Performance Audit: Benchmarking Primary and Secondary Education

I. Chairman's Address

The Chairman opened both meetings and welcomed all in attendance plus those listening over the radio, thanks were extended to South Atlantic Media Services (SAMS) for broadcasting the formal hearing.

For the benefit of first time listeners, the Chairman explained that PAC's function is statutory, established under section 69 of the Constitution and Standing Order 23. Its primary function is to objectively scrutinise how the Government spends the public purse and has the power to call any Government official to give evidence orally. The PAC is protected to act independently and is not subject to the directions and control of the Governor, the Executive Council, or any other body or authority.

The Chairman added that the scrutiny role of PAC is seen as a mainstay of good governance in terms of holding government to account and was thus pleased to announce, the St Helena PAC is now a member of the Commonwealth Association of Public Accounts Committees (CAPAC). This was ratified on 17th March 2021 and is a major achievement for the PAC, one that will benefit the committee greatly in carrying out their work. The Chairman also advised, the first year of the second phase of the UK Overseas Territories Project, funded by FCDO, came to an end in March 2021. PAC looked forward to engaging with the CPA UK on a further programme of activities later in 2021.

On 31st May, the Chairman took the opportunity to speak in memory of the late Hon Brian Isaac and the late Mr Rodney Buckley who were both valued members of the PAC. Mr Buckley was a former Chairman of the PAC.

The composition of the committee was specified including new member, the Hon Cyril Leo. The Chairman also informed of the key advisors and administrative support. To ensure the Committee operated independently and free from any bias or conflict of interest, arrangements had been made for temporary members to cover for PAC members conflicted by the items of business under scrutiny.

The Chairman stated these were the second and fourth formal sessions for 2021. Reports on the first and third meetings were laid before Legislative Council on 26th March 2021 as Sessional Paper 13/21 and 18th June 2021 as Sessional Paper 30/21, respectively.

The Chairman moved on to explain the items of business under scrutiny and the evidence taken on 31st May and 15th June 2021 is summarised below.

In conclusion on 15th June, the Chairman ended the session by advising this would likely be the last live PAC broadcast before Council is dissolved. PAC would next review the evidence heard and prepare a report to Legislative Council on its findings.

Finally the Chairman stated that the Chief Auditor, Mr Phil Sharman would soon complete his term of office and leave the Island. On behalf of the PAC, he thanked the Chief Auditor for his invaluable support to the Committee.

II. Audit Investigation Report: The Bulk Fuel Installation Project

On 31st May 2021 PAC examined the Audit Investigation Report on the Bulk Fuel Installation Project and the following persons attended to give evidence:

- Financial Secretary – Mr Dax Richards
- Head of Project Management – Mr Paul Cherrett

The Chief Auditor investigated the delayed construction of the new Bulk Fuel Installation (BFI) under section 29(2) of the Public Finance Ordinance. The resultant performance audit report was laid at Legislative Council on 16th October 2020 as Sessional Paper 39/20 and referred to PAC for parliamentary scrutiny.

The Audit report concludes that whilst much has gone wrong with this aspect of the Airport project, SHG has been granted all the components necessary to replace the old ground fuel BFI; this clearly has a high value for the island.

PAC sought to understand how this project went so wrong, what lessons had been learnt and whether value for money could be achieved from this multi-million pound investment.

PAC enquired on the following issues from SHG Management:

- The new BFI's original design concept;
- PAC outstanding issues regarding the decommissioning of the current BFI, including the BFI asset replacement reserve;
- Fuel system design changes and other disruptions, which has prolonged the fuel system work and increased its cost;
- The project management arrangements for the BFI Project;
- The non-commissioning of the BFI and the Airport Fuel Facility, 9 years and 5 months after work on the airport project began and nearly 6 years after the fuel system's completion date in the original construction programme;
- A total spend of £78.3 million on the fuel facilities;
- Outstanding recommendations from an independent reviewer (Arup);
- Project Managers attempts to reduce costs through contract provisions and other means;
- A lack of interested bidders and insufficient regard for required specialties, which burdened the fuel system project;
- The current status of the Fuel Management Contract;
- The value of the fuel system and ground fuel pricing;
- Whether the public investment has so far delivered value for money.

PAC received explanations and assurances for the above-mentioned enquiries and these are recorded in the 31st May 2021 transcript.

In addition to the verbal evidence SHG Management committed to provide written responses for the following matters:

- The total figure on the BFI asset replacement reserve, held in the special fund and how much has been drawn down;
- The details on the options, once the Social, Economic and Environmental Impact Assessment Report, carried out by ECA/Trident, has been received.

Based on the responses provided by SHG Management the main conclusions are drawn below, with recommendations proposed after PAC deliberations.

Main conclusions

1. PAC heard evidence that it was unlikely the original BFI design demand assumptions would have taken the future supply of renewable energy into account, given the original demand assumptions were formulated in 2006.
2. The main driver for increasing the Island's bulk fuel capacity, by two and a half times, was given as reduced shipping costs as there could now be one large shipment in a year with a six-monthly top up. Currently there are four shipments in a year. Given that there might be excess storage capacity PAC heard that SHG is exploring options such as selling fuel to passing ships.
3. PAC heard that SHG is currently performing an impact assessment on the independent review commissioned by FCDO. The outcome of that assessment will determine which components of the new BFI will be commissioned. Outcomes range from commissioning all components ("ship to shore option") to the use of tank-tainers or a mix of ship to shore and tank-tainers for various types of fuels.
4. The outcome of SHG's impact assessment will also determine which components of the existing BFI are decommissioned and the costs associated with such decommissioning. PAC was concerned to hear that it has not yet been determined who will bear the cost of decommissioning the existing BFI.
5. With the new BFI project running nearly 6 years over the completion date in the original construction timeline, PAC was disappointed to hear that

none of the facilities have been commissioned to date. PAC was further disappointed to hear that Officials estimate it will be another two to three years before the new BFI can be commissioned depending on the outcome of the current impact assessment.

6. PAC heard that the late appointment of the Fuel Management Contractor (FMC) resulted in significant additional costs as the FMC requested changes to the design to comply with fuel management standards.
7. With no sight of what components of the BFI would be commissioned nor the date thereof, the Committee had serious concerns as to whether value for money would be achieved with the public spend on the BFI to date.

Recommendations

In relation to its scrutiny of the Audit Investigation Report on the Bulk Fuel Installation Project, **PAC recommends that:**

1. SHG ensure that the evaluation of the BFI Social, Economic and Environmental Impact Assessment provides the best social and economic outcome for the island in the long term.

III. Performance Audit: Benchmarking Primary and Secondary Education

On 15th June 2021 PAC examined the Performance Audit report on Benchmarking Primary and Secondary Education and the following persons attended to give evidence:

- Chairman of Education & Employment Committee – Hon Clint Beard
- Portfolio Director – Mrs Wendy Benjamin
- School Services – Ms Kerry Lawrence
- IT Section Manager – Mr Jeremy Roberts

Hon Russell Yon substituted for Hon Dr Corinda Essex for this item.

The Performance Audit Report on Benchmarking Primary and Secondary Education was prepared by Audit St Helena and laid at Legislative Council as Sessional Paper 34/20 on 28th August 2020 and referred to PAC for parliamentary scrutiny.

The Audit report highlights that the Island's schools are not delivering the results they should be when benchmarked against results achieved in similar comparable socio-economic conditions as those found on St Helena. In light of the performance highlighted in the report, policy makers should objectively consider whether the Education system is adequately serving the young people of St Helena as the future human resource capital of the island.

PAC enquired on the following issues from SHG management:

- Whether the report had been considered by the Education and Employment Committee and what actions subsequently resulted;
- The budget and the Technical Cooperation spend on the primary sector compared to the secondary sector;
- The high costs of broadband connection to each of the three primary school locations;
- How the Directorate set its targets for each year;
- Comparison of St Helena's schools to a sample of schools from relatively poor rural areas in England;
- Student attainment;
- Consideration of the merger of the three Primary schools;
- Prince Andrew School Performance, in particular at GCSE level.

PAC received explanations and assurances for the above-mentioned enquiries and these are recorded in the 15th June 2021 Transcript.

In addition to the verbal evidence SHG management committed to provide written responses for the following matters and was subsequently provided:

- The amount of Technical Cooperation budget that is allocated to the Education directorate and how this is split between Primary and Secondary Schools;
- The international standard for class sizes or pupil to teacher ratios for primary schools and how it compares to St Helena;
- The current rate of non-attendance in Prince Andrew School at GCSE level and the strategies in place to deal with pupil non-attendance.

Based on the responses provided by SHG management the below main conclusions are drawn, with recommendations proposed after PAC deliberations.

Main conclusions

1. Whilst recognising the Committee had informally discussed the report, PAC was concerned to hear that the Education Benchmarking report had not been formally tabled and discussed at the Education and Employment Committee.
2. Against the context of only 36% of Year 6 Students meeting age-related expectation (ARE), in both English and Mathematics for school year 2018/19, PAC heard that Technical Cooperation (TC) resources were focused towards Secondary Education with seven TC officers being deployed to Prince Andrew School versus one TC officer being deployed to a primary school. The Director informed PAC that the performance of teachers is evaluated annually by assessing the progress students have made against age related expectations.
3. The Committee was pleased to hear the new internet line would significantly increase the internet bandwidth available to schools but noted that officials could not commit to a reduction in internet costs when the new fibre-optic line is made available.
4. From evidence heard the PAC confirmed that ARE targets are not aspirational but rather based on expected performance of a particular cohort. However PAC noted that the Education Department may be setting the targets too low as evidenced by targets such as only 45% of students achieving pass grades on “five GCSE’s including English and Maths”.

5. PAC was pleased to hear that the Department no longer vertically integrates classes with children of different stages of development and ages being in one class.
6. PAC heard that although officials could see the educational benefits in consolidating the primary schools, a previous island-wide consultation concluded that parents were not in favour of such consolidation, plus a site for the new building still had to be identified.

Recommendations

In relation to its scrutiny of the Performance Audit report on Benchmarking Primary and Secondary Education, **PAC recommends that:**

1. The Chief Auditor's Report be formally tabled and discussed at the Education and Employment Committee.
2. SHG urgently prioritise a new, full and in-depth analysis investigating the potential benefits and costs of consolidating primary education at a single site.
3. SHG ensure that the future enhanced internet performance does not result in internet costs that are unaffordable for St Helena as a whole.

3. Concluding Remarks

PAC acknowledges the work of the Chief Auditor and staff, and attending officers of St Helena Government in assisting with this sessional report.

This sessional report on PAC proceedings held during May and June 2021 is hereby authorised for issue to Legislative Council in accordance with section 69(8) of the Constitution of St Helena.



Cyril Gunnell
Chairman

22nd July 2021

