

**SOCIAL IMPACT ASSESSMENT
OF THE INTENDED AND UNINTENDED
SOCIAL CONSEQUENCES
OF THE WAY THE ECONOMY IS DEVELOPING
IN ST HELENA**

REPORT FOR ELECTED MEMBERS

FINAL REPORT

Ann Muir
Strategic and Social Policy Coordinator
18th June 2021

Ann.Muir@sainthelena.gov.sh

With small corrections in 5.4.2g), 5.19.2e), Table 6.4.2

**SOCIAL IMPACT ASSESSMENT OF THE INTENDED AND UNINTENDED SOCIAL CONSEQUENCES
OF THE WAY THE ECONOMY IS DEVELOPING IN ST HELENA**

1	EXECUTIVE SUMMARY	7
2	INTRODUCTION	20
2.1	Background	20
2.2	2010 MOU	21
3	METHODOLOGY	23
3.1	Rational and Purpose of a Social Impact Assessment	23
3.2	Overview of the Methodology	24
3.3	Inevitable Challenges	24
3.4	Structure of the Social Impact Assessment	25
4	BASELINE: SOCIAL AND ECONOMIC ISSUES BEFORE 2010.	26
4.1	Structure	26
4.2	Social: Out-migration and a Demographic Imbalance	26
4.3	Social: Children and Young People	27
4.4	Social: Working Age Men and Women	28
4.5	Social: The Elderly	30
4.6	Social: Health and Social Work	30
4.7	Social: Housing	31
4.8	Social Security Benefits	31
4.9	Social: Education and Vocational Training	32
4.10	Social: Independent Legal Advice	32
4.11	Social: Civil Society	32
4.12	Social Inclusion	33
4.13	Economy: Basic Statistics	33
4.14	Economy: Farming and Coffee	34
4.15	Economy: Construction	35
4.16	Economy: Fishing	35
4.17	Economy: Tourism	35
4.18	Economic: Enterprise Size by Number of Employees	36
4.19	Economic: Profitability and 'Getting By'	37
4.20	Infrastructure: Electricity	37
4.21	Infrastructure: Water and Waste Water	37
5	POLICY, LEGISLATION AND ACTIONS: SOCIAL CONSEQUENCES	38
5.1	Structure	38
5.2	Land Development and Control Plan, 2011	38
	Land Planning and Development Control Ordinance, 2013 (MOU)	
5.3	Land Disposal Policy, 2011 (MOU)	40
	Land and Buildings Disposal Policy, 2016	
5.4	Housing Strategy, 2012 (MOU)	41
	GLH Condition of Houses Survey, 2012-2015	
	Home Purchase Assistance Options Paper (Draft), 2019	
	Building Standards Regulations, 2020	
5.5	Immigration Ordinance, 2011 (MOU)	43
	Immigration Policy, 2020	
5.6	Investment Policy, 2011 (MOU)	45
	Investment Policy, 2018	

5.7	Labour Market Survey, 2012	46
	Labour Market Survey, 2020	
5.8	Enterprise St Helena, 2012 – 2021	47
5.9	Tourism Development Project, 2011 (MOU)	49
5.10	Institutional Reform in SHG, 2011 (MOU)	51
	Subsidy Policy, 2020	
5.11	Tax Ordinance, 2011 (MOU)	56
5.12	Capital Programmes, 2010 to present	57
5.13	Employment Rights Ordinance, 2010	58
	Minimum Wage Ordinance, 2012	
	Leave Entitlement Regulations, 2015	
5.14	Social Security Ordinance, 2010	59
	Income Related Benefit Policy, 2020	
5.15	Minimum Income Standard, 2013	61
	Rebased in 2020.	
5.16	Developments in Training and Skills Acquisition	61
5.17	Developments in Health	62
5.18	Support in the Community and Social Services	64
5.19	National Agricultural Policy and Implementation Strategy, 2014	66
	St Helena Fisheries Sector: Review and Strategy, 2016	
5.20	Environmental Protection Ordinance, 2016	67
	Marine Protected Area, 2016	
	Marine Management Plan, 2016	
5.21	Conservation of Built Heritage	68
5.22	Infrastructure: Electricity	69
5.23	Infrastructure: Water and Waste Management	71
6	SOCIAL IMPACT ASSESSMENT	72
6.1	Structure	72
6.2	Social: Out-migration and a Demographic Imbalance	72
6.3	Social: Children and Young People	74
6.4	Social: Working Age Men and Women	75
6.5	Social: The Elderly	80
6.6	Social: Health and Social Work	81
6.7	Social: Housing	83
6.8	Social Security Benefits	85
6.9	Social: Education and Vocational Training	87
6.10	Social: Independent Legal Advice and Crime Prevention	88
6.11	Social: Civil Society	89
6.12	Social Inclusion	90
6.13	Economy: Basic Statistics	92
6.14	Economy: Farming and Coffee	93
6.15	Economy: Construction	97
6.16	Economy: Fishing	97
6.17	Economy: Tourism	98
6.18	Economic: Enterprise Size by Number of Employees	100
6.19	Economic: Profitability and 'Getting By'	101
6.20	Infrastructure: Electricity	103
6.21	Infrastructure: Water and Waste Water	104
7	CONCLUSION	105
7.1	Structure	105
7.2	Migration and Salaries	105

7.3	The Role of the MOU in the Way the Economy is Developing	105
7.4	Social Risks Associated with the Way the Economy is Developing	106
7.5	Social Development	107
8	RECOMMENDATIONS FOR CONSIDERATION IN THE SOCIAL POLICY PLAN	108

Tables

1.5.1	Key Consequences and Missed Opportunities	9
4.13.1	Social and Economic Statistics, 2008 - 2010	33
4.18.1	Enterprise Size by Number of Employees	36
5.8.2a	ESH Grants and Loans	47
5.9.2	Arrivals 2018-2020	51
5.21a	Debt to Connect	70
5.21b	Connect Donations to Making Ends Meet	70
6.2.2	Summary of Census Data from 2008 and 2016	73
6.4.2	Minimum Wage as a Percentage of the Median Wage	76
6.4.3	Median Gross Income from Employment, Constant 2017/18 Prices	76
6.4.5	Results of the Rebase of the MIS	77
6.4.6	Child in Need Payments (Welfare Assistance)	77
6.4.7	MIS Timetable used by the Joseph Rowntree Foundation	78
6.6.5	Open Social Work Cases: Children	82
6.13.1	Social and Economic Statistics, 2016 - 2020	92
6.14.2	Local Vegetable Production Sales data, 2015 - 2020	93
6.14.4	Value of Imported Fresh Produce, 2017/18 to 2019/20	94
6.15.3	Houses Under Construction	97
6.17.2	Nights Spent and Expenditures of Different Categories of Visitor, 2018 and 2019	99
6.18.1	Businesses with Employees Responding to the 2018 and 2019 Business Surveys	101

Annexes

1	Significant Policies, Legislation and Actions Shaping the Way the Economy is Developing, 2010 - 2020
2	Industries, Business and Employment
3	Aid Flows (Excel Sheet)
4	GLH Rents 2021
5	Median Full-Time Salaries and the Minimum Wage 2007/08 TO 2018/19
6	Residential Accommodation (Excel Sheet)
7	Electricity as a Percentage of Income
8	Summary of Census Data from 1998, 2008 and 2016

ABBREVIATIONS AND ACRONYMS

ALMO	Arm's Length Management Organization
ANRD	Agricultural and Natural Resources Department
ANRD	Agriculture and Natural Resources Department
AVES	Adult Vocational Education Service
BIP	Basic Island Pension
CASC	Child and Adult Social Care (Directorate)
CASH	Careers Access St Helena
CCC	Community Care Centre
CDA	Comprehensive Development Area
EDIP	Economic Development and Investment Programme
EHRC	Equality and Human Rights Commission
ENRP	Environment, Natural Resources and Planning (Directorate)
EPO	Environmental Protection Ordinance
ESH	Enterprise St Helena
EU	European Union
ExCo	Executive Council
FCDO	Foreign, Commonwealth and Development Office (UK)
FFTF	Fit for the Future Programme
GDP	Gross Domestic Product
GLH	Government Landlord Housing
HER	Historical Environment Record
ICCAT	International Commission for the Conservation of Atlantic Tunas
IRB	Income Related Benefit
IUCN	International Union for the Conservation of Nature
JNCC	Joint Nature Conservation Committee (UK)
LBDP	Land and Building Disposal Policy
LDCP	Land Planning and Development Control Plan
LDP	Land Disposal Policy
LegCo	Legislative Council
LEMP	Landscape and Ecology Mitigation Programme
LMS	Labour Market Strategy
MIS	Minimum Income Standard
MOU	Memorandum of Understanding
MPA	Marine Protected Area
MTEF	Medium Term Expenditure Framework
NGO	Non-Government Organization
ONS	Office National Statistics (UK)
RMS	Royal Mail Ship St Helena
RPI	Retail Price Index
SAERI	South Atlantic Environmental Research Institute
SCDC	Social and Community Development Committee
SEDP	Sustainable Economic Development Plan
SEN	Special Education Needs
SHAPE	St Helena's Active Participation in Enterprise
SHCC	St Helena Community College
SHCFA	St Helena Commercial Fishermen's Association
SHFC	St Helena Fisheries Corporation
SHG	St Helena Government

SHNT	St Helena National Trust
SIA	Social Impact Assessment
SSWG	Social Security Working Group
STC	Saints Tuna Corporation
TAC	Total Allowable Catch
TC	Technical Cooperation (staff)
TDP	Tourism Development Project
UKG	United Kingdom Government
UNESCO	United Nations Educational, Scientific and Cultural Organization
WHS	World Heritage Status
WOCO	Welfare of Children Ordinance

1 EXECUTIVE SUMMARY

1.1 Structure

- 1.1.1 This executive summary follows the order of the sections of the main report. Foot notes have been removed, and footnote references can be found in the relevant section.

1.2 Background

- 1.2.1 A referendum to replace the RMS St Helena with an airport was held between 21 January and 1 February 2002, when 71.58% out of a 49.54% turn out voted in favour of having an airport. Tourism on the back of the airport was proposed as the largest driver of future economic development: the rationale for the UK and St Helena governments approving the plans for the construction of the airport and air access was to facilitate financial sustainability. But bringing the airport into operation was an expensive journey of ups and downs, and this was felt keenly on the Island. And although, excepting the impact of Covid 19, the number of visitors to the Island immediately after opening was close to official estimates and visitor spend was at the lower end of the predicted range, there was nevertheless disappointment amongst the public: promises were considered not to have been delivered with respect to the intention of the 2010 Memorandum of Understanding (MOU) to bring tourists and deliver economic development, in particular:

Many Saint Helenians continue to question the rationale of the demands and conditions that the MOU placed on the people of St Helena compared to the level of air access delivered by the Project. (Section 2.1.)

- 1.2.2 The Social Impact Assessment of the Intended and Unintended Social Consequences of the way the Economy is Developing in St Helena (henceforth referred to as the SIA) was prepared at the request of Elected Members. Members wanted an analysis of the social implications of the way the economy is developing as result of the airport and air access. This followed an internal evaluation for Elected Members of the impact of air access reforms and the 2010 MOU with the UK government. To more fully illustrate the way the economy is developing the SIA includes policies, legislation and actions subsequent to the 2010 MOU. Summaries of these are provided in Annex 1. (Section 2.2.)

1.3 Methodology

- 1.3.1 Fundamental to the approach of the SIA was to combine it with a clear function for social policy planning – to provide evidence to support a proactive approach to social development and better development outcomes. Therefore it was designed to provide a situational analysis to inform the contents of the next social policy plan to be considered by the new Council in 2021.
- 1.3.2 The methodology involved a literature search; field work collecting information from stakeholders and participatory analysis. (Section 3.2.)

1.4 Baseline: Social and Economic Issues Before 2010

- 1.4.1 Migration has been a constant feature of the Island's history – poverty and a lack of employment opportunities were historically major drivers of migration. In 2008/09 the economy on the Island continued to be stagnant and without an airport the prospect of an economic stimulus was unlikely. Out-migration and a demographic imbalance – reaching a tipping point of not having enough of a population, especially a working population - continued to be key social and economic issues (sections 4.2 and 4.6).

- 1.4.2 Other key social issues before 2010:
- a) Limited leisure facilities for children and young people (Section 4.3).
 - b) Key social issues for working men and women, which were identified in the employment policy for legislation consultation of 2008, included:
 - *Gender inequalities - overall male earnings exceed female earnings, even in female dominated jobs and women dominate in the retail sector where maternity leave benefits are very limited.*
 - *Uncompetitive earnings compared to what can be earned off-shore;*
 - *Absence of legislation to provide for minimum rights and protections; and*
 - *The registered number of unemployed (36 plus 36 on the three-day work scheme in September 2008) does not reflect the actual number of people looking for work, and this figure includes over 300 women. This was a driver of looking for work on Ascension or the Falklands. (Section 4.4)*
 - c) Affordability of home ownership (Section 4.7).
 - d) Major social issues for the delivery of social security benefits in 2008 were:
 - *The demographic shift towards an older population;*
 - *Public concerns about the level of benefits - there is a common view that the level of (means tested) benefits is too low; and*
 - *Future demands on social security funding.*
 - e) A strong civil society but one without groups or organizations whose membership and leadership are drawn solely from the disadvantaged, and few user groups or organizations (Section 4.11).
 - f) Limited participation of people with disabilities in public life (Section 4.12).
- 1.4.3 In 2008 the economy was, as now, heavily dependent on UK and European Union (EU) aid flows with the public sector accounting for two-thirds of income and a large share of employment.
- a) According to the 2008 census there was 65 farmers on the Island – reporting their main occupations to be market oriented crop and animal production. The Government Economist noted in 2008 that the previous 40 years had witnessed a series of agricultural initiatives which had consumed a large volume of public resources, both from local sources and from foreign aid, largely the UK, and a limited number of these subsidies still remained in 2008. But this had not been able to *counteract the major migration of labour and management out of the sector*. This posed a question about how best to provide local produce to the tourism sector once the airport opened.
This would tend to suggest that the focus to be employed in the future should be toward relatively capital intensive types of activity such as covered fruit and vegetable production and hydroponics. (Section 4.14)
 - b) The construction sector grew between 2004 and 2010 when it reached 43 firms. Most were involved in small works, with five working in larger construction projects for SHG and the private sector. (Section 4.15.)
 - c) Since the 1960s a number of initiatives have sought to increase the quantity of fish caught and to develop export markets. None of these proved particularly successful and the Island continued to struggle to have an economically viable fishing industry. (Section 4.16).
 - d) Limited and expensive access by ship limited tourism to approximately one thousand tourists and seven thousand cruise ship day visitors a year. Tourist

accommodation was limited to eight serviced accommodations and 45 self-catering accommodations. The primary driver of economic development was agreed by SHG and UKG to be increased tourism facilitated by the airport, and getting the Island ready for tourism was a specific focus on the 2010 MOU. Tourism was to promote tourism related economic and business development – it was to have a multiplier effect. (Section 4.17.1.)

- 1.4.4 The first tourism figures used to make the business case for the airport were those of Atkins in 2004 which used the situation of other islands as a proxy. They were revised downwards in 2010 to a capped figure of 29,208 by 2041, and this was the projected figure used to underpin the business case for the airport. Estimating trends in tourism was a fraught exercise and in 2020 the Aquila report stated that with respect to comparators *it should be stressed that there is no simple formula to identify growth trends in small markets that could or should be applied to St Helena.* (Section 4.17.2.)

1.5 Policies, Legislation and Actions: Consequences and Missed Opportunities

- 1.5.1 Table 1.5.1 lists key consequences of the way the economy is developing and missed opportunities in the last ten years. There are many additional consequences in the main part of the SIA – under consequences (Section 5) and additional overall social impacts in Section 6.

Table 1.5.1: Key Consequences and Missed Opportunities

Sector	Section	Key Points
Land Control and Development and the Environment	5.2.2 a) 5.20.2	The Green Heartland has been protected. Marine protection zone established with a management plan. <u>Missed opportunity</u> There was considerable activity on environmental issues around 2012, but momentum was then lost, quite possibly as the airport project and the Wass inquiry took much of SHG's attention, and this limited opportunity to implement environmental protection practice as part of sustainable development – with respect to climate change, bio-diversity and waste management.
Housing - affordable	5.4.2 b) 5.4.2 e) 5.4.2 h) 5.4.2 j) 5.4.2 p)	25% of plots being developed in Bottom Woods have been set aside for affordable homes. This is also a requirement of the two other Comprehensive Development Areas (CDAs). A partnership is being initiated with the private sector to build nine Government Landlord Housing (GLH) flats, at no capital cost to SHG which is a good example of SHG thinking outside the box to save capital expenditure on building GLH. Historically the higher rents paid for (large and often attractive) Chief Secretary housing for Technical Cooperation officers (TCs) encouraged the social legitimacy for landlords to charge higher rents for Basil Read high earning management and technical staff, and to maintain this two-tier rental market which has disadvantaged renters on local salaries. The cost of land and the cost of construction for first time buyers are, as poverty has historically been,

	5.4.2 q)	<p>significant drivers in the decision of people about whether to stay or to go overseas to work.</p> <p><u>Missed opportunity</u></p> <p>To increase GLH rents with inflation and to actively collect arrears to support property maintenance between 2010 and 2021. Arrears stood at £115,795.73 in March 2021.</p>
Immigration and Investment	5.5.2 d) to f)	<p>The 2011 Immigration Ordinance did make St Helena more investor friendly, but more was needed to open the Island up to increase the working age population and to respond to additional pressures on border security. This was addressed in the 2020 Immigration Policy, which is awaiting final approval.</p>
	5.6.2 a) to c)	<p>One year after commercial flights started ESH started reporting increased inward investment. But SHG has spearheaded on the big investments – the Fibre Optic Cable (Euro21.5m funded by the EU), Pash Global (approximately £5m) and its own investment in fishing (£1m) and the Mantis Hotel (£4.7m). Only the Mantis is established (2017), the others are still in development.</p>
ESH	5.8.2 a) to c)	<p>ESH provided £1.06m in grant, and the largest sector receiving grants was agriculture. Other substantial sectors were eateries, construction, tourism, personal services, retail and fishing. The largest recipient of loans was SHG (the Mantis) followed by St Helena Fisheries Corporation.</p>
	5.8.2 j)	<p><u>Missed opportunity</u></p> <p>Perhaps the most significant unintended consequence was that rather than funding businesses directly <i>other targets for funding may provide a better return. These include financing ESH to make progress on increasing the absolute numbers of tourists visiting the island, and also encouraging tourists to increase their spend on the island by supporting the quality and delivery of business services.</i></p>
Tourism Development Project (implemented by ESH)	5.9.2 a) to e)	<p>Tourism was intended to be the mainstay of the economy and until Covid 19 prevented travel the actual number of visitors was higher than what was expected in the airport business case, even considering the late start of commercial flights, although visitor spend was at the lower end of the predicted range. On the basis of estimates by Statistics average visitor/ tourist spend was between £101.89 and £128.09 per night in 2018, and between £107.61 and £134.52 per night in 2019. The 2019-20 visitor survey provides a higher figure of an average spend per visitor per night of £156.23. Maximum spend estimate in the airport business case was £195 per person per day and the minimum spend estimate was £82 per person per day.</p>
	5.9.2 f) and k)	<p>There was a significant unintended social consequence around communications by SHG and ESH. While the projected figure for tourists (including visitors) was 29,208 by 2041 this morphed into the idea that the Island had to ready for 30,000 visitors: the figure was</p>

taken out of context and businesses in the private sector rushed to be airport ready expecting many more visitors than were projected in the early years.

Capital Programmes	5.12.2	Major projects delivered by the capital programmes are listed in Annex 1.12. The most significant being the airport, which led to increased tourism which was starting to look good for the Island until regular flights stopped because of Covid 19 in March 2020. Most of the other capital projects also had strong social benefits, particularly infrastructure improvements at the hospital, in social care and in housing.
	5.12.2	About 60% of the average number of workers/ week employed by Basil Read were Saints. Of these 260, 213 were residents and the other 47 were not ordinarily resident on the Island. Therefore as hoped Saints returned to work on the project. Information is not available on how many of the average 47/ week remained on the Island and how many left after construction finished.
	5.12.2 e)	<u>Missed opportunity</u> The absence of a capital programme immediately after airport construction in 2017 to take up the slack in the construction sector and the economy. The next one, the Economic Development and Investment Programme (EDIP) started in 2020. Outstanding infrastructure improvements are needed to bridges and roads.
Employment Rights Ordinance and Minimum Wage	5.13.2 a) and e)	There is now a legal framework in place to level the playing field between SHG and the private sector in terms of terms and conditions of employment. Guidance notes for employers and employees are currently under preparation. <u>Missed opportunity</u> To bring outstanding regulations into legislation for an actual minimum level playing field during the Basil Read boom period. These are mostly concerned with working time regulations.
	5.13.2 c) and e)	Minimum wage introduced. <u>Missed opportunity</u> To gain traction on increases in the minimum wage during the Basil Read boom period when there was no uplift to the minimum wage in two single years. There is a widespread perception that it is too low.
Basic Island Pension (BIP) and Social Security	5.14.2 a)	Pension provision extended beyond SHG pensions and private pensions. Those without an adequate pension, and qualifying for the (Basic Island Pension (BIP)), were taken out of social security. <u>Missed opportunity</u> For financial constraints in SHG the Income Related Benefit (IRB) unit was changed from the family to the household. Anecdotal evidence strongly suggest this is a source of poverty in some households. An opportunity exists in 2021 to change the unit backed to the family, but once again this is dependent on budget priorities.
	5.14.2 f)	
	5.14.2.h)	
	5.14.2 j)	

Minimum Income Standard (MIS)	5.15.2.a) to d)	The Minimum Income Standard (MIS) was introduced as the first mechanism to uplift IRB rates. This was later revised in the spirit of the intended use of a MIS to inform the minimum wage. Linking IRB to a percentage of the minimum wage is being considered.
Health	5.17.2 a) to e) 5.17.2 d)	Significant improvements have been made in infrastructure and services, for both physical and mental health Increased overseas referrals – an impact of the airport. Emergency preparedness established measures to prevent Covid 19 from arriving on the Island (to date at least).
Social Services	5.18.2 a) and g) 5.18.2 h) and g) 5.18.2 e) 5.18.k) 5.18.2 f) to h)	The Welfare of Children Ordinance (WOCO) and the Wass inquiry led to much greater importance being accorded to compliance with legislation and international standards of social work. Children and Adult Social Care (CASC) provides clear examples of the cost to SHG of not forecasting and not using risk assessment in planning. Adult Social Services have led the way in SHG of recruiting vetted ex-offenders as carers. This is another example of SHG thinking outside the box. Traditional support mechanisms in the community are reported still to be declining. This is attributable to several factors – a very high age dependency ratio; the growing elderly population which is less able to care for children with special needs and/ disabilities, and higher expectations of care which may not be wholly met by parents and carers and which need to be met at least in part by SHG and non-government organizations (NGOs). <u>Missed opportunities</u> These include the absence of a respite care facility when Barn View closed and a fire fighting style of management after the Wass inquiry which lost sight of policy and procedure to look after all community needs. This is now being addressed.
Agriculture and Fisheries	5.19.2 a) to c) 5.19.2 Fishing 5.19.2	Significant improvements have been made in productivity – fresh salads crops are now available all year round and salad imports have reduced. Innovative production methods have been adopted including poly tunnels (over 30) and hydroponics. Environmentally friendly line and pole fishing is only allowed. A fisheries science programme has been established to support the sustainable management of the Marine Protected Area (MPA). <u>Missed opportunities</u> Farmers prefer to work individually which mitigates against achieving economies of scale to reduce input and marketing costs.

1.6 SOCIAL IMPACT OF THE WAY THE ECONOMY IS DEVELOPING

1.6.1 St Helena is still facing a tipping point in terms of not having enough of a working population to drive economic development. But the 2008 projected population decline scenario assuming no airport has not happened. However, the age dependency ratio has budget consequences for three key functions of government – health, social care and BIP payments. Without economic development which increases SHG’s revenue these budgets will remain squeezed undermining the potential impact of services (Section 6.2.)

1.6.2 Although the last ten years has seen an improvement in leisure facilities for children and young people, overall there remained a concern that there was little variety, especially for teenagers.

Consequences of not enough leisure activity - increased risk for teenagers doing what they should not be doing. (Section 6.3.)

Childhood is changing on the Island. Attendance at traditional organizations such as the Scouts and the Guides was said to be declining and that there is more interest in television, tablet games and the internet, *children used to play with a cardboard box – now they expect to play with a x-box* (Section 6.3.)

1.6.3 Low wages characterise much of the economy and this is particularly significant with respect to the cost of building and owning one’s own home. Wages are low compared to what can be obtained elsewhere (and saving is more easily achieved on Ascension and the Falklands than it is in the UK where there are more lifestyle choices) and the high cost of constructing/ buying a house relative to wages in a culture where ownership predominates adds pressure to the choice of whether to stay on the Island or go. Combined uncompetitive wages and a lack of affordable housing drive people’s economic decisions. (Sections 6.4 and 6.7.)

The minimum wage has increased proportionately more than the median wage, by 38.3% to 29.1%. This also indicates that either the minimum wage is high compared to the median or that wages at the lower end have not risen to the same extent as the minimum wage. Given the findings of the 2020 MIS and the SIA, it is probably the latter (Section 6.4)

The rebased minimum income standard (MIS) identified a minimum hourly rate of £3.93 per adult for a family of two adults and two children in rented GLH. When the cost of a mortgage is used the rate rises to £4.86 per adult/ hour. The current minimum wage is £3.18/ hour, rising to £3.25 in 2021. (Section 6.4.)

1.6.4 Compared to other Overseas Territories (OTs) in receipt of financial transfers from the UK St Helena has a relatively sophisticated system of social security: it is not intended to be punitive, but to be fair. Since the minimum wage was introduced in 2013 there has been a narrow gap between it and IRB which leaves little room to increase IRB without seriously undermining the financial incentive to work. (Section 6.8.)

There is also political concern about IRB rates being too low. But the key issue is that the minimum wage is too low and does not provide for a socially acceptable minimum standard of living – it does not meet the changing expectations of younger generations - and it needs to shift upwards before a meaningful change can be made to IRB rates. (Sections 6.4 and 6.8).

The total number of unemployed households is 56 out of a total of 207 households on IRB, 21.2% of the IRB total, and 2.6% of all households. This does not include the hidden unemployed (many of whom are women), and should the new IRB reforms go through and the recipient unit changes back to family from household more families could become eligible for IRB and the number of claimants rise. At the moment many are not eligible as at least one adult in the household is working. (Section 6.8.)

- 1.6.5 A key social impact of the way the economy is developing is changing expectations of what is a socially acceptable standard of living. The economic boom period of airport construction increased disposable income and created a new normal for a standard of living. Also a younger generation of adults has grown up with television, introduced in 1995, broadband (2003) and mobile phones with internet access (2014). Many people feel entitled to, especially young people, a lifestyle more akin to that of the UK than their parents and grandparents did. (Section 6.4.)
- 1.6.6 If economic development based on the visitor economy does not improve low pay and make housing more affordable, it could mean that when attracting higher earners to the Island, for example as a consequence of the fibre optic cable, that those on low pay feel left out of economic development. (Section 6.4.)
- 1.6.7 Household problem debt is reported to be increasing which is commensurable with an increase in child in need payments made by CASC. While businesses report increasing problem debt their attitudes to dealing with problem debt vary. Retailers in general are tolerant offering credit lines, although some have debt management advice and processes to fall back on. This means the Magistrate's Court is seeing fewer problem debt cases than it used to. Overall there seems to be a tolerance of late payments, especially by small retailers who do not want to alienate customers. But tolerance does not imply that a late payment is not a problem debt to the customer in debt. Late payments could be a sign that a family is juggling bills and of a growing problem debt. Many low income families are reported to be living from one pay cheque to the next, and CASC has to step in with financial support. (Sections 6.4 and 6.6.)
- 1.6.8 There is a widely held view that salary increases have not kept pace with inflation, when in fact they have – the minimum wage has risen 13.8% more than inflation. In general salaries have increased between 2012/13 to 2018/19, when the latest figures are available for, but that they dropped back a little in 2018/19 (after airport construction). (Section 6.4.)
- 1.6.9 Commensurable with higher expectations of a standard of living are higher expectations of medical and social care. The airport has allowed for more overseas medical referrals, and increasingly people expect a UK standard of medical care. At the same time the influence of lifestyle related health factors remains a key constraint to better health. (Section 6.6.)
- 1.6.10 Major issues for Children's Services in CASC also include the inappropriate use of the internet. CASC has found that between midnight and 6.00 when broadband is free it is common for teenagers to be on the internet unsupervised. Many parents and grandparents are not computer literate and do not know what their children are doing, and there is a lack of knowledge about setting safeguards on appliances. In the last 12-18m there has been an increase in young adults having inappropriate internet relations

(comments and images) with teenagers. CASC is considering providing training in harmful behaviour. (Section 6.6.)

1.6.11 There have been several notable developments over the last ten years in the police and prosecution service.

- a) There is an ongoing process of decriminalisation. All law on the Island is criminal. To address this the category of civil offences is planned to be introduced to stop records, which do not need to be recorded, from being recorded on the Criminal Record Database.
- b) Commensurate with this a balance is being sought between enforcement and advice and support (education). (Section 6.10)

1.6.12 As in 2008 there are no organizations whose membership and leadership are drawn solely from the disadvantaged. Likewise there are no organizations representing the interests of employees in general (there are work place specific staff associations in the large employers) and apart from parent teachers' associations and the St Helena Commercial Fishermen's Association there are no other user groups or organizations, for example a consumer association or a tenant's association. (Section 6.11.)

An umbrella organization representing the interests of local organizations of civil society was established in 2011, the Community Development Organization. Unfortunately its funding was cut in 2021 as part of SHG budget cuts. (Section 6.11.)

1.6.13 Significant progress has been made on social inclusion. There is more openness towards people with disabilities and much of this is directly attributable to Shape, which was established in 2008, to the expansion in mental health services and to the provision of special education needs support (SEN) in schools. (Section 6.12.)

Shape has expanded its services and its social impact to work with its clients with a recycling centre and a café, both opportunities which introduce clients to a workplace. The concept of people with learning disabilities transitioning into the work place has developed strongly in the last ten years. Shape reports that it has got about 50% of its clients into standard employment. (Section 6.12.)

Likewise SEN support in schools has improved considerably. Work is progressing on ensuring each student from primary through to leaving school has an individual education plan and the transition involves developing life skills, work related learning and supported assistance (support workers in school and the workplace). (Section 6.12.)

Other examples of enhanced social inclusion:

- a) At least five ex-offenders have found employment in SHG;
- b) Positive change in attitude towards same-sex couples;
- c) Positive change in attitude to HIV+. (Section 6.12.)

1.6.14 UKG aid increased dramatically in the 2010's, mainly to meet the cost of airport construction, but also to meet the costs of implementing the recommendations of the Wass inquiry into allegations surrounding child safeguarding issues and to meet increased demands for medical care. (Section 6.13.)

Reflecting the increases in UK aid in the 2010's the GDP at market prices varied between £34.9m in 2013/14 and £38.6m in 2018/19, when the last figures are available for. The introduction of constant prices in 2018/2019 identified that:

The annual growth rate in 2018/19 compared to 2017/18 was -1.1%; in other words, the volume of goods and services produced by the economy fell by 1.1%. (Section 6.13.)

Therefore given the absence of constant price figures until their use in 2018/19 and the (one-off) impact of airport construction on the Gross Domestic Product (GDP) between 2012 and 2017, it is not possible to reliably identify overall economic trends using the GDP. And with only one year's figures available (2018/19) after flights commenced in 2017, no data is available on the impact of exports of services (visitor expenses) on GDP. (Section 6.13.)

- 1.6.15 In terms of vegetable producer numbers the role of farming in the economy has declined. But in terms of its contribution to the economy the agriculture, forestry and fishing share of GDP at current prices increased from £205,000 in 2017/18 to £282,000 in 2018/19 – the only years for which figures are available. Disaggregated data for farming is not available. But considering agriculture is the largest of the three it is assumed that there has been growth in its contribution to the economy (fishing is approximately 20% and forestry is negligible). (Section 6.14).

However there is a worsening situation with respect to invasive species, special mention was made of bull grass and white weed and the subsequent deterioration of pasture. There was a concern about reaching a point of no return as invasion spreads and control becomes beyond the capacity of the farming community and not cost-effective given wages and returns. (Section 6.14)

- 1.6.16 The number of construction businesses with employees responding to the 2019 Business Survey by industry grouping and size of business was 22, this had declined from 34 in 2018 (after the end of airport construction in 2017). After the airport construction boom, 2012 to 2017 there was not enough private sector construction to keep the same demand for construction workers - and the lack of a capital programme immediately following airport construction meant many Saints who returned to work on the airport left for their overseas place of residence. In addition there was an increase in unemployment. (Section 6.15)

- 1.6.17 An historic lack of investment in the cold store meant the St Helena Fisheries Corporation (SHFC) which took over the cold store with a subsidy of nearly £1m (primarily to pay for high electricity costs but also to purchase vital assets to keep operations ticking over) ran into significant difficulty. In 2019/20 SHG increased the subsidy by £350,000. It then started a process to identify an inward investor to develop a St Helena Fish Processing Plant. Without the cold store and the consequent loss of the export market fishing has slumped as has the livelihoods and incomes of about 24 fishermen: fish landings declined from an average of 300 tonnes/ year caught since 2015 to now only meeting local demand. That said during airport construction a number of fishermen temporarily stopped fishing for higher earnings with Basil Read. (Section 6.16).

- 1.6.18 There is a common perception that tourism has not delivered as it was intended to, and therefore that its impact in terms of economic development has been very limited: visitor numbers and spend on the Island was not as high as hoped, but it was at the

lower end of the predicted range. Overall, without the impact of Covid 19, the early indications of the way the tourism-based economy was developing was what was predicted and on the whole things were looking reasonably good after only 2.5 years of commercial flights. The visitor economy was for a short time, until Covid 19, demonstrating that it could be a mainstay of the economy. (Section 6.17.)

But the enthusiasm of SHG and ESH was not commensurable with what they predicted – in hindsight tourism was over-egged. Many of the public picked up the magic number of 30,000 tourists (Section 4.17.2), and some businesses invested relatively heavily and quickly in their expectation of such numbers. Organic growth in the tourism sector, which was what had been predicted, was lost sight of by SHG and ESH in the enthusiasm to be ready for the first commercial flight and for a subsequent rush of tourists (even with the smaller Embraer aircraft). This had an impact on business cash flows in the hospitality sector even before Covid 19. Inevitably this has given rise to blaming SHG, ESH and FCDO. (Section 6.17.)

The Island was attracting more of the adventure tourist type and friends and relatives of those living on the Island rather than the planned for high budget tourist type, and self-catering accommodation was in greater demand than hotel type accommodation. (Section 6.17.)

Figures of the export of services (visitor expenses/ spend on Island) have been estimated for the first time since 2018 and demonstrate that visitor spend, estimated at £5.7 million in 2019/20 was greater than the export of goods (coffee and fish). (Section 6.17.)

About two-thirds of visitors used self-catering rentals. The vast majority of those visiting friends and family stayed for a month or more. Whereas the vast majority of tourists who had no connections to the Island stayed for a week. Those with capital (physical or financial) proved to be in prime place to develop self-catering accommodation and eateries. New jobs were created but it is not known how many, and a number of skilled workers had to be employed from overseas, including chefs and hotel managers. Contribution to GDP is not known, but there should be at least an indication in the FCDO Project Completion Report on ESH in 2021. (Section 6.17.)

- 1.6.19 Doing business in St Helena is not easy and a number of people commented on how challenging it was for private sector operators, especially for those required to prepare business plans for grants and loans for the first time. There was a common view that business plans and cash flow projections were not necessarily followed: it was done *to tick a box* with the Bank of St Helena (BOSH) or Enterprise St Helena (ESH). To what extent this affected business operations and financial sustainability is not known, although many people close to the business sector are of the view that for many new businesses their financial management was weak. There is as yet no complete information on failure rates and therefore how these would compare with similar places in similar circumstances. However given many business were still in their early years when the effects of Covid 19 started to be felt, failure could be attributed to Covid 19. (Section 6.19.)

Covid 19 has meant that most businesses are getting by, but for those in the hospitality and tourism sectors it has been a case of barely getting by with most reducing staff and downsizing. Consequently the number of unemployed rose to 56 in December 2020. But

a) even with the visitor numbers and spend being towards the lower end of projected growth and b) between ESH grants and ESH and SHG Covid 19 business support there has been some kind of business financial support scheme running since ESH started, problem debt is reported to be increasing. (Section 6.19.)

1.7 Conclusion

1.7.1 The first and key conclusion is the glaringly obvious one, and that is the need for economic development to lift low wages and reduce migration overseas. Affordable housing is closely linked to uncompetitive salaries and migration as the costs of building or buying are high compared to salaries. People will migrate for other reasons as well (opportunities and family) but competitive salaries on the Island will promote circular migration whereby working people come and go according to economic opportunities. This has long been a feature of Island life with Saints returning to retire. But to grow the working age population of Saints competitive salaries are needed. (Section 7.2)

This was the situation before the MOU, and after only 2.5 years of commercial flights and a visitor economy (before the global effects of Covid 19 in March 2020) it is too early to expect otherwise. (Section 7.2)

1.7.2 There has been some economic development as a result of the MOU and UKG investment in the airport – in the development of a visitor economy in the private sector as evidenced in visitor spend until the global effects of Covid 19. Therefore the way the economy was developing was being shaped by the visitor economy - not the projected high budget tourist, but friends and family of people on Island. This would not have happened without the airport.

1.7.3 The MOU and the airport have been drivers in the modernisation of policies, legislation and actions that were needed to kick-start what was a stagnant economy. The results of the MOU reforms and other key policy, legislation and action areas are mixed as evidenced in the intended and unintended social consequences section. Areas in which MOU results were less than what was intended include immigration, investment (which are being reviewed), and some aspects of institutional reform in SHG (headcount reduction, divestment and rationalisation).

Other non MOU areas where results were less than what was intended include housing, employment law, the minimum wage, social care and environmental protection.

The way the economy is developing (the visitor economy on the back of air access to facilitate financial sustainability) since 2010 has meant a very busy schedule for SHG and the public service. The airport and the Wass Inquiry detracted from gaining traction on housing, employment law, the minimum wage, social care and environmental protection.

1.7.4 The Employment Rights Ordinance of 2010, which came into effect in 2013, included provision to be made for regulations to introduce minimum rights and protections for all employees. But many working time regulations have not been regulated for and this leaves many private sector employees relatively less protected than those of SHG and some private sector employers. If this continues there is a risk of disadvantaging employees in terms of them benefiting less from economic development because they have fewer minimum rights and protections.

- 1.7.5 Given the age dependency ratio and the need to grow the working age population to achieve economic goals it is necessary to not only retain and attract Saints back to the Island but to also attract highly beneficial migrants. These are likely to be high earners.

Globally the tourism economy is characterised by low pay and seasonal and part-time work. It is likely that this will also be the case in St Helena.

Therefore without addressing low pay and minimum rights and protections there is a risk that those in the visitor economy will be left behind workers in other sectors of the economy. In the way the economy is developing it will be important for SHG to continue to regulate for what is socially considered to be fair terms and conditions of employment.

- 1.7.6 The cost of housing relative to salaries is also a social risk to retaining and attracting Saints back to the Island, and as noted above is linked to uncompetitive salaries, especially for the less-well paid.
- 1.7.7 That said the biggest risk to the way the economy is developing is not attracting enough of a working age population to drive economic development.

2 INTRODUCTION

2.1 Background

- 2.1.1 A referendum to replace the RMS St Helena with an airport was held between 21 January and 1 February 2002, when 71.58% out of a 49.54%¹ turn out voted in favour of having an airport. In 2003 the UK and St Helena governments commissioned the Atkins feasibility study² that looked at a range of access options – replacement ship and an airport. It was found that an airport could generate higher levels of economic development than any shipping option. A new ship would not only have been costly over the long term, but it would not provide the stimulus needed to address economic stagnation. St Helena has faced many economic challenges stemming from few commercially exploitable natural resources, an isolated location, the migration of working age people to the UK, Falkland Islands and Ascension Island, and a low birth rate. Since the demand for flax demised in the mid-1960s it has had no significant export income. Between 1999/00 and 2009/10 the St Helena Gross Domestic Product (GDP) increased annually by only 0.7 per cent on average in real terms and this was due to financial support from the UKG and other donors. Saint Helena was in the bottom 20 per cent globally in terms of GDP growth over this period.³ Tourism on the back of the airport was proposed as the largest driver of future economic development: the rationale for the UK and St Helena governments approving the plans for the construction of the airport and air access was to facilitate financial sustainability.
- 2.1.2 In 2005 plans were drawn up by the St Helena Government (SHG) and the United Kingdom Government (UKG) to build the airport, but in 2008 it was put on hold until 2010 when the UKG provided a commitment to support air access in return for St Helena undertaking a series of reforms. These reforms were contained in the 2010 Memorandum of Understanding (MOU) between the UKG and SHG. When these were met Basil Read was appointed contractor and construction began in 2012. The direct cost of the airport to design, build and operate for 10 years to the UKG was estimated at £285.5 million.
- 2.1.3 Unfortunately the trial charter flight in April 2016 using a Boeing 737-800 was badly affected by the impact of wind shear and the opening of the airport was delayed.⁴ This led to a claim in the UK media that St Helena Airport was *the world's most useless airport*. The type of aircraft was reconsidered by the UKG and SHG, and in October 2017 the first smaller Embraer started commercial operations flying between Johannesburg and St Helena with a fuel stop in Windhoek and later in Walvis Bay. Most visitors come from Europe and there was a preference on the Island for the airport hub (for connecting flights) to be Cape Town which has historical close links with the Island: there was disillusionment when Johannesburg was selected. Until Covid 19 in March 2020 there were one or two flights a week from Johannesburg and a seasonal summer weekly flight from Cape Town replacing one from Johannesburg.

¹ https://en.wikipedia.org/wiki/2002_Saint_Helena_referendum

² Atkins, 2004, *St Helena Access Feasibility Study*, Epsom, Atkins Management Consultants.

³ SHG, 2012, *The Sustainable Economic Development Plan, 2012/13 to 2021/22*, Jamestown, SHG, p.3

⁴ In thy view of some this could be seen as a good thing, otherwise flight tickets would have been sold for a service which would have failed.

- 2.1.4 Bringing the airport into operation was an expensive journey of ups and downs for all stakeholders, and this was felt keenly on the Island. And although, excepting the impact of Covid 19, the number of visitors to the Island immediately after opening was close to official estimates and visitor spend was at the lower end of the predicted range (Section 5.9.2), there was nevertheless disappointment amongst the public: promises were considered not to have been delivered with respect to the intention of the 2010 MOU to bring tourists and deliver economic development, in particular:

Many Saint Helenians continue to question the rationale of the demands and conditions that the MOU placed on the people of St Helena compared to the level of air access delivered by the Project⁵.

2.2 2010 MOU

- 2.2.1 The pre-condition of the 2010 MOU was *to implement the reforms needed to open the Island's economy to inward investment and increased tourism⁶*. It required the following to be prepared before airport construction started.

Land

- a) A review of the Land Development Control Plan (LDCP) and Planning Application process to achieve a more development-friendly, non-discretionary planning regime, and incorporating appropriate environmental safeguards (including environmental impact assessments).
- b) A simpler and quicker system of releasing SHG land and housing assets on the market to be approved and in place.

Immigration

- c) A simple, transparent, and development-friendly system for non-St Helenians to be allowed to enter, live, work, and acquire land in St. Helena.

Investment

- d) A revised, development-friendly investment policy with supporting legislation in place, establishing principles of transparency and non-discretionary treatment.
- e) A simplified, investor-friendly tax ordinance.
- f) Appropriate guidelines, criteria and capacity for independent appraisal of investments and planning applications over £1m.

Capacity

- g) The appointment of appropriate executive expertise to drive and oversee reform in land, immigration and investment.
- h) The preparation by SHG of a 2011-14 Technical Cooperation programme and budget.

Tourism

- i) Approval of a revised Tourism Development Project (TDP) that reflects future air access, and introduction of a new 5-year strategy.
- j) Agreement of quality standards for hotels, restaurants, tours, car hire, taxis and other tourism infrastructure.

⁵ SHG, 2019, *Evaluating the Impact of the Air Access Project and the 2012 Air Access MOU Reform Programme*, Jamestown, SHG, p.3.

⁶ DFID and SHG, 2010, *Memorandum of Understanding (MOU) between the Government of St Helena (SHG) and the Department for International Development (DFID) of the Government of the United Kingdom of Great Britain and Northern Ireland, setting out St. Helena Government's commitment to open its economy to inward investment and increased tourism in parallel with the development of air access in St Helena*. London, Department of International Development and Jamestown, SHG.

- k) Agreed sourcing of additional shipping to accommodate the planned increase in tourism.
- l) Proactive marketing of investment opportunities in hotels and hospitality, including a development framework and briefs for key sites.

Institutional and other arrangements to support the reform programme

- m) A public sector redundancy and redeployment policy.
- n) A strategy for headcount reduction for the period 2011-2014.
- o) Firm targets for divestment of non-core functions and rationalisation of the public sector.
- p) Institutional arrangements for environmental management determined.
- q) A strategy for eliminating untargeted subsidies across the public service agreed and implementation started.
- r) A strategy developed to ensure a sustainable and appropriately skilled labour market, including circular migration and adult vocational training.⁷

2.2.2 The Social Impact Assessment of the Intended and Unintended Social Consequences of the way the Economy is Developing in St Helena (henceforth referred to as the SIA) was prepared at the request of Elected Members. Members wanted an analysis of the social implications of the way the economy is developing as result of the airport and air access. This followed an internal evaluation for Elected Members of the impact of air access reforms and the 2010 MOU with the UKG⁸. To more fully illustrate the way the economy is developing the SIA includes policies, legislation and actions subsequent to the 2010 MOU. Summaries of these are provided in Annex 1.

2.2.3 It is over a year since the SHG evaluation was undertaken and people's expectations of economic development as a result of the airport have been heavily influenced by the Covid 19 pandemic which took a grip on the world in March 2020. To date St Helena is Covid 19 free, but travel and economic development have been substantially affected.

⁷ DFID and SHG, 2010, *Memorandum of Understanding (MOU) between the Government of St Helena (SHG) and the Department for International Development (DFID) of the Government of the United Kingdom of Great Britain and Northern Ireland, setting out St. Helena Government's commitment to open its economy to inward investment and increased tourism in parallel with the development of air access in St Helena*. London, Department of International Development and Jamestown, SHG.

⁸ SHG, 2019, *Evaluating the Impact of the Air Access Project and the 2012 Air Access MOU Reform Programme*, Jamestown, SHG, p.3.

3 METHODOLOGY

3.1 Rational and Purpose of a Social Impact Assessment

3.1.1 What is a SIA?

Social impact assessment includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programmes, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.⁹

Although the term SIA is used it includes socio-economic impact assessments to identify the impact of economic growth for people with low incomes, and to monitor the social impact of increasing economic inequalities.

3.1.2 Why undertake a SIA?

- a) To identify and describe activities in policies, plans and interventions which are likely to cause a positive or negative impact or no impact.
- b) To identify baseline data and to provide evidence of the actual or potential effectiveness and cost-effectiveness of policies to achieve their policy intention.
- c) To assess the implications of policies, plans and interventions for local values and vice versa.
- d) To take into consideration the different interests of social groups (by sex, age, socio-economic status and more specific social groups for example people with disabilities).
- e) To identify potential conflicts between stakeholder groups.
- f) To identify adverse effects on whom and under what conditions.
- g) Where there is an adverse impact to identify mitigation measures and/or to support the development of alternative policies, plans and interventions
- h) To ensure more equitable and sustainable improvements in opportunities to benefit from economic reforms and subsequent growth.

3.1.3 How, when, where and who is involved in a SIA?

- a) Quantitative and qualitative information is required. Quantitative (statistical) data provides information on the scale and spread of an impact and identifies causal links between sets of data. Qualitative information provides depth of understanding - it analyses the quality of a relationship, for example what people value in Island life and why.
- b) A SIA may be undertaken at any time in a policy process – to assess the effectiveness of a policy in reaching its policy intention and to compare its effectiveness with other means to achieve the same intention; to assess actual impact (post intervention) and to predict impact as the result of a proposed policy.
- c) People have a right to be involved in the decisions that affect their lives, and therefore the views of primary and secondary stakeholders should inform a SIA. For example to ensure the views of the quiet majority are heard this may mean carrying out field work in the community, if this has not been done at the policy development stage.

⁹ IAIA, 2003, *Social Impact Assessment: International Principles*, p.2.

- 3.1.4 Fundamental to the approach of the SIA was to combine it with a clear function for social policy planning. The purpose of the SIA is to:

Identify the intended and unintended social consequences of the way the economy is developing and to analyse their impact on St Helenians and for the social development of the Island.

Its function was to provide evidence to support a proactive approach to social development and better development outcomes. Therefore it was designed to provide a situational analysis to inform the Social Policy Plan of 2021.

Two principles underpinned the approach:

- a) An evidence-based approach;
- b) Participatory analysis of the findings (including a group of stakeholders in data interpretation and meaning-making processes).

3.2 Overview of the Methodology

- 3.2.1 The methodology involved a literature search; field work collecting information from stakeholders and participatory analysis. Steps followed are set out below.

- a) A literature review to establish a baseline description of social and economic and life on the Island before airport construction began; to identify social and economic trends since and to identify key institutional, social and economic developments responsible for the trends.
- b) The findings were used to guide key informant interviews and focus group discussions.
- c) Key informant interviews with people in the private sector, civil society, SHG directorates. This included general questions to all informants and informant specific questions.
- d) Discussions with Info LegCo, Chamber of Commerce, civil society organizations, the Senior Management Team in the public service, Y12 students, and staff representatives in SHG.
- e) Findings of the interviews and the focus group discussions were logged, and a preliminary analysis was made to initiate and support participatory analysis by the public.
- f) Participatory analysis of the findings by a group representative of the public. For this participants read the SIA findings and any notes on the methodology in advance of focus group discussion. In the discussion a facilitator asked a question to explore a social impact further and individually participants identified key issues associated with the reported social impact.
- g) Draft report preparation, peer review, two presentations to LegCo to review findings and a final report for Elected Members.

3.3 Inevitable Challenges

- 3.3.1 Separating out the social consequences of the way the economy is developing from the impact of SHG policies, legislation and actions and the impact of Covid 19 was a challenge for the methodology.

Another challenge was attribution, to what extent was an identified social change attributable (had contributed to) the way economy was developing, which required considering whether in fact it have would have happened anyway

3.4 Structure of the Social Impact Assessment

3.4.1 The structure of the SIA is set out below.

- a) **Section 4** provides a baseline to allow for a comparison to be made between key aspects of social and economic development before and after the signing of the 2010 MOU.

A significant amount of information collection was done in 2008 and 2009 by SHG directorates, in particular the SPPU, which provided much of the baseline information.

- b) **Section 5** clearly identifies key policies, legislation and actions and sets out specific intended and unintended consequences of each – to support the reader quickly identify consequences of topics of interest.

These policies, legislation and actions are described in more detail in Annex 1, which follows the order of this section for ease of reference.

Where ex-ante SIAs exist for a policy, legislation or action key findings of these are presented.

- c) **Section 6** sets out overall social impacts of the intended and unintended social consequences of policies, legislation and actions using the same section headings as Section 4 to allow for comparisons to be made with the pre MOU/ airport situation.

- d) **Section 7** sets out conclusions with respect to the way the economy is developing for social development and for SHG. It also identifies trends and provides a discussion of their potential implications.

4 BASELINE: SOCIAL AND ECONOMIC ISSUES BEFORE 2010.

4.1 Structure

Much of this section of the SIA lifts (quotes) key findings of:

- a) The Situational Analysis (social) report of 2009;
- b) The results of a scoping survey for employment policy in 2008;
- c) General economic reviews, and specific reviews of the agricultural and fishing sectors;
- d) General reviews of health and education, and specific findings on disability and skills improvement.

These provide much of the baseline for this SIA.

4.2 Social: Out-migration and a Demographic Imbalance

4.2.2 In 2008, when air access was on pause and not planned for, out-migration and a demographic imbalance were key social and economic issues for the Island.

The resident population has dropped from 4,913 in 1998 to 3,981 in 2008¹⁰.

The working age proportion of the population has dropped from 58.2% in 1998 to 56% in 2008, and the proportion of the population over 60 years of age, has increased from 15.5% to 26%. Moreover the birth rate has been steadily falling and in 2007 was to 8.7 per 1,000. The population aged under 17 years has decreased from 26.2% to 18.1%.¹¹

Historically many men left to work on Ascension from the mid 1960's onwards when the military base was expanded, and the flax industry collapsed, and after the Commonwealth Immigrants Act of 1962 in the UK. This had removed the unconditional right of Commonwealth citizens to live and work in the UK, but the UK Nationality Act of 1981 went further as St Helenians lost their British citizenship which was only restored in 2002 after a lengthy engagement by civil society with the UKG. During this time opportunities arose in the Falklands after the 1982 Falkland's War.

Migration was in response to poverty and a lack of opportunities on the Island. When opportunities arose (in Ascension and the Falklands) people moved swiftly to take advantage, and again did so after 2002 when the UK opened up for them again. Migration to South Africa has also been common, but not in recent years.

Poverty was a driver of migration, but specifically the desire to build a family home was a key driver. Low paid workers had little opportunity to save, and in addition until 2004 when the Bank of St Helena (BOSH) was established, mortgages were relatively difficult to secure. Prior to this SHG offered limited support in the form of a housing loan which was managed by Finance in SHG. Moreover it was difficult for non SHG staff to access these loans.

4.2.3 In the absence of an airport;

Population totals for 2018, which have been projected using two different methods are 3,226 and 3,544. The decline is 19% and 11% respectively. These forecasts do not take into consideration any extraneous factors

¹⁰ Pers com Statistics Office, SHG. 26th March 2009.

¹¹ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.4

(which could have an impact on inward or outward migration) and therefore assume the same trends as between 1998 and 2008.¹²

If the drop in population of 19% between 1998 and 2008 is repeated between 2008 and 2018, the population will fall to 3225. Working saints returning to the Island from Ascension, the Falklands and the UK to retire will increase the non-economically active proportion of the population, thereby further straining the economy.¹³

This is important context, because without a key driver for economic development (the airport) St Helena was facing a tipping point in terms of not having enough of a population, and especially a working population, to drive development. Self-sufficiency could only be an aspiration resulting in a situation of increasing dependency on financial transfers from UKG unless the population decline could be stopped.

The results of estimates of possible dependency rates of the non-economically active to the economically active are quite dramatic, for example the ratio of economically active to the non-economically active 60+ group move from 79% to 21% in 1999 to 68% to 32% in 2008 to a forecasted 55% to 45% in 2018.¹⁴

- 4.2.4 *Out-migration of the economically active means there is a shrinking resident population tax base and therefore a declining birth rate, which in a spiral effect leads to a brain drain, which means a brain strain. There are also higher demands on the budget as Government seeks to meet higher expectations, in particular the education/ training expectations of children and young people and medical care expectations of an aging population.¹⁵*

However it should also be noted that for many people, especially young people, it was considered *good to go* to experience a different lifestyle, for education and training not available on the Island and/or for financial gain. Higher salaries in the Falklands, Ascension and to some extent the UK (after a higher cost of living) funded house construction. Remittances were traditionally an important and very significant contribution to ensuring a family home on the Island and to the Island's economy.¹⁶

- 4.2.5 In 2011, but applicable to before 2010 it was noted that:
Out-migration has over the years led to a weakening of kin based support systems: parents working off-shore and leaving their children with relatives has long been a feature of Island life. Currently there are 52 children aged up to 16 years in private foster care arrangements¹⁷, this is 7.8% of children aged 0-16 years. In the majority of cases the mother is off-Island and although some fathers have limited contact many are not in contact.¹⁸

¹² Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.4

¹³ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.4

¹⁴ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.4

¹⁵ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.4

¹⁶ It would be interesting to estimate the value of remittances for house building to the economy (construction) as a proportion of aid transfer.

¹⁷ Living with relations through private arrangements.

¹⁸ Muir, Ann, 2011, *Tourism Strategy: Social Impact Appraisal*, Jamestown, SHG, p. 13.

- 4.2.6 *Migration is the one demographic factor that is open to influence by economic conditions, social policy, or political decisions.*¹⁹.

In this respect this is what SHG was doing – it was developing economic and social policy to improve life on the Island and encourage Saints to return. Retention and return were key words used frequently in discourse about the airport: it was hoped the airport would facilitate this and families would be reunited. Commensurable with this was a drive in SHG to identify how people wanted their Island to develop and to involve them in planning. This was also when SHG started to actively engage with the Diaspora to keep people informed of developments around the airport and economic development in an effort to attract people back to the Island. Public consultation and participation became regular features of development plans and policy making.

- 4.2.7 In hindsight it can be observed that much of the work on social issues which took place in this context focused on improving social development and therefore tended to highlight what people wanted to see happen on the Island²⁰. A serious downside of this is that it took for granted, and lost sight of in reports, what was good about life on the Island. Unwittingly this played to a tendency to complain about SHG and to focus on what SHG was not doing or was considered to be doing poorly.

4.3 Social: Children and Young People

- 4.3.1 Key social issues arising out of the consultation for the *Children and Young People's Report 2009* focused on what children and young people wanted to see happen to improve the quality of life and thereby encourage the retention and return of young working people.

- a) *That there is a need to support children and young people develop a 'voice' and to be consulted and involved in decisions that affect them and to nurture the interest of children and young people in Island affairs in the world;*
- b) *That a parenting support network be trialled;*
- c) *That the provision of leisure facilities be improved, especially playgrounds for young children; and*
- d) *That the scope for assisting more students with scholarships for tertiary or vocational education be explored.*²¹

- 4.3.2 Words frequently used to describe the life of a child on the Island were that it was, and still is, relatively *safe* and the importance of *family*, referring to the strong presence of the extended family in growing up.

4.4 Social: Working Age Men and Women

- 4.4.1 Key social issues for working men and women, which were identified in the employment policy for legislation consultation of 2008, included:

- a) *Gender inequalities - overall male earnings exceed female earnings, even in female dominated jobs and women dominate in the retail sector where maternity leave benefits are very limited.*
- b) *Uncompetitive earnings compared to what can be earned off-shore;*

¹⁹ Atkins Management Consultants, 2004, *St. Helena Access Feasibility Study*, Epsom, Surry, S3.37.

²⁰ A key example of this is Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG

²¹ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.5

- c) *Absence of legislation to provide for minimum rights and protections; and*
- d) *The registered number of unemployed (36 plus 36 on the three-day work scheme in September 2008²²) does not reflect the actual number of people looking for work, and this figure includes over 300 women.²³*
This was a driver of looking for work on Ascension or the Falklands.

4.4.2 Although in 2008 there were labour shortages in many technical areas, there was a lack of technical training opportunities, and career opportunities were also limited. Overall there was and still is a tendency for the private sector to look to SHG to provide and fund training – a reluctance on the part of the private sector to *buy-in* to training and skills development. Moreover there was an unwillingness in the private sector to pay for training courses in case the person trained left the Island to work overseas.

4.4.3 From 2008

- a) *Unskilled labour. In SHG this is £1.63/ hour. In the private sector generally these rates vary between £1.50 and £2.50/ hour. Full-time weekly salaries for unskilled work vary between £55 and £80.*
- b) *Skilled labour salaries in SHG range between approximately £67/ week to £90/ week. Rates in the private sector range between approximately £70/ week to £150/ week.*
- c) *Supervisory type work in SHG carries a salary of £5,000 to £6,000 p.a. or £96 to £115 per week, and the management position of a head of department carries a salary of £14,000+, £269+ per week.*
- d) *Average annual earnings from employment in 2006/07 was £4,526²⁴.²⁵*

4.4.4 *In 2008 major inter-related factors contributing to uncompetitive salaries on the Island included:*

- a) *Limited local market demand for goods and service. Demand is constrained by a small customer base on the Island, and people's limited spending power. In addition, there is little export trade. Most enterprises, therefore, are not making significant profits, and some, for example corner shops and tourism and hospitality enterprises are barely making a profit. They exist mainly as a source of a livelihood for the employer.*
- b) *The limited financial resources available in SHG, this limits what is available to provide salaries, which are competitive with those on the Falklands, Ascension and the UK (and indeed, to strengthen SHG services).²⁶*

4.4.5 In 2008

As the largest employer SHG heavily influences salaries in the private sector. However, although it can be argued that SHG salaries contribute

²² Statistic Benefits Tables.

²³ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.5

²⁴ Estimated by John Hayes, Tax Advisor, SHG, 2008/09.

²⁵ Muir, Ann, 2008, *Employment Policy for Legislation: Results of a Scoping Survey and a Proposed Route Map*, Jamestown, SHG, p.15.

²⁶ Muir, Ann, 2008, *Employment Policy for Legislation: Results of a Scoping Survey and a Proposed Route Map*, Jamestown, SHG, p.15

to keeping salaries down, at the same time most employers could not afford to pay salaries competitive with those found off-Island. For the sustainable development of the private sector, salaries can only increase in tandem with economic growth and an opening up of the economy as planned with Air Access.²⁷

- 4.4.6 Doubling the income tax threshold from £3,500 to £7,000 in 2010/11 took many employees and self-employed workers out of the tax brackets. Numbers are not available on how many, but considering the median wage was £5,291 in 2008/09²⁸ this would have taken over 50% of income tax payers and boosted the disposable income of low to middle earners.

4.5 Social: The Elderly

- 4.5.1 Social issues for the elderly, which were identified in a 2008 consultation exercise for the social policy plan included:
- a) *The out-migration of children and other relatives for work, which was commonly attributed to salaries on the Island not competing with higher salaries elsewhere and the cost of building or buying a house;*
 - b) *Mobility issues, especially where the terrain is steep or uneven, and a few houses are only accessible by way of a dirt track;*
 - c) *Social isolation for those living at home who are unable to get out and about;*
 - d) *The cost and infrequency of public transport which restricts getting out and about, and which also limits the number of visits by home helps who do not have their own transport;*
 - e) *The lack of nearby shops at two shelter accommodation complexes;*
 - f) *Approximately 50% of people over 60 years are in receipt of IRB. The vast majority of these do not have additional income and are on a low fixed income; and*
 - g) *Prescriptions costs - £1.40 a prescription, although for people in receipt of IRB no charge is made.²⁹*

4.6 Social: Health and Social Work

- 4.6.1 Major social issues for the delivery of health and social work services in 2008 were:
- a) *The out-migration of working-age people and the demographic shift towards an older population presents a growing issue about who will take care of people able to live in the community and means there is a high demand for residential places;*
 - b) *The influence of lifestyle related health factors, which combined with the challenge of providing low volume high diversity care and skills on the Island and high expectation about the quality of care presents a challenge for health service funding; and*
 - c) *Attrition.³⁰*

²⁷ Muir, Ann, 2008, *Employment Policy for Legislation: Results of a Scoping Survey and a Proposed Route Map*, Jamestown, SHG, p.15

²⁸ Muir, Ann, 2011, *Social Impact Appraisal of the Changes made to Income Tax and Customs Charges in April 2011*, Jamestown, SHG

²⁹ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.5

³⁰ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.12

4.7 Social: Housing

4.7.1 2009: Affordability of home ownership

Information from the Bank of St. Helena in 2009 indicated that a typical loan for a two or three bedroom house was between £40,000 and £60,000 payable over 20 years. In addition the Bank required a contribution of 15% of the value of the property. Monthly repayments for a loan of £40,000 to £60,000 were between £310.12 and £465.18.³¹

Median salaries in 2008/09 were £5,266 for SHG employees and £5,314 for the private sector. About 29% of SHG employees and 23% of private sector employees had a salary of between £4,000 and £4,499 per year.

In 2009 if a couple had two full-time [median] salaries financing a loan for the purchase or construction of a house it was not possible from salaries alone.³²

4.7.2 In 2008 key Government Landlord Housing issues included:

- a) The waiting list – although the waiting list has been cut in recent years, GLH is not keeping up with demand. Single person or single parent families are the largest social groups on the waiting list³³.*
- b) Affordability - there are two distinct house rental markets on the Island - the private sector where rents are high for Islanders and GLH, which is subsidised. There is little if anything in-between which is affordable for households with two low-income earners.*

Housing standards

 - i. Damp and poor ventilation is a problem, especially in wetter areas. This is not just a problem in some GLH, but in some private sector housing as well.*

A total of 29 GLH properties have external kitchens and/or bathrooms³⁴, and 62 have either adjoining bedrooms or a bedroom off the sitting room.
- c) Arrears- over the 12 month period the average total monthly arrears was £42,588.93. On average 64 clients were in arrears of over one month – approximately 30% of the average monthly client total. Almost 45% of accounts in arrears are between £65 and £299.99. Almost 21% of accounts in arrears have arrears of over £1,000.³⁵*

4.8 Social Security Benefits

4.8.1 Major social issues for the delivery of social security benefits in 2008 were:

- a) The demographic shift towards an older population;*
- b) Public concerns about the level of benefits - there is common view that the level of (means tested) benefits is too low; and*
- c) Future demands on social security funding.³⁶*

³¹ Muir, Ann. 2009, *Social Housing Review*, Jamestown, SHG, 2.14.

³² Muir, Ann, 2009, *Well Being and Poverty on St Helena*, Jamestown, SHG, p.17.

³³ Muir, 2009, *Social Housing Review: A Review of Government Landlord Housing*, Jamestown, SHG p.9-10

³⁴ Rents for properties with an outside kitchen or bathroom were 25% less.

³⁵ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.7

³⁶ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.8

4.9 Social: Education and Vocational Training

4.9.1 In 2008 key social issues were:

- a) *Declining school rolls and the consequent limited range of subjects available at secondary school. In addition vocational subjects are also commonly perceived to be of less value than academic subjects;*
- b) *Some of the special needs pupils have a serious level of disability, including cerebral palsy, and teacher numbers and skills are not geared up to teaching such severe disability – either physically or medically; and*
- c) *The inability to transfer students for disciplinary reasons (because there is only one secondary school) means that PAS can have several disruptive students at one time, which affects the whole school, and undermines its reputation.³⁷*

4.10 Social: Independent Legal Advice

4.10.1 Social issues identified by the Public Solicitor and the Legal Department in Government in 2008:

- a) *The market for legal advice cannot support a private practice, and therefore there is only one provider of independent qualified legal advice – the Public Solicitor; and*
- b) *The very real potential for conflict in the provision of advice by the Public Solicitor, because s/ he is only one person; and*
- c) *The very range of areas on which the Public Solicitor is required to advise and assist people.³⁸*

4.11 Social: Civil Society

4.11.1 Social issues identified as a result of the social policy planning exercise in 2008:

- a) *While many groups and organizations are to some extent providing social welfare assistance (including churches and faith groups and the social welfare charities) there are no groups or organizations whose membership and leadership are drawn solely from the disadvantaged;*
- b) *Most groups or organizations to some extent or other engage with Government in policy making or the application of policy in practice. The most active of these are producer membership based professional/ trade/ craft organizations and the church/ faith group. Very active examples include the Chamber of Commerce and the environmental/ heritage organisations.*
- c) *While civil society is very active on the Island it is not as well developed as other middle countries. For example there is no umbrella type of organization representing the interests of employees in general (there are work place specific staff associations in the large employers) and apart from parent teachers' associations there are no other user groups or organizations, for example a consumer association or tenant's association.*

³⁷ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.8

³⁸ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.8

- d) *Therefore unlike many other countries there are no organizations working with government to represent the interests of service users and consumers.*³⁹

4.12 Social Inclusion

- 4.12.1 In 2008 the major social issue for the disabled was social Inclusion – social poverty.
- a) *Approximately 19% of the disabled are being cared for at home in the community by their parents or other relatives. As parents become less able to carry out the physical tasks of care there is a question about how their disabled child will be cared for, which will increase demand for residential care places.*
 - b) *Many families with disabled members have lived with a sense of shame and although there is more openness in society, prejudice still denies dignity and undermines participation in normal public life.*
 - c) *Hilly terrain presents natural obstacles, but the absence, the narrow width and uneven surfaces of pavements present man-made obstacles.*
 - d) *Very limited employment opportunities, although these are slightly more than they have been in the past.*⁴⁰

4.13 Economy: Social and Economic Statistics, 2008 - 2010

- 4.13.1 In 2008 the economy was, as now, heavily dependent on UK and European Union (EU) aid flows with the public sector accounting for two-thirds of income and a large share of employment. Table 4.13.1 below presents baseline social and economic statistics from 2009/10 which together with the following information on major production sectors - agriculture, construction, coffee, fishing and tourism – provides an economic status baseline to support discussion of social impact in Section 6.

Table 4.13.1: Social and Economic Statistics, 2008 - 2010⁴¹

Population (2008 Census)	4,257
St Helenian Resident population (2008 Census)	3,981
Number of Occupied Private Dwellings (2008 Census)	1,585
Full-time Employment by Sector (2007/08)	Public 1,069 Parastatal 22 Private 1,071
Total Unemployed (2009/10)	66
Unemployment Rate (2009/10)	2.9%
Retail Inflation Rate (2009/10)	4.5%
Gross Domestic Product GDP (2009/10)	£15,550,000
Gross National Product GNP (2009/10)	£19,040,000
GNP per capita (2009/10)	£4,761
Median full-time salary for 2008/09 ⁴²	£5,291
Average Household weekly expenditure (2009)	£149.47
UK Aid Funding (2009/10)	£20,613,000
Government Recurrent Expenditure (2009/10)	£23,386,000
Government Revenue	Taxes £9,383,000

³⁹ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.9

⁴⁰ Muir, Ann, 2009, *Situational Analysis: St. Helena Social Policy Plan 2009/10 to 2014/15*, Jamestown, SHG, p.9

⁴¹ All from SHG, 2009, *Statistics Year Book 2009*, Jamestown, St Helena Government, unless otherwise stated.

⁴² Muir, Ann, 2011, *Social Impact Appraisal of the Changes made to Income Tax and Customs Charges in April 2011*, Jamestown, SHG

	Budgetary Aid £7,650,000
Exports (2009/10)	£320,000
Imports (2009/10)	£10,270,000
Remittances	£3,385,000
Number of private licensed vehicles (December 2009)	2,391

4.14 Economy: Farming and Coffee

4.14.1 According to the 2008 census there was 65 farmers on the Island – reporting their main occupations to be market oriented crop and animal production.⁴³

4.14.2 The Government Economist noted in 2008 that the previous 40 years had witnessed a series of agricultural initiatives which had consumed a large volume of public resources, both from local sources and from foreign aid, largely the UK, and a limited number of these subsidies still remained in 2008. But this had not been able to *counteract the major migration of labour and management out of the sector*. This posed a question about how best to provide local produce to the tourism sector once the airport opened.

*This would tend to suggest that the focus to be employed in the future should be toward relatively capital intensive types of activity such as covered fruit and vegetable production and hydroponics.*⁴⁴

In 2008 smallholdings produced vegetables for approximately 40% of the formal retail sector. A total of 900 cattle were owned by syndicates and private farmers, with the three largest owners - Solomon's, Cairnswick's and Thorpe's - owning another 400. Some 800 pigs were kept and there was a modest egg production.⁴⁵

4.14.3 With respect to supporting local production a range of import controls on potatoes and onions were in force in 2008, but:

The success of this approach depended on acquiring reasonably accurate information on upcoming domestic production, consumption and export to Ascension. This proved difficult, in part because of lack of co-operation from the farming community and, following a number of serious local shortages, was abandoned. It would seem clear that unless and until:

- a) The farming community agrees to make a genuine effort to provide all the required information.*
- b) There is reason to believe that the farming community has the capacity and willingness to respond to import controls by replacing these imports with domestic production.*
- c) There is no reason to believe that the farmers involved will take unreasonable advantage of the restrictions on imports and substantially raise their prices.*

*-- such a proposal cannot be seriously considered. Certainly if such restrictions were introduced they should initially be very short-term – essentially on a pilot basis.*⁴⁶

⁴³ SHG, 2008, *Census 2008*, Jamestown, SHG p.81

⁴⁴ Armstrong, Garth, 2008, *Agriculture in St Helena*, Jamestown, SHG, p. 4, 5.

⁴⁵ Blessington, Paul, 2009, *Overview of the St Helena Economy*, Jamestown, SHG, p.2.

⁴⁶ Armstrong, Garth, 2008. *Agriculture in St Helena*, Jamestown, SHG, p. 5.

- 4.14.4 In 2008 there was one small scale coffee producer producing high quality Arabica coffee exported approximately 5 tonnes per year to Harrods in the UK.⁴⁷

4.15 Economy: Construction

- 4.15.1 The most recent surveys of construction firms up to 2010 were in 2004 and 2010. The number of construction businesses responding to the surveys was 37⁴⁸ in 2004, and in 2010 this had increased to 43 (32 full-time and 11 part-time)⁴⁹. Detailed information on the focus of firms is not available, but the sector is included as it expanded on the back of the Basil Read contract and after airport construction it contracted. Below are some observations from before 2010.

- a) Most were involved in small construction – houses and extensions.
- b) There were five relatively large firms working in larger construction works – medium size contracts for SHG and the private sector.

4.16 Economy: Fishing

- 4.16.1 Since the 1960s a number of initiatives have sought to increase the quantity of fish caught and to develop export markets.⁵⁰ None of these proved particularly successful and the Island continued to struggle to have an economically viable fishing industry.

All fishing was inshore in 2008 with 10 small boats employing about 20 staff catching between 350 and 600 tons a year of tuna, grouper and wahoo. This involved about 24 fishermen, mostly part-time.⁵¹ Fish was processed and stored at the processing plant and cold store in Rupert's, which opened in 2000. St Helena Development Agency (the forerunner of Enterprise St Helena (ESH)) built and owned the facility while Argos Coldstores Ltd installed the equipment and ran the processing until 2015. During this time St Helena Fisheries Corporation (SHFC) was the only purchaser of fish. But the processing plant and cold store were never profitable and were subsidised by SHG⁵².

4.17 Economy: Tourism

- 4.17.1 Limited and expensive access by ship to the Island limited tourism to approximately one thousand tourists and seven thousand cruise ship day visitors a year.⁵³ A major issue for cruise ships was coming ashore from tenders at the lower steps in tricky weather, which can be hazardous and cruise ship captains feared liability in the event of an accident. Also unlike the Falklands which is on the route to the Antarctic Peninsula, St Helena is not on a route.

Tourist accommodation was limited to eight serviced accommodations and 45 self-catering accommodations⁵⁴. Long-term rents in the private sector varied from between £200 to £550 a month⁵⁵. Holiday let costs were considerably higher, up to £30 a night for short stays.

⁴⁷ Blessington, Paul, 2009. *Overview of the St Helena Economy*, Jamestown, SHG, p.2

⁴⁸ SHG, 2004, *Private Sector Enterprise Employment Survey*, Jamestown, SHG, Table 1.

⁴⁹ SHG, 2010, *Private Sector Enterprise Employment Survey*, Jamestown, SHG, Table 3

⁵⁰ Collins, Martin, 2016. *St Helena Fisheries Sector: Review and Strategy*, Jamestown, SHG, p.9

⁵¹ Blessington, Paul, 2009. *Overview of the St Helena Economy*, Jamestown, SHG, p.2

⁵² Collins, Martin, 2016. *St Helena Fisheries Sector: Review and Strategy*, Jamestown, SHG, p. 63.

⁵³ Blessington, Paul, 2009. *Overview of the St Helena Economy*, Jamestown, SHG, p.2.

⁵⁴ SHG, 2011. *Strategic Plan for Tourism 2012-2016*, Jamestown, SHG, Section 10.9.

⁵⁵ By comparison Government Landlord House rents were between £48 and £62.00/ week. There was therefore a substantial difference between private sector rents and social housing rents.

- 4.17.2 The primary driver of economic development before 2010 was agreed by SHG and UKG to be increased tourism facilitated by the airport, and getting the Island ready for tourism was a specific focus on the 2010 MOU (Section 2.5). Tourism was to promote tourism related economic and business development – it was to have a multiplier effect.

The first tourism figures used to make the business case for the airport were those of Atkins. Under the long runway scenario (which was built) Atkins estimated the number of tourists (henceforth referred to as visitors)⁵⁶ to increase from 1,493 in Y1 to 58,601 in Y25. These figures were informed by the situation of other Islands used as a proxy to estimate what could happen in St Helena. They were revised downwards in 2010 to a capped figure of 29,208 by 2041, and this was the projected figure used to underpin the business case for the airport⁵⁷.

Estimated trends in tourism was a fraught exercise and in 2020 the Aquila report stated that with respect to comparators *it should be stressed that there is no simple formula to identify growth trends in small markets that could or should be applied to St Helena*.⁵⁸

- 4.17.3 These figures were included in this section to demonstrate the spurious nature of estimates of growth in tourism for St Helena: there were many unknowns and assumptions made because of the absence of comparable destinations. At the time there seemed little alternative to tourism as a driver for economic development, and the anticipated high-budget tourism demand was to be met by a flagship hotel. In 2008 at least one substantial investor, Shelco/ Oberoi⁵⁹, planned to develop a five start hotel complex at Broadbottom.

4.18 Economic: Enterprise Size by Number of Employees

- 4.18.1 In 2010 50% of 368 businesses did not employ staff, and the vast majority of the rest only employed one to five employees. The dominant sector in terms of number of businesses was wholesale and retail and the repair of motor vehicles with 25% of businesses. The vast majority were also self-employed. The agriculture sector followed this with 18.5%. For a detailed breakdown see Annex 2.

Table 4.18.1: Enterprise Size by Number of Employees

Owner Only	1 to 5	6 to 10	11 to 20	21 to 30	31 to 40	60+	Total
184	154	17	7	3	1	2	368
50.0%	41.8%	4.6%	1.9%	0.8%	0.3%	0.5%	100.0%

Between 2004 and 2010 there was a slight increase in the number of businesses with between one and five employees suggesting a growth in the micro business sector⁶⁰.

⁵⁶ This is assumed to include friends and relatives of those on the Island, although no distinction was made at the time between proper tourists (with no connection to the Island) and friends and relatives.

⁵⁷ NAO, 2016. *Realising the Benefits of the St Helena Airport Project*, London, NAO, p.22

⁵⁸ Aquila Aviation Services, 2020, *Air Services Consultancy Report* for SHG, p.37.

⁵⁹ Shelco/ Oberoi was the first to propose building an airport in 1999 to bring tourists from the UK to St Helena.

⁶⁰ SHG, 2010, *Private Sector Enterprise Employment Report*, Jamestown, SHG, p.17.

At the top end of employers was the public service (SHG) and not the private sector. In the private sector Solomon's was the largest employer followed by Thorpe's.

4.19 Economic: Profitability and 'Getting By'

4.19.1 In 2008

A general view of what types of enterprises are able to operate more profitably than others can be obtained from the Tax Office in SHG. Annual tax returns⁶¹ indicate that enterprises, which tend to be more profitable include:

- a) Larger private enterprises, which are generally companies and in the retail business;*
- b) Enterprises which rent out property as part of their business;*
- c) Some building and construction enterprises; and*
- d) Enterprises operating where there is little/ no competition.⁶²*

4.19.2 In 2008

Enterprises, which commonly do not earn enough to return a taxable profit include corner shops in the rural areas and farms. Many do not have employees, but clearly for those that do and/ or rely on casual labour, any move towards competitive salaries and terms and conditions in the labour market and/ or legal requirement to provide minimum rights and protections would undermine their business viability.⁶³

4.20 Infrastructure: Electricity

4.20.1 Before 2010 the energy sector was managed by the Public Works and Services Department (PWSD). Six diesel generators were supplemented by three wind turbines. Diesel was expensive and the wind turbines were intended to be used to minimise energy costs, but proved to be relatively inefficient. Despite an overall excess of capacity, the demand for Jamestown and Half Tree Hollow was on one switch, leading to frequent power outages during peak demand. Three further 80kW wind turbines were added to the system during 2008-09.⁶⁴

Low usage households were considered to be single persons using <400 units/ quarter.

4.21 Infrastructure: Water and Waste Water

4.21.1 As with electricity water infrastructure was also managed by PWSD and comprised of fourteen water distribution areas, including two with untreated water. The distribution areas were separate and when necessary PWSD had to transport water by bowser to needy areas.

Low usage users were those considered to be single persons using c14 units/ quarter.

4.21.2 A new communal septic tank at Half Tree Hollow barely met demand when it was commissioned in 2016, and was unsuitable to meet much additional demand

⁶¹ Pers com Tax Office, SHG.

⁶² Muir, Ann, 2008. *Employment Policy for Legislation: Results of a Scoping Survey and a Proposed Route Map*, Jamestown, SHG, p.16,

⁶³ Muir, Ann, 2008. *Employment Policy for Legislation: Results of a Scoping Survey and a Proposed Route Map*, Jamestown, SHG, p.16

⁶⁴ Cox, John, 2020. *2030 Vision and Infrastructure Plan*, Jamestown, SHG, p.16.

5 POLICY, LEGISLATION AND ACTIONS: SOCIAL CONSEQUENCES

5.1 Structure

- 5.1.1 While the airport was frequently described as **the** driver of economic development several fundamental characteristics of the Island were driving the airport.
- a) Demographics – an ageing population and a shrinking tax base (Sections 4.2 to 4.4);
 - b) Dependency on financial support from UKG and other donors (Annex 3);
 - c) The value for money offered by an airport compared to replacing the RMS St Helena (Section 2.1).
- 5.1.2 For the airport to be a successful driver the economy needed to be opened up to inward investment and increased tourism as set out in the 2010 MOU. In addition SHG implemented a number of other policies, legislation and actions and these were also drivers of the way the economy was developing. These policies, legislation and actions as a result of the MOU or otherwise between 2010 and 2020 are described in more detail in Annex 1. This section:
- a) Sets out the intention of each policy, legislation and action.
 - b) Sets out the key findings of ex-ante SIAs – where they exist and mostly undertaken between 2010 and 2013 - for a policy, legislation and action.
 - c) Presents findings from reports and fieldwork on intended and unintended social consequences for the way the economy is developing for each policy, legislation or action.

It includes some significant actions which did not lead to policy, legislation or regulations, but which could mark a missed opportunity and which could still have a significant impact on the economy (the housing strategy and built heritage) depending on the budget.

5.2 Land Development and Control Plan, 2011 Land Planning and Development Control Ordinance, 2013 (MOU)

- 5.2.1
- | | |
|---------------------|---|
| Intention | To deliver sustainable development in an investor-friendly approach ⁶⁵ . |
| Description | Annex 1.2 |
| Ex-Ante SIA comment | There was a concern that land and property could be available to outsiders at the expenses of Islanders. There was an issue about opportunity of access – land, good locations and capital - in the Green Heartland and the Coastal Zone (part of the tourism product of the Island), which is an important entry point for a sustainable development approach. ⁶⁶ |
- 5.2.2 **Intended social consequences**
- a) The Green Heartland has been protected with only a few excisions, for example when it was found that a family owned land in the zone which it could do nothing with and ExCo agreed to allow them to sell or build on it. Some land owners in Green Heartland see protection as an unwelcome restriction that prohibits them from developing their own homes or selling the land for

⁶⁵ DFID, 2011. *Review of the MOU*. London, DFID, p.11

⁶⁶ Muir, Ann, 2011, *Social Impact Assessment of the Land Development Control Plan*, Jamestown, SHG, p. 5.

residential purposes. But on the whole the Green Heartland is considered sacrosanct and there is a much greater appreciation by the public of conservation efforts compared to ten years ago. Development is still possible for tourism but it must be sympathetic to the environment. Examples of where conservation and development have gone hand in hand include Merriman's Forest track and glamping at Hooper's Ridge, both of which are local investments.

- b) There was a significant increase in house and other planning applications outside the Green Heartland during the construction of the airport – during the economic 'boom'.⁶⁷
- c) Comprehensive Development Areas (CDAs) were at the time of this SIA under development at Bottom Woods and about to start at Bunker's Hill. Plans for Half Tree Hollow were delayed awaiting approval for addressing the sewage problem (Section 4.21.2).
- d) The development design briefs for CDAs and (tourist focused) Coastal Village Areas included the requirement for the inclusion of community facilities and public open space proportionate to the scale of the development and retention of existing established footpaths. This is happening in the CDAs under development. For example at Bottom Woods there are plans for housing, retail and leisure. To date there are no Coastal Village Areas.
- e) The Land Disposal Policy (LDP) of 2011 and Land and Buildings Disposal Policy (LBDP) of 2016 protected local interests in making land and property available.

Unintended social consequences

- f) The Ordinance had the unintended consequence of highlighting the cumbersome nature of the Land Registry System which meant records were difficult to find: plans are being made for a digital system which will be subject to funding from FDCO being available.
- g) In 2018 the Joint Nature Conservation Committee (JNCC) undertook a study of natural capital on the Island and observed that:
*The Island has an extraordinarily high level of endemic species yet, at the same time, has been extensively altered by human intervention. These juxtapositions have left St Helenians with a strong connection to their natural environment and heritage..*⁶⁸
- h) In 2018 with some investor interest it was realised that the LDCP needed updated to address some of the anomalies in the existing plan, to bring new areas forward for development (particularly areas opened up thanks to the development of the Haul Road), to consider rules pertaining to the sectors outlined in the Sustainable Economic Development Plan (for Satellite Ground Stations, for example)⁶⁹.
- i) The 2012 LDCP was a revised version of the previous one of 2005, it was needed by the MOU to demonstrate St Helena was ready to take advantage of investment interest on the back of the airport. There was no opportunity to review the 2005 LDCP in terms of its environmental effectiveness, e.g. of whether the three zone model was the most effective. This for some environmentalists missed an opportunity to investigate the case for engaging

⁶⁷ Pers com, Land Development Control Board 3rd December 2020.

⁶⁸ Smith, N. 2019. *Natural Capital in the UK's Overseas Territories Report Series: South Atlantic Region, St Helena Natural Capital Assessment*, London, JNCC p.19-20.

⁶⁹ SHG, 2019. *Evaluating the Impact of the Air Access Project and the 2012 Air Access MOU Reform Programme*, Jamestown, SHG, p.20.

in more locally specific planning to better protect and develop the landscape and its biological diversity whilst allowing the renovation of derelict properties for habitation. This could allow district residents a role in planning for the landscape and development, and support local ownership.⁷⁰

5.3 Land Disposal Policy, 2011 (MOU) Land and Buildings Disposal Policy, 2016

5.3.1 Intention The LDP, 2011 established a framework for the disposal of Crown Land in support of economic growth⁷¹.

The LBDP, 2016 provided clearer direction for the lease or sale of SHG property to make it easier for local qualifying residents (including first time buyers) to purchase affordable land for development.

Description Annex 1.3

5.3.2 Intended social consequences

- a) Buyers can self-identify Crown Estate land to develop – subject to conditions.⁷²
- b) Crown Estates land has been released for CDAs in Bottom Woods (including 42 house plots), Bunkers Hill (150+ house plots) and Half Tree Hollow (35 house plots), making affordable house plots available. Policy means that local first time buyers who have an income of less than once (single person) or twice (couple) the median earnings, and who can raise enough to get a roof on a house to make it water tight in five years are eligible for one of the 25% of plots for affordable housing. The next category of plots (25%) are available to resident buyers who have less than four times the median earnings. The remaining plots are available for local or foreign investors who can sell to anyone.

Unintended social consequences

- c) There are issues with the LBDP, in that there are inconsistencies within the policy and with other documents, thereby making implementation difficult.
- d) The LBDP stipulates in its conditions that a local qualifying first time plot buyer must have lived on the Island for at least five years at any point in time, and this includes living on Ascension where there is no right of abode⁷³. However salaries are higher on Ascension and this creates an anomaly whereby those from Ascension benefit more from affordable plots than low salary locals on St Helena. This combined with a better opportunity when working in Ascension to save to build a house supports a common perception that *it is good to go*.
- e) Plot prices have increased as have the construction costs of building a house. This was attributed in part by the public to the slow release of Crown Estate land onto the market and because the freehold price was the market value of the land at the time of acquisition. The Estates Strategy Panel was formed to consider the sales of two to four residential plots in total to a single developer and for sales of a residential or commercial development plot of up to one acre outside a CDA⁷⁴. This created a layer of bureaucracy, as the Environment and Natural Resources

⁷⁰ Pers com, Rebecca Cairnswick, 11th January 2021.

⁷¹ SHG, 2011. *Land Disposal Policy*, Jamestown, SHG, p 1

⁷² SHG, 2016, *Land and Building Disposal Policy*, Jamestown, SHG, p.9.

⁷³ SHG, 2016, *Land and Building Disposal Policy*, Jamestown, SHG, p.11.

⁷⁴ SHG, 2016, *Land and Building Disposal Policy*, Jamestown, SHG, p.7.

(ENR) committee already existed, which the public perceived as slowing processes down.

- f) BOSH considers the price of land to be a greater constraint to first time plot buyers than mortgages. A small plot of £7,000 without services is 30% of a £21,000 mortgage for someone on a median salary of £7,000 (the median used by the Bank). The cheapest serviced plots in Bunkers Hill are £12,000 for first time buyers, which would be over 50% of a £21,000 mortgage.
- g) The LBDP policy which allows all buyers to self-identify Crown land has given rise to some confusion as to when land has to be advertised or not and has led to disgruntlement amongst house builders when some land has been advertised and some has not – the reasons for the decision are not necessarily clear.

**5.4 Housing Strategy, 2011
GLH Condition of Houses Survey, 2012-2015
Housing Strategy Manual, 2015 focused on GLH
Home Options Assistance Paper, 2019
Building Standards Regulations, 2019**

- 5.4.1 Intention The Housing Strategy, 2012 - 2022 intended to:
- a) Stimulate the provision of intermediate low income housing;
 - b) Enable access to intermediate low income housing to rent and buy;
 - c) Stimulate a modern, vibrant, dynamic and regulated, private rented sector;
 - d) Improve the management and maintenance of GLH stock;
 - e) Assist older and vulnerable people to live independently in their own homes.⁷⁵

Description Annex 1.4

5.4.2 Intended social consequences

- a) With respect to the five intentions above all have been and are continuing to be implemented with the exception of the intention focused on the private rented sector, which will be addressed in 2021/22.
- b) Each of the three planned CDAs at Bottom Woods, Bunker's Hill and Half Tree Hollow have been required to set aside 25% of plots for affordable homes for first time buyers and for GLH. Construction has started on the 42 plots at Bottom Woods, which includes six GLH homes.
- c) BOSH did not accept the SHG recommendation in the home ownership Option Paper⁷⁶ aimed at supporting first time buyers on the basis it considered the risks too high. However BOSH did introduce more favourable terms and conditions for low earners in response to wages not keeping up with increased housing costs. It extended the loan term from 20 to 25 years; reduced the interest rates from 7% to 5% for first time buyers earning less than £8,500 and for those earning less than £15,000 there is an offer of a two year deferment on capital payments (only interest is paid). To promote more affordable housing BOSH has been encouraging first time buyers to start small and through a combination of saving and re-mortgaging to add another room or so.

⁷⁵ SHG, 2012, *Laying the Foundations for Future Generation: A Housing Strategy for St Helena, 2012-2022*, p.2-4

⁷⁶ SHG, 2019, *Home Purchase Assistance Options Paper* (Draft), Jamestown, SHG, p.7.

Whereas in the past there has been a tendency to build the forever family home in a single stage.

- d) Building Standards Regulations were changed in 2019 to require builders to adopt minimum measures to prevent damp and mould which affect the respiratory system. Options included adding an additive to render when using 4.5" blocks (the cheapest); using external cladding or using 6" blocks. These are all more affordable than the ideal option of cavity walls.
- e) Construction of nine additional affordable flats, including two with disability access, is being proposed in Jamestown. These will be built and managed by a private contractor who will be guaranteed fixed rents for a number of years and tenants by GLH, and who will be responsible for maintenance. This will increase housing stock accessible by GLH without it needing a capital budget for construction. This demonstrates SHG thinking outside the box to meet policy objectives – in the past it has looked to itself to meet a gap. But this demonstrates how it can facilitate action from the private sector to meet a social need.
- f) Political interest prevented rent increases in line with inflation for GLH between 2010 and 2021 when a new system was introduced based on household income and the number of bedrooms. The previous system was based only on the number of bedrooms. Including household income in the criteria for rent is intended to increase revenue and encourage higher earners to look to ownership. See Annex 4.
- g) There was a short-term vibrant private rental market between 2012 and 2017 because of the large number of airport construction and related workers who came to live on the Island (the total number of airport associated workers fluctuated between 113 and 620, with an average of 359). Demand for rentals by higher-earning management and technical staff, and the rents they were prepared to pay, led to a mini boom in house construction and lettings and rents were high by local standards, £500+ a month. Hence increased demand for affordable homes.
- h) Rental assistance has been provided to 12 GLH applicants to rent from the private sector and avoid risking homelessness⁷⁷.
- i) Funds were secured from the Capital Programme in 2015/16 to address the GLH maintenance backlog, a total of £350,615, between 2015 and 2017.
- j) The number of people in receipt of a carer's allowance or working as home helps is indicative of SHG support enabling independent living. Similarly the Disability Facility Grant (DFG) has supported people with disabilities in the private sector to live in a home which meets a tolerable standard. In 2019 36 DFGs were made, commonly for wet rooms, hand rails and ramps. GLH is responsible for adaptations in its properties.

Unintended social consequences

- k) To some extent the rents paid by airport construction management and technical staff were an unintended consequence of SHG policy - they were fuelled by the SHG practice of providing a housing allowance of up to £500/month for Technical Cooperation staff (TCs). The housing allowance was based on what was considered fair for larger, attractive and often unique Chief Secretary's houses, and the private sector quickly found it could ask for and get the allowance rate for smaller houses and flats. In addition Basil Read supported some house owners to improve their properties to rent out.

⁷⁷ SHG, 2020. *10 Year Monitoring, October 2019 to March 2020*, Jamestown, SHG, p.12

- l) In addition the cost of land and the costs of construction materials were pushing up building costs and therefore private sector rents, and GLH could not keep up with the demand. Combined these factors contributed to a shortage of affordable rental property, in particular for young adults leaving home, which was a significant social issue for the public. There is also a tendency for people who are not in a position to build or rent from the private sector to first look to SHG to provide affordable rental housing.
- m) Home ownership is high – 72.2%⁷⁸ – and an aspirational norm. Non-related adults sharing accommodation as in a house or flat share has not been part of local culture. Instead adult children tend to live with their parents until they start building their own house or in rare instances buy an existing house. Historically many people have left the Island for the Falklands, Ascension or the UK to save to build a house.
- n) There are now at least seven examples of house sharing, all of these are in GLH properties – an unintended social consequence of the lack of affordable rentals for low income single adults. This is a small but significant shift, albeit one that carries some stigma associated with not having one's own family home (whether a family of one or more).
- o) Housing market supply has not yet managed to meet the demand for affordable homes, especially by young people. And this is an important factor in people's decision-making process about whether to stay on the Island or seek opportunities overseas to save to build a home. Traditionally family plots have been subdivided amongst children, but this is less and less possible and more people need to buy plots. Several factors have come together in the last 10 to 15 years – the lack of affordable housing, a perception of a growing divide between low earners and high earners (which has grown in the last few years) and higher expectations about what is an acceptable standard of living. This SIA considers housing – and the demographic challenge - to be fundamental to the way the economy is developing. This is discussed in sections 6.4 and 6.7.
- p) Assuming the condition of GLH buildings survey (2012) was undertaken with the intention of being followed up with the implementation of its maintenance plan, this proved not to be a budget priority. Even with Capital Project funds SHG has been unable to keep up with regular preventative maintenance needs which risks an escalating maintenance bill and means that GLH tenants may fall behind in terms of what is considered locally as a decent living standard.
- q) GLH arrears in March 2021 was £115,785.73⁷⁹.

5.5 Immigration Ordinance, 2011 (MOU) Draft Immigration Policy, 2020

- | | | |
|-------|----------------------------|---|
| 5.5.1 | Intention of the Ordinance | <ul style="list-style-type: none"> a) To make the Immigration System investor friendly – to deliver the Investment Policy; b) To simplify administration to ensure the Island is more open and the system is easier to use - by residents, investors, visitors and people coming to work. |
|-------|----------------------------|---|

Description	Annex 1.5
-------------	-----------

⁷⁸ SHG, 2016, *St Helena 2016 Population & Housing Census*, Jamestown, SHG, p. 19.

⁷⁹ Source, Finance 18th March 2021.

Ex-Ante SIA
comments

From Opportunities and Benefits

- a) *The combined investment opportunities and the easing of immigration rules will encourage the return of overseas working Saints and immigrant investors. Local investors will benefit from new inward investment, for example from airport related and other construction which was not a favoured sector under the previous Investment Policy. This could have the added benefit of raising standards in for example construction and expanding supply chains.*
- b) *Immigrants are needed to meet the 23% increase in the working population of the Island, and to increase the number of children, which will re-vitalise society.*

From Risks and Mitigation Measures

- c) *Social cohesion develops organically. Understandably there is some public concern about immigrants – of too many outsiders, and the potential for a lot of change with economic growth. Others welcome the possibility of new investment and outlooks and more children on the Island. Concerns tend to focus on a perceived cultural threat to what it means to be a ‘Saint’. This risk will be contained:
 - i. *If investment opportunities attract significant numbers of overseas working Saints; and*
 - ii. *Through the mechanisms of the Long Term Entry Permit and the Work Permit - to control the number and type of immigrants.**
- d) *However the development of Island culture by the young will be undermined if there is not economic growth.*⁸⁰

5.5.2 Intended social consequences

- a) The 2011 Ordinance did make St Helena more investor friendly, but more was needed to open the Island up to increase the working age population and to respond to additional pressures on border security.
- b) The 2011 Ordinance responded to the concerns of non St Helenian spouses who considered they were being disenfranchised given the number of residency years required before acquiring status, it was reduced from five to three in 2011. But it remained five for all other applicants.
- c) The introduction of a Long-term Entry Permit for a period of up to five years was considered more investor friendly.
- d) The 2020 draft Immigration Policy strongly complemented the 2020 Labour Market Strategy and it seeks to strengthen border protection and promote economic development. It also addresses the unintended social consequences of the 2011 Immigration Ordinance.

Unintended social consequences

- e) An anomaly existed in the 2011 Ordinance between SHG employees and those in the private sector and the clergy whereby SHG employees did not require, and therefore were not vetted for, an entry permit which was required by all other arrivals to the Island, including those employed in the private sector and the clergy.
- f) The 2011 Ordinance allowed six months of work with no Immigrant Employment Certificate/ Work Permit in order to reduce the burden on

⁸⁰ Muir, Ann, 2011, *Social Impact Appraisal of Institutional Reforms in SHG*, Jamestown, SHG p.14.

employers. This had the unintended consequence of reducing public confidence in the system as these temporary immigrants were being allowed to work without appropriate vetting. There was also a perception that immigrants transitioned seamlessly from temporary to permanent employment because the public did not see the process operating in the background.

- g) Also the private sector had to advertise all posts locally before recruiting overseas, and applying for permission to hire from overseas (with an Immigrant Employment Certificate) was slow as it was often officially considered these posts could be filled locally when in fact there was little interest. This was evidenced when the Mantis opened employing ex RMS staff, but salaries were lower than those on the RMS and many left requiring overseas recruitment
- h) Labour shortages still existed in 2020 for a wide range of positions – Saints had not been attracted back in significant numbers to increase the population, particularly those of a working age to address the very high age dependency ratio. Moreover many of those who came for airport construction returned overseas. Coming and going according to the state of the economy – opportunities – has been a characteristic of the local labour market.
- i) Also increased arrivals through the airport had changed operational requirements and a more robust but flexible system was needed while ensuring border security– hence the draft Immigration Policy of 2020.⁸¹
- j) The draft Immigration Policy of 2020 also found potential for abuse if the immigration system is not managed effectively. Further, a review by a UK team found that organised crime groups have already identified St Helena as a potential location to target in order to achieve their criminal objectives.⁸²

5.6 Investment Policy 2011 (MOU) Investment Policy, 2018

5.6.1 Intention This marked a shift from the previous Approved Investor Scheme, which supported only approved schemes, to an environment which supported all business investment, both domestic and inward. The 2011 policy adopted five principles⁸³ which were slightly reworked in the principles of the 2018 policy⁸⁴.

Description Annex 1.6

5.6.2 For the main consequences of small investments associated with ESH – see Section 5.8.

Other intended social consequences

- a) Investor interest as a result of the airport - one year after commercial flights ESH started reporting increased inward investor interest in a range of investments including coffee and grape growing to the development of internet domain sales.
- b) In December 2019 the agreement to land a branch of the Equiano Fibre Optic cable was signed. There is also investor interest in earth ground stations which

⁸¹ SHG, 2020. *Draft Immigration Policy*, Jamestown, SHG, p.5.

⁸² SHG, 2020. *Draft Immigration Policy*, Jamestown, SHG, p.4.

⁸³ SHG, 2011, *Investment Policy*, Jamestown, SHG, p.6

⁸⁴ SHG, 2018, *Investment Policy*, Jamestown, SHG, p.6

brings the possibility of developing a digital sector⁸⁵. In May 2020 Connect signed a Power Purchase Agreement with Pash Global to provide wind turbine, solar power and battery storage capacity to potentially have enough renewable energy capacity to meet 100% of current Island demand in 2022. The social – employment and household income – consequences of actual investment takes two to five years to become apparent.

- c) SHG has spearheaded on the big investments – the Cable (Euro21.5m funded by the EU), Pash Global (approximately £5m) and its own investment in fishing (£1m) and the Mantis Hotel (£4.7m). Only the Mantis is established (2017), the others are still in development.

Other unintended social consequences

- d) SHG’s development of the Mantis was an unintended consequence of the failure of Shelco/ Oberoi to invest in a five-star hotel – they were looking for direct flights from Europe. Since then a controlling stake has been acquired in Shelco by Tradewinds PLC), who also want direct flights from Europe.
- e) SHG’s investment of £4.7m in the Mantis includes a £3.2m loan from BOSH. The expected return on investment has been stalled by Covid 19, adding to growing pressure on SHG finances.

5.7	Labour Market Strategy, 2012
	Labour Market Strategy, 2020

- | | | |
|-------|-----------|---|
| 5.7.1 | Intention | <p>Labour Market Strategy, 2012</p> <p>The 2012 Labour Market Strategy (LMS) was focused on labour for the construction and immediate operations of the airport⁸⁶. Since then, the Airport has been built and opened and the 2020 LMS focused on a new generation of challenges and opportunities:</p> <ul style="list-style-type: none"> a) Resolving inequities, both real and perceived, in the labour market; b) Increasing the population; c) Preparing the workforce to meet the vision laid out in the SEDP.⁸⁷ |
|-------|-----------|---|

Description	Annex 1.7
-------------	-----------

5.7.2 Intended social consequences

- a) The LMS Strategy, 2012 was focused on the labour needs of airport construction and associated services. There is no information on the extent to which it was used as a planning tool or on its impact. The 2020 version has taken a more comprehensive approach by focusing on the wider needs of the labour market.

Unintended social consequences

- b) An unintended social consequence of 2012 strategy may have been to detract from longer-term strategic labour market planning for economic development as a consequence of the airport. But this gap was met in part on a supply basis by the Adult Vocational Education Service (AVES) and then the St Helena Community College (SHCC) and on a more business-demand basis by ESH. See sections 5.16 and 6.9.

⁸⁵ SHG, 2019. *Evaluating the Impact of the Air Access Project and the 2012 Air Access MOU Reform Programme*, Jamestown, SHG, p.4.

⁸⁶ SHG, 2012, *Labour Market Strategy*, Jamestown, St Helena, p.6

⁸⁷ SHG, 2020, *Labour Market Strategy*, Jamestown, St Helena, p.4

5.8 Enterprise St Helena, 2012 to 2021

5.8.1 Intention In line with Saint Helena's Sustainable Economic Development Plan (2012 and 2018), the overarching aim of ESH is to help Saint Helena become financially independent and improve standards of living.

Description Annex 1.8

5.8.2 Intended social consequences

- a) Below is information drawn from ESH spreadsheets providing information on the approximate number of grants and loans made annually from 2008/09 (as St Helena Development Authority) until 2020/21⁸⁸.

Table 5.8.2a ESH Grants and Loans

	Total Grants	Number	Total Loans & Equity	Number
2020/21	£201,765.47	96	£0.00	0
2019/20	£103,563.15	19	£2,000.00	1
2018/19	£99,620.54	34	£23,838.99	2
2017/18	£191,673.68	42	£240,000.00	4
2016/17	£125,977.98	33	£24,018.53	2
2015/16	£98,330.66	20	£106,000.00	2
2014/15	£116,050.05	55	£37,700.00	3
2013/14	£13,024.80	30	£236,892.00	4
2012/13	£36,344.00	28	£77,439.00	3
2011/12	£26,799.04	42	£3,000.00	2
2010/11	£19,714.39	37	£23,035.96	10
2009/10	£15,621.78	31	£104,800.00	5
2008/09	£13,655.76	29	£1,600.00	2
Total	£1,062,141.30	496	£880,324.48	40

The largest sector receiving grants in Table 5.8.2a was farming with 28 recipients receiving a grant above £1,000 and averaging a grant of £2,842.89, a total of £79,600.97. In addition 73 farming businesses in 2020/21 received a total of £132,711.18, each grant averaging £1,817.96. Given the number of farming concerns is around 44 (Section 6.14.1) this means some received more than one grant.

Other substantial sectors in Table 5.8.2a include:

- Eateries with 16 receiving grants of over £1,000 totalling £112,559.02.
- Construction firms with 14 receiving grants of over £1,000 totalling £51,308.20.
- Tourism enterprises with 12 receiving grants of over £1,000 totalling £45,113.15.
- Personal services with 11 receiving grants of over £1,000 totalling £32,473.19.
- Retail outlets with eight receiving grants of over £1,000 totalling £32,290.41.
- Fishing enterprises with seven receiving grants of over £1,000 totalling £28,127.07.

⁸⁸ This should be read as indicative data as data was not presented in such a way as to confidently reconcile summary data with individual loans and grants.

In addition £171,650.38 was provided as support to small producers between 2015/16 and 2020/21, and £48,553.16 was granted to social enterprises.

The largest recipient of loans was SHG with £175,000 for the Mantis Hotel development, followed by SHFC with £123,000.

Others receiving loans over £1,000 in Table 5.8.2a include:

- Five fishing concerns with loans totalling £131,492.00.
 - Four construction firms with loans totalling £84,500.00.
 - Two eateries with loans totalling £22,500.00
 - One tourism concern with a loan of £83,300.
- b) ESH supported a total of 18 investors investing over £50,000 in different sectors including IT, financial services and tourism - a total of £3,750,268.
- c) Business support was targeted more strongly towards men, while especially skills training was utilised more by women. DFID in 2020 noted that most businesses were co-led by men and women⁸⁹.
- d) ESH support to people with disabilities has included serving as a Corporate Member of the Shape Board of Directors, co-funding the Shape recycling project and supporting a Shape retail unit in Jamestown Market, rehabilitated with DFID funds in 2015-17. It also started to explore options to incentivise the private sector to employ people with a disability.⁹⁰
- e) The capital programme invested in the refurbishment of Jamestown Market, Bertrand's hospitality training centre and Longwood Enterprise Park including the pack house for farmers.

Unintended social consequences

- f) Improved standards of living was a strong intended social consequence and ESH was responsible for economic development but no baseline was established and this outcome has not been monitored. In 2016/17 reporting moved away from monitoring activities to monitoring results⁹¹ although this will not in itself measure its contribution to the goals of the 2012 and 2018 SEDP. Observation and anecdotal evidence suggest this has happened.
- g) While individual business have been nurtured with business plan support, grants and advice, most of these rely on word of mouth to secure customers: an opportunity to grow a tourism sector on the back of a St Helena brand has not been fully realised.
- h) There is some public wariness about the cost of ESH with respect to its achievements – between 2013 and 2021 over £18.86m has been invested in ESH by DFID and SHG (SHG just under 50%). Much of this was spent on promotional activities, travel shows and consultancy costs.
- i) Perhaps the most significant unintended consequence has been that of supporting the continuation of a dependency culture on SHG through the provision of grants rather than a greater provision of low or no interest loans (which do not compete with BOSH)⁹². However the business contribution was increased from a minimum of 25% to a minimum of 50% in 2019/20 which did

⁸⁹ DFID, 2020, *ESH Annual Report*, London, DFID, p. 9.

⁹⁰ DFID, 2020, *ESH Annual Report*, London, DFID, p. 5.

⁹¹ ESH Annual Reports 2016/17, 2017/18 and 2018/19.

⁹² Globally there are many financing institutions (donor funded) providing low interest credit to small enterprises and emerging industries, which are risky loans for commercial lenders.

lead to a reduction sometimes in the overall size of grant applied for. There was also a narrowing of focus to only support new/innovative business start-ups and expansions in areas relating to the SEDP, which reduced the risk of saturating service markets. The PCR also noted that other targets for funding may provide a better return rather than funding businesses directly. These include financing ESH to make progress on increasing the absolute numbers of tourists visiting the island, and also encouraging tourists to increase their spend on the island by supporting the quality and delivery of business services on St Helena⁹³.

5.9 Tourism Development Project, 2011 (MOU)		
5.9.1	Intention	<ul style="list-style-type: none"> a) Tourism to be mainstreamed in Government planning and strategy. b) Tourism to be operated in as “green” a manner as possible, with key assets protected and optimised. c) Tourism to support the delivery of social, economic and education benefits across the community. d) Tourism to attract high quality, high value tourists in low volumes. e) Tourism to be the servant of St Helena and not the other way around.⁹⁴
	Description	Annex 1.9
	Ex-Ante SIA comment	<p><i>The economic growth issues identified ... not particular to Tourism Development alone, but are issues for economic development as a whole:</i></p> <ul style="list-style-type: none"> a) <i>Over 62% of houses are owned outright which is a significant spread of capital amongst individuals. But there is a risk that with the signing of the airport contract tourism and rental accommodation drive demand, and access for first time buyers to the housing market is squeezed. Mitigation measures will be addressed in planned Housing Policy.</i> b) <i>Those with capital (physical or financial) will be in a stronger position to take advantage of the opportunities.</i> <p><i>Therefore for equitable growth it is important that salaries are fair and all private sector employees have at least minimum rights and protections. To attract people back from the UK and other places where employment terms and conditions are of an international standard will require more than the minimum. Stronger employment law is needed as a mitigation measure.⁹⁵</i></p>
5.9.2	Intended social consequences	

⁹³ DFID, 2020, *ESH Annual Report*, London, DFID, p. 13-14

⁹⁴ SHG, 2011, *Tourism Strategy 2012-2016*, Jamestown, SHG, p.3

⁹⁵ Muir, Ann, 2011. *Tourism Strategy: Social Impact Appraisal*, Jamestown, SHG, p.19.

- a) The intentions (above) of the Tourism Development Project included social outcomes, and as tourism was ESH's responsibility the social outcomes which were those of the SEDP should have been monitored.
- b) Tourism was intended to be the mainstay of the economy and until Covid 19 prevented travel the actual number of visitors was higher than what was expected in the airport business case, even considering the late start of commercial flights, although visitor spend was at the lower end of the predicted range.⁹⁶ On the basis of estimates by Statistics average visitor/ tourist spend was between £101.89 and £128.09 per night in 2018, and between £107.61 and £134.52 per night in 2019⁹⁷. The 2019-20 visitor survey provides a higher figure of an average spend per visitor per night of £156.23⁹⁸. Maximum spend estimate in the airport business case was £195 per person per day and the minimum spend estimate was £82 per person per day.
- c) It was a promising start but one which did not play out as expected by SHG, ESH and DFID – see unintended social consequences below.
- d) Opportunities have been followed up by the local private sector to establish green tourism, these include marine activities, including diving and whale shark trips; the running festival; the renovation of old properties for rent, including some off-grid; the Merriman's Forest go-kart track⁹⁹ and glamping at Hooker's Ridge. These have supported the development of local tourism – recreational activities for Islanders.
- e) Even without Covid 19 after 2.5 years of commercial flights starting in 2017 it would still be premature to draw conclusions about the social consequences of developing the economy based on tourism. Section 7 discusses the possible implications of current trends.

Unintended social consequences

- f) *... the make-up of visitors has been different to what was expected, and the amount spent on Island was closer to the lower end prediction than the higher end. The aspiration in St Helena's Sustainable Economic Development Plan 2012/13-2021/22 to attract high end tourists was misguided, and an approach focused on adventure travellers has become more important in reality. There was also too eager encouragement to prepare sufficient accommodation for the early years of the commercial air service, leading to an abundance of beds, supply outstripping demand, and a feeling that 'the tourist numbers were not what were promised' despite growth in visitors, statistically, being relatively healthy in the early years.*¹⁰⁰
- g) An additional serviced accommodation has been built by SHG, the four star Mantis, bringing the total to nine, with prices ranging from £50 to £200/ night. It was intended that the Mantis would be staffed by ex RMS crew, but local salaries were less than those of the RMS and many left. This necessitated some international recruitment which added to costs for SHG.
- h) There has been a drop in the number of self-catering accommodations known to the Tourism Office, from 45 in 2011 to 27 in 2020, plus six which have moved from short-term to long-term lets in the past year. The overall drop since 2011 can be attributed to the increased demand from long-lets at the

⁹⁶ SHG, 2019, *Evaluating the Impact of the Air Access Project and the 2012 Air Access MOU Reform Programme*, Jamestown, SHG p, 11.

⁹⁷ SHG, 2020, *Statistical Bulletin No. 6 2020*, Jamestown, SHG, p. 8.

⁹⁸ SHG, 2020, *St Helena Air Visitor Departure Survey, April 2019 to March 2020*, Jamestown, SHG, p.9.

⁹⁹ This had Approved Investment Status as per the 2018 Investment Policy.

¹⁰⁰ SHG, 2019, *Evaluation of the Air Access MOU Reform Programme*, Jamestown, SHG p, 11.

time of airport construction and TCs and to the high expectations of the short term rental sector vis a vis visitor numbers. Self-catering prices range from £30 to £80/ night.

- i) For housing issues, see Section 5.4.
- j) For employment issues, see Section 5.13.
- k) There was a significant unintended social consequence around communications by SHG and ESH. While the projected figure for tourists (including visitors) was 29,208 by 2041 this morphed into the idea that the Island had to ready for 30,000 visitors: the figure was taken out of context and businesses in the private sector rushed to be airport ready expecting many more visitors than were projected in the early years (section 6.17.1).

A significant exogenous shock for tourism and the economy was that of Covid 19 in March 2020 as demonstrated in Table 5.9.2 which provides figures on the drop in the number of arrivals over a three year period.

Table 5.9.2: Arrivals 2018-2020¹⁰¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	367	199	184	168	142	137	131	141	98	149	127	520
2019	231	263	244	235	115	115	143	97	167	102	226	544
2020	268	336	90	2	7	2	6	1	27	32	19	
% change												
2019	-37	32	33	40	-19	-16	9	-31	70	-32	78	5%
2020	16	28	-63	-99	-94	-98	-96	-99	-84	-69	-92	

5.10 Institutional Reform in SHG, 2011 (MOU)

5.10.1 Intention The intention was to have in place in SHG appropriate institutional arrangements to support and deliver the 2010 MOU reform programme.

Description Annex 1.10

Ex-Ante SIA comment *The institutional reforms will move the mind-set of SHG away from seeing itself primarily as a service provider meeting needs to a government focused on growing the private sector and strengthening its regulatory functions.*

The social impact of [divesting] will be profound over the short, medium and long term. People will no longer be able to assume that SHG will 'fill the gap' for example if and when there is unemployment or in the event of (another) recession. But to ensure socially responsible business in the private sector and to protect employees Employment Law is required.¹⁰²

5.10.2 Examples of Social Consequences by Reform Area

**Public sector redundancy and redeployment policy
Strategy for headcount reduction for the period 2011-2014**

Intended

Unintended

¹⁰¹ Source Statistics Office, December 2020.

¹⁰² Muir, Ann, 2011, *Social Impact Appraisal of Institutional Reforms in SHG*, Jamestown, SHG, p.2 and 6.

The original headcount on the 31 March 2011 of 979 was to be reduced by 189 to 790 by the end of 2013/14. This included the planned transfer of 71 jobs as a result of divestment¹⁰³.

The headcount has increased since 2013/14 to above that of 2011/12 – see below. These figures exclude TCs. This increase is attributed to:

- a) The shift from cash to accrual accounting through which staff were lost. But SHG did not fully understand the full technical requirements and cost of introducing accruals accounting alongside all other finance related work. Plus during the 2013 headcount reduction staff were lost that impacted on directorate and corporate ability to effectively and efficiently manage budgets and about three years ago Finance had to recruit additional staff to enable it to meet these objectives.
- b) The transfer of employees on temporary contracts (e.g. CCC carers and home helps) to permanent contracts.
- c) A tendency to address an inefficiency in a process with recruitment (see below)

Headcount 2011 -2020

2011/12	858
2012/13	829
2013/14	789
2014/15	798
2015/16	809
2015/17	796
2017/18	835
2018/19	867
2019/20	919

The intention of reducing the headcount was linked to divestment – to reduce the foot print of SHG to promote private sector development and to focus on the core functions of government.

Divestment to the private sector development did reduce the footprint of government and along with ESH's grants and loans it did support the private sector. Divestment of functions sent a strong message to the private sector and the public that the public service wanted to

An unintended consequence was for a headcount reduction to be associated in many people's minds with stream lining and an increase in efficiency, which was not the case. In reality the internally driven Fit for the Future programme, 2020, found convoluted processes and time consuming practices which weakened the delivery of core functions, particularly in Finance and administration.

¹⁰³ SHG, 2011, *Headcount Reduction Plan*, Jamestown, SHG, Annex 1

focus on its core functions – see divestment below.

Firm targets for divestment of non-core functions and rationalisation of the public sector.

Intended

SHG services rationalised to focus on core services. Divestments were made to the following to strengthen the role of the private sector in economic development.

Before MOU

- Sawmill to a private operator, 2008.
- Hospital laundry to an inward investor, 2008.

Post MOU

- Private Vehicle Inspection (MOT) to a private operator, 2012.
- Firewood to a private operator, 2012.
- Tourism Office to ESH, 2012.
- Poultry retail to private operator, 2012.
- Office cleaning to private operator, 2012.
- Electricity, water and waste water management to an ALMO - Connect, 2013.
- The Landscape and Ecology Mitigation Programme (LEMP) to the National Trust, 2018.

Plus management of the swimming pool was contracted out in 2012.

It was a condition of divestment that staff terms and conditions had to be continued to be met for five years.

Detailed information is not available on what happened when SHG staff were transferred out with divestment.

Unintended

Over the last two years senior managers in the public service have realised that gaps created by policies and practices not fully thought through have sometimes had to be met through recruitment or adding a layer of bureaucracy rather than a root and branch review of policy, processes and practices. This has undermined rationalisation of the public service.

Examples include the introduction of accruals accounting above; applying the LDP and the introduction of the Patient Source database without due consideration to its suitability.

Also one of the lessons learned from the Public Sector Management Programme of 2008-2012 was the need for the process of rationalisation of the public service to be led by the head of the public service (Chief Secretary). And also for it to be internally driven by staff rather than consultants for a more comprehensive and deeper understanding of existing processes and practices in order to improve services. Fit for the Future is picking up on the need to address rationalisation.

Institutional arrangements for environmental management determined

Intended

The Environment Management Division was created which reported directly to the Chief Secretary to take forward mainstreaming of the environment across the Island. It was also responsible for associated policy and legislation through the secondment of a JNCC staff member

Unintended

Nothing significant

and funding for data management and research.

The environment (blue and green) became part of the core focus of SHG and of private sector tourism operators marketing the Island.

Strategy for eliminating untargeted subsidies across the public service agreed (Subsequent Subsidies Policy 2020)

Intended	Unintended
<p>RMS St Helena</p> <ul style="list-style-type: none"> Reform and/ or removal in 2010 was expected to take, for example, up to 10 years. It was removed when the RMS was replaced by the MV Helena in March 2018. Increase in freight costs and consumer goods. 	<p>Inevitably there were individual price increases (which is usually perceived by the public as negative), but it is difficult to distinguish between the effect of the removal of the subsidy on freight and the impact of Brexit on exchange rates with the Rand.</p>
<p>(School) Student Allowance</p> <p>Subsidy targeted to middle and lower earning families.</p>	<p>Re-instated in 2013 to all students (no longer targeted) with the introduction of the apprenticeship scheme for all Y12 and Y13 students, (Section 5.16).</p>
<p>Electricity, Water and Waste Water</p> <ul style="list-style-type: none"> Divested to an Arm's Length Management Organization (ALMO) Connect in 2013. The subsidy was significantly reduced and Connect secured funds from the Capital Programme budget for (social) infrastructure improvements and also delivered significant improvements to electricity and water services. See sections 4.40 and 6.20. 	<p>Nothing of significance</p>
<p>Solid Waste</p> <ul style="list-style-type: none"> Reduced subsidy. Annual reviews of charges and fees. 	<p>Divestment considered, but there was no real interest from the private sector.</p>
<p>Firewood and Timber</p> <ul style="list-style-type: none"> Divested to the private sector, 2012. 	<p>Little variety of timber available for building. The sawmill has fallen into disuse and items such as fence posts that used to be produced and treated on the Island are now imported.</p>
<p>Post Office</p> <ul style="list-style-type: none"> Reduced subsidy – Finance recharged for full cost recovery. Annual reviews of charges and fees. 	<p>Nothing of significance</p>
<p>St Helena Audit Services</p>	

<ul style="list-style-type: none"> • Untargeted subsidy removed. All clients pay according to the fee structure, including SHG. 	Nothing of significance
Public Transport	
<ul style="list-style-type: none"> • Reduced subsidy, revised fares. 	Nothing of significance
Veterinary Services	
<ul style="list-style-type: none"> • Reduced headcount through loss of a poultry keeper position and a fieldworker post. • Poultry rearing divested. • Reduced subsidy - annual reviews of charges and fees. • Veterinary services are not denied in the event of someone not having paid a bill. 	The loss of the incubator unit to the private sector and the cutback in associated staff have meant a greater reliance on imported day old chicks, creating a 'lumpy' supply of eggs. It is uneconomic to import a few chickens and generally 1,000 are imported at a time. Freight is the main overhead, plus the one month of quarantine which is heavy on resources. The old system of maintaining an incubator unit and parent stock to lay eggs, meant a steady supply of pullets – not lumpy – and a more stable supply of eggs into the market.
Life-Long Learning	
<ul style="list-style-type: none"> • Reduced subsidy, revised fees. • Recharging policy applies. 	Life-long learning has expanded in response to a growing demand for qualifications and skills and the international availability of on-line courses. AVES was superseded by SHCC in 2018. See Section 5.16.
GIS	
<ul style="list-style-type: none"> • Divestment was considered but replaced by a reduction in subsidy. • Annual reviews of charges and fees. • Recharging policy applies. 	Support secured from SAERI for spatial data analysis expertise.
Planning and Building Control	
<ul style="list-style-type: none"> • Planning fees revised to reduce subsidy. 	Nothing of significance
Swimming Pool	
<ul style="list-style-type: none"> • Divestment was considered but instead it was contracted out. 	Unpaid water utility bill.

Summary

From the files it seems there has been little or no monitoring of the implementation of the intention to eliminate untargeted subsidies – or at least of reducing them.

Exceptions to this are the subsidy on freight which has been removed and electricity which is just about breaking even.

Strategy developed to ensure a sustainable and appropriately skilled labour market, including circular migration and adult vocational training.

(See Labour Market Strategy, 2012, Section 5.7 and Developments in Training and Skills Acquisition, Section 5.16)

5.11 Tax Ordinance 2011

- 5.11.1 Intention
- a) To promote business friendly/economic growth;
 - b) To increase simplicity/reducing administrative burden; and
 - c) To ensure fiscal sustainability.

Description Annex 1.11.

SIA comment **Winners**

The gain from the combination of changes to income tax and customs duties was up to 5.95% for:

- A single earner household earning £6,999.99 assuming an 80% spend.
- A couple each earning £6,999.99 and total earnings of £13,999.98 assuming an 80% spend.

After this the gain was progressively less the higher the earnings.¹⁰⁴

Losers

With the exception of a single person with no children the combined impact for low earning and low fixed income households was negative. There were two reasons for this:

- a) Couples where each is earning less than £7,000 obtained no advantage from the changes in income tax but still had to meet the additional costs of changes in customs duty.
- b) Low earning households spent a higher proportion of their earnings on the shopping basket and incur a higher percentage increase in required expenditure.¹⁰⁵

However the impact for low earning and low fixed income households was not sudden as it took months for the impact on retail prices to come through. In addition wages and salaries increased: the median wage of £5,291 in 2008/09¹⁰⁶, which was used for the 2011 SIA of tax reforms (in the absence of more up to date earnings data), had increased to £6,741 in 2012¹⁰⁷.

Intended social consequences

- a) Information on the consequences of changes to tax and customs duties requires a specific social impact assessment which was beyond the scope of this report.
- b) Anecdotal information strongly suggests that the gap between low earners and high earners has been increasing since 2008. What is known is that more people are earning above the tax threshold of £7,000, 1,148 in 2018/19 compared to 923 in 2012/13¹⁰⁸

¹⁰⁴ Muir, Ann, 2011. *Social Impact Appraisal of the Changes made to Income Tax and Customs Duties in April 2011*, Jamestown, SHG, p. 17

¹⁰⁵ Muir, Ann, 2011. *Social Impact Appraisal of the Changes made to Income Tax and Customs Duties in April 2011*, Jamestown, SHG p. 17

¹⁰⁶ Muir, Ann, 2011. *Social Impact Appraisal of the Changes made to Income Tax and Customs Duties in April 2011*, Jamestown, SHG p. 8

¹⁰⁷ Muir, Ann, 2012. *Minimum Wage 2012: Report for the Employment Rights Committee*, Jamestown, SHG, p.8

¹⁰⁸ SHG, 2020, *Statistical Bulletin No. 1, 2020*, Jamestown, SHG p.4

- c) But low earners still have some protection as those on a full-time minimum wage of £6,201 pa (37.5 hour week x £3.18) are below the threshold. Since 2012/13 a quarter of earners have been earning at the maximum £7,020 pa. This figure peaked in 2016/17 at the end of airport construction (the Basil Read factor) and has since declined to £6,760 in 2018/19.¹⁰⁹
- d) Not until 2013/14 did the median salary exceed the £7,000 threshold. Therefore SHG has been slowly increasing its tax take (Annex 5). The figures in b) to d) exclude TCs.
- e) Earnings and household income are discussed in more detail in Section 6.4.

Unintended social consequences

- f) Given there have only been minor changes to customs duties affecting everyday family expenditure needs (introduction of the sugar tax, higher duties on tobacco and reduced duty on incontinence pads and post-operative care products) over the years and the threshold has remained the same, it is assumed that low earners who spend proportionately more of their earnings on family expenditure needs continue to be disproportionately affected.
- g) There is a risk that a situation of growing inequality will continue without the introduction of taxes which target wealth, for example inheritance and housing tax/ rates.

5.12 Capital Programmes, 2010 to present

5.12.1	Intention	The general intention of the airport was to drive economic recovery and the general intention of the capital programme was to build and improve necessary infrastructure for economic and social development through harnessing private sector investment opportunities while protecting the environment. The 2010 MOU for the airport (Section 2.2.1) drove economic reforms considered necessary for economic recovery based on tourism. The capital programme included policy and institutional reforms as appropriate to infrastructure.
--------	-----------	--

Description Annex 1.12

5.12.2 Intended social consequences

- a) Major projects delivered by the capital programmes are listed in Annex 1.12. The most significant being the airport, which led to increased tourism which was starting to look good for the Island until regular flights stopped because of Covid 19 in March 2020. Most of the other capital projects also had strong social benefits, particularly infrastructure improvements in health, social care and housing.
- b) On average Basil Read employed 432 workers/ week from 9th April 2012 to the 19th May 2017, 60% of whom were Saints. Of these 260, 213 were residents and the other 47 were not ordinarily resident on the Island.¹¹⁰
- c) Basil Read injected £32m into the economy between 2012 and 2017. This led to increased retail sales and an increase in newer models of cars on the Island (fewer Mark I models). It was spending £630,000 a month on the Island, e.g. on local salaries, local purchase orders and rent¹¹¹.

¹⁰⁹ SHG, 2020, *Statistics Bulletin, No. 1, 2020*, Jamestown, SHG, p.3

¹¹⁰ Basil Read weekly employment figures.

¹¹¹ Pers com ESH, 25th November 2020.

- d) The capital projects provided support to the construction sector which was evidenced in a reduction of 2.5% in PAYE following a reduction in the capital programme in 2017 – the capital programme provided a significant boost in earnings for the self-employed¹¹².

Unintended social consequences

- e) *the fiscal stimulus occurring from more government [DFID, EU and SHG] expenditure, which mobilised the private construction sector, started to contract from 2018 as the airport construction project neared the finish line. Meanwhile, sufficient private sector investment had not developed at sustainable levels to support the same level of activity within the local construction industry and St Helena started to experience increasing levels of unemployment.*¹¹³

5.13	Employment Rights Ordinance, 2010 Minimum Wage Ordinance, 2012 Leave Entitlement Regulations, 2015	
-------------	---	--

- | | | |
|--------|-----------|---|
| 5.13.1 | Intention | The First Employment Rights Ordinance was passed in 2010, but only when a Regulating Authority was established was it implemented in 2013. It established minimum rights and protections for all employees. |
|--------|-----------|---|

Description	Annex 1.13.
-------------	-------------

5.13.2 Intended social consequences:

- The legal framework was in place to reduce the gap between terms and conditions found amongst many employers in the private sector and SHG – to level the playing field. The 2012 Ordinance provided the right to the minimum wage; to a written statement of particulars and procedures, and the right not to be unfairly dismissed.
- Leave Entitlement Regulations, 2015 which covered minimum paid annual leave of five days; minimum sick paid leave of five days; some paid maternity leave; limited paid paternal leave and limited paid adoption leave.
- The minimum wage was first set in 2013 at £2.30/ hour for adult workers, in 2020 it was £3.18/ hour or £6,201 pa (37.5 hour week x £3.18) rising to £3.25/ hour in 2021.
- Guidance notes for employers and employees are currently under preparation.

Unintended social consequences:

- To date the following notable minimum rights and protections have not been put into regulations - rest periods; the maximum number of working hours; the maximum number of working hours to be worked by night workers; the right of an employee to unpaid leave to attend to or care for a dependant in prescribed circumstances, and the circumstances under which an employee can take time off for performing the duties of any public office.
- Regulations for the above minimum rights and protections have not been addressed and the limited amount of paid annual leave amounts is small progress for many employees in the private sector. The time may not be right now with the effects of Covid 19 for significant improvements given little movement in the economy. But an opportunity was missed in the Basil Read boom period to gain traction on improving minimum rights and protections

¹¹² SHG 2018 Response to DFID comments and questions on FAM papers, Jamestown, SHG.

¹¹³ SHG, 2019. *Evaluating the Impact of the Air Access Project and the 2012 Air Access MOU Reform Programme*, Jamestown, SHG, p.4.

and to increase what is seen as a low minimum wage¹¹⁴. The latter is a particularly key issue for minimum wage employees and it is perceived as having been held down and not increased in line with the cost of living, especially the cost of housing. Certainly the increased cost of housing and a shortage of affordable housing has disproportionately affected low earners. Nevertheless the minimum wage has increased 13.8% more than inflation between 2013 and 2020¹¹⁵.

- g) Although there is a start to a legal minimum level playing field between large and small employers, SHG and the private and third sectors, insufficient attention has been paid to enforcement of the Ordinance as it stands and to reducing disparities between employee terms and conditions across the Island. Without monitoring compliance actual compliance is dependent on employees bringing a claim to the LRA, and for many people this is a difficult step to make, especially against a family or small employer. It is common for people simply to move to another job.
- h) There are reports of employers being found without adequate documentation to justify a dismissal and found guilty of unfair dismissal to the benefit of the employee.¹¹⁶
- i) No analysis had been undertaken of the social impact of the Ordinance until this SIA reviewed the minimum wage with respect to the MIS. See Section 6.4.

5.14 Social Security Ordinance, 2010 Social Security Policy, 2020

5.14.1 Intention The Social Security Ordinance in force in 2011 introduced a completely new BIP and a revised IRB. The intention of both benefits was to better reward those people who take every opportunity to provide for themselves, particularly in their old age, and ensure a much greater level of fairness and equality than the previous IRB.

Description Annex 1.14

5.14.2 Intended social consequences

- a) An Island-wide pension, the Basic Island Pension (BIP), was established in 2010 which was linked to number of years working on Island, child care or disability and not to financial contributions. Up until this point only those who had SHG or private pensions had a pension: the BIP broke this mould by extending the concept of a pension as a reward for working etc. on the Island. It sought to bridge the gap between those working for higher wages on the Falklands and Ascension and those working in the UK and qualifying for a UK state pension, and those who worked on St Helena for lower wages and did not have a pension. Under the previous system people reaching retirement and without adequate savings had to rely on social security, IRB.
- b) In 2010 Income Related Benefit (IRB) was reformed to be open to an adult of any age to claim when a household was in poverty, it was based on the income and needs of the whole household not just the family. Previously only persons

¹¹⁴ Covid 19 cannot be held as a reason for not pursuing this during construction as the Island was expecting an economic uplift with tourism. Neither can the fact that wages in general went up during construction – indeed this supports gaining traction.

¹¹⁵ Muir, Ann 2021, *Briefing: Implication for linkages Between IRB, the Minimum Wage and the MIS*, Jamestown, SHG, p.3.

¹¹⁶ Pers com Public Solicitors Office, 15th December 2020.

between the ages of 18 and 60 years qualified if certified by a medical officer as being permanently unfit for any type of work. The Unemployment Allowance was also family based and provided to those considered fit to work, and a much lower rate than IRB.¹¹⁷ Therefore all income into the household was now taken into account and dealt with differently to the previous IRB which was based on the individual and the immediate family.

- c) The highly contentious shift from the family to the household as the recipient unit was deemed financially necessary as financial constraints (budget priorities) meant the reforms had to take place within the existing budget. The reforms took 500+ individuals aged 60+ years off IRB and onto BIP (Annex 1.14) and unlike IRB, BIP was not household based – as it was a pension in its own right - and therefore carried a higher cost to SHG.
- d) Together these marked a significant shift in policy towards a reward based pension and a pure social security policy which became more streamlined through the use of an IRB linked MIS (Section 5.15). Consideration was given in 2013 to moving towards an Island-wide defined contribution pension scheme which was not taken forward politically until 2020 when the SSWG proposed establishing a NIC type scheme.
- e) Approximately 32% of IRB recipients are people with disabilities and that IRB is the front-line of social protection for those with disabilities. Policy and meetings tend to refer to the vulnerable but it would put a better focus on the needs of people with disabilities to refer to them as such.

Unintended social consequences

- f) The most significant social consequence was intentional – the shift from family to household as the recipient IRB unit. But it was unpopular amongst IRB households and therefore demanding of EMs time and it led to a comprehensive review by the Social Security Working Group (SSWG).
- g) The SSWG, like 2010 reforms, was seeking reform within existing budgets. To this end it proposed further means testing the BIP, which would have shifted this (back) to a more of a social security type benefit. When this proved politically unpopular it was decided to leave the BIP as it was and focus on moving to a NIC type scheme.
- h) Therefore there could be an unintended budget consequence for SHG of the increased costs of widening IRB back to the family as the recipient unit, which has been estimated at £451,276 over the 2020/21 (baseline) budget of £1,011,327.20.
- i) Additionally there is a greater imperative to get the 28% of IRB claimants who are fit to work, into work, which is part of the focus of CASH (Section 5.16).
- j) At the time of this SIA ExCo had approved the IRB reform, but whether it will be implemented is dependent on budgets (as in 2010).
- k) Lastly Making Ends Meet¹¹⁸ have identified a link between some of the worst cases of poverty and the use of the household as the recipient unit of IRB. Also some young adult children in IRB households are under pressure to move out to form their own household and thereby claim IRB.

¹¹⁷ SHG, 2000, *DESS Policies Implemented*, 1st October 2000, Jamestown, SHG.

¹¹⁸ Making Ends Meet meeting 10th February 2021.

5.15 Minimum Income Standard, 2013 Rebased in 2020.

- 5.15.1 Intention The principle underpinning the Minimum Income Standard (MIS) is:
Minimum income is based on needs and not wants, but it provides more than what is just needed for survival. It supports social participation and recognises that choice is important, but also that choice cannot be unlimited.

The MIS was introduced in 2013 to see *benefit levels linked to a bespoke St Helenian basket of essential goods*¹¹⁹. The local basket focused on single adults and families in receipt of benefits¹²⁰.

Description Annex 1.15.

5.15.2 Intended social consequences

- a) The MIS provided the first practical mechanism to justify increases in the IRB and BIP rates, to maintain a minimal social net for very low income households and to protect rates against price increases.
- b) In 2013 the first MIS was £71.64/ week for a single IRB adult. The basket was re-costed annually and from 2018 twice annually by Statistics with incremental increases, and in October 2020 it was £93/ week. This included housing, and excluding housing the IRB rate was £73/ week. The BIP rate was fixed slightly 3.4% higher, and in 2020 it was £75.50/ week.

Unintended social consequences

- c) In hindsight – and given the contents of the 2020 rebased basket – the focus on families on benefits in 2013 downwardly skewed the basket. It was probably informed by social notions that identified social security with poverty rather than a socially acceptable minimum income that meets the rationale of a MIS.
- d) Therefore the potential social impact of a MIS was constrained and had no impact on low wages. In other countries, including the UK, the MIS is used to inform a living or a minimum wage. The rebasing in 2020 provided a more realistic MIS, to be used to inform the minimum wage¹²¹, and a new mechanism to uplift IRB rates was being considered – linking it to the minimum wage.

5.16 Developments in Training and Skills Acquisition

- 5.16.1 Intention The general intention was to meet a training and skills gap identified in the 2011 Saint Helena Workforce Survey 2011 which found that
*businesses do not feel the level of training provision on Island currently, or is likely in the future, be able to meet its needs.*¹²²

Description Annex 1.16.

5.16.2 Intended social consequences

¹¹⁹ SHG, 2013. *Minimum Income Standard for St Helena*, Jamestown, St Helena Government, p.3.

¹²⁰ SHG, 2013. *Minimum Income Standard for St Helena*, Jamestown, St Helena Government, p.13.

¹²¹ Muir, Ann, 2021, *Report on the Rebasing of the Minimum Income Standard 2020*, St Helena Government.

¹²² SHG, 2011, *St Helena Labour Market Survey*, Jamestown, SHG, p.44.

- a) Apprenticeships help ensure that all children between the ages of 16 and 18 are in education, employment or training.
- b) The allowance which is paid by St Helena Community College (SHCC) rather than an apprentice wage paid by the employer widens opportunities to improve skills which supports the social mobility of disadvantaged learners.
- c) Apprenticeships include mechanics, construction, administration, nursing, conservation, crèche, design/technical drawing and lab work.

Unintended social consequences

- d) The apprenticeship scheme and the availability of on-line training courses through AVES and then SHCC have been led by individual student interests. Until 2020 there was little focus on matching apprenticeships to labour demand. The emphasis in policy was on providing work placements for experience rather than having a job with an employer and career progression, and the apprentice was employed and paid for by SHCC as the training provider. Given the demographic background of not having enough skilled workers for economic development and the weak match between labour availability and labour demand it was recognised by SHG that there needed to be a focus on the needs of the economy and of employers for delivering jobs, as well as on individual interests. To this end policy was being revised in 2021.

5.17 Developments in Health		
5.17.1	Intention	To effectively and efficiently deliver within available resources, measurable improvements in the health outcomes of the population and to promote all efforts to achieve a healthy environment for all.
	Description	Annex 1.17.
5.17.2	Intended social consequences	
	a) Hospital refurbishment has delivered:	
	i.	Improved diagnostic capability, improved laboratories running on an appointment system - no queuing.
	ii.	On Island oncology services reducing the need for overseas referrals.
	iii.	Improved infection control with hospital grade flooring (as opposed to the former wooden floors).
	iv.	Ground floor pharmacy with access for the disabled, it also now provides a consultation service (freeing up doctor appointments) and sells non-prescription medicines.
	v.	Enhanced privacy at the ambulance entrance, which is now weather proof.
	vi.	Improved physical working environment for staff, including adjustable beds.
	vii.	General ability to do more on Island, which in theory should reduce medical evacuations to South Africa and the UK. This is important as SHG only pays for the patient to travel and not for accompanying relatives or friends. Therefore more on-Island medical care means patients have the continued support of family and friends in difficult times.
	b) Changes in service provision have improved social inclusion, for example providing doctor-led country clinics and enhanced access for the disabled.	

- c) Policy and procedures have seen an improvement with the introduction of clinical governance¹²³ which allows Health to take active ownership of medical standards by learning, taking action to prevent recurrence and putting systems in place to reduce risk. This provides a system of assurance.
- d) Across SHG there has been significant investment of time and resources into inter-agency emergency preparedness, for example for the airport and the BFI. The decision-making body for an emergency is made up of different stakeholders depending on the type of emergency. This type of structure and organization did not exist ten years ago. For Covid 19 an Incident Emergency Group was established.
- e) Mental health – the quote below from a report on the cost-effectiveness of mental health services summarizes the general intended social consequences of promoting good mental health and reducing the impact of poor mental health.

There is clear evidence proving that a range of prevention activities promote good mental health and reduce some of the impacts of poor mental health. These actions have also been shown to be cost-effective as a good way of spending money on activities that improve health outcomes. Lack of appropriate care may lead to other adverse outcomes such as people ending up in prisons, institutions, becoming homeless, and dying early, all associated with significant financial and human costs. Poor mental health also reduces someone's chances of being in employment or finishing school, college or university, as well as increasing costs in places such as schools and workplaces. People can also be marginalised and excluded from participation in opportunities to be physically active (including gyms, sports) social events, education, health improvement interventions (e.g. smoking cessation support) and many other aspects of community life.¹²⁴

Unintended social consequences

- f) Data is not available on trends in mental health and the prevalence of health conditions including diabetes, hypertension and obesity which can lead to serious medical issues including heart disease and strokes. This is an unintended consequence of an unsuccessful move from one patients' record system (EMIS) to another (Patient Source). Data is an issue for health and it is a *long way to being in a comfortable position*¹²⁵. But there are believed to be around 1,000 people with diabetes, and a good proportion of these are hypertensive.
- g) The general ability to do more on Island, in particular improved scanning facilities and diagnostics has led to more overseas referrals, with budget consequences.
- h) People's expectations of the health services have been increasing over time, and this has accelerated in the last ten years. Litigation has increased since the

¹²³ Clinical governance is "a system through which NHS organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish." (Scully and Donaldson 1998, p.61) -

<https://www.rcn.org.uk/clinical-topics/clinical-governance>

¹²⁴ Public Health England, 2017, *Commissioning Cost-Effective Services for Promotion of Mental Health and Wellbeing and Prevention of Mental Ill-Health*, London, Public Health England, p.5.

¹²⁵ Pers com Janet Lawrence, 22 January 2021.

Wass report as has the cost of this to SHG following legal rulings in the UK from the Chief Justice, the Court of Appeal and the Privy Council. These ruled that people are entitled to UK levels of compensation and cited the cost of living on the Island, that Saints are British passport holders, and that it would be discriminatory to base compensation of wages *alone as a poor person suffered no less, and no more, than a rich person*¹²⁶. Most cases SHG is settling are historic and for medical negligence, plus some for social care and labour issues.

- i) The Wass inquiry¹²⁷ led to the recruitment of a clinical psychiatrist, an education psychologist and a speech therapist to strengthen mental health and the safeguarding of children.

5.18 Support in the Community and Social Services

5.18.1 Intention To safeguard and promote the welfare of all vulnerable people in St Helena by further developing professional social services and establishing inter-agency co-operation and collaboration which puts vulnerable people at the centre of our services.

Description Annex 1.18.

5.18.2 Intended social consequences

- a) The Welfare of the Child Ordinance (WOCO) and the 2015 Wass inquiry into allegations surrounding child safeguarding issues¹²⁸ have had profound consequences for the Children and Adult Social Care (CASC) Directorate. This is evidenced in the much greater importance being accorded to compliance with legislation and internationally accepted standards of social work. Therefore social services have been pursuing the institutionalisation of structures and processes embedded in the professionalism of qualified social workers. The intended consequences of greater compliance are improvements in safeguarding and promoting the welfare of vulnerable groups. This has come about as a result of the unintended social consequences of previous practices, see below.
- b) Currently children's services has a looked after population who are accommodated at the residential unit, in foster care and within the community. There are currently 65 open social work cases in children's services consisting of child protection, child looked after and child in need cases. Adult's services currently have 160 open cases spanning across all areas of need alongside carers assessments, BLA assessments (200), DFG referrals and placement panel referrals.¹²⁹
- c) Almost all residential and sheltered accommodation (Community Care Centre (CCC), Ebony View, Piccolo, Cape Villa and Deason's, see Annex 6) are functioning at capacity with a total of 95 residents. But functioning at capacity means that CCC beds are immediately filled by clients awaiting hospital discharge and sheltered accommodation is providing 24/7 care to people with high care needs who would ordinarily be accommodated in the CCC.

¹²⁶ The Sentinel, Thursday 7th January 2021, p.9

¹²⁷ House of Commons, 2015, *The Wass Inquiry Report into Allegations Surrounding Child Safeguarding Issues on St Helena and Ascension Island*, London, House of Commons.

¹²⁸ House of Commons, 2015, *The Wass Inquiry Report into Allegations Surrounding Child Safeguarding Issues on St Helena and Ascension Island*, London, House of Commons.

¹²⁹ SHG, 2013, *Social Care Brief* to the Social and Community Development Committee, 13th January 2021, Jamestown, SHG, p.1

- d) Care in the community has expanded with the growth of outreach services – currently reaching 60 people, including the provision of palliative care. This helped close a gap in respite care which was exacerbated by the closure of Barn View in 2015 after the Wass inquiry when 15 people lost respite care.
- e) Recruitment in CASC for care and support workers now considers people with a criminal record. It is not easy on the Island to get away with crime and because of the absence of civil law it is therefore relatively easy to receive a criminal record. A social consequence of care and support worker demand by CASC has been to consider and recruit workers with a criminal record which does not have an implication for their work with CASC. This is a small discrete but significant improvement in social inclusion.

Unintended social consequences

- f) SHG has not been able to provide all the resources required to meet the need to implement all the improvements resulting from the Wass inquiry, which has implications for practice and compliance.
- g) In the last ten years there has been a lack of quality assurance which tends to lead to not being compliant with internationally accepted standards of social work. Much of this is attributable to a lack of consistency and continuity – too much management practice was individually driven and focused on specific issues at the cost of a department wide approach. A key example of this was after the Lucy Faithful Foundation and the Wass reports when funds were secured from the EU and DFID for specific child safeguarding projects – as often happens after significant allegations of child abuse are made in the international media. This resulted in knee-jerk reactions focused on safeguarding children and a lack of policy and procedure which balances different community needs given existing resources.
- h) This lack of planning in the past included a lack of forward planning, which is starting to take place. Social Services has known since the early 2000's of the aging population on the Island and in Ascension and the Falklands (those in Ascension and at Mount Pleasant Airport military base have no right of abode and return home on retirement), but there has been inadequate forward planning to meet the needs of older people in need of care. This is not just an unintended consequence of reactive management, but more profoundly of the lack of economic growth and therefore inability of SHG to confidently budget for an ageing demographic now and in the future.
- i) Another related consequence is the lack of succession planning, especially between qualified social workers (most of whom are TCs) and unqualified staff. Sometimes there is an expectation that a staff member will move into a role when they do not have the necessary qualifications and experience, which could undermine compliance. Some staff positions which were once filled by qualified staff are now filled by unqualified staff.
- j) Three litigation cases have been settled out of court in 2020 as CASC has not been compliant. This risks setting a precedent. This is an unintended consequence of not being in a position to address all needs: that there are consequences of resource constraints for the legal obligation to meet internationally acceptable standards of care.
- k) Traditional support mechanisms in the community are reported still to be declining, although specific evidence of this is not available. This is attributable to several factors – a very high age dependency ratio - around 40 people 65 years and over for every 100 people aged 15 to 64¹³⁰; the growing elderly

¹³⁰ SHG, 2020, *St Helena, State of the Island*, Jamestown, SHG, Statistics, p.9.

population which is less able to care for children with special needs and/ disabilities, and higher expectations of care which may not be wholly met by parents and carers and which need to be met at least in part by SHG and non-government organizations (NGOs).

- l) After the closure of Barn View in 2015 there has been no care facility dedicated to respite care. This gap has been only been partly filled by care and support workers in the community.

5.19	National Agricultural Policy and Implementation Strategy, 2014	
	St Helena Fisheries Sector: Review and Strategy, 2016	

5.19.1	Intention	<p>National Agricultural Policy and Implementation Strategy, 2014</p> <p>Planned outcomes are focused on increased productivity and self-sufficiency in some products; improvements in infrastructure and food safety; increased trade and improved access to markets; the protection of agricultural resources and assets and human recourse capacity improvements.</p>
--------	-----------	---

St Helena Fisheries Sector: Review and Strategy, 2016

To have a safe, sustainable and environmentally friendly fishing industry that is locally¹³¹ owned and operated and makes a significant contribution to the local economy by producing high quality products for sale and export.

Description	Annex 1.19
-------------	------------

5.19.2	National Agricultural Policy and Implementation Strategy, 2014	
	Intended Social Consequences	

- a) There have been significant improvements in productivity - fresh salad crops are now available all year round and salad imports have reduced.
- b) Innovative production methods have been adopted including poly tunnels and hydroponics and these methods have facilitated more conservative use of water through increased adoption of drip irrigation. Over 30 poly tunnels were erected with the support from grants from ESH, plus others which have been erected privately. A regular supply of lettuce, tomatoes and cucumber is now available.
- c) Mutton production has expanded through making more land available for sheep grazing, which is less labour intensive than cattle farming.

Unintended social consequences

- d) The cost of leasing Crown Land for farming is low at £25.00/acre for an arable plot and £75.00/ acre/ year for commercial arable land and £12.50-£22.50 per plot and £2.00 acre/ year for land of 14 acres and above for grazing land, which is as much as is affordable given market prices for produce. But this has had the unintended consequence of discouraging farmers controlling invasive species and maintaining infrastructure, which is a condition of a licence/lease. Therefore compliance with land use policy and licence/lease contracts has not worked well.
- e) ANRD has sought through various means to support economies of scale in production and marketing. But farmers continue to prefer to work their plots individually - each has a tractor, does their own packing at their storage units and their own marketing, and the Longwood farmers have not utilising the Pack

¹³¹ In this context local includes joint ventures between outside investors and local businesses or individuals, to facilitate investment.

House as expected. There is also a reluctance to attend organized (shared) training courses. This has the unintended consequences of not being able to utilise economies of scale to reduce input and marketing costs.

- f) ANRD have held workshops with suppliers and merchants focused on improving local supplies. But there was a lack of leadership and farmers prefer to work individually while merchants were wary of farmers selling at a lower price outside the shops. Also farmers preferred an input/ production subsidy – which means there is less of an incentive to deliver outputs/ produce.

St Helena Fisheries Sector: Review and Strategy, 2016

Intended consequences

- a) Only pole and line fishing is allowed (which is to be enshrined in the new Fisheries Ordinance).
- b) A locally registered company, the Saints Tuna Corporation (STC) (an inward investor and eight local commercial fishermen) with locally registered vessels, has signed a lease for the cold store starting in June 2021.
- c) Quotas and Total Allowable Catches (TACs) have been established for the local fishing fleet. Marlin are excluded as they are currently listed as vulnerable on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species and are also protected under the Environmental Protection Ordinance (EPO).
- d) A fisheries science programme is underway for both pelagic and inshore fish species to help inform St Helena's decision-making for fisheries management and licencing policy and support sustainable use management for the Marine Protected Area (MPA).

Unintended consequences

- e) A historic lack of investment in the cold store required SHG to subsidise operations, but this ran into difficulty.
- f) Fish could not be exported during 2020 and two larger vessels and 12 small boat fishermen were dependent on the local day to day market, with a consequent loss of income.

5.20	Environmental Protection Ordinance, 2016
	Marine Protected Area, 2016
	Marine Management Plan, 2016

5.20.1	Intention	<p>Environmental Protection Ordinance, 2016</p> <p>To protect and conserve biodiversity and the habitats, ecosystems and ecological systems that support biodiversity; to prevent, minimise or mitigate pollution, waste and littering; to minimise risks to the environment from the introduction of potentially harmful materials or organisms; and to conserve and enhance natural beauty and geological or physiographical features of special interest.</p> <p>Marine Protected Area, 2016</p> <p>To protect and conserve the nature of the 200 nautical mile zone and the industries it supports. Marine activities and resource collection are allowed but managed in a manner that incorporates cultural values and sustainability.</p> <p>Marine Management Plan, 2016</p> <p>To manage the Marine Protected Area (MPA) in a collaborative approach to support biodiversity conservation, sustainable use, nature appreciation, scientific study and public enjoyment, and to</p>
--------	-----------	---

ensure any exploitation of the natural resources is undertaken in a controlled, sustainable and environmentally sensitive manner.

Description Annex 1.20.

5.20.2 **Intended social consequences**

- a) The EPO made provision for the designation of the MPA and its management plan.
- b) Under the Marine Management Plan bottom trawling, gill netting, tangle netting, purse seining and dynamite fishing are prohibited thereby legally protecting local line and pole fishing.
- c) Apart from the MPA there has been very limited implementation of the Environmental Protection Ordinance (EPO) as regulations for implementation are outstanding and therefore its intended social consequences are unclear.

Unintended social consequences

- d) There was considerable activity on environmental issues around 2012, particular with respect to the LDCP, the Historical Environment Record (HER), and the Jamestown and Rupert's conservation plans. Only the 2012 LDCP was realised. Momentum was then lost, quite possibly as the airport project and the Wass inquiry took much of SHG's attention, and the EPO was rushed through without regulations.
- e) This limited opportunity to implement environmental protection practice as effectively as the Island should be doing as part of sustainable development. Regulations enabling implementation would provide a legal framework of environmental governance governing land planning and development in the context of physical and economic development. Without this there is a risk of development in some cases at the cost of the environment – for example to support climate adaptation, biological diversity and environmentally friendly waste management.

5.21 Conservation of Built Heritage

- | | | |
|--------|-----------|---|
| 5.21.1 | Intention | No specific SHG policy intention was found, but most, and highly significant built heritage belongs to the Crown Estate which has as its intention to manage and maintain a sustainable Crown Estate. It could be argued however that this intention is focused on functioning Crown properties, and not on historical buildings. As already noted the LDCP has as a principle the conservation and management of the built heritage, but it is largely focused on the natural environment and land planning. |
|--------|-----------|---|

Description Annex 1.21

5.21.2 **Intended social consequences**

- a) As there is no policy intention focused on the build environment there are no intended social consequences. However SHG is aware of the historical significance of its many Crown properties and of their unique value and attractiveness to support tourism.
- b) Although not an intention limited resources within SHG has meant that although restoration is unaffordable there is benign neglect rather than unsympathetic refurbishment or demolition as can happen with economic development.

Unintended social consequences

- c) Much office accommodation in SHG struggles to meet the needs of an efficient public service. For example some space is under-utilised while other space is over-crowded and most buildings are not disability friendly¹³².

5.22 Infrastructure: Electricity

5.22.1 Intention Connect St Helen's mission is to provide utility services safely, reliably and at a viable cost to consumers.

Description Annex 1.22.

5.22.2 Intended social consequences

- a) With the removal of the SHG subsidy on electricity Connect has moved away from the principle of targeted subsidies benefiting low income families for electricity. A reduced SHG subsidy on water remains. In the absence of family income data low users were used as a proxy from 2007 for some years. Today low income family users identified by Connect for the rebased MIS in 2020 are considered to be those using less than 560 units/ quarter of electricity (in 2008 this was 400 units/ quarter) and 22 units/ quarter of water ¹³³. For families using 22 units/ quarter of water this is above the lowest tariff range of up to 15 units (which closely matches average household needs according to international standards¹³⁴). For electricity it is considerably less than the lowest tariff range of 1,000 units/ quarter. This lower band probably reaches quite far into middle income families. Therefore there is an inconsistency and we have lost the link between low usage/ income and a corresponding tariff range.
- b) Electricity is inevitably relatively expensive on account of the absence of economies of scale, fuel transportation costs, the cost of maintaining aging infrastructure and the cost of diesel. Although expensive compared to the UK the tariff compares favourably with other small Islands, including Ascension.¹³⁵
- c) An investment of £2.5m in utilities infrastructure and service delivery, an annual (but declining) subsidy from SHG and increased tariffs in 2016/17 have all supported Connect get to a situation whereby it is just about covering costs for electricity.
- d) Divestment has reduced risk to SHG and delivered an improved service to consumers. Improvements in the supply of energy and in the distribution network were evidenced in the reduced number of electrical disruptions, down from 146 in 2013 to 51 in 2019/20. Electrical connections are now achieved within just two days compared to 50 days prior to the establishment of Connect.¹³⁶
- e) Connect has entered into a power purchase agreement with Pash Global to provide wind turbine, solar power and battery storage capacity, significantly increasing the amount of renewable energy capacity. Currently, Connect provides around 24% of the Island's energy needs from renewable energy and, considering 2019's demand of 11.8GWh, it will potentially have enough renewable energy capacity to meet 100% of current demand.

¹³² SHG, 2020, *Fit for the Future Administration Business Case*, Jamestown, SHG, p.23

¹³³ Low single adult users are considered to be those using less than 7 units of water/ quarter and 200 units of electricity/ quarter.

¹³⁴ SHG, 2018, *Socio-Economic Impact of Connect Tariff Changes 2018*, Jamestown, SHG, p.2

¹³⁵ SHG, 2018, *Socio-Economic Impact of Connect Tariff Changes 2018*, Jamestown, SHG, p.5.

¹³⁶ Connect, 2020. *Performance Against pre-Divestment Benchmarks*, Jamestown, Connect.

Unintended social consequences

- f) But consumption is down for electricity (and water) and therefore revenue is down. Anecdotal information attributes this to increased use of solar, especially for heating domestic water, consumers using less in response to increased tariffs, and to the closure of the Mantis.
- g) Using Making Ends Meet as a screening agency is an example of a third sector organisation working with SHG to address a social issue – debt.

The social consequences of divestment are discussed more widely in Section 5.10.2.

Debt

- a) Legally electricity can be disconnected after three months of non- payment. But in practice it takes longer. Before making a disconnection Connect contacts CASC to obtain a view on the reasons for debt which is taken into consideration. Some consumers chose to pay weekly and this is arranged such that as a minimum the debt does not increase. Sometimes a practical solution is suggested, for example a shower fuse was removed to contain the bill of one family.

Table 5.22a: Debt to Connect

Year	Value	
2013/14	£408	Domestic and Commercial
2014/15	£412	Domestic and Commercial
2015/16	£353	Domestic and Commercial
2016/17	£207	Domestic
2017/18	£244	Domestic
2018/19	£276	Domestic
2019/20	£248	Domestic
2020/21	£276	Domestic to date

- b) When Making Ends Meet pays a utilities debt it has screened the applicant and in return Connect makes the same donation to Making Ends Meet. To date for 2020/21 Connect donated £700 to the organization to cover debt: debt has been decreasing, see Table 5.22b.

Table 5.22b: Connect Donations to Making Ends Meet

Year	Contribution to Making Ends Meet
2013/14	£1,000.00
2014/15	£3,000.00
2015/16	£3,000.00
2016/17	£2,839.36
2017/18	£2,300.00
2018/19	£900
2019/20	£900

5.23 Infrastructure: Water and Waste Water

5.23.1 Intention Connect St Helen's mission is to provide utility services safely, reliably and at a viable cost to consumers.

Description Annex 1.23

SIA Comment **Water use**

- a) The 2018 SIA of utility tariffs¹³⁷ noted that the band system of water use was set at an appropriate level for health and with the introduction of additional bands in 2020/21 this remains the case. In 2018 despite increases to water charges St Helena was still considerably cheaper than other comparison Islands: in the case of Montserrat it was less than half the cost.¹³⁸
- b) As with electricity increased water charges since 2013 were accommodated in the MIS which set IRB rates.

Debt.

- c) Water and sewerage services are relatively cheap and unpaid (combined) bills are attributed to electricity. Legally water cannot be disconnected.

5.23.2 Intended social consequences

- a) See 5.22.2 for the shift from targeting low users.
- b) In 2013 when Connect was established there was adequate water on the Island as a whole, especially in Levelwood and Hutts Gate, but there was an inadequate supply in Redhill. To address this pipelines were installed that allowed water to be pumped from Levelwood to Hutts Gate and from there to Redhill¹³⁹.
- c) In addition there have been improvements in the quality of treated water¹⁴⁰.
- d) Connect uses its SHG subsidy to subsidise water tariffs, a reduction in the SHG subsidy means an increase in the water tariff.

Unintended social consequences

- e) As a result of the 2019 drought Connect introduced a high water rate for 25+ units to discourage high users and to address an anomaly whereby some commercial high users who were running a business from a domestic property were paying lower domestic rates, while others were paying commercial rates.
- f) The droughts of 2013, 2016 and 2019 have highlighted challenges that remain for water supply infrastructure.
 - i. Supply: the majority of water is supplied from sources on the east side of the Island but the highest demand is on the west side; and
 - ii. Storage: there is an overall shortage of stored water in appropriate locations.

¹³⁷ SHG, 2018, *Socio-Economic Impact of Connect Tariff Changes 2018*, Jamestown, SHG, p.2

¹³⁸ SHG, 2018, *Socio-Economic Impact of Connect Tariff Changes 2018*, Jamestown, SHG, p.5

¹³⁹ Cox, John, 2020, *2030 Vision and Infrastructure Plan*, Jamestown, SHG, p.18.

¹⁴⁰ Cox, John, 2020, *2030 Vision and Infrastructure Plan*, Jamestown, SHG, p.20.

6 SOCIAL IMPACT ASSESSMENT

6.1 Structure

- 6.1 This section discusses the social impact of the intended and unintended social consequences of the way the economy is developing. Field work findings from key informant interviews focused on technical issues and findings from fieldwork with the public focused on the social impact of the way the economy is developing. Together these frame and provide the bed rock for this analysis.

Findings and analysis are discussed using the section headings and numbers (second digit/s) of the Baseline in Section 4 for subject continuity.

6.2 Social: Out-migration and a Demographic Imbalance

- 6.2.1 St Helena is still facing a tipping point in terms of not having enough of a population, and especially a working age population, to drive economic development.¹⁴¹ But the 2008 projected population decline assuming no airport (Section 4.2.3) has not happened.

In 2016 there was a resident population of 4,534¹⁴², which was an increase of 553 (12.2%) from 2008. Some of this increase can be attributed to returning St Helenians, but not all.¹⁴³ The 2016 census included 412 non-St Helenians, an increase of 55.6% from 2008 when there were 229¹⁴⁴. This figure would include airport workers working on the Island for at least six months. Since 2016 the number of non-St Helenians has fluctuated but in December 2020 it was 404, which is probably a reliable proxy for a constant figure as there was little movement because of Covid 19¹⁴⁵. This includes approximately 93 TCs¹⁴⁶ and their families.

- 6.2.2 Table 6.2.2 summarises census data on the St Helenian population from 2008 and 2016 (Annex 8 includes 1998) which using the population groups used in 2008 shows that while the 17 to 59 year age group has increased it is roughly the same proportion of the total population, and the older population has continued to increase. The younger generation has declined proportionately.

¹⁴¹ SHG, 2020, *Labour Market Strategy*, Jamestown, SHG, p.8.

¹⁴² SHG, 2016, *St Helena 2016 Population & Housing Census*, Jamestown, SHG, p.9

¹⁴³ The 2021 census will allow SHG to better understand the current resident/non-resident population.

¹⁴⁴ SHG, 2008, *The 2008 Population Census of St Helena*, Jamestown, SHG, p18.

¹⁴⁵ Source, Statistics.

¹⁴⁶ September 2020 figures from Human Resources.

Table 6.2.2: Summary of Census Data from 2008 and 2016 – St Helenians

Age Group	2008 ¹⁴⁷			2016 ¹⁴⁸		
	Male	Female	Total	Male	Female	Total
0 to 4	84	82	166 (4.2%)	103	101	204 (4.7%)
5 to 16	301	255	556 (14.0%)	250	204	454 (11.1%)
17 to 59 ¹⁴⁹	1150	1138	2224 (56.9%)	1124	1115	2239 (56.6%)
60+	523	511	1034 (26.0%)	637	588	1125 (27.6%)
Not Stated	1	0	1	0	0	0
Total	2,022	1,959	3,981	2,114	2,008	4,122

However when the increased retirement age of 65 is used in 2016 the working age proportion of the population increases to 61.6% and those 65+ are 22.6%. This is a significant shift which demonstrates the economic value to SHG and the economy of raising the pension age to have more people working.

- 6.2.3 The dependency ratio is a measure of the number of dependents aged zero to 14 and over the age of 65, compared with the total population aged 15 to 64.

In 2016 the median age on St Helena stands at 47.1, up from 44 in 2008 and 33 in 1998. The overall age dependency ratio (the ratio of those above/ below working age to those of working age) stands at 56 with the aged dependency ratio (population above age of retirement to those of working age) standing at 35, up from 26 in 2008, placing St Helena amongst the very highest of aged dependency in the world.¹⁵⁰

- 6.2.4 This age dependency ratio has budget consequences for three key functions of government – health, social care and BIP payments. Without economic development which increases SHG’s revenue these budgets will remain squeezed undermining the potential impact of services.

- 6.2.5 In 2011 there were 52 children aged up to 16 years in private foster care arrangements¹⁵¹.

Although work related migration for parents is still, to some extent, culturally accepted on St Helena, there appears to be a declining trend in parents leaving their children in private fostering arrangements. The Children Social Care team are currently supporting a very small number of children, two, living in private foster care.

¹⁴⁷ SHG, 2008, *The 2008 Population Census of St Helena*, Jamestown, SHG, p.44.

¹⁴⁸ Statistics 2016 Census Tables

¹⁴⁹ School leaving age was raised from 15 to 16 in September 2008, after the 2008 census and to 18 before the 2016 census. For consistency the 1998 groups are used.

¹⁵⁰ SHG, 2016, *St Helena 2016 Population & Housing Census*, Jamestown, SHG, p.11.

¹⁵¹ Living with relations through private arrangements.

However the full extent of private fostering on Island and of children being cared for by close family relatives is unknown and further work is required to capture this data.¹⁵²

6.3 Social: Children and Young People

- 6.3.1 The last ten years has seen an improvement in the playgrounds, although students and young adults noted that many were in need of maintenance (Section 4.3.1). Additional facilities – all run by the private sector - include a weekly cinema (although not all films are child friendly), a monthly children’s disco and the go-kart track for children 12+. There is also a new organization, Creative St Helena, which provides a creative focus to complement the sports focus of New Horizons. But overall there remained a concern that leisure facilities had little variety, especially for teenagers.

Consequences of not enough leisure activity - increased risk for teenagers doing what they should not be doing¹⁵³.

Childhood is changing on the Island. Attendance at traditional organizations such as the Scouts and the Guides was said to be declining and that there is more interest in television, tablet games and the internet, *children used to play with a cardboard box – now they expect to play with a x-box¹⁵⁴.*

- 6.3.2 Common themes talked about by young adults included affordable housing, which is discussed in Section 6.7, uncompetitive salaries (Section 6.4) and a need for more vocational education and training (Section 6.9).

Other common themes included:

- a) A lack of opportunities compared to somewhere like the UK, especially for work and career progression. The absence of a career ladder was attributed to middle and senior positions being occupied by older workers with some years still to run before retirement, and to a lack of economic development to generate new opportunities.
There is more investment in students and overseas courses. But students see no opportunities to be ambitious - and they are encouraged to be so by PAS. They feel let down.¹⁵⁵
- b) On the other hand several people noted that younger people change career paths more frequently, perhaps
....as a result of, maybe more education and access to further education or maybe more knowledge of what’s available and opportunities (like apprenticeships). I think younger people change career paths more now on St Helena than previously. For example you look at some of the older folks, they have been in the same career since they started working, whereas I have changed from job to job so as I can progress..¹⁵⁶
- c) Young people described themselves as more environmentally aware, with a greater sense of environmental responsibility.

¹⁵² Email, CASC, 4th February 2021.

¹⁵³ Young Adult, 8th February 2021.

¹⁵⁴ Young Adult, 8th February 2021.

¹⁵⁵ Young Adult, 8th February 2021

¹⁵⁶ Email from a Young Adult, 9th February 2021.

- d) A view that the airport has benefited the tourism Industry and created jobs for young entrepreneurs (e.g. in farming for the tourist market, go-karting, tours). These also benefited the local community.
- e) Many parents and most grandparents are not internet savvy and there is widespread concern that they do not appreciate the importance of monitoring and limiting children's use of the internet to prevent negative consequences (cyber bullying, pornography etc.)

6.3.3 Recommendation That consideration be given to a Children and Young People's Report as part of the social policy plan. This should be undertaken by young people to promote and develop the participation of children and young people in the social development of the Island. One was last prepared as part of the 2009/10 to 2015/16 social policy plan¹⁵⁷.

6.4 Social: Working Age Men and Women

6.4.1 Detailed information is not available on the social impact of the minimum wage, for example - on trends in jobs in low paying sectors (farming, retail and construction); as an incentive for capital investment or of the impact of the airport construction led boom on low hourly rates (were employers paying above the minimum to secure labour?). This would require a study in itself. But at a general level the introduction of the minimum wage sent a strong message to employers and employees, probably the strongest message in employment legislation, that employees have legal rights. But PSO and EHRC report that employment law is not necessarily being complied with. The most common complaint against employers concerns them not following due process in disciplinary and redundancy procedures. When this happens the claimant wins irrespective of the merits of the case.¹⁵⁸

6.4.2 In hindsight it seems that the minimum wage rate of £2.20 set in 2013 was reasonable vis a vis median earnings on the Island¹⁵⁹. It started at 66.4% of median earnings of £7,060 in 2013/14 and in 2018/19 it was 70.7% of median earnings (£8,410). Overall in seven years it has increased from £2.30 to £3.18/ hour, £0.88 or 38.3%. See Annex 5.

It started at a high proportion of the median, compared to what happened in the UK where it started low in 1999 at £3.60/ hour or 47.6% of median adult earnings. In 2019/20 it was £8.21/ hour or 52% of median earnings (£30,800¹⁶⁰). This increase in the UK hourly rate was 128.1% while the differential compared to median earnings remained somewhat stable indicating all round increases in earnings.

Table 6.4.2 sets out the minimum wage in St Helena as a percentage of the median between 2013/14 and 2018/19. It also shows that the minimum wage increased proportionately more than the median wage, by 38.3% to 29.1%. It also indicates that either the minimum wage is high compared to the median or that wages at the lower

¹⁵⁷ Drabble, Gareth and Ayla Philipps, 2009, *Children and Young People's Report 2009*, Jamestown, SHG.

¹⁵⁸ Pers com PSO 15th December 2020.

¹⁵⁹ SHG, 2015, *St Helena Minimum Wage, Report of the Employment Rights Committee to the Governor in Council*, Jamestown, SHG.

¹⁶⁰

[https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2020provisional#:~:text=The%20provisional%20estimate%20of%20median,30%2C100\)%20shown%20in%20Figure%201](https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2020provisional#:~:text=The%20provisional%20estimate%20of%20median,30%2C100)%20shown%20in%20Figure%201)

end have not risen to the same extent as the minimum wage. Given the findings of the 2020 MIS and the SIA, it is probably the latter.

Table 6.4.2 Minimum Wage as a Percentage of the Median Wage

	Median Full-Time Salary	Increase in Median Wage	Annual Full-time Minimum Wage	Minimum Wage as % of Median	Hourly Rate	Increase in Minimum Wage
2013/14	£7,060.00		£4,485.00	63.53%	£2.30	
2014/15	£7,310.00	19.13%	£4,485.00	61.35%	£2.30	38.26%
2015/16	£7,660.00	increase	£5,070.00	66.19%	£2.60	increase
2016/17	£8,260.00	between	£5,070.00	61.38%	£2.60	between
2017/18	£8,490.00	2013/14	£5,752.50	67.76%	£2.95	2013/14 and
2018/19	£8,410.00	and	£5,947.50	70.72%	£3.05	2018/19
2019/20	N/A	2018/19	£6,201.00	N/A	£3.18	

Source: Statistics Tables

- 6.4.3 There is a widely held view that salary increases have not kept pace with inflation. Table 6.4.3 demonstrates that in general salaries have increased since 2012/13 until 2018/19, when the latest figures are available for, but that they dropped back a little in 2018/19 (after airport construction). These figures are constant and therefore have been adjusted to consider the effect of inflation on salaries.

Table 6.4.3: Median Gross Income from Employment, Constant 2017/18 prices

	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Decile 1	3,730	3,940	3,840	4,020	4,340	4,410	4,220
Decile 2	4,670	4,790	5,080	4,980	5,860	6,000	5,830
Decile 3	5,830	6,160	6,310	6,330	7,020	7,000	6,760
Decile 4	6,620	7,110	7,220	7,320	7,760	7,650	7,340
Decile 5	7,720	7,910	8,040	8,210	8,520	8,390	7,990
Decile 6	8,350	8,720	8,910	9,190	9,480	9,370	8,880
Decile 7	9,570	9,960	10,180	10,510	10,750	10,630	9,960
Decile 8	11,150	11,970	12,400	12,490	12,540	12,070	11,450
Decile 9	13,380	14,790	15,600	15,300	15,500	14,620	13,660
Decile 10	18,960	22,980	23,550	22,590	23,300	22,020	20,450

- 6.4.4 The social impact of low wages compared to what can be obtained elsewhere (and saving is more easily achieved on Ascension and the Falklands than it is in the UK where there are more lifestyle choices) and the high cost of constructing/ buying a house relative to wages in a culture where ownership predominates (Section 6.7) is to add pressure to the choice of young people on whether to stay on the Island or go. Combined uncompetitive wages and a lack of affordable housing drive people's economic decisions.

Migration has long been a feature of Island life and it can be considered as the export of labour. Given the extent of investment in the Island for economic development and specifically the investment in education and training and the increase in the number of TC staff in SHG in the last ten years migration has become more politically significant.

- 6.4.5 Rebasings the MIS and fieldwork for this SIA identified a generational difference in expectations about what is a socially acceptable standard of living on the Island. The MIS is commonly used in other countries to inform the minimum wage, and in the UK it informs the real living wage (which is higher than the minimum wage and which

employers can voluntarily pay). It was very clear in rebasing the MIS that young people in the working groups expected a standard of living more akin to that of the UK than to that of their parents and grandparents on the Island. Unlike in the past there was less patience amongst young people for acquiring goods over a longer time, and more expectations of acquiring the perceived necessities of modern life over a shorter period. Table 6.4.5 set out the results of the MIS exercise.

Table 6.4.5: Results of the Rebase of the MIS ¹⁶¹

	Family of 4¹⁶² Per Week	Female Adult Per Week	Male Adult Per Week
GLH AND CAR			
Total	£294.72	£138.30	£138.37
Per Adult Hour	£3.93	£3.69	£3.69
GLH NO CAR			
Total	£320.71	£134.55	£132.55
Per adult Hour	£4.28	£3.59	£3.53
PRIVATE RENT AND CAR			
Total	£358.98		
Per adult Hour	£4.79		
MORTGAGE AND CAR			
Total	£364.18	£183.71	£183.78
Per Adult Hour	£4.86	£4.90	£4.90
Baby	£62.36		

These results raise a critical question given the current minimum wage of £3.18¹⁶³/ hour, £119.25/ week or £6,201/ year and the 2018/18 median earnings of £8,410 and that is – just how are low income working families managing? It could be that earnings are supplemented by family support (financial, including remittances, and mutual social obligations of helping out), cash in hand work and for those with gardens, home grown produce.

- 6.4.6 Many low income families are reported to be living from one pay cheque to the next, and CASC has to step in with financial support. This has included furnishing an unfurnished GLH for a client to move into. Table 6.4.5 presents total financial support payment to families with a child in need.

Table 6.4.6: Child in Need Payments (Welfare Assistance)

	Total Annual Payment
2018/19	£3,625.78
2019/20	£26,327.47
2020/21	Current spend £29,763.30, anticipated spend £33,441.00

Recommendation. That consideration is given in the social policy plan of a situational analysis of the situation of low income working families and the implications of a low wage economy for low income families, social development and SHG.

¹⁶¹ Muir, Ann, 2021, *Report on the Rebasing of the Minimum Income Standard, 2020*, Jamestown, SHG,

¹⁶² Two adults, a manual worker and a retail worker with two children

¹⁶³ This will be updated in March 2021.

- 6.4.7 The revised MIS can be used to inform long term planning to increase the minimum wage – it provides a very clear idea of expectations.

Recommendation. Given the goods in the MIS basket there is unlikely to be such a dramatic shift in contents again, but it is vital that even if it is deemed unrealistic by some that it is adjusted for inflation, reviewed and rebased according to the recommended timetable below.

This will provide consistency and support forward planning for a minimum wage that will be socially acceptable. Through time the MIS and the minimum wage rate should become close. Low paid workers expect around £5.00/ hour.

Table 6.4.7: MIS Timetable used by the Joseph Rowntree Foundation¹⁶⁴

	Y1	Y2	Y3	Y4
Families with Children	Rebase	Inflation review	Review	Inflation review
Families without Children	Review	Inflation review	Rebase	Inflation review

Interestingly the 2020 UK MIS research found the minimum that households require continues to change as technology develops and living patterns shift, but the overall amount needed had not changed significantly¹⁶⁵.

- 6.4.8 People’s perceptions about what is needed for a socially acceptable minimum standard of living are influenced by greater exposure to outside trends, in particular through television (1995), broadband (2003) and mobile phones with internet (2014), and through the lifestyle of family and friends living in the UK and South Africa, and to a lesser extent that of living on Ascension and the Falklands. Many people also mentioned the impact of the airport construction led boom when increased disposable income created a new normal for a standard of living, and this combined with more exposure to outside trends is what many people feel entitled to, especially young people.

- 6.4.9 It is important not to lose sight of the fact that many want to see a house, goods and clothing more akin to that of the UK. It is a significant social driver of the choices that people make, especially of whether to stay or to go – and what are perceived as low salaries vis a vis expectations are a strong contributory factor.

If economic development based on the visitor economy does not improve low pay and make housing more affordable it could mean that attracting higher earners to the Island, for example as a consequence of the fibre optic cable, that those on low pay could feel left out of economic development.

- 6.4.10 The PSO and EHRC have received a number of complaints and queries about employment law. There are several common themes:
- a) Lack of a contract, especially in the construction sector and small shops. Some sub-contractors have cited their work contract with SHG as

¹⁶⁴ Davis, Abigail, Donald Hirsch, Matt Padley and Claire Shepherd, 2020, *A Minimum Income Standard for the United Kingdom in 2020*. York: Joseph Rowntree Foundation, p.3.

¹⁶⁵ Davis, Abigail, Donald Hirsch, Matt Padley and Claire Shepherd, 2020, *A Minimum Income Standard for the United Kingdom in 2020*. York: Joseph Rowntree Foundation, p.19

sufficient. Others in family businesses refer to their parents not having provided staff with contracts;

- b) Linked to the lack of a contract setting out terms and conditions there are misunderstandings about hours paid and deductions. Some businesses, especially those run by people from countries where long hours are a cultural norm, expect employees to work very long hours;
- c) Requiring employees to work on public holidays;
- d) Not paying an employee the minimum wage, especially for piece work;
- e) Employers not following proper disciplinary processes thereby making them open to being sued by an ex-employee for unfair dismissal.

Anecdotal evidence strongly points to a lack of compliance with the legislation. There is a view that the market will take care of employment rights for employees. But the reason for internationally agreed minimum rights and protections is that markets do not necessarily do this.

Recommendation. That consideration is given in the social policy plan:

- a) To identifying means on improving compliance, for example monitoring the implementation of regulations.
- b) To having regulations covering the minimum rights and protections in the Employment Ordinance which do not have regulations (Section 5.15.2d). See Annex 1.13.

6.4.11 The Employment Rights Committee (ERC) has focused on the minimum wage and it developed some regulations in 2015¹⁶⁶. Overall it attributed the lack of progress in developing the missing regulations to SHG's focus on the airport and tourism.

6.4.12 Skilled workers have tended to follow a trade model whereby a trade or a technical degree leads in theory to a specific matched job. But the skilled self-employed who do well on the Island tend to be multi-skilled and flexible, nimble enough to move between sectors. Solomon's have adopted this multi-skilled approach and SHG is looking at how to achieve this in its work force. This will provide employees with more choice in the labour market and promote job security. This is particularly important as the Island modernises - constant change is a feature of competing in the global economy and because Covid 19 will constrain expenditure.

6.4.13 Household problem debt¹⁶⁷ is reported to be increasing which is commensurable with an increase in child in need payments made by CASC (Table 6.4.6). It also echoes the findings of the MIS (Section 6.4.4) and a common observation heard in fieldwork that salaries are too low at the lower end for families with children.

While businesses report increasing problem debt their attitudes to dealing with problem debt vary. Retailers in general are tolerant offering credit lines¹⁶⁸, although

¹⁶⁶ SHG, 2010, *Employment Rights Ordinance Employment Rights (Leave Entitlement Regulations) 2015*, Jamestown, SHG,

¹⁶⁷ Problem debt is defined as people who find keeping up with their regular bills and credit line commitments a heavy burden. This could mean for example missing either debt repayments or domestic bill payments in any three of the past six months.

¹⁶⁸ Local credit cards are not available and international credit cards are not accepted by retailers.

some have debt management advice and processes to fall back on. This means the Magistrate's Court is seeing fewer problem debt cases than it used to.

- 6.4.14 Businesses were asked for characteristics of families which they considered to have a problem debt. This is usually an overdue bill of 90+ days, although one retailer with 75 customers overdue for 90+ day referred to them as *late payers*¹⁶⁹. Overall there seems to be a tolerance of late payments, especially by small retailers who do not want to alienate customers. But tolerance does not imply that a late payment is not a problem debt to the customer in debt. Late payments could be a sign that a family is juggling bills and of a growing problem debt.

*Domestic [problem debt] is characterised by lower income, GLH or private rent, young single*¹⁷⁰.

*There is no specific age of those that are affected by debt. I would say that the nature of problem debts comes from change in people's financial status e.g. they have changed jobs that might not have paid as well, sometimes family breakups, high cost of living/run up bills elsewhere on Island (or possibly abroad), being caught up in marketing of all the mod cons they need hence living beyond their means. Bank of St Helena can see that problem debts are increasing.*¹⁷¹

GLH arrears is currently £115,795.73 with 12 tenants owing between £2,000 and £7,000 each. In 2008 it was £42,588.93 (Section 4.7.2). How much of this is problem debt is not immediately clear but GLH estimate that between 20 and 30 of the 176 tenants are always in arrears. There is no active collection of debt¹⁷².

Recommendation: That consideration be given in the social policy plan to including a study on problem debt, and how best to reduce this.

6.5 Social: The Elderly

- 6.5.1 Most of the social issues for the elderly in 2008 remain (Section 4.5.1). But there are some significant improvements, in particular the introduction of the BIP in 2012, which gave qualifying people over the age of 65 years the right to a pension. Previously only IRB was available to older persons, and only to those on a limited income. The BIP introduced the right to a pension as a result of contributing to the development of the Island – working years spent on St Helena plus child care years. Currently there are 797 people in receipt of BIP. BIP also qualified people for free prescriptions.
- 6.5.2 As social awareness of the cost of the high age dependency ratio increases so does awareness about the fact that not everyone 65+ is financially or socially dependent for care on the working age population and can choose to work and be able to live independently. The elderly have been over associated with needing care - the CCC and sheltered accommodation. But ironically CASC is the most prominent directorate employing those over 65+, particularly as care workers. As found in other countries the recognition that those 65+ can still be economically productive is accompanied by a view amongst some younger people that older people continuing their working life

¹⁶⁹ Retailer, email 15th March 2021.

¹⁷⁰ Service provider, email 12th March 2021.

¹⁷¹ Bank of St Helena, email 9th March 2021.

¹⁷² Pers com I&T 22nd November 2020.

once in receipt of a pension are blocking work and leadership opportunities for younger adults.

6.5.3 For the impact of age dependency see Section 6.2.3.

6.5.4 Traditional support mechanisms and social care are discussed in Section 6.6.

6.6 Social: Health and Social Work

6.6.1 The social and economic impact of a well-functioning medical and care service is not to be under-estimated, even if its impact cannot be measured because of the lack of evidence. Good health is an asset to the individual and to Island life.

6.6.2 But the challenge of the 2008 situation with respect to the *influence of lifestyle related health factors* remains in 2021. St Helena's major health issues are lifestyle choices – diabetes and hypertension linked to obesity and physical inactivity increasing the risk of heart disease or strokes. These pose a considerable economic burden on individuals, their families and SHG.

Recommendation. Health education is strongly focused on lifestyle diseases. It is important to maintain pressure on changing perceptions whereby good health becomes to be seen by the individual, their families and employer as an asset rather than seeing bad-health as an inevitable by-product of lifestyle and Island life. At the moment the focus is on doing something about poor health, but perhaps the focus should be shifted to the physical, economic and social advantages of good health.

Recommendation. Physical activity needs to be more strongly promoted to improve health and this is the joint responsibility of individuals and SHG. Individual action for physical activity is influenced by the physical environment, the choice of physically active activities available, and by policy. Consideration should be given to establishing a cross-sector working group to investigate how SHG could increase exercise and fitness in people's lifestyles.

6.6.3 Attrition (partly attributed to uncompetitive salaries) was reported as a problem in the Health service in 2008, and this has been addressed by the increased recruitment of TC staff to fill gaps.

6.6.4 The emergency preparedness work of the last ten years has been very significant in setting measures to prevent Covid 19 from arriving on the Island. As can be seen from what has happened almost everywhere else in the world Covid 19 has many impacts on even those not infected - on family life (from lock downs) to losing jobs. Some health effects are physical and some are mental (for example anxiety). Schooling in other countries has been affected and students without good access to on-line learning could become disadvantaged if the gap in their education is not met. The effectiveness of the IEG and the implementation of its preparedness measures in St Helena will only be tested if a Covid 19 case arrives on the Island. Nevertheless SHG and partners have come a long way in emergency preparedness in the last ten years.

6.6.5 Children's services in CASC currently has 64 open social work cases in children's services, consisting of child in need cases, child protection cases and looked after children cases. See Table 6.6.5.

Table 6.6.5 Open Social Work Cases: Children

Number Open Cases	65
Child in Need – this is the lowest level of CASC support focused on preventing an escalation; it is voluntary on the part of the parents/ guardians who can say "I don't want".	58
Child Protection- this refers to those at risk of significant harm.	4
Looked after Children – those in residential care or are fostered.	3

- 6.6.6 Major issues for Children's Services in CASC are reported to be inappropriate use of the internet and meeting the financial support needs of low income families.¹⁷³

CASC has found that between midnight and 6.00 when broadband is free it is common for teenagers to be on the internet unsupervised. Many parents and grandparents are not computer literate and do not know what their children are doing, and there is a lack of knowledge about setting safeguards on appliances. Education has been raising awareness amongst students of the harm of the internet, and protection. However in the last 12-18m there has been an increase in young adults having inappropriate internet relations (comments and images) with teenagers. CASC is also considering providing training in harmful behaviour.

- 6.6.7 Traditional support mechanisms in the community have declined since 2008. As expected the out-migration of working-age people and the demographic shift towards an older population did present a growing issue about who could take care of people living in the community and did mean there was a demand for residential places that could not be met by supply. But there was little or no forward planning until the past couple of years. A social impact of this is that people are not necessarily in the most appropriate form of care.

Currently there is a mismatch of people who genuinely need to be in sheltered accommodation, with some clients still in the CCC who could have been rehabilitated to social housing¹⁷⁴. Currently the directorate is providing care in the wrong settings for a large number of individuals so this can result in using more staff than is necessary.¹⁷⁵

As noted in Section 5.18.2 CASC has extended its services to provide 24/7 care to people with high needs in sheltered accommodation and extended its outreach services providing care in the community to 60 people. More forward planning is taking place which assesses the care needs of people and what support they will need in the future.

Recommendation. Forward planning in health and social care needs to include people with medical and care needs in Ascension and the Falklands who will come home to retire. This is a time when many who left between the 1970's and the 1990's could be coming home.

¹⁷³ CASC 5th March 2021.

¹⁷⁴ There is one person in the CCC who should have been in independently supported living accommodation, but has become institutionalised in the CCC and cannot live independently or supported outside the institution now.

¹⁷⁵ SHG, 2020, *Workforce Plan Data*, Jamestown, SHG, p.10.

- 6.6.8 Other examples of the social impact of not forecasting and not using risk assessment in planning the delivery of social care services were provided by CASC and Health.
- a) In the mid 2000's Health wanted a 65 bed care home and got 45 at the CCC and therefore there is a waiting list.
 - b) Barn View was closed in 2015 after the Wass report. It provided respite care for 15 people and since then there has been no respite care. This has had an impact on the health and well-being of carers - respite care is an important mitigation.
 - c) After Sundale closed in 2008 there was no mental health residential provision, at least until 2021 when a unit was to be built with EDIP funds. The absence of a dedicated mental health facility means that there are residents in Deason's, Cape Villa and CCC whose primary need is mental health support. This does not meet the needs of residents with mental health issues and is demanding of other residents. Sometimes there is a lack of tolerance which makes for a difficult situation.
 - d) After the Wass inquiry too much management practice was firefighting focused on safeguarding children and there was a lack of policy and procedure to protect all community needs.
- 6.6.9 The social impact of not being compliant with professional standards in Health and CASC has negative effects for clients varying from medical issues to lacking proper care. Compensation is relatively generous as it has to be paid in line with the UK and an increasing cost for SHG with budget implications.

6.7 Social: Housing

- 6.7.1 As in 2009 the affordability of housing remains a key issue, especially for low income families. It is also an important driver of migration – a mortgage is more affordable on salaries from working on Ascension and the Falklands.

My house is my castle - I find the land, design the house and organise the construction of a forever house. People make sacrifices to have their own home¹⁷⁶.

Inherited land has been key to affordable housing in the past – it would have traditionally been subdivided amongst children. But now plots are smaller and this is less feasible. Hence people's concern about Crown Land plot prices, the cost of construction materials and bank interest rates of 5% to 7%, *the cost of building a house is very high and the wages are very low¹⁷⁷.*

- 6.7.2 In CDAs 25% of plots are for affordable housing (Section 5.3.2) to be built by first time buyers. These are targeted at those with less than a median income of £8,410 (2018/19)¹⁷⁸. But a starter one bedroom house costs approximately £50,000 including land. This remains beyond the means of someone on the minimum wage of £3.18/ hour or £6,201/ year or even the median of £8,410. Even with two adults on the minimum wage this is not possible, and barely possible for two on a median salary.

¹⁷⁶ Participatory Analysis Group member, 11th March 2021.

¹⁷⁷ BOSH Bank Manager, 10th March 2021.

¹⁷⁸ SHG, 2020, *Statistics Bulletin 1 2020*, Jamestown, SHG, p.3.

Two median salary applicants could secure a maximum of £33,600¹⁷⁹. About 43% of SHG employees earn below the median salary¹⁸⁰. For a £50,000 house they would need an additional £16,400. A single applicant would need an annual salary of £16,667 to secure a £50,000 mortgage. Figures are not available for the private sector, but the number in SHG is indicative of the number of people for whom a first-time mortgage of £50,000 would be unaffordable. Savings and/or construction materials are critical to meeting the difference between a mortgage and the actual cost.

BOSH has received one application for a one bedroom house in 2020, the loan of which was £36,700. For this mortgage repayments over 20 years were £284.53 per month or £259.39 over 25 years. It received an additional seven applications for three bedroom houses, for which the average loan was £58,322.41. For this mortgage repayments over 20 years were £452.17 per month or £412.21 over 25 years.¹⁸¹ There is a strong preference for building a three bedroom, family, home as a first time buyer.

6.7.3 The vast majority of occupied (excluding empty houses) homes on the Island are owned outright, 1,331 out of 1,842 (72.3%). Only 168 occupied and empty home had a loan in 2016¹⁸². In January 2021 BOSH had 836 loans against all domestic properties¹⁸³. The difference in the figures is attributed to more houses (including for the rental market) being built with mortgages, and the fact that BOSH loans include re-mortgages and extensions.

6.7.4 Building a house and home ownership are important factors driving livelihood choices and the economy. The livelihood choice for some is one of whether to stay or go, and construction is a (limited) mainstay of the economy, and important for small construction businesses. During fieldwork a number of younger working adults commented on the cost of building a house with respect to their salaries and talked of their uncertainty about staying: that it could be cheaper to buy a flat in the UK where interest rates are lower and where there are also considered to be more opportunities for young people and for doing business (once free of Covid 19 lockdown). One person cited that for them a housing loan to borrow £30,000 in St Helena would cost £58,000 on St Helena.

Recommendation. When reviewing and rebasing the MIS and using it to inform uplifts in the minimum wage a decision will need to be considered as to whether buying/ constructing one's own home is a socially acceptable minimum for a standard of living on the Island. The 2020 MIS set amounts for GLH and for private housing because the cost of buying/ constructing was known to be high relative to wages and because this is a cultural aspiration.

Recommendation: A housing strategy is under preparation at the moment. Consideration should be given to whether this should identify options to make mortgages more affordable for first time buyers.

¹⁷⁹ One applicant can borrow three times their annual salary. For couple this remains the same plus one times the annual salary of the second applicant.

¹⁸⁰ SHG, 2020, *Workforce Plan Data*, Jamestown, SHG, p.1

¹⁸¹ Pers com, BOSH, 20th January 2021.

¹⁸² Statistics 2016 Census Tables.

¹⁸³ Pers com, BOSH, 20th January 2021.

- 6.7.5 Unlike in the UK where the lack of affordable housing has pushed people into the rental market, the rental market on St Helena is limited. Rental market issues in 2020 continued to be similar to those of 2008, and in some cases better and others worse.
- a) Affordability of rental property in the private sector has remained a key issue: most private sector rentals remain high for Islanders. There is now a pronounced two-tier market, a larger one for holiday lets (including Airbnb), contractors and TCs, and a much smaller one for low income earners.
 - b) But a recent significant improvement in the rental affordable housing market is the plan for the private sector to build nine affordable flats, including two with disabled access in Jamestown. As noted in Section 5.4.2 this is an important departure breaking a cycle of dependence on SHG to provide resources to address problems. Instead SHG has levered private sector resources and reduced social reliance on its own. And for the private sector this is a new example of demonstrating social responsibility.
 - c) The GLH waiting list was effectively cut through an administrative adjustment which provided a much clearer picture of those who were serious about securing a GLH. All those on the list were sent a letter asking about their interest in remaining on the list and only those who replied were considered by the GL to be active, hence reducing the list from 78 to 20 active applications.
 - d) Damp, mould and poor ventilation remain a problem, especially in wetter areas in both GLH and private sector housing. Changing regulations to require builders to adopt minimum measures to prevent damp and mould will improve the situation. As noted in Section 5.4.2 this has cost implications especially for first time buyers but the long term health benefits to individuals and to the Health budget of reducing damp and mould outweigh the costs of building.
 - e) Maintenance work to GLH resulted in a reduction in the number of properties with external kitchens and/or bathrooms from 29 in 2009 to 21 – the courtyards were roofed to bring both parts of the house under a roof. In 2020 it is planned that additional houses will also have their courtyards covered. For those with adjoining bedrooms or a bedroom off the sitting room the figure remains 62 as the layout of these homes and the number of occupants made it difficult for this to be easily rectified without a loss of required living space.
 - f) Arrears have increased because there is no active collection of debt. To what extent arrears are because of genuinely difficult circumstances and to what extent arrears could have been avoided is not known. Whatever they have increased significantly presenting the impression that it is socially acceptable to avoid paying rent and that there are no consequences: this does nothing to mitigate the dependency culture on SHG.

6.8 Social Security Benefits

- 6.8.1 The planned shift from the household to the family as the recipient of IRB would, if a budget is approved, have a profound social impact on IRB families: it would remove the unfairness of the household definition whereby the income of non-family members of the household was taken into consideration. But it is not clear at the time of this report whether the budget to do this will be approved. The annual FCDO financial transfer was expected to be cut in real terms and will require SHG to trade budget decisions. This marks a very similar position to that of 2010 when to allow the introduction of the BIP, IRB reforms had to take place within the given budget and to allow this the recipient unit was changed from the family to the household (Section 5.14.2).

- 6.8.2 Compared to other Overseas Territories (OTs) in receipt of a UK financial transfer St Helena has a relatively sophisticated system of social security. It is not intended to be punitive but to be fair and to abide by the following principles:
- a) IRB should remain means tested, and UA be removed and replaced by IRB.
 - b) Couples (an adult and their spouse, cohabiting partner or life partner) should financially support each other and their dependent children under the age of 16, or under 18 years if in full time education.
 - c) IRB rates for individuals in a family should meet minimum needs for food and drink, clothing, household goods, health and personal care, communications, local transport, utilities and household services, and where relevant, rent. Utilities, rent and other shared household services should be prorated between adults so all adults in shared accommodation contribute.
 - d) To support autonomy in expenditure decisions in moving from the household to the family as the IRB unit; to support mobility to attend health appointments; and to support social interaction with other members of the community.
 - e) To support IRB claimants into work.¹⁸⁴
- 6.8.3 IRB rates have increased more often (at least once a year, recently twice) than the minimum wage (which has increased only annually and not increased in some years). Consequently there is a very narrow gap between the minimum wage and IRB which leaves little room to increase IRB without seriously undermining the financial incentive to work.
- 6.8.4 IRB is catch-all for Islanders needing support from SHG, and 207 households were in receipt of IRB in December 2020, 12.2% of households¹⁸⁵. These include five categories of recipients:
- a) The unemployed (44), including those on Unemployment Allowance the total number of unemployed is 56.
 - b) The disabled (68) and carers (1).
 - c) Parents with children under five years (16);
 - d) People not entitled to BIP and people who are entitled but who need a housing allowance from social security (67);
 - e) Medical (11).¹⁸⁶
- As can be seen from the above unemployed households are 21.2% of the IRB total, and 2.6% of all households. This does not include the hidden unemployed, and should the new IRB reforms go through and the recipient unit changes back to family from household more families could become eligible for IRB and the number of claimants rise. At the moment many are not eligible as at least one adult in the household is working.
- 6.8.5 The 2020 IRB rate of £73.00/ week (excluding housing) is 61.2% of the minimum wage of £119.25/ week (37.5 hours). This is a higher percentage compared to the UK where Universal Benefit is 28.9% (excluding housing) of the minimum wage.

¹⁸⁴ SHG, 2020, *Income Related Benefit Policy*, Jamestown, SHG, p.6.

¹⁸⁵ There were 1,698 St Helenian Households in 2016. SHG, 2016, *St Helena 2016 Population and Housing Census*, Jamestown, SHG, p.10.

¹⁸⁶ Benefits Office Figures for December 2020.

Once children's IRB allowances are added to an adult's, a single adult with two children plus is better off on IRB than working. The same applies to two adults on 1.5 time the minimum wage with three children plus. There is political concern about IRB rates being too low. But the key issue is that the minimum wage is too low and does not provide for a socially acceptable minimum standard of living – it does not meet the changing expectations of younger generations- and it needs to shift upwards before a meaningful change can be made to IRB rates. See sections 6.4.5 to 6.4.7.

Recommendation. This SIA fully supports ongoing engagement with the private sector to agree a policy to increase the minimum wage through time to a rate informed by the MIS, projected inflation and other data. See Section 6.4.

- 6.8.6 Regardless of the number of unemployed more needs to be done to help those who can work into work, including some of those with disabilities who could work if the work place and tools were more disability friendly. See Section 6.12.

Recommendation. If the IRB policy does not go through in 2021/22 it is never the less recommended that the Benefits Office and CASH work closely to maintain an equally strong focus on getting the chronically unemployed into work as CASH will do for school leavers etc.

- 6.8.7 There is a core group of long-term unemployed who for reasons of alcohol addiction and associated mental health issues are unlikely to ever be able to work in a 9-5 type job.

Recommendation. That consideration be given to supporting an organization establish a social enterprise scheme following the model of St Helena's Active Participation in Enterprise (Shape) which combines support to deal with their alcohol addiction and part-time therapeutic work (e.g. organic gardening). This scheme could be widened to include ex-offenders and people with mental health issues seeking to get back into work.¹⁸⁷

6.9 Social: Education and Vocational Training

- 6.9.1 There is a shift underway making more vocational training available through apprenticeships. All the same there continues to be a concern that vocational subjects are of less value than academic subjects (Section 4.10.1), that there is *too much emphasis on degrees*¹⁸⁸. This under values the manually skilled.
- 6.9.2 Considerable progress has been made in providing support for pupils with special needs, see Section 6.12.4.
- 6.9.3 One of the positive development of the last ten years for young people is the expansion of on-line courses at the SHCC (Section 5.16)
- 6.9.4 As in 2008 the inability to transfer students for disciplinary reasons (because there is only one secondary school) means that PAS can have several disruptive students at one time, which affects the whole school.

¹⁸⁷ Lolly Young, 9th February 2021.

¹⁸⁸ Student, 7th December 2020.

6.10 Social: Independent Legal Advice and Crime Prevention

6.10.1 As in 2008 the market for legal advice cannot support a private practice, and therefore there is only one provider of independent qualified legal advice – the Public Solicitor. But in response to increasing demand the PSO is now staffed with three lawyers and a trainee. There is less chance of conflict in the provision of advice by the PSO because there are several people. But the very range of areas on which the PSO is required to advise and assist people remains a challenge.

6.10.2 A section on crime prevention has been added to this part of the SIA which was not covered in work in 2008/09. There have been several notable developments over the last ten years in the police and prosecution service.

- c) There is an ongoing process of decriminalisation. All law on the Island is criminal and therefore not obeying smoking restrictions, illegal leisure fishing, parking restrictions or not wearing a seat belt can lead to a criminal offence, which restricts employment on Ascension and the Falklands. To address this the category of civil offences will be introduced to stop records, which do not need to be recorded, from being recorded on the Criminal Record Database.

- d) Commensurable with this a balance is being sought between enforcement and advice and support (education):

Currently the Police are aware that the balance is not right - everything goes to court and if the person is charged s/he has a criminal record. We need a least intrusive approach based on human resources which is proportional, lawful, accountable, necessary and defensible. The least intrusive approach is education. Prosecution should be the last resort.

And

Enforcement becomes a habit when we don't have diversions (e.g. advice, fixed penalty notices, speed awareness schemes) in place. The Police want the ability not to prosecute unless necessary.

And

Social engineering is an important part of diversion - physical, social and mental, e.g. Castle Gardens are dark at night and a place of underage drinking. Social engineering is needed to spread IRB payments over several days - payment and hard drinking by some on the same day re-enforces behaviour. People are less likely to drink in isolation.¹⁸⁹

- e) Currently community policing is one dimensional - focused on the districts. A new strategy is being drafted which will focus on demographic communities - young people, drivers, licensees (shops and pubs).

6.10.3 A person involved in the legal system commented that these closely related developments are a positive momentum of the last ten years, but also noted *only if the same folk stay – otherwise there is a risk that this move to decriminalise could be lost¹⁹⁰.*

6.10.4 Some people expressed that not enough was being done to get ex-offenders into work. This is not a responsibility of the Probation Service which works with offenders in prison and out on licence (probation) although ex-offenders are welcome to approach the Probation Service for support. Unlike in the UK there is not a voluntary sector

¹⁸⁹ Police, 26th January 2021.

¹⁹⁰ Legal Worker, 8th February 2021.

organisation providing support to ex-offenders and their families. Some progress has been made in getting ex-offenders into work – see Social Inclusion, Section 6.12.7.

Recommendation

That CASH considers a policy of encouraging employers to recruit ex-offenders and supports employers with developing risk assessments taking into consideration the nature of the job, the circumstances and background of the offence or other information contained in a disclosure or provided directly by the Police.

Recommendation – see Section 6.8.7.

- 6.10.5 After the Wass report of 2015 and the introduction of mobile phones in 2015 the Police report an increase in sex offences, in particular inappropriate texting and messaging. But overall internet crime is still limited and this is attributed to the cost of broadband which is prohibitive, although an increase is anticipated with the fibre optic cable.

6.11 Social: Civil Society

- 6.11.1 Most groups or organizations to some extent or other engage with Government in policy making or the application of policy in practice.

Welfare groups and organizations. As in 2008 there are many groups and organizations providing social welfare assistance (including churches and faith groups, the social welfare charities and notably Making Ends Meet which raises funds from local sponsors to support families in poverty. (Section 5.22.1).

- 6.11.2 Membership organizations. There are producer membership organizations - the SHCFA and the Chamber of Commerce (including farmers)

There are no organizations whose membership and leadership are drawn solely from the disadvantaged. Likewise there are no organizations representing the interests of employees in general (there are work place specific staff associations in the large employers) and apart from parent teachers' associations the St Helena Commercial Fishermen's Association (SHCFA) there are no other user groups or organizations, for example a consumer association or a tenant's association.

- 6.11.3 Another policy active membership organization which has also been very successful at fund-raising is the National Trust. It implements the Landscape and Ecology Mitigation Programme (LEMP) for SHG on land disturbed by the airport, and receives international funding from the Darwin Foundation, JNCC, Blue Marine and the Royal Society for the Protection of Birds (RSPB) amongst others for various natural, cultural and built heritage (environmental) projects.
- 6.11.4 Social Enterprise. Shape received annual funding from SHG and received an increase in 2021 in its grant. It has also successful sources regular money from donors, e.g. Cararessi. (Section 6.12.3).
- 6.11.5 An umbrella organization representing the interests of local organization of civil society was established in 2011, the Community Development Organization. It has provided training for organizations and individuals; support with constitutions, procedures and

policies; advocacy and other services. Unfortunately its funding was cut in 2021 as part of SHG budget cuts.

6.12 Social Inclusion

- 6.12.1 Openness towards the needs of people with disabilities – physical and mental - is reported to have improved considerably. Much of this is directly attributable to Shape which was established in 2008, to the expansion of mental health services (even although there has been no residential mental health unit since the close of Sundale in 2008) and Special Education Needs (SEN) support in schools. There is more of an attitude towards those with a disability of *poor you rather than outright discrimination*¹⁹¹. Equality remains some way off. The issue of access to buildings and the narrow width of pavements and their uneven surfaces remain.
- 6.12.2 There are 202 people in receipt of the Better Living Allowance (BLA) of which 68 people with disabilities are in receipt of IRB. The figure of 202 represents 4.6% of the 4,349 resident population in 2016¹⁹².
- 6.12.3 Shape has expanded its services and its social impact to work with its clients with a recycling centre and a café¹⁹³, both opportunities which introduce clients to a workplace. The concept of people with learning disabilities transitioning into the work place has developed strongly in the last ten years. Shape has got about 50% of its clients into standard employment. These tend to be people who have a learning disability and a small physical disability. Anything more severe and they remain at Shape. Currently there are 27 clients attending Shape for three days/ week.

According to Shape

*Employers need support structures in place to employ people with disabilities. A small disability tends to slow those with learning disabilities down. Employers need to feel a moral responsibility to take a person with a disability on rather than an able bodied person. There is no equality law to protect those with disabilities*¹⁹⁴.

Being in the work place and working represents acceptance for what one is – self-worth - and provides the opportunity to be a full member of the community and to improve one's financial situation (compared to being reliant on family or IRB).

- 6.12.4 Likewise SEN support in schools has improved considerably. Work is progressing on ensuring each student from primary through to leaving school has an individual education plan and the transition involves developing life skills, work related learning and supported assistance (support workers in school and the workplace). PAS provides a teaching assistant for a SEN pupil in school and to transition into work when a CASC support worker takes over, but because of budget constraints in CASC the handover is not necessarily seamless. In the last eight years seven students have transitioned successfully into the work place in the private sector, SHG and in civil society organizations.

¹⁹¹ Member of the Public, 12th January 2021.

¹⁹² SHG, 2016, *2016 Census*, Jamestown, SHG p.9

¹⁹³ Shape secured a grant from ESH for its café which does mostly promotional catering and events. It is operating according to its local customer base: it had been hoping to attract tourists on their way to Sandy Bay.

¹⁹⁴ Pers com Shape, 12th January 2021.

6.12.5 Complex SEN students have included and/ or are coming through include:

- a) Duchenne muscular dystrophy;
- b) Sturge-Weber syndrome;
- c) Tourette syndrome;
- d) Profound learning difficulties;
- e) Attachment disorder;
- f) Autism (severe).

The SEN and Shape support is vital for students and adults with special needs and their families to cope with the impact of the situation which can be profound – emotionally, socially and economically.

6.12.6 There was an attempt at developing a policy to support people with disabilities in 2010, but this resulted less in a policy and more of a paper to develop a policy, Since then while great strides have been made there has been no comprehensive review of the situation of people with disabilities and the extent to which these are being met.

Recommendation. That consideration is given for the social policy plan to include a situational analysis of people with disabilities (numbers, types of disabilities and capabilities linked to disadvantage and vulnerability¹⁹⁵) and a review of policies and actions to identify what has been successful and why and gaps.

6.12.7 At least five ex-offenders have found employment in SHG, mostly with adult social care services.

*This is a good example of the post criminal justice system working.
They give to the Island with their work which they benefit from and
are socially accepted¹⁹⁶.*

Getting into work after serving a prison sentence is important for self-esteem and for reconnecting with the community. It also reduces dependence on IRB. See the recommendation in Section 6.8.7 re a social enterprise scheme to support ex-offenders into work.

6.12.8 Another significant improvement in social inclusion is the change in attitude towards same-sex couples which took place in 2017/18 in response to a same sex couple wishing to marry which led to petitions against (led by the Churches) followed by one for (led by EHRC). Now same-sex couples are common.

*This was a major cultural shift - before gay people could not be open,
now no-one bats an eyelid. Grown tolerance¹⁹⁷.*

6.12.9 But attitudes have changed, possibly due to the Island opening up to the world through the airport, and more people have Television and the internet (social media). SHG job adverts include reference to it being an equal opportunities employer.

6.12.10 Another positive development in social inclusion is a change in attitude to HIV+. When the airport was announced there was widespread concern about the possible introduction to the Island of HIV and the public wanted all staff for the airport project

¹⁹⁵ This seems to be what DFID suggested in 2013.

¹⁹⁶ Ex Prison Staff Member, 21st January 2021.

¹⁹⁷ Pers com, member of the public, 22nd January 2021.

tested. Basil Read did test potential workers, which was counter to accepted practice in the UK. It also had a sexual health programme and in addition a great deal of awareness raising was done by an HIV+ person who visited the Island.

People learnt more and were more comfortable. Now people realise a normal life is possible when HIV+¹⁹⁸.

6.13 Economy: Basic Statistics

- 6.13.1 The economy remains heavily dependent on UK and European Union (EU) aid flows. Annex 3 sets the flows in detail with reasons for significant changes in the amounts. The public sector still accounts for two-thirds of income and a large share of employment. Table 6.13.1 below presents updates social and economic statistics with which the following information on major production sectors - agriculture, coffee, construction, fishing and tourism – updates the economic status report in Section 4 to support discussion of social impact. A major difference from 2008-10 is the inclusion of visitor spend, which is estimated at £5.7 million and is greater than the export of goods (coffee and fish)

Table 6.13.1: Social and Economic Statistics, 2016 - 2020¹⁹⁹

Resident population (2016 Census)	4,534
St Helenian Resident population (2016 Census)	4,122
Number of Occupied Private Dwellings (2016 Census)	1,845
Full-time Employment by Sector (2020)	Public 835 Parastatal N/A Private 1,259
Total Unemployed claimants (December 2020)	56
Annual Inflation Rate (2020)	1.1%
Gross Domestic Product GDP (2018/19)	£38.6 million
Gross National Income GNI (2018/19)	£37.2 million
GNI per capita (2018/19)	£7,960
Median income from full-time employment (2018/19)	£8,410
Average Household Weekly Expenditure (2017)	£250.90
UK Aid Funding (2017)	£50,730,000
Government Recurrent Expenditure (2018/19)	£58,396,000
Government Revenue (2018/19)	Taxes £10,457,000 Budgetary Aid £26,699,000
Exports of Goods (2019/20)	£0.35 million
Exports of Services (2019/20) (visitor expenses)	£5.7 million (mid range provisional figure, see Table 6.17.2)
Imports of Goods (2019/20)	£19.8 million
Imports of Services (2019/20)	£7.7 million (provisional)
Personal transfers from abroad (2019/20)	£1.8 million (provisional)
Number of private licensed vehicles (2020)	3,378

- 6.13.2 UKG aid increased dramatically in the 2010's (Annex 3), mainly to meet the cost of airport construction, but also to meet the costs of implementing the recommendations

¹⁹⁸ Pers com, Health, 22nd January 2021.

¹⁹⁹ These are drawn from many sources, including the 2016 census, Statistics Office Tables and SHG Financial Statement.

of the Wass inquiry into allegations surrounding child safeguarding issues²⁰⁰ and to meet increased demands for medical care.

Reflecting the increases in UK aid in the 2010's the GDP at market prices varied between £34.9m in 2013/14 and £38.6m in 2018/19, when the last figures are available for. The introduction of constant prices in 2018/2019 identified that:

The annual growth rate in 2018/19 compared to 2017/18 was -1.1%; in other words, the volume of goods and services produced by the economy fell by 1.1%²⁰¹.

Therefore given the absence of constant price figures until their use in 2018/19 and the (one-off) impact of airport construction on GDP between 2012 and 2017, it is not possible to reliably identify overall economic trends using the GDP. And with only one year's figures available (2018/19) after flights commenced in 2017, no data is available on the impact of exports of services (visitor expenses) on GDP.

6.14 Economy: Farming and Coffee

6.14.1 The 2016 census reported that 44 people (39 male and 5 female) were involved in farming and forestry.²⁰² This marks a decline from 65 market crop and animal producers in 2008 (Section 4.14.1).

6.14.2 Therefore the major migration of labour and management out of the farming sector which was reported in 2008 (Section 4.14.1) has continued in the last ten years. Moreover farmers reported shortages of labour, but these had the effect of necessitating more intensive farming – and there has been a substantial increase in under cover farming and a wider variety of produce is grown, including herbs. More is also grown under irrigation.

Information is not available to compare 2020 smallholder production for the formal retail sector with 2008, although it has increased. Neither is there information on livestock and egg production. Table 6.14.2 presents sales figures for vegetable production, from 2015 to 2020.

Table 6.14.2: Local Vegetable Production Sales Data

Values in kg

	Pumpkin	Carrot	Beans	Cabbage	Onion	Potatoes	Other Veg	Fruit	Herb
2015	4516	9314	4109	9668	382	14556	28418	10948	413
2016	2904	12310	3061	9935	712	12713	28206	9579	1301
2017	3991	6512	1211	5009	935	15439	24759	10459	1506
2018	24967	8539	3271	7458	894	21580	52538	10959	695
2019	3170	7732	1971	9010	2077	27755	49379	14097	747
2020	4454	7888	2391	6981	1512	22498	45941	9195	973
Total	44002	52295	16014	48061	6512	114541	229241	65237	5635

²⁰⁰ House of Commons, 2015, *The Wass Inquiry report into Allegations Surrounding Child Safeguarding Issues on St Helena and Ascension Island*, London, House of Commons.

²⁰¹ SHG, 2020, *Statistics Bulletin No. 4, 2020*, Jamestown, SHG, p.1.

²⁰² SHG, 2016, *Census Tables*.

- 6.14.3 Synchronising local production with controls on imported produce has met with limited success. Commonly farmers are reluctant to estimate yields and total production by crop in sufficient advance to allow SHG to impose controls – retailers need a three month lead in time to make arrangements with suppliers and to ship.
- 6.14.4 Comparable data in terms of weight or the monetary value of locally grown and imported produce is not available to allow a demonstration of the impact of locally grown produce on imports. But Table 6.14.4 below indicates that imports of most fresh produce has declined and anecdotal information attributes this to local production. No lettuce is imported as it is highly perishable and local production has made it regularly available. The importation of seed potatoes has declined due to supply issues not meeting Island bio-security standards. Nevertheless these figures must be treated with caution because of the effect of the Rand on import costs.

Table 6.14.4: Value of Imported Fresh Produce, 2017/18 to 2019/20

Imported Produce	2017/18	2018/19	2019/20
Potatoes - seed	£12,290.53	£3,606.00	£2,500.00
Potatoes - fresh	£52,190.20	£45,651.98	£36,957.38
Tomatoes - fresh	£9,120.02	£2,849.99	£558.38
Onions - fresh	£30,244.27	£27,842.30	£23,051.07
Garlic - fresh	£4,814.12	£3,429.35	£3,427.83
Cabbage - fresh	£601.00	£624.00	£812.59
Cucumbers and gherkins - fresh	£1,420.00	£840.00	£613.88
Mushrooms - fresh	£7,037.98	£5,858.96	£2,391.05
Capsicum/ chilli - fresh	£5,733.42	£1,958.02	£3,364.74
Pumpkins, squash and gourds - fresh	£8,854.15	£6,357.60	£5,397.20
Sweet potatoes - fresh	£1,821.16	£1,901.82	£1,557.88

- 6.14.5 Constraints in the last ten years reported by farmers and others include:
- Shortages of labour and an unwillingness amongst younger people to work on the land, and the cost of labour with respect to the prices which can be commanded in the retail market. At the same time there was an appreciation that the minimum wage is widely considered too low;
 - What is regarded as unnecessary bureaucracy, especially with respect to meeting the terms and conditions for long leases of agricultural Crown Land. These relate in part to delivering the 2018 SEDP and are focused on ensuring the productive use of agricultural land for sustainable food production and ensuring the food security of the Island is protected and promoted. However for a generation of farmers seeped in practice and self-dependence the rules of leasing Crown Land are interpreted as an intrusion. One farmer described the rules as requiring *a GCSE in maths*²⁰³.
 - Related to the above some farmers felt it was left up to them to go to ARND with issues rather than ANRD coming to them for their news. This is to some extent a cultural issue as historically St Helena has had an extension/ outreach service and the vestiges of this still remain in (older) farmers' expectations. To what extent this is a real constraint is unclear (ANRD undertook 93 farmer visits and eight retailer visits between September and December 2020), but it is an example of different expectations between SHG and various interest groups (Section 6.16).

²⁰³ Meeting with Farmers on the 18th January, 2021 at Kingshurst Community Centre

- d) A worsening situation with respect to invasive species, special mention was made of bull grass and white weed and the subsequent deterioration of pasture. There was a concern about reaching a point of no return as invasion spreads and control becomes beyond the capacity of the farming community and not cost-effective given wages and returns. One farmer described the current situation as being
*on the cusp of the collapse of grazing and beef production on the Island*²⁰⁴.
- e) Short leases of Crown Land were reported to discourage investment in weed control and infrastructure maintenance. But ANRD report a mixed picture - that some tenants with 20 year tenancies are not complying with tenancy agreements, and some with one year tenancies are complying. However, with the Agriculture Estate Policy of 2021 it is hoped to move to more long term agreements of 20 to 30 years.
- f) Overall there was a sense amongst farmers that farming had been *in decline*²⁰⁵ and certainly the quality of grazing has been. Alternatively a number of members of the public considered vegetable production to have done relatively better in the last ten years, especially compared to fishing,
*Agriculture has done relatively well. Can now buy lettuce, tomato and cucumber at the same time.*²⁰⁶

Plus:

- g) Difficulties in competing with vegetable imports for several reasons:
 - i. A weak supply chain – farmers prefer to do their own marketing, which when most are small holders mitigates against a reliable supply chain for larger retailers and hotels.
 - ii. Retailers only pay producers for what they sell (producers factor in the cost of shop wastage to their prices). This sale or return means that retailers are less concerned about conserving and displaying fresh produce – it undermines the marketing of local produce.
 - iii. There is an imperative for retailers to sell imported produce first as this has already been paid for.

6.14.6 On the other hand there have been factors driving farming forward in the last ten years:

- a) The difficulty in getting labour led to more innovative and intensive vegetable production;
- b) The boom period of 2012 to 2017 boosted vegetable production as did ESH grants;
- c) There are some new entrants to the vegetable production sector;
- d) While almost all SHG farming subsidies were withdrawn, with the exception of agricultural water supplies and pest control services, farmers were subsidised with £611,846.44 of ESH agricultural support grants with an additional £92,454.33 waiting to be paid - a total of £704,300.77²⁰⁷. This has served to protect farming, although the absence of outcome monitoring by ESH means that the sustainability of the operations is not known;

²⁰⁴ Pers com, 20th April 2021.

²⁰⁵ Meeting with Farmers on the 18th January, 2021 at Kingshurst Community Centre.

²⁰⁶ Member of the public, 3rd February 2021.

²⁰⁷ Email from ESH, 9th February 2021.

- e) The granting of Customs Duty concessions in 2015 which reduced duties on a wide range of imported goods including animal feed, machinery, covered production equipment, seed, fertilizer and bee keeping equipment;
- f) The demonstration effect, for example herbs are being grown under cover;
- g) A recognition by farmers of market-led production rather than just producing as was traditionally done;
- h) Currently policy is being considered to incentivise retailers to prioritise the sale of local produce²⁰⁸.

6.14.7 There is one additional commercial coffee producer on the Island and coffee production has increased. The value of exports has fluctuated over the years varying between £13,000 and £107,000; generally, exports are not routinely declared to Customs so some of the fluctuation may be due to under-recording.

6.14.8 In terms of producer numbers the role of farming in the economy has declined. In terms of its contribution to the economy the agriculture, forestry and fishing share of GDP at current prices increased from £205,000 in 2017/18 to £282,000 in 2018/19²⁰⁹ – the only years for which figures are available. Disaggregated data for farming is not available. Considering agriculture is the largest of the three it is assumed that there has been growth in its contribution to the economy (fishing is approximately 20% and forestry is negligible).

Recommendation – that consideration be given to monitoring land vs production levels vs supply to local market to track progress in agricultural development.

6.14.9 The social impact of the last ten years of farming on the Island has been to grow its presence compared to imported produce, but how long this can continue for given the age profile of farmers and the lack of interest from younger people is unclear. According to ANRD there has been some movement on the part of the retailers and the market is developing, but there have been no great leaps forward²¹⁰ and arable farmers in particular, continue to want to farm, market and distribute their crops individually. The advantages of local produce – environmental and health (fresh produce) – are not fully realised.

Recommendation – that consideration is given to identifying a catalyst to:

- a) Introduce strong competition to improve quality and supply which could raise business standards in the sector;
- b) Ensure fair prices which will cover input and labour costs and support employment in the sector;
- c) Support the establishment of an efficient and reliable supply chain able to meet the needs of the retail and hospitality sectors which will ensure fair producer prices for farmers (and render it not worthwhile for individuals to sell outside the chain).²¹¹

²⁰⁸ SHG, 2020, *Draft Options Paper – Incentivising retailers to prioritise the sale of local produce*, Jamestown, SHG.

²⁰⁹ Data from Statistics Office Tables, 19th January 2021

²¹⁰ Pers com Edward Whitton, 20th January 2021.

²¹¹ This support the recommendations in the SEDP, 2018, p.34-35

6.15 Economy: Construction

- 6.15.1 The number of construction businesses with employees responding to the 2019 Business Survey by industry grouping and size of business was 22, this had declined from 34 in 2018 (after the end of airport construction in 2017). Of these, three employed over 10 employees, and nine employed fewer than 10 employees. Both sizes of business declined between 2018 and 2019.²¹²
- 6.15.2 After the airport construction boom, 2012 to 2017 there was not enough private sector construction to keep the same demand for construction workers - and the lack of a capital programme immediately following airport construction meant many Saints who returned to work on the airport left for their overseas place of residence (Section 5.12.2). In addition there was an increase in unemployment.
- 6.15.3 In the last ten years there has been a steady increase in the number of houses under construction.

Table 16.15.3: Houses Under Construction

Year	Number
2010	129
2011	130
2012	132
2013	134
2014	130
2015	128
2016	130
2017	143
2018	164
2019	159

6.16 Economy: Fishing

- 6.16.1 In the last ten years fishing expanded with off-shore fishing to the sea mounts of which there are 17 in total, including Cardno and Bonaparte where most fishing took place. In late 2015 there were four vessels capable of off-shore fishing in addition to the smaller boats focused on in-shore fishing. After the departure of Argos in 2015 SHG took over the running of the cold store with a view to the facility being used *more widely for chilled and frozen storage as well as continuing to service the fishing industry*²¹³. But an historic lack of investment in the cold store meant the St Helena Fisheries Corporation (SHFC) which took over the cold store with a subsidy of nearly £1m (primarily to pay for high electricity costs but also to purchase vital assets to keep operations ticking over) ran into significant difficulty. In 2019/20 SHG increased the subsidy by £350,000. It then started a process to identify an investor to develop a St Helena Fish Processing Plant. This contract was due to start in June 2021 and it was hoped that the new investor could more fishing more profitable and less reliant on SHG.

The key constraint to fishing in the last ten years has included the deterioration of the cold stores – lack of maintenance. Others included a lack of throughput and quality and the export price of fish was not covering costs – electricity costs were high. Without

²¹² Statistics Office Tables.

²¹³ SHG, 2015, Press Release , *Rupert's Cold Storage and Fish Processing Facility*, 8th May 2015, Jamestown, SHG, p.1

the cold store and the consequent loss of the export market fishing has slumped as has the livelihoods and incomes of about 24 fishermen: fish landings declined from an average of 300 tonnes/ year caught since SHG took over the cold store in 2015 to now meeting only local demand. That said during airport construction a number of fishermen temporarily stopped fishing for higher earnings with Basil Read.

- 6.16.2 When the SIA met with the SHCFA and its members were asked for their views on the way the economy is developing these focused on the following points against the background of a potential inward investor. The investor has since been identified and plans to start fishing operations and running the cold store in June 2021.
- a) The challenge of attracting young people into fishing, and particularly given the current situation, of retaining them. Ten years ago a young fisherman could have considered starting a house, but today is characterised by the uncertainty of living from week to week.
 - b) *Fishermen know there is a need for investment - they support this and know it means change. But the change needs to be attractive for them as well.*
 - c) Recognition of local expertise and knowledge and cultural values. *Cultural values are being dismissed. Fishermen used to be able to fish for marlin (10-20 a year) but this has been stopped. There is plenty of silver fish but we are not allowed to fish for this anymore. SHG data was dependent on the factory and did not include sightings - local knowledge. Visiting scientists are interested in local knowledge. Permanent experts are less interested. SHG used local knowledge until [the inward investor].*
 - d) *SHG officials are not experienced in fishing. They use commercial advisors who are overseas when there is local expertise/ knowledge. Excluded.*
- 6.16.3 Linked to this many fishermen believe that the quota system which is being introduced will be unviable for each and every fishing vessel/ business to operate. The earnings they would generate and subsequently wages will be below the minimum wage. ENRP has advised that the annual quota for 2021 for the key tuna species is based on each vessel's average annual catch (performance) over the last three years.
- 6.16.4 Recommendation. That consideration be given to identifying lessons which could be learnt from this and the mainstreaming of some policy development tools, e.g. stakeholder analysis and participation in developing policies that directly impact on livelihoods.

6.17 Economy: Tourism

- 6.17.1 There is a common perception that tourism has not delivered as it was intended to, and therefore that its impact in terms of economic development has been very limited: visitor numbers and spend on the Island was not as high as hoped, but it was at the lower end of the predicted range²¹⁴. Overall, without the impact of Covid 19, the early indications of the way the tourism-based economy was developing was what was predicted and on the whole things were looking reasonably good after only 2.5 years of commercial flights.

²¹⁴ SHG, 2019, *Evaluating the Impact of the Air Access Project and the 2012 Air Access MOU Reform Programme*, Jamestown, SHG, p.11

But the enthusiasm of SHG and ESH was not commensurable with what they predicted – in hindsight tourism was over-egged. Many of the public picked up the magic number of 30,000 tourists (Section 4.17.2), and some businesses invested relatively heavily and quickly in their expectation of such numbers. Organic growth in the tourism sector, which was what had been predicted, was lost sight of by SHG and ESH in the enthusiasm to be ready for the first commercial flight and for a subsequent rush of tourists (even with the smaller Embraer aircraft). This had an impact on business cash flows in the hospitality sector even before Covid 19. Inevitably this has given rise to blaming SHG, ESH and FCDO.

This aspiration still exists today and there is a need for clear messaging from SHG to counter-act the expectation of 30,000 visitors/ year happening sooner rather than later.

Recommendation – that consideration is given to a re-focus to get the right information out to social media, the private sector and the public about visitor number projections.

- 6.17.2 St Helena attracted more adventure type tourists and friends and relatives of those living on the Island than high budget tourists (as predicted in the business case) which has benefited the self-catering sector. Predicted annual occupancy rates for the Mantis based on the Journey assessment of visitor demand medium case scenario²¹⁵ proved to be over optimistic. There was a significant difference between the forecasted non-St Helenian leisure and business visitors per year and the actual in the first two years²¹⁶. Other hotels also experienced fewer than expected overnight stays. Table 6.17.2 sets out nights spent and expenditures of different categories of visitor, 2018 and 2019. The biggest category of visitor was those visiting family and friends.

Table 6.17.2: Nights Spent and Expenditures of Different Categories of Visitor, 2018 and 2019²¹⁷

	2018	2019
Nights spent of people departing in year	34,351	44,604
Visiting family and friends	20,927	29,903
Tourists	11,292	12,609
Short-term business visitors	2,132	2,092
Range estimate of average daily expenditures		
Visiting family and friends	£80-110	£80-110
Tourists	£140-190	£140-190
Short-term business visitors	£110-150	£110-150
Range estimate of total annual expenditures (exports of services to visitors)	£3.5-4.4m	£4.8-6.0m
Visiting family and friends	£1.7-2.3m	£2.4-3.3m
Tourists	£1.6-2.1m	£1.8-2.4m
Short-term business visitors	£0.2-0.3m	£0.2-0.3m

- 6.17.3 On the basis of these estimates average visitor/ tourist spend was between £101.89 and £128.09 per night in 2018, and between £107.61 and £134.52 per night in 2019. Maximum spend estimate in the airport business case was £195 per person per day

²¹⁵ Journey Tourism Consulting & Management 2013, *Visitor Demand Assessment after the Completion of St Helena Airport*, p.101

²¹⁶ SHAS, 2020, *Performance Audit, the 1,2,3 Main Street Hotel Development*, Jamestown, SHAS, p.11,

²¹⁷ SHG, 2020, *Statistical Bulletin No. 6 2020*, Jamestown, SHG, p. 8

and the minimum spend estimate was £82 per person per day. The 2019-20 visitor survey provides a higher figures of an average spend per visitor per night of £156.23²¹⁸.

- 6.17.4 About two-thirds of visitors use self-catering rentals. The vast majority of those visiting friends and family stayed for a month or more. Whereas the vast majority of tourists who had no connections to the Island stayed for a week²¹⁹. As set out in the ex-ante SIA of the TDP those with capital (physical or financial) proved to be in prime place to develop self-catering accommodation²²⁰ and eateries. New jobs were created but it is not known how many, and a number of skilled workers had to be employed from overseas, including chefs and hotel managers. Contribution to GDP is not known, but there should be at least an indication in the FCDO Project Completion Report on ESH in 2021.
- 6.17.5 The unprecedented impact of Covid 19 on global travel tested tourism enterprises, especially those still in their early years. Those who started small, and especially without loans, are in a better position to weather the impact, as are already established enterprises without loans. Some people believed that given tourism was untested the size of some BOSH loans was not prudent and also that grants were too readily available from ESH, and that this resulted in more enterprises than what the visitor and local markets could provide for thereby risking the viability of each enterprise.
- 6.17.6 On the positive side SHG, ESH and the private sector have built a strong base for tourism on the natural and cultural environment (the green and the blue and Saint culture), which should help protect the Island from the bland internationalism of much tourism. The potential for jobs (skilled and unskilled) has been demonstrated and there is a sense of what potential there is post Covid 19. Market space has been provided to the local sector which has responded enthusiastically (albeit with over-enthusiasm as noted above) which will bode well in the competing event of an inward investor building a resort²²¹. But the aviation sector is not expecting a return to normal until 2024²²² and there are warning signs about problem debt amongst businesses – see Section 6.19.7

6.18 Economic: Enterprise Size by Number of Employees

Growth in the Private Sector and Implications for Employment Legislation

- 6.18.1 Since 2010 the number of business employing over 10 employees has increased from 13 in 2010 to 23 in 2019 (Annex 2). Data is not sufficiently granular to identify what kind of business are either new or had grown into the 10+ employee category but anecdotal evidence suggests those are in the hospitality and construction sectors.

²¹⁸ SHG, 2020, *St Helena Air Visitor Departure Survey, April 2019 to March 2020*, Jamestown, SHG, p.9.

²¹⁹ SHG, 2020, *Statistical Bulletin No. 6 2020*, Jamestown, SHG, p. 6.

²²⁰ Muir, Ann, 2011. *Tourism Strategy: Social Impact Appraisal*, Jamestown, SHG, p.19.

²²¹ A five year extension was granted to Saint Helena Development Corporation PLC in 2020 on the option to build a hotel and golf resort at Broad Bottom.

²²² Pers com, SHAL, 30th January 2021.

Table 6.18.1: Businesses with Employees Responding to the 2018 and 2019 Business Surveys²²³

	Smaller (up to 9 employees)		Larger (10+ employees)		Total	
	2018	2019	2018	2019	2018	2019
Total	133	119	26	23	159	142
Employee						
Band as a %	83.6%	83.8%	16.4%	16.2%		

Up to date information is not available on the number of owner-run/ self-employed businesses (the 2019 Business Survey focused on employment), but as in 2010 this is probably still around 50% with a) agriculture and forestry, and b) the wholesale and retail, and repair of motor vehicles industry groups dominating.

- 6.18.2 This growth in employees illustrates the importance of the social implications of the lack of monitoring implementation of the Employment Rights Ordinance 2010, the Minimum Wage Ordinance 2012 and the Leave Entitlement Regulations 2015 or their active enforcement. It has been left up to employers and employees to educate themselves on compliance. The Labour Regulating Authority (LRA) has a big responsibility but lacks the resources to monitor and enforce compliance.

Recommendation. That consideration be given to monitoring compliance with employment law. Education/ awareness raising (e.g. by the plain English pamphlets under preparation) should be supported by a test court case which demonstrates to employers and employees the importance of compliance.

- 6.18.3 It was hoped that economic development and the growth of the private sector on the back of the airport and tourism would allow for small incremental regulations to be passed whereby those in the small-scale private sector would move closer to the terms and conditions of the larger employers - SHG, Solomon's, Sure and BOSH. Unfortunately not all the regulations in the 2010 Ordinance have been followed through and those that were in 2015 (Annex 1.13) were rather modest.
- 6.18.4 It could be argued that the planned full social impact of the 2010 Ordinance was undermined, that lip service was paid to making progress on levelling the playing field between all employers at a time when the economy was buoyant. Certainly after the boom period there was an economic slump, and it could be argued that a very cautious approach to the minimum wage and holiday leave regulations was justified. Nevertheless increasing the minimum wage by inflation does nothing to reduce the gap between the well paid and the low paid – assuming all benefit from inflationary increases. And the minimum wage is widely believed to be too low for a socially acceptable minimum standard of living. Five days paid annual leave is meagre – and the combination of these makes it less affordable for the low paid to take unpaid holiday leave.

6.19 Economic: Profitability and 'Getting By'

- 6.19.1 Excepting the boom of the airport construction years little has changed since 2008 in the types of enterprises able to operate more profitably than others as well as those that commonly do not earn enough to make a taxable profit – corner shops and farms (Section 4.19). Many of these do not have employees, but for those that do and

²²³ Data from Statistics Office Tables, 14th January 2021.

provide only the minimum rights and protections, an increase in the minimum wage and paid annual leave could have implications for the affordability of employing staff.

- 6.19.2 Hence the importance of a stepped approach to increasing the minimum wage with the private sector, especially small employers with limited operations in a competitive sector (shops), to allow businesses to plan for an increase. Competitive salaries is one factor encouraging people to stay and to come back.
- 6.19.3 The boom years from 2012 to 2017 quickly became a new normal, which meant that the post airport construction slump was felt keenly. And there was no capital project to take up slack in the construction sector until 2020.
- 6.19.4 The economy in 2021 is in a weaker situation without tourism, which although in its formative years was starting to show how it could be a source of external revenue for SHG and of how it could generate new money to circulate in the local economy benefiting the private sector.

A specific major loss in 2021 was the international publicity and visitors who would have come for the bicentenary of Napoleon's death. Added to this was the loss of access to new EDF funding and the closure of ESH with redundancies plus possible redundancies in SHG as part of the Fit for the Future programme. Otherwise as what has been normal the economy is dependent on SHG raising revenue, its capital programme (construction) demands and its providing employment, and financial transfers from the UK.

- 6.19.5 When people in business were asked for the characteristics of enterprises that weathered the post boom period slump and are weathering the effects of Covid 19 the responses were being nimble and flexible/ multi-skilled, developing organically with caution, being prudent and not having serious debt. These characteristics are probably common to small Islands and small communities which rely heavily on local work and employment and are indicative of how businesses will thrive in the future.
- 6.19.6 Doing business in St Helena is not easy and a number of people commented on how challenging it was for private sector operators, especially for those required to prepare business plans for grants and loans for the first time. There was a common view that business plans and cash flow projections were not necessarily followed: it was done *to tick a box* with BOSH or ESH. To what extent this affected business operations and financial sustainability is not known, although many people close to the business sector are of the view that for many new businesses their financial management was weak.

Some businesses are carrying very significant levels of problem debt and lenders are criticised for what could amount to irresponsible lending. Businesses where there were over projections in business plans and those that started trading on several fronts simultaneously were singled out as having serious problems when the airport was delayed.

There is as yet no complete information on businesses in difficulty and failure rates and therefore how these would compare with similar places in similar circumstances. The Chamber of Commerce estimates that about 5% of their membership (around 100) fail annually for a mixture of reasons including retirement²²⁴.

²²⁴ Pers com Chamber of Commerce, 7th May 2021.

Recommendation – that consideration is given to a business survey assessing the state of individual businesses after the closure of ESH and as a consequence of Covid 19. This could provide an opportunity to learn lessons for future business financial and advisory support by SHG, BOSH and the Chamber of Commerce.

- 6.19.7 Covid 19 has meant that most businesses are *getting by*, but for those in the hospitality and tourism sectors it has been a case of barely getting by with most reducing staff and downsizing. Consequently the number of unemployed rose to 56 in December 2020. But a) even with the visitor numbers and spend being towards the lower end of projected growth and b) between ESH grants and ESH and SHG Covid 19 business support there has been some kind of business financial support scheme running since ESH started, problem debt is reported to be increasing:

We have noticed significant cash flow problems with the hospitality trade and some tradesmen and I suspect this trend is just the beginning of what could become a real issue. If we get to the point where as a business we have to cancel credit facilities for a local business then it normally quickly leads to their collapse.

*No doubt many businesses would have failed earlier without the [Covid 19] support they have received, and if now due to the financial constraints all support is to end, then there will definitely be some insolvencies.*²²⁵

6.20 Infrastructure: Electricity

- 6.20.1 The social impact of divestment and removing the subsidy from electricity has been a significant improvement in services and inevitably higher tariffs. But overall electricity consumption is down and this is attributed to increased use of private solar panels and price sensitivity. Individuals who can afford to do so are turning to solar on cost, and some also on environmental grounds. But on the other hand whereas in 2010 400 units/ quarter was considered low use for a family, this has now increased to 560 units/ quarter reflecting changing expectations as people use more electrical appliances, and also fewer low income families use firewood for cooking.
- 6.20.2 Connect is faced with a challenge of needing to be price sensitive to minimise the loss of customers and to support investment on the back of the cable, in particular for earth stations. Such competitive pricing would also be to the benefit of low income families. Connect's investment in more renewable energy sources - which are widely considered the cheapest sources of electricity – and its power purchase agreement with Pash Global should go some way to enabling more attractive pricing.
- 6.20.3 But this could be compromised if a significant number of users (private and commercial) move to solar panels: this could mean fewer opportunities for Connect to maintain competitive pricing.

Recommendation. The impact of current and increased use of private solar energy on Connect's tariffs should be assessed for any implications on pricing, and particularly for low income families who cannot afford a private supply.

²²⁵ Local business owner, 9th March 2021.

6.21 Infrastructure: Water and Waste Water

- 6.21.1 Connect has used its SHG subsidy to subsidise water tariffs, a reduction in the subsidy means an increase in the water tariff. The subsidy is used to target agricultural water supplies - targeted as required by the MOU. In as far as produce reaches the market place this has a secondary impact on reducing the price of produce to the consumer.

7 CONCLUSION

7.1 Structure

- 7.1 This section sets out broad conclusions with respect to the way the economy is developing for the social development of the Island and for SHG. It also identifies trends and provides a discussion of their potential implications.

7.2 Migration and Salaries

- 7.2.1 The first and key conclusion is the glaringly obvious one, and that is the need for economic development to lift low wages and reduce migration overseas. Affordable housing is closely linked to uncompetitive salaries and migration as the costs of building or buying are high compared to salaries. People will migrate for other reasons as well (opportunities and family) but competitive salaries on the Island will promote circular migration whereby working people come and go according to economic opportunities. This has long been a feature of Island life with Saints returning to retire. But to grow the working age population of Saints competitive salaries are needed.

This was the situation before the MOU, and after only 2.5 years of commercial flights and a visitor economy (before the global effects of Covid 19 in March 2020) it is too early to expect otherwise.

- 7.2.2 Growing the working age population is also essential to increasing SHG revenue and to meet the health, social care and BIP costs of an ageing population. And as standards of medical and social care improve and as people increasingly expect a standard of living more akin to that of the UK than their parents and grandparents did, the costs will increase. This SIA assumes that because of the effects of Covid 19 in the UK there is unlikely to be an increase in financial transfers from the UK and that difficult choices will need to be made with respect to budgets and budget priorities. Squeezed budgets could have consequences for the legal obligation to meet internationally acceptable standards of medical and social care.

7.3 The Role of the MOU in the Way the Economy is Developing

- 7.3.1 An intention of the MOU was for SHG to enable the development of the private sector, which through ESH it did. The size of loans available from BOSH and availability of grants from ESH resulted in more tourism-related enterprises than what the combined tourism and local markets could provide for, thereby risking the viability of each enterprise. Conversely, farming is a relative success story, because it has a strong local market.

There has been some economic development as a result of the MOU and UKG investment in the airport – in the development of a visitor economy in the private sector as evidenced in visitor spend (Section 6.17.2) until the global effects of Covid 19. Therefore the way the economy was developing was being shaped by the visitor economy - not the projected high budget tourist, but friends and family of people on Island. This would not have happened without the airport.

- 7.3.2 The MOU and the airport have been drivers in the modernisation of policies, legislation and actions that were needed to kick-start what was a stagnant economy. The results of the MOU reforms and other key policy, legislation and action areas are mixed as evidenced in the intended and unintended social consequences section. Areas in which MOU results were less than what was intended include immigration, investment

(which are being reviewed), and some aspects of institutional reform in SHG (headcount reduction, divestment and rationalisation).

Other non MOU areas where results were less than what was intended include housing, employment law, the minimum wage, social care and environmental protection.

The way the economy is developing (the visitor economy on the back of air access to facilitate financial sustainability) since 2010 has meant a very busy schedule for SHG and the public service. The airport and the Wass Inquiry detracted from gaining traction on housing, employment law, the minimum wage, social care and environmental protection.

It is beyond the scope of this SIA to meaningfully construct a counterfactual scenario whereby an airport was invested in without the actions quickly carried out as a result of the MOU. But at the level of common sense it would have been a much bumpier ride as SHG and the public service would have had to learn from experience as the airport project progressed.

7.4 Social Risks Associated with the Way the Economy is Developing

7.4.1 The Employment Rights Ordinance of 2010, which came into effect in 2013, included provision to be made for regulations to introduce minimum rights and protections for all employees. It was intended that these be introduced to promote and protect employment in the private sector in the tourism based economy. But many working time regulations have not been regulated for and this leaves many private sector employees relatively less protected than those of SHG and some private sector employers. If this continues there is a risk of disadvantaging employees in terms of them benefiting less from economic development because they have fewer minimum rights and protections.

7.4.2 Given the age dependency ratio and the need to grow the working age population to achieve economic goals it is necessary to not only retain and attract Saints back to the Island but to also attract highly beneficial migrants. These are likely to be high earners.

Globally the tourism economy is characterised by low pay and seasonal and part-time work. It is likely that this will also be the case in St Helena.

Therefore without addressing low pay and minimum rights and protections there is a risk that those in the visitor economy will be left behind workers in other sectors. In the way the economy is developing it will be important for SHG to continue to regulate for what is socially considered to be fair terms and conditions of employment.

7.4.3 The cost of housing relative to salaries is also a social risk to retaining and attracting Saints back to the Island, and as noted above is linked to uncompetitive salaries, especially for the less-well paid.

7.4.4 That said the biggest risk to the way the economy is developing is not attracting enough of a working age population to drive economic development.

7.5 Social Development

- 7.5.1 There are three outstanding issues of social development concerned with children, expectations and social inclusion.
- 7.5.2 Children's expectations and use of leisure time is changing. Although there are more leisure facilities available, overall there was concern about a lack of variety, especially for teenagers. This was accompanied by observations about inappropriate internet use increasing and that many parents and grandparents are not computer literate.
- 7.5.3 Commensurable with this are changing expectations amongst adults, especially those who have grown up with television and broadband. The desire for a lifestyle more akin to that of the UK is an important driver in the common consideration that low wages are too low.
- 7.5.4 There is greater social inclusion of people with disabilities (although there is a long way to go with respect to work and physical access); students with special education needs, same sex couples and people who are HIV+.

8 RECOMMENDATIONS FOR CONSIDERATION IN THE SOCIAL POLICY PLAN

8.1 Low Pay and Employment Law

Recommendation. This SIA fully supports ongoing engagement with the private sector to agree a policy to increase the minimum wage through time to a rate informed by the principles of the MIS, projected inflation and other data. (Section 6.4.)

8.2 Recommendation. To nurture a MIS independent of SHG and employers a non-government organization should be identified to take this on for the December 2021 review of the MIS. This exercise will take the organization through the steps of the 2020 exercise. It would be ideal if one of the moderators of the MIS 2020 could continue with the MIS in the future. (Sections 5.15 and 6.4.4 -6.4.5.)

8.3P Recommendation. Given the goods in the MIS basket there is unlikely to be such a dramatic shift in contents again (as seen when the MIS was introduced to inform the IRB rate compared to its rate in 2020 when it was set according to the principles of the MIS as per its intended use). But it is vital that even if it is deemed unrealistic by some that it is adjusted for inflation, reviewed and rebased according to the recommended timetable in Section 6.4.5. (Sections 5.15.2 and 6.4.5.)

8.4 Recommendation. When reviewing and rebasing the MIS and using it to inform uplifts in the minimum wage a decision will need to be considered as to whether buying/ constructing one's own home is a socially acceptable minimum for a standard of living on the Island. The 2020 MIS set amounts for GLH and for private housing because the cost of buying/ constructing was known to be high relative to wages and because this is a cultural aspiration. (Section 6.7.)

8.5 Recommendation. Education/ awareness raising is needed amongst employers and employees, and this SIA fully supports the efforts of the LRA in putting the ordinance and regulations into plain English. If necessary this should be supported by a test court case which demonstrates to employers and employees the importance of compliance. (Section 6.4.)

8.6 Recommendation. That consideration is given:

- a) To identifying means of improving compliance, for example monitoring the implementation of regulations. (Section 6.18.2)
- b) To a test court case which demonstrates to employers and employees the importance of compliance. (Section 6.18.2)
- c) To having regulations covering the minimum rights and protections in the Employment Ordinance which currently do not have regulations (Section 5.15.2d). A significant one of these is a lack of working time regulations. See Annex 1.13. . (Section 6.4.)

8.7 Recommendation: That consideration be given in the social policy plan to including a study on problem debt, and how best to reduce this.

8.8 Health and Social Care

Recommendation. Health education is strongly focused on lifestyle diseases. It is important to maintain pressure on changing perceptions whereby good health becomes to be seen by the individual, their families and employer as an asset rather than seeing bad-health as an inevitable by-product of lifestyle and Island life. At the moment the focus is on doing something about poor health, but perhaps the focus

should be shifted to the physical, economic and social advantages of good health. (Section 6.6.1.)

- 8.9 Recommendation. Physical activity needs to be more strongly promoted to improve health and this is the joint responsibility of individuals and SHG. Individual action for physical activity is influenced by the physical environment, the choice of physically active activities available, and by policy. Consideration should be given to establishing a cross-sector working group to investigate how SHG could increase exercise and fitness in people's lifestyles. (Section 6.6.1.)
- 8.10 Recommendation. Forward planning in health social care needs to include people with medical and care needs in Ascension and the Falklands who will come home to retire. This is a time when many who left between the 1970's and the 1990's could be coming home. (Sections 4.2.2- 4.2.3, 5.18.2h) and 6.6.4.)
- 8.11 **Social Inclusion**
Recommendation. If the IRB policy does not go through in 2021/22 it is never the less recommended that the Benefits Office and CASH work closely to maintain an equally strong focus on getting the chronically unemployed into work as CASH will do for school leavers etc. (Section 6.8.5.)
- 8.12 Recommendation That consideration be given to a Children and Young People's Report as part of the social policy plan. This should be undertaken by young people to promote and develop the participation of children and young people in the social development of the Island. One was last prepared as part of the 2009/10 to 2015/16 social policy plan²²⁶. It should include a focus on preparing children and their families for the negative consequences of improved internet access as a result of the fibre optic cable. (Section 6.3.)
- 8.13 Recommendation. That consideration is given in the social policy plan of a situational analysis of the situation of low income working families and the implications of a low wage economy for low income families and their children, social development and SHG. (Section 6.4.)
- 8.14 Recommendation
That CASH considers a policy of encouraging employers to recruit ex-offenders and supports employers with developing risk assessments taking into consideration the nature of the job, the circumstances and background of the offence or other information contained in a disclosure or provided directly by the Police. (Section 6.10.4)
- 8.15 Recommendation. That consideration is given for the social policy plan to include a situational analysis of people with disabilities (numbers, types of disabilities and capabilities linked to disadvantage and vulnerability²²⁷) and a review of policies and actions to identify what has been successful and why and gaps. (Sections 6.12.3 to 6.12.6.)
- 8.16 Recommendation. That consideration be given to supporting an organization establish a social enterprise scheme (following the model of Shape) which combines support to

²²⁶ Drabble, Gareth and Ayla Philipps, 2009, *Children and Young People's Report 2009*, Jamestown, SHG.

²²⁷ This seems to be what DFID suggested in 2013.

deal with their alcohol addiction and part-time therapeutic work (e.g. organic gardening). This scheme could be widened to include ex-offenders and people with mental health issues seeking to get back into work.²²⁸ (Sections 6.8.7 and 6.12.3.)

8.17 Economy

Recommendation – that consideration be given to monitoring land vs production levels vs supply to local market to track progress in agricultural development. (Section 6.14.8.)

8.18 Recommendation – that consideration is given to identifying a catalyst to:

- a) Introduce strong competition to improve quality and supply which could raise business standards in the sector;
- b) Ensure fair prices which will cover input and labour costs and support employment in the sector;
- c) Support the establishment of an efficient and reliable supply chain able to meet the needs of the retail and hospitality sectors which will ensure fair producer prices for farmers (and render it not worthwhile for individuals to sell outside the chain).²²⁹ (Section 6.14.4f and 6.14.9.)

8.19 Recommendation – that consideration is given to getting clear messaging out from SHG to counter-act the expectation of 30,000 visitors/ year happening sooner rather than later. A refocus is needed to get the right information out to social media, the private sector and the public about visitor number projections. (Section 6.17.1.)

8.20 Recommendation – that consideration is given to a business survey assessing the state of individual businesses after the closure of ESH and as a consequence of Covid 19. This could provide an opportunity to learn lessons for future business financial and advisory support by SHG, BOSH and the Chamber of Commerce. (Section 6.19.6.)

8.21 Electricity

Recommendation. The impact of current and increased use of private solar energy on Connect's tariffs should be assessed for any implications on pricing, and particularly for low income families who cannot afford a private supply. (Section 6.20.3)

²²⁸ Lolly Young, 9th February 2021.

²²⁹ This support the recommendations in the SEDP, 2018, p.34-35