



St Helena Government
BUDGET EXECUTION REPORT
FINANCIAL YEAR 2022/23
PERIOD 4 (JULY)

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INTRODUCTION

Budget execution is monitored by the Treasury Directorate. The Budget Execution Report (BER) provides an update on the implementation of the annual budget for the General Reserve of the Consolidated Fund for the financial year 2022/23. This BER is for July, period 4 for the financial year 2022/23.

The Treasury and Foreign and Commonwealth Development Office (FCDO) officials meet on a monthly basis to discuss spend and forecasting. The BER is provided to evidence the use of financial aid. 66% of the original appropriated expenditure budget is financed by FCDO financial aid.

The cumulative budget position for the period April 2022 to July 2022, is summarised in the Statement of Comparison of Budget and Actual (Statement) on page 7. The Statement has been prepared in line with the Summary of Budgeted Expenditure and Revenue in the Budget Book, to provide a direct link with the appropriated expenditure budgets. Explanatory notes are included for significant variations between the budgeted and actual expenditure and revenue.

The BER includes an overview of the budget position and outturn to enhance the understanding of the Statement and progress in delivering a balanced outturn for the year.

The BER is published on the government website <https://www.sainthelena.gov.sh/portfolios/treasury-infrastructure-and-sustainable-development/treasury/>.

BUDGET

The annual budget for the General Reserve of the Consolidated Fund was appropriated on 18 May 2022. The original expenditure budget for 2022/2023 is £44,678k. The Budget book can be viewed on the Saint Helena Government website at <https://www.sainthelena.gov.sh/portfolios/treasury-infrastructure-and-sustainable-development/treasury/>.

The table below provides an analysis of the approved expenditure budgets and how the budget will be funded.

Budget Components	Original Budget £000
Recurrent Expenditure	43,592
Capital Expenditure	1,086
Total Expenditure	44,678
FCDO Financial Aid	29,670
Local Revenue	13,786
Contribution from the General Reserve	1,222
Total Funding	44,678

The contribution from the General Reserve is for specific items of expenditure.

Items	Original Budget £000
Capital investment for the St Helena Airport	479
Refurbishment and Upgrades in the Health Directorate	513
Independent Assessment of a Health Clinical Service	200
Investment in the Fish Processing Plant	30
Total	1,222

OUTTURN

Budget Deficit

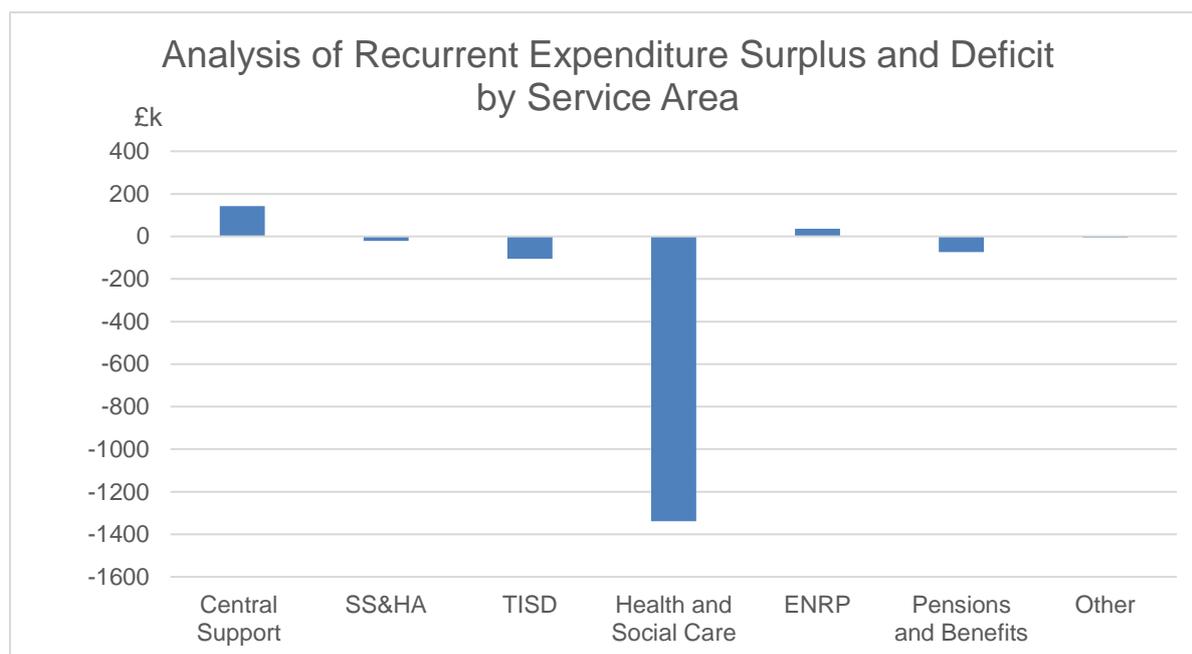
A cumulative deficit of £2.0 M is reported in July.

The cumulative deficit is £1.5M more than the phased budget deficit. This is attributed to excess recurrent expenditure of £1.4M, excess capital expenditure of £7k and shortfall in revenue is £76k.

£22k of the cumulative deficit is covered by the contribution from the General Reserve.

Recurrent Expenditure

The chart below shows the under and overspends for recurrent expenditure by service areas.



Revenue

The £76k shortfall in revenue is mainly due to taxes from Customs Dues. An analysis of customs dues is included in the table below.

	Ad Valorem £000	Alcohol £000	Tobacco £000	Other Dues £000	Total £000
Actual	610	266	185	153	1,214
Budget	640	355	260	185	1,440
Variance	(30)	(89)	(75)	(32)	(226)

Areas of Concern

1. Health and Social Care Portfolio:

- **Overseas Medical Treatment expenditure**
The annual budget is £1.5M. The monthly budget allocation is £125k. Expenditure to July is £1.2M, representing 80% of the annual budget. At the end of July, there were 67 patients receiving medical treatment overseas. Patient numbers have increased in comparison with June (56).
- **Aero Medical Evacuation expenditure**
The annual budget is £200k comprising five flights at an estimated cost of £40k per flight. Five flights were activated to July costing £252k, which is an average of £50k per flight (including refuelling costs). The allocated annual budget has been overspent.
- **Social Care Directorate expenditure**
An overall deficit of £109k is reported against the phased budget to July. £1,172k has been expended to July representing 36% of the annual budget allocation of £3,244k. Future spend will be closely monitored.

2. Treasury, Infrastructure and Sustainable Development Portfolio

- **Subsidy to Connect Saint Helena Ltd**
The actual cost per litre of diesel during May and July exceeded the cost assumption in the subsidy granted to Connect Saint Helena Ltd. Additional subsidy is payable in line with the fuel risk share element of the subsidy arrangement. The additional subsidy to July totalled £227k. Application will be made to draw on funding from the contingency Call Down Fund to meet the additional subsidy.
- **Taxes – Customs Dues**
Actual revenue is £226k less than the phased budget to July. The future revenue position will be closely monitored.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

	Year to Date				Notes
	Actual £	Budget £	Variance £	%	
EXPENDITURE					
Appropriated Recurrent Expenditure					
Central Support Service	3,441,503	3,584,527	143,024	4	1
Attorney General's Chambers	58,727	54,746	(3,981)	(7)	
Safety, Security and Home Affairs	758,710	736,817	(21,893)	(3)	
Judicial Services	41,236	44,528	3,292	7	
Treasury, Infrastructure and Sustainable Development	3,588,707	3,483,658	(105,049)	(3)	2
Education, Skills and Employment	1,128,069	1,122,004	(6,065)	(1)	
Health and Social Care	4,244,800	2,906,395	(1,338,405)	(46)	3
Environment, Natural Resources and Planning	491,467	526,767	35,300	7	4
	13,753,219	12,459,442	(1,293,777)	(10)	
Statutory Recurrent Expenditure					
Pensions and Benefits	1,645,013	1,570,794	(74,219)	(5)	5
	15,398,232	14,030,236	(1,367,996)	(10)	
Appropriated Capital Expenditure					
Treasury, Infrastructure and Sustainable Development	16,638	10,000	(6,638)	(66)	6
Safety, Security and Home Affairs	12,846	14,000	1,154	8	
Health and Social Care	1,568	0	(1,568)	0	
	31,052	24,000	(7,052)	(29)	
TOTAL EXPENDITURE	15,429,284	14,054,236	(1,375,048)	(10)	
REVENUE					
Local Revenue					
Taxes	2,928,606	3,047,400	(118,794)	(4)	7
Duty & Licences	75,655	75,786	(131)	0	
Fines & Fees	178,412	201,892	(23,480)	(12)	8
Government Rents	97,502	104,400	(6,898)	(7)	9
Earnings Government Departments	9,697	17,684	(7,987)	(45)	10
Income Received	90,960	47,500	43,460	91	11
Treasury Receipts	53,437	24,410	29,027	119	12
Recharges	104,975	96,540	8,435	9	13
	3,539,244	3,615,612	(76,368)	(2)	
External Funding					
FCDO Core Financial Aid	8,930,000	8,930,000	0	0	
FCDO Airport Operations Financial Aid	960,000	960,000	0	0	
	9,890,000	9,890,000	0	0	
TOTAL REVENUE	13,429,244	13,505,612	(76,368)	(1)	
SURPLUS/ (DEFICIT)	(2,000,040)	(548,624)	(1,451,416)	265	

Notes to the Statement of Comparison of Budget and Actual

The notes below provide explanations for variances between the budget and actuals for the year to date, which are more than 5% and £5k, or more than £50k.

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
	Recurrent Expenditure			
1	Central Support Service	143,024	4	Delay in recruitment of TC Officers £140k - successful candidates have experienced delays with clearance processes to enable travel to Saint Helena and there is corporate requirement to identify budget savings.
2	Treasury, Infrastructure and Sustainable Development	(105,049)	(3)	<p>Significant reported overspends include: Subsidy for Connect Saint Helena Ltd £227k and Legal Fees £74k.</p> <p>The reported over spend is the net result for the portfolio. The over spends are partially offset by underspends across the portfolio.</p>
3	Health and Social Care	(1,338,405)	(46)	<p>Excess expenditure for Health £1.2M and Social Care £109k.</p> <p>Major categories of the Health excess expenditure include:</p> <ul style="list-style-type: none"> Overseas Medical Treatment £688k - The monthly budget provision is £125k. At the end of July, there were 67 patients receiving treatment overseas; Aero Medical Evacuation £172k - Three additional medical evacuation flights were activated and the average evacuation cost of £50k exceeded the budget provision of £40k per flight; and Medical Supplies £465k - goods are expensed in full when payment is processed. Accounting adjustments are required to expense only those goods that have been issued and not goods that are held in stock. <p>The excess expenditure for Social Care is mainly attributed to Employee Costs Employee Costs £153k.</p>

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				The reported excess expenditure is partially offset by under spends recorded in other areas.
4	Environment, Natural Resources and Planning	35,300	7	Under spends on employee costs, supplies and services and contracts. Recruitment to vacant positions and procurement has been postponed as a consequence of the delayed approval of the budget and in conjunction with the corporate requirement to identify budget savings.
5	Pensions and Benefits	(74,219)	(5)	Overspend on Defined Benefit Pensions £22k – Four employees retired earlier than anticipated. Social Benefits £42k - The Shared Household Deduction legislation was revoked in April 2022 resulting in an increase in the number of eligible claimants. Basic Island Pension £9k – The actual payments to new pensioners is more than the budget provision.
	Capital Expenditure			
6	Treasury, Infrastructure and Sustainable Development	(6,638)	(66)	Materials costs for the rehabilitation of Jacob's Ladder. These expenses will be covered by additional revenues.
	Revenue			
7	Taxes	(118,794)	(4)	Revenue shortfall of £236k is reported for all categories of customs dues with the exception of fuel. The impact of these revenue shortfalls has been partially reduced by an increase revenue from PAYE tax.
8	Fines & Fees	(23,480)	(12)	There has been a delay in raising charges for persons who received medical treatment overseas.
9	Government Rents	(6,898)	(7)	Under collection reported for commercial property rents.
10	Earnings Government Departments	(7,987)	(45)	Revenue shortfall for stamp sales (£8k).
11	Income Received	43,460	91	Revenues from incidental and adhoc services is more than budgeted.
12	Treasury Receipts	29,027	119	Interest on investments is favourable.
13	Recharges	8,435	9	Customs dues on imports by the Health Service is more than anticipated.

FCDO FINANCIAL AID

Financial Aid Package

The financial aid package comprises: £26.79 million for core financial aid, £2.88 million for the St Helena Airport operations and contingency call down funding of £2.12 million.

Both the core financial aid and the allocation for airport operations are ring fenced.

The contingency call down funding can be requested for litigation and legal costs associated with historical negligence cases, aero medical evacuation costs, overseas medical treatment costs and costs to maintain access to the Island. This funding will be called upon if the budget risks identified during the planning stage materialises.

Tranches received

Tranche 1 was received May 2022. The tranche totalled £9,890,000 and covers the period April to July 2022.

Performance Indicators

Budget performance is monitored by the FCDO through a series of performance indicators throughout and at the year end. The tables below tracks two of the financial indicators for performance during the year.

Performance Indicator	Actual for Year to Date £000	Budget for Year to Date £000	Approved Budget £000
Local revenue (excluding recharges)	3,434	3,519	13,358
Total revenue (excluding recharges)	13,324	13,409	43,028
Local Revenue as a % of Total Revenue	25.8%	26.2%	31.0%

Performance Indicator	Actual for Year to Date £000	Approved Budget £000
St Helena Airport Recurrent Expenditure	937	2,880
St Helena Airport Approved Budget	973	2,880
St Helena Airport Recurrent Expenditure as a % of the Approved Budget	96.3%	100%