



**St Helena Government**  
**BUDGET EXECUTION REPORT**  
**FINANCIAL YEAR 2022/23**  
**PERIOD 5 (AUGUST)**

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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. This BER is for August, period 5 of the financial year 2022/23.

The Treasury Directorate 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. 67% of the expenditure budget is financed by FCDO financial aid.

The cumulative budget position for the period April to August 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 the progress in delivering a balanced outturn for the year. The financial aid package and performance indicators are included on page 10.

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/>.

On 30 August 2022, a supplementary appropriation of £1.4M was approved for the Treasury, Infrastructure and Sustainable Development Portfolio. These funds will be used to finance the recently approved Cost of Living Policy for which the majority will be applied to increase the subsidy to Connect Saint Helena Ltd as a result of the increase in the price of fuel (£1.350M) and a proposed utility credit scheme in line with the proposed increase in electricity tariffs from October 2022 (£50k).

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

Budget Components	Original Budget £000	Supplementary Appropriation £000	Revised Budget £000
Recurrent Expenditure	43,592	1,400	44,992
Capital Expenditure	1,086	0	1,086
<b>Total Expenditure</b>	<b>44,678</b>	<b>1,400</b>	<b>46,078</b>
FCDO Financial Aid	29,670	1,400	31,070
Local Revenue	13,786	0	13,786
Contribution from the General Reserve	1,222	0	1,222
<b>Total Funding</b>	<b>44,678</b>	<b>1,400</b>	<b>46,078</b>

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
<b>Total</b>	<b>1,222</b>

## OUTTURN

### Budget Deficit

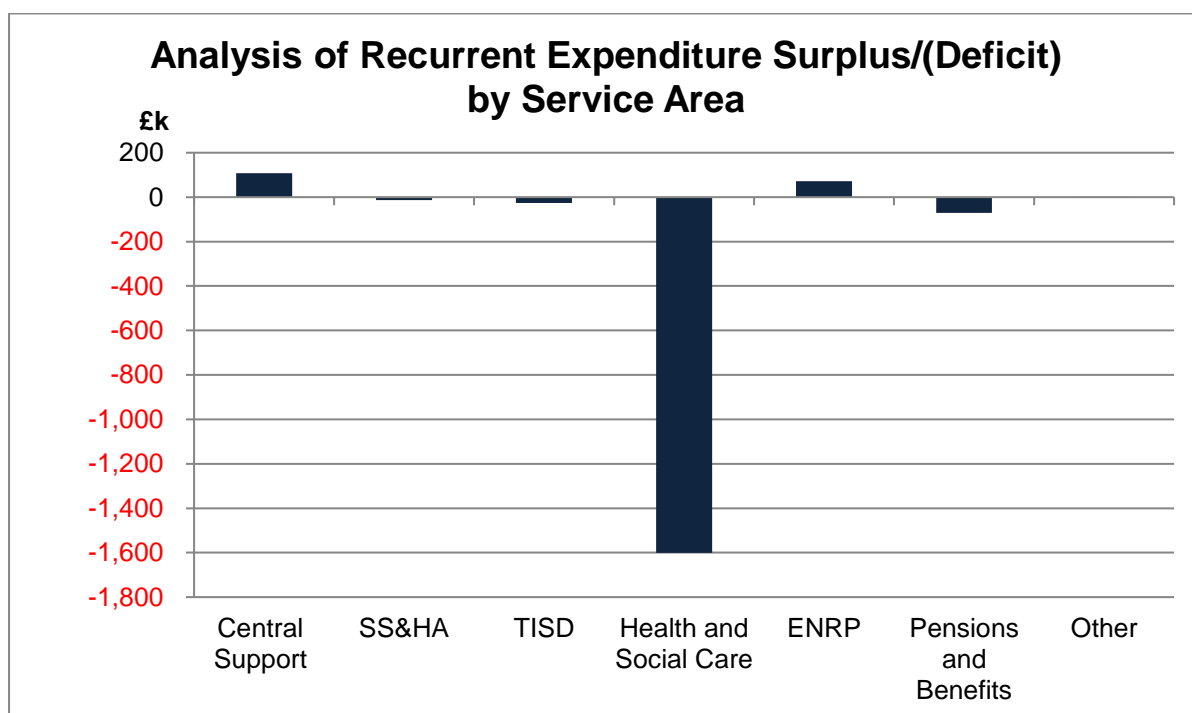
The Statement reflects a cumulative deficit of £2.5M to August.

The cumulative deficit is £1.8M more than the phased budget deficit. This is attributed to excess recurrent expenditure of £1.5M, excess capital expenditure of £112k and a shortfall in revenue of £161k.

£25k of the cumulative deficit is covered by the contribution from the General Reserve.

### Recurrent Expenditure

The chart below shows the under spends (surplus) and overspends (deficit) for recurrent expenditure by service areas.



### Capital Expenditure

The excess expenditure of £112k is in respect of equipment for the Fish Processing Plant. The budget for 2021/22 provided for this equipment however, procurement arrangements were delayed and these items were not received until this period, August. Appropriation of the funds under spent in 2021/22 is required.

### Revenue

The £161k 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	808	320	237	432	1,797
Budget	740	500	475	468	2,183
Variance	68	(180)	(238)	(36)	(386)

## 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 August is £1.4M, representing 95% of the annual budget. At the end of August, there were 79 patients receiving medical treatment overseas. Patient numbers have increased in comparison with July (67).
- 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. There were no aero medical evacuation flights in August. The average cost per flight (including refuelling costs) was £50k. The total expenditure to August of £252k has exceeded the annual budget.
- Social Care Directorate expenditure  
An overall deficit of £182k is reported against the phased budget to August. £1.5M has been spent to August representing 47% of the annual budget allocation of £3,244k.

### 2. Treasury, Infrastructure and Sustainable Development Portfolio

- Taxes – Customs Dues  
Actual revenue is £386k less than the phased budget to August. Alcohol and Tobacco are significantly under budget (analysis of customs dues on page 5 refers).

The Treasury Directorate is working with service areas to project the outturn to the year end and agree measures to address service requirements within available funding resources.

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

	Actual	Year to Date Budget	Variance		Notes
	£	£	£	%	
<b>EXPENDITURE</b>					
<b>Appropriated Recurrent Expenditure</b>					
Central Support Service	4,367,615	4,474,916	107,301	2	1
Attorney General's Chambers	62,655	60,523	(2,132)	(4)	
Safety, Security and Home Affairs	964,415	950,689	(13,726)	(1)	
Judicial Services	52,016	59,677	7,661	13	2
Treasury, Infrastructure and Sustainable Development	4,636,950	4,611,395	(25,555)	(1)	
Education, Skills and Employment	1,427,637	1,423,038	(4,599)	0	
Health and Social Care	5,213,107	3,612,089	(1,601,018)	(44)	3
Environment, Natural Resources and Planning	633,580	705,206	71,626	10	4
	17,357,975	15,897,533	(1,460,442)	(9)	
<b>Statutory Recurrent Expenditure</b>					
Pensions and Benefits	2,033,754	1,963,075	(70,679)	(4)	5
<b>Total Recurrent Expenditure</b>	<b>19,391,729</b>	<b>17,860,608</b>	<b>(1,531,121)</b>	<b>(9)</b>	
<b>Appropriated Capital Expenditure</b>					
Treasury, Infrastructure and Sustainable Development	141,774	30,000	(111,774)	(373)	6
Safety, Security and Home Affairs	12,846	14,000	1,154	8	
Health and Social Care	1,568	0	(1,568)	0	
<b>Total Capital Expenditure</b>	<b>156,188</b>	<b>44,000</b>	<b>(112,188)</b>	<b>(255)</b>	
<b>TOTAL EXPENDITURE</b>	<b>19,547,917</b>	<b>17,904,608</b>	<b>(1,643,309)</b>	<b>(9)</b>	
<b>REVENUE</b>					
<b>Local Revenue</b>					
Taxes	3,933,939	4,186,300	(252,361)	(6)	7
Duty & Licences	98,161	94,745	3,416	4	
Fines & Fees	232,640	248,803	(16,163)	(6)	8
Government Rents	115,891	125,304	(9,413)	(8)	9
Earnings Government Departments	11,642	22,605	(10,963)	(48)	10
Income Received	96,051	54,115	41,936	77	11
Treasury Receipts	67,539	30,710	36,829	120	12
Recharges	170,927	125,020	45,907	37	13
	4,726,790	4,887,602	(160,812)	(3)	
<b>External Funding</b>					
FCDO Core Financial Aid	11,162,500	11,162,500	0	0	
FCDO Airport Operations Financial Aid	1,200,000	1,200,000	0	0	
	12,362,500	12,362,500	0	0	
<b>TOTAL REVENUE</b>	<b>17,089,290</b>	<b>17,250,102</b>	<b>(160,812)</b>	<b>(1)</b>	
<b>SURPLUS/ (DEFICIT)</b>	<b>(2,458,627)</b>	<b>(654,506)</b>	<b>(1,804,121)</b>	<b>276</b>	

## Notes to the Statement of Comparison of Budget and Actual

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

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
	<b>Recurrent Expenditure</b>			
1	Central Support Service	107,301	2	<p>Delays in recruitment of TC Officers £94k and Training £20k.</p> <p>Delays have been experienced with the recruitment of TC Officers due to the clearance processes to enable travel to Saint Helena and there is a corporate requirement to identify budget savings. There have been delays in SHG employees undertaking distance learning courses. The under spends are partially offset by overspends.</p>
2	Judicial Services	7,661	13	Underspends in other contract payments £6k and legal fees £4k, partially offset by overspends.
3	Health and Social Care	(1,601,018)	(44)	<p>Excess expenditure for Health £1.4M and Social Care £182k.</p> <p>Major categories of the Health excess expenditure include:</p> <ul style="list-style-type: none"> <li>Overseas Medical Treatment £804k - The actual spend exceeded the monthly budget provision of £125k. At the end of August, there were 79 patients receiving treatment overseas;</li> <li>Aero Medical Evacuation £132k –The budget provided for three flights to date at £40k per flight. There have been five flights with an average evacuation cost of £50k per flight. No aero medical evacuation flights were activated in August.</li> <li>Medical Supplies £511k - goods are currently expensed in full when payment is processed. Payments total £755k exceeding the year to date budget of £244k (and the full year budget of £628k). Accounting adjustments are required to expense only those goods that have been issued and not goods that are held in stock.</li> </ul>



Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				<p>The excess expenditure for Social Care is mainly attributed to Employee Costs £178k.</p> <p>The reported excess expenditure is partially offset by under spends recorded in other areas.</p>
4	Environment, Natural Resources and Planning	71,626	10	Recruitment to vacant positions and procurement have 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	(70,679)	(4)	<p>Defined Benefit Pensions £8k – Employees retired earlier than anticipated.</p> <p>Social Benefits £52k - The Shared Household Deduction legislation was revoked in April 2022 resulting in an increase in the number of eligible claimants.</p> <p>Basic Island Pension £10k – Payments to new pensioners are more than the budget provision.</p>
	<b>Capital Expenditure</b>			
6	Treasury, Infrastructure and Sustainable Development	(111,774)	(373)	Equipment for the Fish Processing Plant ordered in 2021/22 was received in this period, August. Appropriation of the funds under spent in 2021/22 is required.
	<b>Revenue</b>			
7	Taxes	(252,361)	(6)	Revenue shortfall of £386k is reported for customs dues. This is mainly due to the categories tobacco and alcohol. The impact of these revenue shortfalls has been partially reduced by an increase in revenue from PAYE tax.
8	Fines and Fees	(16,163)	(6)	There has been a delay in invoicing patients for medical treatment.
9	Government Rents	(9,413)	(8)	Under collection reported for commercial property rents.
10	Earnings Government Departments	(10,963)	(48)	Revenue shortfall for stamp sales.
11	Income Received	41,936	77	Revenues from incidental and adhoc services were more than budgeted.
12	Treasury Receipts	36,829	120	Interest on investments is favourable.
13	Recharges	45,907	37	Significant increases in customs dues are recorded for the Health and Social Care Portfolio (£32k) and the Transport Trading Account (£7k).

## FCDO FINANCIAL AID

### Financial Aid Package

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

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.

### Funding Tracker

Funding Allocation	Total Aid £000	Received to Date £000	Pending Claim £000	Called Upon £000	Balance Available £000
Core Financial Aid	26,790	8,930	8,930	0	8,930
St Helena Airport Operations	2,880	960	960	0	960
Contingency Call Down	2,120	0	0	1,600	520
<b>Total</b>	<b>31,790</b>	<b>9,890</b>	<b>9,890</b>	<b>1,600</b>	<b>10,410</b>
<i>Tranche</i>		<i>1</i>	<i>2</i>	<i>3 &amp; 4</i>	<i>3 &amp; 4</i>

Tranche 1 and 2 total £9.890M each. Tranche 1 was received May. Tranche 2 has been claimed and receipt of funds is pending.

In July, FCDO agreed to the application of £1.6M from the contingency call down funding to cushion the impacts that the fuel price increases would have on the cost of utilities and the cost of living. These funds are provided for in tranches 3 and 4 which are due to be released between December and March.

### Performance Indicators

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

Performance Indicator	Position	£000	%
Local Revenue as a % of Total Revenue (excluding recharges)	<b>Year to Date Actual</b>	<b>4,556/ 16,918</b>	<b>26.9</b>
	Year to Date Budget	4,763/ 17,125	27.8
	Full Year Revised Budget	13,358/ 44,428	30.1
Actual Local Revenue as a % of the Original Budget for Local Revenue	<b>Year to Date Actual</b>	<b>4,556/4,763</b>	<b>95.7</b>
Actual Recurrent Expenditure as a % of Approved Budget	<b>Year to Date Actual</b>	<b>19,392/ 17,861</b>	<b>108.6</b>
Actual St Helena Airport Recurrent Expenditure as a % of the Approved Budget	<b>Year to Date Actual</b>	<b>1,149/ 1,179</b>	<b>97.5</b>