



St Helena Government

BUDGET EXECUTION REPORT

FINANCIAL YEAR 2022/23

PERIOD 8 (NOVEMBER)

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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 November, period 8 in 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 November and the forecast position to the year end is summarised in the Statement of Comparison of Budget and Actual ([Statement](#)) on page 9. 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 budget, actual and forecast 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 14.

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

BUDGET

The table below provides an analysis of the approved expenditure budgets for 2022/23 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	65	1,151
Total Expenditure	44,678	1,465	46,143
FCDO Financial Aid	29,670	1,400	31,070
Local Revenue	13,786	0	13,786
Contribution from the General Reserve	1,222	65	1,287
Total Funding	44,678	1,465	46,143

The annual (original) budget for the General Reserve of the Consolidated Fund was appropriated on 18 May 2022. 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/>.

Two Supplementary Appropriations have been made:

1. 30 August 2022 - £1.4M was appropriated for the Treasury, Infrastructure and Sustainable Development Portfolio. These funds were requested to finance the recently approved Cost of Living Policy. £1.35M will be applied to increase the subsidy to Connect Saint Helena Ltd as a result of the increase in the price of fuel and £50k was granted for the proposed utility credit scheme, in line with the proposed increase in electricity tariffs from October 2022.
2. 11 October 2022 - £65k was appropriated for the Safety, Security and Home Affairs Portfolio, for replacement engines for the Search and Rescue vessels.

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

Items	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
Replacement engines for the Search and Rescue vessels	65
Total	1,287

OUTTURN

Budget Deficit

The [Statement](#) (on page 9) reflects an actual deficit of £2.8M and a forecast deficit of £4.3M. The analysis of the deficits in comparison with budgets are summarised in the table below.

	Year to Date			Year End		
	Actual £000	Budget £000	Variance £000	Forecast £000	Budget £000	Variance £000
Recurrent Expenditure	(31,518)	(29,752)	(1,766)	(47,546)	(44,992)	(2,554)
Capital Expenditure	(196)	(628)	432	(1,145)	(1,151)	6
Revenue	28,937	29,139	(202)	44,363	44,856	(493)
Deficit	(2,777)	(1,241)	(1,536)	(4,328)	(1,287)	(3,041)

The forecasts were produced in consultation with Accounting Officers and Service Managers. The Treasury continues to work with Accounting Officers to refine forecasts; forecast expenditure must be curtailed to reduce the projected deficit. Accounting Officers have been requested to identify savings. Further, critical spending areas are being reviewed to identify the extent to which the level of the expenditure can be reduced.

Arrangements are being made for Supplementary Appropriation for select areas of expenditure and appropriated expenditure will be withdrawn where possible to contribute to the funding of excess expenditure.

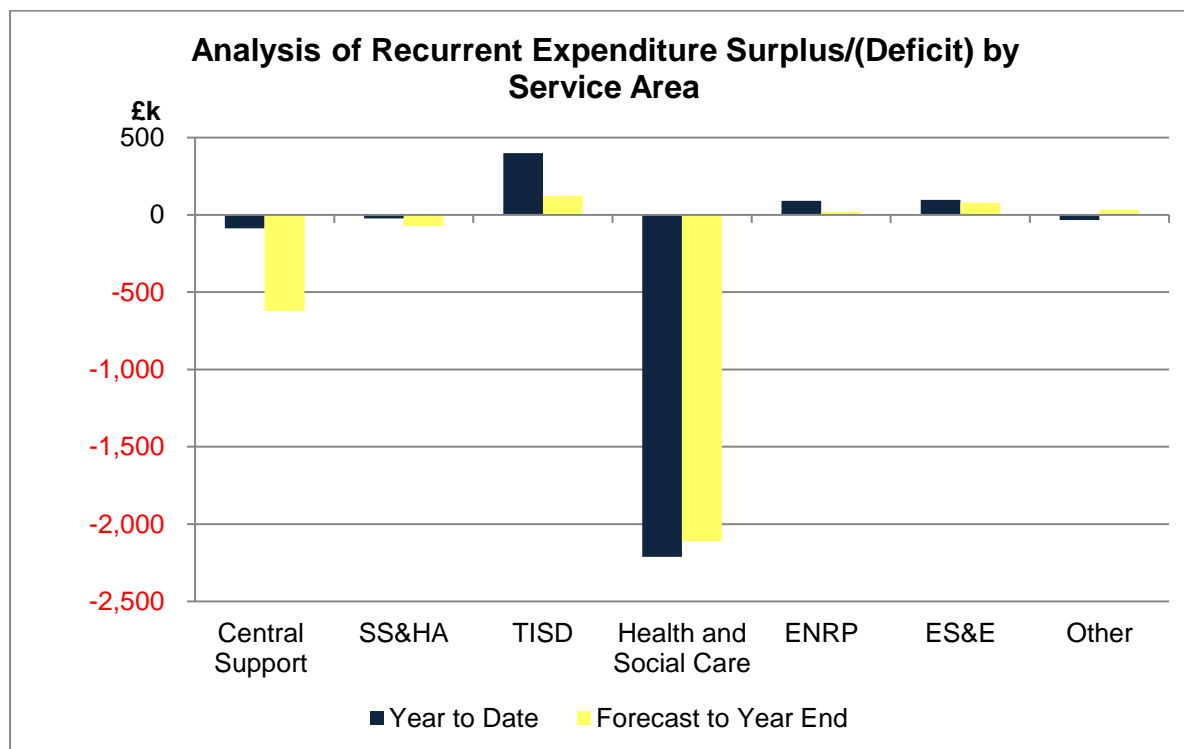
The remaining balance of the Call Down Contingency Funding will be requested from FCDO to contribute to the additional aero medical evacuation and overseas medical treatment costs (£720k). £200k of these funds was previously approved for costs in relation to the Cost of Living Policy but have not been appropriated or allocated therefore application will be made to redirect the financial aid.

Revenue forecasts are difficult to project for revenue streams which are subject to high levels of uncertainty therefore a prudent approach has been adopted when forecasting to mitigate the risk of significant overstatement of revenues and understatement of the year end deficit.

The year end forecast deficit reflects a £1.2M improvement in comparison with the report for October. Year end expenditure forecasts have decreased by £0.6M and the revenue shortfall has decreased by £0.6M.

Recurrent Expenditure

The chart below shows underspends (surplus) and overspends (deficit) for recurrent expenditure by service areas for the year to date and forecast to the year end.



Capital Expenditure

The underspend for the year to date results from procurement delays for capital projects in the Health Directorate and equipment for the Saint Helena Airport.

Revenue

The shortfall in revenue (actual £200k and year end forecast £500k) is mainly due to taxes from Customs Dues.

An analysis of customs dues is included in the table below. Actual Ad Valorem and Tobacco revenues were favourable in comparison with forecast revenues for November. The projected shortfall at year end has decreased by £400k in comparison with £1.4M reported in October.

	Year to Date			Year End		
	Actual £000	Budget £000	Variance £000	Forecast £000	Budget £000	Variance £000
Ad Valorem	1,484	1,505	(21)	1,987	2,105	(118)
Alcohol	556	808	(252)	815	1,173	(358)
Tobacco	528	825	(297)	687	1,095	(408)
Other Dues	586	696	(110)	1,060	1,205	(145)
Total	3,154	3,834	(680)	4,549	5,578	(1,029)

Areas of Concern

1. Central Support Service

Excess expenditure of £624k is projected to the year end. The review of forecast expenditure and revision of recruitment plans has resulted in a reduction in the projected expenditure for Technical Co-operation Officers by £189k (October £791k, November £602k). Supplementary appropriation will be sought for the excess expenditure for Technical Co-operation Officers.

2. Safety, Security and Home Affairs

Excess expenditure of £73k is projected to the year end, reflecting an increase of £10k in comparison with the position reported in October. Further review of the forecast excess expenditure is ongoing to assess the extent to which these projected overspends can be managed within the original approved budget allocation.

3. Health and Social Care Portfolio

- Overseas Medical Treatment expenditure

The budget allocation of £1.5M for the whole financial year was overspent at the end of period 6, September. Expenditure to November is £2.4M. An overspend of £1.2M is projected to the year end.

The projected outturn is based upon the directorate's estimation therefore subject to variation. The year to date expenditure includes estimated costs for referred patients of £278k which cannot be confirmed until invoices are received. Further estimated costs of £228k are included for the remainder of the year for 23 patients who are overseas. In addition, £108k has been estimated for the potential referral of patients.

- Aero Medical Evacuation expenditure

The budget allocation of £200k for the whole financial year was overspent in period 5, August. Expenditure to November is £351k. One aero medical evacuation flight has been forecast at £46k increasing the year end projected spend to £397k. The actual overspend is therefore £151k and projected overspend £197k.

Necessity to activate flights is subject to demand and uncertain.

- Health Medical Supplies

The risk that the value of medical supplies issued in this financial year exceeds the budget provision remains.

As previously reported, the expenditure recorded for medical supplies does not reflect the cost of medical supplies issued. Previously, expenditure reflected the cost of purchases for the year to date. The Health Directorate has undertaken physical stock counts and adjustments commenced in this period to remove the cost of items held in stock. This process is ongoing and the adjustments to reflect actual expenditure are expected to be complete in December.

The expenditure recorded to November is £900k exceeding the full year budget of £628k. In addition, £65k has been prepaid for medical supplies which are expected to arrive in December and January.

The investment in medical supplies in this year for use in the subsequent financial year remains a concern in view of the level of commitment that will be held against the

General Reserve of the Consolidated Fund prior to the approval of the budget for the next financial year. The recorded stock balance at the end of November was £891k.

- Children and Adults Social Care Directorate expenditure
There are continuing concerns over the Children and Adults Social Care Directorate's ability to manage expenditure within the £3.2M appropriated budget allocation for this financial year. An overall deficit of £267k is reported to November and it is projected that the deficit will increase to £388k at the year end. Overspends are recorded on seven of the nine expenditure categories and nine of eleven cost centres. Employee costs record the highest over spend.

The Children and Adults Social Care Directorate and the Treasury are continuing to review the directorate forecast outturn for this financial year.

4. Treasury, Infrastructure and Sustainable Development Portfolio

- Taxes – Customs Dues
There is a revenue shortfall of £680k against the £3.8M budget to November. Significant shortfalls are reported for alcohol and tobacco (analysis of customs dues on page 6 refers). The customs dues budget for this financial year is £5.6M and includes £2.3M for alcohol and tobacco. Further revenue shortfall in customs dues is projected. The forecast year end shortfall is £1M.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

	Actual	Year to Date	Variance		Forecast	Forecast to Year End	Variance		Notes
	£	Budget	£	%	£	Budget	£	%	
		£							
EXPENDITURE									
Appropriated Recurrent Expenditure									
Central Support Service	7,213,811	7,126,669	(87,142)	(1)	11,024,793	10,401,000	(623,793)	(6)	1
Attorney General's Chambers	72,967	79,400	6,433	8	88,135	104,000	15,865	15	2
Safety, Security and Home Affairs	1,554,356	1,530,766	(23,590)	(2)	2,313,198	2,240,000	(73,198)	(3)	3
Judicial Services	81,890	87,181	5,291	6	145,499	148,000	2,501	2	4
Treasury, Infrastructure and Sustainable Development	7,661,649	8,061,162	399,513	5	12,630,559	12,753,000	122,441	1	5
Education, Skills and Employment	2,361,185	2,459,366	98,181	4	3,528,234	3,606,000	77,766	2	6
Health and Social Care	8,174,258	5,962,675	(2,211,583)	(37)	10,985,153	8,876,000	(2,109,153)	(24)	7
Environment, Natural Resources and Planning	1,030,854	1,122,783	91,929	8	1,645,807	1,667,000	21,193	1	8
	28,150,970	26,430,002	(1,720,968)	(7)	42,361,377	39,795,000	(2,566,377)	(6)	
Statutory Recurrent Expenditure									
Pensions and Benefits	3,366,710	3,321,932	(44,778)	(1)	5,184,251	5,197,000	12,749	0	
Total Recurrent Expenditure	31,517,680	29,751,934	(1,765,746)	(6)	47,545,628	44,992,000	(2,553,628)	(6)	
Appropriated Capital Expenditure									
Treasury, Infrastructure and Sustainable Development	162,814	336,000	173,186	52	655,882	559,000	(96,882)	(17)	9
Safety, Security and Home Affairs	12,846	14,000	1,154	8	12,846	79,000	66,154	84	10
Health and Social Care	20,431	277,826	257,395	93	476,831	513,000	36,170	7	11
Total Capital Expenditure	196,091	627,826	431,735	69	1,145,558	1,151,000	5,442	0	
TOTAL EXPENDITURE	31,713,771	30,379,760	(1,334,011)	(4)	48,691,186	46,143,000	(2,548,186)	(6)	

Budget Execution Report for Period 8 (November 2022)

	Actual £	Year to Date Budget £	Variance £	%	Forecast £	Forecast to Year End Budget £	Variance £	%	Notes
REVENUE									
Local Revenue									
Taxes	7,648,659	8,020,200	(371,541)	(5)	10,876,495	11,542,000	(665,505)	(6)	12
Duty & Licences	189,883	172,697	17,186	10	276,063	258,870	17,193	7	13
Fines & Fees	389,044	401,938	(12,894)	(3)	682,687	696,754	(14,067)	(2)	
Government Rents	175,565	187,907	(12,342)	(7)	253,226	263,200	(9,974)	(4)	14
Earnings Government Departments	21,367	37,868	(16,501)	(44)	45,651	62,800	(17,149)	(27)	15
Income Received	185,803	103,748	82,055	79	290,732	195,676	95,056	49	16
Treasury Receipts	261,188	149,410	111,778	75	448,470	336,700	111,770	33	17
Recharges	285,499	285,260	239	0	419,363	430,000	(10,637)	(2)	
	9,157,008	9,359,028	(202,020)	(2)	13,292,688	13,786,000	(493,312)	(4)	
External Funding									
FCDO Core Financial Aid	17,860,000	17,860,000	0	0	28,190,000	28,190,000	0	0	
FCDO Airport Operations Financial Aid	1,920,000	1,920,000	0	0	2,880,000	2,880,000	0	0	
	19,780,000	19,780,000	0	0	31,070,000	31,070,000	0	0	
TOTAL REVENUE	28,937,008	29,139,028	(202,020)	(1)	44,362,688	44,856,000	(493,312)	(1)	
SURPLUS/ (DEFICIT)	(2,776,763)	(1,240,732)	(1,536,031)	124	(4,328,498)	(1,287,000)	(3,041,498)	236	

Notes to the Statement of Comparison of Budget and Actual

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

Note	Budget Component	Year to Date Actual		Year End Forecast		Variance Explanations
		£	%	£	%	
	Recurrent Expenditure					
1	Central Support Service	(87,142)	(1)	(623,793)	(6)	<p>Actual Overspends reported for TC Posts £99k, Local employee costs £23k and Councillors Expenses £9k is partially offset by underspends under Overseas Training.</p> <p>Forecast Estimated vacancy savings built into the Technical Cooperation budget have not been realised.</p>
2	Attorney General's Chambers	6,433	8	15,865	15	Vacant Post of Assistant Crown Council.
3	Safety, Security and Home Affairs	N/a	N/a	(73,198)	(3)	Replacement tyres and spares for the Reach Stacker at Ruperts £21k. Projected overspends recorded under Furniture and Equipment £9k, Telecommunications £12k, License £13k and Payments to Contractors £17k not included in approved budget.
4	Judicial Services	5,291	6	N/a	N/a	The Chief Justice did not visit the Island as planned as the Supreme Court was presided over by the Chief Magistrate.
5	Treasury, Infrastructure and Sustainable Development	399,513	5	122,441	1	<p>Actual Significant underspends recorded for Audit Fees £149k, Contracts £65k, Grants £45k Civil Aviation £48k SHAL expenses £273k reduced by £128k overspend under shipping for emergency container relocation fees and freight transport subsidy.</p> <p>Forecast Significant underspends forecast for Audit Fees due to reduction in VFM audits and delay in progression of SHG financial statement audits £93k and Sustainable Development Grants not awarded this financial year £66k. These underspends are reduced by overspends on other budget lines.</p>

Note	Budget Component	Year to Date Actual		Year End Forecast		Variance Explanations
		£	%	£	%	
6	Education, Skills and Employment	98,181	4	77,766	2	Actual Significant underspends recorded under Training Expenses £28k, Supplies and Services £34k and Recharges £35k. Forecast Funding not utilised for Employee costs £23k and Recharges £54k.
7	Health and Social Care	(2,211,583)	(37)	(2,109,153)	(24)	Excess expenditure for Health (Actual £2M/ Forecast £1.7M) and Social Care (Actual £267k/ Forecast £388k). Significant areas of excess expenditure in Health include: <ul style="list-style-type: none"> • Overseas Medical Treatment (Actual £0.9M/ Forecast £1.2M) - The actual and forecast spend exceed the monthly budget provision of £125k. • Aero Medical Evacuation (Actual £151k/ Forecast £197k) –The budget provided for four flights to date at £40k per flight. There have been six flights with an average evacuation cost of £60k per flight. No aero medical evacuation flights were activated during the month of November. The forecast provides for one further aero medical evacuation flight. • Medical Supplies (Actual and Forecast £526k) - Goods were expensed in full when payment was processed instead of the cost of medical supplies issued. Adjustments were made in November to exclude stock items from expenditure. Further accounting adjustments are required to remove the cost of stocks purchased from expenditure. The excess expenditure for Social Care is mainly attributed to Employee Costs.
8	Environment, Natural Resources and Planning	91,929	8	N/a	N/a	Actual Procurement of supplies and the awarding of contracts has been postponed as a consequence of the delayed approval of the budget and in conjunction with the corporate requirement to identify budget savings.

Budget Execution Report for Period 8 (November 2022)

Note	Budget Component	Year to Date Actual		Year End Forecast		Variance Explanations
		£	%	£	%	
	Appropriated Capital Expenditure					
9	Treasury, Infrastructure and Sustainable Development	173,186	52	(96,882)	(17)	Equipment for the Fish Processing Plant ordered in 2021/22 was received in August. Appropriation of the funds under spent in 2021/22 is required.
10	Safety, Security and Home Affairs	N/a	N/a	66,154	84	Alternate FCDO funding has been identified for Sea Rescue boat engines therefore the supplementary appropriation will not be utilised this Financial Year.
11	Health and Social Care	257,395	93	36,170	7	Delays in upgrade works within the Health Directorate.
	Local Revenue					
12	Taxes	(371,541)	(5)	(665,505)	(6)	Revenue shortfall is reported for all categories of customs dues. The impact of these revenue shortfalls has been partially reduced by an increase in revenue from PAYE and Corporation tax.
13	Duty & Licences	17,186	10	17,193	7	Revenue collected from Stamp Duty was more than budgeted.
14	Government Rents	(12,342)	(7)	N/a	N/a	Under collection reported for commercial property rents.
15	Earnings Government Departments	(16,501)	(44)	(17,149)	(27)	Revenue shortfall for Postal and Philatelic stamp sales.
16	Income Received	82,055	79	95,056	49	Revenue from adhoc services was more than budgeted. Revenue from the Internet Computer Bureau for the use of domain name .sh and Interest on investments account for the majority of the surplus.
17	Treasury Receipts	111,778	75	111,770	33	Significant surpluses are recorded for interest on investments (64k) and dividends (£43k).

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	17,860	9,930	0	0
St Helena Airport Operations	2,880	1,920	961	0	0
Contingency Call Down	2,120	0	0	1,600	520
Total	31,790	19,780	10,891	1,600	520
<i>Tranche</i>		<i>1 & 2</i>	<i>3</i>	<i>4</i>	<i>4</i>

Tranche 1 and 2 total £9.890M each. Tranche 1 was received May and Tranche 2 in October.

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)	Year to Date Actual	8,872/ 28,652	31.0
	Year to Date Budget	9,074/ 28,854	31.4
	Full Year Revised Budget	13,356/ 44,426	30.1
Actual Local Revenue as a % of the Original Budget for Local Revenue	Year to Date Actual	8,872/9,074	97.8
Actual Recurrent Expenditure as a % of Approved Budget	Year to Date Actual	31,518/ 29,752	105.9
Actual St Helena Airport Recurrent Expenditure as a % of the Approved Budget	Year to Date Actual	1,845/ 2,090	88.3