

ST HELENA NEWS MEDIA SERVICE







VALUE FOR MONEY REPORT

FINAL V2.0

DATE	SEPTEMBER 2007
AUDIT REF:	V19

CONTENTS

	Executive Summary and Overall Audit Opinion	3
1.	Introduction	5
2.	Scope and Resourcing	5
3.	Findings and Conclusions	6
4.	Recommendations and Management Action Plan	12
 <i>Appendices</i>		
A.	<i>Audit Opinion Definitions</i>	<i>16</i>
B.	<i>List of Persons Consulted</i>	<i>16</i>

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EXECUTIVE SUMMARY

The Value For Money (VFM) audit review of St Helena News Media Service (SHNMS) was conducted at the request of HE the Governor to establish whether St Helena Government's (SHG) continued payment of an annual subsidy to SHNMS is justified and if so, how the subsidy/operational arrangements should operate to ensure a level playing field.

Since SHNMS was first established in 1999, it has been in receipt of a Government Subsidy and was the only media service on St Helena until January 2005 when Saint FM opened as an independent broadcasting station. In November 2005 Saint FM also started to produce a newspaper, the St Helena Independent.

Whilst SHG's position is that they consider it healthy to have more than one media service, representations have been received that the SHG subsidised media service is in direct competition with 'Saint FM' and the 'Independent', particularly with regard to advertising.

The aim of this report was to provide an overall opinion on whether SHG is achieving value for money with the current subsidy payment to SHNMS, with regard to efficiency and effectiveness and SHG's commitment to supporting the private sector and the need to operate a level playing field; and to advise on whether there is room to reduce or withdraw the current level of subsidy. The audit fieldwork was undertaken during the period February to April 2007.

Value for money audits assess the economy, efficiency and effectiveness with which funds are applied in pursuit of policy objectives. We have assessed SHNMS's use of funds, including government subsidy, against the objectives set out in the St Helena News Media Ordinance.

Based upon the work undertaken and the findings detailed in the body of this report, overall opinion is 'Adequate'. The range of possible audit opinions is Good, Adequate and Inadequate. Definitions of these opinions are provided at Appendix A to the main report.

ST HELENA NEWS MEDIA SERVICE

Adequate	Management arrangements are generally conducive to achieving Value For Money – but further enhancements could be made.
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SHNMS are currently working on a number of initiatives designed to raise more income. These include moving from AM radio frequency to FM in order to reach more listeners as well as internet broadcasting via 'live streaming' and overall improvements to the internet service to encourage more overseas newspaper subscribers.

We identified during the review the need for SHNMS to revise and improve their current staffing structure in line with staff's responsibilities and expected outputs, to raise the standard and quality of their Radio programmes to increase audience numbers and assess their overheads which were found to be considerably high compared to turnover. We also identified a need for SHNMS to review their advertising rates in order to maximise revenue from this source. These factors directly impact the level of subsidy required and in that way offers potential for reduced subsidy over the next few years.

Management have considered a total of 10 recommendations (eight of which have been classified as high priority) and provided an action plan for implementation which is incorporated within Section 4 of this report. All recommendations are intended to improve the value for money framework.

The most significant are:

- SHNMS should consider restructuring and improved accounting methods to improve efficiency and to make clear the degree of any cross subsidy between different media.
- Job profiles and the current staffing structure should be revised for uniformity and careful consideration given to each level of staff responsibility and their output;
- Radio St Helena should undertake a listener poll to help improve their program and monitor their success rate;
- The SHNMS Business Plan should include clearly identified objectives, action plan to achieve their objectives;
- A feasibility study of co-locating to one building be undertaken to improve overall efficiencies within the SHNMS;
- Revision of current media legislation and
- Removal of voluntary producers' honorarium budget line.

We have also assessed the effectiveness of the subsidy in pursuit of SHG policy objectives. The media context has changed fundamentally since the SHNMS was established. The objectives in setting up the SHNMS included ensuring an editorially independent News Media in St Helena. As a private media service now exists, the continued payment of subsidy can no longer be justified in terms of this particular objective alone. Furthermore the more recent objective of ensuring so far as possible a level playing field in media services is not effectively pursued by the payment of a general subsidy and rent free premises to one competitor.

Stopping SHNMS from advertising would avoid unfair competition in the advertising market, but at the cost of a much increased subsidy requirement.

SHNMS provides, at no additional cost, public service broadcasting services, such as coverage of Legislative Council Sessions, which might not be attractive in commercial terms. It incurs certain costs as a statutory body, such as audit costs and costs of accountability to a publicly appointed board, which would not be incurred by a private sector competitor. It is also subject to certain restrictions on its content (decency and impartiality) and operations (ability to borrow). As a statutory body mandated to publish and broadcast it provides an assurance of continued service to the public, that private operations, free at any time to close, do not provide. Public funding directed specifically to the pursuit of these goals would not necessarily conflict with the level playing field objective.

We would recommend to SHG it clarify the policy objectives at which the subsidy is directed and move in the medium term to reducing the level of subsidy to a level that is justified by the pursuit of those objectives. (See Recommendation 11.)

1. INTRODUCTION

1.1 The St Helena News Media Service (SHNMS) audit review was requested by HE, the Governor to establish whether St Helena Government's (SHG) continued payment of an annual subsidy of £84,778 to SHNMS is justified and if so, how the subsidy/operational arrangement should operate to ensure a level playing field.

1.2 SHNMS was established in 1999, from the policy objective to create an independent media service, free from Government censorship. It was identified at this time that it was not financially possible for complete privatisation and it was agreed that the SHNMS would be subsidised.

SHG SUBSIDY PAYMENT TO SHNMS	
FINANCIAL YEAR ending	SUBSIDY £
2000	56,335
2001	98,342
2002	70,426
2003	76,120
2004	76,120
2005	85,830
2006	84,778
2007	84,778

1.3 In addition to the subsidy paid, SHNMS is also housed in SHG buildings, rent free and were previously exempted from wharfage and custom duties. SHG has now removed the privilege of exemption from wharfage and custom duty charges from all parastatal bodies in the interests of providing fair competition between public services and the private sector.

1.4 SHNMS was the only media service on St Helena until January 2005 when Saint FM opened as an independent broadcasting station and in November 2005, started to produce their newspaper, the St Helena Independent.

1.5 Representation has been received that the SHG subsidised media service is in direct competition with Saint FM and the Independent, with regard to advertising. Current advertising rates for both media services are as detailed below:

ADVERTISING RATES For both Radio and Newspaper			
	SHNMS		Saint FM /Independent £
	£		
	Black/White	Colour	
Full Page	20.00	28.00	20.00
Half Page	10.00	14.00	10.00
Quarter Page	5.00	7.00	5.00
Smaller (including Radio advertising)	<ul style="list-style-type: none"> ● Type of organisation advertising ie commercial, public etc; ● Number of words per advert - ranging from £1 for 30 words to £4 for 75 words; ● Number of airing of advert (radio) – 15 airings over 3 day period, ranging from £4 for 40 words to £16.50 for over 80 words 		2.50

1.6 A copy of this report will be made available to SHG, St Helena News Media Services and St Helena News Media Board. The executive summary will be provided to the Public Accounts Committee and Audit Committee.

1.7 Copies are made available to the public in the Jamestown library, at the Audit Service Offices and through publication at www.audit.gov.sh.

2. SCOPE AND RESOURCING

2.1 Based on representations made to the Governor that the SHG subsidised media service is in direct competition with Saint FM and the Independent, with regard to advertising, the audit objective was to provide an overall opinion on whether SHG is achieving value for money with the current subsidy payment to SHNMS, with relation to efficiency and effectiveness:

- To advise on whether there is scope to reduce or withdraw the current level of subsidy; and
- To consider the impact of the subsidy on the need to operate a level playing field.

- 2.2 This was done by:
- Assessing SHNMS job profiles to actual weekly output (obtained from time monitoring analysis) of staff;
 - Interviewing managers on, and reviewing actual output in relation to the systems and procedures and the general routine of each service provided;
 - Determining from the systems and procedures how well SHNMS are responding to the direct competition;
 - Analysing the published accounts, profit and loss account trends over the period 2000 to 2005;
 - Reviewing current St Helena News Media Ordinance and the proposed SHNMS management changes with regard to any imposing restrictions on the operation of the SHNMS and in line with their Business Plan objectives;
 - Reviewing the advertising rates of SHNMS in comparison to its direct competitor 'Saint FM/Independent' in order to determine whether SHNMS advertising service could be withdrawn or reduced;

2.3 The audit was undertaken during the period February to July 2007 by Helena Bennett, Trainee VFM Audit Manager, Delma Williams, Auditor and review, support and guidance provided by Bronwen Yon, Responsible Officer and Anthony Kilner, Chief Auditor. The total cost of undertaking the audit was £4,600.

2.4 The considerable level of assistance given to the Audit Service by SHNMS and SHG staff during the course of the audit is acknowledged with appreciation. There were no limitations or constraints encountered with regard access to information. A listing of those involved is included at Appendix B to this report.

3. FINDINGS AND CONCLUSIONS

3.1 The main findings and conclusions are presented here and are based upon the agreed scope of the audit, the actual work undertaken and the evidence gathered. Those findings which have resulted in recommendations being made are presented in Section 4 of the report,

together with the management responses and action plans.

3.2 The overall audit opinion on the operation of SHNMS is that management arrangements are generally conducive to achieving value for money, but further important enhancements could be made.

Cross-Subsidisation between Radio and Newspaper

3.3 Cross subsidisation between the Radio, Newspaper and Administration section was considered by SHNMS during the 2006 – 2010 Business Planning process.

3.4 Previous discussions between SHNMS and the Financial Secretary indicated a preference for each function to be budgeted for separately – Radio and Newspaper would cover the costs for the administrative support provided by the Administration section.

3.5 SHNMS have recognised that by allocating separate budgets for each media service with a 'core' administration function would be the first step to improved profitability and in the long-term self-sustainability. With the administration section serving as a core function, a staff restructuring would be required which would stop the current duplication of work being carried out between the Media Office and Radio Station.
(See Recommendation 1)

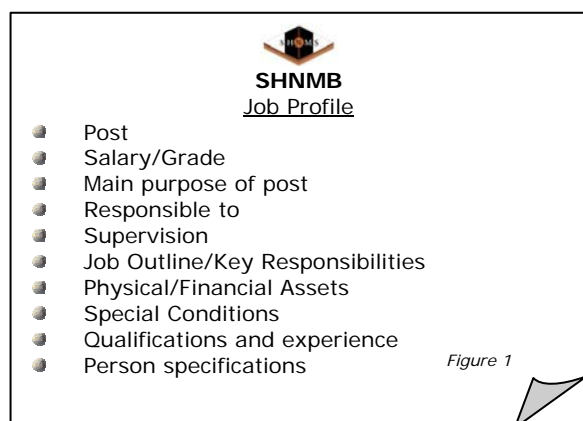
3.6 In conclusion, the degree of cross subsidy if any between the Radio and Newspaper is not clear. Currently there are 2 service provision budgets in the SHNMS i.e. Media Office and Radio whereby the Media Office includes the administration function. Separate budgets for each function as recommended above would require allocation of appropriate apportionment of overheads relevant to each function.

Staffing and Output

3.7 Review of the current staffing structure with regards to the job profiles and current staff output found major discrepancies within SHNMS.

3.8 Job profiles and salary levels were not consistent and applicable to level of

responsibility. When comparing a best practise sample framework of a job profile as shown in Figure 1 below,



to that of the SHNMS we found:

- Requirements for qualifications and experience were included under key responsibilities;
- Editorial Assistant is responsible to the Chief Executive Officer and not the Editor;
- Radio Station Manager has supervision line whilst Editor and Executive Officer do not.

(See Recommendation 2)

3.9 The salary levels of staff were inconsistently applied and inconsiderate of the level of responsibility of the post. For example:

- It is required of the Editor's post to deputise for the Chief Executive Officer; however the Radio Station Manager's post earns a higher salary level and does not have this stipulation.
- The clerk/programme organiser's salary level is the same as that of the radio station technical staff – production assistants however the clerk/programme organiser provides radio programme support to the production assistants.

(See Recommendation 3)

3.10 The Chief Executive Officer (CEO) is required by the St Helena News Media Ordinance and Main Purpose as per respective job profile, for overall responsibility of the SHNMS including the day to day management of all staff and operations. An analysis of time monitoring for one week's current output showed:

- The CEO does not provide the level of responsibility required for overseeing the day to day operation of the Radio Station, compared to the amount of time spent managing the Newspaper Office; and
- Key responsibilities of the CEO are currently being undertaken by middle management. The current CEO had previously identified this issue and has agreed that the post of CEO is not needed within the SHNMS and the duties could be incorporated into the middle managers job profile. (See Recommendation 4)

3.11 In concluding, the current number of staff required to operate the media service is adequate, with the exception to the post of CEO. Responsibilities of the CEO could be issued full time to the middle managers and the savings made from this post could be used to revise the current staffing structure with regard to staff responsibility.

Optimal Use of Resources in terms of Product Quality, Responsiveness and Competitiveness

3.12 Each function – Radio, Newspaper and Administration operates on a routine basis whereby specific deadlines for submission of news items, articles, adverts, etc are required, including detailed systems and procedures for production of the Herald and Radio output, ensuring efficient and effective service delivery i.e. radio programme, newspaper and administration operation.

3.13 In response to having direct on-island competition the SHNMS's newspaper 'The St Helena Herald', underwent a dramatic change in December 2005 by offering readers 4 pages of colour articles, an attractive front page and since been steadily improving layout and quality of 'The Herald', as shown in figure 2 below.



Figure 2

3.14 SHNMS also acts quickly to ensure 'breaking' news is made available to the public by either the radio or newspaper - whichever is appropriate for the urgency of the news and adhere to the St Helena News Media Ordinance by ensuring the current SHG press releases are made public, by providing newspaper space or including an 'insert' if the newspaper is filled to capacity. They have also more recently participated in the SHDA 'Trade Fair' promotional campaign by providing newspaper and live radio coverage of the event.

3.15 The effects of having direct competition with providing a newspaper were felt when newspaper sales started to decline during the period November 2005 (Introduction of the Independent') to November 2006, and SHNMS responded to the challenge by providing a more 'want to read' newspaper, as stated in para 3.13.

3.16 A steady upward trend in sales over the past few months has since been noted. The highest sales figures evident were in the 2006 Christmas period when people were home from abroad and also when tourist ships were in port. The graph in figure 3 below shows the sales trend of the newspaper after the 'Independent' came on line, with sales slowly increasing after November 2006.

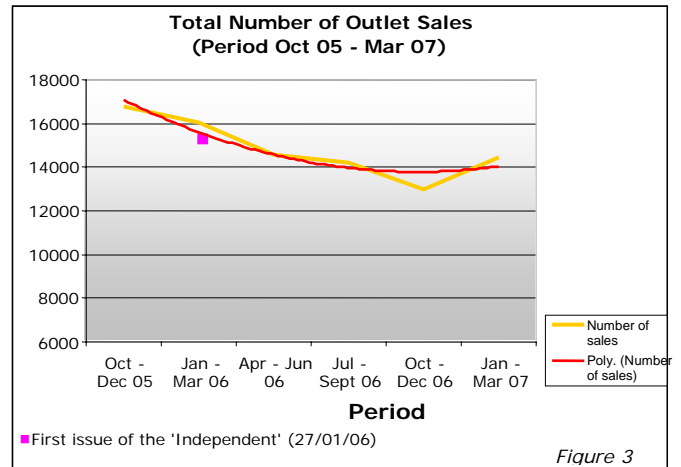


Figure 3

3.17 Whilst changes were evident to the 'St Helena Herald' in meeting the challenges to the competition, and the SHNMS had made more effort in improving their journalism skills, 'Radio St Helena' had not. With 4 production assistants, a Radio Station Manager and voluntary producers, the 'Radio St Helena' still relays 23 hours a week of BBC World Service during programme time – this being the listener's choice according to a radio station poll taken in 2004.
(See Recommendation 5)

3.18 In conclusion, systems, procedures and practices are working efficiently and SHNMS had responded well to the competition by increasing the quality of the newspaper and consequently addressing the decline in newspaper sales. However SHNMS have not assessed the quality output of their radio programme since the competitor 'Saint FM' started broadcasting and have not identified a strategy as yet for improving the quality of 'Radio St Helena' programmes.

Profitability of SHNMS

3.19 Figure 4 below shows the profitability trend of SHNMS for the period 1999 to 2005. Whilst the analysis below indicates SHNMS have managed a steady turnover, the operating expenses have caused the service to rely heavily on SHG subsidy, which covers on average 65% of the operating expenses.

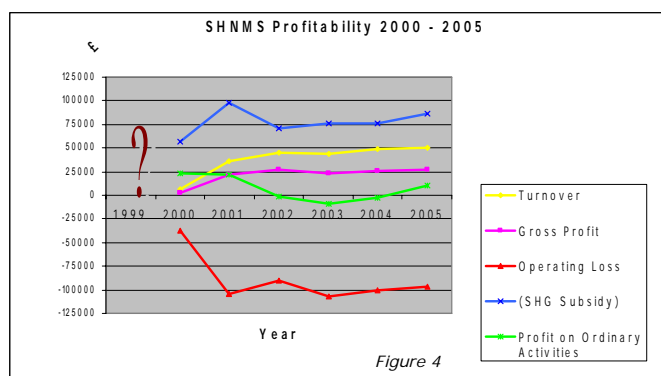


Figure 4

3.20 In order for SHNMS to consider reducing their subsidy dependence on SHG and become self-sufficient, management must target each forthcoming year with a view to decrease operating expenses and aim to break even.

3.21 Scrutiny of the SHNMS budget for the period 2006 – 2010, showed a budget line entitled 'voluntary producers honorarium'. We determined that an honorarium of £1,000 per annum is paid to voluntary radio producers in addition to mileage claim allowances at the rate of 60p per mile – the honorarium being an unnecessary and inapt expense, as voluntary producers are just that, voluntary, and therefore should be unpaid. Whilst £1,000 per annum might appear an insignificant amount, this is just one area that could assist in decreasing operating expenses as highlighted above.

(See Recommendation 6)

3.22 However, it is worth noting that SHNMS are assessing their income, and since having competition, have improved the quality of the newspaper and have now started to notice an increase their newspaper sales on island and have had some new additions to their overseas subscribers. SHNMS are reviewing their current overseas subscription setup and have plans in place to hopefully encourage more subscribers by improving their internet services.

3.23 In conclusion, the SHNMS are aware they cannot remain subsidised by SHG indefinitely and are currently working hard to improve their profitability by continuing to pursue ways of increasing their income and minimising their overheads through optimal use of resources in terms of

product quality, responsiveness and competitiveness.

St Helena News Media Ordinance Cap 160

3.24 The SHNMB and management of SHNMS reviewed the St Helena News Media Ordinance in line with their Business Plan 2006 – 2010 to ensure there are no constraints in the Ordinance to enable them carrying out their Business Plan objectives. The analysis of the Ordinance undertaken identified:

- The objective of the Ordinance to include the operation of the SHNMS;
- To include other possible ventures the SHNMS would like to undertake as specified in their business plan (see figure 5);
- To widen the types of media used in their respective editorial policies;
- To include a possible Television Station Manager and to specify the SHNMB's overall responsibility to the SHNMS;
- Emphasise books of accounts are kept for all media services; and
- To include possible income through the use of internet and television.

3.25 These recommended amendments are to reflect the objectives of the SHNMS as stated in their Business Plan and to allow scope to pursue other forms of media channels to improve income and a possible shift towards self sustainability, as shown in figure 5.

POSSIBLE NEW VENTURES FOR SHNMS AS PER BUSINESS PLAN OBJECTIVES

- Broadcasting through the Internet
- Upgrade radio broadcasting from AM to FM
- Television news bulletin



Figure 5

3.26 In accordance with the SHNMS Ordinance, provision is made by SHNMS to reproduce press releases or broadcast SHG activities free of charge (Cap 160, Section 10. (1)(d), see figure 6 below), which SHNMS considers an obligation in light of the SHG subsidy received. It is also interesting to note their direct competitor; 'Saint FM and Independent' also publish and broadcast the majority of SHG press releases free of charge.

- 3.27 St Helena Radio also produces broadcasts of a public service nature, such as broadcasts of Legislative Council Sessions that might not be commercially attractive.

**St Helena News Media Service Ordinance
CAP 160, Section 10. (1) (d) (vii)**

'That a sufficient amount of newspaper space and broadcasting time is made available for official, Governmental, or other important announcements affecting the public interest'

Figure 6

- 3.28 By requirement of the Ordinance, SHNMS often reduce their number of weekly articles and advertising to publish SHG material. As a follow up to this VFM review the SHNMS are currently undertaking a costing exercise to determine what it cost to fulfil the above Ordinance requirement. This would identify to SHNMS how much of the subsidy received from SHG is being spent on publishing and broadcasting services to SHG and which could potentially have been classed as a payment for services.
- 3.29 In conclusion, the current St Helena News Media Ordinance, Cap 160 imposes restrictions on the operations of the SHNMS. SHNMS have identified the need for changes to the Ordinance that will allow them flexibility to improve and widen their services and include possible future ventures as specified in their business plan to become more productive and less dependent on SHG subsidy. (See Recommendation 7)

SHNM Advertising Service

- 3.30 SHNMS current newspaper advertising rates were compared to that of their direct competition the 'Independent' and our review established charges were equal for a full page, half page and quarter page. The 'St Helena Herald' newspaper was then found to have higher charges for smaller adverts, basing their rates on:
- Type of organisation advertising ie commercial, public etc; and
 - Number of words per advert.
- 3.31 It was found that the SHNMS management has set the St Helena Herald advertising rates to cover the cost of

printing the newspaper. This is not based on full cost recovery as the rates do not reflect the cost of overheads incurred to produce the newspaper.
(Recommendation 8)

- 3.32 With advertising via radio, 'Saint FM' maintains the same rates to that of its subsidiary newspaper. In contrast, 'Radio St Helena's' rates are based on paragraph 3.30 categories as well as:
- Number of airings of the advert.
- 3.33 We were unable to determine whether Radio St Helena advertising rates are based on full cost recovery due to no documented information and / or evidence being available.
(Recommendation 8)
- 3.34 Concerns were raised on whether there is a level playing field within Island media services with regards to the advertising services provided. Representations received indicated SHNMS is generating advertising income that is not based on full cost recovery, and can set low rates as their operating costs are covered by a subsidy.
- 3.35 The objective of ensuring a level playing field is not effectively met by providing a general subsidy to SHNMS.
- 3.36 Our research has indicated that common practice in the UK and the rest of Europe is; if a public media service is receiving grant from their government, they do not generate income through advertising.

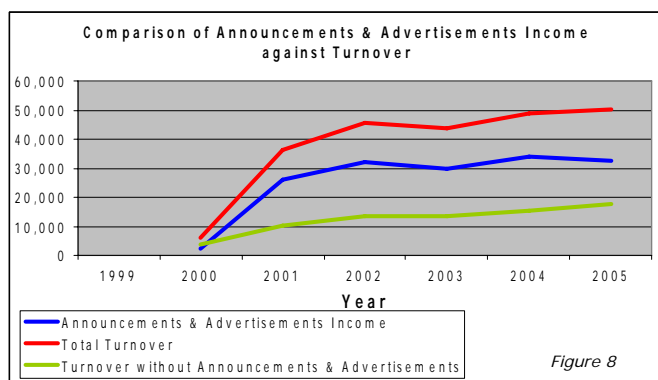
Extract from BBC Policies on Advertising

'The BBC is not permitted to carry advertising or sponsorship on its public services. This keeps them independent of commercial interests and ensures that they can be run instead to serve the general public interest'.

Figure 7

- 3.37 Ideally St Helena's unique set up should be considered and whilst there could be deliberations with regard to suggestions of withdrawing advertising services from SHNMS to level the playing field, this would result in Saint FM/Independent, the only other media service on the Island becoming a monopoly supplier of newspaper and radio advertising.

- 3.38 A comparison of income received from announcements and advertisements to turnover for the period 2000 – 2005 was carried out for SHNMS, to determine the feasibility of reducing or withdrawing the service and it was found that advertising formed over 50% of the SHNMS income, as shown in Figure 8 below.



- 3.39 If SHNMS had to reduce or withdraw their advertising services, the financial impact and non-financial implications would be that they would:
- Require an increase in subsidy to sustain their services, and possibly become completely SHG dependent,
 - Have to consider reducing some of their operating expenses in relation to service delivery and for example not providing 100% of the public with media coverage but only 70%. As SHNMS considers the subsidy paid by SHG ensures they provide an Island wide media coverage.

- 3.40 With reference to paragraph 3.28, SHNMS could otherwise consider the cost incurred to publish and broadcast SHG material from their costing exercise, and negotiate a charge for the services provided, to generate additional income.

- 3.41 In conclusion, withdrawal of advertising by SHNMS would deal with the issue of unfair competition, but at a cost of increased subsidy requirement. If SHNMS is to take advertising, it should set rates at a level to maximise net revenue.

SHG Policy Objective

- 3.42 As stated in paragraph 1.2, SHNMS was created to provide the public with an independent media service, free from Government editorial control. The rationale behind providing this media service a subsidy was, at this particular

time (1999) there were no private sector entities financially able to run a media service.

- 3.43 To date there are 2 independent media services in operation. 1 (SHNMS) being financially supported by SHG and the other (Saint FM/Independent) operating financially independently. In conclusion, this original policy objective has been achieved, with having 2 independent media services, (even though 1 is currently subsidised).

General

- 3.44 A review of the SHNMS business plan and budget for 2006 – 2010 identified the need for clearly defined strategic objectives including actions, performance measures and targets to help management focus on striving towards increased profitability and self-sustainability in the longer term. (See Recommendation 9)

- 3.45 In 2002/2003, SHNMS identified the possibility of relocating SHNMS to one building, for which an on-going exercise is being carried out by management to secure funding and suitable premises. Also a move, SHNMS considers imperative to their move towards self-sustainability and whilst this would require additional funding, the SHNMS have identified that they would undergo an efficiency review of their operations whereby current staffing requirements could be reduced, thus reducing the current staffing salary of approximately £60,000, reducing overheads to maintain 2 buildings plus being able to utilise the concept of having a 'core' administration function. Cross-training could also be undertaken, which could improve the quality output of the radio programme, and would also provide efficiencies if staff would like to take overseas leave and training, without the SHNMS feeling the impact. In any case it would be more transparent if SHNMS were charged a market rent for any government property they occupied. (See recommendations 10 and 11.)

- 3.46 In conclusion it is noted that SHNMS is currently working hard to forecast sales needed to help increase their income and to breakeven their profit and loss account

and in doing so are continuously remodelling the newspaper and seeking new subscriptions. It is again noted that the emphasis at the moment is on the newspaper and whilst SHNMS is aiming to broadcast through the internet, new and creative ventures are not forthcoming from the 'Radio St Helena'.

Conclusion

- 3.47 SHNMS is aware that in-house efficiency reviews need to be carried out to reduce the amount of overheads incurred and effectively reduce the subsidy being received from SHG.
- 3.48 SHG should clarify its policy objectives in relation to media services and ensure that the subsidy is reduced, over the medium term, to a level justified by SHNMS's contribution to those objectives.
(Recommendation 11)

4. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

ST HELENA NEWS MEDIA SERVICE

Recommendation 1	SHNMS should produce separate section budgets for Newspaper, Radio and a 'core' administration function. Staffing restructure with regard to current staff output to be considered with the set up of a 'core' administration function.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.5)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	1 Year
Management Response	General Comments: <i>Management agree to take forward this concept, and where applicable use resources such as SHDA or other training organisations to help.</i>		
	Officer responsible for implementation: SHNMS Management with Board approval		
	Implementation expected complete by: (Month & Year) April 2009		

Recommendation 2	Job profiles should be revised as per best practise sample framework at figure 1, paragraph 3.8.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.8)</i>		
Priority: (H/M/L)	LOW	Anticipated Time Frame:	With immediate effect <i>(to review the vacant post profiles before they are advertised)</i>
Management Response	General Comments: <i>Agreed, job profiles for CEO and Editor to be revised before posts are advertised.</i>		
	Officer responsible for implementation: SHNMB		
	Implementation expected complete by: (Month & Year) March 2008 (for all posts)		

Recommendation 3	With revision of job profiles, current salary levels need to be reviewed to ensure they are consistent with the level of responsibility of the job profile and the expected output.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.9)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	With immediate effect <i>(to review the vacant post profiles before they are advertised)</i>
Management Response	General Comments: <i>Agreed</i>		
	Officer responsible for implementation: SHNMB		
	Implementation expected complete by: (Month & Year) March 2008 (to coincide with Recommendation 2)		

Recommendation 4	With reference to recommendation 2 and 3, whilst the staffing restructure is under review, SHNMS should give careful consideration to combining the duties of the Chief Executive Officer with those of middle managers with a view to eliminating one management position.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.10)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	With immediate effect <i>(to review the vacant post profiles before they are advertised)</i>
Management Response	General Comments:		
	<i>Board agreed to give careful consideration to this recommendation</i>		
	Officer responsible for implementation:		
	SHNMB		
	Implementation expected complete by: (Month & Year)		
	March 2008		

Recommendation 5	The Radio Station should consider undertaking a new listener's poll to gauge the current Island's need. With the information gathered, Radio St Helena should then revise their programme to encourage an increase in listeners.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.17)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	2 Months
Management Response	General Comments:		
	Recommendation complete - Radio St Helena completed a listeners poll end of May 2007. Programme development is on-going <i>(Questionnaire issued in 25th May 07 Herald)</i>		
	Officer responsible for implementation:		
	Radio Station Manager		
	Implementation expected complete by: (Month & Year)		
	June 2007		

Recommendation 6	The Voluntary Producers Honorarium of £1,000 should be removed from budget. If producers are voluntary they should not be paid an honorarium.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.21)</i>		
Priority: (H/M/L)	MEDIUM	Anticipated Time Frame:	1 Year
Management Response	General Comments:		
	<i>Radio Station Manager to discuss with voluntary producers the possibility of continuing their voluntary services without an honorarium payment.</i>		
	Officer responsible for implementation:		
	Radio Station Manager		
	Implementation expected complete by: (Month & Year)		
	August 2007		

Recommendation 7	SHNMS should request that SHG introduce legislation amending the SHNMS Ordinance to allow them to widen their services to include other types of media and to address other their other concerns with the legislation <i>(For Audit Findings on which this is based, refer to Main Report, Section 3.29)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	1 Year
Management Response	General Comments: <i>Agreed</i>		
	Officer responsible for implementation: SHNMB <i>(to take forward with Chief Secretary)</i>		
	Implementation expected complete by: (Month & Year) November 2007		

Recommendation 8	Current St Helena Herald and Radio St Helena advertising rates should be reviewed to maximise net revenue from this income stream. <i>(For Audit Findings on which this is based, refer to Main Report, Section 3.31 & 3.33)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	With immediate effect
Management Response	General Comments: <i>Agreed.</i>		
	Officer responsible for implementation: SHNMB & Management		
	Implementation expected complete by: (Month & Year) <i>Reviewed by April 2008</i>		

Recommendation 9	SHNMS Business Plan should include clearly defined strategic objectives, with actions, performance measures and targets. An example of an 'action table' is given below.																	
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5">BUSINESS PLAN ACTION TABLE</th> </tr> <tr> <th>Key Issues/Objectives</th> <th>Action</th> <th>Timetable</th> <th>Performance Measures</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>What we want to achieve</td> <td>How we are going to achieve it</td> <td>When are we going to achieve it by</td> <td>We will use this measure to show whether we have achieved it</td> <td>This is the target for the measure</td> </tr> </tbody> </table>			BUSINESS PLAN ACTION TABLE					Key Issues/Objectives	Action	Timetable	Performance Measures	Target	What we want to achieve	How we are going to achieve it	When are we going to achieve it by	We will use this measure to show whether we have achieved it	This is the target for the measure
BUSINESS PLAN ACTION TABLE																		
Key Issues/Objectives	Action	Timetable	Performance Measures	Target														
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	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.44)</i>																	
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	1 Year															
Management Response	General Comments: <i>SHNMB to consider.</i>																	
	Officer responsible for implementation: SHNMB																	
	Implementation expected complete by: (Month & Year) April 2008 <i>(Whilst this is a high priority recommendation this action could be reviewed over the course of the year to ensure realistic actions, performance measures and targets are implemented)</i>																	

Recommendation 10	SHNMS should continue to pursue the feasibility of 'co-locating' the Radio Station and Newspaper Office and possible funding for this project, with the long term objective of self-sustainability.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Section 3.45)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	1 Year
Management Response	General Comments: <i>Agreed.</i>		
	Officer responsible for implementation: SHNMB (to take forward)		
	Implementation expected complete by: (Month & Year)		
	On-going		

ST HELENA GOVERNMENT

Recommendation 11	SHG to clarify the policy objective s at which the SHNMS subsidy is directed and move in the medium term to reducing the level of subsidy to a level that is justified by the pursuit of those objectives. In the interests of transparency, SHNMS should be charged a market rent for their use of any SHG property.		
	<i>(For Audit Findings on which this is based, refer to Main Report, Sections 3.45 and 3.48)</i>		
Priority: (H/M/L)	HIGH	Anticipated Time Frame:	By 31 March 2008
Management Response	General Comments: Agreed. Finance Committee will discuss in detail and make a recommendation to ExCo for revised policy objectives, if appropriate. This will then form the basis of any subsidy in the future. Rental for premises will be charged at a market rate once this has been done.		
	Officer responsible for implementation: Finance Secretary <i>(to take forward with Finance Committee)</i>		
	Implementation expected complete by: (Month & Year)		

Appendix A

Audit Opinion Definitions

Every VFM audit concludes with an overall opinion based upon individual opinions that are applied to each of the review areas identified as part of the scope of the audit. The range of opinions, together with an explanation of their meanings, is as follows;

<i>Value For Money Opinions</i>	
GOOD	Management arrangements are conducive to achieving Value For Money and only minor enhancements, if any, can be identified.
ADEQUATE	Management arrangements are generally conducive to achieving Value For Money – but further important enhancements could be made.
INADEQUATE	Management arrangements are not considered to be adequately conducive to achieving maximum Value For Money

APPENDIX B

List of Personnel Consulted

NAME	JOB TITLE	ORGANISATION
St Helena News Media Board		
Vernon Quickfall	Chief Executive Officer	St Helena News Media Service
Rob Midwinter	Editor	St Helena News Media Service
Laura Lawrence	Radio Station Manager	St Helena News Media Service
Nigel Benjamin	Executive Officer	St Helena News Media Service
Staff of the St Helena News Media Service		
Mike Olsson	Station Manager/Editor	Saint FM/Independent
Linda Clemett	Financial Secretary	St Helena Government