



National Audit Office



REPORT

Realising the benefits of St Helena Airport: a progress update

Foreign, Commonwealth & Development Office

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Introduction

1 St Helena, together with Ascension Island and the archipelago of Tristan da Cunha, form one of the UK's 14 overseas territories. St Helena is a small island of volcanic origin in the South Atlantic, 16° south of the equator (**Figure 1**). It is remote and isolated, 1,300 kilometres from Ascension Island, its nearest landmass, and 1,900 kilometres west of Africa. It is 122 km² in area, which is about a third of the size of the Isle of Wight. It has a population of around 4,000, 29% of whom are aged 65 or over.

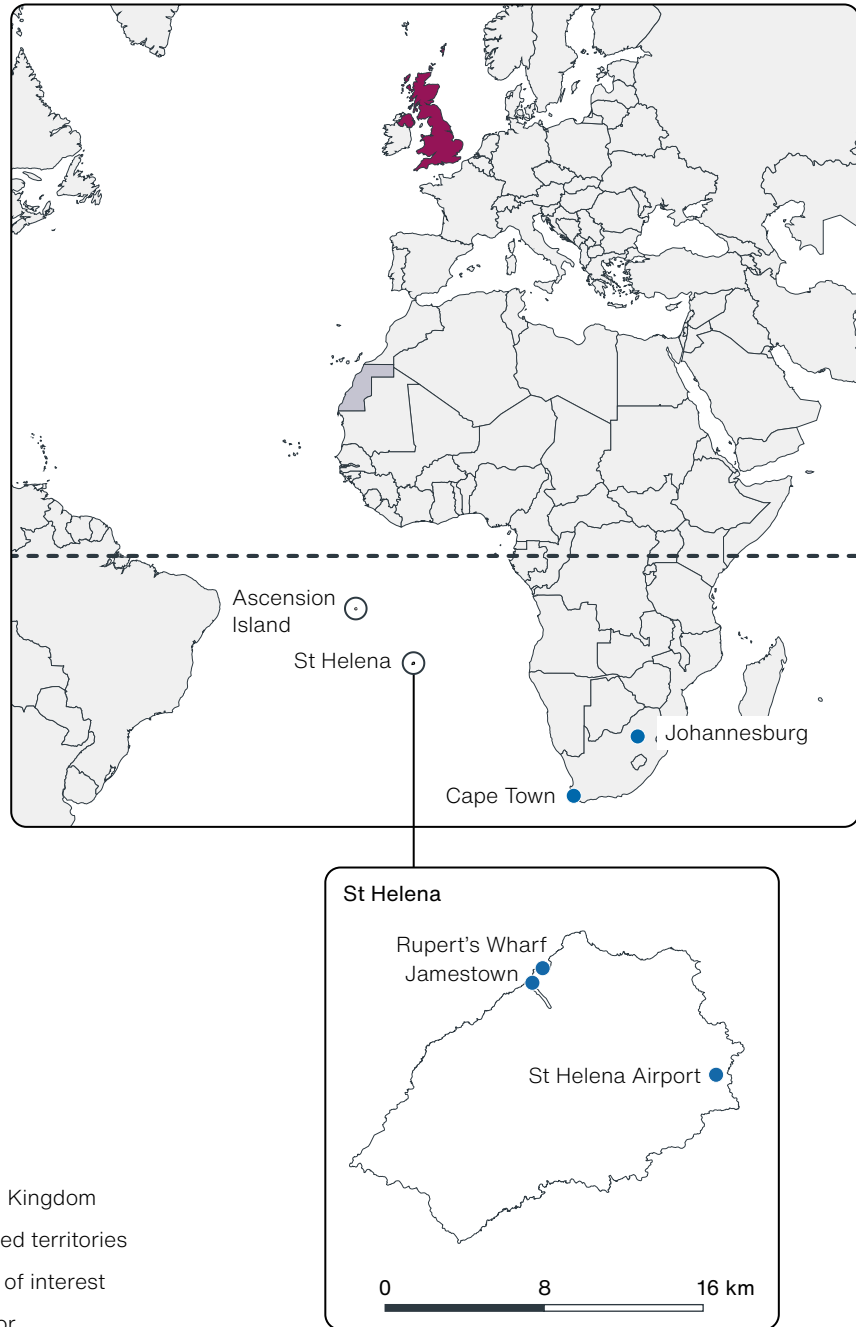
2 St Helena is self-governing and autonomous as set out in its constitution. The Governor is the representative of the King on the island and the de facto head of state. The Foreign, Commonwealth & Development Office (FCDO) has lead responsibility for the constitutional relationship between the UK and its overseas territories. Before 2021, the island's residents elected 12 members to the St Helena Government's Legislative Council every four years. In 2021, the St Helena Government moved to a ministerial system, whereby five of the 12 elected members are chosen as ministers with executive roles in the Executive Council, including a Chief Minister (**Figure 2** on page 6). The Executive Council sets the long-term objectives, strategy and policies for the island, and is responsible for the delivery of St Helena's public services. The new governance system is currently subject to a review jointly commissioned by the St Helena Government and the Governor. FCDO aims to support, enable and encourage the St Helena Government.

3 The UK government's long-standing policy is to meet the reasonable assistance needs of the UK's overseas territories, where financial self-sufficiency is not possible. This responsibility flows from international law, including the Charter of the United Nations, the shared history of the UK and its overseas territories, and a political commitment to the wellbeing of all British nationals. FCDO provides financial and technical assistance to four of the UK's overseas territories that are eligible for overseas development assistance, which includes St Helena. FCDO's long-term aim is to help those territories achieve sustainable growth and financial independence from the UK.

Figure 1

St Helena's location in the South Atlantic

St Helena is situated 1,900 kilometres west of Africa and 2,900 kilometres east of South America



- United Kingdom
- Disputed territories
- Points of interest
- Equator

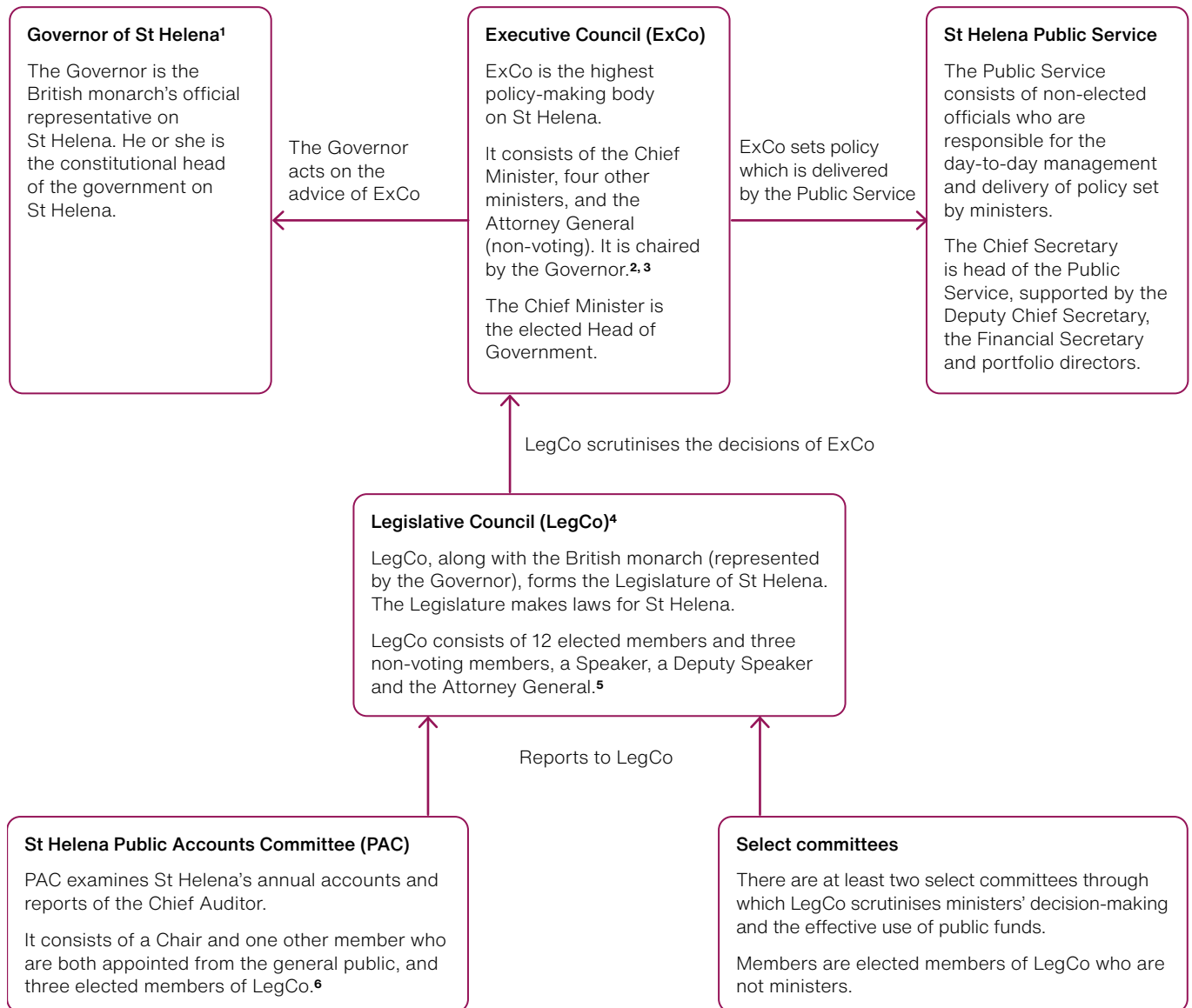
Notes

- 1 The nearest landmass to St Helena is Ascension Island, which is 1,300 kilometres to the northwest.
- 2 Flights to St Helena run from Johannesburg all year and, in addition, from Cape Town in peak season.
- 3 Rupert's Wharf is the location of replacement bulk fuel installation which was part of the original airport project.

Source: National Audit Office analysis of St Helena Government documents

Figure 2
St Helena governance structure

The Executive Council is the highest policy-making body on St Helena



Notes

- 1 The Governor of St Helena is also the British monarch's official representative on Ascension Island and Tristan da Cunha.
- 2 The Chief Minister is elected by the Legislative Council from among the 12 elected members of the Council and officially appointed by the Governor.
- 3 The four other ministers are appointed by the Governor on the advice of the Chief Minister from the remaining 11 elected members of the Legislative Council. The remaining seven elected members are termed 'councillors'.
- 4 The Legislative Council includes the Chief Minister and the four ministers.
- 5 The Speaker and Deputy Speaker are elected by the Legislative Council from the wider electorate.
- 6 The Chair and the other representative of the general public on the St Helena Public Accounts Committee are appointed by the Governor in consultation with the elected members of the Legislative Council. The other three members of the Committee are elected by the Legislative Council from the seven councillors.

4 Following a 10-year period of consultation, a feasibility assessment and concept development, in 2011, FCDO entered into a £285.5 million contract with a South African company, Basil Read, to design and construct an airport and associated infrastructure, including a replacement fuel depot (the bulk fuel installation), on St Helena, and then operate it for the first 10 years. The airport replaced the cargo-passenger service, Royal Mail Ship (RMS) St Helena, which was nearing the end of its operational life, thus improving the island's accessibility. The construction of the airport was completed in 2016 and, after a delay while the impact of difficult wind conditions on landing aircraft safely was assessed, it opened to commercial flights in October 2017. The RMS St Helena service was originally planned to end in July 2016 but was extended to February 2018 to allow continued access to the island until commercial flights started.

5 The annual amount of aid the St Helena Government receives from the UK government is based on FCDO's assessment of "reasonable assistance needs". It is the difference between the budget the St Helena Government needs to deliver public services, and its income, mainly generated through taxes. The St Helena Government received £37.8 million in aid from the UK government in 2023-24. In its business case for the airport, FCDO expected that the airport would significantly increase tourism to St Helena, increasing the island's self-generated income so that St Helena would eventually become more financially self-sufficient and no longer require financial aid from the UK government by 2043. In its December 2016 report *St Helena Airport*, the Public Accounts Committee (PAC) said it was sceptical about the forecast tourism figures and St Helena's ability to support the projected growth in the tourism industry. It noted, however, that the airport would bring other benefits to residents, such as improved access to health services and employment prospects. PAC made a series of recommendations to FCDO about the project, for which FCDO subsequently published a series of progress updates (Appendix Two).

6 This report is an update to our 2016 report *Realising the benefits of the St Helena Airport project*. We undertook this work following concerns raised by Parliament about the functionality of St Helena Airport and associated infrastructure. This factual report sets out progress against the aims set out in the airport business case since our last report. The scope of this report is as follows.

- The key developments to the airport and associated infrastructure since 2016.
- The benefits realised since the airport became operational.
- Current and future arrangements in place to continue to manage the airport and associated infrastructure on St Helena.

7 The focus of this report is on FCDO and what it is doing to support the St Helena Government to realise the benefits of the airport and become more economically self-sufficient. While we comment on other initiatives on St Helena that are relevant to FCDO's objectives, our report examines the role of FCDO, and we are not auditing the St Helena Government. Our report is factual, and we have not sought to conclude on value for money.

Summary

Key findings

Development of St Helena Airport, associated infrastructure and airline services

8 St Helena Airport has been operating commercial flights since 2017, improving accessibility and access to health services for residents. St Helena Airport was granted an operating certificate in May 2016. A schedule of at least one flight per week between South Africa and St Helena, operated by the South African airline Airlink, started in October 2017. Air travel has replaced travel by sea as the way most people, and some freight, reach the island. Flights to South Africa are considerably quicker, at approximately six hours, and more frequent, than the five-day trip on RMS St Helena that operated once every three weeks. Many flights carry residents from the island for medical treatment in South Africa that cannot be provided on the island. In addition, the airport has also enabled medical evacuation (medivac) flights to support the provision of urgent and life-saving medical treatment in South Africa and was used to deliver COVID-19 vaccines in 2021. In addition, the improved accessibility allows residents to take up opportunities off the island, in particular employment, in the knowledge that they can return to or visit the island more easily now (paragraphs 1.2, 1.3, 1.7 and 2.13 to 2.15).

9 The commercial viability for airline companies of operating a regular service to St Helena is limited by the island's remoteness, the short runway length and local wind conditions. Test flights to the airport in 2016 revealed difficult wind conditions that delayed the first commercial flights by around 17 months and resulted in it being classified as a Category C airport, which requires pilots to undertake specific training and gain relevant experience to be allowed to land and take off. This, together with the island's remoteness and the relatively short length of the runway at 1,550 metres, reduces the types and capacity of aircraft that are commercially viable for airlines to fly to the island. The airline Comair, which had been contracted by the St Helena Government, with support from FCDO, to operate commercial flights, withdrew from the contract following test flights in 2016. In 2017, a commercial agreement with Airlink was secured to operate weekly scheduled flights between South Africa and the island. Airlink operates planes to St Helena with capacity for 98 passengers (paragraphs 1.3, 1.6 to 1.8, and 1.11).

10 FCDO has supported the introduction of technology to minimise some of the constraints on planes using the airport, but has assessed that further significant improvements are unfeasible. Between 2017 and 2024, an average of 11% of inbound flights to St Helena were delayed or cancelled and rescheduled, and the proportion has been higher in the most recent two years. In 2016, FCDO funded the installation of a LiDAR system at the airport to help assess wind conditions, providing more accurate and timely information on landing conditions, reducing uncertainty and enabling some flights to run that might otherwise have been deemed too risky.¹ The equipment is nearing the end of its life and FCDO is committed to providing approximately £1.5 million to replace it in the 2025-26 financial year. FCDO does not consider there to be any other practical options to mitigate the limitations of the airport, but it is committed to supporting requests made by St Helena Airport Ltd and the St Helena Government should they identify other potential options. Potential improvements, including extending the runway or removing a hill that exacerbates the wind conditions, have been assessed to be prohibitively expensive, and ineffective in addressing the climate-related issues (paragraphs 1.5, 1.6 and 1.11).

11 FCDO is currently providing the St Helena Government with just under £4 million per year to subsidise the airport and the commercial airline service. The St Helena Government has a risk-sharing agreement with Airlink which provides subsidy, paid by FCDO, to the airline should flights be delayed or cancelled, or not profitable due to low passenger numbers. Between June 2023 and May 2024, this amounted to £807,000. In November 2024, the contract with Airlink was renegotiated and extended until at least March 2028. The current low numbers of flights and passengers means the airport's income does not cover its costs and FCDO subsidises the airport by providing almost £3 million per year to the St Helena Government to meet this shortfall (paragraphs 1.4, 1.9, 1.10 and 2.3).

¹ LiDAR (light detection and ranging) allows real-time wind shear and turbulence data to be collected before and during flights, improving safety and reducing the uncertainty over wind conditions which led to some flights being delayed unnecessarily.

12 A replacement bulk fuel installation, required to support the airport and the island's future energy needs, is unfinished and nine years overdue because construction was interrupted first by contractor failure and then by COVID-19.

The replacement bulk fuel installation was a key component of the initial airport business case, and was intended to store aviation fuel, diesel for generators to supply the island's electricity, and fuel for private vehicles on the island.

The South African company Basil Read, which built the airport, was contracted to build the replacement installation with a target completion date of June 2015, but entered administration with the project unfinished in 2018. Replanning of the work needed to complete the installation's construction was paused during the COVID-19 pandemic. By May 2020, FCDO had spent £78 million on the construction of the bulk fuel installation, more than twice the original budget of £31 million, because of changes to the design in response to changing operational needs and evolving standards for fuel storage. This includes a requirement for less aviation fuel than originally forecast. The St Helena Government and FCDO are currently considering options to restart works to a revised specification but have not yet finalised costs or commissioned the works. FCDO and St Helena Government acknowledge the urgent need to replace the existing bulk fuel installation, which is essential for the island's current energy needs, and is beyond its recommended lifespan. In 2023, FCDO funded a condition assessment review of the existing installation to ensure it was safe to operate, which made recommendations for its ongoing maintenance (paragraphs 1.12 to 1.15).

Progress realising the expected benefits of the airport

13 FCDO considers the COVID-19 pandemic to be the main reason the airport has so far failed to increase tourism to St Helena and growth in the St Helena Government's income. The rate of increase in tourist numbers is currently well below that projected in the airport business case. In 2019, 2,481 tourists arrived on the island, in line with expected numbers in the business case for that year. However, the COVID-19 pandemic resulted in the cessation of commercial flights, and therefore tourism, for two years. The St Helena Government put in place its Tourism Recovery Strategy for the period 2022 to 2024, supported by £1 million of ring-fenced funding from FCDO. The strategy set the expectation that tourism on the island would recover to pre-pandemic levels by the end of 2024. In 2023, 2,112 tourists arrived, fewer than the pre-pandemic peak, and around a quarter of the approximately 8,000 for 2023 projected in the airport business case (paragraphs 2.2, 2.3 and 3.4).

14 Since the airport opened, financial aid provided by the UK government to support the St Helena Government's recurrent annual budget has increased in real terms from £26.7 million in 2015-16 to £33.0 million in 2023-24. As well as increased income from tourism, FCDO expected the airport to help reverse the decline in the island's population and increase the St Helena Government's income generated from the island's economy. However, between 2016 and 2024, the overall population decreased by around 10%, principally through reductions in the working-age population, resulting in an increase in the proportion of the population over the age of 65. FCDO attributes the increase in the amount of aid required in part to the St Helena Government's rising health and social care expenditure associated with an aging population, which rose from £5.2 million in 2012-13 to £16.4 million in 2022-23 (paragraphs 2.7 and 2.9 to 2.11).

15 FCDO acknowledges that the increase in tourist numbers it expected the airport to attract was over-optimistic and is unlikely to be achieved within the original timeframe. In 2024, FCDO confirmed that it still regards growth in tourism as the main opportunity for increasing the St Helena Government's revenue, and reducing aid from the UK government. However, it acknowledges that the increase envisaged in the business case for the airport to 29,000 tourists per year after 25 years of the airport being open was overly optimistic and unlikely to be achieved, and therefore nor will the envisaged increase in the St Helena Government's income. The original airport business case highlighted that St Helena was an untested tourist destination and therefore there was uncertainty over the level of tourist growth that could be achieved. FCDO still considers that tourist numbers will grow over time and is working with the St Helena Government to reassess tourist projections for 2025 and beyond. Challenges to attracting more tourists to the island include the frequency of delays or cancelled flights, and the limited amount of hotel accommodation on the island. Some tourist-related businesses on the island are wary of developing their offers without greater confidence over future growth in the number of tourists (paragraphs 1.11, 3.2, 3.5 and 3.6).

16 There are no indications that inward investment to the island has increased as expected as a result of the airport, and FCDO has committed around £38 million to the St Helena Government to support economic development. The airport business case anticipated that the airport would attract inward investment to the island. FCDO regards it as too early into St Helena's recovery after the COVID-19 pandemic to determine whether the airport has increased or will increase inward investment. In addition to the annual aid budget, FCDO is providing the St Helena Government with capital funding of £30 million over the period 2018-19 to 2027-28 to fund economic development projects, in part to support the realisation of the airport's benefits. This is additional to £7.6 million provided by FCDO between 2012-13 and 2020-21 to fund Enterprise St Helena, an arm's-length body of the St Helena Government which sought to stimulate private sector development, and supported around 85 business start-ups (paragraphs 2.12, 3.3, and 3.7).

17 FCDO and other UK government departments support activities that contribute to protecting and developing key assets on the island, which may attract more tourists and grow the economy. FCDO has committed £3.7 million between 2021-22 and 2024-25 for the restoration of the St Helena Cloud Forest, a significant contributor to the island's biodiversity and the source of most of its fresh water. The Department for Environment, Food & Rural Affairs has provided more than £2 million between 2019-20 and 2022-23 through its Darwin Plus programme which supports the natural environment and climate change resilience in UK overseas territories. FCDO's Blue Belt programme, launched in 2017, supports UK overseas territories with the protection and sustainable management of their marine environments, which is a key priority for St Helena as diving is one of its most important tourism industries. FCDO supported feasibility studies that led to high-speed broadband arriving on the island in 2019, through connection to an undersea fibre optic internet cable (paragraphs 3.8 to 3.11).

Concluding remarks

18 The airport is operational and is functioning as well as it can within the constraints on its operations. However, the airport alone has not yet enabled the growth of tourists and income from tourism envisaged in the original airport business case or the anticipated reduction in aid provided to the island by the UK government. Some of the associated infrastructure is yet to be completed nine years after the original planned date, having already cost twice as much as anticipated.

19 FCDO is committed to supporting the St Helena Government to become less dependent on aid from the UK government over time, without setting a target date for self-sufficiency, and it still regards increasing tourism as the main way to achieve this. The COVID-19 pandemic was a considerable setback to progress against the aims of the airport's business case and the St Helena Government faces challenges to increasing economic growth, including continued depopulation and the associated reduction in its skills base. Ownership of these challenges rests with the St Helena Government, but FCDO has a critical role in supporting the St Helena Government in a range of ways, including funding capital projects and technical support. However, it is not clear to what extent FCDO and the St Helena Government are still aiming to achieve everything that was set out in the business case from the investment in the airport. FCDO needs to work with the St Helena Government to set out projections for tourist numbers and tourism income, and understand how it can support a strategy for achieving these, beyond the Tourism Recovery Strategy, which ended in December 2024.