



St Helena Government

BUDGET EXECUTION REPORT

FOR PERIOD 4 (JULY 2025)

FINANCIAL YEAR ENDING 31 MARCH 2026

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INTRODUCTION

Budget execution is monitored by the Treasury and forms part of SHG's internal control framework. 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 July, period 4 for the financial year 2025/26.

The BER is produced to provide an account of funds drawn from the General Reserve of the Consolidated Fund. The BER is also shared with the Foreign, Commonwealth and Development Office (FCDO) to evidence the use of financial aid.

The Statement of Comparison of Budget and Actuals (Statement) on page 6 shows the budgets allocated to portfolios and service areas to deliver public services in comparison with funds that have been spent and include a comparison of the budget and actual for the major revenue streams. 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.

BUDGET

The annual budget for the General Reserve of the Consolidated Fund was appropriated on 2 June 2025. The total approved expenditure budget for the financial year 2025/2026 is £51.763M, comprising of recurrent expenditure £51.203M and capital expenditure £0.56M.

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

Budget Components	Approved Budget £000
Recurrent Expenditure	51,203
Capital Expenditure	560
Total Expenditure	51,763
FCDO Financial Aid	35,790
Local Revenue	15,516
Recharges	457
Total Funding	51,763

The budgets recorded in this report are the cumulative budgets for the period April to July 2025.

OUTTURN

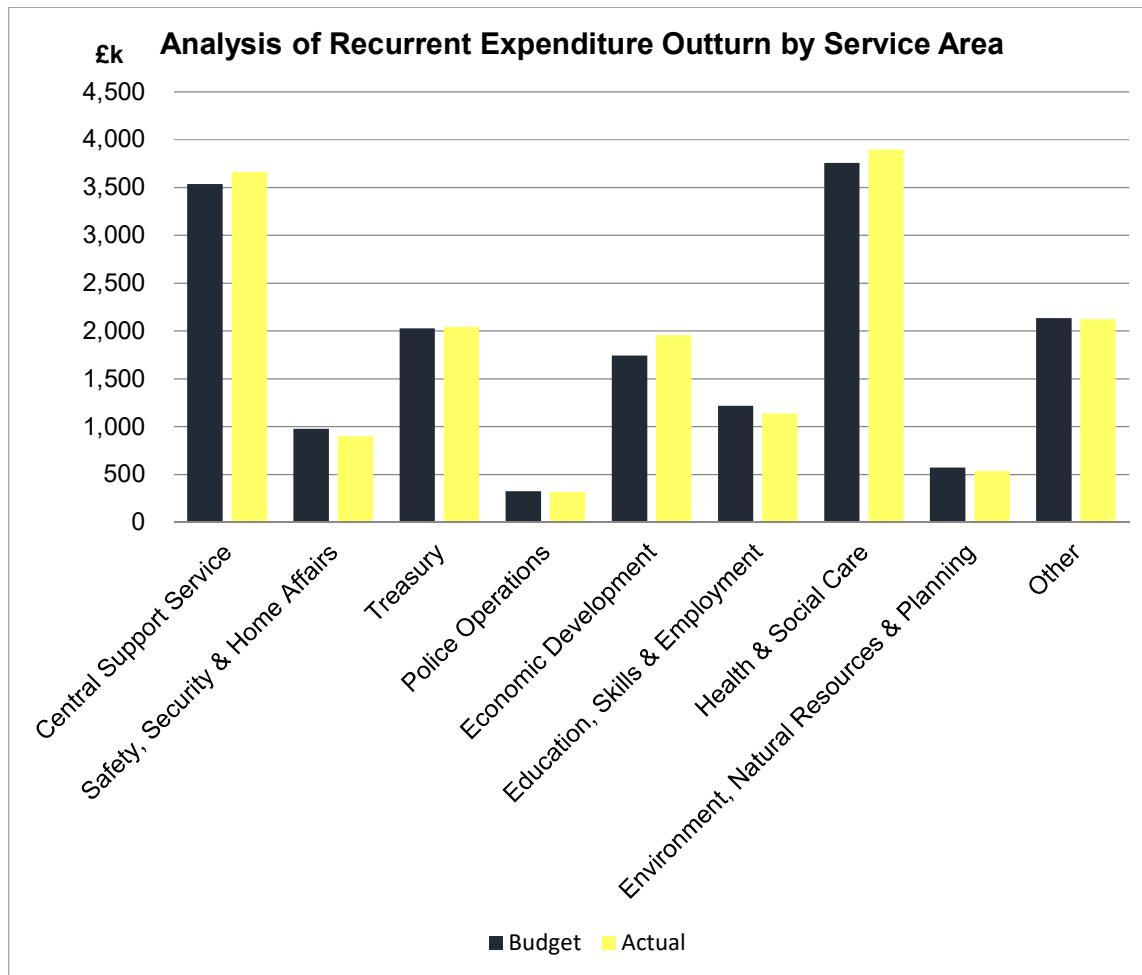
The Statement on page 6 reflects an actual deficit of £967k. Actual expenditure for the period to July was £16.6M being 2% over allocated budget for the reporting period. Actual revenue was £15.6M which is an undercollect of £69k.

The table below provides a summary of the Statement of Comparison of Budget and Actual on page 6.

	Year to Date			
	Actual £000	Budget £000	Variance	
			£000	%
Recurrent Expenditure	16,577	16,297	(280)	(2)
Revenue	15,610	15,679	(69)	0
Deficit	(967)	(618)	(349)	56

Recurrent Expenditure

The chart below shows the actual underspends and overspends for recurrent expenditure by service areas for the year to date.



Revenue

The surplus revenue reported for the year to date is mainly from Taxes. An analysis of customs dues and income tax is included in the table below.

	Year to Date		
	Actual	Budget	Variance
	£000	£000	£000
Customs Dues			
Ad Valorem	751	823	(72)
Alcohol	303	386	(83)
Tobacco	143	345	(202)
Fuel	278	300	(22)
Other Dues	99	106	(7)
Total Customs Dues	1,574	1,960	(386)
Income Taxes			
PAYE	1,928	1,711	217
Self Employed Tax	7	0	7
Corporation Tax	11	0	11
Service Tax	206	202	4
Withholding Tax	30	29	1
Total Income Taxes	2,182	1,942	240
Total	3,756	3,902	(146)

Areas of concern

1. Central Support Service:

- Technical Co-operation Posts

For the period to date, excess expenditure of £124k is reported is reported for Central Support Service. This includes an overspend of £211k for Technical Co-operation (TC) posts which is partially reduced by an underspend recorded for Learning and Development. The overspend is due to the increased pressure on the TC programme to fill statutory positions that could not be recruited locally. As a result, the vacancy savings originally built into the TC budget of 16% is not being realised.

The projected expenditure for the TC budget is £9.8M by the year end, representing 19% overspend against the full year budget allocation. A moratorium on TC recruitment has been implemented with only statutory or service critical posts being recruited to. Work is being done by HR and the TC Monitoring Group to explore ways of managing this projected overspend.

2. Economic Development

- Air Services

The Air Service incurred losses of £202k on flights from April to July 2025 and the total loss is projected to rise to £953k by year end. This position could improve if passenger numbers increase over the coming months to the year end.

Approval will be sought from the FCDO to utilise the ring fenced support funding element of the financial aid package to cover these unavoidable costs.

3. Litigation:

- **Clinical Negligence Claims**

Claims and potential litigation in respect of legacy clinical negligence cases may result in significant expenditures being incurred in legal fees and possible compensation pay-outs. Some legal costs have been incurred during this reporting period but it is expected that these costs and compensation payments will increase in future periods. At this stage, the quantum and timing of future litigation costs are unknown making it difficult to plan.

- **Other claims**

There are other claims currently going through civil court proceedings against SHG, including cases related to HM Prison, which may result in payments needing to be paid in this financial year. This is being closely monitored and appropriate action will be taken when there is more certainty over costs.

4. Health and Social Care

- **Overseas Medical Treatment**

By the end of July, 55 patients had been referred for overseas medical treatment, compared to the budgeted provision for 40 patients. The total expenditure incurred was £955k which represents 121% of the year to date budget and 45% of the full year allocation.

- **Aero Medical Evacuation**

During the reporting period, four flights were activated compared to a budget allocation for two flights. Actual expenditure to July is £148k, representing 65% of the full year budget. An additional three flights are forecast increasing the year end projected spend to £309k. The need to activate flights is demand driven and therefore unpredictable.

- **Social Care**

Costs associated with international care recruitment via overseas agencies and travel expenses for successful candidates were not built into the original budget. By Order of the Court, SHG has had to stand up the Children's Residential Service at short notice. These costs were not budgeted for. To meet increased demand within adult residential services, additional staffing has been required. This has contributed to additional financial pressure on the service.

STATEMENT OF COMPARISON OF BUDGET AND ACTUALS

	Actual £	Budget £	Variance £	Notes %
EXPENDITURE				
Appropriated Recurrent Expenditure				
Central Support Service	3,661,401	3,537,430	(123,971)	(4)
Attorney General's Chambers	62,145	36,344	(25,801)	(71)
Safety, Security and Home Affairs	898,160	977,954	79,794	8
Judicial Services	51,621	54,140	2,519	5
Treasury	2,044,340	2,028,187	(16,153)	(1)
Police Operations	318,829	324,637	5,808	2
Economic Development	1,956,903	1,742,960	(213,943)	(12)
Education, Skills and Employment	1,139,189	1,218,354	79,165	6
Health and Social Care	3,897,586	3,758,407	(139,179)	(4)
Environment, Natural Resources and Planning	535,373	573,577	38,204	7
	14,565,547	14,251,990	(313,557)	(2)
Statutory Recurrent Expenditure				
Pensions and Benefits	2,011,121	2,045,457	34,336	2
Total Recurrent Expenditure	16,576,668	16,297,447	(279,221)	(2)
TOTAL EXPENDITURE	16,576,668	16,297,447	(279,221)	(2)
REVENUE				
Local Revenue				
Taxes	3,756,000	3,901,707	(145,707)	(4)
Duty & Licences	95,897	72,954	22,943	31
Fines & Fees	202,065	181,908	20,157	11
Government Rents	156,700	153,026	3,674	2
Earnings Government Departments	13,233	14,004	(771)	(6)
Income Received	153,101	131,080	22,021	17
Treasury Receipts	77,048	64,850	12,198	19
Recharges	155,816	159,259	(3,443)	(2)
	4,609,860	4,678,788	(68,928)	(1)
External Funding				
FCDO Core Financial Aid	10,001,600	10,001,600	0	0
FCDO Airport Operations Financial Aid	998,400	998,400	0	0
	11,000,000	11,000,000	0	0
TOTAL REVENUE	15,609,860	15,678,788	(68,928)	0
SURPLUS/ (DEFICIT)	(966,808)	(618,659)	(348,149)	56

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUALS

The notes below provide explanations for variances between the budget and actuals for the year to date, which are more than 5% and £5,000 or £50,000

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
Recurrent Expenditure				
1	Central Support Service	(123,971)	(4)	The expected 16% vacancy savings (over-programming) within the Technical Cooperation (TC) budget is not being realised. The overspend of £211k for TC Posts was partially offset by an underspend of £70k for training expenses, as planned training and course fees have been postponed to later in the year.
2	Attorney General's Chambers	(25,801)	(71)	The purchase of additional computer equipment for the Chambers was not factored into the approved budget. This unplanned expenditure arose due to the need to upgrade existing equipment to maintain operational efficiency. Uplift in salaries effective from 01 July 2025.
3	Safety, Security and Home Affairs	79,794	8	The underspend is mainly due to delaying procurement of supplies and services during the rollover budget period.
4	Economic Development	(213,943)	(12)	Losses incurred by Airlink on flights operated for the period April to July 2025 was £202k. Costs related to Airport Operations exceeded the allocated budget for the period, namely costs for utilities and purchase of meteorological and runway maintenance equipment were higher than anticipated.
5	Education, Skills and Employment	79,165	6	For the reporting period there were a number of vacant teaching and non-teaching posts across eight sections of the portfolio.
6	Health and Social Care	(139,179)	(4)	The following areas have contributed to the excess expenditure reported for Health and Social Care:

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Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				<ul style="list-style-type: none"> Overseas Medical Treatment - Provision was originally made for 40 patients referred for overseas medical treatment. At the end of July, the number of referrals were 55 resulting in expenditure of £955k. Medical Evacuation - The budget for the year to date, provided for two aeromedical evacuation flights. A total of three flights have been activated and one flight for a returning patient. Total expenditure incurred for the reporting was £148k. Social Care employee costs – Additional staffing required to meet the demand within residential services for both elderly and child care. <p>The reported excess expenditure is partially offset by under spends recorded across other areas within the Portfolio.</p>
7	Environment, Natural Resources and Planning	38,204	7	Recruitment to vacant positions and procurement activities were postponed due to the delayed approval of the budget. Costs budgeted for vessel monitoring system for vessels registered in St Helena was funded by the Blue Belt Project.
Local Revenue				
8	Taxes	(145,707)	(4)	As previously reported, the significant over-collection in tax revenue is primarily due to an over-collection of £217k recorded for PAYE. This surplus is partially offset by shortfalls recorded across all customs dues categories.
9	Duty & Licences	22,943	31	Stamp duties collected for the application of duty for second home purchase occurred in quarter one of the financial year. Amendments to the Stamp Duties Ordinance was effective from 03 July 2025. Changes form part of the Governments ongoing efforts to strengthen the islands revenue while supporting permanent residency and home ownership.
10	Fines & Fees	20,157	11	Surplus revenue recorded for medical fees and court fees.

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Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
11	Income Received	22,021	17	Receipts for NVQ courses at SHCC was not built into the rollover budget. In addition, income for providing meals to clients residing at Sheltered Accommodation was not included in the original budget projections.
12	Treasury Receipts	12,198	19	Interest on investments exceeded expectations. This is a result of amendments to our Treasury Management Strategy, which offers more competitive interest rates compared to previous arrangements.

FCDO FINANCIAL AID

Financial Aid Package

The financial aid package comprises of £30.397 million core financial aid, £2.995 million for the St Helena Airport operations, ring-fenced support funding of £1.2 million, £0.5 million to support a Tourism Development Fund and £0.698 million to support St Helena Police operational costs. The full financial aid package is ring fenced.

Ring-fenced support funding can be requested for:

- litigation, legal and investigation costs associated with negligence or malpractice cases;
- costs associated with air access for either charter flights or the scheduled air service;
- additional calls on the aero medical evacuation and overseas medical treatment costs; and
- additional areas of unforeseen expenditure as agreed in writing between FCDO and SHG.

This funding may be called upon if the budget risks identified during the financial year materialises.

Tranches received

Tranche 1 of £11 million was received in April 2025 to cover the period April to July 2025.

Breakdown of the Tranches received

	Year to Date			
	Actual £000	Budget £000	Variance	
			£000	%
Core Financial Aid	10,002	10,002	0	0
Airport Operations	998	998	0	0
Totals for period to July 2025	11,000	11,000	0	0