



St Helena Government

BUDGET EXECUTION REPORT

FOR PERIOD 10 (JANUARY 2026)

FINANCIAL YEAR ENDING 31 MARCH 2026

Contents	Page
INTRODUCTION	2
BUDGET.....	3
OUTTURN	4
Recurrent Expenditure.....	4
Revenue.....	5
Areas of concern	5
STATEMENT OF COMPARISON OF BUDGET AND ACTUALS	7
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUALS	8
FCDO FINANCIAL AID	12
Financial Aid Package	12
Tranches received	12
Breakdown of the Tranches received.....	12

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 January, period 10 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 8 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 January 2026.

OUTTURN

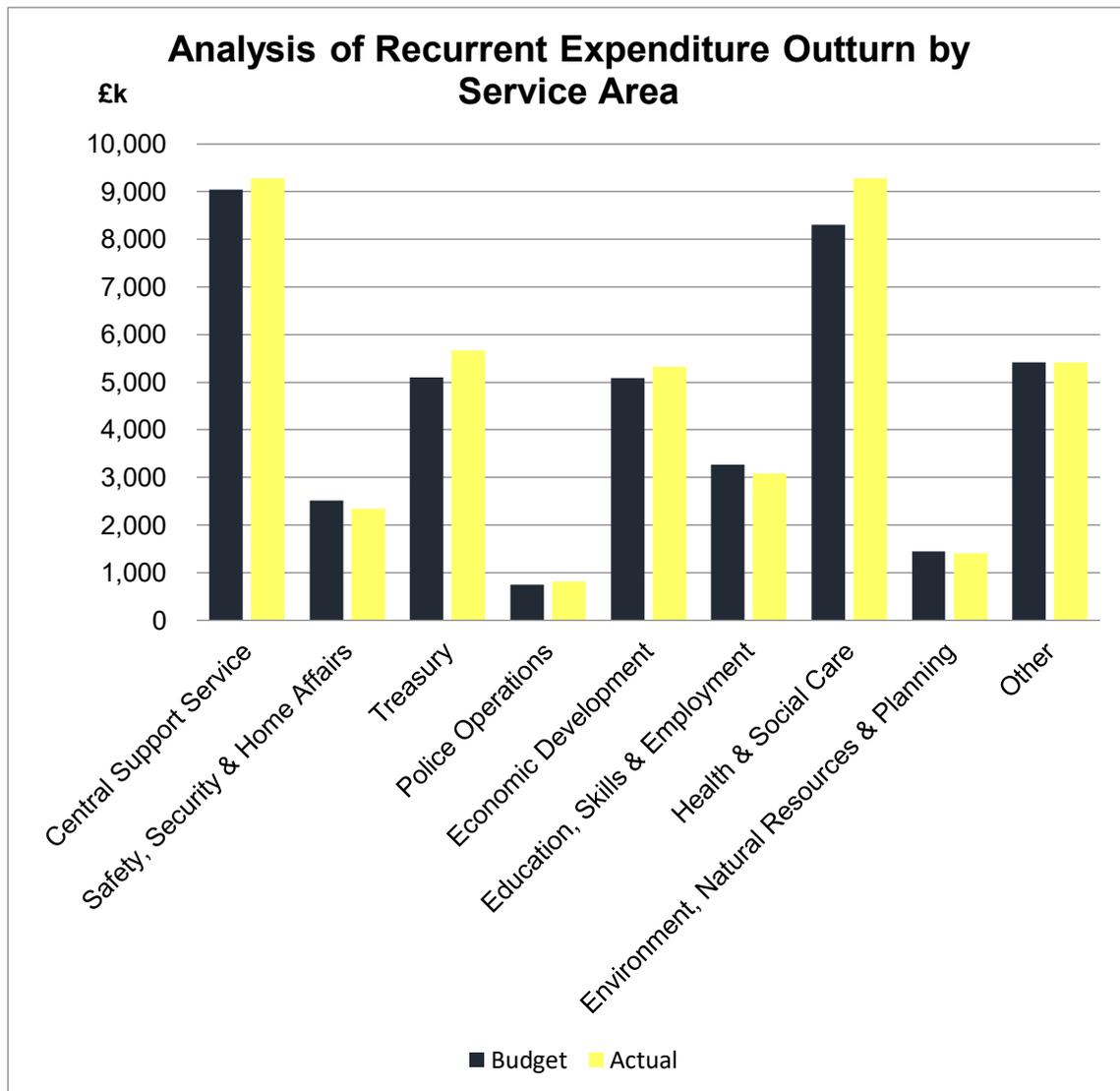
The Statement on page 8 reflects an actual deficit of £559k for the period to January. Total expenditure was £42.6M, which is 4% over the allocated budget for the reporting period. Actual revenue totalled £42.1M, representing an overcollection of £138k against the budget.

The table below provides a summary of the Statement of Comparison of Budget and Actual on page 8.

	Year to Date			
	Actual	Budget	Variance	
	£000	£000	£000	%
Recurrent Expenditure	42,622	40,918	(1,704)	(4)
Revenue	42,063	41,925	138	0
Deficit	(559)	1,007	(1,566)	(156)

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 PAYE Tax. 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	1,693	2,089	(396)
Alcohol	910	898	12
Tobacco	668	840	(172)
Fuel	726	950	(224)
Other Dues	189	239	(50)
Total Customs Dues	4,186	5,016	(830)
Income Taxes			
PAYE	4,895	4,400	495
Self Employed Tax	355	340	15
Corporation Tax	1,337	1,150	187
Service Tax	487	520	(33)
Withholding Tax	31	29	2
Total Income Taxes	7,105	6,439	666
Total	11,291	11,455	(164)

Areas of concern

1. Central Support Service:

- Technical Co-operation Posts

For the period to date, excess expenditure of £228k is reported for Central Support Service. This includes an overspend of £351k for Technical Co-operation (TC) posts which is partially reduced by an underspend recorded for Communications Hub and 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 latest projected expenditure for the TC budget is £9M by the year end, representing 9% 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 £759k on flights from April to January 2026. Based on the latest forecast, the total loss is projected to increase to £1.1M by the end of the financial year. 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. A substantial claim was settled in this reporting period, but at this stage, the quantum and timing of future litigation costs and potential compensation 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 have resulted 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

The total expenditure incurred was £1.91M, which represents 29% above the year to date budget and 91% of the full year allocation.

- Aero Medical Evacuation

The actual expenditure to January represents 55% overspend of the full year budget allocation. During the reporting period, 7 flights were activated. The need to activate flights is demand driven and therefore unpredictable making it challenging to accurately forecast.

- 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.

5. Revenue

- Customs Duties

Majority of customs duty categories remain uncollected for the year to date. While the phasing of the budget across the year has contributed to this shortfall, ongoing concerns persist regarding the performance in this area.

STATEMENT OF COMPARISON OF BUDGET AND ACTUALS

	Actual	Budget	Variance	Notes	
	£	£	£	%	
EXPENDITURE					
Appropriated Recurrent Expenditure					
Central Support Service	9,277,833	9,049,576	(228,257)	(3)	1
Attorney General's Chambers	124,577	75,836	(48,741)	(64)	2
Safety, Security and Home Affairs	2,350,172	2,510,125	159,953	6	3
Judicial Services	119,818	127,251	7,433	6	4
Treasury	5,667,831	5,094,402	(573,429)	(11)	5
Police Operations	813,089	741,993	(71,096)	(10)	6
Economic Development	5,322,894	5,084,790	(238,104)	(5)	7
Education, Skills and Employment	3,085,065	3,271,767	186,702	6	8
Health and Social Care	9,284,539	8,301,885	(982,654)	(12)	9
Environment, Natural Resources and Planning	1,406,690	1,442,169	35,479	2	
	37,452,508	35,699,794	(1,752,714)	(5)	
Statutory Recurrent Expenditure					
Pensions and Benefits	5,169,107	5,218,574	49,467	1	
Total Recurrent Expenditure	42,621,615	40,918,368	(1,703,247)	(4)	
TOTAL EXPENDITURE	42,621,615	40,918,368	(1,703,247)	(4)	
REVENUE					
Local Revenue					
Taxes	11,291,212	11,455,093	(163,881)	(1)	10
Duty & Licences	300,711	224,878	75,833	34	11
Fines & Fees	540,495	454,217	86,278	19	12
Government Rents	299,679	292,135	7,544	3	
Earnings Government Departments	37,576	39,260	(1,684)	(4)	
Income Received	446,822	358,608	88,214	25	13
Treasury Receipts	237,809	187,350	50,459	27	14
Recharges	389,644	393,569	(3,925)	(1)	
	13,543,948	13,405,110	138,838	1	
External Funding					
FCDO Core Financial Aid	26,023,500	26,023,500	0	0	
FCDO Airport Operations Financial Aid	2,246,000	2,496,000	0	0	
	28,519,500	28,519,500	0	0	
TOTAL REVENUE	42,063,448	41,924,610	138,838	0	
SURPLUS/ (DEFICIT)	(558,167)	1,006,242	(1,564,409)	(155)	

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	(228,257)	(3)	<p>The expected 16% vacancy savings (over-programming) within the Technical Cooperation (TC) budget is not being realised.</p> <p>The overspend of £351k recorded for TC Posts is partially offset by an underspend recorded for marketing and training expenses. These underspends are mainly due to deferral of planned promotional activities and the rescheduling of training to later in the year.</p>
2	Attorney General's Chambers	(48,741)	(64)	<p>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.</p> <p>Uplift in salaries effective from 01 July 2025. Allowances and salary enhancement were paid during the reporting period contributing to an increase in employee costs.</p>
3	Safety, Security and Home Affairs	159,953	6	<p>Expenditure originally budgeted for the Provision and Maintenance of Roads were incurred by the Roads Network Rehabilitation Project, funded under EDIP.</p> <p>Procurement of supplies identified as savings in conjunction with the corporate budget requirement.</p>

BUDGET EXECUTION REPORT FOR PERIOD 10 (JANUARY 2026)

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
4	Judicial Services	7,433	6	<p>Full Court of Appeal was not in session as anticipated.</p> <p>The Chief Justice's visit was postponed due to the cancellation of scheduled court dates.</p>
5	Treasury	(573,429)	(11)	<p>Provision for specialist legal services for complex cases.</p> <p>Compensation payments made during the current financial year relate to cases concluded within the year. As the timing and outcome of these cases could not be predicted in advance, no provision for these payments was included in the original budget allocation.</p> <p>Annual licence fee associated with upgrade accounting system packages.</p>
6	Police Operations	(71,096)	(10)	<p>Accommodation & Travel for St Helena and Ascension Island Police Operations.</p> <p>Additional requirements for forensic casework and expert witness reports.</p> <p>Costs associated with the Ascension Island Police detachment recruited through Red Snapper Recruitment Agency.</p>
7	Economic Development	(238,104)	(5)	<p>Losses incurred by Airlink on flights operated for the period April to January 2026 was £759k.</p> <p>The excess expenditure for the Air service contract is partially reduced by savings in the Fuel Management Contract as inflationary costs factored into the budget did not materialize and by</p>

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				an underspend for Financial Services and Company Registration Development and the Tourism Development Project.
8	Education, Skills and Employment	186,702	6	<p>Vacant teaching and non-teaching posts across the portfolio.</p> <p>Overseas orders are expected to arrive later than originally budgeted, resulting in a timing variance in the delivery of training materials for Education Reform.</p>
9	Health and Social Care	(982,654)	(12)	<p>The following areas is mainly attributed to the excess expenditure reported for Health and Social Care:</p> <p>Overseas medical treatment, medical evacuation and the increase in costs of medical supplies.</p> <p>Additional staffing required in residential care services to support rising demand and ensure appropriate care standards are maintained for both elderly and child care services.</p>
	Local Revenue			
10	Taxes	(163,881)	(1)	<p>The MV Karoline did not arrive as originally scheduled, resulting in no sea freight imports.</p> <p>Fuel imports were lower than planned due to temporary constraints from repair work on storage tanks.</p> <p>The shortfall in customs dues of £830k was partially offset by the overcollection in PAYE and Corporation Tax.</p>

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
11	Duty & Licences	75,833	34	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 July 2025. Changes form part of the Governments ongoing efforts to strengthen the islands revenue while supporting permanent residency and home ownership. A surplus in revenue from Road Traffic license is recorded for the period to date.
12	Fines & Fees	86,278	19	Surpluses are recorded across several service areas, including medical and dental fees, laboratory fees, planning fees and veterinary services.
13	Income Received	88,214	25	Receipts for NVQ courses at SHCC were 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. Income received from Internet Computer Bureau (ICB) under the Domain Name Agreement for domain name .sh.
14	Treasury Receipts	50,459	27	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.

Tranche 2 of £11.549 million was received in August 2025 to cover the period August to November 2025.

Tranche 3 of £11.941 million was received in December 2025 to cover the period December 2025 to March 2026.

Breakdown of the Tranches received

	Year to Date			
	Actual	Budget	Variance	
	£000	£000	£000	%
Core Financial Aid	26,024	26,024	0	0
Airport Operations	2,496	2,496	0	0
Total for period to January 2026	28,520	28,520	0	0
Income received in advance for the period February to March 2026	5,970	5,970	0	0
Total received for the year	34,490	34,490	0	0