



St Helena Government

BUDGET EXECUTION REPORT

FOR PERIOD 5 (AUGUST 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 August, period 5 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 August 2025.

OUTTURN

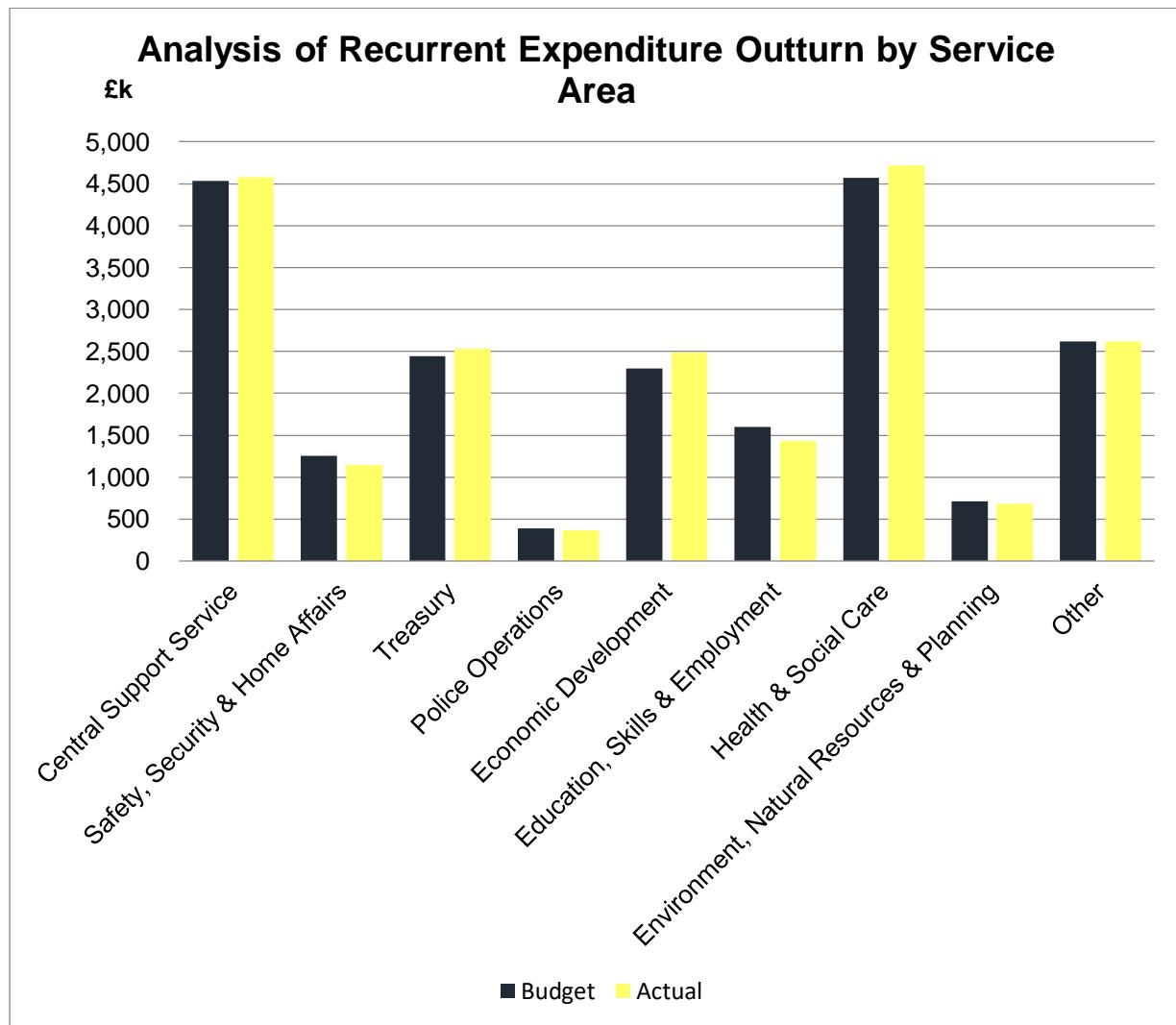
The Statement on page 6 reflects an actual deficit of £1.3M. Actual expenditure for the period to August was £20.6M being 1% over allocated budget for the reporting period. Actual revenue was £19.3M which is an undercollect of £183k.

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

	Year to Date			
	Actual	Budget	Variance	
	£000	£000	£000	%
Recurrent Expenditure	20,562	20,413	(149)	(1)
Revenue	19,310	19,493	(183)	(1)
Deficit	(1,252)	(920)	(332)	36

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	864	1,034	(170)
Alcohol	334	449	(115)
Tobacco	156	395	(239)
Fuel	194	220	(26)
Other Dues	117	120	(3)
Total Customs Dues	1,665	2,218	(553)
Income Taxes			
PAYE	2,413	2,174	239
Self Employed Tax	8	0	8
Corporation Tax	11	0	11
Service Tax	252	253	(1)
Withholding Tax	30	29	1
Total Income Taxes	2,714	2,456	258
Total	4,379	4,674	(295)

Areas of concern

1. Central Support Service:

- Technical Co-operation Posts

For the period to date, excess expenditure of £43k is reported is reported for Central Support Service. This includes an overspend of £132k 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 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 £263k on flights from April to August 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 August, 64 patients had been referred for overseas medical treatment, compared to the budgeted provision for 47 patients. The total expenditure incurred was £1.2M which represents 122% of the year to date budget and 56% of the full year allocation.

- Aero Medical Evacuation

During the reporting period, three flights were activated. At the date of publication of this BER, a further flight was activated. Actual expenditure to August plus the flight in early September, represents 86% of the full year budget. 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	4,578,563	4,535,188	(43,375)	(1)
Attorney General's Chambers	79,740	42,934	(36,806)	(86)
Safety, Security and Home Affairs	1,141,872	1,252,085	110,213	9
Judicial Services	59,044	64,136	5,092	8
Treasury	2,529,297	2,441,979	(87,318)	(4)
Police Operations	369,979	390,808	20,829	5
Economic Development	2,486,029	2,298,781	(187,248)	(8)
Education, Skills and Employment	1,432,714	1,599,501	166,787	10
Health and Social Care	4,720,248	4,566,891	(153,357)	(3)
Environment, Natural Resources and Planning	683,170	708,841	25,671	4
	18,080,656	17,901,144	(179,512)	(1)
Statutory Recurrent Expenditure				
Pensions and Benefits	2,481,078	2,512,049	30,971	1
Total Recurrent Expenditure	20,561,734	20,413,193	(148,541)	(1)
TOTAL EXPENDITURE	20,561,734	20,413,193	(148,541)	(1)
REVENUE				
Local Revenue				
Taxes	4,379,747	4,673,998	(294,251)	(6)
Duty & Licences	119,966	91,181	28,785	32
Fines & Fees	258,999	220,962	38,037	17
Government Rents	184,386	180,900	3,486	2
Earnings Government Departments	16,427	18,480	(2,053)	(11)
Income Received	189,113	149,001	40,112	27
Treasury Receipts	103,041	81,150	21,891	27
Recharges	170,865	189,909	(19,044)	(10)
	5,422,544	5,605,581	(183,037)	(3)
External Funding				
FCDO Core Financial Aid	12,639,250	12,639,250	0	0
FCDO Airport Operations Financial Aid	1,248,000	1,248,000	0	0
	13,887,250	13,887,250	0	0
TOTAL REVENUE	19,309,794	19,492,831	(183,037)	(1)
SURPLUS/ (DEFICIT)	(1,251,940)	(920,362)	(331,578)	36

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	Attorney General's Chambers	(36,806)	(86)	<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>
2	Safety, Security and Home Affairs	110,213	9	The underspend is mainly due to delayed procurement of supplies and services for Fire and Rescue, HM Prison, Roads and Building Maintenance.
3	Judicial Services	5,092	8	Full Court of Appeal was not in session as anticipated.
4	Treasury	(87,318)	(4)	<p>Provision of specialised legal services for complex cases.</p> <p>The freight transport subsidy was extended by an additional month due to delays in Rupert's becoming fully operational.</p>
5	Economic Development	(187,248)	(8)	<p>Losses incurred by Airlink on flights operated for the period April to August 2025 was £263k.</p> <p>Costs related to Airport Operations exceeded the allocated budget for the period, namely costs for utilities and purchase of</p>

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Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				<p>meteorological and runway maintenance equipment were higher than anticipated.</p> <p>The excess expenditure reported for Civil Aviation and Airport Operations is partially offset by savings in the Fuel Management Contract. Inflation costs factored into the budget did not materialise.</p>
6	Education, Skills and Employment	166,787	10	<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.</p>
7	Health and Social Care	(153,357)	(3)	<p>The following areas have contributed to the excess expenditure reported for Health and Social Care:</p> <ul style="list-style-type: none"> Overseas Medical Treatment - Provision was originally made for 47 patients referred for overseas medical treatment. At the end of August, the number of referrals were 64, resulting in expenditure of £1.2M. Social Care employee costs – Additional staffing required to meet the demand within residential services for both elderly and child care. Responsibility allowance paid to local staff to cover TC posts to ensure continuity of service. Radiology/Laboratory testing services being referred abroad. <p>The reported excess expenditure is partially offset by under spends recorded across other areas within the Portfolio.</p>

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Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
Local Revenue				
8	Taxes	(294,251)	(6)	A shortfall of £0.5M is recorded in revenue from customs dues across all categories. This shortfall is partly offset by an over collection of £239k in PAYE tax revenue.
9	Duty & Licences	28,785	32	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.
10	Fines & Fees	38,037	17	Small surpluses are recorded across several service areas, including medical and dental fees, laboratory fees, planning fees, veterinary services and court fees.
11	Income Received	40,112	27	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	21,891	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.
13	Recharges	(19,044)	(10)	Expected imports by Portfolios are anticipated to arrive later than originally scheduled.

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.

Breakdown of the Tranches received

	Year to Date			
	Actual £000	Budget £000	Variance	
			£000	%
Core Financial Aid	12,639	12,639	0	0
Airport Operations	1,248	1,248	0	0
Total for period to August 2025	13,887	13,887	0	0
Income received in advance for the period September to November 2025	8,662	8,662	0	0
Total received for the year	22,549	22,549	0	0