



St Helena Government

BUDGET EXECUTION REPORT

FOR PERIOD 6 (SEPTEMBER 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 September, period 6 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 7 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 September 2025.

OUTTURN

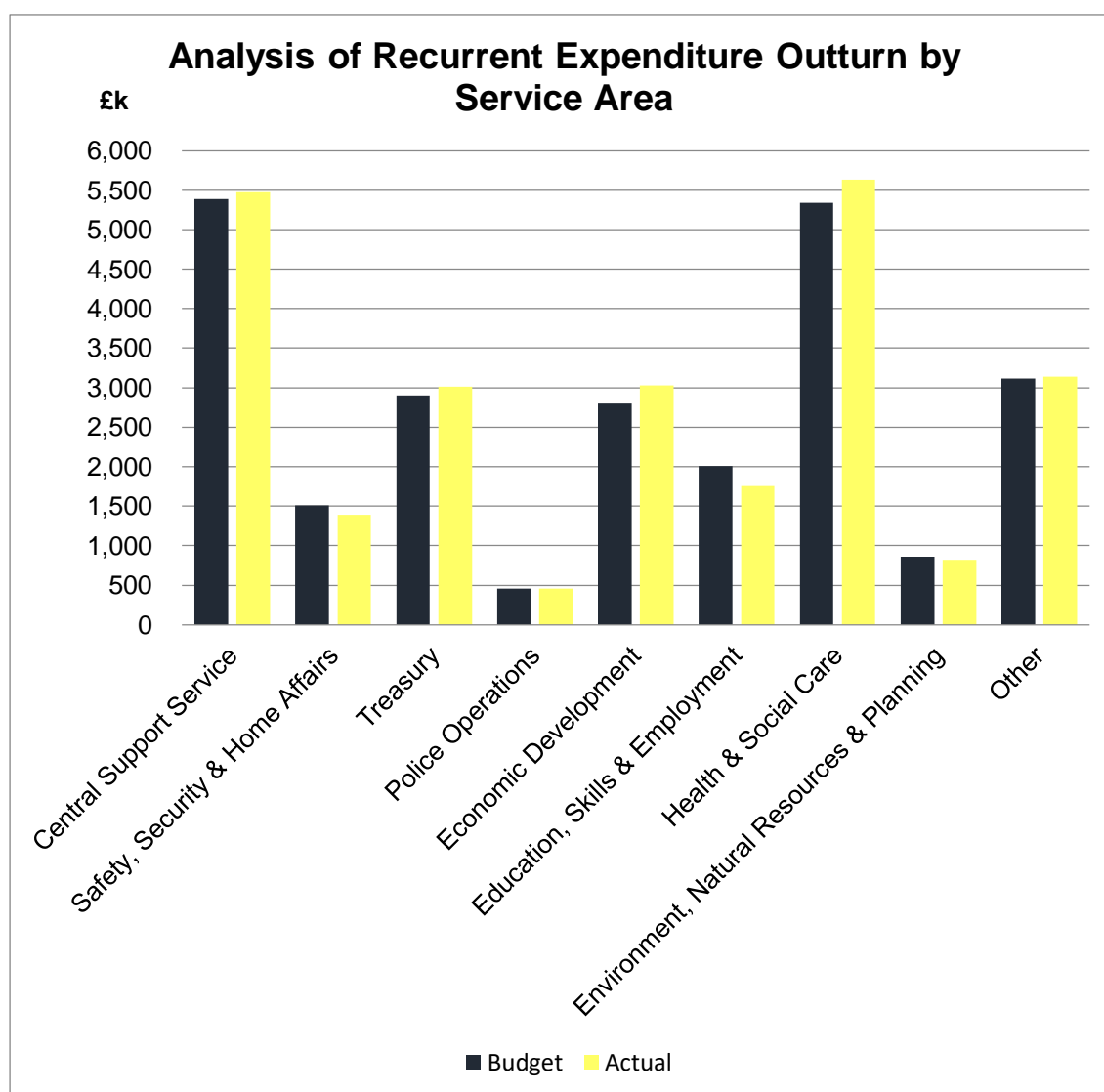
The Statement on page 7 reflects an actual surplus of £1.1M. Actual expenditure for the period to September was £24.7M being 1% over allocated budget for the reporting period. Actual revenue was £25.8M representing an overcollection of £367k.

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	24,701	24,381	(320)	(1)
Revenue	25,759	25,392	367	1
Surplus	1,058	1,011	47	5

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	1,040	1,245	(205)
Alcohol	401	512	(111)
Tobacco	615	430	185
Fuel	655	697	(42)
Other Dues	122	129	(7)
Total Customs Dues	2,833	3,013	(180)
Income Taxes			
PAYE	2,906	2,589	317
Self Employed Tax	348	340	8
Corporation Tax	1,279	1,150	129
Service Tax	301	303	(2)
Withholding Tax	30	29	1
Total Income Taxes	4,864	4,411	453
Total	7,697	7,424	273

Areas of concern

1. Central Support Service:

- Technical Co-operation Posts

For the period to date, excess expenditure of £86k is reported for Central Support Service. This includes an overspend of £181k 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 £9.4M by the year end, representing 15% 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 £412k on flights from April to September 2025 and the total loss is projected to rise to £953k by year end, based on the latest forecast. 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 September, 75 patients had been referred for overseas medical treatment, compared to the budgeted provision for 54 patients. The total expenditure incurred was £1.3M which represents 118% of the year to date budget and 63% of the full year allocation.

- Aero Medical Evacuation

During the reporting period, 4 flights were activated. Actual expenditure to September represents 86% of the full year budget. A further flight was activated in October which means that the full year budget has now been spent at the time of reporting. 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	5,476,424	5,390,313	(86,111)	(2)	1
Attorney General's Chambers	89,275	49,714	(39,561)	(80)	2
Safety, Security and Home Affairs	1,389,245	1,511,739	122,494	8	3
Judicial Services	75,875	83,662	7,787	9	4
Treasury	3,012,902	2,900,493	(112,409)	(4)	5
Police Operations	453,094	460,431	7,337	2	
Economic Development	3,026,309	2,797,431	(228,878)	(8)	6
Education, Skills and Employment	1,750,834	2,005,586	254,752	13	7
Health and Social Care	5,636,021	5,340,999	(295,022)	(6)	8
Environment, Natural Resources and Planning	819,961	856,224	36,263	4	
	21,729,940	21,396,592	(333,348)	(2)	
Statutory Recurrent Expenditure					
Pensions and Benefits	2,970,740	2,984,158	13,418	0	
Total Recurrent Expenditure	24,700,680	24,380,750	(319,930)	(1)	
TOTAL EXPENDITURE	24,700,680	24,380,750	(319,930)	(1)	
REVENUE					
Local Revenue					
Taxes	7,697,179	7,423,953	273,226	4	9
Duty & Licences	160,918	129,881	31,037	24	10
Fines & Fees	305,639	258,523	47,116	18	11
Government Rents	195,965	204,515	(8,550)	(4)	
Earnings Government Departments	19,179	22,956	(3,777)	(16)	
Income Received	271,786	226,923	44,863	20	12
Treasury Receipts	118,061	97,450	20,611	21	13
Recharges	216,261	253,764	(37,503)	(15)	14
	8,984,988	8,617,965	367,023	4	
External Funding					
FCDO Core Financial Aid	15,276,900	15,276,900	0	0	
FCDO Airport Operations Financial Aid	1,497,600	1,497,600	0	0	
	16,774,500	16,774,500	0	0	
TOTAL REVENUE	25,759,488	25,392,465	367,023	1	
SURPLUS/ (DEFICIT)	1,058,808	1,011,715	47,093	5	

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	(86,111)	(2)	<p>The expected 16% vacancy savings (over-programming) within the Technical Cooperation (TC) budget is not being realised.</p> <p>The overspend recorded for TC Posts is partially offset by an underspend recorded for marketing and training expenses. These underspends are mainly due to deferred of planned promotional activities and the rescheduling of training to later in the year.</p>
2	Attorney General's Chambers	(39,561)	(80)	<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	122,494	8	The underspend is mainly due to delayed procurement of supplies and services for Fire and Rescue, HM Prison, Roads and Building Maintenance.
4	Judicial Services	7,787	9	Full Court of Appeal was not in session as anticipated.
5	Treasury	(112,409)	(4)	Provision of specialised legal services for complex cases.

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				The freight transport subsidy was extended by an additional month due to delays in Rupert's becoming fully operational.
6	Economic Development	(228,878)	(8)	<p>Losses incurred by Airlink on flights operated for the period April to September 2025 was £412k.</p> <p>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.</p> <p>The excess expenditure reported for Civil Aviation and Airport Operations is partially offset by savings in the Fuel Management Contract as inflationary costs factored into the budget did not materialize and by an underspend for the Tourism Development Project due to delays in appointing a Public Relations Company.</p>
7	Education, Skills and Employment	254,752	13	<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>
8	Health and Social Care	(295,022)	(6)	<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 54 patients referred for overseas medical treatment. At the end of September, the number of referrals were 75, resulting in expenditure of £1.3M.

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				<ul style="list-style-type: none"> • Social Care employee costs – Additional staffing required to meet the demand within residential services for both elderly and child care. • Responsibility allowance paid 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>
	Local Revenue			
9	Taxes	233,226	3	For the reporting period, total tax revenue collections exceeded the budget projection due to increased receipts from PAYE and Corporation Tax. This overall increase was partially offset by the shortfall recorded for Ad Valorem, Alcohol, Fuel customs dues.
10	Duty & Licences	31,037	24	<p>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.</p> <p>A surplus in revenue from Road Traffic license is recorded for the period to date.</p>
11	Fines & Fees	47,116	18	Small surpluses are recorded across several service areas, including medical and dental fees, laboratory fees, planning fees, veterinary services and court fees.

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
12	Income Received	44,863	20	<p>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.</p> <p>Income received from Internet Computer Bureau (ICB) under the Domain Name Agreement for domain name .sh.</p>
13	Treasury Receipts	20,611	21	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.
14	Recharges	(37,503)	(15)	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	Budget	Variance	
	£000	£000	£000	%
Core Financial Aid	15,277	15,277	0	0
Airport Operations	1,498	1,498	0	0
Total for period to August 2025	16,775	16,775	0	0
Income received in advance for the period October to November 2025	5,774	5,774	0	0
Total received for the year	22,549	22,549	0	0