



# **St Helena Government**

## **BUDGET EXECUTION REPORT**

**FOR PERIOD 7 (OCTOBER 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 October, period 7 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.

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## 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
<b>Total Expenditure</b>	<b>51,763</b>
FCDO Financial Aid	35,790
Local Revenue	15,516
Recharges	457
<b>Total Funding</b>	<b>51,763</b>

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

## OUTTURN

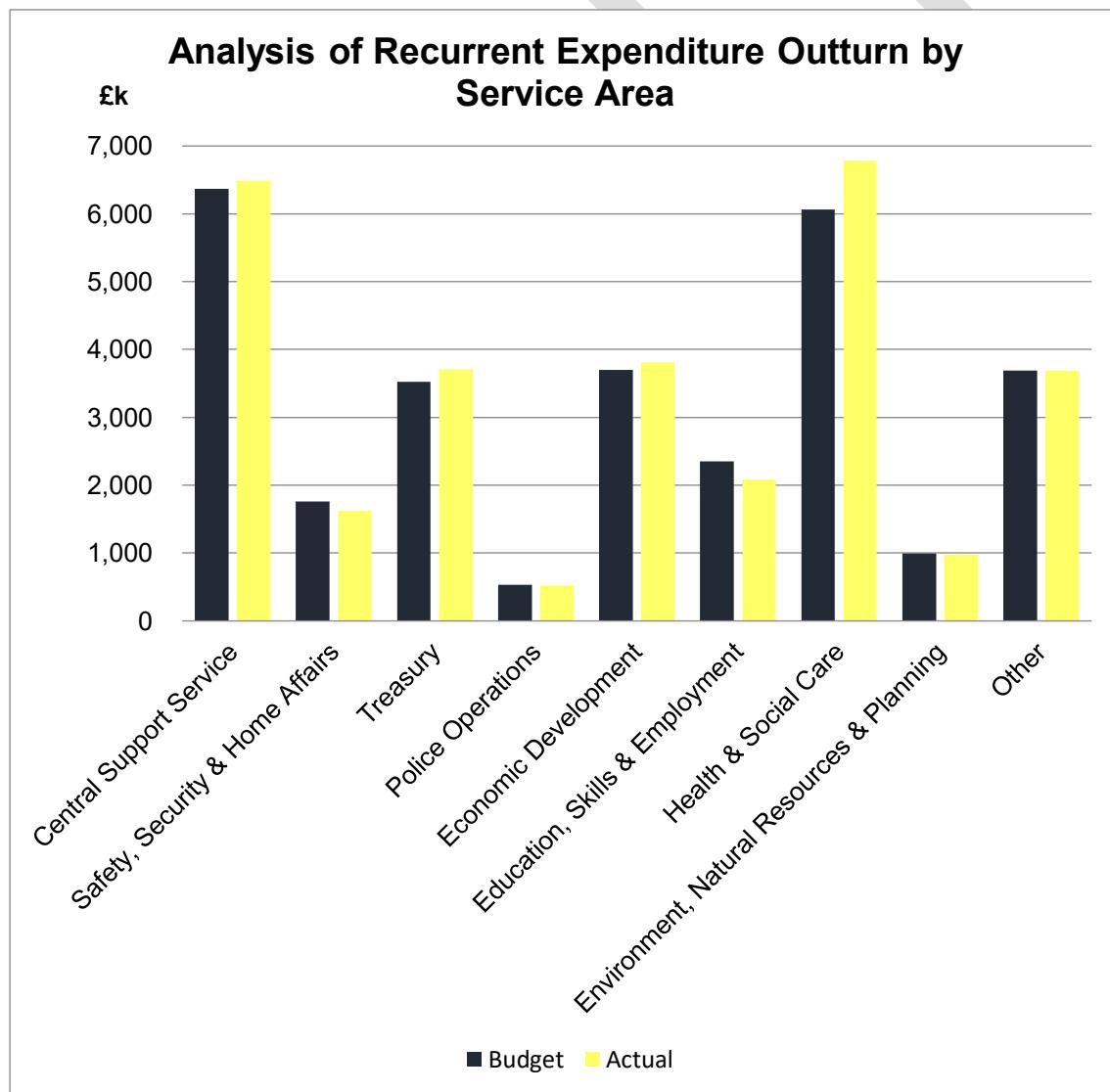
The Statement on page 8 reflects an actual surplus of £116k. Actual expenditure for the period to October was £29.7M being 2% over allocated budget for the reporting period. Actual revenue was £29.8M representing an overcollection of 1%.

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

	Year to Date			
	Actual £000	Budget £000	Variance	
			£000	%
Recurrent Expenditure	29,688	28,987	(701)	(2)
Revenue	29,804	29,537	267	1
Surplus	116	550	(434)	(79)

### 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
<b>Customs Dues</b>			
Ad Valorem	1,289	1,456	(167)
Alcohol	476	642	(166)
Tobacco	656	715	(59)
Fuel	568	612	(44)
Other Dues	162	179	(17)
<b>Total Customs Dues</b>	<b>3,151</b>	<b>3,604</b>	<b>(453)</b>
<b>Income Taxes</b>			
PAYE	3,400	3,047	353
Self Employed Tax	350	340	10
Corporation Tax	1,339	1,150	189
Service Tax	346	354	(8)
Withholding Tax	31	29	2
<b>Total Income Taxes</b>	<b>5,466</b>	<b>4,920</b>	<b>546</b>
<b>Total</b>	<b>8,617</b>	<b>8,524</b>	<b>93</b>

**Areas of concern**

1. Central Support Service:

- Technical Co-operation Posts

For the period to date, excess expenditure of £118k is reported for Central Support Service. This includes an overspend of £187k 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 £9.3M 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 £560k on flights from April to October 2025. Based on the latest forecast, the total loss is projected to increase to £953k 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 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 October, 84 patients had been referred for overseas medical treatment, compared to the budgeted provision for 61 patients. The total expenditure incurred was £1.6M which represents 126% of the year to date budget and 78% of the full year allocation.

- Aero Medical Evacuation

The actual expenditure to October represents a 7% overspend of the full year budget allocation. During the reporting period, 5 flights were activated, and a further flight was activated in November at the time of reporting. 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

All customs duty categories are uncollected for the year to date. To some degree this has been affected by the phasing of the budget across the year but concern remains over performance in this area, particularly specific duty on alcohol and tobacco.

- Fees and charges

The increases in fees and charges projected to generate an additional £250k in revenue across the public service were not implemented at the beginning of the financial year, and in certain cases were not applied as initially expected.

An additional fishing vessel is not likely to be registered this financial year, as a result, the associated fees of £60k will not be realised as originally projected.

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUALS**

	Actual £	Budget £	Variance £	%	Notes
<b>EXPENDITURE</b>					
<b>Appropriated Recurrent Expenditure</b>					
Central Support Service	6,487,512	6,369,917	(117,595)	(2)	1
Attorney General's Chambers	96,384	56,232	(40,152)	(71)	2
Safety, Security and Home Affairs	1,625,488	1,764,374	138,886	8	3
Judicial Services	81,880	90,113	8,233	9	4
Treasury	3,712,156	3,520,647	(191,509)	(5)	5
Police Operations	521,888	528,845	6,957	1	
Economic Development	3,811,777	3,696,028	(115,749)	(3)	6
Education, Skills and Employment	2,080,249	2,355,261	275,012	12	7
Health and Social Care	6,782,939	6,064,896	(718,043)	(12)	8
Environment, Natural Resources and Planning	973,165	995,241	22,076	2	
	26,173,438	25,441,554	(731,884)	(3)	
<b>Statutory Recurrent Expenditure</b>					
Pensions and Benefits	3,514,568	3,545,466	30,898	1	
<b>Total Recurrent Expenditure</b>	<b>29,688,006</b>	<b>28,987,020</b>	<b>(700,986)</b>	<b>(2)</b>	
<b>TOTAL EXPENDITURE</b>	<b>29,688,006</b>	<b>28,987,020</b>	<b>(700,986)</b>	<b>(2)</b>	
<b>REVENUE</b>					
<b>Local Revenue</b>					
Taxes	8,617,273	8,524,486	92,787	1	9
Duty & Licences	207,159	148,681	58,478	39	10
Fines & Fees	349,524	299,576	49,948	17	11
Government Rents	218,532	226,865	(8,333)	(4)	
Earnings Government Departments	22,778	26,932	(4,154)	(15)	
Income Received	297,484	244,844	52,640	21	12
Treasury Receipts	147,674	113,550	34,124	30	13
Recharges	281,446	290,414	(8,968)	(3)	
	10,141,870	9,875,348	266,522	3	
<b>External Funding</b>					
FCDO Core Financial Aid	17,914,550	17,914,550	0	0	
FCDO Airport Operations Financial Aid	1,747,200	1,747,200	0	0	
	19,661,750	19,661,750	0	0	
<b>TOTAL REVENUE</b>	<b>29,803,620</b>	<b>29,537,098</b>	<b>266,522</b>	<b>1</b>	
<b>SURPLUS/ (DEFICIT)</b>	<b>115,614</b>	<b>550,078</b>	<b>(434,464)</b>	<b>(79)</b>	

## 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. Finalised explanations will be provided once further discussions have taken place with the relevant Portfolios.

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
	<b>Recurrent Expenditure</b>			
1	Central Support Service	(117,595)	(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 deferral of planned promotional activities and the rescheduling of training to later in the year.</p>
2	Attorney General's Chambers	(40,152)	(71)	<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	138,886	8	The underspend is mainly due to delayed procurement of supplies and services for Fire and Rescue, HM Prison, Port Management, Roads and Building Maintenance.
4	Judicial Services	8,233	9	Full Court of Appeal was not in session as anticipated.
5	Treasury	(191,509)	(5)	Provision of specialised legal services for complex cases.

BUDGET EXECUTION REPORT FOR PERIOD 7 (OCTOBER 2025)

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				Compensation payments of £152k for cases concluded in the current financial year were not built into the budget allocation.  The freight transport subsidy was extended by an additional month due to delays in Rupert's becoming fully operational.
6	Economic Development	(115,749)	(3)	Losses incurred by Airlink on flights operated for the period April to October 2025 was £560k.  The excess expenditure reported for Civil Aviation 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 Financial Services and Company Registration Development and the Tourism Development Project.
7	Education, Skills and Employment	275,012	12	Vacant teaching and non-teaching posts across the portfolio.  Overseas orders are expected to arrive later than originally budgeted, resulting in a timing variance in the delivery of training materials.
8	Health and Social Care	(718,043)	(12)	The following areas have contributed to the excess expenditure reported for Health and Social Care: <ul style="list-style-type: none"> <li>Overseas Medical Treatment - Provision was originally made for 61 patients referred for overseas medical treatment. At the end of October, the number of referrals were 84, resulting in expenditure of £1.6M.</li> <li>Social Care employee costs - Additional staffing required to meet the demand within residential services for both elderly and child care.</li> </ul>

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				<ul style="list-style-type: none"> <li>• Responsibility allowance paid to ensure continuity of service.</li> <li>• Radiology/Laboratory testing services being referred abroad.</li> </ul> <p>The reported excess expenditure is partially offset by under spends recorded across other areas within the Portfolio.</p>
	<b>Local Revenue</b>			
9	Taxes	92,787	1	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 all customs categories.
10	Duty & Licences	58,478	39	<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	49,948	17	Small surpluses are recorded across several service areas, including medical and dental fees, laboratory fees, planning fees and veterinary services.

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Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
12	Income Received	52,640	21	<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	34,124	30	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.

### Breakdown of the Tranches received

	Year to Date			
	Actual £000	Budget £000	Variance £000	%
Core Financial Aid	17,915	17,915	0	0
Airport Operations	1,747	1,747	0	0
<b>Total for period to October 2025</b>	<b>19,662</b>	<b>19,662</b>	<b>0</b>	<b>0</b>
Income received in advance for the period November 2025	2,887	2,887	0	0
<b>Total received for the year</b>	<b>22,549</b>	<b>22,549</b>	<b>0</b>	<b>0</b>