



St Helena Government

BUDGET EXECUTION REPORT

FOR PERIOD 8 (NOVEMBER 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 November, period 8 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 November 2025.

OUTTURN

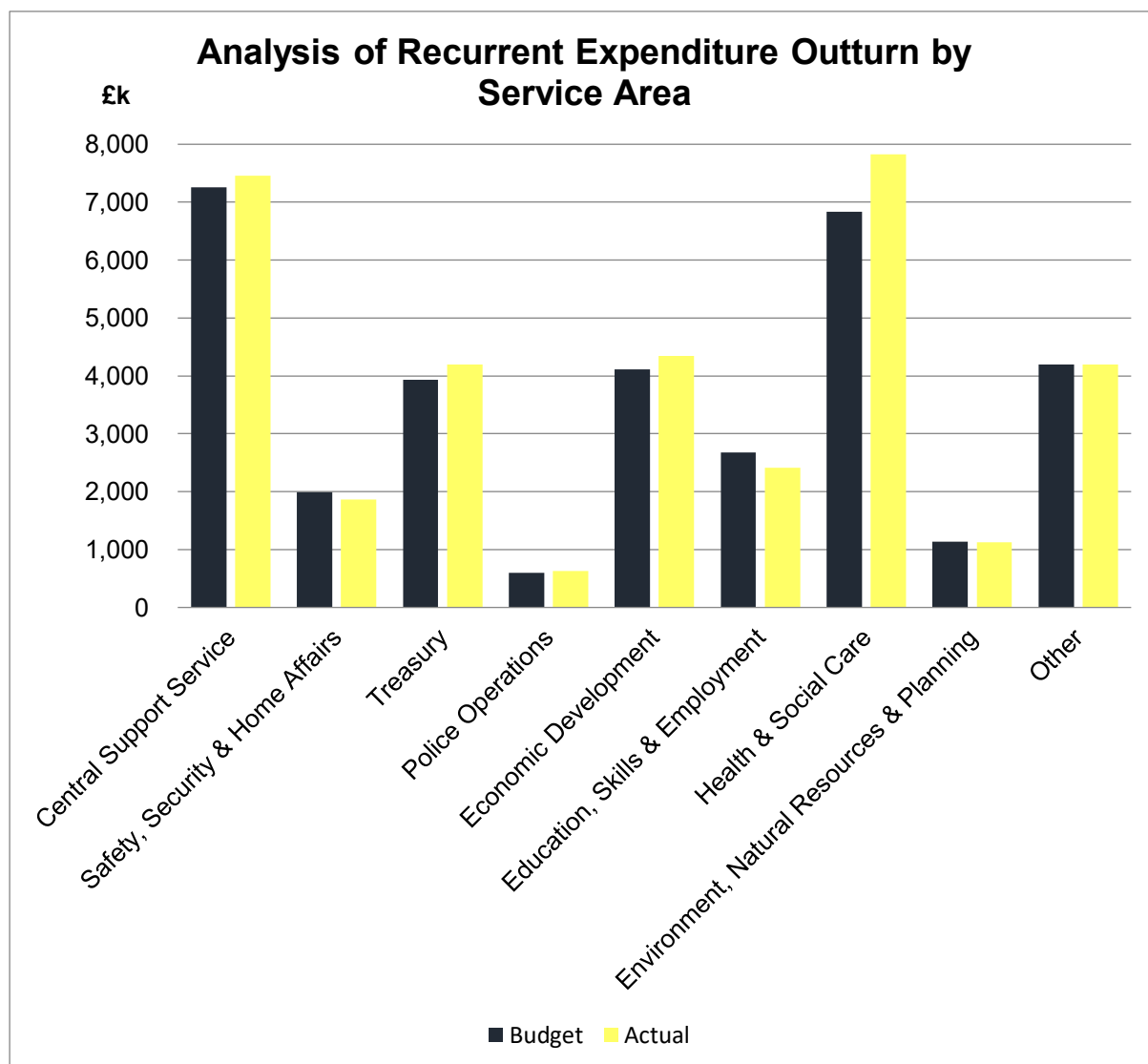
The Statement on page 8 reflects an actual deficit of £12k. Actual expenditure for the period to November was £34.1M being 4% over allocated budget for the reporting period. Actual revenue was £34.1M representing an overcollection of 2%.

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	34,067	32,735	(1,332)	(4)
Revenue	34,055	33,366	689	2
Deficit	(12)	631	(643)	(102)

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	1,502	1,667	(165)
Alcohol	851	705	146
Tobacco	667	750	(83)
Fuel	491	527	(36)
Other Dues	179	202	(23)
Total Customs Dues	3,690	3,851	(161)
Income Taxes			
PAYE	3,884	3,495	389
Self Employed Tax	353	340	13
Corporation Tax	1,338	1,150	188
Service Tax	393	407	(14)
Withholding Tax	31	29	2
Total Income Taxes	5,999	5,421	578
Total	9,689	9,272	417

Areas of concern

1. Central Support Service:

- Technical Co-operation Posts

For the period to date, excess expenditure of £134k is reported for Central Support Service. This includes an overspend of £269k 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 £581k on flights from April to November 2025. 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 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 November, 98 patients had been referred for overseas medical treatment, compared to the budgeted provision for 68 patients. The total expenditure incurred was £1.9M, which represents 126% of the year to date budget and 89% of the full year allocation.

- Aero Medical Evacuation

The actual expenditure to November represents a 31% overspend of the full year budget allocation. During the reporting period, 6 flights were activated, and a further flight was activated in December. 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 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.

STATEMENT OF COMPARISON OF BUDGET AND ACTUALS

	Actual £	Budget £	Variance £	%	Notes
EXPENDITURE					
Appropriated Recurrent Expenditure					
Central Support Service	7,457,378	7,258,638	(198,740)	(3)	1
Attorney General's Chambers	105,888	62,641	(43,247)	(69)	2
Safety, Security and Home Affairs	1,863,204	1,989,908	126,704	6	3
Judicial Services	90,771	101,049	10,278	10	4
Treasury	4,200,535	3,932,362	(268,173)	(7)	5
Police Operations	633,802	599,342	(34,460)	(6)	6
Economic Development	4,347,375	4,112,326	(235,049)	(6)	7
Education, Skills and Employment	2,411,518	2,681,181	269,663	10	8
Health and Social Care	7,831,125	6,835,218	(995,907)	(15)	9
Environment, Natural Resources and Planning	1,121,918	1,133,748	11,830	1	
	30,063,514	28,706,413	(1,357,101)	(5)	
Statutory Recurrent Expenditure					
Pensions and Benefits	4,003,465	4,028,348	24,883	1	
Total Recurrent Expenditure	34,066,979	32,734,761	(1,332,218)	(4)	
TOTAL EXPENDITURE	34,066,979	32,734,761	(1,332,218)	(4)	
REVENUE					
Local Revenue					
Taxes	9,688,537	9,271,773	416,764	4	10
Duty & Licences	236,118	166,908	69,210	41	11
Fines & Fees	412,765	351,219	61,546	18	12
Government Rents	243,960	248,694	(4,734)	(2)	
Earnings Government Departments	28,127	31,108	(2,981)	(10)	
Income Received	342,664	262,765	79,899	30	13
Treasury Receipts	200,485	154,950	45,535	29	14
Recharges	353,037	330,064	22,973	7	15
	11,505,693	10,817,481	688,212	6	
External Funding					
FCDO Core Financial Aid	20,552,200	20,552,200	0	0	
FCDO Airport Operations Financial Aid	1,996,800	1,996,800	0	0	
	22,549,000	22,549,000	0	0	
TOTAL REVENUE	34,054,693	33,366,481	688,212	2	
SURPLUS/ (DEFICIT)	(12,286)	631,720	(644,006)	(102)	

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	(198,740)	(3)	<p>The expected 16% vacancy savings (over-programming) within the Technical Cooperation (TC) budget is not being realised.</p> <p>The overspend of £269k 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	(43,247)	(69)	<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	126,704	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>Delays in procurement of materials for Fire and Rescue.</p>
4	Judicial Services	10,278	10	<p>Full Court of Appeal was not in session as anticipated and 1 vacant post for the current period.</p>

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
5	Treasury	(268,173)	(7)	<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	(34,460)	(6)	Accommodation & Travel for St Helena and Ascension Island Police Operations.
7	Economic Development	(235,049)	(6)	<p>Losses incurred by Airlink on flights operated for the period April to November 2025 was £581k.</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 an underspend for Financial Services and Company Registration Development and the Tourism Development Project.</p>
8	Education, Skills and Employment	269,663	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 for Education Reform.</p>
9	Health and Social Care	(995,907)	(15)	The following areas have contributed to the excess expenditure reported for Health and Social Care:

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
				<p>Overseas Medical Treatment - Provision was originally made for 68 patients referred for overseas medical treatment. At the end of November, the number of referrals were 98, resulting in expenditure of £1.9M.</p> <p>Social Care employee costs - Additional staffing required to meet the demand within residential services for both elderly and child care.</p>
	Local Revenue			
10	Taxes	416,764	4	As previously reported, 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 Customs dues.
11	Duty & Licences	69,210	41	<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>
12	Fines & Fees	61,546	18	Small surpluses are recorded across several service areas, including medical and dental fees, laboratory fees, planning fees and veterinary services.

Note	Budget Component	Budget less Actual		Variance Explanations
		£	%	
13	Income Received	79,899	30	<p>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.</p> <p>Income received from Internet Computer Bureau (ICB) under the Domain Name Agreement for domain name .sh.</p>
14	Treasury Receipts	45,535	29	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.
15	Recharges	22,973	7	Surplus revenue arising from refurbishment works on Government Landlord Houses is partially offset by a shortfall in customs recharge revenue attributed to delays in overseas orders.

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	20,552	20,552	0	0
Airport Operations	1,997	1,997	0	0
Total for period to November 2025	22,549	22,549	0	0