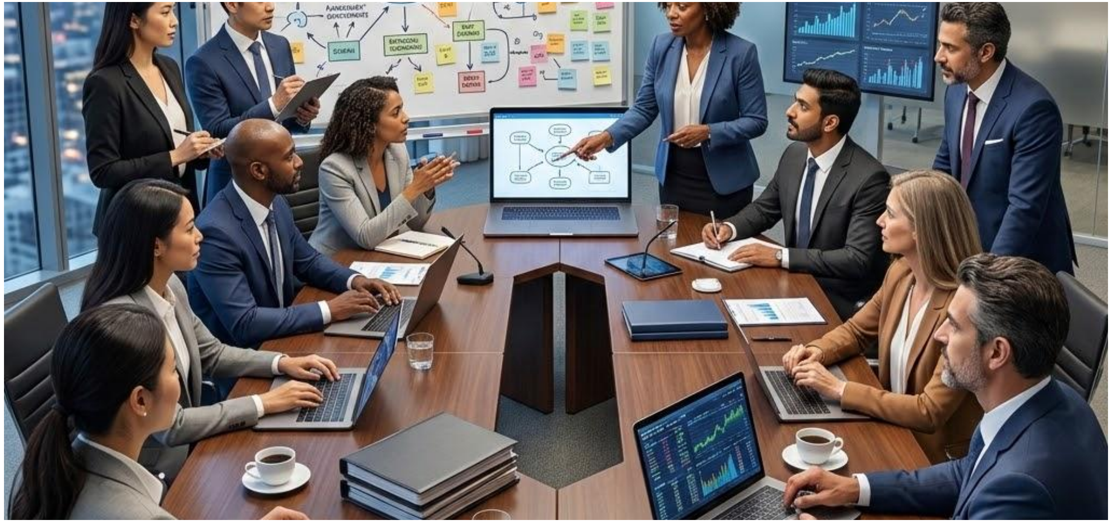
SCHOOL FINANCE UPDATE

SBM Forum

Wednesday 8th July 2026



Hackney

Schools Finance Update

Update

1. Year end accounts - SFVS
2. Budget Monitoring
3. CFR update 2026/27
4. Schools in financial difficulty - cash flow loans, deficit recovery plans
5. Audit scope of works
6. Banking update
7. VAT update

Hackney

Year End 2025/26 Accounts update

Thank you all for your year end accounts submission.

Accruals - evidence to be on hand if requested by LBH - audit underway
VAT reconciliation - to be done regularly - old items to be cleared - issues with some schools during closure of accounts
Unwanted transactions to be corrected - delayed closing accounts
System opening balances and closing balances reconciled

Reminder SFVS is due 31st March so plan FGB meetings prior to this date to avoid late signed submissions

CFR 2025/26 - Upload on Collect

Budget Monitoring 2026/27

Budget Setting

31st May 2026 - schools with deficit budgets to inform HOF sch finance and initiate DRP.

Quarter 1 budget review

Review of budgets from recent announcements - pay awards etc. End of Summer term

Quarter 2 budget report

Submit Q2 budget report to SFT by 31st Oct 26 including virements

Quarter 3 budget report

Submit Q3 budget report to SFT by 31st Jan 27 including virements

Financial Year End

31st March 27 - ensure all key processing has been completed and submission of year end documents tbc.

Hackney

CFR Update & changes 2026/27

Update:

Changed accounting for leases

Where a lease counts as capital, it must not be included in the revenue expenditure lines E12 to E25. Instead, it must be included in E30 as direct revenue financing of capital. The same sum will appear in CI04, and the expenditure will then be recorded in CE01 to CE04 as appropriate

https://www.gov.uk/guidance/consistent-financial-reporting-framework-2026-to-2027

School in financial difficulty

Schools with deficit will need to submit deficit recovery plan during budget setting or agreed date with HE

School are defined as being in “financial difficulty” when either or both the following circumstances occur:

1. If the school plans to be in cumulative deficit in the current financial year.
2. If the school predicting a cumulative deficit in the current or any subsequent financial year.

Please note the following document:

Supporting School Financial Sustainability

Policy and Toolkit for LA officers, School Leaders and Governing Boards.

Hackney

Audit scope of works

Audit brings a number of clear benefits like accountability and demonstrates that funds are being managed responsibly. It also ensures transparency,reassures staff, governors, parents, and other interested parties that money is being used appropriately. It will also report the financial health ensures records are accurate and highlights any discrepancies.

If the school is being audited it helpful to plan ahead and ensure smooth working arrangements with audit colleagues. See link below for scope of works typically requested from audit.

Schools Closure Pre-Audit ICQ & Request for Information May 2025

Current School Terms of Reference

Any audit recommendations have to be addressed within the agreed time to avoid further escalation unless reported to audit and finance colleagues to request for extension.

Schools with NIL or limited assurance will need to have audit recommendations as standing items on FGB.

Schools Finance: Banking & System Updates

MANDATES

Schedule Transition

Transitioning to a centralised mandate schedule to replace individual account forms.

- Master record applies across all school accounts.
- Please make any mandate changes by the end of the Spring term.
- Contact me for forms, as forms will be changing in the new term.

SECURITY AUDIT

Bankline Audit

To maintain safety standards, any Bankline user accounts inactive for **2+ years** will be systematically removed from the platform.

- Registered digital authorisers must match official signatories on the master bank mandate schedule.

BACS UPDATE

BACS Service Update

We are updating the BACS contact service and may need to contact you in the Autumn term to formalise these details.

- Ensures all records and school contact information are fully up to date and synchronised with the platform.

MOBILE POLICY

Mobile Banking Stance

Following recent updates, we will **not** be transitioning to mobile banking services at this time.

> This decision ensures we maintain strict audit trails and the card-reader security protocols required for authorising public funds safely on desktop environments.

School Credit Card Applications: If your school would like application forms, please email Jessica Rolle directly at jessica.rolle@hackney.gov.uk.

NatWest: Primary Support Helplines

Department / Team	Telephone	Primary Purpose & Instructions
Bankline Helpdesk Digital Operations Team	**0345 300 4108**	Technical support, system navigation, and login or PIN reset requests.
Public Sector & Charities Account Servicing Desk	**0345 835 1215**	Mandate maintenance, account queries, and general school servicing.

Email: publicsectorandcharitiesservicingteam@natwest.com

URGENT TRACK

BACS Priority Support

For urgent payment tracking or to formally request BACS recalls.

0370 240 5544

Service Hours: Monday – Friday, 08:00 – 17:00

VAT UPDATE

Historic VAT: We are up to 2023-2024

- If you have VAT discrepancies from previous financial years; these need to be written off
- If you are switching accounting systems and you have historic VAT discrepancies in an active year, please save the relevant full VAT report (in an Excel friendly format) before you lose access to the old system.
- **Evidence for Overclaims:** Emphasize that any school submitting a negative VAT return (an "overclaim") must hold full evidence to substantiate the reason for refunding to HMRC. If HMRC initiates an assessment, generic explanations will not suffice, and the liability for penalties rests with the school.
- **Schools Planning to Convert/Leave:** Schools planning to leave the Local Authority must ensure all VAT claims are fully finalised and submitted *before* their departure date. HMRC is increasingly unwilling to process claims for schools that are no longer part of Hackney, and retrospective claims post-departure are likely to be rejected.

Reminders:

- Please submit your monthly returns on time. Stragglers are holding up everyone!
- Please remember to close your VAT periods at month-end
- **VAT Liability on Premises Letting:** Schools must ensure they apply the correct VAT liability to invoices for hiring a room or hall. Generally, hiring a room or hall on its own is an **Exempt** supply of land (unless you have an "Option to Tax" in place for that property). However, supplying "extras" like catering, staffing, or AV equipment changes the liability—these are often considered taxable supplies.

Any questions….?

Next SBM forum update - Autumn term 2026