

Hertfordshire County Council
Financial Guidance for Schools
Year End 2025/26

February 2026



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SECTION 1 Legislation and Requirements

At the end of each financial year, the Chief Finance Officer has a statutory responsibility for the preparation of the annual accounts for Hertfordshire County Council. This includes consolidating school accounts.

The statutory “Accounts and Audit Regulations 2015” require the council to close the 2025/26 accounts by 29th May 2026. The Council has been operating under increasingly tightening timescales as it incrementally moved forward the timeline for the closure of accounts over the past few years.

We would like to thank schools as they continue to support this process and contribute to the achievement of meeting tightening deadlines by working with the authority to complete schools accounts in line with dates set out within the following guidance notes.

Hertfordshire County Council compile their accounts on an accruals basis which requires appropriate recording of goods and services.

The overarching principle is that your schools final accounts must reflect goods and services that have been received and purposefully used (payments) or provided (Income) as at the 31st March 2026.

Audit Requirements

The Council has a statutory obligation to open its accounts to the appointed external auditor (KPMG) who has the right to review all documentation (including payslips and bank accounts) under the Local Audit and Accountability Act 2014.

It is therefore a statutory requirement that information is provided to the School Finance Team, following an audit query raised on an individual school’s accounts. So, please prioritise any audit query you may receive.

Authority external auditors have significantly increased their recent demands for evidence to substantiate school accounting transactions and there is therefore additional responsibility on all schools to correctly follow the operational guidance and retain appropriate supporting documentation.

It is important that good quality evidence is presented to an external auditor. Information directly from a third party should be provided where possible, with a clear summary description of the transaction. For example, the evidence presented for the purchase of equipment should be the supplier’s invoice. Please refer to the section on what good accruals look like.

Whole of Government Accounts

Hertfordshire County Council’s accounts are produced on an accrued basis, recorded in line with the “Whole of Government Accounts” and should be collated correctly; as a result, all accruals need to be prefixed.

Whole of Government Accounts (WGA) is a consolidated set of financial statements for the UK public sector.

- Consolidates the audited accounts of around 4,000 organizations across the public sector.
- Enables a comprehensive, accounts-based picture of the financial position of the UK public sector.
- Is based on International Financial Reporting Standards (IFRS), the system of accounts used internationally by the private sector.

[Whole of Government Accounts - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

There are over 1500 government agencies in the full list, and we have compiled a short list of the most widely used. Both lists are available at:

[Year end - Hertfordshire Grid for Learning](#)

Arbor Finance Users should include the WGA prefix in the reference box when entering every transaction. The system allows you to use this prefix more than once. The name of the supplier and the details should then be recorded in the detail box. Please see [#HCC](#) accruals for extra information.

Non-Arbor Finance users should type the WGA prefix in the narrative box for every line of entry on the reversing journal followed by the description.

Accruals should be prefixed with the correct WGA reference when entered your accounting system and the name of the supplier in the description.

SECTION 2 Timelines, submissions, declarations, and key contacts

Deadlines for submission

Deadlines are set as late as possible; therefore, it is imperative that you submit on time. Unfortunately, we may have to charge the costs of preparing or correcting a late return to your budget share.

Year End Submissions for 2025/26	Deadlines
<ul style="list-style-type: none">• Non-Arbor Finance Schools	15 th April 2026
<ul style="list-style-type: none">• Arbor Finance Schools Not HFL Supported	22 nd April 2026
<ul style="list-style-type: none">• HFL supported schools	29 th April 2026

Governing Body Approval

Schools Year End submissions are expected to be approved by their Governing Body and signed accordingly.

However, it is permissible to submit an initial return, which hasn't received full governor's approval, as it is acknowledged that when completing the year end within a strict deadline, it is more efficient to process schools' submissions immediately, as significantly few are changed at Governing Body approval stage.

Should the school choose to resubmit following Governing Body considerations, then the re-submission would be actioned, without issue providing the resubmission is made by the deadline date.

Should you identify any issues that will cause a delay, you must contact the School Finance Team by telephone immediately on 01992 556162, see Key, please note that your Financial Advisor is not a member of the School Finance Team

Moving your system into the new year

One of the key security features of Arbor Finance online is that you are not able to adjust prior period transactions.

For this reason, you should not "roll" into period 1 for a minimum of 5 working days after submission of your final accounts, to allow for your accounts to be verified and the Authority notify you of any corrective actions that may be required.

Declarations

By submitting your year end the governing body of the school are declaring that

- Figures provided are calculated on an accrual basis.

- Accruals meet the specification of an accrual (see what a good accrual looks like) and meet the specification of an accrual.
- The schools Bank account has been reconciled to the 31 March 2026
- That a valid CFR file accompanies the data file submission.

Key Contacts and methods of submission and Forms

Submissions

The preferred method of submission of the schools' year end is via anycomms+. The team would appreciate that all supporting documents that accompany the data files are clearly prefixed with the schools' number as part of the file name. E.g. B01 forms, accrual evidence

It is asked that for any correspondence with the teams you ensure that you include your school's name and number in order for the teams to respond quickly to any queries / concerns.

Contacts

For general enquiries, or if you know of an issue which will cause a delay in your submission, please contact us:

School Finance Team
csf.sfu@hertfordshire.gov.uk
 Sue Provenzano: 01992 556162
 Callan Boland: 01992 555922
 Diane Tilbey: 01992 588367
 Rafid Zaman: 01992 588998
 George Kromidias : 01992 588858

Or if you have a more specific enquiry, please contact the relevant team:

Capital Finance Team
capital.finance@hertfordshire.gov.uk

Energy Management Team
energy.management@hertfordshire.gov.uk
 01992 588184

Hertfordshire Music Service
ed.twomey@hertfordshire.gov.uk
 01438 844843

Technology in Schools service desk
support@hfeducation.org
 01438 544466

Forms

All forms and references for additional information in this document can be found on the GRID at the link below.

[Year end - Hertfordshire Grid for Learning](#)

SECTION 3 How the School Finance Team validate your return.

The Import

The file will be imported, and data validated for.

- A valid period of accounting 01 April 2025 – 31 March 2026
- B/Fwd. Balance figures agree to the yearend processed accounts for 24/25.
- The reconciled bank position matches the information received from your banking provider (for corporate contract schools the authority will obtain this on your behalf)

All other checks include.

- Where instructions to include accruals have been issued by HCC that they are included (including March year end Biscuit)
- That accruals are valid (see [accruals](#))
- Debtors / creditors / prepayments and receipts in advance have been posted the right way round.
- Where there is a posting to [106 or 107](#) the school finance team have the appropriate information
- That there is an explanation for any
 - Negative income lines
 - Negative expenditure lines
- That a capital shuffle has only occurred where there is no balance of DFC, unless there are exceptional circumstances which have been agreed by the School Finance Team
- That a capital shuffle matches in value in both E30 and C104
- That the balance of DFC is not more than 3 years old
- That your capital return and year end accounts submissions reconcile to each other.
- That the school is not in deficit
- All back up documentation reconciles.

Capital return and year end submission.

The schools' team will reconcile the data that you have included in the school's year end submission to that provided via the capital return. Without exception the two must be the same.

The checks carried to validate the two returns are.

- That balances held by the school for DFC and Other Capital reserves are the same.
- That expenditure on capital is the same.
- And that where actioned a revenue transfer to capital (capital shuffle) is matched in both returns.

If any of the above checks fail, there will be a request to amend the return submission that the school confirms is incorrect.

Bank Reconciliation

All income received and payments made by 31st March 2026 must be included in the bank reconciled to the statement @ 31st March 2026

Bankline Charges

The March biscuit report will include the routine Bankline charges for March and the charges for immediate payments made in January. The March Year end biscuit will include charges for any immediate payment made in February. Schools making immediate payments in March must accrue for these @ £2.50 for each individual payment, using WGA Other and organisation name Natwest Bank

The last day to bank monies in the 2025/26 financial year is **31st March 2026**.

Overdrawn Bank Balances

Please contact the School Finance Team as a matter of urgency if your public (general) account is likely to be overdrawn on 31st March 2025.

Copy Bank Statements – 31st March 2026 – Non Pooled

If you have an account that is not in the pooled Natwest Bank arrangement a scanned copy of the statement(s) that contains public funding @ 31st March 2026 must be emailed to the School Finance Team with your return. The copy must show the school's name & address, sort code, account number and account name along with the balance @ 31st March 2026

You will also be asked to provide your assurance to the external auditors (KPMG) and provide permission to KPMG to be able to approach your banking provider for independent verification of your balances.

Fixed Term Investments

If the school currently holds any fixed term investments, please email the details of the investment, (counterparty, term, rate, and principle) to the Treasury Management Team at herts.treasurymanagement@hertfordshire.gov.uk

And the school finance team at csf.sfu@hertfordshire.gov.uk by 18th March 2026.

Other information

Balances Form B01

If a school declares a balance in B01, you are requested to include details of the items that this balance is earmarked for on the B01 Form at the end of the financial year. This information should also be transferred to the text field when submitting your consistent financial (CFR) reporting return.

The information held in this form will also be used when the authority calculates the balance control mechanism.

Guidance on Revenue Balances B01 and B02

You should make the distinction between committed and uncommitted revenue balances carried forward:

Line	Title	Balances to include:
B01	Committed Revenue Balances	<ul style="list-style-type: none">Grant balances.Consortium balances – Hub schools. (Details of expenditure and Income must accompany this)

B02	Uncommitted Revenue Balances	<ul style="list-style-type: none"> The remainder of your revenue balance. Any revenue deficit @31st March 2026.
B03**	Devolved Formula Capital Balance	<ul style="list-style-type: none"> This is the balance of Devolved Formula Capital.
B05**	Other Capital Balances	<ul style="list-style-type: none"> Privately raised capital funds. Monies transferred from revenue prior to the year end to fund imminent capital projects.
B06	Community Focussed Extended Schools Balances	<ul style="list-style-type: none"> Any balance relating to community focused extended school provision. This is the total of income in CFR I16 and I17 (plus any brought forward B06 from 2024/25) less expenditure on E31 and E32 in 2025/26

If you are not a VA school, the sum of B03 and B05 **must agree with the total on your Capital Return.

Notification of Opening Balances (B01-B06)

The school's opening balances are on SOLERO. Please check these amounts carefully against the opening balance for 2025/26 in your accounts. If there are any discrepancies Schools supported by HfL (FSS) should contact their Helpline. All other schools should contact the School Finance Team.

PE Sports Premium Grant

The PE Grant for the academic year 2025/26 is being paid by the DfE in 2 equal instalments, with schools having received the first 50% in the November biscuit. This will result in 2 different scenarios that **may** result in an accrual:

EITHER: A school has unspent PE Grant. In this case the unspent balance must be recorded as an RIA. In this scenario there will be no accrual

OR: If the school has completely spent the 50% grant that has been received, they **can choose** to raise a debtor against the DfE for the remaining one month's allocation

Schools are reminded that they will be required to complete an online reporting form in July 2026 to include figures on overall spend and what it has been spent on including any balance of unspent funding. Further Guidance and conditions of grant can be found at

[Primary PE and sport premium: conditions of grant for the academic year 2025 to 2026 - GOV.UK](#)

Energy Charges

It is expected that schools will have been billed up to January in their March biscuit. This will leave an accrual required for February and March. Schools are advised to view their invoices on the Energy Manager Database. Details of access can be found on the Grid for Learning under the Energy Management pages.

[Energy monitoring - Hertfordshire Grid for Learning](#)

This will also assist with the accrual calculation required and provides best practice advice. If schools have any queries regarding gaps in billing, they should contact the Energy Management Team. [Contacts](#)

Accruals raised for estimated energy that has not been charged by year end must use WGA code OTHER, with "Corona" for gas and "Npower" for electricity in the organisation field and the period to which it relates in the entry description field.

I06 / I07

When consolidating schools accounts the authority is required to identify grants received by schools that come from any government dept. in a similar way to the analysis of accruals, we require information that.

- Identifies the source of the income received clearly identifying any govt department.
- and if the income is conditional in that it might require to be returned

This information has been sought during the year when reviewing financial returns, however if this has not been previously identified in returns then a further request will be made.

For Government dept details when recording a grant from a government dept the WGA listing is a good point of reference.

[Year end - Hertfordshire Grid for Learning](#)

SECTION 4 What do good Accruals look like

Accruals

An accrual is a method of recording income or expenditure in the most appropriate set of school's financial statements.

Schools are required to submit details of how they have arrived at all accruals with a value of over £10,000. Details of these must be provided at the same time as the year end files and prefixed with the school number. If it proves necessary to use estimates rather than known figures, then the basis of any estimate must be clearly stated. You must keep schedules of all accruals by category (e.g., debtors, creditors, etc) in sufficient detail to allow auditors to verify the completeness and accuracy of the total for each category.

The purpose of an accrual is to either.

- DEBTOR - Include income owed to the school for the period of accounting 01.04.2025 -31.03.2026 but has not been received.
- CREDITOR - Expenditure incurred by the school in that period that has not been paid out.
- Receipt In Advance - Income in relation to a future expense (commonly trip funding)
- Payment in Advance – expenditure incurred for something where the benefit to the school will be in a future period (eg deposit for school trip)

Common mistakes

- Accruing for periods beyond the end of the financial year, e.g. water bills for 6 months from Jan – June, only the equivalent expense for the period Jan – March end should be the accrual value.
- Accruing budget that remains unspent. No tangible benefit to the school, this is just an underspend.
- Accruing for capital that hasn't been completed. Carry forward the capital balance and pay in the new year.

You do not need to accrue for

- Part year TV licences, Road Tax or any expense that is incurred on an annual basis. Providing there is a payment in each year for a full 12 months.

Internal Accruals

Maintained school to maintained school –

Schools must not raise inter-school accruals. They should liaise with those schools to ensure that all transactions are completed at both ends well before 31stMarch 2026

Why do you have to consider this? – because school accounts are consolidated together so the existence of any inter-school debtors and creditors would result in the overstatement of the total of all debtors and creditors in the County Council's accounts.

Any inter school charges/receipts that are required in individual school accounts are recommended to be completed by the 6th of March 2026 to ensure that the transaction shows

as an actual in both accounts prior to 31st March 2026. **Schools should not therefore have any debtors or creditors to other Hertfordshire schools as of 31st March 2026.**

HCC

Schools must accrue everything that appears as a transaction on the March Year End Biscuit they should be posted as accruals according to the type of transaction that appears (receipt of income to the school is a debtor). All March Year End Biscuit transactions should be posted as WGA HCCDD.

Accruals raised for estimated energy that has not been charged by year end must use WGA code OTHER, with "Corona" for gas and "Npower" for electricity in the organisation field and the period to which it relates in the entry description field.

Amounts due to staff such for additional hours must use WGA OTHER, with Staff in the organisation field and the details in the entry description field.

Schools can only raise accruals to HCC with prior instruction/agreement from the Schools Finance Team and under these circumstances must use WGA E1920X Hertfordshire County Council.

If there is a concern that the transaction does not meet the accruals criteria, i.e. not expenditure relating to the 25/26 financial year, please seek advice from the School Finance Team

Herts Catering Ltd

HCL have advised that they will be operating the rebate scheme again for 2025/26 and it will be paid to schools after year end. If HCL have provided the **estimated** rebate in time, School Finance will share the figures with HFL for those schools they support and to non - supported schools directly.

All Herts Catering related accruals should be recorded as per the table below (these are not found on the published WGA listings)

Accrual type	Purpose of the Accrual	WGA	Organisation Name	Description
Creditor	HCL invoice for Meals taken in March and for which the DD will be taken in April	HCLINV	HCL	HCL March Meals
Debtor	Dinner money received into the HCL client account in March that will be paid to the school's current a/c in April	HCLINC	HCL	HCL March Income
Debtor	2025/26 rebate which is expected to be paid over to schools in 2026/27	HCLREB	HCL	HCL Rebate
RIA	Income from pupils/staff for meals to be taken in 2026/27	OTHER	Pupil/Staff	Pupil/Staff Meals
Debtor	Outstanding amounts owing from pupils/staff for meals taken in 2025/26	OTHER	Pupil/Staff	Pupil/Staff Meal debts

Expenditure Reimbursements from Capital Finance

Some schools may be in receipt of funding that has been received by the authority as part of a much wider grant funded program. Childcare Expansion / Wrap around care grant is one example.

When this funding is transferred to the school via the Biscuit it appears as an expenditure correction, i.e. Income posted to an expenditure code.

The reason for this is that the larger complete grant is being treated as Capital income in the HCC accounts, all subsequent transfers of that grant are to reimburse the school for its expense, and not to report as additional income.

During the year schools should ensure that they net the expenditure off with the incoming correction so the impact on the school of the grant never shows as a negative. (i.e. a greater expenditure correction than expense incurred).

At year end, you will have to determine what creditors you need to raise, i.e. where conditions of accruals have been met. This is an accounting requirement and has the potential to be subject to audit so accruals might not always be possible.

The following is a guide on how to treat this funding and expenditure.

- If after all the expenditure has been incurred and the accruals have / can't be raised (i.e. you haven't started the project or it's not complete) then you need to contact CSF to confirm that you need to treat some or all the "expense correction" as a receipt in advance
- The "receipt in advance" is classified as a receipt from HCC, so WGA E1920X, and that requires the authority to raise a "match" in the form of a payment in advance.
- Some local systems will not allow a receipt in advance to be posted to an expenditure code in the same way you cannot post income there either, if this is the case then we treat it as a creditor and the team at HCC will amend before its posted into the authorities ledger (the impact locally is the same) but it is the confirmation with CSF that is key
- If the grant is "less" than the value of work that you are committed to, then you treat the additional expenditure as you would any other, e.g. if it meets the capital criteria for E30 transfer then that's acceptable but please don't do this revenue contribution if:
 - The expenditure that will be posted to the schools' capital is an estimated accrual, please only action capital shuffles on actuals. (see treatment of grant receipt less than spend above)
 - If you do a capital shuffle, and as a result you have residual DfC spend left as a balance, the CSF team will query this (DfE regulations are that you should not carry DfC grant forward if you action a capital transfer), so again please contact the CSF team if this is the case.
- The key in the school's accounts is to ensure that the income and expenditure is posted to the same revenue codes, effectively knocking themselves out of the local accounts.
- The school is therefore compliant with DfE regulations, accruals are clearly identified as part of the process, overall, the impact of the grant receipt should be zero (or negligible) and that nothing is accounted in HCC's accounts twice.

SECTION 5 Consistent Financial Reporting

The Consistent Financial Reporting framework developed by the DfE, Ofsted and the Audit Commission is a standardised framework for recording income, expenditure, and balances. One of the main aims of CFR is to promote consistency to enable schools to benchmark at a national level.

All schools are required to submit a CFR report in addition to the LMSFR3-11 reports. The Consistent financial reporting (CFR) online guide can be found at:

[Consistent financial reporting framework 2025 to 2026 - Guidance - GOV.UK](#)

The information that was submitted by schools in previous years and benchmarking information:

[Home - Financial Benchmarking and Insights Tool - GOV.UK](#)

SECTION 6 Balance Control Mechanism

It was agreed at Schools Forum in June 2025, to continue with the existing criteria for the balance control mechanism.

The LA and maintained schools should be ensuring budget funds allocated are being used appropriately to support the pupils for which those funds were intended.

The balance control will see normal balances and criteria set to ascertain those schools which will require to be challenged. Levels of balances are outlined in the table below.

Sector	15% + greater than value	
Primary	>15%	>£400,000
Secondary	>15%	>£800,000
Nursery	>15%	>£300,000
Special	>15%	>£600,000
ESC	>15%	>£500,000

This criteria will be used to analyse the financial close data of 2025/26. Schools that are deemed to have excessive balances as at that 31st March 2026 will have historical balances analysed to identify those requiring challenge.

SECTION 7 School Fund / Private Fund Account

You should produce for your School/Private fund accounts the following reports for your internal records.

Only Schools where the school fund bank balance exceeds **£90,000** at any point in the financial year must complete by **31st May 2026** a school fund return located at:

[Year end - Hertfordshire Grid for Learning](#)

SECTION 8 Terminology and Acronyms

Accruals: Accrual accounting in the public sector is a method to present financial information on government operations. Under accrual accounting, income and expenditure transactions are recognised when they occur, regardless of when the associated cash payments are made.

Revenue Capital Contribution:

Any amount transferred by the school to part-fund a capital scheme. This will match an income figure in capital income line C104

Any contribution made by a voluntary aided school from revenue funding to the governors' liability for capital expenditure.

DFC: Devolved Formula Capital funding is a capital grant allocation to help your school maintain and improve the condition of its buildings, grounds and infrastructure. It's allocated to individual schools and can be spent on capital projects that will support your school's own improvement priorities.

KPMG: KPMG International Limited is Hertfordshires' External Auditors, one of the Big Four accounting organisations. The name "KPMG" stands for "Klynveld Peat Marwick Goerdeler".

WGA: Whole of Government Accounts (WGA) consolidates the audited accounts of public sector organisations across the UK. WGA is based on International Financial Reporting Standards.