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| Essex County Council Schools Finance TeamCorporate ServicesCounty HallMarket RoadChelmsfordCM1 1LX |  |
|  Our Ref: |  FS/xx |
| Date: |   |

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| MHeadteacherxxxxxx School |  |  |
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Dear M

**Transfer of school surpluses and deficits**

Further to the conversion of xxxxx School to academy status, I thought it would be helpful to set out the procedure around the closure of the school’s accounts and the transfer of any surplus, or deficit, to the academy.

As you are aware, the academy is a separate legal entity from the school which requires a separate bank account and ECC supplier number. You should request a new supplier number for the academy from suppliers@essex.gov.uk. The Local Authority (LA) will need this new supplier number to issue any payments, such as EHCP funding, to the academy.

The school’s accounts must be finalised within four months of conversion; in your case this will be by xx xxxxx 20xx. Once the accounts have been finalised you will need to submit:

* **Academy Conversion Final Accounts Return:** This return spreadsheet can be downloaded from the Essex Schools Infolink under:

School Management\Finance\Guidance on Academy Conversion

Please note that this return form should only be used by schools that finalise their accounts between April and February. Schools finalising their accounts at the end of March should use the standard year-end return form available on the School Returns page in the finance section of the Essex Schools Infolink.

* a copy of the final bank statement(s)

Please send a copy of the return form in Excel format along with the bank statement(s), to finance.monitoring@essex.gov.uk so that we can reconcile your return to our accounts. After we have confirmed that the return is correct, we will contact you to request a signed paper copy of the return spreadsheet’s Checklist and Authorisation sheet.

Once this has been received, we will:

* contact you to approve the transfer of the school’s closing bank account balance to the academy bank account. Please note that no funds can be transferred to the academy account without prior approval from the LA.
* raise an invoice to the academy for any property and legal costs relating to the conversion that have been incurred by the LA.

Any outstanding liabilities which were reflected in the final balance sheet or that are realised after the submission of the school’s final accounts will become the responsibility of the academy.

The bank accounts for the school should be closed as soon as the closing balance has been transferred to the academy account. Please contact your bank to arrange for the closure of all accounts relating to the use of public funds, requesting confirmation of closure on the LA’s behalf.

If the school has a deficit when the accounts are finalised this will need to be agreed with the LA, Department for Education (DfE) and the Education & Skills Funding Agency (ESFA), in order for the DfE to reimburse the LA and the ESFA to recoup the deficit from the academy.

The DfE has suggested that a representative of the LA is added as a co-signatory to the school’s accounts. However, given the comparatively tight closure timetable, the LA does not feel that this is necessary at the moment.

I have also attached a copy of the DfE’s guidance note for your information, as well as a letter from Clare Kershaw, the Director of Education, detailing the recoupment of legal and property costs.

Yours sincerely

Xxxxx xxxxx

School Finance Team

Cc. Chair of Governors

 Finance Officer

## Please reply to xxxxx xxxxx

Telephone: 0333013xxxx

Email: xxxxx.xxxxx@essex.gov.uk