Cluster Funding Accounting Entries – Guidance

Schools holding cluster funds
- **Receive current year cluster grant** from Local Authority on subjective 9889 in April.
- **Cluster surplus b/fwd** will be downloaded to 9707 by County. The previous year b/fwd surplus + in year income – in year expenditure will be used to calculate the c/fwd.
- **Transferring monies to other schools** must be completed by County using the [Cluster Recharges Form](). The transfer will be coded to 9889, the cluster holders balance will reduce and the receiving schools balance will increase.
- See 'School receiving transferred cluster funds' for **expenditure coding** information.

Schools receiving transferred cluster funds
- **Receive income** from cluster fund holder on the monthly download, via a County journal on subjective 9889.
- **Code expenditure** against 0967 for Cluster Staff (inform Payroll to pay cluster employees on this code) or 4083 for all other expenditure.
- **Cluster money used to subsidise pupil contribution towards activities run through revenue budget**- Raise a journal to debit 4083 and credit the relevant income code (e.g. 9546 for music lessons or 9547 for educational visits).
- **Cluster money used to subsidise pupil contribution towards activities run through school fund**- Raise a transaction charging 4083 in revenue. Pay a cheque to school fund and credit the income to the relevant school fund department.
- **All schools must pay their own invoices, overtime and supply claims. Do not send them to the school holding the cluster fund to pay on your behalf. Then claim the agreed cost from the school holding the cluster fund via County journal.**

Accounting for cluster funds in Star
BCR report in Star provides the option to exclude cluster monies. This removes the cluster-specific subjective codes (9889, 0967, 4083 and 9707).

Subjective 9707, showing the **cluster surplus b/fwd** from the prior year, is not available in the budget plan. When exporting figures from the budget plan to Star any surplus b/fwd will need to be allocated manually.
To do this select the Transactions tab and click the Budget button. Debit subjective code 9705 and credit 9707.

For example:
A school has a b/fwd surplus of £25,000. The cluster surplus was £14,000 making the school balance £11,000.
Once the school exports their budget to Star the BCR will show the full £25,000 surplus budgeted against subjective 9705.
A budget amendment is required, to increase 9707 and decrease 9705 by £14,000.

CFR Return
This will still be completed by the School Finance Team on schools behalf.
The CFR return will net off the cluster expenditure codes on 0967 (E05) and 4083 (E19) against the year end balance on 9889 (I01) and the b/fwd cluster balance on 9707 (I20).
(Cluster income on I01 and I20) - (Cluster spend on E05 and E19) = £0