

Growth and falling rolls funds 2026-27

Agenda Item 5 & 6 – Agreement of Growth Policy & Falling Rolls Fund 2026-2027

Date Prepared: 7 November 2025

Date to present the paper to Schools Forum: 26 November 2025

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Details on who has been consulted with on this paper to date: Relevant LA officers

Executive Summary

This report outlines the Growth Fund and the Falling Rolls fund policies for 2026-2027.

Details of recommendations and timescales for decisions:

That members agree the growth policy and the falling rolls policy to be used for 2026-27 budget



1. Growth Fund

- 1.1. The growth fund forms part of the Schools Block within the DSG and is allocated to the local authority through the national funding formula. The allocation to the local authority will be calculated using the same methodology as previous years, based on the growth in pupil numbers between the October (2024) and October (2025) censuses. Schools Forum is required to agree a growth policy for each financial year and the Local Authority is required to report on its use to forum.
- 1.2. The growth fund can only be used to:
 - Support growth in pre-16 pupil numbers to meet basic need.
 - support additional classes needed to meet the infant class size regulation.
 - meet the revenue costs of new schools (these are new schools identified from the latest census data)
 - meet the revenue costs, for schools, of removing or repurposing surplus places.
- 1.3. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria.
- 1.4. The growth fund must not be used to support:
 - schools in financial difficulty: any such support for maintained schools should be provided from a de-delegated contingency.
 - general growth due to popularity; this is managed through lagged funding.

2. Falling Rolls Fund

- 2.1. The department allocates funding based on falling rolls within local authorities' schools block DSG allocations. This is allocated per local authority per medium super output area (MSOA) which sees a 10% or greater reduction in the number of pupils on roll between the October (2024) and October (2025) censuses. The LBTH allocation rate is £168,057 (including the area cost adjustment of 1.18442).
- 2.2. Local authorities have discretion over whether to operate a falling rolls fund. LA's have flexibility to set additional eligibility criteria and funding rates. Schools' forum should agree both the value of the fund and the criteria for allocation.

3. Proposed criteria for 2025-26

- 3.1 Where local authorities operate a fund, they will only be able to provide funding where the most recent school capacity (SCAP) survey shows that school places are expected to be required in 2026 to 2027, or the subsequent 2 years.

London Borough of Tower Hamlets have applied two further local criteria and will only provide funding where:

- 3.2 The school is not undergoing a planned reduction in PAN (agreed with the school and the local authority) that would have allowed a measured reduction in expenditure. The local authority cannot support reductions in PAN and does not support schools that have vacant places if they have increased their PAN for reasons other than addressing basic need.
- 3.3 The Falling Rolls fund calculation issued by the Department for Education for the year in question is not exceeded.

4. Budget setting and changes for 2026-27

- 4.1 No changes are made for the Growth fund for 2026-27, other than adjusting for announced minimum funding rates. The council will continue with the policy of maximising the allocation to schools using the NFF and maximum MFG allowable. Following this, any headroom ("surplus") will be treated as Growth or Falling Rolls funding and will be used to meet any calls on the budget in-year that fall into the growth fund category.
- 4.2 The Local authority is not proposing to set aside funding for a Falling Rolls fund in 2026-27, until an accurate SCAP position can be established. At this stage the relevant MSOA which includes schools with a 10% or more falling roll, do not show any signs of requiring additional places in 2026-27.

Appendix 1: DETAILED PROPOSED GROWTH OPERATIONAL POLICY 2026-27

This policy is in place for all types of mainstream provision, maintained, Academies or Free Schools

1. Where Schools have growth that is formally planned and agreed before the point of setting individual School budgets, as part of the submission process to DfE this growth will be built into their budget for that financial year. This ensures the school attracts all the funding factors attributable to those pupils for the relevant period. This funding would not lead to a call on the growth policy as would be considered as part of the initial budget allocation. For new Schools individual arrangements would be presented and agreed by Schools forum.

For example, if a school has been asked to open a new 30 pupil reception form of entry in the following September, they will receive an equivalent of 7 months of those pupils ($7/12 \times 30 = 15.7$ pupil funding) at their current gross per pupil level. A school that has an average per pupil funding of £6,200 would therefore receive an additional £108,500 in that academic year. This will mean that for the first year of opening a new class the school will be funded as if full in that year group.

2. Where a school is asked to open an additional form of entry in year, after the main budget has been set the extra form will be funded for the full number of pupils based on the DfE minimum average amount for pupil set for that year (2024-25 issued minimum: primary £4,610 secondary £5,995)

For example, a primary school asked to open a bulge year 2 class at Easter would be funded for 30 pupils at £4,610 for the full year = £138,300, if that class opened in September in would be prorated to $7/12^{\text{th}} = £80,675$. This funding would be paid for the agreed increase in numbers on the basis of an if full class from growth fund contingency for the remainder of the financial year.

3. Where one school has closed in the budget period and pupils from that closed school have been moved to an alternative Tower Hamlets school, the receiving schools will be funded for the remainder of the year at the current average per pupil rate off the closed school for all pupils above a minimum of 5 for the remainder of the financial year.

For example,
School X closes in August and 40 pupils move to school Y in September and 38 pupils move to school Z. the average funding per pupil for school X is £6,500.

School Y would receive an allocation from the growth fund of $(40-5) \times £6,500 \times 7/12$ months = £132,708

School Z would receive an allocation from the growth fund of $(38-5) \times £6,500 \times 7/12$ months = £125,125