

# GROWTH FUND AND NEW SCHOOLS FUNDING POLICY 2026/27

## 1.0 INTRODUCTION

- 1.1 The following guidance provides details of the methodology for the local distribution for growth and new schools funding during the 2026/27 financial year approved by Schools Forum.
- 1.2 As per the Department of Education (DfE) [Growth and falling rolls fund guidance: 2026 to 2027 - GOV.UK](#) 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 legislation.  
(Please note: The growth fund is not used for this purpose within Cambridgeshire due to the overall cost.)
  - meet the revenue cost of new schools (pre-opening and diseconomies funding as prescribed in the New Schools Funding Policy.)
  - meet revenue costs, for schools, of removing or repurposing surplus places.
- 1.3 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. This includes cases where academies have admitted above pupil admission numbers (PAN) by their own choice
  - Nursery and/or Post-16 / Sixth form education.
- 1.4 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. Where growth occurs in academies that are funded by the DfE on estimates, the DfE will use the pupil number adjustment process to ensure the academy is only funded for the growth once.
- 1.5 The Retained Growth Fund may not be the most appropriate source of funding for growing schools, and the local authorities should use a variation to pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula (such as new schools growing to capacity or changes to age range). This should be recorded on the Authority Proforma Tool (APT) in January 2026.
- 1.6 Schools may run Special Educational Needs and Disabilities (SEND) resourced provisions as part of their offer. These classes may be smaller and require higher resourcing. These should be funded through other streams, such as Education, Health and Care Plan (EHCP) allowances, SEND ERB funding rates or SEND banding as appropriate. Growth Funding should not be used to fund these provisions or inhouse school inclusion offers. Please contact the Education Capital and Place Planning Team if an officially resourced provision route would benefit your school cohort and SEN need.

1.7 As such, the Growth Fund is ring-fenced so that it is only used for the purposes of supporting growth in pupil numbers to meet basic need in both maintained schools and academies. Any growth or expansion due to parental preference/popularity will not be eligible to be funded from the Growth Fund. Where there is in-catchment demand and it does not meet the threshold for growth funding, there is an expectation that schools will try to accommodate pupils within their existing staffing structures. The Education Capital and Place Planning Team can support schools with exploring potential class organisation where this is likely to be an issue.

## 2.0 FALLING ROLLS FUNDING

2.1 Falling rolls funding will be distributed by the DfE on the basis of the reduction in pupil numbers that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the October 2024 and October 2025 school censuses. Falling rolls are measured at the Middle Super Output Area (MSOA) – these are areas used by the ONS based on population data, which allow us to capture falling rolls in small geographical areas within local authorities. The falling rolls allocation for each local authority will be £141,890 per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years. This allocation will be subject to an area cost adjustment (ACA).

2.2 Local authorities will continue to have discretion over whether to operate a falling rolls fund. Where local authorities operate a fund, they will only be able to provide funding where the most recent school capacity data (SCAP) shows that school places will be required in 2026/27, and/or either of the subsequent 2 years.

2.3 Despite significant reductions in pupil numbers across the primary phase a falling rolls fund is not implemented at this time on the basis that:

- Current SCAP data does not show the need for places within the next 3 years for those schools experiencing falling rolls.
- The funding to be received from the DfE for falling rolls is limited, and therefore any costs associated with a falling rolls fund would further increase the required top slice from schools.

### **3.0 GROWTH FUND PROCESS AND CRITERIA 2026/27**

3.1 Local Authorities are required to propose the criteria on which any growth funding is to be allocated to Schools Forum for approval. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid. The Local Authority also needs to consult Schools Forum on the total sum to be retained and must update Schools Forum on the use of the funding. It is essential that the use of the Growth Fund is entirely transparent and solely for the purposes of supporting growth in pupil numbers.

3.2 Forecasting the total sum to be retained: In October 2025 officers will use 2025 SCAP and catchment forecasts and January 2025 census data to identify potential schools for growth funding across Cambridgeshire to allow officers to approximate the size of the growth fund required for Schools Forum in November 2025.

3.3 The process for 2026/27 will differ between primary and secondary to reflect the differing structural models required and the differing admissions application timelines.

3.4 Primary

- 1) During the Autumn term, October 2025 census data, 2025 SCAP and catchment forecasts, first round admissions data and local knowledge will be used to identify primary schools where there is planned or potential growth expected from September 2026 (this may come from the Education Capital and Place Planning team or the schools themselves). Area Education Officers may have initial discussions with schools around growth.
- 2) In January 2026, an officer within the Education Capital and Place Planning Team will complete a growth funding decision template. The officer may ask the school to provide:
  - Class structure charts on a standard template
  - Evidence that growth is due to basic need. This may be in the form of numbers of children on roll which live locally to the school or in the school's catchment.
  - Information around teacher recruitment.
  - Reasoning why alternative class structures have not been considered, where these are available.
- 3) Each primary growth funding decision will be considered by the Growth Funding Panel which consists of officers from place planning, admissions and finance. An initial view will be taken by the panel as to:
  - a. Is the forecast / expected growth more than 15 pupils?
  - b. Whether the growth is due to basic need?
  - c. Whether the school would need to reorganise or employ additional teachers to accommodate the increase in pupils?

If the criteria in point 3 is met these schools would be identified as qualifying for growth funding via the most appropriate funding route.

3.5 Timelines for primary decisions

Those primary schools identified as potentially qualifying for growth funding through Variation to Pupil Numbers will be notified alongside the 2026/27 budget information in late January/early February.

Officers will work to confirming growth funding from the retained growth fund for primary schools in February. It may be that the information would continue to be refined as revised

pupil numbers / admissions data becomes available through March and April. In instances where numbers were still inconclusive, officers reserve the right to defer a final decision until the start of the 2026-27 academic year but commit to providing regular updates to the Headteacher throughout the spring and summer terms.

3.6 Considerations specifically for primary decisions (for general considerations see 3.9).  
In instances which are not straight forward or where schools dispute the decision, Headteacher representatives will be invited to join the Growth Funding Panel to provide further professional insight and comment.

A class is defined as “additional” if it requires a change in the primary school’s current or historical class organisation or number of classes. This may result in mixed year teaching where numbers dictate and this is seen as the most prudent option for the organisation of the school as a whole.

Schools that have historically operated mixed-age classes or have a PAN of less than 20 would be normally expected to operate some mixed-age classes (the Growth Fund cannot be used to reduce class sizes).

3.7 Secondary

- 1) In early January 2026 Area Education officers will use October 2025 school census data, the latest admissions data (first round and late applications which have been processed) and forecasts to compare the number of Year 11 students due to leave in July 2026 with the forecast allocation of Year 7s for September 2026.
- 2) If the increase in Year 7 requires an additional form/(s) of entry compared with the cohort leaving Year 11 then the school would be identified as qualifying for growth funding via the most appropriate funding route.

3.8 Timelines for secondary decisions  
Those secondary schools identified as potentially qualifying for growth funding through Variation to Pupil Numbers will be notified alongside the 2026/27 budget information in late January/early February.

Headteachers will be notified in January if their school potentially qualifies for Retained Growth Funding based on the forecasts and best available admissions data at the time.

Headteachers will be informed by the end of January whether a) retained growth funding is confirmed, b) retained growth funding is not applicable or c) further admissions data is required before the decision can be made. In instances where numbers were still inconclusive, officers reserve the right to defer a final decision until the start of the 2026-27 academic year but commit to providing regular updates to the Headteacher throughout the spring and summer terms.

3.9 Other considerations for all decisions  
The officer panel reserves the right to use information not listed above to aid their decision, including but not limited to, capacity at other local schools.

New schools which are no longer funded via guaranteed variations to pupil numbers but are still growing to capacity will be subject to the process and principles set out above. However, recognition will be given to the uncertainties in pupil numbers for such schools supporting new communities, and as such decisions may need to be taken outside of the timescales applied to more established schools.

Where schools have chosen to admit above their Published Admissions Number (PAN) to meet parental preference from outside of their agreed planning area (**not** basic need), they will **not** be eligible to receive funding from the Growth Fund in recognition that the LA could have secured places for the children concerned at other schools.

Where schools take the decision to extend their admission arrangements to give priority to children attending or in the catchment area of an out-of-county or out-of-area school, they will not be eligible to receive growth funding for the pupils concerned.

In instances where the Local Authority has specifically requested a school to expand to take an additional class to create capacity, but the forecast numbers do not meet the above criteria, retained growth funding may still be applicable. The officer panel reserve the right to award growth funding in these instances accompanied with a clear rationale as to why.

In the event of exceptional circumstances (e.g. sudden influxes across year groups due to local closures or immigration) which were not identified as part of the initial process, schools would have the opportunity to contact the appropriate area education officer via [placeplanningreferrals0-19@cambridgeshire.gov.uk](mailto:placeplanningreferrals0-19@cambridgeshire.gov.uk) and discuss their individual circumstances.

The growth funding process is run on an annual basis, with the policy and criteria reviewed at Schools Forum annually. However, in addition, officers will track and review school growth over a rolling five-year period to ensure growth over the longer term is also accommodated through the process.

Schools are required to use the growth fund to comply with the description for use set out in the Local Authority's growth fund confirmation letter. If it is not used for this purpose the Local Authority reserve the right to request this funding is returned.

## 4.0 FUNDING

4.1 As per ESFA guidance local authorities will be required to provide growth funding where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment). As a minimum local authorities will have to provide funding to a level which is compliant with the following formula:

**primary growth factor value (£1,570) × number of pupils × ACA**

The primary growth factor value will be used for all school types – recognising there is one teacher pay scale and that this funding is a minimum value.

Funding for an additional class (primary or secondary) will therefore be calculated on the basis of 30 pupils:

£1,570 × 30 × 1.01338 =

2026-27 7/12 <sup>th</sup>	2026-27 12/12th
£47,730	£81,823

***Please note:***

- Pro-rata allocations will be made where 0.5FE is deemed appropriate.
- As noted above, no funding adjustments will be made in respect of “missing” pupils in Key Stage 1.
- Funding will be guaranteed for the year for which it was agreed, i.e. no clawback will be applied. However, schools should be mindful that if numbers do not materialise (and are therefore not recorded on the October census) this may impact on funding for future years.
- Funding for maintained schools is only guaranteed for the financial year to which it relates. Future years funding will be assessed annually during the budget setting process.
- Where the LA has requested maintained schools to run an additional class and numbers do not materialise, funding to recognise the difference will be provided to compensate for the 5/12<sup>th</sup> period April to August. This will be calculated on the basis of 5/12<sup>th</sup> of the academic year Growth Fund allocation less the basic entitlement received for pupils in the additional class based on the October census.

4.2 **Academies** will take account of the additional guidance in **Appendix A** and be subject to the same criteria as above with the following additions and amendments:

- Where an academy is expanding due to parental preference rather than basic need the academy can bid directly to the ESFA, rather than being funded from the LA Growth Fund.
- Any funding allocated would be for the full academic year as original funding is based on the previous October Census. This would be subject to confirmation of actual funded numbers from the ESFA and would be calculated on receipt of the October Census at the start of the new academic year.

DfE additional guidance states:

*“Local authorities remain responsible for funding growth needs for all schools in their area, including for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria. Where growth occurs in academies that are funded on estimates, the department will use the pupil number adjustment process to ensure the academy is only funded for the growth once.”*

## 5.0 NEW SCHOOL FUNDING CRITERIA 2026/27

5.1 Where a new school is due to open, the regulations require that LAs should estimate the pupil numbers expected to join the school in September and fund accordingly, explaining the rationale underpinning the estimates. Under these regulations, LAs should estimate pupil numbers for all schools and academies, including free schools, where they have opened in the previous seven years, and are still adding year groups. LAs can adjust estimates each year, to take account of the actual pupil numbers in the previous funding period. For academies an allocation of funding is recouped from each LA and, following formula replication by the EFSA, an annual grant allocated.

5.2 There is an increasing requirement from the DfE/ESFA to guarantee / underwrite pupil numbers for new schools planned to be opened in future years. Although this is effectively the approach already applied for new schools, it does increase the risk should actual pupil numbers not reflect the current forecasts.

5.3 Due to the way in which schools funding is allocated from the DfE on a lagged basis (including additional funding for growth) this results in the existing schools within the county effectively having to subsidise all new schools whilst they fill to capacity and move to being funded on actual numbers. Therefore, the greater the differential between the actual numbers on roll at new schools as at the October Census and the guaranteed number to be funded, the greater the required subsidy and impact on all other schools.

5.4 Current practice has been to open new schools on the following basis:

- Primary schools – guaranteed funding for a minimum of 30 or 60 pupils in the first year of opening dependent on whether they are opening from reception up or for all year groups.
- Secondary schools – guaranteed funding based on the planned capacity **only** if the initial pupil forecasts support this. For example, a 4FE secondary school with forecast numbers of between 90 and 120 in year 1 would be funded for 120 guaranteed places. If the forecast numbers are below 90 the guaranteed number would be adjusted to reflect the closest multiple of 30.
- Guaranteed pupil numbers for the second year of operation onwards have been based on actual and forecast numbers following annual discussions.

5.5 The DfE previously consulted on the future arrangements for the National Funding Formula – Fair funding for all. As part of this consultation funding for growth and new schools is under review with proposals to change the way in which this funding is allocated, including the funding of start-up costs. *“We propose that, when a hard NFF is implemented, funding for growth, new and growing schools, and falling rolls will still be allocated, as these will all continue to be important parts of the lagged funding system. However, the method through which this funding is allocated should change – moving to a new, national approach.”* Until this new approach is confirmed the LA are unable to provide any long-term commitments to funding arrangements as they will be subject to the outcomes of the national policy changes.

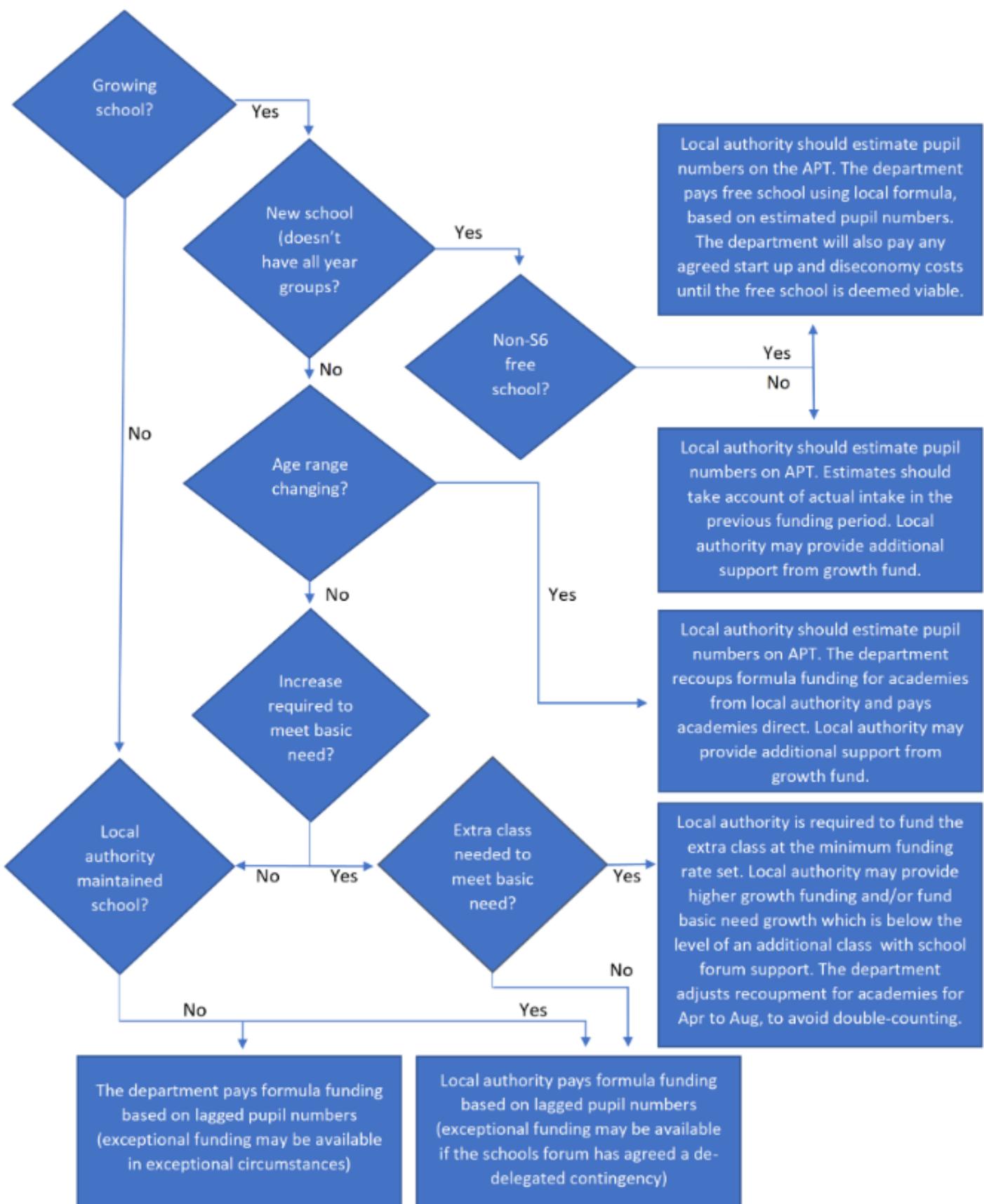
5.6 Alongside the main formula funding, pre-opening costs and diseconomies funding in respect of new basic need academies are also payable from the Growth Fund. Details of the current amounts payable can be found in the New Schools Funding Policy (**Appendix B**), which is also subject to approval on an annual basis.

5.7 This funding must be made available to new basic need academies on the same basis as maintained schools, including those funded on estimates – the only exception is that the ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet an identified basic need requirement as referred to in section 6A of the Education and Inspections Act 2006.

## **6.0 AMENDMENTS TO FUNDING CRITERIA**

6.1 It is possible to amend the above Growth Fund criteria during the year where this becomes necessary; however, the revised criteria must be submitted to the DfE for compliance checking and must also be approved by Schools Forum before the revised criteria can be implemented.

## Appendix A – Funding Flow Chart for Growing Schools (from DfE Operational Guidance)



## Appendix B – New School Funding

### Pre-Opening Funding for New Schools

The pre-opening funding is intended to cover all revenue costs up to the opening of the school. Capital costs to secure and develop the school's site, and ICT to support the curriculum, are funded separately for the LA's five year rolling programme of capital investment. Books and other curriculum materials may be purchased before opening, using an advance of the post-opening diseconomies funding.

The pre-opening funding is to cover:

- project management (support to coordinate all work leading to the development of the school);
- staff recruitment (including the Head teacher/Principal);
- salary costs (which often include the Head teacher/Principal, Finance/Business Manager and administrative support in advance of opening);
- office costs.

Primary Schools - funding is calculated on the basis of 1 term prior to the date of opening.

Secondary Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

Special Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

In all instances the funding can be accessed earlier on request, but the total amount to be received remains as detailed below.

<b>Primary</b>	<b>£50,000</b>
<b>Secondary</b>	<b>£150,000</b>
<b>Special</b>	<b>£130,000</b>

### Post-Opening Diseconomies Funding

#### Resources –

Paid annually as the school builds up to capacity –

- £125 for each new mainstream place created in the primary phase (years R to 6)
- £500 for each new mainstream place created in the secondary phase (years 7 to 13)

New places will be calculated annually based on the increases in roll from year to year.

#### Leadership –

Paid annually based on the number of year-groups that the school will ultimately have. The amount paid to mainstream schools with pupils aged 4 – 15 each year is set out below:

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Total</b>
Primary	£40,250	£33,750	£27,000	£20,250	£13,500	£6,250	<b>£141,500</b>
Secondary	£125,000	£93,500	£62,500	£31,000			<b>£312,000</b>