

Appendix 1

17-07-23 announcement

Key extracts from NFF and high needs 2024-25 technical note:

The Government is committed to levelling up opportunity for all pupils and has invested significantly in education to achieve that. The total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS).

This total includes the additional funding for teachers' pay announced in July 2023; the Teachers Pay Additional Grant (TPAG) provides an additional £482.5m in 2023-24, and £827.5m for 2024-25 for mainstream, special and alternative provision schools.

Information and funding related to TPAG is **not** included throughout the remainder of this document, as TPAG will be allocated outside of the NFFs in 2024-25. Further details on the TPAG can be found here: Teachers' pay additional grant - GOV.UK (www.gov.uk).

Funding through the mainstream schools national funding formula (NFF) is increasing by 2.75% per pupil in 2024-25, compared to 2023-24. Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 8.5% higher per pupil in 2024-25, compared to 2022-23.

The schools NFF continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main features in 2024-25 are:

- We are introducing a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country.
- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
- Through the minimum per pupil funding levels, every primary school will receive at least £4,655 per pupil, and every secondary school at least £6,050.
- The funding floor will ensure that every school will attract at least 0.5% more pupil-led funding per pupil, compared to its 2023-24 allocation.
- Rolling the 2023-24 mainstream schools additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.

2023-24 was the first year of transition to the direct schools NFF – with our end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. Following a successful first year of transition, we will continue with the same approach to tightening in 2024-25.

As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF. We have published an analysis of the impact of the tightening approach in 2023-24 and expected impacts in 2024-25 in Annex C.

High needs funding is increasing by a further £440 million, or 4.3%, in 2024-25, following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF will ensure that every local authority receives at least a 3% increase per head of their ages 2-18 population, with the majority of authorities seeing gains of more than 3%.

Alongside our continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. We will continue to focus support on those local authorities with the most significant Dedicated Schools Grant (DSG) deficits, and to work on the longer-term reforms set out in the Government's SEND and alternative provision improvement plan, published in March 2023.

Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14. The total provisional funding for these responsibilities is £304 million in 2024-25. In line with the process introduced for 2020-21 to withdraw the funding for historic commitments over time, this element of funding will decrease by 20%.

Final allocations of mainstream schools and central schools services funding for 2024-25 will be calculated in December 2023, based on the latest pupil data at that point, when we announce local authorities' DSG allocations. Local authorities will continue to use that funding to determine final allocations for all local mainstream schools. The December DSG allocations will also include updated high needs funding allocations, based on the latest pupil data, but these are not final as there will be a further adjustment in 2024. As normal, local authorities will use the December allocations to finalise their schools' and high needs budgets.

The national funding formula for schools

Increasing funding factor values

The basic per pupil funding factor, FSM6 and the lump sum factors have been increased to reflect the rolling in of the mainstream schools additional grant into the NFF, as described in the following section below. On top of these the core factors in the NFF – the basic per pupil funding factor, additional needs factors and the school lump sum – will increase by 2.4%. The free school meals factor will increase by 1.6%, in line with the GDP deflator forecast for 2024-25.

The minimum per pupil levels in 2024-25 increase by 2.4% plus elements for MSAG, will be set at £4,655 per pupil for primary schools and £6,050 per pupil for secondary schools. This includes £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.

0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formularised

The 2024-25 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the mainstream schools additional grant.

With the exception of split sites funding, which is now formularised, premises funding will continue to be allocated at local authority level on the basis of the amount spent by local authorities on this factor in their 2023-24 local formulae – as recorded in the 2023-24

Authority Proforma Tool (APT). The PFI factor is increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Rolling the mainstream schools additional grant funding into the NFF

The mainstream schools additional grant was introduced in 2023-24. Schools had flexibility over how they used the additional grant funding to support their pupils. For example, schools could use the funding to meet day-to-day running costs, such as staff salaries and energy costs. The grant funding is being rolled into the schools NFF from 2024-25.

The aim of our approach for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2024-25, without adding significant additional complexity to the formula. We have rolled in the grant in three ways, to reflect the three different ways in which schools attract funding through the NFF. This follows the same approach to the rolling in of the Schools Supplementary Grant funding to the 2023-24 NFF.

- a) Adding £119, £168 and £190 to the primary, Key Stage 3 and Key Stage 4 per pupil funding factors respectively; £104 and £152 to the primary and secondary FSM6 factors; and £4,510 to the school lump sum. This increases the amount that schools already on their NFF allocations attract. The NFF factor value increases correspond to the values used in the distribution of the grant in 2023-24.
- b) Adding £143, £186 and £208 to the minimum per pupil (MPP) funding levels for primary, KS3 and KS4 respectively. This increases the amount that schools funded through the minimum per pupil funding levels attract through the NFF. The amounts reflect the average amount of funding these schools currently attract through the grant.
- c) Adding an amount representing the total funding schools receive through the mainstream schools additional grant on to their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.

The existing Area Cost Adjustment (ACA) calculation within the NFF ensures that the per pupil rates added to the basic entitlement, the FSM6 factor and the school lump sum are uplifted to reflect geographical variation in labour market costs, as is currently the case with the grant.

The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2024, and that academies will receive from September 2024. To avoid an unfair gap in the support provided to academies, academies will therefore continue to receive separate grant payments up until the end of August 2024. The mainstream schools additional grant will then cease to operate as a separate grant.

In 2024-25, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. It is our expectation that, as far as possible, local authorities will ensure that individual schools' budget allocations for 2024-25 are set taking full account of additional funding from the mainstream schools additional grant that schools are receiving in 2023-24.

Schools receiving the minimum per pupil funding levels will have the additional funding protected in local formulae as these will continue to be compulsory in 2024-25. We will also require local authorities to include the additional funding added to schools' NFF baselines in their baselines for the minimum funding guarantee, so that schools on the minimum funding guarantee can also have their mainstream schools additional grant protected.

Formularising the split sites factor

The split sites factor targets extra funding to schools which operate across more than one site. As announced in the response to the consultation on Implementing the direct national funding formula, we are introducing a formulaic approach to allocating split sites funding in the NFF in 2024-25. This ensures that split sites funding will be provided on a consistent basis across the country, replacing the previous locally determined split sites factor used by some local authorities.

Completing our reforms of the national funding formula

Following last year's consultation on Implementing the direct national funding formula, the Department confirmed that it will continue to move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula. As set out in the consultation response, we are taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools. This transition towards the direct NFF began in 2023-24 and will continue in 2024-25. In particular:

- a) Local authorities must **move their local formula factor values at least a further 10% closer to the NFF**, except where local formulae are already "mirroring" the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be "mirroring" the NFF. From 2024-25, this 10% requirement will also apply to the "fringe factor" for local authorities on the London fringe.
- b) Local authorities must use the new national formulaic approach to **split sites funding**. This will replace the current local authority-led approach.
- c) Local authorities must use the new **NFF requirements for growth funding**, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
- d) Local authorities must also follow the new **NFF requirements for falling rolls funding**, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding is also being removed from 2024-25.

Other key features of the local funding formulae

Local authorities will continue to set a **minimum funding guarantee** in local formulae, which in 2024-25 must be between +0.0% and +0.5%. This allows them to match the protection in the NFF, which we expect local authorities to continue to do where possible.

Local authorities will again be able to **transfer up to 0.5%** of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without schools forum approval. The criteria the Department apply when considering such requests are available in the school funding operational guide.

Following the cancellation or incompleteness of Key Stage 2 assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for the missing assessments in 2020, and 2022 attainment data as a proxy for the missing assessments in 2021.

Local authorities should keep under review the calculation of their schools' **notional SEN budgets** to make sure that they are both proportionate to the costs and prevalence of pupils

on SEN Support and that they meet additional support costs up to £6,000 per pupil of those with more complex needs. More guidance for local authorities is published here: Pre-16 schools funding: local authority guidance for 2024 to 2025 - GOV.UK (www.gov.uk).

Table of permitted NFF factor values for Solihull:

Local authority name	Local authority number		
Solihull	334		
Factor	2024 to 2025 national funding formula (NFF) value including area cost adjustment (ACA)	2024 to 2025 authority proforma tool (APT) minimum value	2024 to 2025 authority proforma tool (APT) maximum value
Primary basic entitlement	£3,609.63	£3,519.38	£3,699.87
KS3 basic entitlement	£5,089.80	£4,962.56	£5,217.05
KS4 basic entitlement	£5,737.07	£5,593.64	£5,880.49
Primary FSM	£491.72	£479.43	£504.01
Secondary FSM	£491.72	£479.43	£504.01
Primary FSM6	£832.91	£812.09	£853.74
Secondary FSM6	£1,214.25	£1,183.89	£1,244.60
Primary IDACI F	£235.82	£229.93	£241.72
Primary IDACI E	£286.00	£278.85	£293.15
Primary IDACI D	£451.58	£440.29	£462.87
Primary IDACI C	£491.72	£479.43	£504.01
Primary IDACI B	£521.83	£508.78	£534.87
Primary IDACI A	£687.40	£670.22	£704.59
Secondary IDACI F	£346.21	£337.56	£354.87
Secondary IDACI E	£456.60	£445.18	£468.01
Secondary IDACI D	£637.23	£621.30	£653.16
Secondary IDACI C	£697.44	£680.00	£714.88
Secondary IDACI B	£752.63	£733.82	£771.45
Secondary IDACI A	£953.33	£929.50	£977.17
Primary EAL3	£597.09	£582.16	£612.02
Secondary EAL3	£1,610.63	£1,570.37	£1,650.90
Primary LPA	£1,189.16	£1,159.43	£1,218.89
Secondary LPA	£1,796.28	£1,751.38	£1,841.19
Primary mobility	£973.40	£949.07	£997.74
Secondary mobility	£1,399.90	£1,364.90	£1,434.89
Primary lump sum	£136,176.31	£132,771.90	£139,580.71
Secondary lump sum	£136,176.31	£132,771.90	£139,580.71
Primary sparsity	£57,902.53	£56,454.96	£59,350.09
Secondary sparsity	£84,194.49	£82,089.63	£86,299.35
Middle-school sparsity	£84,194.49	£10,235.35	£86,299.35
All-through sparsity	£84,194.49	£10,235.35	£86,299.35
Split sites basic eligibility funding	£54,490.59	£53,128.33	£55,852.86
Split sites distance funding	£27,195.12	£26,515.24	£27,875.00

The national funding formula for high needs

Updates to the high needs national funding formula in 2024-25

The national increase in high needs funding, between 2023-24 and 2024-25, will be £440 million, or 4.3%, and high needs funding will total £10.54bn. Overall, the investment over the course of this Spending Review period means that high needs funding is increasing by £2.5 billion since 2021-22. This will continue to support local authorities and schools with the increasing costs they are facing.

The national funding formula for central schools services

The central schools services block in 2023-24

The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies.

The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.

For 2024-25 the formula for allocating this funding follows the same approach as in 2023-24.

Ongoing responsibilities

The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total provisional funding for ongoing responsibilities is £304m in 2024-25.

£299m of this element of the CSSB is calculated using a simple per pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per pupil factor, and 10% of the funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools.

Local authorities will continue to be protected so that the maximum per pupil year-on-year reduction in funding for ongoing responsibilities is at 2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate, of 5.51%.

On top of this, we have provided an additional £5 million to cover the exceptional increase in copyright licence costs in 2023-24, as licences were updated following the increased use of digital technology. This will be distributed in line with the increase in each local authority's charge for copyright licences in 2023-24.

Historic commitments

In 2020-21 we began to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013-14, which have been unwinding since. This was in line with our reforms to move to a fairer funding system, and to avoid maintaining significant differences in funding indefinitely between local authorities which reflect historic decisions.

In 2024-25, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2023-24 allocations, the same rate as in previous years.

We will also continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long times over which such costs unwind. We invite local authorities in this position to contact the Department. Further information on this process is included in the school funding operational guide.

Historic commitments are expected to unwind over time as contracts reach their end points. We retain the requirement in regulations that authorities spend no more on these commitments than they did in the previous year; therefore, with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish.

Guidance: **Growth and falling rolls fund guidance: 2024 to 2025**

The schools forum must be consulted on and agree, the total size of the growth fund.

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 cost of new schools

From 2024 to 2025 local authorities will need 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).

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.

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.

The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need.

The growth fund may not be the most appropriate source of funding for growing schools and we expect local authorities to use varying 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. The following provides an example of the distinction of where we'd expect the growth fund to be used, and where we'd expect pupil numbers to be changed on the authority proforma tool (APT).

Setting growth funding criteria

Local authorities' growth funding criteria should contain clear objective trigger points for qualification and a clear formula for calculating allocations with these criteria applying to all schools on the same basis. This will be checked by ESFA for compliance with the annually made School and Early Years Finance (England) Regulations, to check that it provides a transparent and consistent basis for the allocation of funding, which may be different for each phase.

All criteria will need to be captured in the APT return. This will allow us to publish each local authorities' growth criteria to increase transparency over the operation on growth funding.

For the first time in 2024 to 2025 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 (£1,550) × 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 maintained schools is provided to cover the period from September to March before the lagged funding system ‘catches up’ from the subsequent April through the subsequent year’s NFF. Since academies are funded on an academic year basis, they would receive additional funding (at a rate of an additional five-sevenths of the allocation) to cover a full year’s growth funding before the system ‘catches up’.

Funding, either through the growth fund, or by adjusting pupil numbers in the APT, will need to be provided regardless of whether the additional class is within or outside of the PAN.

In addition to the compulsory criteria above, compliant criteria would generally contain some of the features set out below:

- support where a school or academy has agreed with the local authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment). This is a mandatory requirement. There is also a mandatory minimum funding calculation)
- additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
- support where a school has temporarily increased its PAN, by a minimum number of pupils, in agreement with the authority
- support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
- pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need

The local authority growth funding criteria need to be discussed and approved by schools forum. The criteria will need to be set out on the APT, alongside the local schools funding formula.

Methodologies for distributing growth funding could include:

- a lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class or the estimated start-up costs)
- a per-pupil rate (usually based on age weighted pupil unit (AWPU), and reflecting the proportion of the year which is not funded within the school’s budget share)
- a per-pupil rate, with a maximum ceiling

Where growth funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August. Local authorities should enter the cost of growth funding for the April to August period, along with appropriate justification, on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly.

ESFA will not make growth fund recoupment adjustments for diseconomy of scale, or start-up funding; local authorities should not enter these on the recoupment tab of the APT. This funding will continue to be met from the local authority's growth fund.

Where schools have agreed an expansion in pupil numbers with the local authority, the school should ensure that they understand the methodology for funding the increase and are content that the expansion is deliverable within the funding available.

Example 1

The purpose of the growth fund is to support:

- basic need expansions (permanent and bulge) approved by the local authority as these are not captured in the October census until the following year; additional classes must be part of the growth plan agreed and co-ordinated by the admissions and schools investment team
- additional classes needed to meet the infant class size regulation

These will be funded from the centrally retained growth fund. Funding for new classes will be set above the minimum funding expectation set by DfE.

Where a school increases its PAN in agreement with the admissions and schools investment team, funding will be provided based on basic entitlement multiplied by the number of additional places until these are reflected in the school funding formula; funding will be adjusted to reflect the proportion of the year which is not funded within the school's budget share.

Growth funding will be allocated as follows:

- basic entitlement (primary or KS3) \times 30 (to each school, adjusted to reflect the proportion of the year which is not funded within the school's budget share until the school receives funding through their funding formula)

For example, new classes opening at any point in September will be funded at $30 \times$ basic entitlement \times seven-twelfths.

Example 2

Growth fund allocations will be made for approved bulge classes in the first year, or for agreed expansion classes as the expansion moves up the school. The amount of funding will be paid at seven-twelfths of teacher pay value.

Section 2: falling rolls funding

Operational guidance on falling rolls funding

This information outlines operational guidance regarding local authorities' falling rolls funds, also published in the [schools operational guide: 2024 to 2025](#)

For the first time in 2024 to 2025 we will allocate funding based on both growth and falling rolls.

Falling rolls funding will be distributed 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 2022 and October 2023 school censuses. Falling rolls are measured at the MSOA within each local authority – 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 £140,000 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 ACA.

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 school capacity data 2022 (SCAP) shows that school places will be required in the subsequent three to five years. This SCAP requirement replaces previous guidance that funding may only be used where local planning data shows that the surplus places will be needed within the next 3 financial years.

The requirement that schools must be Ofsted rated 'good' or 'outstanding' to be eligible for falling rolls funding will no longer apply from the 2024 to 2025 financial year.

The schools forum should agree both the value of the fund and the criteria for allocation, and the local authority should consult schools forum before expenditure is incurred. As with the growth fund, the falling rolls fund is within the NFF schools block.

Setting falling rolls funding criteria

Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations. Compliant criteria would generally contain some of the features set out below:

- SCAP shows that school places will be required in the subsequent three to five years (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort

Methodologies for distributing funding could include:

- a rate per vacant place, up to a specified maximum place number (place value likely to be based on basic entitlement)
- a lump sum payment with clear parameters for calculation (for example, the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)

Local authorities should report any falling rolls funds remaining at the end of the financial year to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget.

Examples of compliant criteria for falling rolls funding

Some examples of local authorities' compliant criteria are shown below.

Example 1

Identification of schools with falling rolls:

- the total number on roll (NOR) has dropped by at least 5% between last October census and the previous year's October census
- spare capacity of the school is a minimum of 15% of PAN
- school capacity data shows that school places will be required in the subsequent 3 to 5 years

Where a school meets all the above criteria, funding will be provided using the following calculation:

- the NOR as at last October census will be deducted from the NOR of the previous October's census. The result will be multiplied by the current basic entitlement rate, appropriate to phase, pro rata April to August (5 months)

Example 2

Additional funding is allocated based on a proportion of the basic entitlement for vacant places below 85% of the PAN for the normal year of entry (reception or year 7) and also for the next year group after entry (year 1 and year 8). Funding is available for a maximum of 3 years (provided SCAP data shows places are needed in the next 3 to 5 years) after which a school's PAN may be adjusted or other action taken.

- the school will need to make redundancies to contain spending within its formula budget and it is expected (using SCAP data – detailed above) that these posts will need to be re-filled in the subsequent 3 to 5 years.

Local authorities, working closely with other responsible bodies, will want to manage the local school estate efficiently and reduce or find alternative uses for high levels of spare capacity, to avoid detriment to the educational offer or financial position of schools in the area. Falling rolls funding should only be used to support schools where the places are forecast to be needed over the short-medium term.