



Department  
for Education

# **Basic need allocations 2026-27 and 2027-28**

**Explanatory note on methodology**

**March 2025**

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## Summary

This explanatory note sets out the methodology the department has used to calculate basic need capital allocations for 2026-27 and 2027-28.

These allocations, announced in March 2025, are paid to local authorities (LAs) to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies, and by establishing new schools.

Basic need capital allocations are un-ringfenced capital funding that is not time-bound, so that local authorities can make the best decisions for their local area. The conditions attached to this funding are published ahead of the first payment for each financial year.

The note describes the methodology in narrative terms from pages 4-6 and summarises it visually on page 7.

## Who this publication is for

This explanatory note is for local authorities, who hold the statutory duty to secure sufficient school places and are the recipients of Basic Need capital grant allocations.

## Main points

The methodology used to calculate 2026-27 and 2027-28 basic need capital allocations is very similar to that used for 2025-26 allocations. The department has, however, introduced minimum thresholds of need that attract funding. This new aspect of the methodology is explained in the section entitled, "Calculating how many places are needed". The note also explains how funding has been divided between the two financial years.

# Methodology

## Introduction

The Basic Need allocations for the 2026-27 and 2027-28 financial year are based principally on data collected from local authorities in the 2024 School Capacity Survey (SCAP). This survey collects information on the capacities of schools in each planning area<sup>1</sup> of each local authority, as at May 2024, and local authorities' forecasts of pupil numbers for several years ahead. Statistics based on the 2024 SCAP were published on 27 March 2025<sup>2</sup>.

Basic need funding is allocated on the basis of a comparison of school capacity (not pupil admission numbers) against forecast mainstream pupil numbers from reception to year 11, uplifted to provide a 2 per cent operating margin. Where capacity is lower than forecasts, we fund the gap. The allocations for the 2026-27 and 2027-28 financial years are based upon the projected need for new places by September 2028 (the start of academic year 2028/29).

## Calculating school capacity

Capacity is apportioned to each year group using the aggregate of Published Admission Numbers (PANs) in each planning area. For secondary planning areas, capacity is apportioned using PAN data for year groups 7 to 11 and number on roll (NOR) data for year groups 12 to 14.

The raw figures for school capacity that existed in 2024 do not represent everything we know about what capacity will exist in 2028. So adjustments are made to account for school places for which central government funding (other than basic need) has already been provided, but which are not yet reflected by the data collected through SCAP because they were not yet operating in May 2024. This avoids double-funding these places. Specifically, the department:

- adjusts the capacity recorded in SCAP of those free schools that opened from September 2018 to September 2023, to reflect the places anticipated to be in use by September 2028, as we know not all year groups will be operating in those schools by that date.
- includes the places expected to be in use by September 2028 for those centrally-funded free schools that opened in September 2024 and are due to open in September 2025 (and so were not captured in the 2024 SCAP survey); and

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<sup>1</sup> Planning Areas are groups of schools, often (but not exclusively) in a similar geographic area, reflecting patterns of provision. Primary planning areas are different from secondary planning areas.

<sup>2</sup> <https://www.gov.uk/government/collections/statistics-school-capacity>

- where appropriate, removes capacity to account for known academy closures.

## Calculating how many places are needed

The number of places to fund is calculated by deducting the capacity in each school year group in each planning area (adjusted as described above) from the number of pupils local authorities expect to have in each school year group in each planning area, uplifted by 2 per cent.

The 2 per cent uplift in pupil forecasts is designed to provide an operating margin for local authorities. This helps to support parental choice, pupil population movement, and general manageability of the system.

Where uplifted pupil forecasts exceed available capacity, this is considered to be a 'shortfall'. Conversely any surplus in capacity beyond those uplifted forecasts is counted as 'zero', meaning we do not use any spare places to offset shortfalls elsewhere (such as in another planning area or another year group).

We aggregate any shortfalls for each year group, to give an overall total of additional places needed by September 2028 for each planning area. To reflect where a capital project is unlikely to be required due to very low levels of need, we then apply minimum thresholds of need that attract funding. This involves zeroing the overall total of additional places needed by September 2028 for each planning area where it is below 30 places, unless there is: i) any need in key stage one year groups; or ii) need for at least 15 places in any other year group.

We aggregate need across each planning area to produce a 'raw shortfall' for each local authority, a total figure that estimates the number of places that need to be built between SCAP 24, and forecasts of pupil numbers for September 2028. We then adjust this figure to account for previous basic need funding allocated, as outlined below.

## Adjusting for previous basic need funding

Since allocations are announced a number of years in advance of the academic year to which they relate, we need to account for previously announced allocations that will not yet have delivered places that show in the SCAP survey we are using (otherwise we would risk funding the same places twice). To do this we take the raw shortfall figure and subtract the number of places funded in the previous years of allocations. For 2026-27 and 2027-28 allocations this is the 2023-24, 2024-25 and 2025-26 allocations.

We call this process 'abatement' and we do it because we expect local authorities will still be in the process of delivering those places and they will not have been counted in SCAP 24. The assumption is that local authorities will use that previously announced funding to deliver the number of places for which it was allocated. So each year we fund only places needed in addition to those previously funded.

There is a degree of inherent uncertainty in forecasting a number of years ahead: pupil growth can materialise more quickly or more slowly than expected. Where the gap between capacity and a local authority's forecasts goes up, we provide the additional funding in the next year's allocations. Where the gap between capacity and forecasts goes down, instead of reducing an announced allocation the mechanism described above means that we offset the excess against future allocations.

Our methodology also offsets any primary over-funding (i.e. where past places funded exceeds the need for new places for academic years 2028/29) against both primary and secondary allocations. The same applies to any secondary over-funding. We call this 'mixed abatement', and only places funded via the preceding year of allocations are eligible to be offset in this fashion. This means past overfunding will be 'paid off' more quickly and efficiently, and it therefore enables us to target available resources more effectively to address the need for places.

## Calculating how much money to allocate for those places

The resulting figures, after the adjustments above, represent the number of additional places that we estimate local authorities will need to provide for the academic year 2028/29 – that is the places over and above those that we have either already funded or are being provided by centrally-delivered programmes such as the free schools programme. These figures are multiplied by a rate per place that is weighted for primary and secondary (so that funding for secondary places is 30 per cent higher than primary) and to take account of regional differences to reflect the relative costs of building across the country.

Rates are inflated according to BCIS All-in TPI<sup>3</sup>. The department has also uplifted Basic Need grant funding rates to support costs associated with achieving the sort of sustainability standards set out in its 2021 update to the School Output Specification<sup>4</sup>. Since 2022-23, the rate per place has been uplifted by around 10%, based on estimates of the costs associated with meeting improved sustainability standards for a typical school or college project, including considerations relating to buildings that are net zero carbon in operation and with additional climate resilience measures.

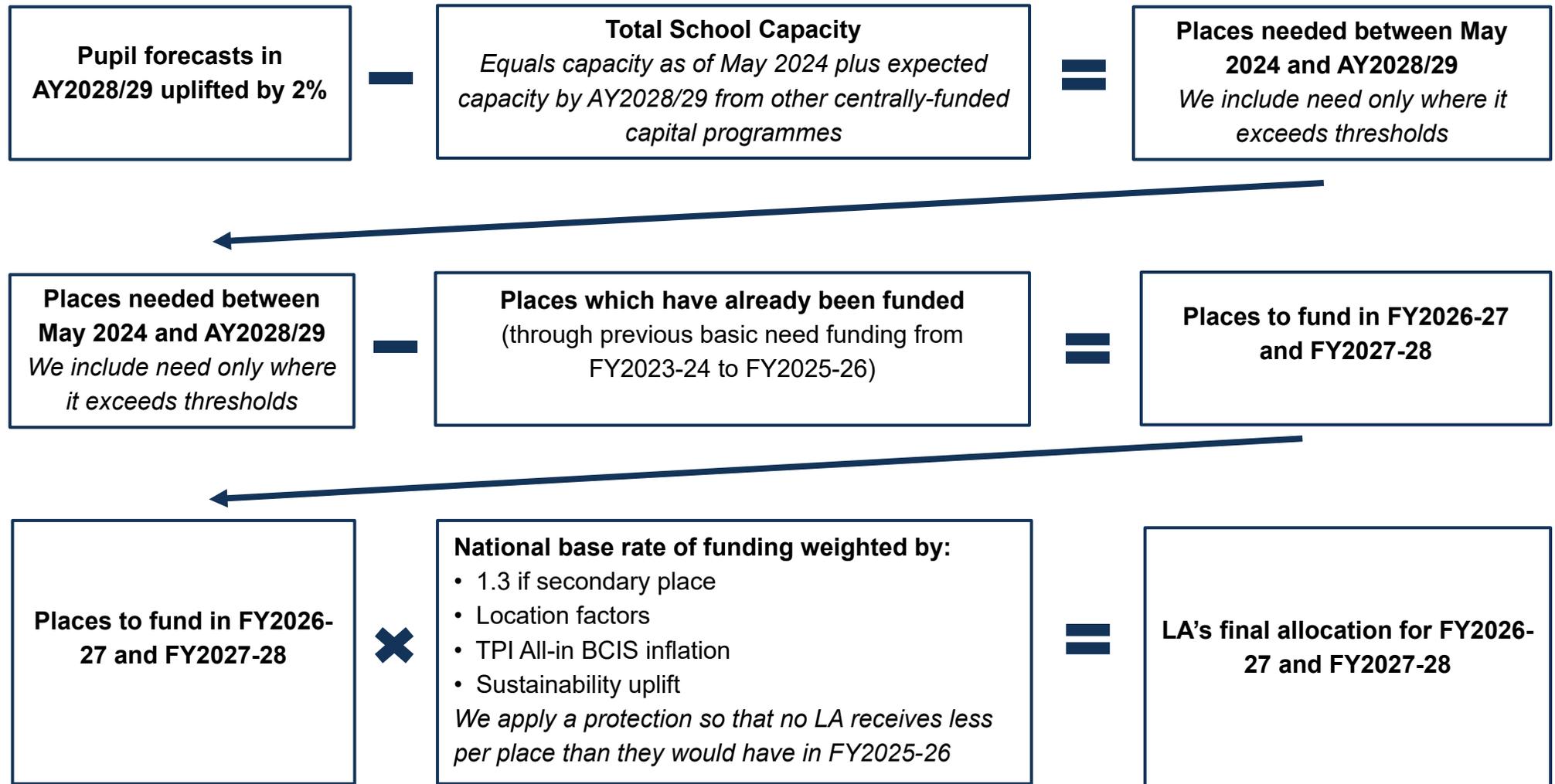
We then ensure that no local authority receives less per place for these allocations than for previous allocations. The basic need funding to be allocated is distributed according to the resulting figures. Allocations and funded places have been split between 2026-27 and 2027-28 using the same ratio for all local authorities (approximately 61:39). This approach recognises that LAs may need to deliver places ahead of September 2028.

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<sup>3</sup> <https://bcis.co.uk/>

<sup>4</sup> <https://www.gov.uk/government/collections/school-design-and-construction>

**Figure 1: Summary of the methodology for Basic Need allocations for 2026-27 and 2027-28**



Note: LA = Local Authority, FY = Financial Year, and AY = Academic Year



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