



Department
for Education

Basic Need Capital Allocations 2025-26: Guidance

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Summary

Local authorities have a statutory responsibility to ensure there are enough school places available in their area for every child aged 5 to 16 needing one, as set out in section 14 of the Education Act 1996. The department provides Basic Need capital grant funding to local authorities to support them to meet that statutory responsibility. We have announced Basic Need capital grant allocations totalling just under £522m for local authorities for financial year 2025-26. These allocations are published at [Basic Need allocations](#).

The department calculates funding allocations using local authorities' own pupil forecasts and school capacity data. Local authorities report this information to the department as part of the School Capacity Survey (SCAP). Further detail on the methodology the department uses to calculate Basic Need allocations is available in a separate methodology note, published alongside the 2025-26 funding allocations.

Whilst the department is providing this funding primarily to assist local authorities to deliver new places needed for September 2026, the funding is un-ringfenced (subject to certain conditions, as set out in the published Grant Determination Letter) and it is for local authorities to determine how to best use the funding to meet local priorities. We have therefore produced this guidance to support local authorities as they consider how to best use their Basic Need funding. This guidance sets out:

- the intended purpose of this funding;
- issues local authorities should consider to ensure that they achieve best outcomes; and
- details of the payment and assurance arrangements attached to this funding.

Please note that the department also provides growth and falling rolls revenue funding within local authorities' Dedicated Schools Grant allocations. Further information on this funding for 2025-26 is available in the [Growth and falling rolls fund guidance: 2025 to 2026 - GOV.UK](#).

The department supports the creation and improvement of places for children and young people with special educational needs and disabilities (SEND) or requiring alternative provision through a separate capital grant. Equivalent guidance for that grant funding is available at [High needs provision capital allocations](#).

Who this publication is for

This guidance is for:

- Local authorities; and
- School leaders, school staff and governing bodies in all maintained schools, and academies (including free schools) who may benefit from this funding.

Expiry or review date

This guidance is specific to Basic Need allocations for the 2025-26 financial year. It will be updated annually, in advance of payments being issued for the financial year in question.

Intended purpose of this funding

The department provides Basic Need allocations under section 31 of the Local Government Act 2003. The funding is not ringfenced, nor is it time bound, meaning local authorities are free to use this funding to best meet their local priorities. However, it can only be used for capital purposes and therefore cannot be used for revenue expenditure of any kind, such as training or staff costs. Grant conditions are set out in full in the published Grant Determination document available at [Basic Need allocations](#).

Basic Need funding for the 2025-26 financial year is intended to support the creation of mainstream places for pupils aged 5 to 16 for the 2026/27 academic year. Local authorities can use this funding to create places in whole new schools or through the expansion or remodelling of existing schools, and we expect that local authorities will work with any school in their local area in doing so, including academies and free schools.

The free school presumption process is the main route by which local authorities bring about the establishment of new schools to meet need for additional places. Many local authorities have encouraged successful and well-established local and national education providers to open new schools through this process. For further information see section 6A of the Education and Inspections Act 2006 and guidance published at [Establishing a new academy: free school presumption](#).

When expanding existing schools, local authorities should only create additional new places at schools that have strong financial and performance records, taking particular account of the Ofsted sub-judgements in quality of education and leadership and management. If this is not possible, local authorities should only consider expansions at other schools where there are no other viable options and notify the department in such cases. Expansion can offer school leaders the opportunity to reach more local children and to achieve greater financial economies of scale. All schools should be flexible in considering how best they can support the local authority to deliver its sufficiency duty. We expect school leaders and academy trusts to collaborate effectively with local authorities, expanding where feasible when requested to do so by a local authority, or increasing their admission numbers where they have capacity, in order to meet a local need for places.

It is entirely legitimate for local authorities to spend their Basic Need funding on provision in a neighbouring authority, if the local authority believes that the capital investment will improve the quality and range of provision available for pupils for which they are

responsible. In areas where pupils travel regularly across local authority borders, we encourage local authorities to work with neighbouring authorities to consider solutions that may benefit pupils on both sides of the border.

While local authorities can use Basic Need funding to support alternative capital priorities, we would strongly encourage them, when they are considering their approach, to use funding to ensure that they are able to provide sufficient school places in their area. As they do so, they should be aware that the funding calculation adjusts allocations to reflect previously funded need. This is a longstanding feature of the methodology explained in the accompanying explanatory note, available at [Basic Need allocations](#). This adjustment means funding that may appear to be surplus to requirements in one year is assumed to be available to meet need in subsequent years.

Strategic Planning and Procurement

Local authorities that have identified a need for new school places and are considering ways to provide them are advised to contact the relevant Regional Director's office (through their Pupil Place Planning adviser) as early as possible to ensure that there is a common understanding of action being taken to provide new school places and to improve the overall quality and diversity of educational provision in the area.

There is a strong expectation that all schools and academy trusts will support the local authority by providing additional places where they are needed, and in removing places where they are surplus to requirements. There is also an expectation that all academies which are proposing to expand should first consult the local authority.

Basic Need allocations are not directly intended to address other capital needs, such as improving the condition of school buildings, or creating high needs, nursery, or post-16 provision. However, in planning capital projects, we expect that local authorities will think strategically and consider economies of scale or efficiencies that may be achieved. For example, combining condition works and expansion schemes, including as part of decisions taken in concert with other responsible bodies around use of the Condition Improvement Fund (CIF), School Condition Allocations (SCA), and the School Rebuilding Programme (where the department will be happy to discuss the potential for synergies with those local authorities with rebuilding projects in their areas).

Local authorities should also consider how they can secure wider social, economic and environmental benefits when commissioning public services/projects. Before they start the procurement process, local authorities should think about whether the works and services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. In addition to local social value priorities, local authorities should consider the themes and policy outcomes in the Social Value Model. Further guidance is available at [Social Value Act: information and resources](#).

Developer contributions are an important way of helping to meet demand for new school places when new housing developments are driving increases in pupil numbers. The Local Planning Authority (LPA) secures developer contributions through section 106 agreements or the Community Infrastructure Levy (CIL) and decides what local infrastructure these contributions should support. We would encourage LPAs to secure significant contributions for new school places and to work closely with colleagues planning school places in their area, including county councils in two-tier areas. LPAs can approach the department for support on assessing local school infrastructure needs, calculating costs of school provision and negotiations with developers. Guidance for local authorities on securing developer contributions for education is published at [Delivering schools to support housing growth](#).

The department expects local authorities to conduct a robust evaluation of procurement options for any education capital projects and, in doing so, to consider the use of the department's construction framework where this is likely to deliver overall savings and advantages. A local authority should encourage academy trusts and other responsible bodies to do the same, should they be procuring a construction project directly. Further information is available at [School buildings: construction framework 2021 - GOV.UK](#).

The department is committed to supporting the government's targets on climate change, including achieving net zero carbon emissions by 2050. As explained in the accompanying methodology note (available at [Basic Need allocations](#)), the department uplifts Basic Need grant funding rates to support costs associated with tackling climate change. We strongly encourage local authorities, in developing their local capital plans to refer to the department's guidance on design and construction standards which set good quality parameters on wide range of building requirements including acoustics, space, fire, thermal comfort, ventilation, energy and tackling climate change as well as improving access to nature (published at [School and Further Education College Design and Construction - GOV.UK](#)). Funding should help with delivering school capital projects to meet sustainability standards, including buildings that are net zero carbon in operation and with additional climate resilience measures. Regardless of local authorities' chosen delivery route, when planning the use of Basic Need funding allocations, local authorities should consider environmental sustainability, carbon reduction and energy efficiency to develop solutions for projects that are in line with government targets and objectives.

The department's Pupil Place Planning advisers are available to provide support and advice to local authorities on meeting their statutory duty to provide sufficient places. Local authorities should engage with the Pupil Place Planning team at the earliest possible opportunity if they are concerned that they will not be able to meet their statutory duty. A local authority can contact their Pupil Place Planning adviser at Advisers.PPP@education.gov.uk.

Payment and Assurance Arrangements

Funding will be paid to local authorities in **eight instalments**. The first instalment will be 2/9ths the value of the total allocation for the year and will be paid in June 2025. The remaining balance will be paid in seven equal instalments from July 2025 to January 2026.

Local authorities must verify this funding has been spent on capital projects through their section 151 officer's Capital Grant Assurance return for 2025-26. The s151 officer of each of the recipient authorities is required to sign and return the declaration specified in their annual s151 capital grant assurance commission to the Capital Assurance Team within the Education Estates Directorate of the Department for Education, by Autumn 2026.

Local authorities must also provide details of projects that add school places and are completed in 2025-26 (including the number of places added, the total cost of the project, and the sources and amounts of funding used to pay for it) through the Capital Spend Survey, by the closing date of the 2026 survey collection window. This survey is available on the [Capital Portal](#).

If you have any queries relating to this guidance, or any other aspect of the Basic Need allocations, please contact: capital.allocations@education.gov.uk.



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