



Department
for Education

School-based Nursery Capital Grant 2027 to 2030

Information for local authorities

February 2026

Contents

Summary	4
Expiry date	4
Who this guidance is for	4
Other key publications.....	5
Queries.....	5
Updates to the guidance	5
Introduction	6
Phase 3 overview.....	7
Phase 3: who is eligible for funding	8
What funding is available?	9
Voluntary Aided schools	10
Funding profile	10
Key dates and deadlines	11
Statutory duty	12
Role of local authorities	14
Engaging effectively with stakeholders to develop plans.....	15
Local government reorganisation	17
How DfE will work with local authorities as they develop their funding proposals	17
Webinars	18
Case studies.....	18
Role of schools and Best Start Family Hubs	19
Submitting funding plans	20
Who can act as the funding proposal submission coordinator	20
Completing your funding proposal.....	20
Declaration	21
How DfE will assess your funding proposal	22
Stage 1: Eligibility check.....	22
Stage 2: Ranking.....	23
Disadvantage.....	23
Affordability	24
Stage 3: Validation check.....	24
Funding decisions	25

Contextual information	25
Quality assurance process	25
SBN capital grant outcomes	26
Notification of outcome	26
Successful projects	26
Grant distribution	26
Grant conditions	26
Managing projects	27
Project feedback and evaluation	27
Re-allocating funding to a new project	28
Unsuccessful projects	28
Best Start in Life branding and signage	28
Key considerations when developing plans	29
Significant changes	29
Maintained schools	29
Academies	29
School rebuilding programme	30
Suitability of proposed space	31
Ofsted or childminder agency registration	31
Support in registration	33
Other permissions and approvals	33
Funded childcare entitlements	34
Published admission numbers (PAN)	35
Collaborating with PVI and childminders	36
Insurance	36
Annex A: Scope of funding	38
Eligible costs	38
Risk allowance	39
Ineligible costs	39
VAT implications	40
Annex B: Project classification guidance	41

Summary

This publication provides non-statutory guidance from the Department for Education (DfE) for the School-based Nursery (SBN) Capital Grant 2027 to 2030. The SBN programme aims to help more families access early years provision, including those in disadvantaged areas, and give every child the best possible start in life.

This phase of the programme (phase 3) will be led by local authorities, who will be invited to develop multi-year funding proposals that outline project plans for new or expanded SBNs in their area. We welcome proposals for projects in state-funded primary schools, Maintained Nursery Schools (MNS) and Best Start Family Hubs (BSFH). All references to SBN projects in this guidance include those funded by grants related to any of these sites.

To allow local authorities to put forward proposals that meet their local need, there will be no cap on the amount of capital funding that local authorities can apply for per SBN project for phase 3, although projects must deliver good value for money.

This guidance explains the purpose of the grant, who is eligible, how local authorities should develop and submit a funding proposal, and how proposals will be assessed and funding awarded. This guidance also contains information on the role of schools, BSFH delivery partners, Multi Academy Trusts (MATs) and other early years providers.

Before applying for the grant, read this guidance in full and refer to separate guidance on [Establishing School-based Nursery Provision](#).

Expiry date

This guidance is valid from 04 February 2026 to 5pm 30 September 2026. Any funding proposals submitted after this deadline will not be considered. We may, at our discretion and subject to appropriate approval, reopen or extend the window for submission. Should this occur, the guidance will be updated accordingly.

Who this guidance is for

This guidance is for local authorities and any representative belonging to an organisation that may benefit from the funding. It is intended to ensure adequate considerations are made prior to submitting funding proposals. All interested parties including other early years providers are also encouraged to read this guidance, to understand their role in phase 3.

Other key publications

- [Establishing School-based Nursery Provision guidance](#): This document provides clear guidance for establishing a SBN. It is highly recommended that local authorities and those working in partnership with local authorities to deliver SBNs read this guidance thoroughly prior to considering expansion or creation of an SBN and consider how it can be used throughout their proposal. This document references DfE technical standards for building and grounds design.
- [Registering and inspecting school-based provision guidance](#) and [Childminders and childcare providers: register with Ofsted guidance](#): These documents provide guidance on the legislative requirements that will help schools, MATs and BSFH delivery partners to determine whether they need to register the early years provision with Ofsted.
- [Best Start Family Hubs guidance](#): This document provides guidance to help all local authorities to prepare for provision of Best Start Family Hubs from April 2026.

Queries

Local authorities can raise questions about the process and guidance via their regular engagement with DfE Regional Leads.

Other organisations, including schools, MATs and Dioceses/Archdioceses should direct questions towards the relevant local authority in the first instance. Following this, if they still want to raise a query directly with DfE they can do this through the [Customer Help Portal](#). They will need to include details about the school(s) and the local authority that the enquiry relates to, including the school's URN.

Please be aware that whilst the Department aims to respond to enquiries within 5 working days, more complex queries may take longer.

To guarantee a response from DfE before the final submission date, all queries and requests for clarification must be submitted no later than 10 working days before the deadline for local authorities to submit their funding proposals (16th September 2026).

Updates to the guidance

This guidance document may be updated up to 5 days prior to the deadline (5pm on 30th September 2026) for submitting funding proposals, if a need for further clarification arises. An update history can be found on gov.uk. We strongly recommend subscribing to automatic updates for this page or setting a personal reminder to check for any significant changes prior to submitting a funding plan. If you have any questions regarding the guidance, see the [‘Queries’](#) section.

Introduction

As set out in the *Giving Every Child the Best Start in Life* strategy, we are ensuring that families across the country can access affordable quality early education and childcare and family support services that support them to thrive. This strategy underpins our Plan for Change commitment: to ensure a record number of children start school ready to learn, laying strong foundations for lifelong achievement.

SBNs are a vital part of our diverse early years landscape, all of which contribute to delivering the government's expanded childcare entitlements. School-based providers, including MNSs, make up 23% of registered early education places and are more prevalent in deprived areas.¹ Schools can find that having a nursery on site helps support disadvantaged children as well as enabling them to identify the needs of children with special education needs and disabilities (SEND) earlier, supporting children's readiness for learning when they enter reception².

SBNs can help establish and build relationships between families and schools ahead of formal education and offer convenience for parents and carers with other children already attending the primary school. Additionally, opening or expanding SBN provision can be an effective use of surplus space in school buildings or on a school site, where this space is not needed in the immediate future for other provision.

In October 2024, DfE launched the School-based Nursery Capital Grant 2024 to 2025 (phase 1) and awarded £37 million of funding to 300 schools to create or expand SBNs, helping parents access affordable, quality childcare where it is needed. Following its success, phase 2 was launched in September 2025 backed by £45 million of funding, with an increased focus on supporting families from disadvantaged areas to access early years provision.

The government remains committed to expanding SBNs across England and has pledged almost £325 million of further funding between 2027 and 2030 to support future phases of the programme.

The objective of the SBN programme is to build capacity in areas of need, especially in deprived areas, enhancing the overall local offer without negatively impacting provision in close proximity, including that delivered by private, voluntary, and independent (PVI) providers. The *Best Start in Life* strategy recognises that children growing up in more deprived areas have less access to quality early education and childcare, which can

¹<https://www.gov.uk/government/statistics/childcare-and-early-years-providers-survey-2023>Childcare and early years provider survey, Reporting year 2025 - Explore education statistics - GOV.UK

² [School and college voice: January 2025 - GOV.UK](#)

significantly impact their readiness for school and long-term outcomes.³ By establishing nurseries within schools in these communities, the programme seeks to provide accessible, nurturing environments where children can thrive from the earliest stages, helping to close the attainment gap.

As part of phase 3, BSFHs are also eligible for capital funding (see [Phase 3: who is eligible for funding](#)). Better access to quality family support can significantly improve health and education outcomes for children aged 0-5. Evidence from Sure Start evaluations shows the strongest benefits of establishing children's centres, like BSFHs, in disadvantaged areas: including early identification of SEND, reducing the number of children with SEND over the long-term,⁴ boosting physical and mental health, and strengthening family environments.⁵ Through integrating BSFHs in this programme, we can help to strengthen links between nursery provision and local family services, and widen access to early years provision, particularly for disadvantaged families.

Phase 3 overview

Building on the successes of phases 1 and 2, we have changed the approach for phase 3 to a local authority-led delivery model to reflect the multi-year nature of the next phase of the programme. Local authorities are invited to develop multi-year funding proposals to deliver new and extended SBNs between 2027 and 2030.

This new approach has the following key benefits:

- **strategic market management:** alignment with a local authority's statutory sufficiency duties across early years and schools, utilising their expertise and data on local need
- **enables long term decision-making and planning**, with local authorities able to think about future demand, with projects delivered over multiple years

Local authorities that identify local need and want to apply for phase 3 should engage with key stakeholders to identify potential new or extended SBNs and assess which to put forward for the capital grant in their funding proposals. Local authorities may put forward any number of projects within their area; however, each project will be ranked on its individual merits. DfE will approve projects based on a set criterion and allocate funding to local authorities. Local authorities will then deliver projects and/or distribute funds to successful projects and assure individual project delivery.

³ [Giving every child the best start in life](#)

⁴ [The short- and medium-term impacts of Sure Start on educational outcomes | Institute for Fiscal Studies](#)

⁵ [What impacts has sure start had on children and families?](#)

Phase 3: who is eligible for funding

The School-based Nursery Capital Grant 2027 to 2030 can be used by local authorities for **state-funded primary-phase schools** in England that already offer some early education (such as a reception class), seeking to create or expand an SBN on the current school premises. It may also be used by local authorities for **MNSs in England seeking to expand nursery provision on the current school premises** and for **local authorities seeking to create or expand nursery provision on BSFH sites**. This supports the government's intent to focus support on harder to reach groups including those from areas of disadvantage and those with SEND.

To note, the type of BSFHs eligible for the SBN capital grant are those that meet the definition outlined in the [BSFH guidance](#). While BSFH nurseries are not technically SBNs, for the purposes of this guidance when we refer to SBNs we mean those eligible for the capital grant through the programme. We will refer to those BSFH that want to deliver nurseries through the grant as 'BSFH nurseries'.

Schools that were successful in phase 1 or phase 2 of the programme and received SBN capital grant funding are eligible for phase 3. In such cases, local authorities should only propose projects that add new places beyond what was delivered in earlier phases and that represent good value for money.

While Special Schools, Alternative Provision (AP) and Pupil Referral Units (PRUs) are not eligible for phase 3, local authorities should think about how the funding can be used to make nursery environments more inclusive and meet the needs of all families in their local area, including those with SEND. For example, phase 3 capital funding can be used to expand or create SBNs that support inclusion or may provide some specialist provision within the eligible estates. Local authorities may wish to combine their high needs provision capital allocation (HNPCA) with SBN capital funding to deliver such provision. In some instances, for example, creating or expanding an SBN for specialist provision only, using only HNPCA to fund the project will be more appropriate.

For the purposes of this grant, SBNs can operate as:⁶

- nursery classes embedded in a primary school
- expansions to nursery classes on the site of a current MNS
- nursery units led by governors of an MNS

⁶ Each delivery model has different requirements, such as the age of children able to enrol, the qualification make-up of staff needed, registration requirements and the regulatory and compliance standards that must be met. Ofsted inspection arrangements will be determined by registration requirements. Additionally, delivery models can influence funding sources, operational flexibility, and the integration of nursery activities with the school's curriculum and resources. For more information, see [Establishing School-based Nursery Provision guidance](#), [Ofsted's Registering school-based childcare provision guidance](#) and [Childminders and childcare providers: register with Ofsted guidance](#).

- nursery units led by academy trusts
- childminders and PVI nurseries contracted to deliver nursery provision on a school site, or operating on a school's behalf
- nursery classes embedded on a BSFH site. This can include both existing BSFHs or those in the process of being set-up. It can also include those co-located on a school site as well as those not on a school site. BSFH nurseries could be delivered by the local authority, but also by other delivery partners such as a PVI or childminder/s. See further [guidance](#) on what constitutes a BSFH.

To note, **all** BSFHs interested in the SBN capital grant should have strong links to local schools. Local authorities submitting BSFH projects will need to provide context on these relationships in their funding proposals, for example, which schools they link to/will link to and the nature of the relationship, such as to support with school readiness.

To be eligible for funding, SBN projects being put forward by local authorities must meet all criteria outlined in this guidance (see [Stage 1: Eligibility check](#)).

What funding is available?

Local authorities can apply for as much capital funding as needed to create or repurpose spaces for nursery provision. While we encourage local authorities to consider sites with spare space for their project, the use of surplus space is not a requirement for phase 3 of the programme.

Local authorities and those seeking to expand or create SBNs are encouraged to consider the use of other contributory funding sources alongside this grant to complete projects, for example, local authority high needs provision capital allocations or trust reserves. Doing so can strengthen a proposed project's ranking by increasing its affordability ranking (see [Stage 2: Ranking](#)). However, a local authority must ensure there are no conflicts of interest between funding sources.

While there is no limit to the amount of funding local authorities can apply for per SBN project, we expect to see a wide range of project types and costs, from small light refurbishment projects to larger new build schemes on existing primary school sites. We understand costs will largely be driven by the size of the building and pupil numbers, however we expect the majority of schemes to cost no more than £1 million. Based on phase 1 and 2 project costs, we would also expect projects largely repurposing existing space to cost no more than £500,000. We appreciate that every project is unique and there will be circumstances which mean some projects fall outside these ranges. They are provided as a guide and not a strict range to operate within.

Local authorities will be required to submit justification of costs for all projects, which should be developed using intelligence from recent and comparable projects and/or through engagement with the market. Justification should also include an explanation for any abnormal costs e.g. listed buildings, removal of asbestos. This ensures that pricing

assumptions are evidence-based and reflect current market conditions, supporting value for money and increasing the accuracy of your cost estimating. DfE will consider relative value for money of all projects based on internal data and costs submitted across local authorities for similar projects. We highly recommend reading the [Establishing School-based Nursery Provision guidance](#), which outlines what you need to consider if you wish to open nursery provision at your school and signposts to other sources, including the DfE technical standards.

The grant cannot be used to reimburse expenditure incurred before the grant is awarded and only eligible costs should be included in the funding proposals ([Annex A](#)). If any ineligible expenditure is identified whether at the proposal stage or after funding has been awarded, DfE reserves the right to reduce the funding amount or recover the associated funds. DfE will only fund the amount specified per approved project in the local authority funding proposal (part-funding will not be given).

Unforeseen capital expenses will not be covered by DfE. DfE recommends that every project include a contingency in its cost planning to account for unforeseen expenses. This ensures that funds from your capital grant are allocated to cover unexpected costs. When considering the amount of contingency, local authorities must ensure that it is proportionate with the level of risk inherent in the project(s) (see [Annex A](#)). This can depend on several factors, including the maturity of the project plans, the level of cost certainty and specific risks, such as site conditions. Any contingency allowance of more than 10% should be set out and justified in the multi-year funding proposals.

If the project has already secured funding from other sources or can be supported through alternative means, we encourage you to consider those options. This helps ensure that grant resources are directed to projects that lack other financial support.

Voluntary Aided schools

Under the [School Standards and Framework Act 1998](#), the Secretary of State can award grants to Voluntary Aided (VA) schools. Typically, these grants cover up to 90% of expenditure, with the remaining 10% of costs expected to be met by the governing bodies of VA schools from their own resources. However, in exceptional circumstances, the Secretary of State may authorise grants that cover 100% of the expenditure, and this grant is considered an exceptional circumstance, therefore allowing VA schools to receive full funding within the amount applied for. Local authorities should therefore put forward the full funding amount VA schools are asking for in their funding proposals.

Funding profile

As part of the multi-year funding proposal, local authorities will be asked to specify the expected delivery year for the start and completion of each SBN project. To support

effective and resilient delivery, applicants are encouraged to phase their proposed activities across the three-year funding period.

We expect the overall amount of funding requested by the local authority to fit the following distribution, in line with our funding profile for the programme:

- **20% of total funding in Year 1** (April 2027 to March 2028)
- **30% in Year 2** (April 2028 to March 2029)
- **50% in Year 3** (April 2029 to March 2030)

Applicants should avoid concentrating all activity in a single year or deferring critical delivery to the final year. A balanced approach helps mitigate delivery risks and increases the likelihood of successful outcomes.

This phasing should reflect a realistic and achievable delivery plan - one that balances ambition with available capacity. If a project has flexibility in its delivery timeline, this should be clearly noted in the proposal. To effectively manage the programme's affordability, DfE may reprofile successful projects that have been marked as flexible in the funding proposals, following discussions with the local authority.

We will consider multi-year projects if a project cannot realistically be completed in one financial year.

Key dates and deadlines

This timeline is indicative and may be subject to change.

Milestone	Date
School-based Nursery Capital Grant 2027 to 2030 guidance published	04 February 2026
Webinar for local authorities	Morning of 3 March 2026 Afternoon of 5 March 2026
DfE to publish the phase 3 funding terms & conditions	Spring 2026
DfE to publish an updated version of the Establishing SBN Provision guidance	Spring 2026
DfE to announce how local authorities submit their funding proposals	Spring 2026
Deadline for clarification questions about funding proposals	16 September 2026 [10 working days before submission]

Milestone	Date
Deadline for local authorities to submit their funding proposals	5pm 30 September 2026
DfE to conduct compliance checks, the approval process and quality assurance	Autumn 2026 - Spring 2027
Local authorities notified of outcome, DfE to issue grant letters and project initiation	Spring 2027
Successful projects MUST understand whether they need to apply for Ofsted registration and start necessary applications if they do, in line with their timescales for opening	Spring 2027 onwards
Quarterly project monitoring reports completed by local authorities	Summer 2027 onwards
First projects aim to be operational	September 2027
Final projects operational and deadline for capital funding provided to be spent	End of September 2030

Statutory duty

Local authorities in England have statutory duties to ensure that early years provision is available free of charge for parents of children eligible for the government funded entitlements and, so far as is reasonably practicable, to ensure the provision of childcare is sufficient for parents to work or to undertake education or training for employment in their local area. They are required to deliver the government funded early education entitlements in line with regulations. Local authorities also have a statutory duty to provide information, advice and training for all early years and childcare providers, as well as to provide enough school places for children in their area.

Part B of the [Early Education and Childcare statutory guidance for local authorities](#) provides further details on what requirements and expectations are placed on local authorities in order to meet their statutory duties for the sufficiency of childcare places. This includes how local authorities should:

- encourage providers to offer childcare from 8am to 6pm and during school holidays
- aim to identify and remove barriers that prevent existing providers from expanding their provision and new providers entering the local childcare market if needed
- encourage providers to take a sustainable business approach to planning and signpost providers to resources to support them. You can use [the business sustainability tool kit](#)

We expect Early Years and Pupil Place Planning leads in local authorities to work together as they develop their funding proposal. This co-operation includes aligning the funding proposal to the local authority's sufficiency duty (sharing data on local need with one another) and collaborating with stakeholders.

Local authorities also have a statutory duty to secure sufficient school places and should be mindful of this as proposals are developed for childcare provision on school sites.

Role of local authorities

Through phases 1 and 2, local authorities played a key role in supporting the delivery of SBNs across England, including in partnership with PVIs, to grow their capacity in response to increased demand for early years places.

Phase 3 invites local authorities to develop multi-year funding proposals made up of individual SBN projects to be delivered from 2027-2030, with the first SBN places available from September 2027. Proposals should respond to a local authority's sufficiency needs, ensuring all children, including those from areas of disadvantage, can benefit from new nursery places that will improve their early child development. This will support the efforts already underway in local authorities to develop Best Start local plans that will set out local authorities' approach to meeting their statutory targets for increasing the number of children achieving a Good Level of Development (GLD) in their local area by 2028. Best Start local plans should set out how local authorities will strategically target programmes (such as SBNs) and funding in areas where impact will be highest.

Once multi-year funding proposals are submitted by local authorities, DfE will then rank all SBN projects based on key priorities. The highest ranked projects will then be funded up to the funding limit. This project-based approach allows DfE to fund the most impactful projects across all local authorities, ensuring alignment with policy goals and giving every local authority a fair opportunity to receive funding.

In developing these plans, local authorities should act in line with the principles of [Managing Public Money](#), ensuring transparency, accountability, and value for money throughout the process.

A summary of the responsibilities of local authorities in phase 3 is outlined below:

1. **Develop funding proposals and submit these to DfE by the deadline of 5pm on 30th September 2026:** work with eligible schools, BSFH delivery partners and other key stakeholders to identify potential SBN projects. Assess which projects to put forward in the funding proposal and submit this to DfE.
2. **Receive a funding allocation from DfE:** DfE will rank all proposed SBN projects in the funding proposals and allocate funding to local authorities based on highest ranking projects.
3. **Spend and/or allocate funding:** manage and deliver SBN projects and/or distribute funds to successful projects.
4. **Provide assurance:** assure individual project delivery and complete required assurance returns to DfE.

Further detail on the key responsibilities of local authorities is explained throughout the guidance.

Engaging effectively with stakeholders to develop plans

Local authorities that identify local need and want to apply for the grant should work collaboratively with schools, MATs and BSFH delivery partners that are interested and eligible for the capital grant, **and** engage with local stakeholders, such as PVI and childminders to collect wider information on local need to ensure proposals fit with the area's wider early years strategy. To support the process, DfE will also share details of those schools who have registered interest in future phases with local authorities.

Local authorities should establish and communicate a clear model for engagement and hold early discussions with interested partners to assess their suitability for the capital grant. Local authorities may want to consider the following steps to support collaboration as they develop their plans:

- communicate the need for place creation in the local area clearly with all interested and eligible parties, considering, for example, disadvantaged groups and children with SEND, and share data where relevant and where permitted under data protection legislation⁷
- clarify early on what information interested schools, academy trusts and BSFH delivery partners need to submit to you, giving them time to prepare
- set a clear deadline for schools and BSFH delivery partners to submit their project plans to you (e.g. run an expression of interest), to ensure there is sufficient time to assess multiple projects in your area and choose which to put forward as part of the funding proposal, and avoid potential ineligible projects or those that the local authority does not support investing significant time and resource in their project plans
- lead discussions with potential projects AND engage with their governing bodies (such as MATs and religious bodies), collaboratively assessing the local need for place creation including in areas of disadvantage
- engage with local stakeholders and other interested parties, such as local PVIs and childminders, to gain further insights on the local early years market, and encourage collaboration to deliver childcare that is more accessible
- engage with interested and eligible schools on plans for consultation on potential projects, having regard to the section on [Significant Changes](#) below

While there are specific eligibility criteria that proposed SBN projects must meet (see [eligibility requirements](#)) and a declaration that local authorities must confirm about each project (see [local authority multi-year funding proposal template](#)), local authorities should

⁷ [Data sharing | ICO](#)

use the following checklist when reviewing proposed project plans, to determine their suitability and consider whether they should form part of the funding proposal:

- ✓ is there clear evidence of unmet demand for nursery places in the area, or future demand for childcare places considering planned housing development and demographic changes?
- ✓ does the planned project align with the local authority's Best Start local plan (this plan should reflect the overall strategic approach for SBNs and how your proposals contribute to your local GLD target)?
- ✓ consider the quality (including Ofsted overall effectiveness judgements (if last inspected before September 2024), Ofsted key judgements (if inspected between September 2024 and November 2025), or evaluation areas if inspected since November 2025)) and capacity of childcare providers and whether the new nursery will enhance the overall local offer without negatively impacting existing quality providers.
- ✓ is there a plan or proposal for how the setting will provide early years provision to disadvantaged children? Is there a track record of this? More specifically, can the setting support the local authority to drive take-up of the 15-hour entitlements for 2, 3 and 4-year-olds and for children with SEND or looked-after children?
- ✓ is it clear how the setting will be accessible for children with SEND?
- ✓ have you engaged closely with **all** interested and eligible schools (local authorities and MATs) and BSFH delivery partners in your local authority while developing your funding proposal, and can you provide evidence to demonstrate this if required?
- ✓ have you considered whether the potential project could partner with a PVI or childminder/s to increase accessibility (for example providing longer hours or holiday childcare)?
- ✓ have you considered the financial sustainability of the school/delivery organisation and new nursery provision?
- ✓ have you considered the use of other funding sources alongside this grant to complete the project?
- ✓ if the planned project is utilising surplus space or taking school age capacity out of the school, does the proposal align with wider local authority education strategies?

Before preparing the multi-year funding proposals, local authorities should read and discuss the [Establishing School-based Nursery Provision guidance](#) with their nominated projects. This guidance provides essential information and signposts relevant regulations and standards that all projects must meet, including health and safety requirements, building regulations, industry codes, registration and other legal requirements.

Local authorities can choose to put forward any number of projects in their funding plan within their area, based on their assessments. However, each project submitted to the DfE will then be ranked by DfE on its individual merits (see [how DfE will assess your funding proposal](#)), and there is no guarantee that all, or any, will be funded. We recognise that this may make delivering sufficiency challenging. Close and continuous

collaboration between early year providers and local authorities is essential to continually assess and manage local sufficiency.

In instances where a local authority may not want to put forward a proposed project in their funding plan, for example if it does not meet the local need or other priorities set out in this guidance, we advise that the local authority provides a clear rationale to the school or BSFH delivery partner as to why they are not putting forward their proposed project. This should be in writing, and both the school/organisation and local authority should retain this as an audit trail to evidence the decision.

Alongside allocating the funding to successful projects, local authorities should be aware that nominating a project in their funding proposal may require them to assist the school or BSFH with any necessary Ofsted registration application.

Local government reorganisation

We appreciate that some local authorities will be going through a reorganisation process as part of local government reform at the time of developing their funding proposals. It is essential for existing councils to fulfil their duties until the vesting day of new unitary authorities. Delivery of the SBN programme does not change or displace any of the statutory duties placed on local authorities. This means that local authorities submitting proposals for SBN projects must continue to remain responsible for ensuring that the project plans meet with local need as part of their duty to deliver sufficient childcare. DfE will work with affected local authorities as they develop and implement their proposals to understand the impact of these changes and how this can be managed as part of the grant allocation and assurance process.

How DfE will work with local authorities as they develop their funding proposals

Local authorities can use regular engagement with DfE regional leads to talk through progress on their funding proposals. Information discussed may include:

- how the plans are responding to local need
- what stage they are up to in the process
- number and type of potential projects in the pipeline including average costs
- opportunities for new nursery provision (for example building a new nursery instead of expanding/refurbishing existing provision)
- barriers to establishing nursery provision

DfE will use information gathered during these discussions as well as any other interactions to identify whether we can provide additional support throughout the window to submit proposals.

Please note, DfE regional leads cannot provide advice on, or indicate the likely outcome of, any funding decisions to local authorities. Their engagement with local authorities is solely intended to support progress monitoring and facilitate information sharing.

Following the closure of the application window, DfE may engage with relevant parties, such as schools and BSFHs, to refine or supplement the bidding round where necessary, to ensure identified needs are appropriately met.

Webinars

DfE will host a series of webinars to support local authorities. The first of these will be on 3 and 5 March 2026 and will be an opportunity to find out more about phase 3 and ask any questions. We may also run further webinars throughout the year to support local authorities as they develop their plans, and local authorities will have an opportunity to feedback to DfE what they would like to cover in these sessions.

Case studies

To support planning, DfE has published a set of case studies from schools that have successfully set up SBNs. These examples may offer helpful insights and practical ideas on what might work best for schools in your local authority:

- [new school led nursery provision](#) and [expanding existing school led nursery provision](#)
- [governor led school-based nursery provision](#)
- [PVI led school-based nursery provision](#)
- [nursery on a BSFH site](#)

We also have a [video](#) of schools presenting case studies about building and delivering their current SBN provision.

Additional case studies can be found at [Childcare Works' resource area](#).

Role of schools and Best Start Family Hubs

Effective and regular engagement between local authorities (especially pupil planning and estates planning leads) and schools and BSFH delivery partners is central to developing strong multi-year funding plans. Organisations considering opening or expanding an SBN are encouraged to contact their local authority directly.

Where relevant, interested and eligible organisations should discuss and agree the following with their local authority:

- the need for place creation at their school or BSFH nursery, supported by clear evidence of demand
- the [suitability and readiness of the proposed space](#)
- any required [permissions](#) including from the governing body, trustees and religious authority
- the ability to offer childcare from 8am to 6pm and during school holidays, considering the [funded childcare entitlements](#)
- plans for consultation and whether there is a need to apply for a [significant change](#)
- the need to register with [Ofsted](#) on the Early Years Register
- the need to register with a childminder agency if choosing to operate as a group of childminders without domestic premises providers with an [agency](#)
- how delivery should be managed. Project delivery may be managed by schools, MATs, or BSFHs; however, local authorities remain accountable for project assurance and compliance with funding terms and conditions, whether they deliver projects directly or delegate responsibilities to the school/MAT/BSFH.

Submitting funding plans

Local authorities must submit their funding proposal by 5PM on 30 September 2026. The route for submitting funding proposals will be confirmed through an update to this guidance by spring 2026. Proposals submitted through other routes or after the deadline will not be accepted.

DfE does not accept any liability for costs incurred as a part of this process and reserves the right to withdraw the grant process at any time.

Who can act as the funding proposal submission coordinator

The funding proposal can be submitted by any responsible officer representing the local authority. A local authority must only complete one funding proposal, which can consist of one or more SBN project plans. If more than one funding proposal is received, we will review the first proposal received.

An academy trust should ensure their proposed SBN project sits within the funding proposal for the local authority in which the individual school is located. This may mean having SBN projects in different local authority funding proposals, if schools in the trust fall across different local authorities. We will only assess one plan per project per school.

Local authorities may use technical advisers, contractors or other professionals to help them prepare their funding proposal and to deliver the work, but such professionals cannot submit the proposal or communicate on the local authority's behalf. We must communicate with the responsible officer for your local authority directly.

Please note that **DfE will not cover any costs associated with the use of external support** for funding proposal preparation or delivery, beyond project-level technical adviser fees, which should be capped at a maximum of 10% of the SBN project value. See [Annex A](#) for eligible costs.

Any further costs must be met from other sources.

Completing your funding proposal

To help local authorities gather the necessary information for the funding proposal, we have provided a [funding proposal template](#). DfE will update this guidance outlining how to submit funding proposals by spring 2026.

Local authorities must complete all required elements of the funding proposal in full. Word limits specified must be strictly adhered to and comprehensive responses provided for each section. Proposals that exceed the stated word limits may be rejected.

Accurate information must be provided in the funding proposal. The DfE may reject projects in their entirety without seeking clarification if there is a failure to answer all the relevant questions fully, if false/misleading information or content is provided in any section, if there are significant concerns regarding the ability to deliver or if the submission exceeds the specified word limits.

Once the proposals have been submitted, the information provided by the local authority will be considered final. The funding proposals cannot be amended after submission. Where appropriate, DfE will engage in further discussions with the relevant local authority to clarify proposals.

If a project is approved for funding but the local authority is later unable to accept the terms and conditions, the DfE is under no obligation to make any payments. Any costs incurred by a local authority, representatives belonging to an organisation that may benefit from the funding or a third party prior to accepting the terms and conditions will only be reimbursed if explicitly approved by DfE. Please note the draft terms and conditions will be published in spring 2026.

We may be legally obliged to share information submitted in your proposal if requested.

Declaration

Before submitting the multi-year funding proposal, the local authority will be required to complete a declaration, which can be found in the [local authority funding proposal template](#).

How DfE will assess your funding proposal

Assessment of plans will be completed by an independent assessor(s) who may use AI to assist or support the process outlined below. The assessment process consists of three stages:

1. **Eligibility check**: confirmation that projects meet the required eligibility criteria
2. **Ranking**: if the total number of projects received in local authority multi-year funding proposals exceeds the funding available, projects will be ranked by:
 - A. disadvantage
 - B. affordability

In the event of a tie, we would first consider disadvantage data at a more granular level to find differentiation, followed by affordability.

3. **Validation check**: DfE will validate the projects based on both internal and public qualitative and quantitative data, as well as responses to questions submitted via the multi-year funding proposal. Questions in the proposals help DfE to understand the project context and will **not** be used to rank schools. We may seek information from other parties / sources (such as Ofsted) in this regard.

MNS projects will be assessed using the same criteria and process for all other projects. In the event of receiving a high number of proposed MNS projects, DfE will allocate funding to the highest ranking MNS projects, up to a maximum of 3,000 new places in total across phases 2 and 3 of the programme.

Stage 1: Eligibility check

Projects in a local authority's funding proposal must meet all the following eligibility criteria. If a project(s) is ineligible for the funding and a local authority submits inaccurate or misleading information, this could constitute fraud, and funding can be withdrawn and/or reclaimed.

- **project aim** - the proposed project will result in a net increase in the number of childcare places, taking into account any existing provisions on site or nearby, including that delivered by external providers.
- **project timeline** - the proposed project will be operational and offering new childcare places by September 2030 at the latest.
- **landowner permission** - there is written permission from the relevant freehold landowner (for example, the local authority, foundation/trust, or religious body) to use the land for nursery provision and carry out the proposed works
- **project classification**: the proposed project is either
 - an SBN located on a state-funded primary-phase school site in England that already offer early education (such as reception classes);

- part of an MNS site in England;
- part of a BSFH site. This can include both existing BSFHs, or those in the process of being set-up. It can also include those co-located on a school site as well as those not on a school site.
- **previous SBN grant participation** - if the proposed school received funding through the SBN capital grant funding 2024-2025 or SBN capital grant funding 2025-2026, the proposed project adds new places beyond what was delivered in earlier phases and offers good value for money.

Stage 2: Ranking

All projects will be ranked against each other using relevant data held by DfE and information from the proposal.

Ranking will be done on:

- disadvantage
- affordability

Disadvantage

To rank projects, we will calculate a score by integrating the following two metrics to assess levels of disadvantage. These are in the same data sets used in phase 2 of the programme.

- Free School Meal (FSM) eligibility (for MNSs, we will use Early Years Pupil Premium eligibility)
- Income Deprivation Affecting Children Index (IDACI)

For primary schools and MNSs, the two measures will be used to determine the disadvantage quartile which each project falls in. Whichever measure shows the highest level of disadvantage will be used to rank the projects. For example, if an applicant falls within the most disadvantaged 25% of areas assessed by IDACI (quartile 1), but between the most disadvantaged 25% and 50% assessed by FSM (quartile 2), their ranking will be based on a quartile of 1. Both ranks will only be looked at in combination in the event of having to differentiate between two projects at the funding cut off.

For BSFHs, we will only use IDACI to assess levels of disadvantage and the ranking will be based on which quartile the project falls into.

This data is already held by DfE, so it does not need to be included as part of funding proposals. DfE will use the most up-to-date and relevant version of each data source at the point of ranking.

Affordability

Projects will be ranked by cost per place to identify those providing the best value for money and to ensure that we can fund as many places as possible with the funding available.

Cost per place is calculated by information provided in the funding proposal about the proposed SBN project, taking the total number of new places created and dividing it by the amount of funds being requested for the project rather than the overall project cost, to account for contributory funding. Projects which are being supported by other funding (e.g. trust reserves, HNPCA) will score more highly than like for like projects.

For example:

Number of new places created	Total project cost	Contributory funding	Amount of funding requested	Cost per place
32	£310,000	£54,000	£256,000 (£310,000 - £54,000)	£8,000 (£256,000 / 32)

When ranking on cost per place, we will take into account varying regional costs using Building Cost Information Service location factors.

Stage 3: Validation check

Phase 3 focuses on local authorities' long-term strategic needs for their local communities and acknowledges that they are best placed to assess these using their local knowledge and expertise, as part of their wider work on sufficiency in their area. Therefore, it will be up to local authorities to assess what projects should be included as part of their plans, considering need, disadvantage, deliverability, cost and quality as key factors.

DfE will use the information provided in the funding proposals, including that outlined in the project overview and local need section, and both public data and data held by DfE to complete a validation check across the SBN proposals that local authorities have submitted. This will also involve drawing on insights from the conversations that local authorities have on a regular basis with DfE regional leads.

We will look at relative value for money of projects based on internal data on expected project costs and costs submitted across local authority proposals for similar projects. We will take into account the information local authorities have provided on justification of project costs in the project overview section and may request further information from local authorities where required. We reserve the right to not fund projects where they do not offer sufficient value for money.

We will also check that all Best Start Family Hub projects have links to a primary phase school, even if not co-located with them.

It is important to note that DfE will not use this validation check to rank projects, but instead to provide assurance and inform conversations where these may be helpful for DfE to form a more complete picture. The information submitted via the funding proposal may be published (for example, successful and unsuccessful projects or the amount of funding allocated to each local authority) and be referred to for reporting purposes or to plan Ministerial visits.

Funding decisions

Following the ranking of projects and the validation check, the ranked projects will be approved up to the funding limit.

Funded projects will be allocated to the preferred year(s) of delivery. If a local authority has marked the project as flexible in terms of which year it could be delivered, DfE may move it to a different year to align with available funding. We encourage as much flexibility over delivery as possible to allow DfE to manage funding allocations effectively across years and therefore will ask local authorities in their proposals to indicate all years that projects could be undertaken.

Contextual information

In addition to providing the information required for the assessment process, we also require certain contextual details for administrative purposes. Refer to the [funding proposal template](#) for a full list of questions. This includes:

- details of the school or BSFH on whose site the nursery will be located
- if applicable, details of an existing nursery already operating on site and it's capacity and opening hours
- indication of whether the nursery provision will require Ofsted early years registration
- indication of whether the nursery provision will require planning permission
- indication of whether the nursery provision will require a Significant Change approval.

Quality assurance process

The DfE will conduct a quality assurance exercise on funding proposals which will be supplementary to the assessment process itself, to be satisfied as to the consistency of approach. This exercise will be undertaken through reviewing a sample of final ranking and rationales.

SBN capital grant outcomes

Notification of outcome

We expect to communicate outcomes in spring 2027, to support nursery openings from September 2027. However, these timelines are subject to change. We will keep all local authorities informed of any updates to the notification schedule. Local authorities will be contacted via the details provided on your funding proposals. We encourage all local authorities to ensure their contact details are up to date and to monitor their email regularly during the notification period.

Successful projects

Grant distribution

Following notification of a successful application, the final grant offer letter and terms and conditions will be shared with the successful local authorities for review and signature. We expect to make initial payments in Summer 2027, following the announcement of outcomes and subject to the agreement of grant conditions. Payments will be made to the local authority.

Grant conditions

If a local authority is successful in receiving grant funding, they will be expected to comply with our grant funding terms and conditions which they will receive at the point of notification of outcome. Please note that the terms and conditions are subject to change, with a draft version due to be published in spring 2026 and the final version provided once funding decisions have been confirmed. Failure to comply with the terms and conditions will affect payment of the grant. We anticipate that these will include the requirements to:

- agree that the project will be complete to the timescales outlined in the project proposal. Regardless of project completion date all associated DfE funding should be spent on or before the end of September 2030.
- report the progress of the project throughout its lifecycle by completing an initial project initiation report, followed by quarterly project monitoring reports. These reports will require local authorities to provide high-level information regarding the forecast spend for different stages of the projects, and provide an opportunity to inform DfE of any changes/delays to planned project milestones and project overspends/underspends. This is important, both for DfE assurance and to ensure the timely provision of payments to local authorities.

- commit to continue to operate the new provision created with DfE funding for a minimum period of time following project completion (timescales will be specified as part of the terms and conditions).
- agree to the possibility of a DfE official visit following the completion of the project to undertake a 'post-occupancy' evaluation to understand how the accommodation is working and identify any lessons learned to support continuous improvement.

Further information on progress reporting can be found in the draft terms and conditions (due to be published in spring 2026).

Once the grant funding agreement has been signed by the local authority and DfE, the local authority should be in a position to work with schools and BSFHs to deliver the projects.

DfE will not be liable for any costs or expenses incurred by a local authority, representatives belonging to an organisation that may benefit from the funding or any other person in connection with the process, including (but not limited to) the preparation and submission of funding proposals. Nor will DfE or any of its officers, Ministers, employees, agents or advisors be liable in any way to any potential local authority, or any other person, for any costs, expenses or losses incurred by any potential local authority, any member of their team, or any other person in connection with this process, including (but not limited to) where the process is cancelled or amended or DfE otherwise decides not to award funding.

Managing projects

It is the responsibility of the local authority to work with the school, trust or owner of the BSFH to decide whether the local authority will deliver and manage the build of the SBN on their behalf or pass the funds directly to the school to manage. In all cases, the local authority is accountable to DfE to comply with the terms and conditions and will need to provide assurance updates and fulfil all related obligations.

Project feedback and evaluation

Evaluation is a core part of good policy design and delivery, helping government understand what works, for whom, and in what context. We want to learn from local authorities and schools' experience and understand what has worked well, as well as any challenges they've faced in developing funding proposals and delivering new or expanded nursery provision in their local authority. As part of this, we will be evaluating the programme to assess its effectiveness, impact and delivery processes. Local authorities and schools' involvement will not only inform future decisions but also help share good practice and lessons learned across the sector

Local authorities and schools receiving grant funding will be expected to participate in evaluation activities, such as interviews and surveys, where requested. To support this,

we may share relevant data with contracted evaluation partners, and you may also be asked to provide additional information or data directly to them. This will be solely for the purpose of conducting the evaluation and will be managed in line with data protection requirements.

Re-allocating funding to a new project

Subject to DfE approval, local authorities have a degree of discretion and flexibility in how they allocate their capital grant funding under phase 3, and funding can be used flexibly across the projects agreed in a local authority.

If the original project is no longer viable, the local authority may either return the associated funds or engage with DfE to explore options for reallocating the funding. Local authorities must not re-allocate funding between projects without consulting DfE, and we will not fund projects where this occurs. Further detail on this process and relevant conditions will be set out in the post-approval guidance for successful applicants.

Unsuccessful projects

DfE will be unable to provide the individual ranking of unsuccessful proposed SBN projects or any feedback on individual project plans.

Should further funding become available through this activity (SBN phase 3), either by successful projects withdrawing or otherwise, we may contact local authorities with unsuccessful projects to review their outcome.

Best Start in Life branding and signage

All signage material for the location should include the 'Best Start in Life | School-based Nursery' and 'Funded by UK government' logos. DfE will support the provision of signage, either through direct supply or funding. The method and timing of provision will be determined by DfE. If a school offers both an SBN and a Free Breakfast Club and they wish to promote both services together, they should instead use the 'Best Start in Life' branding along with the following statement: 'We provide a government-funded Free Breakfast Club and School-based Nursery as part of Best Start in Life.'

Signage may be tailored to different areas of your premises. For example, you may use the 'Best Start in Life | School-based Nursery' logo variant at the school gates and the 'Best Start in Life | Free Breakfast Club' logo on the free breakfast club host building.

For Best Start Family Hub branding expectations, see guidance [here](#).

Key considerations when developing plans

Significant changes

Maintained schools

As of March 2025, there is no longer a requirement for local authorities and governing bodies to follow the statutory prescribed alterations process for making a change to a maintained school's age range in order to add, remove, or change existing nursery provision. This change supports the government's aim to expand SBN places across England.

However, schools should have regard to the section '*Changes that can be made outside of the statutory process*' in the ['Making significant changes \('prescribed alterations'\) to maintained schools' guidance](#). This includes ensuring that any proposed changes are open, transparent and subject to fair consultation with relevant stakeholders. Any changes should also be updated on [Get Information About Schools](#).

Academies

As of February 2026, we are removing the requirement that academy trusts should apply for a significant change to open or expand a school-based nursery, or to expand the physical capacity of a school to accommodate a nursery. Academy trusts should follow the guidance on making below threshold changes in the [significant change guidance](#). Trusts are still expected to consult relevant stakeholders before making these changes. A change of age range to open or expand a nursery may require a deed of variation to update the funding agreement and changes should also be updated on [Get Information About Schools](#).

Changes that still require a significant change

If an academy trust needs to remove physical capacity in the main school (by 31 places or more) to accommodate a new or expanded nursery, they should apply for a significant change.

If a significant change application is required, the school does not need to apply separately for this, but a local authority must indicate this in their funding proposal and the academy trust must complete a minimum three-week consultation with key stakeholders (including the diocese or relevant religious body, where applicable) before the local authority submits the funding proposal. A summary of the consultation must be uploaded alongside the local authority funding proposal (maximum 500 words). The summary will be used as part of the significant change process to confirm that the school has followed the correct steps, and should include:

- who was consulted (for example, parents, staff, local community, diocese)

- the dates the consultation took place
- a brief overview of the consultation process
- key outcomes and feedback

Schools must ensure they follow the consultation requirements carefully and refer to [consultations principles](#) guidance for examples of good practice.

Where applicable, proposed projects cannot be submitted unless the consultation has been completed in full and the summary is included. Late consultation summaries will not be accepted.

If a local authority indicates that a significant change application is not required in their funding proposal, but this is later found to be incorrect, it may affect the school's eligibility for this grant.

Where a local authority is awarded the SBN grant for a specific school within a trust and the significant change for this school has been approved, the school must update their funding agreement via a deed of variation, before the change can be fully implemented.

Changes to funding agreements

Older versions of the supplemental funding agreement do not contain clause 2.E.I which allows academies to charge for nursery provision outside of funded hours. Where academies wish to charge for these places, be aware that an update to the most recent version of the supplemental funding agreement will be required. More information can be found at [Academy and free school funding agreements](#).

School rebuilding programme

Schools that are participating in the School Rebuilding Programme (SRP) are eligible to apply for this grant. However, funding plans that include schools selected for SRP may require closer scrutiny.

If an SRP project has an assigned delivery team, the school is expected to engage with them to discuss the proposed SBN creation and assess its potential impact on SRP delivery. These discussions should be clearly reflected in the funding plan. For guidance on eligible costs, please refer to [Annex A](#).

Projects involving schools in SRP may undergo an internal review by DfE and will be considered on a case-by-case basis. This review will consider factors such as the stage and complexities of the project and expected timeline for onsite delivery, if a successful SBN project could be wrapped up into SRP delivery and whether the SBN project offers good value for money.

Suitability of proposed space

We would encourage local authorities and schools/others eligible for funding to consider whether spare space within their estate could be repurposed before considering physical expansions to the site to ensure efficient use of the site and drive value for money in any capital works carried out.

This includes evaluating whether the current facilities meet the needs of the proposed nursery and if they can be adapted effectively. Consider factors such as value for money, structural integrity, location on the school site, accessibility, including for children with SEND, competing functions (for example, if the space a better fit for a SEND unit or wraparound support), and the potential for creating a conducive learning environment for children in early education, in line with the [Early Years Foundation Stage statutory requirements](#). More information can be found at [Establishing School-Based Nursery Provision guidance](#). All such repurposing of space should also be discussed with the relevant freehold landowner.

Local authorities, schools and BSFH delivery partners should also assess how the proposed nursery provision fits within their holistic, long-term site strategy, including the school development plan and estate strategy, where available. This includes considering competing priorities for the use of space, such as [free breakfast clubs](#) and SEND support provision, to ensure that decisions represent the best long-term use of the space for the benefit of both children and staff. Further advice can also be found at [Good estate management for schools](#).

Local authorities must also be mindful of the future need for school places in the area and not remove capacity in the school that may be required again in the near future.

Ofsted or childminder agency registration

Local authorities, schools and those proposing to deliver nursery provision through this grant should ensure they have read the latest version of [Ofsted's Registering and inspecting school-based provision](#) guidance and Ofsted's [Childminders and childcare providers: register with Ofsted](#) guidance before applying to ensure they understand the full registration requirements, and that they can and will adhere to them.

For school-based provision, a school must determine whether the new nursery provision:

- requires registration with Ofsted on the Early Years Register or with a childminder agency, or
- requires an update to their existing early years registration, or
- is exempt from early years registration requirements

This depends on the delivery model, the ages of children the nursery plans to serve, where the provision is located and whether the school is working with external providers⁸. Please refer to the [Ofsted Registering and inspecting school-based provision](#) guidance to identify requirements for your new nursery provision.

Any provision that is exempt from early years registration by virtue of section 34(2) and 53(2) of the Childcare Act 2006 must still comply with the Early years foundation stage (EYFS) statutory framework (provision on the early years register must also comply). Refer to Ofsted's [Registering and inspecting school-based](#) provision and [Registration Exemptions](#) guidance documents.

For nurseries on a Best Start Family Hub site, a local authority must determine whether the nursery provision:

- requires registration with Ofsted on the Early Years Register or with a childminder agency, or
- requires an update to their existing early years registration, or
- is exempt from early years registration requirements

Refer to Ofsted's [Childminders and childcare providers: register with Ofsted](#) guidance and [Registration Exemptions](#) guidance documents.

Provision registered on the Early Years or General Childcare Register will be subject to an inspection by Ofsted or their Childminder Agency (CMA), and provision in schools not registered on the early years register will be inspected as part of the school inspection.

The average registration timescales for early years provision registering with Ofsted is 12 weeks. This is an average and can sometimes be longer or shorter. We recommend schools and BSFH nurseries familiarise themselves with this process early on so they are aware of what they will be required to have in place prior to making an application.

Ofsted's [Application Review guidance](#) sets out what to expect after schools and BSFH nurseries have submitted their application form. This includes information about the registration visit. During the visit the inspector will assess whether the premises are safe, suitable and ready to provide childcare.

While all building work must be fully completed before the registration visit takes place, schools and BSFH nurseries can begin the application process and submit their application to register in advance. Once they have applied and the checks are complete,

⁸ School provision which is exempt by s.34(2) does not need to comply with the requirements of the Childcare (Early Years Register) Regulations 2008. Those requirements only apply to providers registered on the early years register or with and early years CMA. However, schools do still need to comply with the Early Years Foundation Stage Statutory Framework (EYFS) if it is exempt under s.34(2).

Ofsted will be in contact to arrange a visit. If the building work is not complete at the time of the visit, and this is not for an unexpected reason, Ofsted will refuse the application.

In rare cases where the building work is delayed, schools or BSFH nurseries may be able to contact Ofsted to request a short delay to their visit. Requests should be made to Ofsted at the earliest opportunity. This should be in writing from the schools / BSFH nursery registered email address. Ofsted will consider each case separately and on its own merits, in line with the [Application Review guidance](#).

If a school plans to establish an SBN within a building on their school site, and in particular a building that is not currently used for educational purposes, they should check that this building meets the definition of 'school buildings' (read with the connected definition of "premises") as set out in Section 579(1) of the Education Act 1996. Schools should be aware that nursery provision utilising buildings on their school site that are not classed as 'school buildings' will be considered as separate provision by Ofsted regardless of the age range it caters for.

Those who apply for funding through the School-based Nursery Capital Grant 2027 to 2030 must note that they are not automatically guaranteed approval for Ofsted registration.

Support in registration

Local authorities have a statutory duty to provide support on registration requirements and processes and are expected to understand all documentation relating to early years, set out in the [Early years inspection: toolkit, operating guide and information](#) and [School inspection: toolkit, operating guides and information](#). The [Protocol between Ofsted and local authorities on sharing information about childcare providers](#) guidance sets out the working relationship between Ofsted and local authorities.

Further information and support can be found [here](#).

Other permissions and approvals

All schools must obtain the necessary permissions from relevant stakeholders, including their governing body, trustees, and religious authority, to create or expand a nursery, and the local authority must ensure these have been approved before proposing the project in their funding plan. Relevant stakeholders must be satisfied the project meets strategic objectives for the estate and is the right solution for providing early education in the context of the whole school and for future years.

Governing bodies or trustees should stress-test the project's budget and timeline, ensuring it remains affordable and deliverable even if risks materialise. Where applicable, approval may be needed from the Local Planning Authority (LPA), which oversees

planning and development within an area. Further information can be found at [Plain English guide to the planning system](#).

Other necessary permissions must be secured, where appropriate, for example, through prescribed alteration processes or from Historic England, the freehold landowner, the direct landlord, superior landlord or religious authority. The freehold landowner or those holding headleases must also be satisfied that use of the land for an SBN is compatible with the terms under which they hold their land - particularly where that land is of charitable origin or held on trust.

Works must also comply with building regulations. It is recommended to establish from the outset whether building regulation approval will be required for the proposed works, as this can affect both the design and cost. Early consideration helps ensure the proposals are compliant. If uncertain whether approval is needed a building control body can provide further advice.

Changing the use of part or all of a school building, or a piece of school land, so that it may be used for an SBN, may also require the consent of the Secretary of State. We recognise that there may be a need for successful schools to move quickly in order to deliver projects so in November 2024 we published the “School Land General Disposal and Change of Use (Childcare) Class Consent 2024”. This gives a blanket consent under both Section 77 of the School Standards and Framework Act 1998, and Part 1 of Schedule 1 to the Academies Act 2010, for disposals or changes of use of school land necessary to deliver relevant childcare. The effect of the class consent is that most landowners would not need to make a distinct application.

For any change of use or disposal which would fall outside of Section 77 or Part 1 of Schedule 1 (for example, where the academy trust is the freeholder) an application for consent would still need to be made. We have introduced new streamlined arrangements to fast track these where they are for the purposes of delivering an SBN. The class consent can be found [here](#).

Funded childcare entitlements

To be eligible for the grant, the SBN project must result in the creation of additional early education and childcare places. These places should support the delivery of the government’s [early education and childcare entitlements](#), including:

- Early Learning for 2-year-olds, formerly known as families receiving additional forms of support (FRAS) (see eligibility [here](#))
- Universal 15 hours for all 3-and 4-year-olds regardless of family circumstances
- Free Childcare for Working Parents (expanded from Sept 2025): 30 hours a week for working parents of children aged 9 months until school age (see eligibility [here](#))

When planning provision, it's important to understand how these entitlements work and how families in your community may use them. Places should be inclusive to meet the needs of all families, including low-income households, vulnerable children and those with SEND. These children may particularly benefit from the Early Learning for 2-year-olds and the Universal 15 hours for all 3-and 4-year-olds, and they may be eligible for the Early Years Pupil Premium, Disability Access Funding or Special Educational Needs (SEN) Inclusion Funds. Care should be taken to ensure disadvantaged families can access these sources of support.

While the early education and childcare statutory guidance is for local authorities, SBNs considering offering entitlement places may find it helpful to review the [guidance](#) so they are familiar with the requirements and expectations that local authorities are likely to impose upon them through the agreements with the local authority that they must sign in order to receive entitlements funding. This includes considering:

- the number of hours children are entitled to, depending on age and parental eligibility
- whether there is demand for term-time or year-round provision
- the flexibility of your offer to support working families

The nursery should be designed to help families access their full entitlement, and the delivery model should reflect this. Doing so will not only meet local need but also support the financial sustainability of the setting.

It is important to note that these entitlements are funded for 38 weeks a year ('term-time'), although providers can choose to 'stretch' the hours, so parents take fewer hours over more weeks per year. It is also important to note that children of eligible parents become eligible the *term after* they turn the relevant age. For example, a child of a parent only eligible for the Universal 15 hours for all 3-and 4-year-olds who turns age 3 in May, would be able to start their entitlement the following September. This applies to all the entitlements.

Schools and local authorities should ensure projects align with local delivery approaches and entitlement funding arrangements.

Published admission numbers (PAN)

As part of determining their admission arrangements, all admission authorities must set a Published Admission Number (PAN) for each relevant age group. This is the number of pupils a school intends to admit to their normal year of admission. A PAN does not apply to early years settings and the relevant age group is usually reception in primary school and Year 7 in secondary school, but can also be Year 3, Year 9 and Year 12 or any other year group for which children are annually admitted to the school. Subject to very limited exceptions, a school may not refuse to admit a pupil if they have not reached their PAN.

If, in order to accommodate an SBN, a school needs to reduce their PAN, they must ordinarily consult in accordance with paragraphs 1.45 to 1.48 of the [School admissions code](#). Where timings mean this is not possible, they may be able to propose a variation (determined by the schools adjudicator in the case of maintained schools and the Secretary of State in the case of academies). See paragraphs 3.6 and 3.7 of the Code for further information about variations. Information on how to apply for a variation is available at [School admission arrangements](#). The Code sets out further information about the requirements on PAN (see in particular paragraphs 1.2-1.5).

Collaborating with PVIs and childminders

Local authorities may choose to work with a school or owner of a BSFH building to lease buildings to a private, voluntary, or independent provider (PVI), childminder or group of childminders to operate from. These partnerships can bring additional benefits such as flexibility to offer nursery provision that better meets demand. If a local authority is considering putting forward a school or hub that already has a PVI provider on site in their funding proposal, it should first explore the possibility of continuing the existing partnership between the school / BSFH and PVI before evaluating other options. It is not the intention of this grant to displace existing like for like provision.

Childminder agencies may also be able to help establish collaborations - a list of them can be found [here](#).

Grant conditions will stipulate that any pricing agreed with an enterprise (for example, a rent agreement) must not be more favourable than the market rates reasonably expected. This ensures compliance with section 3 of the [Subsidy Control Act 2022](#).

To note, nurseries delivered by PVIs, a childminder or a group of childminders will require Ofsted registration. [Childminders without domestic premises](#) can register with Ofsted or a childminding agency.

Insurance

All schools or local authorities / owners of a BSFH building will be required to insure their building project. Consult legal advisors early and regularly to ensure the project has the appropriate insurance coverage. The additional insurance premium for the capital project is an eligible cost under the grant.

DfE's Risk Protection Arrangement (RPA) is an optional programme for schools, which acts like insurance. If something goes wrong, the government will cover the costs instead of an insurance company. However, there are some limitations you should consider before starting a project to avoid uninsured losses, contract breaches, and high extra insurance costs later.

The below provides further information:

- information about [Risk protection arrangement \(RPA\) for schools](#)
- guidance on how to [Join the risk protection arrangement \(RPA\) for schools](#)
- [RPA Information & Documents](#)

Alternatively, you can discuss the cover provided by RPA on their advice line on 0117 9769 361 or email RPAAdvice@willistowerswatsonsecure.com.

Annex A: Scope of funding

These are examples of eligible and ineligible costs, in addition to the section on [What funding is available](#). It is not an exhaustive list. If you have doubts about what is capital expenditure, you should seek local professional advice.

Eligible costs

- work to ensure a safe construction site including access and egress
- costs for the construction of new or refurbishment of existing buildings specifically for the provision of additional school based nursery places, including:
 - works required to achieve a planning consent, if relevant, such as tree replacement and enhanced finishes or features
 - works to obtain building control approvals, such as fire safety, accessibility and technical compliance
 - dealing with asbestos
 - reconfiguring existing spaces or expanding and refurbishing existing space to be suitable for a nursery, including installing new access points, walls and locally altering and reconnecting existing services to suit the new layout
 - creation of new space to be suitable for a nursery
 - replacing existing or installing new toilet facilities to cater for younger children
 - updating the existing finishes to those suitable for a nursery, for example replacing carpet with vinyl in wet play areas
 - installing changing and medical rooms and kitchens that are required for operational reasons
 - updating the door handles, locks, and other fittings to meet safety standards
 - installing intercom and door access systems to allow the nursery to function independently of the main school
 - associated mechanical and electrical works to meeting current legislation
- furniture and equipment (excluding consumables), including:
 - kitchen facilities including cupboards, sinks, fridges and ovens
 - tables, chairs, desks and other seating
 - shelving and storage units
 - sensory play
- external works to allow for safe and secure outdoor play, including:
 - external canopies
 - fencing
 - storage
 - hard surfacing and soft landscaping

- payment of professional advice and services, design fees and survey costs that are required to deliver the capital works
- fees associated with project delivery, such as architects, project manager, quantity surveyor, Construction Design and Management (CDM) Principal Designer, planning application, building control etc.
- cost of insuring the works, during construction only

Risk allowance

Your risk allowance should be realistic and proportionate to the project's scale, complexity, and the level of cost certainty achieved. We typically expect a risk allowance of 5 to 10% of the total project value. Avoid duplicating risk across cost items and ensure the total risk provision is critically reviewed by the school's governing body to prevent "risk-on-risk" costing.

Ineligible costs

In costing your project, you should exclude ineligible costs such as, but not limited to, those listed below:

- fees and other disbursements directly associated with developing the multi-year funding plans (both internal and bought-in advisors)
- carrying out backlog maintenance or upgrading infrastructure which will not exclusively benefit the new provision
- planned, preventative and routine maintenance costs
- works to the estate that are not consequential to the provision of the nursery
- revenue items, such as books, clothes, paint, pens, craft resources, small toys etc
- labour and materials for removals and storage, such as storage boxes, gloves and shipping containers
- annual software licences
- temporary accommodation
- refurbishment of spaces for interim teaching
- rent service charges
- internal staffing costs
- recoverable VAT on costs incurred
- costs, liabilities or expenditure incurred before the SBN Capital Grant 2027 to 2030 launched
- costs arising where scope of the project changes, and these have not been agreed with DfE
- costs incurred by academies to update their funding agreement
- costs incurred for Ofsted registration

Where your project costs include ineligible items, it may reduce the amount of grant you are able to claim.

VAT implications

Local authorities should ensure that they understand the VAT implications for each project put forward; VAT recoverability is dependent on the provider type and nature of the project. Recoverable VAT should be excluded from project costs. If a school will incur VAT it cannot recover, it can be included in their project costs.

DfE cannot provide VAT advice to external bodies. If a project is successful, and VAT is included in the costings, local authorities may be asked to provide evidence of the school's VAT status before the grant is confirmed.

Annex B: Project classification guidance

These descriptions are intended to help you identify the scale and nature of your project. Real-world projects often vary, so use this as a general reference, not a strict rule.

We highly recommend reading the [Establishing School-based Nursery Provision guidance](#), which outlines what you need to consider if you wish to open nursery provision at your school. It also signposts to other sources, including the DfE technical standards. It should be noted that health and safety and regulatory compliance applies to all works and should be considered even where works may appear relatively minor.

Category	Definition	Typical work includes, but is not limited to:
New build	Construction of an entirely new standalone building or facility.	<ul style="list-style-type: none"> • full site clearance and groundworks • foundations, external walls, roof, windows and doors • all new internal walls, finishes, fixtures and services • entirely new mechanical, electrical and plumbing (MEP) systems (heating, lighting, ICT)
Extension (<i>may also require additional refurbishment of adjacent spaces in line with descriptions below</i>)	Adjoining new space to an existing building.	<ul style="list-style-type: none"> • site clearance and connection to existing building • foundations, external walls, roof, windows, and doors • all new internal walls, finishes, fixtures and services • extension and connection to existing mechanical, electrical and plumbing (MEP) systems (heating, lighting, ICT)
Heavy refurbishment	Extensive upgrades involving structural changes and full system replacements.	<ul style="list-style-type: none"> • removal of internal walls and structural alterations • significant works to roof structure/covering, external fabric and facade works • new structural beams, windows, doors and finishes • full replacement of heating, mechanical and electrical, ICT, and safety systems • some new furniture, fixtures and equipment

Category	Definition	Typical work includes, but is not limited to:
Medium refurbishment	General improvement of existing spaces. Building generally structurally sound, although some very minor structural repairs/strengthening may be required.	<ul style="list-style-type: none"> • internal strip and replacement of non-structural elements • potential internal layout reorganisation/remodelling such as new internal partitions • replacement of flooring, finishes, and internal doors • replacement of mechanical, electrical and plumbing systems and/or works to external fabrics • some new furniture, fixtures and equipment • minor services upgrades (such as lighting, fire alarms)
Light refurbishment	General improvement of existing spaces. Building structurally sound and unlikely to require any significant repairs, strengthening or remodelling.	<ul style="list-style-type: none"> • redecoration of walls • replacement of floor coverings • removal of redundant fixtures • servicing/minor repair type work to doors, windows • minor repairs and redecorations to external envelope • refresh finishes • new finishes • new branding and signage • minor repairs to roof • reconfiguration of mechanical and electrical systems and replacement of some fittings • minimal reconfiguration of internal partitions • some internal joinery repairs



Department
for Education

© Crown copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0, except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information, you will need to obtain permission from the copyright holders concerned.

About this publication:

enquiries www.gov.uk/contact-dfe

download www.gov.uk/government/publications

Follow us on X: [@educationgovuk](https://twitter.com/educationgovuk)

Connect with us on Facebook: facebook.com/educationgovuk