

High needs provision capital allocation 2026 to 2027

Memorandum of understanding

March 2026

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1. Purpose

- 1.1 This Memorandum of Understanding outlines the agreement between the Department for Education and Local Authorities regarding **high needs provision capital allocations**. The purpose is to ensure effective planning and delivery of school places through efficient capital investment.

2. Background

- 2.1. Local authorities have a statutory responsibility to ensure to keep the provision for children and young people with special educational needs and disabilities (SEND) under review (including its sufficiency), working with parents, young people, and providers, as set out in the Children and Families Act 2014. The department provides **high needs provision capital allocations** to local authorities to support them to meet that statutory responsibility.
- 2.2. The department provides **high needs capital provision allocations** under section 31 of the Local Government Act 2003. The funding is not ringfenced, nor is it time bound, 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 [High needs provision capital allocations - GOV.UK](#).
- 2.3. This Memorandum of Understanding formalises the partnership between the Department for Education and [Local Authority], to facilitate the efficient use of **high needs provision capital allocations**. This Memorandum of Understanding does not supersede or alter statutory duties.

3. Roles and responsibilities

- 3.1. Local authorities should read the published **High Needs Provision Capital Allocations** Guidance available on [GOV.UK](#). This guidance sets out the intended purpose of **high needs provision capital allocations** and outlines issues local authorities should consider to ensure they achieve best outcomes.

4. Conditions

- 4.1. Under this Memorandum of Understanding, regarding the intended purpose and outcomes of high needs provision capital allocations, local authorities agree to the following:
- 4.1.1. High needs provision capital allocations are intended to fund the delivery of suitable places for children and young people with SEND, or those requiring

alternative provision (AP). This funding is intended to support place delivery across the full 0-25 age range, including early years and post-16.

- 4.1.2. This should start from ensuring the sufficiency and suitability of places in mainstream settings, including through **inclusion bases**.¹ This form of provision should become a core part of the local education offer, delivering high quality teaching and support to children who would benefit from provision that bridges the gap between mainstream and specialist. This could include:
 - 4.1.2.1. **Specialist bases**: commissioned and funded by the local authority;
 - 4.1.2.2. **Support bases**: commissioned and funded by settings or groups.
- 4.1.3. High needs provision capital allocations could also be spent on **improving and adapting the physical environment in mainstream settings, early years and post-16**. For example, this could include installing ramps or changing facilities to improve physical accessibility, creating breakout spaces and sensory rooms, or enhancing acoustics, lighting, or ventilation to create a more comfortable sensory environment. We will be publishing guidance in Spring 2026 to support this area of investment. We also welcome innovative uses of high needs capital to drive inclusion, for example, investment in assistive technology for use in mainstream settings.
- 4.1.4. This money could also be used to increase special school or AP places, given the important role they play in providing support for the most vulnerable children with complex needs and supporting high quality practice across the sector. This must be accompanied by a **clear evidence-based rationale**, as set out in Local SEND Reform Plans (for further information, [please see joint letter from the Secretaries of State for Education and Health, 9th March 2026](#)).
- 4.1.5. Therefore, an overall strategy for high needs provision capital investment should support the following outcomes:
 - 4.1.5.1. Inclusion at the core of high needs sufficiency strategy, resulting in more children and young people with SEND accessing suitable places in mainstream (across all phases of education, including early years and post-16)
 - 4.1.5.2. Every child or young person who needs a place in an inclusion base can access one
 - 4.1.5.3. Fewer children and young people with SEND needing to travel a long way to access a suitable placement

¹ Formerly known as SEN units, resourced provision and pupil support units.

- 4.1.5.4. Improved suitability of the mainstream estate to support children and young people with SEND, with adaptations to improve inclusivity and accessibility of the physical environment
- 4.1.5.5. Sufficient special school and AP places for children and young people with the most complex needs, where these needs require a distinctive offer which only special or alternative provision settings can deliver.
- 4.1.6. Local authorities will be asked to demonstrate how their strategy for high needs provision capital investment supports these outcomes, as part of their Local SEND Reform Plan. **If the plan does not provide sufficient evidence of working towards the agreed outcomes, local authorities will have their allocation withheld (under future year grant conditions) until the strategy is revised.**
- 4.2. Also, under this Memorandum of Understanding, regarding the general principles of capital grants, local authorities agree to the following:
- 4.2.1. **High needs provision capital allocations** are not directly intended to address other capital needs, such as improving the condition of school buildings or basic need for places in mainstream (except in circumstances where this has the specific aim of creating provision for children and young people with SEND).
- 4.2.2. A local authority should seek to ensure funding paid out under this grant is spent efficiently. To which end, it should thoroughly evaluate all procurement options for school projects – including the DfE construction frameworks and output specification – to demonstrate value for money. A local authority should encourage academy trusts and other responsible bodies to do the same, should they procure a construction project directly.
- 4.2.3. The Section 151 officer / Chief Finance Officer of each of the recipient authorities should sign and return to the Capital Grant Assurance Team within the Operations and Infrastructure Group of the Department for Education a declaration, as part of the outturn statements in the Capital Grant Assurance return to be received no later than the date communicated by the team, in the following terms:
- “As the local authority's designated section 151 officer / Chief Finance Officer I certify that I am satisfied that the data submitted in this return are correct and that the expenditure reported has been spent in accordance with the requirements and conditions of grant set out when the grants were allocated to the Authority. I also certify that any capital grant provided through the **XX** or Capital Maintenance programmes, that has been spent to date, has been used for a capital purpose.”*

4.2.4. Local planning authorities should secure significant contributions through section 106 agreements or the Community Infrastructure Levy (CIL) for new school places and to work closely with colleagues planning school places in their area, including county councils in two-tier areas.

4.2.5. When planning the use of capital funding, 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. 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.

4.3. Local authorities that sign and return this Memorandum of Understanding but fail to evidence the outcomes above may not receive funding in future years or may receive a reduced level of funding.

5. Expiry or review date

5.1. This agreement is specific to **high needs provision capital allocations** for the **2026-27 financial year**. It will be updated annually, in advance of payments being issued for the financial year in question.

6. Disclaimer

It should be noted that by signing this document **[XX local authority]** are not committing to any legally binding obligations. This document serves only as a statement of understanding and cooperation. However, eligibility to receive future funding may be determined by whether local authorities have invested their funding in line with the expectations set out in this document.

Signed on behalf of Department for Education

..... Date

[NAME, POSITION]

Signed on behalf of [local authority]

..... Date

[NAME, POSITION]



Department
for Education

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