

Special Educational Needs and Disabilities System Strained to Breaking Point as Costs Escalate and Councils Face Financial Crisis

July 8, 2025

— Categories: *Economics*



Spending on special educational needs and disabilities (SEND) in England has reached unsustainable levels, with local authorities warning of imminent financial collapse. The rapid rise in Education, Health and Care Plans (EHCPs), coupled with surging transport and placement costs,

has created a funding crisis that threatens both children's support and council solvency.

Over the last decade, expenditure on high-needs SEND services has soared from approximately £6.7 billion to more than £10.7 billion. Over the last decade, expenditure on high-needs SEND services has soared from approximately £6.7 billion to nearly £11 billion, reflecting a sharp rise in the number of children qualifying for EHCPs, now numbering around 576,000, or 5% of pupils. While total school spending has increased in real terms, the lion's share has been absorbed by SEND obligations, limiting resources available for mainstream education.

Transport costs alone have ballooned to nearly £2 billion annually. Many councils are being forced to spend large sums on transporting pupils to out-of-area or specialist schools due to a lack of local provision. The Institute for Fiscal Studies (IFS) has highlighted how rising SEND costs have outpaced funding increases, leaving schools and local governments scrambling to meet demand.

The National Audit Office (NAO) warns that nearly half of England's councils could exhaust their reserves by March 2026 due to accumulated SEND deficits. The use of a temporary accounting provision allowing councils to mask these shortfalls will expire in two years, potentially revealing a widespread fiscal crisis. Projections suggest cumulative deficits could range between £4.3 billion and £4.9 billion if no structural changes are made.

Legal disputes over EHCPs are now commonplace, with families increasingly relying on tribunals to secure support. Some education leaders believe that while rising diagnoses of autism and ADHD reflect

genuine needs, others caution that systemic incentives may be fuelling over-identification. The current model is viewed by many as reactive, bureaucratic, and overly adversarial.

Despite allocating a record £12 billion to SEND in 2025–26, including an additional £1 billion announced in the autumn statement, experts argue that more targeted reforms are necessary. Proposals include increasing capacity in specialist schools, strengthening support within mainstream settings, and improving oversight to ensure funding reaches children rather than administrative processes.

Education Secretary Bridget Phillipson has reiterated the government's commitment to maintaining EHCPs as legal entitlements. However, without swift reform that balances financial discipline with effective care, the SEND system risks collapse, leaving vulnerable children without vital support and councils facing insolvency.