# Britain’s escalating SEND funding crisis threatens local authority insolvencies



The financial strain on Britain’s local authorities due to the rising costs of supporting children with special educational needs and disabilities (SEND) has reached a critical point, threatening essential public services and risking widespread council insolvencies. This growing crisis, highlighted in a recent personal account from a parent of a special needs adult child, paints a stark picture of how funding pressures are devastating local budgets and challenging the sustainability of the current welfare model.

The parent’s testimony underscores a dual reality: while Britain has made commendable progress over a century in integrating those with learning disabilities into the community, this progress comes with an escalating and unsustainable financial burden. The cost of special needs education now totals around £10.7 billion annually, a figure confirmed by the National Audit Office and corroborated by other recent government and local government reports. A significant driver of this expenditure is the exploding cost of school transport for SEND pupils, which alone rose to £2.24 billion in 2023/24—an increase of 122 percent over the past decade. This surge reflects not only growing numbers of pupils classified as SEN but also a shift in transport arrangements, with many more children now travelling individually by taxi rather than shared minibuses.

Industry data reveals some extraordinary spending habits: councils are reportedly paying up to £949 twice a week for a single child’s school transport, or as much as £160,000 annually for one pupil’s journeys. In Dorset, transport costs have jumped from 1.4 to 9.9 percent of the education budget over ten years, amounting to £15 million a year. Such outlays contribute to the deteriorating financial health of councils nationwide. According to a report by London Councils, 16 of 33 London boroughs face the risk of bankruptcy by 2027 unless SEND funding improves, potentially accumulating deficits that total £500 million in the capital alone. Similarly, the Local Government Association warns that over half of councils may become insolvent when a temporary accounting loophole known as the ‘statutory override’ expires in March 2026, forcing them to recognise SEND deficits on their balance sheets.

These concerns are echoed by national bodies like the County Councils Network and the National Audit Office. Research shared with ITV News projects SEND deficits could rise from £4 billion this year to nearly £8 billion in the near future, with the County Councils Network describing the situation as "unmanageable" and liable to trigger a wave of bankruptcies among local authorities. The National Audit Office warns that without urgent reform and increased funding, two-fifths of councils could face bankruptcy notices, with the end of the statutory override poised to expose funding shortfalls previously hidden in accounting.

The systemic issues behind these deficits are multifaceted. The number of pupils with Education, Health and Care (EHC) plans more than doubled from 2015 to 2024, driving costs higher. Parental expectations play a role too; increased demand for individual transport arrangements rather than shared options intensifies expenditure. External economic factors also exacerbate the problem, including steep rises in the National Living Wage and employer National Insurance contributions, which inflate the cost of services. Further inefficiencies appear in some council spending choices, such as paying very high fees for medical assistance during transport or funding costly placements at private special schools, where annual fees can exceed £61,500 per pupil compared to around £23,900 for state special schools.

Amid these pressures, many parents of children with special needs remain reasonable and conscious of the taxpayer’s burden, often returning unspent personal care budgets rather than using the money unnecessarily. However, the financial demands on local authorities are becoming insurmountable, forcing a reckoning over the sustainability of the current system. Suggestions include encouraging more cost-effective transport methods, reassessing state funding for high-cost provisions like the Motability vehicle scheme, and demanding greater value for money from all aspects of health, social care, and welfare services supporting SEND families.

The crisis facing Britain’s councils is part of a broader context of public sector financial strain, compounded by an ageing population and other welfare obligations. Yet no area—including one as vital and sensitive as support for vulnerable children and adults—can remain exempt from fiscal scrutiny and reform. The government faces urgent pressure to address structural funding deficits and to implement sustainable and equitable policies that safeguard both the welfare of special needs individuals and the financial viability of local authorities.

Failure to act risks not only financial collapse of councils but also the degradation of vital services that vulnerable children and adults depend on—a dilemma that demands balanced solutions grounded in empathy and fiscal responsibility alike.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.itv.com/news/2024-10-20/councils-warn-send-deficits-mean-they-could-go-bankrupt-overnight)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.londoncouncils.gov.uk/news-and-press-releases/2025/sums-dont-add-almost-half-london-boroughs-bankruptcy-risk-due-school), [[3]](https://www.local.gov.uk/about/news/half-councils-warn-insolvency-over-special-needs-spending)
* Paragraph 4 – [[4]](https://www.itv.com/news/2024-10-20/councils-warn-send-deficits-mean-they-could-go-bankrupt-overnight), [[5]](https://www.themj.co.uk/nao-councils-bankruptcy-send-deficits), [[6]](https://www.countycouncilsnetwork.org.uk/councils-warn-of-financial-catastrophe-in-12-months-time-with-unmanageable-send-deficits-risking-bankruptcy/)
* Paragraph 5 – [[1]](https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[5]](https://www.themj.co.uk/nao-councils-bankruptcy-send-deficits), [[7]](https://bylinetimes.com/2024/07/25/childrens-special-needs-system-broken-with-a-quarter-of-councils-facing-bankruptcy-by-2026-report-finds/)
* Paragraph 6 – [[1]](https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 7 – [[1]](https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[6]](https://www.countycouncilsnetwork.org.uk/councils-warn-of-financial-catastrophe-in-12-months-time-with-unmanageable-send-deficits-risking-bankruptcy/)
* Paragraph 8 – [[1]](https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.itv.com/news/2024-10-20/councils-warn-send-deficits-mean-they-could-go-bankrupt-overnight), [[7]](https://bylinetimes.com/2024/07/25/childrens-special-needs-system-broken-with-a-quarter-of-councils-facing-bankruptcy-by-2026-report-finds/)

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## Bibliography

1. <https://www.dailymail.co.uk/debate/article-15195997/My-despair-SEN-funding-parent-special-needs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.londoncouncils.gov.uk/news-and-press-releases/2025/sums-dont-add-almost-half-london-boroughs-bankruptcy-risk-due-school> - A report from London Councils highlights that 16 out of 33 London boroughs are at heightened risk of bankruptcy due to insufficient funding for children with special educational needs and disabilities (SEND). The analysis forecasts that SEND deficits in these boroughs could total £500 million by the end of the 2026-27 financial year, potentially destabilising local budgets and undermining investments in educational resources and pupil support. The report calls for improved funding to address these deficits and meet the needs of SEND children in the capital.
3. <https://www.local.gov.uk/about/news/half-councils-warn-insolvency-over-special-needs-spending> - A survey by the Local Government Association reveals that over half of councils supporting children with special educational needs and disabilities (SEND) anticipate insolvency when a temporary accounting measure, known as the 'statutory override', expires in March 2026. This measure currently allows councils to keep SEND-related spending deficits off their main balance sheets. Without an alternative solution, many councils fear they will be unable to balance their budgets, leading to potential financial crises.
4. <https://www.itv.com/news/2024-10-20/councils-warn-send-deficits-mean-they-could-go-bankrupt-overnight> - Research shared with ITV News indicates that English councils have accumulated SEND deficits of £4 billion nationwide, with projections suggesting this could rise to £5.9 billion next year and £8 billion thereafter. The County Councils Network warns that the situation is becoming 'unmanageable', with the potential for nearly three-quarters of the largest local authorities to face bankruptcy due to these escalating costs.
5. <https://www.themj.co.uk/nao-councils-bankruptcy-send-deficits> - The National Audit Office (NAO) reports that two-fifths of local authorities could face bankruptcy if the £4.6 billion deficit in special educational needs (SEN) funding is not addressed. The NAO highlights a 140% increase in children with Education, Health and Care (EHC) plans between 2015 and 2024, leading to a significant rise in high-needs funding requirements. The report warns that the end of the 'statutory override' in March 2026 could force councils to issue Section 114 notices, effectively declaring bankruptcy.
6. <https://www.countycouncilsnetwork.org.uk/councils-warn-of-financial-catastrophe-in-12-months-time-with-unmanageable-send-deficits-risking-bankruptcy/> - The County Councils Network warns that £6 billion in SEND deficits are set to be placed on councils' balance sheets in March 2026 unless the government intervenes. These growing deficits, resulting from increased demand and costs for SEND services, could lead to a financial catastrophe for local authorities, potentially triggering a wave of bankruptcies if not addressed promptly.
7. <https://bylinetimes.com/2024/07/25/childrens-special-needs-system-broken-with-a-quarter-of-councils-facing-bankruptcy-by-2026-report-finds/> - A report commissioned by the Local Government Association finds that the system supporting children with special needs is broken, with a quarter of councils facing bankruptcy by 2026. The report highlights a significant increase in the number of children requiring special educational needs support, leading to a projected £12 billion annual cost by 2026. The financial impact on local authorities is substantial, with deficits expected to rise from £3.2 billion to £5 billion by 2026.