

5 February 2026

Supplementary forecast information

Fiscal implications of absorbing special educational needs and disabilities spending into departmental spending

- 1.1 The OBR is releasing further information regarding the illustrative calculation of the costs of absorbing all special educational needs and disabilities (SEND) spending into the mainstream schools budget from 2028-29, set out in the November 2025 *Economic and fiscal outlook* (EFO). This follows a request for additional information on the calculations for this scenario. We will, as far as possible, meet any requests to release supplementary forecast information where this will improve the quality of public debate on the public finances. Our full release policy is available on our website.
- 1.2 Under the current system, central government (via the Department for Education) provides a Dedicated Schools Grant (DSG) to local authorities to pay for education services which includes a component to cover most SEND spending, referred to as high-needs funding. The DSG is included within the OBR's forecast for total spending on resource departmental expenditure limits (RDEL). However, in recent years SEND spending has been higher than this component of the DSG and successive governments have effectively allowed local authorities to finance any spending above this grant locally through a 'statutory override' since April 2020, which allows local authorities to not recognise spending above the grant for the purposes of setting a balanced budget.¹
- 1.3 In the November 2025 Budget, the Government stated that it planned to fund SEND "within the overall government DEL envelope, such that the government would not expect local authorities to need to fund future special educational needs costs from general funds, once the Statutory Override ends at the end of 2027-28".²
- 1.4 In the November EFO, we forecast that SEND spending will continue to grow faster than high-needs funding grant to local authorities,³ implying that funding SEND within the overall government departmental spending (DEL) envelope would place an additional £6.3 billion of spending pressure on the overall DEL envelope in 2028-29. As we set out in the EFO, the Government had not set out at the Budget any specific plans for how this pressure would be accommodated. Because it therefore represented a significant risk to the forecast, we produced an illustrative estimate of how much absorbing all SEND spending within the mainstream schools budget (a component of the overall government DEL envelope) would cost, absent any changes to the current system of SEND provision. We estimated this "would

¹ See the first and second paragraphs of Box 5.1: Local authority spending on special educational needs and disabilities in our November 2025 EFO.

² Paragraph 4.94 of the Treasury's *Budget 2025* document.

³ We estimate the size of the SEND pressure as the difference between the spending we estimate will be required to meet SEND pressures (which we estimate will grow by 9 per cent a year), while assuming that high-needs funding rises in line with the core schools budget, at 2 per cent per year.

imply a 4.9 per cent real fall in mainstream school spending per pupil rather than the 0.5 per cent real increase planned by Government”.

1.5 To produce this estimate we compared a baseline scenario where high-needs funding remains constant as a share of total school spending, to a counterfactual scenario where high-needs funding grows at the rate we anticipate SEND spending to grow. Table 1.1 sets out the key assumptions and results.

1.6 In the baseline scenario:

- high-needs funding remains at its 2025-26 share of total school spending in each year (19 per cent).

1.7 In the counterfactual scenario:

- high-needs funding grows at the rate we forecast SEND spending to have grown to in 2028-29.⁴

1.8 In both scenarios:

- total school spending follows the plans for core schools resource DEL (RDEL) outlined in the June 2025 Spending Review;⁵
- mainstream school spending is converted into spending per pupil, based on the July 2025 Department for Education (DfE) pupil projections data; and
- nominal spending is converted into real prices using the OBR’s November 2025 GDP deflator forecast.

Table 1.1: Baseline and scenario assumptions and results

	2025-26	2026-27	2027-28	2028-29
Education: core schools RDEL budget (£ billion)	64.8	67.0	68.4	69.2
GDP deflator (per cent)	2.9	2.2	2.0	1.9
Pupil numbers	7,737,188	7,688,132	7,624,956	7,527,080
Baseline				
Total spend per pupil (£)	8,375	8,715	8,971	9,187
High-needs spend per pupil (£)	1,603	1,668	1,717	1,758
Mainstream spend per pupil (£)	6,772	7,047	7,254	7,429
Scenario				
Total spend per pupil (£)	8,375	8,715	8,971	9,187
High-needs spend per pupil (£)	1,603	1,668	1,717	2,159
Mainstream spend per pupil (£)	6,772	7,047	7,254	7,028
Source: DfE, HMT, OBR				

⁴ For 2026-27 and 2027-28 we assume there is no change to DfE high-needs spending, reflecting the Government’s policy that all SEND spending will be covered within the overall DEL envelope from 2028-29. This scenario implies a smaller pressure of £3.0 billion than the £6.3 billion reported in paragraph 1.5 because not all local authority SEND spending is covered within the Dedicated Schools Grant, and we only capture the spending that we expect would fall within the Dedicated Schools Grant.

⁵ The Treasury, Spending Review 2025, Table 5.3. The 2028-29 figure is £0.3 billion lower than in the June 2025 Spending Review, reflecting the £1.4 billion RDEL cut announced at the November 2025 Budget. The 2028-29 core schools budget is based on an indicative assumption that DfE will allocate this cut equally across its school and non-school budgets. The allocation of this cut across DfE’s school and non-school budgets has yet to be determined, and all 2028-29 RDEL budgets will be reviewed in the 2027 Spending Review.

1.9 Because, as set out above, the Government had not set out at the Budget any specific plans on how this pressure would be accommodated, this scenario was illustrative and did not represent confirmed government policy. The principal uncertainties in both the baseline and counterfactual scenarios are:

- the level of the high-needs funding in the baseline;
- the level of SEND spending in three years' time; and
- the impact of any SEND reforms, which we did not account for as government policy was not finalised at the time of the 2025 Autumn Budget.

1.10 We published a correction note to this estimate on 26 November, changing the implied fall in mainstream school spending per pupil from 1.7 to 4.9 per cent and the implied fall in mainstream school spending per pupil originally planned by government from 2.4 to 0.5 per cent. The initial draft of the *EFO* calculated the scenario fall in mainstream school spend per pupil from an incorrect base year, and did not adjust the baseline plans for mainstream school spending per pupil for inflation.