

# England's changing ECEC landscape

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# Outline

- Context and scale
- How the market is changing
- Why financial structure matters
- Implications for access and equity
- Lessons for policy design
- Reflections for Canada

# Evidence base

- Project 1 (2022): examined ownership, acquisitions, mergers, debt and what kinds of sources/data. Nuffield funded study.
- Project 2 (2025): Examined geographical location of provision by ownership type and its contribution to care deserts . Funded by the JRF.

# Aims & Methods – Project 1

- To investigate the market reach of the “private” sector in England.
- Data about childcare is mainly held in the public domain: administrative datasets, published reports, articles, nurseries and trade sector websites.
- Data from nurseries (self-selected sample of 80 nurseries).
- Financial case studies: 5 medium to large private-for-profit childcare nursery groups, and a sample of 6 voluntary/charitable nurseries and social enterprise nurseries.

# Aims & Methods – Project 2

- Aimed to identify how private equity ownership contributes to the emergence of childcare ‘care deserts’, particularly in more deprived areas.
- Quantitative methods – spatial & financial analysis
- Qualitative methods – lived experience

# Why is the UK case relevant to Canada?

- Long-standing mixed-market childcare system
- Sustained and large-scale public investment
- Heavy reliance on private, for-profit delivery
- Public funding flows through providers, not directly into public services
- Enables analysis of post-expansion dynamics, not just access

# What is the sector like in England?

- **Huge costs.** The UK remains among the most expensive countries in the OECD for childcare
- **Huge public investment.** Public spending on childcare and early education in England has risen sharply, with around £8–9.5 billion per year now committed to funded childcare entitlements

# Key terms (in plain English)

- Financialisation = childcare delivered through financial logics (growth, refinancing, returns)
- Leverage = growth funded by borrowing → repayment pressure shapes day-to-day choices
- Care deserts = persistent gaps between children and places; not “no provision”, but “not enough where it’s needed”.

# Market Structure and Ownership Change

- Historically plural system (state, for-profit, non-profit, informal care)
- Clear shift toward:
  - Large, multi-site nursery chains
  - Reduced role for small, independent providers
- Ownership concentration reshapes resilience, workforce stability, and local planning

# Scale of Corporate Provision

- Roughly two-thirds of group-based provision is privately owned (differing sizes)
- Around 40% of settings are part of chains
- Chain providers account for the majority of childcare places
- Growing involvement of complex ownership and investment structures

# How Corporate Childcare Grows

- Growth driven primarily by:
  - Acquisition of existing settings (not creation of new places)
  - Debt-financed expansion
  - Centralised financial and managerial control
- Limited operating reserves
- Growth is organisational, not spatial—capacity does not emerge where need is highest

# The UK Nursery Market “New Order” (2026)

- Rapid consolidation among the largest chains
- Busy Bees remains the largest provider.
- Kids Planet now the second largest (overtaking Bright Horizons this year)
- Market increasingly dominated by a small number of large firms
- Consolidation, not new place creation, drives expansion

# The 'rise and fall' of nurseries

POSITION		NURSERY	SETTINGS	PLACES
2026*	2025^			
1	(1)	Busy Bees	364	34,173
2	(3)	Kids Planet	271	23,270
3	(2)	Bright Horizons	264	22,212
4	(5)	Bright Stars	123	9,480
5	(4)	Partou	115	8,788
6	(6)	Family First	99	6,954
7	(7)	Grandir	88	6,946
8	(8)	Monkey Puzzle	72	5,896
9	(10)	Storal	57	5,834
10	(9)	The Old Station Nursery	76	5,324
11	(13)	N Family Club	49	4,958
12	(11)	Childbase Partnership	43	4,568
13	(16)	Kindred Nurseries	56	3,913
14	(17)	Banana Moon	52	3,878
15	(12)	Thrive Childcare and Education	46	3,874
16	(14)	The Co-operative Childcare	45	3,703
17	(15)	YMCA	57	3,513
18	(21)	Happy Days	40	3,167
19	(23)	Fennies Nurseries	29	2,908
20	(20)	London Early Years Foundation (LEYF)	43	2,773
21	(18)	Ashbourne Day Nurseries	40	2,636
22	(19)	Tops Day Nurseries	32	2,507
23	(25)	Kido Nurseries and Pre-Schools	20	1,742
24	(24)	Dukes Education (Little Dukes)	26	1,691
25	<b>NEW</b>	RAFAKidz	21	1,676

\*Figures as of 31 January 2026 ^Figures as of 31 January 2025

# What This New Order Represents

- Market leadership depends on access to capital
- Financial scale increasingly determines viability
- Organisational growth decoupled from local demand
- Smaller, high-quality providers face intensified exit pressure
- Quality alone no longer guarantees survival

# Private Equity and Financialisation

- Private equity is characterised by:
  - Acquisition using borrowed capital (leverage)
  - Emphasis on growth, cost control, and refinancing or sale
- In childcare, PE involvement is typically indirect via group ownership
- Debt obligations shape staffing, wage progression and investment decisions
- Closure risk

# Cross Border Capital and Delivery

- Large nursery chains operate across multiple jurisdictions
- Financial governance often sits outside delivery locations
- Busy Bees illustrates UK–Canada integration of capital and provision
- Local services shaped by financial decisions taken elsewhere

# Limits of Regulation

- Regulation excels at monitoring quality and safety
- Financial risk largely invisible to inspectors
- Debt exposure and refinancing risk not routinely assessed
- Problems surface late—often at the point of sudden closure

# Volatility and Sudden Closure

- Corporate providers can exit rapidly
- Closures driven by financial calculations rather than unmet demand
- Minimal notice for families, staff, and local authorities
- Disruption to continuity of care

# Consequences for Governments

- Emergency place-finding responsibilities
- Workforce displacement
- Political accountability for private failure
- Delivery risk shifts from providers to the state over time

# Care Deserts

- Persistent geographic gaps in childcare access
- Corporate expansion concentrates in more profitable areas
- Market growth does not align automatically with equity goals
- Provider exit deepens spatial inequality

# Local Implementation: Hackney Case

- Located in the East End of London
- Closed after a sustained period of low occupancy and rising costs made it financially unsustainable, despite continued local demand for childcare places
- Parents were given just 29 days' notice
- Consequences:
  - Continued affordability and workforce pressures
  - Illustrates limits of local authority influence over capital structures

# Other examples of provider collapse

- If a nursery becomes loss-making, closure at short notice:
  - e.g. one of Australia's largest childcare providers, ABC Learning in Australia, collapsed at short notice during the global financial crisis in 2008.
  - In the adult care sector, Southern Cross Healthcare (was the UK's largest provider of adult home care with over 750 homes in 2011), collapsed suddenly resulting in 31,000 residents losing their accommodation.
  - 2024: Alpha Nurseries, a group of more than 21 nurseries and out-of-school clubs in England, collapsed overnight.

# Workforce Implications

- Lower staffing costs structurally embedded in leveraged models
- Limited wage progression
- High turnover and recruitment shortages
- Workforce instability directly linked to financial strategies

# Quote from nursery worker:

“When Bright Horizons came in, they very much came in steamrolling, sort of ‘do this, do that’ and things like that and everything. Um, they were very corporate, and it suddenly seemed very much like the needs of the children and sort of meeting the needs of the individual families wasn’t necessarily the forefront of their thoughts, they were very much ‘why aren’t you making this profit’, ‘why have you got these gaps’, ‘why have you got these sessions free”

# Implications for families

- Reduced local availability of places, particularly in lower-income areas, increasing travel time and complexity for parents
- Loss of continuity and stability for children when nurseries are sold, restructured, or closed
- Constraints on parental employment, especially for mothers, due to fewer reliable or accessible childcare options
- Deepening spatial inequalities, where disadvantaged communities face systematically weaker childcare infrastructure

# Quote

“There were a lot of families who left the nursery, mainly because after the initial sort of 6 months, they had a massive increase in their fees to sort of try and align them with the rest of the nursery group and that for a lot of our families was a huge, huge issue. Some of them left because the whole atmosphere changed and the whole ethos, certain activities stopped like going on outings, that wasn't part of their (the nursery's) thing because they didn't want to have to deal with the risk assessment side of it”

# Implications for communities

- Erosion of childcare as local social infrastructure, not just a private service
- Care deserts compound other forms of disadvantage, reinforcing inequalities linked to income, employment, and place
- Reduced community resilience, as the loss of nurseries affects local labour supply, family networks, and neighbourhood stability
- Market exits leave lasting gaps, rather than temporary disruptions, in already underserved areas

# How do the not-for-profits compare?

- If operating as a charity: more stringent financial requirements, e.g., an income of > £5,000, need to register, a reserves policy, and they are legally constrained from distributing profits to managers or directors for personal gain.
- Operate from a position of trust.
- Have a board of trustees including staff and parents, e.g. Norway.
- > expenditure on staff costs.
- > explicit reference to supporting disadvantaged children.
- These features = more stability + more representation of needs of families and staff in way they operate.

# Key Lessons from the UK Experience

- Ownership alone does not predict outcomes
- Capital structure matters early
- Once embedded, financial risk is difficult to unwind
- Regulation cannot fully offset leverage and financial extraction

# What now for England?

- Two potential paths:
  - Things stay the same, no further controls and acquisitions and mergers continue.
  - Alternatively, impose ‘common sense’ controls, e.g.
    - all companies in the sector in receipt of state funding to provide evidence that they have adequate financial reserves and a low risk of bankruptcy (monitored through annual reports)
    - require these companies to include parents, carers and staff on their boards.

# Warning indicators

- Are the biggest providers growing mainly by acquisition rather than new places?
- Are closures happening with short notice?
- Are places expanding most in higher-income catchments?
- Is financial risk visible anywhere in oversight?
- Is workforce churn rising while corporate share grows?

# Policy Discussion

- Do these patterns and stories resonate with what you are seeing in Canada so far?
- Which of these dynamics feel familiar, and which feel less applicable in the Canadian context?

Simon, A; Penn, H; Shah, A; Owen, C; Lloyd, E; Hollingworth, K; Quy, K; (2022) Acquisitions, Mergers and Debt: the new language of childcare - main report. UCL Social Research Institute: London, UK.

Simon, A., Hollingworth, K., and Bokhari, T. (2025) Private equity-backed nurseries contribute to 'care deserts' in poorer areas. London: University College London & Joseph Rowntree Foundation.

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