

'Free' childcare: the party manifestos and the extensive privatisation of childcare ^[1]

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Source: The London School of Economics and Political Science

Format: Article

Publication Date: 28 Nov 2019

AVAILABILITY

Access online ^[2]

Excerpted from the blog article

The government has said it plans to spend £3.6 billion next year supporting 'free' childcare and education for three and four year olds and some two year olds in England. However, although this childcare is nominally free, parents are often required to make substantial contributions to the cost. The World Economic Forum suggests UK parents spend the most on childcare, up to half of household income. Where does this money go and what is it spent on?

Most childcare is provided by the private sector, ranging from small private operators to multi-million pound international businesses. According to the Wilfred Martin's Institute, the for-profit childcare market in the UK is worth an estimated £5.5 billion pounds and evidence suggests the for-profit sector is growing and consolidating.

The government has been actively promoting the childcare market – described as a 'hot market' – as an investment. At the top end, there are multiple acquisitions and takeovers, with large companies expanding through purchases, take-overs and refinancing of smaller chains. The largest three chains, who between them provide over 60,000 places, are owned by foreign investors, with financial head offices located in Singapore, France, and the USA. Further changes in the sector seem likely, most notably increased penetration by large chains, and increased foreign investment.

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