Acquisitions, mergers and debt: The new language of childcare [1]

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Excerpted from Executive summary

Context

The Government contributes an estimated £3.9 billion to support childcare and education for three- and four-year olds and for some two-year olds in England. This funding is used to pay for childcare and education places in the private and voluntary sector via a provider subsidy, and for nursery education in the state sector. Additionally, the Government subsidises parents/carers' childcare costs directly through the tax and benefits system across the UK. In England in 2019 this contribution amounted to almost two billion pounds.

There have been many changes in government Early Childhood Education and Care (ECEC) policy in the last 20 years within England. Each successive Government has emphasised different aspects of provision and funding, but with one overall aim – to promote and support (through significant levels of public investment), 'high quality' childcare, especially for disadvantaged families. This provision has been delivered since the second world war, through a mixed economy of care (of private-for-profit and not-for-profit providers).

Market-based ECEC systems are argued to have several possible advantages, including the ability to quickly expand supply in line with (profitable) demand. However, others have argued that the private sector has been accepted as a way to provide ECEC 'almost without debate', and without evidence it is delivering on government aims, especially for disadvantaged children. There are also questions over whether the ethos of the market is compatible with the various policy requirements. For example, there is evidence in the UK which suggests that market dynamics can lead to insufficient coverage in poorer, less profitable areas. There are also concerns, supported by evidence in and outside the field, of organisations which are subject to market forces being vulnerable to collapse.

A review of research addressing the quality, effectiveness and sustainability of early childhood education and care provision since 2010 revealed a 'dysfunctional market failing those that need it most', with recruitment a problem, staff turnover increasing and pay very low (Oppenheim and Archer 2021, p3). Moreover, problems of recruitment and retention are being exacerbated by the Covid-19 pandemic, which is reported to be having far reaching impacts on the sector (ibid), not least concerns about lower demand for childcare places which could threaten the viability of childcare companies, especially small nurseries (Blanden et al., 2020) – children currently attending early years settings is approximately 76% of the usual daily level (DfE 2021). The pandemic is causing some settings to permanently close their doors (Early Years Alliance 2020) – recent analysis showed that Covid isolation resulted in closures for four in every ten early years settings across England, Wales and Scotland during the spring of 2021 (EPI and NDNA 2021). The pandemic has also highlighted the importance of childcare to the wider economy, especially given the effects on parents/carers having to look after their children at home

(Coram Family and Childcare 2020).

Prior to this report, little was known about how public funding given to this private sector is used. This report charts changes in childcare provision in order to understand the differences between the public and private sector. Particular interest was placed on the balance of public and private provision, and the location of this provision in relation to deprivation.

Our study

This study charts changes in childcare provision over the past 20 years. In particular, the:

- Market reach of the private sector – estimates about its size, number of places and any market changes in private provision;
- Extent to which the sector recognises questions of social impact and accountability;
- Financial structure and practices of medium to large childcare companies (these were selected case studies – the for-profits were selected to get a cross-section of size and profitability, and the not-for profits were selected to get a range of size and type of operator);
- Location of private and public childcare provision in relation to indices of deprivation;
- Accounts of frontline childcare managers about access of provision to vulnerable families and the involvement of staff and parents in nursery policy making.

We did this by analysing data about childcare mainly held in the public domain. This data included information from administrative datasets, published reports, articles, nurseries and trade sector websites. We supplemented this with some data from nurseries (interviews and surveys with a self-selected sample of 80 nurseries), and an analysis of financial accounts from selected nurseries. We used a case study approach for the financial analysis, selecting five medium to large private-for-profit childcare nursery groups, and a sample of six voluntary/charitable nurseries and social enterprise nurseries, to assess how different types of childcare organisations operate

Region: Europe [7]
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Links
[1] https://childcarecanada.org/documents/research-policy-practice/22/02/acquisitions-mergers-and-debt-new-language-childcare [2] https://discovery.ucl.ac.uk/id/eprint/10142357/7/Childcare%20Main%20Report%20010222.pdf [3] https://discovery.ucl.ac.uk/id/eprint/10142357/ [4] http://childcarecanada.org/documents/child-care-news/22/02/financialisation-putting-childcare-provision-england-risk [5] http://childcarecanada.org/documents/child-care-news/22/02/nursery-sector-risks-being-damaged-large-corporate-takeovers [6] https://discovery.ucl.ac.uk/id/eprint/10142358/ [7] https://childcarecanada.org/category/region/europe [8] https://childcarecanada.org/category/tags/profit [9] https://childcarecanada.org/taxonomy/term/9228