


Financialisation and private equity in early childhood care and education in England ^[1]

Author: Simon, A., Shah, A., Quy, K., & Owen, C.
Source: Journal of Social Policy
Format: Article
Publication Date: 13 Jun 2022

AVAILABILITY

Access online ^[2]

Access online [PDF] ^[3]

Attachment	Size
 Financialisation and private equity in early childhood care and education in England.pdf ^[4]	216.93 KB

Abstract

The Government in England contributes an estimated £3.9 billion funding to support childcare and education for three- and four-year olds and for some two-year olds. A significant proportion of this money is spent on private sector childcare. However, little is known about how the money paid to companies providing private sector childcare is used. Through a cross-case analysis, the financial accounts of a sample of medium-to large private 'for-profit' childcare groups were compared with some 'not-for-profit' childcare providers. We found that for the for-profit companies, a considerable amount of money is being extracted for debt repayment and relatively little goes into staff wages. We found that large private for-profit nursery groups predominately use 'private equity' models which are characterised by borrowings and debt, with a focus on short-term financial returns. This 'for-profit' financial operating model arguably risks the sustainability of provision in the sector. Reformed regulation and transparency in the accounting of such providers and a consideration of alternative 'not-for-profit' financial models could provide greater stability and resilience.

Related link: [Childcare sector in England must not become 'playground for private equity', experts say](#) ^[5]

Region: [Europe](#) ^[6]
Tags: [financialisation](#) ^[7]
[privatization](#) ^[8]
[for-profit](#) ^[9]
[private equity](#) ^[10]
[equity](#) ^[11]

Source URL (modified on 9 Aug 2023): <https://childcarecanada.org/documents/research-policy-practice/23/08/financialisation-and-private-equity-early-childhood-care>
Links
^[1] <https://childcarecanada.org/documents/research-policy-practice/23/08/financialisation-and-private-equity-early-childhood-care> ^[2] <https://www.cambridge.org/core/journals/journal-of-social-policy/article/financialisation-and-private-equity-in-early-childhood-care-and-education-in-england/AC0B8FA41A918CBA3DBB4248928287F5> ^[3] <https://www.cambridge.org/core/services/aop-cambridge-core/content/view/AC0B8FA41A918CBA3DBB4248928287F5/S0047279422000484a.pdf/financialisation-and-private-equity-in-early-childhood-care-and-education-in-england.pdf> ^[4] <https://childcarecanada.org/sites/default/files/Financialisation%20and%20private%20equity%20in%20early%20childhood%20care%20and%20education%20in%20England.pdf>
^[5] <https://childcarecanada.org/documents/child-care-news/23/08/childcare-sector-england-must-not-become-'playground-private-equity'> ^[6] <https://childcarecanada.org/category/region/europe> ^[7] <https://childcarecanada.org/taxonomy/term/9228> ^[8] <https://childcarecanada.org/category/tags/privatization> ^[9] <https://childcarecanada.org/category/tags/profit> ^[10] <https://childcarecanada.org/taxonomy/term/9343> ^[11] <https://childcarecanada.org/category/tags/equity>