


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

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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.

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