



Department for Education

The Rt Hon Bridget Phillipson MP
Secretary of State for Education

26 May 2026

Dear Sarah Cardell,

This government is committed to reducing the cost of living, and to helping families juggle work and family life through access to affordable childcare. Following the completion of the funded hours expansion in September 2025, eligible working parents of children aged nine months and older are now benefiting from 30 hours of funded childcare per week, over 38 weeks a year. This is helping parents to work more whilst saving them up to £8,000 per eligible child. This increased support has created new demand for places and hours, and childcare providers across the country have risen to the challenge, meaning over 500,000 children are now accessing government-funded childcare places.

However, some parents still face challenges to accessing high-quality childcare and early education. Families in less affluent areas face more challenges accessing places than families in other areas, as do children with additional needs or who are experiencing disadvantage. Providers find it harder to be sustainable in less affluent areas with lower demand for parent paid additional hours. Some parents report ongoing high costs, despite the government support.

The Competition and Markets Authority (CMA) plays an important role in promoting competition and protecting consumers and has taken forward a range of important work to help tackle the cost of living, including action to tackle drip pricing and pressure selling, and to improve outcomes in the infant formula, road fuel and veterinary services markets. More recently, I know that the CMA has been engaging closely with government to provide support as we look to drive down the cost of living. I am grateful to the team for this continued support, and building on this, would like to request that the CMA considers conducting a review of the early years childcare market.

The government announced at Autumn Budget 2025 that the Department for Education would lead a review of childcare provision. The purpose of this review is to simplify the system for providers and families, making it easier to access childcare and increasing the overall impact of the government's offer.

As part of the government's Childcare Review, we must ensure that the childcare market is functioning optimally for the benefit of children and parents and enables providers to operate sustainably. As you know, childcare supports parents, especially mothers, to return to work and increase their hours, making a vital contribution to the growth mission. A CMA review could provide the evidence and analysis necessary to assess how far the childcare market operates in a way that meets these objectives within our current system and provide independent insights we can use to inform the government's Childcare Review and future system delivery. We want to make sure that families across the country feel the benefit of our investment, and that providers are strong and sustainable, enabled to deliver the highest quality care.

I would welcome CMA views on how the childcare market as a whole is working. As an independent authority it is of course for the CMA to scope any work it chooses to undertake, but I would be particularly interested in CMA views on:

- the impact of market practices, such as private paid hours/fees on parents and providers; restrictions on the use of government-funded hours; consumables practice; and waiting list fees/deposits
- supply side dynamics, including accessibility in cold spot areas; cross-subsidy dynamics and the role these play in ensuring provider sustainability and growth (both across age groups and across different settings within a chain/corporate group); the role of different types of provision in the market
- how the demand side is able to drive positive outcomes in the market, including for children with a range of characteristics, such as age, SEND and disadvantage; the role of LAs and MCAs in market management; the role of different system actors, including different types of providers; transparency and the information parents have to inform their purchasing choices.

I would particularly welcome CMA recommendations that recognise the fiscal context we are operating in, and that are deliverable within the overall funding envelope. By investigating these issues, I envisage that the CMA will be in a position to give a rounded assessment of how the childcare market is working, and any areas for development.

To enable the work to inform the first phase of the government's Childcare Review, I would be grateful if the CMA were to engage closely with my officials, and colleagues across government, to share emerging findings and insights throughout the course of any work it decides to take forward. I would welcome any final report by Spring 2027.

While this work would be carried out independently, government resources and expertise will be available to ensure the CMA has access to the best possible information and analysis and is able to take due account of relevant policies and objectives. Along with my colleague the Chief Secretary to the PM, I look forward to hearing your response to this request.

**The Rt Hon Bridget Phillipson MP
Secretary of State for Education**