

Response to the CMA Early Years Education and Childcare Market Study

Statement of Scope consultation and call for views

Claygate Montessori School

| July 2026

Who we are

Claygate Montessori School is a single-site early years setting in Claygate, Surrey. We are rated Outstanding by Ofsted. We serve families across the income range, from those relying entirely on funded hours to those paying privately, and we have offered fully funded places since 2010. We have never charged top-up fees and we have never charged for essentials or extras alongside a funded place. A family can take their full entitlement with us at no cost, which was the policy intent, and we are now unusual in being able to say that.

Our evidence

We are writing because we sit at one end of the efficiency spectrum and the numbers still do not work. Our cost base is as low as we can responsibly make it. One of the owners advises nursery groups and investors on cost per funded hour professionally, so the analysis behind our costs is not guesswork. We have absorbed each rise as it came, the National Living Wage increases, the change to employer National Insurance in April 2025, food, utilities and business rates, and we have done it without passing charges to parents. Each year the gap between what a funded hour pays and what it costs to deliver has widened.

The point we would ask the study team to take from us is that this is not a management problem. If a setting that has controlled costs this tightly for this long is reaching the limit of what it can absorb, the settings running at typical cost levels have no route through at all. The Department for Education's own analysis puts the median provider at £1.01 of income per £1 of cost, which means just under half of providers do not cover their costs, and sector research puts the average shortfall on a three and four year old funded place at £2.61 per hour.

What we see across one setting

Because we have never charged around the entitlement, we see both halves of the market your study describes inside one setting. Families who pay privately bring income above the funded rate, while families relying entirely on funded hours bring income below cost on every hour they use. A setting like ours, in a mixed catchment, can carry that balance. A setting in a catchment where nearly every hour is a funded hour has nothing to balance it with, and in our view that is why provision is

disappearing from the areas that need it most. The shortfall lands hardest where families have the least.

What we would ask the study to examine

We would ask the study to gather actual delivery cost per funded hour at setting level, by age band, rather than relying on filed accounts or survey estimates, because the gap is only visible at that level. We would ask it to look at whether the charging guidance and the funding rate are consistent with each other, since the current rate only works for settings that charge for the things the guidance restricts, which cannot be the intended design. And we would ask it to weigh the position of single-site providers, who are over half the market and have no group overhead to cut and no other sites to lean on when the local numbers turn.

We would be glad to share our numbers with the study team directly.

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