

Early Years Education and Childcare Services Market Study

Coram Family and Childcare submission

July 2026

About Coram Family and Childcare

Coram Family and Childcare works to make the UK a better place for families, focussing on childcare and early years to make a difference to families' lives now and in the long term. We are a leading voice on early education and childcare, carrying out research to aid understanding and drive change in national and local policy.

Every year, we publish our annual Childcare Survey, the definitive report on childcare costs and availability across Great Britain¹. In October 2024 we released the findings of a national study into the barriers and facilitators of early education take-up by disadvantaged children².

Our network of Parent Champions schemes reach thousands of parents each year, with dedicated local volunteers ensuring parents are aware of their rights and entitlements, improving children's outcomes.

We deliver the National Association of Family Information Services – the only national membership organisation supporting essential Family Information Service staff in local authorities to deliver high-quality information and advice to families.

We deliver responsive, family-focussed projects, often in partnership with other expert organisations, reaching some of the most disadvantaged families and levelling the playing field for disadvantaged children.

We are a member of the Coram group of children's charities and organisations, and the Coram Institute for Children. Coram changes lives, laws and systems to create better chances for children, now and forever.

Introduction

Coram Family and Childcare welcomes the CMA market study. Our submission draws on evidence from our *Childcare Survey 2026*³, our October 2024 research *Early Education for Disadvantaged Children* (funded by the Nuffield Foundation and undertaken by the Centre for Evidence and Implementation, UCL Centre for Education Policy and Equalising Opportunities and Coram Family and Childcare with early years expert Ivana La Valle), our report *Early Education Entitlements – the Disadvantage Gap*⁴ and our conversations with parents and local authorities. These sources demonstrate persistent market failures relating to access for disadvantaged children, affordability, inclusion for children with special educational needs and disabilities, information transparency, childcare sufficiency and

¹Childcare Surveys: <https://www.coramfamilyandchildcare.org.uk/research/research-area/childcare-survey/>

² Early Education for Disadvantaged Children: <https://www.coramfamilyandchildcare.org.uk/research/understanding-the-take-up-of-early-education-entitlements/>

³ Childcare Survey 2026: <https://www.coramfamilyandchildcare.org.uk/research/childcare-survey-2026/>

⁴ Early Education Entitlements – the Disadvantage Gap <https://www.coramfamilyandchildcare.org.uk/wp-content/uploads/sites/4/2025/09/Early-Education-Entitlements-Disadvantage-Gap-Sep25.pdf>

regulatory environments. While expanded entitlements have improved affordability for many working families, the market produces unequal outcomes depending on income, employment status and additional needs.

This submission responds to Questions 1 – 10a but excludes a response to 10b and 11, in line with our the areas in which we have the most evidence and experience to contribute.

Q1: Do you agree with our proposed scope (both the services and geographic scope) for this market study, as set out in paragraphs 23-26, 28. If not, what areas would you suggest we include, exclude or prioritise, and why?

Coram Family and Childcare agrees that the proposed scope of childminders and nursery providers (including PVI, school-based and maintained) of all sizes, who provide services for children from birth until they start school, in England, is appropriate.

However, whilst this question does not specifically ask for comment on the themes in scope, set out in paragraph 27, it is important to consider the appropriateness of these at the same time.

Coram Family and Childcare welcomes the focus on access, affordability and funding, information and consumer choice, the role of public bodies, and provider costs and ownership. The proposed themes are appropriate but should be expanded to explicitly include equitable access and participation. Availability and affordability alone cannot determine market effectiveness in this sector.

The CMA should place particular emphasis on inequalities in access. Our Childcare Survey 2026 shows that children whose parents do not qualify for the government-funded 30-hour working parent entitlement face average nursery costs of £188.75 per week for 25 hours of childcare, for a child under two, while eligible children can access the same hours for free, funded by the government. This creates a significant disparity in access to childcare and early education.

Furthermore, evidence from our October 2024 report Early Education for Disadvantaged Children shows that a substantial minority of eligible children still miss out on their entitlement. Disadvantaged children are less likely to take up funded provision and large geographical variations persist.

The CMA should examine the interaction between market structures and inequalities affecting disadvantaged families, particularly two-year-olds, children with special educational needs and disabilities (SEND), rural families, and families where parents work atypical hours.

Q2: Do you agree with our articulation of the characteristics of a ‘well-functioning market’ for childcare services as set out in paragraph 30? If not, what should be changed and why?

The characteristics described are all important elements of a well-functioning childcare market.

However, the evidence from our work demonstrates substantial differences in access between families who are eligible for certain types of government-funded entitlements and those who are not, despite widespread agreement about the developmental benefits of early education. As such, an additional characteristic should be included:

- **Equitable access to childcare and early education**

A well-functioning childcare market should not merely provide choice where purchasing power exists. It should ensure children can benefit from early education irrespective of parental employment status, income volatility, disability or immigration status.

A well-functioning market should deliver equitable access, transparency, quality, inclusion and sustainability. Families should be able to obtain suitable childcare regardless of their child’s needs, their household income, ethnicity, location, employment status, employment pattern or household circumstances.

Provision should be genuinely free at the point of use for funded entitlements. Providers should be adequately funded to deliver that provision without the need to rely on opaque charges or exclusionary practices.

In addition, parents should be able to easily understand entitlements, not simply ‘childcare options’ (as described in 30.c), without specialist support. Entitlements are now the gateway to childcare access for most families in England and as such a consumer cannot be considered engaged and informed where this is absent.

Q3: Do you consider that the childcare sector currently displays the characteristics of a ‘well-functioning market’ set out in paragraph 30? For each ‘yes’ and ‘no’ response, please explain why you consider this to be the case, what is driving this, and for ‘no’ responses how this could be remedied.

Only partially. Entitlements have reduced costs for eligible working parents, but significant inequalities remain. Families excluded from working-parent entitlements continue to face very high childcare costs, while sufficiency remains poor for SEND children and parents working atypical hours.

Participation among three and four-year-olds remains high and the expansion of funded entitlements for working parents has significantly reduced costs for many families. In our recent parent focus groups, eligible parents were overwhelmingly positively about the financial difference they had made – as shown in our Childcare Survey 2026, part-time (25 hours per week) provision is now theoretically free during term time for eligible working parents and a full-time place now costs less than half what it did in 2024. However, the market produces very different outcomes depending on family circumstances.

Table 1, below, shows the difference in government-funded childcare hours between disadvantaged children and children with eligible working parents⁵.

Table 1 – Government-funded entitlements in England

	Number of government-funded hours per week	
Age of child	Children with eligible working parents	Disadvantaged children
Nine months	30	0
Two-year-olds	30	15 (depending on additional support criteria)
Three- and four-year-olds	30	15 (universal for all children)

When considered over the full period, due to the earlier start (9 months old instead of two years old) and the higher number of hours per week (30 instead of 15), a child with eligible working parents will receive **three times as much government-funded early education** than a disadvantaged child, by the time they start school.

Children in the following circumstances are currently excluded from the Government’s 30-hour early education offer:

- Children whose parents do not regularly earn enough to qualify
- Children who have a parent who cannot work due to terminal illness
- Children who have at least one parent in education or training
- Children whose parents are migrants and meet the work criteria but have no recourse to public funds
- Children of disabled single parents

Our work shows that parents face a complex system of entitlements, confusing eligibility rules and inconsistent information. The Early Education for Disadvantaged Children report found that many families, particularly those eligible for the 15-hour entitlement Early Learning for 2-year-olds (previously known as Families Receiving Additional Support and the disadvantaged two-year-old entitlement) are unaware that their child qualifies for funded provision.

The Early Education for Disadvantaged Children report found restrictions on funded places, limitations on hours offered, and additional charges that create access barriers. 65% of local authorities reported providers limiting funded places for children with SEND and 57% reported providers limiting funded places for disadvantaged two-year-olds. A two-tier experience can emerge where funded-only children receive different offers from children whose parents purchase additional hours.

⁵ <https://www.coramfamilyandchildcare.org.uk/wp-content/uploads/sites/4/2025/09/Early-Education-Entitlements-Disadvantage-Gap-Sep25.pdf>

This can also be seen since Department for Education guidance was updated in February 2025 to clarify that charges for extras – such as nappies, wipes and food must be voluntary for the parent when in connection with taking up a government-funded place⁶. Whilst these charges had created a barrier for disadvantaged families, enacting this change without funding providers to supply these extras has created an unintended consequence in the way that providers have responded. There are multiple examples of providers restricting these ‘completely free’ places in a variety of ways, including only offering them on the least popular days of the week (Mondays and Fridays).

In addition, under the childcare element of Universal Credit, parents can receive up to 85% of their childcare bill paid by the government. Previously, parents were able to use this support towards additional charges whenever these were included in the contract with the provider, which was the case for most settings. However, following the change, consumables can no longer be *included in the provider contract*, and no longer meet UC eligibility for inclusion in Universal Credit childcare support. This leaves parents without the support they previously had and the reality for parents is that the concept of this as a ‘choice’ is highly questionable. Should they ‘choose’ not to pay, they must follow the alternative policy of their nursery or childminder, which may include buying and providing those extras themselves. By virtue of the income eligibility, parents on Universal Credit are on lower incomes, are less likely to be able to afford additional costs and more likely to struggle to provide alternatives. In contrast, parents using Tax-Free Childcare (which has the same income criteria as the 30-hour funded early education entitlement, and therefore is mostly used by those on higher incomes) can use Tax-Free Childcare support towards the cost of voluntary additional consumable charges.

Table 2, below, taken from our Childcare Survey 2026 shows high variability in levels of provision, both for different categories of children and families and geographical areas. Provision is highest for government-funded entitlements, with around 8 in 10 local authorities reporting sufficiency for at least three-quarters of children in their area for all entitlements. This highlights the significance of entitlement eligibility in ensuring access. In contrast, only 44% of local authorities report sufficient childcare for at least three-quarters of children with SEND in their area.

⁶ <https://www.gov.uk/government/publications/early-education-and-childcare--2/early-education-and-childcare-effective-from-1-april-2025>

Table 2 – Childcare sufficiency in England (% LAs)

	100%	75% to 99%	50% to 75%	25% to 50%	Less than 25%	Data not held or cannot tell	Total responses
Children under two (entitled to 30-hour funded entitlement for working families)	26%	50%	7%	1%	1%	16%	137
Children under two (not entitled to any funded entitlement)	16%	42%	5%	1%	0%	36%	137
Two-year-olds (entitled to 15-hour funded entitlement for Families Receiving Additional Support)	33%	47%	7%	1%	0%	12%	137
Two-year-olds (entitled to 30-hour funded entitlement for working families)	29%	50%	5%	1%	0%	15%	137
Two-year-olds (not entitled to any funded entitlement)	23%	43%	3%	0%	0%	31%	137
Three- to four-year-olds (entitled to 30-hour funded entitlement for working families)	42%	42%	2%	1%	4%	14%	137
Three- to four-year-olds (entitled to 15-hour universal funded entitlement)	45%	41%	2%	0%	3%	12%	137
Children with SEND (early years)	10%	35%	9%	2%	2%	43%	137
5- to 11-year-olds before school (e.g. breakfast club or childminder)	18%	48%	5%	1%	3%	26%	136
5- to 11-year-olds after school until around 6pm (e.g. after school clubs or childminder)	12%	52%	7%	1%	2%	26%	137
12- to 14-year-olds before school (e.g. breakfast club or childminder)	4%	12%	4%	4%	1%	75%	136
12- to 14-year-olds after school until around 6pm (e.g. after school clubs or childminder)	3%	10%	4%	4%	5%	77%	137
Children and young people with SEND (school age)	3%	20%	9%	6%	1%	61%	134
Children of parents working full time (9am to 5pm on weekdays)	18%	42%	2%	0%	0%	38%	136
Children of parents working atypical hours (outside 9am to 5pm on weekdays)	7%	20%	9%	4%	2%	58%	137
Children living in rural areas (please leave this question blank if there are no rural areas in your local authority)	8%	33%	10%	0%	0%	49%	72

Availability is still too dependent on location. For example, as shown in Table 3, below, regional childcare sufficiency for three- to four-year-olds eligible for the 30-hour entitlement ranges from 92% in the West Midlands to only 55% in Inner London.

Table 3 – Regional childcare sufficiency, sum total of LAs responding that they have sufficient childcare for ‘100%’ or ‘75-99%’ of children in their area (% LAs)

	Children under two (not entitled to any funded entitlement)	Children under two (entitled to 30-hour funded entitlement for working families)	Two-year-olds (entitled to 15-hour funded entitlement for Families Receiving Additional Support)	Two-year-olds (entitled to 30-hour funded entitlement for working families)	Two-year-olds (not entitled to any funded entitlement)	Three- to four-year-olds (entitled to 15-hour universal funded entitlement)	Three- to four-year-olds (entitled to 30-hour funded entitlement for working families)	Children with SEND (early years)
England	58%	75%	80%	79%	66%	85%	83%	45%
EM	63%	75%	63%	75%	63%	75%	75%	38%
EoE	70%	70%	70%	70%	70%	80%	80%	50%
London, Inner	18%	45%	45%	45%	36%	55%	55%	9%
London, Outer	69%	88%	94%	88%	75%	94%	88%	44%
NE	42%	58%	58%	58%	42%	75%	75%	33%
NW	68%	82%	86%	86%	73%	91%	91%	45%
SE	72%	83%	89%	89%	67%	89%	89%	50%
SW	42%	67%	92%	83%	75%	83%	83%	58%
WM	62%	85%	92%	85%	69%	100%	92%	62%
Y&H	53%	80%	87%	87%	73%	93%	87%	53%

This creates a highly segmented market with unequal access to both affordability benefits and educational opportunity.

Q5: Are there any specific areas we should focus on in relation to the consumer journey and choice, including families’ ability to make informed choices, access and switch childcare services, or aspects of the consumer experience? Why?

Parents would benefit from the CMA examining transparency of charges, fairness of charges, communication of entitlements, waiting lists and the availability of comparative information. Parents frequently report difficulty understanding fees, consumables charges, deposits, and the practical operation of funded hours. Evidence of each of these barriers can be seen in Section 4 our Childcare Survey 2026.

There is no standardised way of providers presenting their fee and charging information, making it very difficult for parents to compare options. In addition, although refundable deposits are permitted under guidance, the CMA should examine the variation in these and whether the very high deposits set by some settings (which can run to thousands of pounds) are necessary and fair.

Parents continually report long waiting times, and many describe needing to put their name down as soon as they fall pregnant in order to secure a place in time.

Parents frequently describe the entitlement system as confusing. Our Survey found many parents struggle to distinguish between funded entitlements, Tax-Free Childcare and working-family offers. Families often rely on local professionals or peer networks rather than national information systems.

The childcare market exhibits significant information failures. The Childcare Survey 2026 found that:

- A total of 106,891 enquiries were received by 74 local authority Family Information Services in a seven-month period;
- Of these, 51% (54,420) of enquirers required support understanding childcare entitlements.

The most common sources of confusion were:

- Whether funded childcare is genuinely free;
- Start dates;
- Entitlement eligibility;
- Differences between schemes;
- Parental earnings requirements.

Parents themselves described the system as difficult to navigate, with one saying:

"You need a maths degree to understand funding and what you actually need to pay."

Consumer choice depends on good information. Where more than half of enquiries involve understanding the basic mechanics of entitlement systems, the market cannot be considered fully transparent.

The CMA should investigate whether the complexity of current arrangements undermines effective consumer choice.

Q6: Are there any specific areas that we should focus on because they have the potential to disproportionately affect vulnerable consumers (for example, those who may be at greater risk of poor outcomes or face additional barriers, including due to low income, disability, mental health, or because they are making decisions under stress or emotional pressure)?

The strongest evidence of market failure concerns disadvantaged children, children with SEND, low-income families, families with no recourse to public funds, parents in education or training and those working atypical hours. These groups should be central to the CMA's analysis.

Our October 2024 report on Early Education for Disadvantaged Children shows persistent barriers to participation among disadvantaged two-year-olds. These barriers remain present, as evidenced by the Department for Education's annual statistics on funded early education and childcare, which show that, in 2026, only 72% of children eligible for Early Learning for 2-year-olds had taken up a place⁷. While this represents an increase of 6 percentage points from last year, it follows a fall of 10 percentage points the previous year. The number of children registered for the entitlement is now the lowest since records began, following a downward trend for several years running. In contrast, 90% of children eligible for the universal entitlement for three- and four-year-olds were registered as taking up a place.

⁷ <https://explore-education-statistics.service.gov.uk/find-statistics/funded-early-education-and-childcare/2026>

As described earlier, our Childcare Survey 2026 evidence found only 44% of local authorities reported sufficient childcare for children with SEND. This gap has been a consistent trend for many years.

We are pleased to see that school-based nurseries are in the scope of the CMA review. This is particularly important in the context of the government's expansion of school-based nurseries and the heavy priority given to applications in areas of disadvantage. Department for Education's annual statistics on funded early education and childcare show that nearly two-thirds (64%) of all two-year-olds attending a state funded school nursery are doing so under the Early Learning for 2-year-olds entitlement, compared to only 21% of two-year-olds in PVI settings. Essentially, this means that school-based providers are significantly more likely to cater for disadvantaged two-year-olds. However, maintained and school-based nurseries typically follow the same operating patterns as schools and are less likely to be open before 9am or after 3pm, or outside of term time, which risks entrenching barriers to work for disadvantaged families. As heard in our Childcare Survey 2026 focus groups, parents need available childcare to facilitate work, but need a job before they can afford to sign up for extra childcare hours. The CMA should consider these contexts, to ensure parents in disadvantaged areas are not unintentionally shut out of work.

Q8: Are there any specific issues we should focus on in terms of how, and the extent to which, childcare providers compete to gain consumers and are incentivised/disciplined to meet consumers' preferences and needs? Why?

Funding arrangements create strong incentives that affect provider behaviour. However, providers face workforce shortages, SEND pressures and funding constraints. In particular, providers report that three- to four-year-old funding rates are insufficient to cover costs without operating in a way which is unsafe. This creates incentives to prioritise fee-paying families and additional purchases, and can encourage restrictions on funded-only places.

The CMA should examine whether childcare providers can genuinely compete on quality when operating in an environment characterised by:

- Workforce shortages and retention pressures;
- Increasing operating costs;
- Funding rates that providers report do not always meet delivery costs;
- Uneven local supply conditions.

In our Childcare Survey 2026 focus groups, parents consistently reported staff quality, stable relationships and low workforce turnover as key indicators of quality. This highlights the importance of workforce sustainability as a driver of competition and consumer outcomes.

Q9: Are there any particular types of conduct or practices we should focus on that may adversely affect consumers or competition? What are they and why should we focus on them?

The CMA should investigate charging practices, consumable fees, session restrictions and limits on funded-only access. The Early Education for Disadvantaged Children report identified provider restrictions and barriers affecting disadvantaged families and parent

evidence from our Childcare Survey 2026 suggests many families struggle to find settings that fully deliver funded places without additional payments.

We recommend detailed investigation of:

- Charging practices;
- Consumable fees;
- Admission restrictions;
- Limits on funded-only access;
- Inclusion of children with SEND.

The CMA should consider whether these practices limit genuine consumer choice and undermine policy intentions.

Q10a: We are interested in whether the regulatory frameworks in this sector, and their enforcement, along with complaint and redress mechanisms, support good competition/consumer outcomes. Are there any particular areas we should consider? Why?

At present, different parts of the market operate under different regulatory environments. Maintained and school-run provision is governed by education legislation whereas Private, Voluntary and Independent provision is not. Some of this disparity is mitigated by the Early Years Foundation Stage Framework, but not in totality, resulting in unequal experiences and outcomes for consumers.

Education legislation safeguards access to provision for school-aged, disadvantaged children but early years policy has not caught up to take account of the current delivery model, which is largely reliant on Private, Voluntary and Independent (PVI) providers, who are responsible for 77% of places⁸:

- Looked after children and previously looked after children, including children who have been adopted, are given priority in the school admissions process. In early years, the same duty only applies to maintained and school-run provision, which provide only 23% of places.
- As with admissions priority for looked after children, the protections that exist for children with SEND to access a school place do not exist in the same way in early education. For school-age children, any maintained school named on an Education, Health and Care plan (EHCP) must accept the child to the school. The same only applies in early years to maintained nurseries or nursery classes in schools. Whilst this is technically the same policy as places for school-aged children, families' experience is significantly different given the vastly different landscape – maintained schools provide the majority of places for school-aged children and private schools the minority, whereas the opposite is true in early years.

The CMA should investigate whether statutory admission duties should be extended to PVI providers as a condition of receiving Government funding in order to address this disparity.

⁸ <https://explore-education-statistics.service.gov.uk/find-statistics/childcare-and-early-years-provider-survey/2025#section-section-2-childcare-places>

Local authorities have frequently told us they face a difficult position of responsibility for ensuring compliance in the sector, whilst relying on it to meet their childcare sufficiency duty. Recent years have seen a move away from provision run directly by local authorities, thereby increasing reliance on the PVI sector. Local authorities in our National Association of Family Information Services (NAFIS) network describe a compliance and regulation workload that they are under resourced to deliver. This is also evident in our roundtable discussion with 14 local authority staff in 2025, as part of creating a good practice guide on inclusive early education⁹.

Local authorities report challenges in collecting information from, and in establishing relationships and engagement with, very large nursery chains and childminders, risking a skewing of data to mid-size providers and uneven experience for families.

In addition, local authorities report uncertainty with the level of action they can take and when, and feeling hesitant about disrupting a market relied upon by local children and families. Local authorities in our NAFIS network consistently report a desire for more resource, direction and guidance from central government.

At present, too much emphasis is put on parental complaints to local authorities as a measure of local sufficiency and compliance. This is ineffective, as many families consider the consumer relationship to be between themselves and the childcare setting, and are unaware there is a complaint route with their local authority, risking heavy under-reporting. This is particularly true of disadvantaged families, who may be more likely to lack the confidence, knowledge, resilience, or trust in statutory services to raise a complaint with their local authority.

In summary, Coram Family and Childcare's view is that the childcare market cannot be assessed solely through price and competition metrics. The CMA should evaluate whether the market delivers fair access, meaningful consumer choice and equitable outcomes for all children and families, particularly those who stand to benefit most from early education.

⁹ <https://www.local.gov.uk/publications/supporting-inclusive-early-education-good-practice-guide>