

Scope of Works consultation – Grandir UK response

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?

We support the CMA's proposed scope as it captures the full range of early years education and childcare services and provider types operating within England. We particularly welcome the inclusion of providers of all sizes and business models, and the focus on children from birth to school age. However, we encourage the CMA to ensure its analysis fully considers the impact of government funding arrangements, workforce and constraints.

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?

We broadly agree with the CMA's description of a well-functioning market for early years education and childcare services. We welcome the focus on ensuring sufficient availability of high-quality provision, supporting informed parental choice, promoting effective competition where appropriate, and maintaining a clear and proportionate regulatory framework.

We also believe it is important to recognise the role that government funding, workforce availability and provider sustainability play in enabling these outcomes to be achieved. The ability of providers to meet demand, invest in quality, expand provision and support families with diverse needs is closely linked to these wider factors. We therefore encourage the CMA to consider these elements alongside competition and market dynamics as part of its assessment of what constitutes a well-functioning market.

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

We consider that the childcare sector displays some of the characteristics of a well-functioning market, particularly in the commitment of providers to delivering high-quality care and education, the diversity of provider types available to families, and the sector's ability to respond to changing patterns of demand.

However, we do not consider that all of the characteristics identified are consistently present across the sector at this time. In particular, the ability of providers to expand

capacity and respond to demand can be constrained by workforce availability, funding arrangements and local variations in demand.

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?

Policies that improve transparency for parents, simplify funding administration and support sustainable provider economics are likely to have the greatest positive impact on both consumer outcomes and competition.

Transparency and comparability of childcare costs

Many families struggle to understand the true cost of childcare because the system combines:

- Government-funded hours
- Voluntary charges
- Additional services
- Stretched versus term-time funding models
- Tax-Free Childcare and other support schemes

Families often compare providers on headline pricing rather than total net cost. Greater transparency and consistency in how costs are presented would support informed decision-making.

Understanding of funding entitlements

The childcare funding system has become significantly more complex following the phased extension of funded childcare to working parents of children aged from 9 months. Many families do not understand:

- What they are entitled to
- Eligibility criteria
- How stretched funding operates
- How funding interacts with paid hours and additional charges

Family outcomes would improve if information were simpler and more consistent nationally.

Ability to switch providers

The process for transferring a child and associated funding between providers can be confusing for families and varies between local authorities. Simplifying funding transfer processes would strengthen competition by making switching easier.

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)?

Low-income families

Families on lower incomes are often most affected by:

- Delayed reimbursement mechanisms
- Complexity of funding rules

The current system can create barriers even where government support is available.

Children with SEND

Families seeking childcare for children with special educational needs and disabilities frequently face additional challenges:

- Availability of suitably trained staff
- Access to specialist support
- Variable local authority SEND funding arrangements

Children with SEND often require higher staffing ratios and additional specialist support. Variations in local authority SEND funding, inclusion support and assessment processes can result in unequal access to childcare provision depending on location.

Families with limited digital access or lower levels of confidence navigating public services may face additional challenges understanding eligibility criteria and accessing available support.

Parents returning to work

Families making childcare decisions are often doing so during periods of significant pressure, including maternity leave transitions and financial stress. Complexity within the childcare support system creates particular disadvantages for families making time-sensitive decisions.

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?

Impact of funding rates on competition

The CMA should examine whether government funding rates adequately reflect delivery costs.

Many providers operate with very limited margins and that funded three- and four-year-old places may not fully cover delivery costs.

Capacity constraints limiting consumer power

Competition works effectively only where families have genuine alternatives. In areas with significant place shortages, the normal competitive discipline of consumer choice is weakened.

Quality as a competitive differentiator

The childcare market is unusual because families often prioritise:

- Safety
- Staff quality
- Relationships
- Educational outcomes

over price alone.

The CMA should therefore consider how quality indicators influence competition and whether current information available to parents adequately reflects quality differences.

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? Areas to focus on

Lack of fee transparency

The CMA should assess whether all providers present:

- Funded hours
- Additional charges
- Consumables fees
- Retainers

- Deposits

in a clear and comparable manner.

Inconsistent local authority administration Differences in funding administration between local authorities can create confusion for parents and operational burdens for providers, potentially affecting competition across regions.

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?

National consistency

Providers operate within a combination of:

- Ofsted rules
- Local authority funding agreements
- DfE guidance

Greater consistency between local authorities could improve both consumer understanding and provider efficiency.

Funding model flexibility and market sustainability

The current childcare funding model is based on 38 weeks of provision, whereas many working parents require childcare for 50–52 weeks per year and most nurseries operate throughout the year. This creates complexity for families and can place financial pressure on providers, which may affect market sustainability, local availability of places and parental choice. Consideration should be given to whether funding arrangements better reflect year-round demand and allow greater flexibility in the delivery of funded hours. This could improve affordability and accessibility for families while supporting a more sustainable and competitive provider market.

Q10b: Are there elements of these regulatory frameworks that create unnecessary or disproportionate barriers to competitive dynamics, such as entering the childcare sector, expanding existing businesses, introducing new business models?

Planning and premises requirements

Securing suitable nursery premises can be lengthy and costly. Planning processes can significantly delay market entry.

Workforce and qualification requirements

Quality standards are critical, but ongoing recruitment and retention challenges make expansion difficult across the sector. Workforce availability is frequently a bigger constraint on growth than consumer demand.

Funding administration complexity

Providers must comply with multiple local authority funding systems and processes. Greater standardisation could reduce administrative costs and facilitate expansion.

Q11: More generally, are there any barriers to entering the provision of childcare services, or to expanding existing businesses, that you believe are unnecessary or disproportionate? If yes, please explain. Are there any particular barriers for smaller businesses?

Workforce shortages

The most significant constraint on expansion is workforce availability.

Funding rates versus operating costs Providers need confidence that funding levels are sustainable. Providers operate with income only marginally exceeding costs, limiting investment and expansion.

Property and capital costs Opening new nurseries requires substantial capital investment in:

- Premises
- Fit-out
- Compliance
- Staffing before occupancy levels mature

These barriers can be particularly challenging for smaller independent operators.

Administrative burden on smaller providers

Smaller businesses may be disproportionately affected by:

- Funding compliance requirements
- HR obligations
- Regulatory reporting
- Local authority variations

because they lack the scale and central support infrastructure.