

Response to the Competition and Markets Authority Childcare Market Study

I am the owner of Happy Feet Childcare Ltd, an independent nursery which opened in September 2025. We are currently operating at approximately 75% occupancy and are losing around **£5,000 per month**, despite careful financial management.

I strongly support the CMA retaining funding adequacy and local authority conduct within the scope of this market study. Looking only at parental charges without examining why those charges exist will not provide an accurate picture of the childcare market.

Government funding does not cover the cost of delivery

Our local authority currently pays approximately **£6.20 per funded hour** for 3–5-year-olds.

Our private hourly rate is **£8.50 per hour**, which is already low compared with other providers in our area.

The difference between these figures represents a significant loss on every funded hour delivered. It is therefore impossible for many providers to rely solely on government funding whilst maintaining high-quality provision.

We choose to invest in quality

Rather than reducing costs, we have chosen to invest in staff and children's experiences.

Our workforce includes Level 3 practitioners, Level 5 practitioners, Qualified Teacher Status (QTS) staff and apprentices.

To recruit and retain high-quality staff we provide:

- Paid lunch breaks.
- Free meals during shifts.
- Additional annual leave.
- Paid medical appointment time.
- Opportunities to earn additional leave through excellent attendance.

These benefits improve recruitment, retention and continuity of care but significantly increase our operating costs.

Meals and consumables are not hidden charges

Government messaging frequently describes childcare as “free”, which creates unrealistic expectations for parents.

We charge:

- **£9 per day** for home-cooked meals, snacks and tea.
- **£5 per day** for consumables.

These are not profit-making charges.

Our meal charge funds a full-time chef employed for 40 hours per week, fresh ingredients and family-style dining, where children learn independence, healthy eating and social skills.

Our consumables charge funds birthday presents, Christmas celebrations, graduation gifts, dance sessions, singing, forest school, baking, Montessori resources, additional crafts and community outings.

Parents receive considerably more than basic childcare.

No child goes without

Where families experience genuine financial hardship, we support them wherever possible.

No child attending our nursery is denied food because of financial circumstances.

I have also reduced fees for working families experiencing exceptional hardship.

Government messaging has damaged trust

Many parents are shocked to discover that funded childcare does not include food or additional activities.

Parents often believe providers are introducing unnecessary charges when, in reality, providers are attempting to bridge the gap created by inadequate funding.

The phrase “30 hours free childcare” does not accurately reflect how the system operates.

The current system reduces flexibility

Parents understandably wish to spread funded hours across five shorter days.

However, this can occupy a childcare place for an entire operational week whilst generating insufficient income to cover the cost of providing that place.

Providers therefore have limited flexibility in how funded places can be offered.

Administration places huge burdens on small providers

The administration surrounding funded childcare is substantial.

Funding claims require many additional unpaid hours.

I am currently spending an entire weekend investigating what appears to be approximately **£6,000 of missing funding**.

Resolving funding queries with the local authority is difficult, as communication is generally restricted to email.

Independent providers need to be heard

I am concerned that evidence gathered primarily from large nursery groups will not reflect the reality faced by small independent providers.

Independent nurseries operate with different financial pressures and far fewer resources.

If the CMA wishes to understand the childcare market accurately, evidence from independent providers must carry equal weight.

Conclusion

The issue is not whether providers charge for meals or consumables.

The issue is why those charges have become necessary.

Independent nurseries are not making excessive profits. Many of us are operating at significant losses whilst continuing to invest in quality, staff and children's experiences.

Unless funding adequately reflects the true cost of delivery, more independent providers will close, reducing parental choice and increasing market consolidation.

