

Competition and Markets Authority
Early Years Education and Childcare Market Study
23 July 2026

1. The NASUWT welcomes the opportunity to respond to the Competition and Markets Authority's (CMA's) statement of scope and call for evidence on early years education and childcare services in England.
2. NASUWT is The Teachers' Union and is the voice of the teaching profession.

Our aim is to improve and protect the status, morale and working conditions of the teaching profession so that teachers and head teachers can provide the best education and support to children and young people.

We are committed to ensuring that teachers and head teachers are recognised and rewarded as highly skilled professionals with working conditions that enable them to focus on their core role of leading teaching and learning.

3. The NASUWT recognises the important role played by private, voluntary and independent (PVI) providers and childminders. However, the Union's particular perspective is that of teachers and leaders working in maintained settings. These settings are an essential component of the early years system and should be examined as a distinct form of provision rather than subsumed within an undifferentiated "school-based" category.

GENERAL COMMENTS

4. Early years education and childcare is a heavily state-shaped quasi-market. Government determines the entitlement framework, provides a substantial proportion of sector income, regulates staffing and quality, and places sufficiency and funding responsibilities on local authorities.
5. Families are not equivalent to conventional consumers. They often make decisions at a point of considerable pressure and may have limited information about the quality or financial resilience of providers. The consequences of provider failure, poor quality or an unsuitable placement fall primarily on children.
6. There are also substantial limits to the ability of families to exercise market discipline by switching provider. Moving a young child can disrupt important attachments and continuity of care. In many areas, waiting lists, travel distances, session patterns, working hours or SEND requirements mean that there is no practical alternative provider.
7. The CMA should therefore avoid assuming that greater entry, competition or switching will necessarily produce better outcomes. A well-functioning system requires active public planning, secure funding, effective regulation and a qualified and fairly rewarded workforce.
8. The study should recognise that the delivery of early education and childcare involves several objectives. These include supporting children's development, enabling parents to work, reducing inequality and providing early identification and support for additional needs. These objectives may not always be secured through market incentives alone.

SPECIFIC COMMENTS

Do you agree with the proposed scope?

9. The NASUWT broadly agrees with the proposed service and geographical scope. It is appropriate to include childminders, group-based providers, maintained nursery schools and schools offering nursery classes, and to focus on England given the devolved nature of early years policy.
10. However, the category of “school-based providers” is too broad. The CMA should distinguish between maintained nursery schools, nursery classes in local authority-maintained schools, academy provision and PVI provision operating from school premises.
11. These models have different governance, staffing, funding, accountability and cost structures. Treating them as a single category risks obscuring both the pressures facing maintained provision and its contribution to the quality and inclusiveness of the wider system.
12. Maintained nursery schools should be examined separately. They are purpose-built early years institutions led by qualified teachers and often provide specialist support for children with SEND, children experiencing disadvantage and families with complex needs. Some also provide training, outreach and professional support to other settings.
13. The study should consider the interface with Reception and the wider school system. Nursery classes and Reception may share staff, premises, leadership, curriculum planning and SEND expertise. Funding or capacity decisions affecting one phase may have direct consequences for the other.
14. The CMA states that it will not assess educational standards because this is a matter for Ofsted. Nevertheless, it cannot assess whether the

sector is functioning effectively without considering the structural determinants of quality. These determinants include workforce qualifications, the presence of qualified teachers, staff-child ratios, pay, staff turnover, professional development, safeguarding capacity and the continuity of staffing and provision.

15. The CMA should also examine the role of local-authority early years advisory teams, SEND services and family support. These functions help to sustain quality across maintained and PVI provision.

Do you agree with the CMA's characteristics of a well-functioning market?

16. The NASUWT agrees with some elements of the CMA's proposed framework, including the importance of availability, affordability, high quality, inclusion, effective public bodies and clear information. However, the framework is too heavily based on the characteristics of an ordinary consumer market.
17. A well-functioning early years system should provide every child with access to high-quality early education. It should promote children's learning, safety and wellbeing and should reduce rather than reproduce socioeconomic inequality. The system should include children with SEND and meet the cost of necessary support. It should also provide continuity of care and stable relationships, which cannot be captured adequately through measures of price, choice or ease of switching.
18. Workforce considerations should form part of the CMA's definition. A system cannot be regarded as functioning well if it depends on low pay, high turnover, inadequate professional development or the dilution of qualification requirements.
19. A well-functioning system must also maintain sufficient public and not-for-profit capacity, ensure transparent use of public funding and enable local authorities to plan provision and address gaps.

20. Competitive pressure cannot substitute for professional standards or regulation. Families cannot readily observe every aspect of quality, particularly the quality of adult-child interactions, safeguarding culture, curriculum leadership or SEND practice.

Does the sector currently display these characteristics?

21. The NASUWT does not believe that the sector consistently displays the characteristics of a well-functioning system.
22. The CMA's statement of scope notes that 39% of parents in England reported in 2024 that there were insufficient childcare places in their local area, compared with 26% in 2019. This indicates a significant and growing sufficiency problem.
23. The CMA also highlights substantial differences between provider types. Around 26% of nursery-class settings received less than 80 pence of income for every £1 of costs, whereas 43% of private group-based providers received more than £1.20 of income for every £1 of costs.
24. These figures require careful examination. The higher costs of maintained and school-based settings should not be treated as evidence of inefficiency. Maintained settings must meet teachers' pay and pension requirements and are more likely to employ highly qualified staff.
25. The Department for Education's 2025 provider survey found that 41% of paid school-based staff held an early years or teaching-related qualification at Level 6 or above. The corresponding figure for group-based staff was 11%.
26. The survey also found that staff turnover was 7% in school-based provision, compared with 14% in group-based provision. Median hourly

pay was £19.43 for school-based staff and £13.02 for group-based staff. Staffing accounted for 88% of school-based providers' total costs.

27. These differences are relevant to quality and sustainability. A system that appears cheaper because it relies on low pay, lower qualifications or insecure employment cannot automatically be regarded as more efficient or better value.
28. Funding arrangements do not consistently reflect the actual cost of provision. Maintained settings have limited opportunities to cross-subsidise publicly funded hours through parent-paid hours or additional services.
29. Maintained nursery school supplementary funding remains important but in 2026/27 it applies only to universal entitlement hours for three- and four-year-olds. This does not necessarily recognise the full costs incurred by maintained nursery schools delivering provision across different age groups and entitlements.

Consumer journeys, information and choice

30. Families need clear, accessible and comparable information, but this should extend beyond advertised hourly fees and Ofsted judgements.
31. Parents should be told the total unavoidable cost of attendance, including any charges for meals, consumables or additional hours. They should also receive clear information about deposits, minimum-session requirements, notice periods and restrictions on the use of funded hours.
32. Information about quality should include the qualifications of staff, the involvement of qualified teachers and the support available for children with SEND. Families should also be able to identify the ultimate owner of a setting and whether it is part of a larger provider chain.

33. The CMA should examine whether some families are told that a funded place is available only if they purchase additional hours or services. It should distinguish between genuinely optional charges and charges that are, in practice, a condition of accessing a place.
34. Ease of switching should not be used as a primary indicator of effective competition. Continuity and stable relationships are particularly important for young children. Policy should focus on ensuring that the initial placement is suitable and sustainable.

Vulnerable consumers

35. The CMA should give particular attention to children and families who face barriers because of poverty, disability, SEND, language, insecure employment, rurality, transport difficulties or a need for non-standard hours.
36. The study should investigate whether children with SEND are refused places or offered only shortened or conditional sessions. It should also examine cases in which parents are asked to remain on site because a provider cannot meet a child's needs.
37. Funding arrangements may create disincentives to admit children whose support costs exceed the resources available to the provider. The CMA should therefore consider the sufficiency and timeliness of the SEN Inclusion Fund, Disability Access Fund and high-needs funding.
38. Particular attention should be paid to children who do not have an Education, Health and Care Plan but nevertheless require significant support. Local application and assessment processes should not delay a child's access to suitable provision.

39. The CMA should examine whether maintained settings educate a disproportionate share of children with complex needs and whether their funding reflects this responsibility.
40. The introduction of the Inclusive Early Years Fund is welcome. However, the CMA should examine whether its level, distribution and interaction with existing SEND funding are sufficient. The fund should not be taken as evidence that current pressures have been resolved.
41. The CMA should also investigate the distributional impact of entitlements linked to parental employment. Early education is valuable to children irrespective of their parents' labour-market status. Expansion of the working-parent offer must not marginalise the universal entitlement or provision for disadvantaged two-year-olds.

Competition between providers

42. Providers do not compete on a level playing field. Maintained settings have statutory, contractual and public-accountability obligations that are not replicated in all parts of the sector. They may also be expected to admit children with more complex needs.
43. Maintained settings have less scope to generate income through additional charges or parent-funded provision. Their financial position should therefore not be compared directly with that of providers operating a different business model.
44. The CMA should examine the relationship between provider costs and workforce qualifications, pay, pensions, SEND intake, leadership responsibilities and public accountability. This would allow it to distinguish between genuine inefficiency and the legitimate cost of high-quality provision.
45. Competition may create incentives to concentrate provision in more affluent areas or to prioritise children and session patterns that cost

less to serve. The CMA should investigate whether this contributes to SEND exclusion or geographic cold spots.

46. New school-based capacity should be planned through robust local sufficiency assessments. Expansion should meet identified unmet need rather than displace existing high-quality provision or destabilise maintained nursery schools.
47. The contribution of maintained provision should therefore be understood in terms of system capacity and public value, not only its share of the market.

Conduct or practices affecting consumers or competition

48. The CMA should examine opaque or effectively compulsory additional charges, restrictive session requirements attached to funded places, excessive deposits and unfair notice or fee-increase terms.
49. It should also investigate misleading descriptions of “free” or “funded” provision and practices that restrict access for children with SEND.
50. The growth of large chains and private-equity ownership warrants particular scrutiny. The CMA should obtain information about ultimate ownership, borrowing, dividends, management fees, related-party transactions, property arrangements and executive remuneration.
51. The CMA should also consider whether large providers have adequate business-continuity and closure plans. Sudden provider failure can cause serious disruption to children, families, staff and local authorities.
52. Market concentration should be measured locally as well as nationally. A provider group may have a modest national share while holding substantial market power in a particular town or local-authority area.

Regulation, enforcement, complaints and redress

- 53. Effective regulation is essential because young children cannot protect their own interests and families cannot directly observe every aspect of provision.
- 54. Any inconsistencies between the regulatory treatment of maintained, academy and PVI provision should be addressed by securing appropriate standards across the sector, not by weakening the requirements applying to maintained provision.
- 55. The CMA should consider whether Ofsted, local authorities and other bodies have sufficient capacity to address unsafe provision, discriminatory access practices, misuse of publicly funded entitlements and provider financial instability.
- 56. Complaints processes should be coherent and accessible. Families should receive clear information about the respective responsibilities of providers, governing bodies, academy trusts, local authorities, Ofsted and the CMA.
- 57. The NASUWT recognises that some administrative and assessment practices generate unnecessary workload. These burdens should be addressed through clearer and more proportionate requirements and limits on unnecessary evidence collection. This does not justify removing valuable local-authority expertise, moderation or professional support.

Does regulation create unnecessary barriers to competition?

- 58. The NASUWT does not accept that staff-child ratios, qualification requirements, safeguarding duties, first-aid requirements or SEND responsibilities are unnecessary barriers. They are essential protections for children.

59. The Union has previously opposed proposals to reduce qualification requirements, count students or apprentices as substitutes for qualified staff, or relax standards outside designated “peak” hours. The quality and safety of provision should not depend on the time of day at which a child attends.
60. DfE data indicates that, following the change in the statutory ratio for two-year-olds from 1:4 to 1:5, around 32% of group-based providers and 37% of school-based providers were operating at the 1:5 ratio in 2025. Before the change, only around 1% of group-based providers operated at that level.
61. This demonstrates that regulatory relaxation has a real and foreseeable effect on staffing. Further relaxation could reduce the attention available to individual children and increase pressure on staff.
62. Where unnecessary barriers exist, they are more likely to arise from unpredictable funding, complex SEND funding processes, duplicated reporting, planning constraints, insufficient capital support or delays in registration. These issues should be addressed without compromising standards.

Other barriers to entry or expansion

63. The principal barriers to sustainable provision are funding rates that do not reflect actual costs, uncertainty about future policy, workforce shortages, premises costs and inadequate SEND funding.
64. Reductions in local-authority advisory and support capacity have also made it harder for providers to obtain specialist advice and respond to local need.
65. These pressures may affect small providers particularly severely. However, the objective should not simply be to maximise the number of

entrants. Policy should support providers capable of delivering sustainable, inclusive and high-quality provision.

66. Maintained nursery schools and nursery classes face particular constraints. Their ability to expand may be limited by wider school funding pressures, capital requirements and a funding model that does not recognise their full staffing and statutory costs.
67. The Government should provide a stable, multi-year funding settlement. Funding rates should be based on an independently established cost model rather than on what can be accommodated within a predetermined rate.
68. The cost model should recognise appropriate pay and pensions, safe staffing levels, leadership and administration, planning and assessment time, professional development, premises costs and the additional expense of inclusive SEND provision.

Workforce

69. Workforce policy is central to the functioning of the sector and should be a major strand of the CMA study.
70. Research and professional experience demonstrate the importance of highly qualified staff and qualified-teacher leadership. The substantially higher proportion of Level 6-qualified staff in school-based provision should be recognised as a strength to be extended across the sector.
71. The NASUWT continues to support Qualified Teacher Status as the appropriate standard for those employed as teachers. Early years teachers should enjoy professional status, pay, induction, development and career opportunities equivalent to those of other teachers.
72. A national workforce strategy should establish coherent career and qualification pathways and improve access to funded professional

development. It should also secure qualified-teacher support for settings that do not employ a teacher directly.

- 73. The strategy must address pay, workload, working time and insecure employment. It should also include effective arrangements for collective bargaining and workforce engagement.
- 74. Low pay and poor conditions should not be treated as the basis for an efficient childcare market. Public funding should support decent employment and sustainable professional careers.

Role of public bodies

- 75. Local authorities need the resources and capacity to undertake detailed sufficiency assessments, identify unmet need and plan provision across different provider types.
- 76. They should be able to address rural and disadvantaged-area cold spots, secure suitable SEND provision and provide professional advice and specialist support.
- 77. Local authorities also need the information and powers necessary to monitor financial resilience and coordinate action where a provider is at risk of closure.
- 78. A high funding pass-through requirement may increase the amount paid directly to providers, but it can also constrain the resources available for local-authority early years and SEND services. The CMA should examine the value of these services before treating centrally retained expenditure as avoidable overhead.
- 79. Maintained provision should form a central part of local sufficiency and improvement strategies. It should not be treated as a residual service expected to absorb complex needs or market failure without corresponding resources.

Market investigation reference

80. The NASUWT does not take a concluded position at this stage on whether the CMA should make a market investigation reference under section 131 of the Enterprise Act 2002.
81. The CMA should retain this option if its evidence identifies excessive local concentration, anti-competitive acquisitions, harmful financial extraction, systemic barriers to maintained provision or ownership structures that create an unacceptable risk of disorderly failure.

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