



The National Partnership in Early Learning and Childcare

Response to the Statement of Scope from the Competition and Markets Authority early years education and childcare services market study

This response to the statement of scope has been prepared ahead of submission to the Competition and Markets Authority's market study into early years education and childcare services in England.

This will influence the scope and early direction of the study, ensuring that the CMA examines the market as a whole, including the impact of funding design, local authority administration, regulation, workforce constraints and SEND support, rather than focusing only on provider conduct.

It also seeks to ensure that childminder agencies and agency-registered childminders are fully reflected in the CMA's evidence base and stakeholder engagement, and to position NPELC as a constructive partner throughout the study.

Summary of interests

The National Partnership in Early Learning and Childcare (NPELC) brings together early years providers operating across England, including nursery groups and childminder agency provision. Its members have a direct interest in a high-quality, affordable, accessible and sustainable childcare market, supported by effective funding, proportionate regulation, consistent local authority administration, a skilled workforce and timely SEND support.

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?

NPELC broadly agrees with the proposed services and geographic scope.

The Statement of Scope already provides a suitably broad framework, covering access, affordability, funding, consumer choice, provider sustainability, the role of public bodies, barriers to entry and expansion, and different provider and ownership models. We therefore do not propose a substantial expansion of the study.

We recommend one important clarification to the services scope, alongside a small number of priorities within the CMA's existing areas of focus.

Childminder agencies and agency-registered childminders

Childminder agencies and agency-registered childminders should be explicitly and consistently included throughout the study.

Although the Statement of Scope recognises that childminders may register through an agency rather than directly with Ofsted, several statements and figures subsequently use the general term "childminders" where the underlying evidence appears to relate only to Ofsted-registered childminders.



The Department for Education has confirmed that the Survey of Childcare and Early Years providers is issued only to Ofsted-registered childminders. NPELC has previously asked the Department to use clearer terminology and include childminder agency provision within its evidence base.

Without a clear distinction, the CMA risks drawing incomplete conclusions about:

- the overall number of registered childminders
- trends in supply, entry and exit
- income, costs and profitability
- the role of agencies in supporting new entrants
- competition between different registration and support models

The decline of childminders referred to in the Statement of Scope appears to relate to childminders registered directly with Ofsted, rather than to the childminding market as a whole.

The CMA should test this evidence through its study, but it should not use trends in direct Ofsted registration as a proxy for trends across all registered childminders.

We recommend that the CMA:

1. Amend paragraph 3 so that any decline is attributed specifically to Ofsted-registered childminders, while separately examining growth and supply trends among agency-registered childminders.
2. Amend or relabel the table on page 8 so it is clear whether the figures cover all registered childminders or only those registered directly with Ofsted.
3. Clarify in paragraph 17 that the figures drawn from the DfE provider survey exclude agency-registered childminders.
4. Clarify in paragraph 18 that the cited income, cost and profitability data do not cover the agency-registered segment.
5. Expand paragraph 20 to reflect the role of childminder agencies in registering, supporting and quality-assuring their childminders.
6. Amend the stakeholder list in paragraph 38 to refer explicitly to childminder agencies, agency-registered childminders and the Organisation for Childminder Agencies.
7. Incorporate agency registration, growth, income and profitability data into the study's evidence base, including evidence held by Tiney.co and other childminder agencies.
8. Correct the relevant descriptions and data labels in the Statement of Scope at the outset of the study, before they are relied upon during evidence gathering and analysis.
9. Engage directly with Tiney.co, OFCMA and other childminder agencies.



Childminder agencies can reduce barriers to entry by providing registration, training, quality assurance, business support and ongoing professional development, so these distinctions materially matter.

Agency-registered childminders are individual small businesses and are directly relevant to the CMA's examination of entry, expansion, entrepreneurship, market diversity and competition.

The agency model enables many women, including women from lower-income backgrounds, to establish sustainable home-based businesses and earn a professional income. The income generated by these businesses is retained within their households and local communities.

54% of children using childminders registered through Tiney.co are from the most deprived half of neighbourhoods in England, as measured by the Income Deprivation Affecting Children Index.

This is approximately eight-ten percentage points above the reported sector average, in a market where families in more deprived areas are reported to be 19 percentage points less likely to access formal childcare than families in more affluent areas. Please see the appendix shared alongside this response for further details.

These figures indicate that agency-supported childminding may be particularly relevant to the CMA's work on access, disadvantage and underserved communities.

Priorities within the existing scope

Within the areas already identified by the CMA, NPELC recommends that the study prioritises:

- how the design and administration of funded entitlements affect affordability, flexibility, provider sustainability and family choice, including the 38-week model, termly eligibility, daily caps and payment timings
- the practical consequences of differing local authority interpretations, provider agreements, claims processes and audit requirements
- the timing, consistency and portability of SEND funding and support
- whether publicly supported expansion is targeted towards genuine local gaps or risks displacing sustainable existing provision
- whether the CMA's evidence and analysis are sufficiently granular to identify differences by local authority, deprivation, rurality, provider type and registration route.

These are not proposed additions to the scope, but areas where focused analysis would help the CMA distinguish between issues arising from providers' practice and those caused or amplified by the design and administration of the wider system.

Geographic scope



England is the appropriate geographic scope, given that early years funding, regulation and administration differ materially across the UK due to devolution.

Within England, however, the CMA's analysis should be sufficiently granular to reflect the local nature of childcare markets and identify variation by:

- local authority
- region
- deprivation
- rurality
- child age
- provider type
- registration route
- SEND
- opening pattern
- local workforce conditions

National-level data can obscure significant differences in availability, affordability and family choice between local authority areas and communities. A market may appear diverse and competitive at national or regional level while offering very limited meaningful choice to a particular family because of distance, opening hours, the child's age, SEND needs or the availability of places.

The government's efforts to collect data does not secure an accurate reflection of the true picture across the country, meaning the Government's (and other stakeholders') wider understanding of what the sector needs is based on flawed information and lack of understanding of the true breadth of the early years market. An example of this is the early years provider survey, which only includes Ofsted-registered childminders and does not include agency-registered childminders, meaning thousands of childcare providers are automatically not included.

The provider survey, which the DfE uses to inform its understanding of the sector and to develop and implement policy is not completed properly by providers across the sector because of the way in which the survey is administered. The sector has raised this issue with the DfE many times and yet this has not changed and so the survey continues to not be truly reflective of provision across the sector.

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?

NPELC broadly agrees with the characteristics set out in paragraph 30, but we recommend that they are expanded and refined.



The CMA identifies four principal characteristics:

- availability of supply
- effective competition between providers
- informed and engaged consumers
- a well-designed regulatory environment

These are appropriate starting points. However, a well-functioning early years market should also explicitly include:

- a sustainable and sufficiently skilled workforce
- a diverse and resilient provider base
- inclusive provision for children with SEND
- consistency and transparency in the administration of public funding
- effective and timely complaint and redress mechanisms
- continuity and stability of care
- public investment targeted towards genuine gaps
- competition across quality, suitability, flexibility and value, rather than price alone
- investment in quality and long-term sustainability

Childcare is not a conventional consumer product. Families are making significant and often sensitive decisions about their children's care, safety and development. They consider trust, practitioner relationships, continuity, safeguarding, location, opening hours, flexibility, SEND capability, meals and educational quality alongside price.

Competition should therefore be assessed across quality, value, suitability, availability and price.

A lower headline price would not represent a positive consumer outcome if it undermined:

- staffing levels
- workforce stability
- safeguarding
- inclusion
- quality
- continuity of care
- the availability of places over the longer term



Quality must remain central to the CMA's assessment. Childcare is early education and care for young children, it is a valuable service for the local community and not a commodity.

The definition should also recognise the significant role played by government and public bodies. Funding rates, eligibility rules, local authority administration, regulation, planning and decisions about public provision all influence:

- prices
- market entry
- expansion
- financial sustainability
- parental choice
- the availability of services

Additionally, price moves are driven by costs directly caused by government policies, from ratio requirements, to recent regulatory changes to sleep products available to use, to business rates and increases in national minimum wages.

Providers cannot always respond efficiently to demand where funding is unpredictable, local rules differ materially, or the necessary workforce and premises are unavailable.

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.

Availability of supply: No, not consistently

England benefits from a diverse range of nursery, pre-school, childminder, childminder agency and school-based provision. In many local areas, families can choose between different environments, opening patterns and service models.

However, availability is uneven.

Families may find it particularly difficult to secure provision that:

- is accessible when they expect for example when their child turns 9 months old
- is available to confirm eligibility in advance for example when on maternity leave
- meets atypical or changing working patterns
- operates year-round
- is suitable for younger children



- is within reasonable travelling distance
- has sufficient space at the required times
- can support a child with SEND

The principal drivers include:

- workforce shortages
- planning and premises constraints
- uncertain or low-density local demand
- funding rates and payment arrangements, including the pass-through rates and the timelines of when children have to be added to the headcount
- the specific and differing demand and workforce shortage dynamics for example in disadvantaged or rural areas
- delayed or insufficient SEND support
- inconsistent local administration

Potential remedies include:

- an accessibility model that takes into account the year round nature of childcare
- better local sufficiency data
- targeted support in underserved areas
- planning and premises flexibility
- workforce development
- more predictable and sustainable funding
- timely SEND support
- greater coordination between local authorities, schools, family hubs and PVI providers

Effective competition between providers: Yes in many areas, but not universally

Where adequate supply exists, providers compete actively to attract and retain families.

Competition takes place through:

- quality
- reputation
- relationships with practitioners



- staff continuity
- location
- opening hours
- flexibility
- SEND expertise
- facilities
- curriculum
- meals and activities
- price and value

However, competition must be assessed locally. National provider scale alone does not distort each local market's dynamics.

The CMA should also recognise that publicly determined funding rates constrain the extent to which providers can compete on price for funded provision.

Informed and engaged consumers: No, not consistently

Providers have made progress in improving information for parents. However, the overall consumer journey remains unnecessarily complex.

Families may need to understand:

- termly eligibility windows
- funded hours
- 38-week and stretched offers
- Tax-Free Childcare
- Universal Credit childcare support
- local authority processes
- deposits
- registration fees
- consumables
- additional services
- minimum session structures



- the distinction between funded and privately paid provision

Government use of the term “free childcare” can create an expectation that the entire cost of a childcare place, including meals, extended days and additional services, is covered by public funding.

A nationally consistent shift towards “funded childcare” would more accurately describe the entitlement.

Information obligations should apply across the whole system. Providers should clearly explain charges and conditions, but central government and local authorities must also communicate eligibility, limitations and processes accurately and consistently.

Additionally, the administration process being tied to school term cycles is nonsensical for year-round providers; it confuses and forces parents to apply for funding in these cycles, ignoring when the parents are looking to return to work, making them either delay their return to work or go back too early in order to access the funding. It also means providers have to settle new babies within a condensed period of 1-2 weeks which is not the best outcome for the child or the staff.

Families would benefit from:

- a single national information journey for parents accessing funding, ensuring the Government invest in a centralised digital system that also allows funding to follow the child
- clearer terminology
- standardised consumer-facing information
- standardised accessibility arrangement - removing local authority variation
- accurate digital comparison tools
- better visibility of available places
- information that includes both directly Ofsted-registered and agency-registered childminder provision

NPELC supports the [recent changes](#) that have been implemented to provide families with clearer information. The Government must now ensure its own systems provide families with accurate and clear information to ensure they are able to make informed decisions about the childcare option they choose.

Well-designed regulatory environment: No, not consistently

The core regulatory framework establishes important safeguards and quality expectations. However, the framework is not always applied by local authorities and Ofsted in a clear, consistent or proportionate way.

Providers operating across multiple local authority areas encounter different:



- funding agreements
- audit requirements
- data requests
- claims systems
- headcount processes
- interpretations of national guidance

This creates avoidable cost and can result in different offers for families depending on where they live.

There is also scope to improve the consistency and transparency of Ofsted processes, including:

- inspection planning
- inspection duration
- notification thresholds
- treatment of different provider operating models
- the role of provider nominees
- complaints and appeals
- removal of regional differences in approach

The childminder agency framework must also be accurately reflected. Ofsted regulates and inspects agencies, while agencies register and quality-assure the providers on their books. A regulatory assessment that treats direct Ofsted registration as the only route would be incomplete.

Potential remedies include:

- a nationally standardised funding agreement
- common documentation
- consistent audit expectations
- a shared digital claims system
- clearer national safeguarding and notification thresholds
- proportionate regulation reflecting provider size and risk
- accessible and independent complaint and redress routes

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?



Understanding eligibility

Families should be able to understand the system through a centralised digital system that ensures they have full understanding of the funding available to them. This should cover:

- when their child becomes eligible
- how many hours are funded
- that entitlements cover 38 weeks
- how hours may be stretched across the year
- whether Tax-Free Childcare or Universal Credit support is available
- what must be reconfirmed and when
- which elements of a provider's service fall outside the funded entitlement

Parents should not need to navigate multiple overlapping systems to understand the support available to them. Much of the current complexity sits within policy and funding arrangements rather than with individual providers.

The Government's new tools, the eligibility checker, the childcare cost estimator, and the childcare director and provider finder, should help parents make more informed choices about the childcare provision that works best for their family.

That being said, these tools have been very recently introduced and so it remains to be seen how effective it will be for families, and has several elements within the tools that could be misleading for parents.

First, the information on the costs on the childcare cost estimator tool is out of date – it uses 2025 survey data, which has prices from 2024. This is important as it means that parents will be provided with inaccurate cost data. Additionally, the tool does not accurately reflect how providers invoice in practice, again meaning that parents have incomplete information when making their choices. Moreover, it aggregates costs at the regional level, but childcare costs are far more localised than this.

On the Childcare directory and provider finder are numerous concerns about how Ofsted ratings are shown, particularly between settings which retain historic 'Outstanding' or 'Good' judgements, and settings that have been inspected under the new inspection framework. These discrepancies could favour settings with one-word judgements, as parents understand that system and the two different inspection framework outcomes are not directly comparable.

However, the system should not require all providers to adopt identical operating models. Providers offer different opening hours, annual calendars, session structures and services in response to different family needs.

Transparency requirements should preserve:



- year-round provision
- stretched offers
- extended days
- meals
- activities
- wraparound services

Availability and comparison

Families need reliable information about actual provision, not simply a list of registered providers.

Comparison tools should, where practicable, include:

- current or indicative availability
- opening hours
- annual operating periods
- ages served
- SEND capability
- funded and private options
- quality and inspection information
- whether a childminder is registered with Ofsted or through an agency
- the appropriate route for raising concerns

Digital tools must be based on accurate and current information. An apparently authoritative comparison tool may cause more harm than benefit if its cost, availability or provider data are out of date.

Switching provider

Switching in childcare is more sensitive than switching many other consumer services.

Continuity, attachment, settling-in, key-person relationships and safeguarding are important. Providers also require reasonable notice to plan staffing and maintain ratios. This is another area of Local Authority inconsistency, with some LAs insisting on particular notice periods.

Particular attention should be given to children with SEND. Funding, assessments and support should move with the child between settings and across local authority boundaries. Families should not have to restart the process each time they move or change provider.



Q6: Are there any specific areas that we should focus on because they have the potential to disproportionately affect vulnerable consumers?

Yes. The CMA should prioritise families who face the greatest barriers to accessing and navigating childcare.

Children with SEND and their families

Families of children with SEND frequently experience:

- delays in assessment and support
- inconsistent local thresholds
- limited specialist input
- complex funding applications
- support linked too closely to formal diagnosis
- funding that does not move with the child
- limited provision able to meet need
- significant uncertainty when changing setting or moving area

Early years settings are often the first to identify emerging needs. However, funding and specialist support can arrive after providers have already begun delivering additional support.

The CMA should examine:

- whether support is available at the point of emerging need
- the operation of SEND Inclusion Funds and the Disability Access Fund
- whether funding reflects year-round provision
- portability between settings
- access to speech and language therapy and educational psychology
- whether providers can meet needs safely without absorbing unsustainable costs
- whether inclusive providers receive disproportionate referrals without adequate resources

SEND funding should be timely, nationally consistent and aligned to need.

Low-income and disadvantaged families

The CMA should examine how the following impacts disadvantaged families:

- cliff-edge eligibility rules - two working adults in one household earning £99,000 each can receive funding but in another household with one parent earning £101,000 and another



parent earning under £100,000 would not qualify for funding. Total household income would be a fairer measure for qualification for funding.

- take-up of existing support
- awareness and accessibility of funding schemes
- digital exclusion
- transport barriers
- the timing of payments
- whether sustainable provision is available in disadvantaged areas

As noted in response to Q1, Tiney.co reports that 54% of children using its registered childminders are from the most deprived half of neighbourhoods in England, as measured by the Income Deprivation Affecting Children Index.

Tiney.co reports that this is approximately eight-ten percentage points above the sector average. Subject to validation of the underlying evidence, this suggests that agency-supported childminding may be particularly relevant to improving access for families in disadvantaged communities and should be represented in the CMA's consumer research and evidence base.

Families working atypical or irregular hours

Parents working shifts, weekends, variable schedules or outside conventional office hours may have substantially fewer realistic choices.

Several providers may operate within a local area, but this does not represent meaningful competition if only one can meet the family's hours.

The CMA should consider the availability of:

- early starts
- later finishes
- year-round provision
- flexible sessions
- provision responsive to changing work patterns

Families making decisions under pressure

Parents may need to secure childcare quickly following:

- a new job
- a change in working hours



- relocation
- relationship breakdown
- bereavement
- financial difficulty
- a change in a child's needs

Information about availability, total cost, notice terms and financial support must therefore be understandable without specialist knowledge. In May 2026, the Government launched a childcare cost estimator intended to help parents understand the likely cost of childcare in their area alongside the indicative value of Government support available to them. The spirit and intention of this tool would be valuable for parents to be able to access the information they need to be able to make informed decisions as a consumer. However, there are several concerns with the tool. First of all, the information on costs is out of date – it uses 2025 survey data, which has prices from 2024. This is detrimental as it means that parents will be provided with inaccurate cost data. Additionally, the tool does not accurately reflect how providers invoice in practice, again meaning that parents have incomplete information when making their choices.

The Government is also launching a Childcare directory and provider finder. Once again, the ambition for this tool, if used effectively, would be very helpful for improving parent information of the childcare available to them. Whilst this has not yet been rolled out nationally, there are numerous concerns about how Ofsted ratings are shown, particularly between settings which retain historic 'Outstanding' or 'Good' judgements, and settings that have been inspected under the new inspection framework. These discrepancies could favour settings with one-word judgements, as parents understand that system and the two different inspection framework outcomes are not directly comparable.

In addition to this, there is variation between LAs, whereby in some LAs, parents can start at a setting after the start of term, but this is not possible in other LAs, once again creating a postcode lottery of access to provision.

The CMA should test the consumer journey with families experiencing:

- low digital confidence
- language barriers
- disability
- mental ill-health
- financial distress
- acute emotional pressure



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 or disciplined to meet consumers' preferences and needs? Why?

Families want choice when it comes to childcare and early years provision, and it is important that the market provides this. Elements of childcare we know parents want are:

- Quality
- SEND support
- Flexible opening hours
- Price
- Convenient location
- Educational facilities
- Specific sizes

As such, providers seek to attract and retain families through:

- quality and reputation
- trust
- relationships with staff
- safeguarding and governance
- location
- opening hours
- year-round availability
- flexibility
- SEND expertise
- curriculum and child development
- meals and additional services
- price and value

A nursery, childminder and school-based setting may be alternatives for some families but not for others. Suitability depends on:

- the child's age
- location
- opening hours
- annual operating period



- SEND needs
- the family's working pattern
- the availability of places

Provider responsiveness is also constrained by factors outside providers' direct control, including:

- statutory ratios
- workforce availability
- public funding rates
- planning and premises
- local authority rules
- specialist support
- the timing of SEND funding

Where these constraints make provision less viable, competitive pressure alone will not create sustainable capacity.

The CMA should look at perverse incentives within the market that reduce quality and therefore worsen consumer choice:

- The Ofsted notification system, which disincentivises some settings from making safeguarding notifications to Ofsted - [REDACTED] stated that 80% of registered settings never make a notification report to Ofsted
- Delayed SEND funding and the Disability Access Fund (DAF) being connected to the Disability Living Allowance (DLA), which disincentivises settings taking on children with special educational needs and disabilities

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 study should consider practices by government and public bodies that may adversely affect consumers or competitive dynamics.

These include:

- the impact of inconsistent local interpretations of national guidance on parents and providers
- delayed or unpredictable payments
- disproportionate audits and data requests from private providers
- arbitrary restrictions on stretched or flexible models



- inadequate publication of funding information
- incomplete or inaccurate official comparison tools
- publicly funded support for expansion without sufficient analysis of existing capacity
- incomplete government datasets
- Local Authority underspend; local councils in England held back a record £115 million in early education and childcare funding in 2024-25, according to FOI data from the National Day Nurseries Association, with seventeen councils holding back over £2 million intended for early education places.

Government communications should avoid creating the impression that funded entitlements necessarily cover every element of a childcare service. Clearer use of the term “funded childcare”, rather than “free childcare”, would support better-informed choices.

The CMA should also ensure that official evidence distinguishes between directly Ofsted-registered and agency-registered childminders. Misclassification may distort the assessment of supply, entry, profitability and market trends.

Importantly, [REDACTED] the large majority of registered settings never notify Ofsted of significant events.

The perverse incentive to not notify Ofsted, due to fears of potential negative perception, must be looked at and rectified.

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

The CMA should examine whether the regulatory framework is not only robust but also clear, consistent, proportionate and easy for families and providers to navigate.

Local authority administration

There is substantial variation in:

- provider agreements
- interpretation of allowable charges
- parent declaration forms
- audit requirements
- headcount dates
- claims timetables



- data requests
- funded-only requirements
- approaches to stretched provision

The CMA should consider whether the following would improve outcomes:

- a national model provider agreement
- standardised parent declarations
- nationally consistent audit requirements
- common definitions
- publication of funding rates and claims timetables in a standard format
- a shared digital claims platform
- clearer national oversight of local authority implementation

Ofsted regulation and inspection

The study should examine:

- Regional variations in Ofsted approaches
- consistency of inspection planning
- variation in inspection duration
- how provider scale and operating models are understood
- consistency of safeguarding and notification thresholds
- the quality of information available to parents
- complaint handling
- the independence and accessibility of appeals
- how learning from complaints is incorporated into inspector training and calibration

Regulation should give families confidence while giving providers sufficient clarity and predictability to invest, innovate and expand.

Childminder agencies

The regulatory framework should accurately reflect the role of childminder agencies.

Agencies are responsible for registering and quality-assuring their childminders, while the agencies themselves are registered with and inspected by Ofsted.



The CMA should engage directly with:

- childminder agencies
- agency-registered childminders
- OFCMA
- families using agency-registered provision

This should include comparison of the consumer experience, quality assurance, entry process, complaints arrangements and business support available under agency and direct Ofsted registration.

Complaint mechanisms should be timely, accessible and capable of providing meaningful redress, while allowing safeguarding concerns to be escalated urgently.

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 or introducing new business models?

Yes.

Multiple local authority systems

Providers operating across more than one local authority must navigate different:

- agreements
- portals
- documentation
- audit requirements
- claims systems
- interpretations of national guidance

This increases administrative cost without necessarily improving accountability or outcomes. The burden is particularly significant for smaller providers without dedicated finance, compliance, data or legal teams. A nationally consistent system would reduce duplication and make it easier for providers to expand across authority boundaries.

Funding rules and operating restrictions

Termly eligibility, local funding caps, restrictions on stretched provision, termly headcount cut off dates and delayed payments can limit the development of models that meet year-round or atypical working patterns.

A more annualised and portable funding model would:



- increase certainty
- improve family flexibility
- reduce local variation
- support innovation in delivery

SEND administration

Slow, diagnosis-dependent and inconsistent SEND processes can deter providers from accepting children with additional needs or investing in inclusive provision.

There is an inconsistent approach to supporting parents and providers across local authorities. As a minimum standard, each LA should have an established SENCO network with shared training in place and specialist advice. Too often, these three pillars are incomplete and the LA data is not reliable. There needs to be consistency of language and data with LAs about SEND to ensure a national formula of funding can be applied fairly.

Providers should not have to choose between inclusion and financial sustainability.

Recognition of childminder agencies

The childminder agency model provides an alternative route into the childminding market. Agencies can lower practical barriers by offering registration, training, business support and quality assurance.

The omission of agency provision from key datasets and inconsistent recognition in policy documents create barriers to understanding and growing this model.

Government data and policy documents should distinguish clearly between direct Ofsted registration and agency registration and should not use one route as a proxy for the market as a whole.

The CMA should assess whether government data collection, communications and funding administration treat agency registration on an equitable and accurate basis.

A consistent national framework would support effective compliance while allowing more provider resources to be invested in staff, quality and new places.

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?

Yes. There are significant barriers to entry and expansion across the sector.

Workforce availability

The most immediate barrier is the availability of suitably qualified practitioners and managers.

A provider cannot open or expand safely without sufficient staff. Recruitment challenges also limit:



- opening hours
- SEND capacity
- flexibility
- quality and continuity
- provision in some locations i.e. rural or deprived areas

A national workforce strategy should support:

- clear qualification pathways
- apprenticeships
- employer-led training
- recruitment and retention
- career progression
- access to specialist SEND expertise

Premises, planning and capital

Suitable premises can be difficult and expensive to secure.

Barriers include:

- planning processes
- conversion costs
- rent
- business rates
- outdoor-space requirements
- access to capital
- uncertainty over future local demand

The CMA should consider whether planning and property arrangements facilitate the creation of childcare places in areas of unmet need while maintaining appropriate safety and quality standards.

Funding uncertainty and financial viability

Providers make long-term investments in premises, staff and training, but funding arrangements and local requirements may change more frequently.

Uncertainty over:



- future rates
- demand
- government policy
- local public provision
- allowable charging arrangements can deter entry and expansion

Provider sustainability is essential to parental choice and access. Families cannot benefit from funded childcare where providers cannot sustainably deliver places.

Cash flow and administration

Termly payments, reconciliations, late payments, administrative errors and complex claims systems can create significant cash-flow pressures and other burdens on providers. There is now the ability across all LAs now to request monthly, however historically, termly payments have caused significant burdens.

For example, termly funding rules can create a significant mismatch with reasonable contractual notice periods. Where a provider allows four to six weeks' notice at any point, but local arrangements prevent a replacement child from accessing funded hours until the start of the next term, a place vacated at the end of January may remain unfunded until May. Any local restriction limiting notice periods to four weeks can intensify this problem. The result is an avoidable cash-flow, sustainability, staffing and occupancy-planning pressure, particularly for smaller providers.

More regular and predictable payments and a common claims system would reduce these barriers.

SEND costs

Providers may begin supporting a child immediately but wait for:

- assessment
- local authority decisions
- specialist input
- additional funding

This creates a financial barrier to inclusion and may leave families unable to find a suitable place.

Public-sector market-shaping

Local authorities and other public bodies should understand existing provision before supporting new capacity.

Publicly funded expansion should be targeted towards genuine gaps and should complement, rather than unnecessarily displace, sustainable year-round provision.



Poorly targeted expansion may undermine existing providers without creating the type or pattern of places families require.

Particular barriers facing smaller businesses

Smaller providers face many of the same regulatory and quality requirements as larger organisations but have fewer resources over which to spread the costs.

They are particularly affected by:

- multiple local authority systems
- cash-flow delays
- access to capital
- recruitment and absence cover
- planning and property costs
- specialist SEND requirements
- qualification and training costs
- insurance and professional services
- the time required to interpret changing guidance

Childminder agencies can help reduce some of these barriers by providing individual childminders with registration support, training, quality assurance, business advice and access to professional networks.

Agency-supported childminding can also provide a route into professional self-employment and help individual childminders establish sustainable small businesses.

The contribution of this part of the market, including its potential role in disadvantaged communities and areas where other forms of provision may be limited, should be fully represented in the CMA's analysis.

Ends.

CMA market investigation response

The National Partnership in Early Learning and Childcare (NPELC) does not consider that a market investigation reference under section 131 of the Enterprise Act 2002 would be necessary or proportionate following completion of the market study.

The market study itself provides the CMA with an appropriate and sufficiently robust mechanism to examine the early years market, establish the causes of any adverse outcomes and recommend action. The CMA can use the study to make recommendations to Government, local authorities, regulators and businesses; publish guidance; undertake consumer-facing activity; or consider targeted enforcement where there is evidence of a breach of consumer or competition law. A market investigation should therefore only follow where the evidence demonstrates that the CMA's direct order-making powers are likely to be required. This is consistent with the CMA's own guidance, which states that a reference is likely where it considers its order-making powers will probably be needed to resolve the concerns identified.

NPELC's view is that the principal challenges affecting the early years market are rooted in public policy and the design and administration of the wider childcare system, rather than in features of competition that require direct intervention by the CMA. These include the design and level of public funding; differences in how local authorities interpret and administer national guidance; workforce shortages; planning and premises constraints; and the availability, timeliness and portability of SEND funding and support. For funded hours, providers do not determine the amount paid for the core entitlement, as funding rates are set by Government and administered through local authorities. Competition between providers is therefore driven more by factors such as quality, availability, location and flexibility than by price.

Stronger competitive pressure or orders directed at providers would not, by themselves, reform the funding formula, standardise local authority administration, expand the available workforce or ensure that SEND support reaches settings promptly. Where provision is not commercially viable because of these underlying constraints, competition interventions cannot create sustainable capacity. The appropriate response would instead be evidence-based recommendations to the Government and relevant public bodies, informed by the market study and capable of being taken forward through the Department for Education's wider Childcare Review.

The market study should also be sufficient to address any narrower consumer-facing concerns identified by the CMA. If the evidence demonstrates that parents need clearer information, the CMA can recommend clearer pricing information and publish consumer law guidance without opening a market investigation.

A market investigation would also risk delaying action. The market study is currently expected to report in May 2027. A subsequent market investigation could run for up to 18 months, with a possible extension of up to six months in special circumstances. Final decisions could therefore fall towards the end of 2028 or later, with implementation potentially taking further time. This would not support the shared objective of achieving practical improvements for children, families and providers over the

next few years. It would also represent a substantial additional commitment of CMA and sector resources after an already detailed evidence-gathering exercise.

The more effective and proportionate course would be for the CMA to conclude the market study, make clear and targeted recommendations, and work with Government and the sector to support their timely implementation. Unless the study identifies a clearly evidenced, sector-wide competition problem that cannot be addressed through recommendations, guidance or targeted enforcement, and for which direct CMA orders are likely to provide an effective remedy, a market investigation reference should not be made.

Ends.