

TUC response to early years education and childcare market study

July 2026

Introduction

The TUC is the voice of Britain at work. We represent more than 5.5 million working people in 47 unions across the economy. We campaign for more and better jobs and a better working life for everyone, and we support trade unions to grow and thrive.

Childcare and early years education are essential to workers, both those who work in the sector and those who rely on it so they can work. The cost-of-living crisis highlighted longstanding issues of funding, access, flexibility, affordability for parents, and how undervalued the childcare workforce is.

Evidence shows access to high-quality early years education has a transformative impact on young people's outcomes, particularly for those from disadvantaged backgrounds. Research found that high-quality early education has a 13% return on investment. For every £1 spent on early years education, £7 must be spent to have the same impact in adolescence.¹

The closure of maintained settings and the growth of large for-profit chains have turned early years provision into a commodity instead of a service. A few private chains increasingly dominate the market, limiting parental choice in some areas. The TUC welcomes the government's commitment to expand school-based nurseries and reverse the decline in maintained nursery schools, helping to rebuild publicly provided early years services and provide support to communities that need it most.

The TUC believes that a well-functioning early years sector should provide high-quality provision that is universal, accessible, affordable, supported by public investment and decent pay and employment conditions for the childcare and early years workforce.

Are there any specific features of early years education and childcare services in England that you wish to bring to our attention?

The TUC believes there are three fundamental issues within the sector that must be addressed in order to deliver quality and value for money for children and their families: workforce, access and affordability, and funding.

Workforce - Staff pay and terms and conditions

- The childcare and early years workforce is underpaid and undervalued, with poorer terms and conditions than other parts of the education sector. Limited progression and high workloads make it harder to recruit and retain qualified early years professionals.² This affects the availability of places and the providers' ability to expand or remain open.

¹ The Sutton Trust (2024), [Inequality in early years education](#)

OECD (2025), [Reducing inequalities by investing in early childhood education and care](#)

² NFER (2025), [The Early Years Workforce in England](#)

- High staff turnover reduces continuity of care and undermines the stable relationships central to high-quality early education. It can also negatively affect children's learning and development.³
- In 2025, the median hourly wage for school-based provider staff was £19.43 per hour and the median hourly wage for group-based provider staff was £13.02 per hour.⁴
- Turnover rates for paid childcare staff were twice as high in group-based providers (14%) as school-based providers (7%).⁵
- The CMA scope for its market study into early years education and childcare services in England should increase the focus on the people delivering childcare. A well-functioning childcare sector cannot be assessed without putting the workforce at the centre.

TUC recommendations

The CMA market study should:

- Explore how to improve terms and conditions for the workforce that address staff retention and career progression and what impact the lack of competition in the sector has on keeping wages low.
- Consider how the relatively low wages and poor working conditions in the sector impact quality of care for children.
- Examine whether sector-wide mechanisms for collective dialogue on pay and workforce conditions could help solve the workforce challenges in the sector and in particular address recruitment and retention challenges
- As part of this, consider whether a formal social partnership forum could support better outcomes for providers, workers and families
- Examine funding for the sector, considering sources, amounts and sufficiency, to determine whether the existing amounts and distribution of funding is sufficient to support good quality, universal and affordable childcare across the country.

Accessibility

- Every family should have access to affordable, flexible, high-quality childcare; no one should be worse off because they work and need to use childcare.
- Universal, affordable, flexible, and accessible early years and childcare is essential to rebalance the responsibility of childcare more equitably and enable women's equality and participation in the labour market.

TUC (2025), [Support for childcare and early years](#)

³ OECD (2019), [Good Practice for Good Jobs in Early Childhood Education and Care](#)

⁴ DfE (2025), [Childcare and early years provider](#) survey

⁵ DfE (2025), [Childcare and early years provider](#) survey

TUC recommendations

The CMA market study should:

- Consider more than consumer choice and competition. Parents are not ordinary consumers nor are children. Parents often need childcare at short notice, close to home or work, at times that fit their job, and with confidence in quality and continuity. Children need high quality, professional care in safe settings where their wellbeing is prioritised over profit. In many areas, families have limited choice, particularly for those wishing to access funded places. A childcare system that works for families must guarantee access, affordability, inclusion, and quality instead of leaving these outcomes to market forces alone.
- Review should assess to which extent gaps in affordability, accessibility and quality childcare disproportionately affect low-income families, BME families, single-parent households, and families with a disabled child and/or parent.

Funding model

- Government funding should create lasting public value by supporting both high-quality early years education and decent, secure jobs in the sector.
- As the major funder of early years education, the government needs to ensure that there is sufficient government funding for the sector to support nationally agreed minimum standards for pay and working conditions.⁶
- The review should consider whether shifting towards a supply-led funding model, as used in several other European countries, would deliver better value for money, support higher standards, and ensure equitable provision.
- The government's expansion of school-based early years provision recognises the uneven access to childcare and the need to increase provision in disadvantaged areas and childcare cold spots, where families face barriers to accessing places.⁷

TUC recommendations

The CMA market study should:

- Examine whether greater conditionality should be attached to public funding. This could include conditionality on workforce pay, training, employment standards and financial transparency, to ensure public funding delivers value for money.

⁶ Early years education is mainly delivered by the private, voluntary and independent sector but most of the funding comes from national government, via local authorities.

Department for Education (2025), [Childcare and early years provider survey](#)

⁷ DfE (2025), [Parents to save thousands through school-based nursery places](#)

- Investigate how increased market concentration and private equity ownership in the early years sector affect affordability, accessibility, quality of provision, workforce terms and conditions, and value for money of public.⁸
- Consider how a stronger role for public and not-for-profit provision could support universal access, quality, stability, and workforce standards.
- Examine how compatible the current market model is with universal access to high-quality, affordable childcare. The highly fragmented market relies heavily on parental fees, government subsidies, and provider decisions. This deepens inequalities and causes childcare shortages in less profitable areas and for children with additional needs.⁹

Are there any publications, sources of information or organisations you think we should consult for our market study?

As a membership organisation the TUC would like its affiliated unions with a footprint in the early years and childcare services to be consulted. The TUC believes a social partnership approach that brings together government, employers and recognised trade unions would improve outcomes for children, families and the workforce.

Trade unions represent the frontline workforce delivering early years education and care and bring invaluable practical expertise on how services operate. Involving them helps ensure reforms are informed by those with direct experience delivering high-quality care and education and understanding the needs of the children and families they support.

Please share anything else you would like to tell us about early years education and childcare.

The TUC has produced a [report on the childcare sector](#) (2022) which might be helpful to reference for the market study

⁸ The Guardian (2026), [Nurseries, vets and shops: the sectors where private equity plays a big role](#)

⁹ IfG (2025), [Policy making blind spots: Why some children are left behind from the start](#)
Coram (2026), [childcare survey](#)