Achieving quality in market-led ECEC

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A diversion?
Anthropomorphism?
Wildlife Trust: Every Child Wild
Every Child Wild

• “Each generation seems to have less contact with the outdoors than the preceding one. We owe it to all young people to reverse this trend – for their sakes, for our sakes and for nature’s sake.”

• 451 children in 12 areas across England before and after participating in activities ran by a wildlife trust like identifying plants and trees.

• “This research shows that children experience profound and diverse benefits through regular contact with nature. Contact with the wild improves children’s wellbeing, motivation and confidence.

• “The Wildlife Trusts believe everyone should have the opportunity to experience the joy of wildlife in daily life and we’re calling on government to recognise the multiple benefits of nature for children – and ensure that at least one hour per day is spent outdoors learning and playing in wild places.”
My ideal nursery
My ideal nursery

• The community nursery movement was built on the premise that ‘we’ – that is, everyone involved, staff and parents and children alike – made decisions and acted together to define and pursue the nursery’s objectives.

• My ideal nursery was a near impossible, cutting-edge combination of kindness and concern for the vulnerable combined with intellectual savvy and more space than any home could offer. I wanted children to be joyful together but not isolated in their own childhood ghetto, to have friendships, to run and use their limbs, to savour the everyday events of their lives and live life to the full, including experiencing slipper-chewing puppies, Chinese cuisine, scatological curiosity and junky antiques.
My ideal nursery

• If children come together in nurseries, how should their relationships with one another be supported? And what should be the role and tasks of the adult caring for them? These are pertinent questions, especially now that so many young children attend nurseries, and they are still unanswered. The ‘quality’ measurements commonly used refer to structural quality (premises, equipment, staffing) and process quality (how individual members of staff support individual children). It is an extraordinary act of blindness to fail to acknowledge that in situations where many children and adults come together, there might be other dynamics operating.
Issues of quality

- Purposeful activities, whose meaning and relevance is constantly revised
- Parents and staff having a voice in the decision making of the nursery
- Inclusivity for poor or vulnerable families, and inclusivity for children with special needs

Privatization puts these aims under stress.
UN: Poverty and Human Rights


- The UN report discusses the impact of privatized services, in almost all service areas, not just childcare. It says that privatization across the world has usually meant two things, firstly a lack of accountability, and secondly the exclusion of the poor. This is a world-wide phenomenon, not merely a national or local one, and is a reflection of what is called the global economic order which privileges the wealthy at the expense of the poor. The growth of inequality has been the major economic phenomenon of the last 20 years or so.
Private sector childcare in the UK/England

• Our study aims to chart changes in childcare provision, using publicly available information about private nurseries to explore issues of finance, location, continuity, transparency, accountability and governance. We are carrying out a review of the reach of the private childcare industry using market research, financial analysis of selected nurseries, ‘provision mapping’ to assess how provision varies with different levels of deprivation, and case studies of private providers.

• [https://www.nuffieldfoundation.org/private-sector-childcare-england](https://www.nuffieldfoundation.org/private-sector-childcare-england)
The current size and shape of private childcare

• Most formal childcare is provided by the private sector, ranging from small private operators to multi-million pound international businesses. The for-profit childcare market in the UK is worth an estimated £5.5 billion pounds and evidence suggests the for-profit sector is growing and consolidating. Over 80% of all places, are provided by the private sector, and 53% of those places are provided by big companies.

• The largest three chains, between them providing over 60,000 places, are owned by foreign investors, with financial head offices located in Singapore, France and the USA. Further changes in the sector seem likely, most notably increased penetration by large chains, and increased foreign investment.
The current corporate nature of childcare

- Corporate childcare, or nursery chains now provide 53% of all places. But this is a very volatile sector, typified by continual mergers and acquisitions, with the larger companies buying up smaller chains.

- The trade magazine, Nursery Chains annually ranks the top 25 childcare companies with the most number of settings and places. In 1998 the list included 70 companies listed. By 2018 this had increased to 179 companies. The combined number of places on offer in the company sector in 1998 was 33,506. By 2018 the top 25 companies alone were offering 110,271 places, and the largest company alone, Busy Bees, was offering 31,514 places.
The current corporate nature of childcare

- The current government has been actively promoting the UK childcare market as a ‘global opportunity’ for investment and it is now being described as a ‘hot market’. At the top end, there are constant acquisitions and takeovers, with large companies expanding through purchases, take-overs and refinancing of smaller chains. The largest three chains, between them providing over 60,000 places, are owned by foreign investors, with financial head offices located in Singapore, France and the USA. Further changes in the sector seem likely, most notably increased penetration by large chains, and increased foreign investment.

*Christie and Co: Early Childhood Education and Care Workforce Trends and Associated Factors*

International childcare firms in the UK

• Busy Bees Nurseries in England, Scotland, Wales, Ireland, Singapore, Malaysia, Vietnam, China, Australia, Canada and the United States
• Childbase Partnership Nurseries in England and China
• Cognita Schools Nurseries and pre-schools in England, Chile, Brazil, Spain, Switzerland, Italy, Hong Kong, Thailand, Singapore and Vietnam
• Kangaroo Pouch Nurseries in England and China
• Evolution Childcare Nurseries in England, Bahrain and China
• Kido School Nurseries in England and United States
• British Early Education Nurseries in China
International childcare firms in the UK

- Bright Horizons (Headquartered in Watertown, Massachusetts, United States) – Nurseries in the US, Canada, England, Scotland, Ireland, Netherlands and India
- Les Petits Chaperons Rouges (Headquartered in Paris, France) – Nurseries in France, Germany, England and Canada
- La Maison Bleue (Headquartered in Paris, France) Nurseries in France, Switzerland, Luxembourg, England and Romania
- Hjalli Model (Headquartered in Reykjavik, Iceland) Nurseries Iceland and Scotland
- JiaYi Education (Headquartered in China) Nurseries in England
Sources of information for the Nuffield Research Study on Childcare

• i) from the sector itself, and the business and marketing information that they provide

• ii) other relevant literature, especially on staffing, for instance the report by the low pay commission on wages in the sector.

• iii) Forensic accounting. All limited companies have to submit their accounts annually in the UK. What do these accounts tell us about nursery businesses? One member of our team is a forensic accountant who has been examining the accounts of nursery companies.
• Debt repayments are a significant area of leakage for some of the largest 26 providers.

• The problem is especially serious in relation to homes operated by the 5 largest for-profit care home providers which are owned or backed by Private Equity. Collectively their debts amount to £35,000 for each care bed they own, and they pay interest costs of **£102 per bed per week**; this means that **16% of the weekly fees** paid to these providers by local authorities or individuals for residential care goes towards paying off debt.

• 6. Much of the debt loaded onto the care homes by the largest for-profit providers is owed to related companies that are often based offshore and at high rates of interest i.e. a form of hidden profit extraction which also avoids tax.

• Across the 26 largest care home providers a total of **£261 million** of the money they receive to provide care goes towards repaying **debt**. Out of this **£117 million (45%) are payments to related companies** which is a known way of avoiding tax and hiding profits.

• **CHPI(2019) Plugging the leaks in the UK care home industry.**
  
Comment from inside the industry

• The growth of the company sector has changed and the distribution of nurseries has shifted, with most investors and owners focused on affluent areas as higher fees can be achieved. No-one will build in disadvantaged areas as there is insufficient subsidy from the government even with the pupil premium. There are also significant social issues which can be very significant and time commitment for managers which also makes it less attractive and feasible. When a business is acquired, it almost always means a fee increase for parents. In an affluent area, you might get profit margins of 35%; in less affluent areas it is likely to be 15-16% at best.
Comment from inside the industry

• As the companies have expanded, they are increasingly run by men who focus on fiscal performance which given the focus on gender equality and the pay gap seems ironic in highly feminised industry. These new well-paid MDs have no experience of the sector, or of the impact of their rapid acquisitions. They steer clear of disadvantage, or any kind of complexity, and do not understand that many children have multiple needs – and that not meeting them is a disaster being stored up for the future. Special needs are not profitable. And the profits are being gained at the expense of staff who are earning very basic wages.
Recommendations for elder care

• **Recommendation 1:** A Transparency Act – care home providers should be mandated to disclose where their income goes.

• **Recommendation 2:** A new form regulation is required to prevent care home companies with unsatisfactory financial models from providing care in the UK.

• **Recommendation 3:** Capital should be made available by the government for the provision of new nurseries.
Recommendations for Childcare

- Annual plans for each nursery, which must be agreed by staff and parents;
- Introduce a fee ceiling related to household income;
- Introduce quotas for vulnerable children;
- Increase the proportion of qualified staff if the nursery is to be grant eligible.
- Broaden the monitoring arrangements to include ownership
- Put concern for nature and the environment at the centre of the curriculum