Nursery Closures and Openings in England since 2018. Does ownership type matter?

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Executive summary

This research was funded to address the need for more understanding about the distribution of closures and openings in England, particularly about deprivation, given the government's desire for Early Childhood Education and Care (ECEC) provision to include and support disadvantaged children. This research was also interested in the distribution of openings and closures relative to nursery ownership type, given growing concerns around the impact of private-equity business models in the sector (Simon et al., 2022). This report addresses this gap in evidence by providing robust and up-to-date data about nursery closures and openings.

The research aimed to address three key research questions:

- RQ1: What is the geographical distribution of nursery closures in relation to deprivation, between 2018 and 2024, in England?
- RQ2: What is the geographical distribution of nursery closures in England by ownership type between 2018 and 2024?
- RQ3: What are the nursery workers' experiences of closures and takeovers?

The research used a mixed methods approach to address these questions (see methods for more details).

Key findings are:

- Ownership type matters to the distribution of provision:
    - Not-for-profits are in decline, especially in deprived areas of England.
    - PE-backed providers provide the fewest openings in the most deprived areas.
    - The for-profit, non-PE-backed group is the largest group within the most deprived band.
    - The decline in not-for-profit nurseries in the most deprived areas seems to be taken up by the for-profit non-PE-backed providers.
- Although based on a small sample, our qualitative findings suggest that when the PE-backed and for-profit sector steps in to 'take over' not-for-profit provision, some important impacts exist for staff, families, and communities. Interviewees, for example, reported detrimental consequences of sudden closures and takeovers. These include staff and parents not being adequately consulted about impending change (conversely, smoother transitions when this happens). Some interviewees reported a perceived difference in company practice between not-for-profit and for-profit companies. This was especially the case for PE-backed nurseries, where interviewees described the company as not having as much of a 'family feel' and 'feeling too corporate' and not 'being flexible enough to meet the local needs of families'.

- The current government recognises some of the challenges highlighted in this report, especially the decline of not-for-profit provision. However, we would encourage them to go further so that the ECEC market is better managed to ensure a) providers have incentives to open in areas of deprivation, b) steps are taken to avoid a market entirely monopolised by one type of provider in certain areas and c) local authorities are supported to play a stronger role supporting smaller settings and managing the market to have more control over sufficiency. This would ensure all children who need it have access to good-quality early years provision, regardless of where they live.
- A secondary recommendation is that Ofsted collect data on ownership type as part of its provider registration process. This data would greatly support the government's efforts to respond to uneven provision and access issues and give it a better understanding of how to respond to market fluctuations in openings and closures.

1. Background

Massive public investments are being made in England to support working families with their Early Childhood Education and Care (ECEC) needs (DfE, 2024a). These investments are being made to help families afford the costs of ECEC, some of the highest in the world, and function as a barrier to work (Mubashar, 2023). High-quality ECEC has been linked to improving the life chances of all children, especially disadvantaged children, such as those from poorer homes and who typically have fewer opportunities (Melhuish & Gardiner, 2021). The new Labour government renewed its commitment to the early years and expanded existing ECEC support and entitlements from April 2024 for working families (DfE, 2025). However, there are some serious concerns around sufficiency in the sector, with research regularly finding that provision is variable, with sufficiency in rural areas and for SEN children particularly poor, and quality of provision variable in areas of deprivation (Orso et al., 2024). Part of this concern could be related to nursery closures, with a recent analysis showing a 50% increase in the last year (Morton, 2023).

There are also concerns about the distribution of care provision, particularly around whether poorer communities have enough ECEC availability (Pollard et al., 2023). In ECEC, research finds that 'exactly half' of the 150 local authorities in England live in 'care deserts', with over-representation within the most economically deprived authorities. Evidence from Australia supports these findings by showing that ECEC deserts are disproportionately located in areas with higher proportions of children and families on lower incomes or below the poverty line (Hurley et al., 2022).

One driving factor could be providers' business models. Even as more government subsidy flows into the sector, most childcare providers are now privately run, with a growing proportion of private equity (PE) backed chains (Simon et al., 2022). In elder care, evidence suggests that the growth of private equity chains results in uneven locations in wealthier areas where they can maximise profit-making (Farris & Deakin, 2024).

More research is needed to understand the distribution of closures and openings in England, particularly concerning deprivation, given the government's desire for ECEC provision to include and support disadvantaged children. This report addresses this gap in evidence by providing robust and up-to-date data about nursery closures. The three key research questions were:

- RQ1: What is the geographical distribution of nursery closures in relation to deprivation, between 2018 and 2024, in England?
- RQ2: What is the geographical distribution of nursery closures in England by ownership type between 2018 and 2024?
- RQ3: What are the nursery workers' experiences of closures and takeovers?

2. Methodology

The research reported here took place between September 2024 and May 2025.

We employed a mixed methods approach. Research questions one and two above were addressed through quantitative secondary data analysis. Research question three was addressed using qualitative methods. It was designed to be small-scale and exploratory, taking a case study approach to understand childcare professionals' individual experiences and views.

Further details, including the qualitative sample, can be found in the appendix.

3. Findings

3.1 Secondary data analysis

Previous research by UCL (Simon et al., 2022) and the Guardian (2024) focused on changes between provider numbers in 2018 and 2022. The research in this report identified a decline in registered nurseries (between 2018 and 2024). There were fewer providers overall (approx. 24,000 in 2018 compared with 22,500 in 2024). This means nursery closures have increased over this period. Additionally, the decline in providers has primarily been in the not-for-profit (NFP) and partnership sectors – 19% and 32%, respectively. This contrasts with a 10% increase in the for-profit (FP) non-PE-backed group, the largest providers operating currently. While proportionally speaking, the PE-backed providers are small (2% in 2018 and 5% in 2024), they are increasing.

While we can examine the distribution of provider numbers, we get a more accurate picture by focusing on places. Places are more closely related to sufficiency, as they measure the provision of spaces for children and may show changes in spaces offered compared with whole nursery closures.[1] However, it is important to note that changes to the Early Years Foundation Stage staff-to-child ratios over the period may affect places. The tables that follow are about places and not providers.

3.1.1 Changes in Nursery Places Between 2018 and 2024

The DfE Early Years Providers' Survey (2024b) reports 1,602,500 registered places, comprising 1,100,100 group-based provider places, 359,200 school-based provider places, and 143,200 childminder places. The number of registered places increased by 3 percent between 2023 and 2024.

Our analysis of Ofsted data shows similar results. In 2024, there were 1,102,135 places (places increased by 7% since 2018, Table 1). The following three reasons explain the difference in numbers between the DfE survey and Ofsted. First, Ofsted is a census of all registered providers; it is not a sample survey. Second, the DfE survey counts places with childminders and childcare on domestic premises, but we excluded childcare on domestic premises from our analysis. Third, the increase reported above is for one year, and we examined changes over 5-6 years.

Table 1 shows a gain in the number of places for two specific provider groups: for-profit non-PE-backed providers (97,959) and PE-backed providers (48,740). However, over the same period (since 2018), we see a decline in the number of

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[1]Places do not match the numbers of children, since more than one child can take up a place if they are only attending part-time. Places also include what DfE term 'spare places' which is where a place could be offered but may not have been taken up.

places for the not-for-profit (-24467) and partnership groups (-9366). Also, the gains in places are within the least to less deprived areas (Table 2: 11% and 10%, respectively).

Table 1: Places by type of provider

Type	2018	2024	n difference	% difference between 2018 and 2024	% of sector 2018	% of sector 2024
No classification	153995	116350	-37645	-24%	15%	11%
Not-for-profit	294980	270513	-24467	-8%	29%	25%
Partnership	33223	23857	-9366	-28%	3%	2%
For-profit, non-PE-backed	503510	601469	97959	19%	49%	55%
PE-backed	41206	89946	48740	118%	4%	8%
Grand Total	1026914	1102135	75221	7%	100%	100%

Table 2: Places by type of deprivation

Type	2018	2024	n difference	% difference between 2018 and 2024
No classification	171	20	-151	-88%
Least deprived	235352	260541	25189	11%
Less deprived	214424	236402	21978	10%
Average	207668	218583	10915	5%
Deprived	195368	213517	18149	9%
Most deprived	173931	173072	-859	0%
Grand Total	1026914	1102135	75221	100%

Figure 1: Distribution of all places by deprivation band
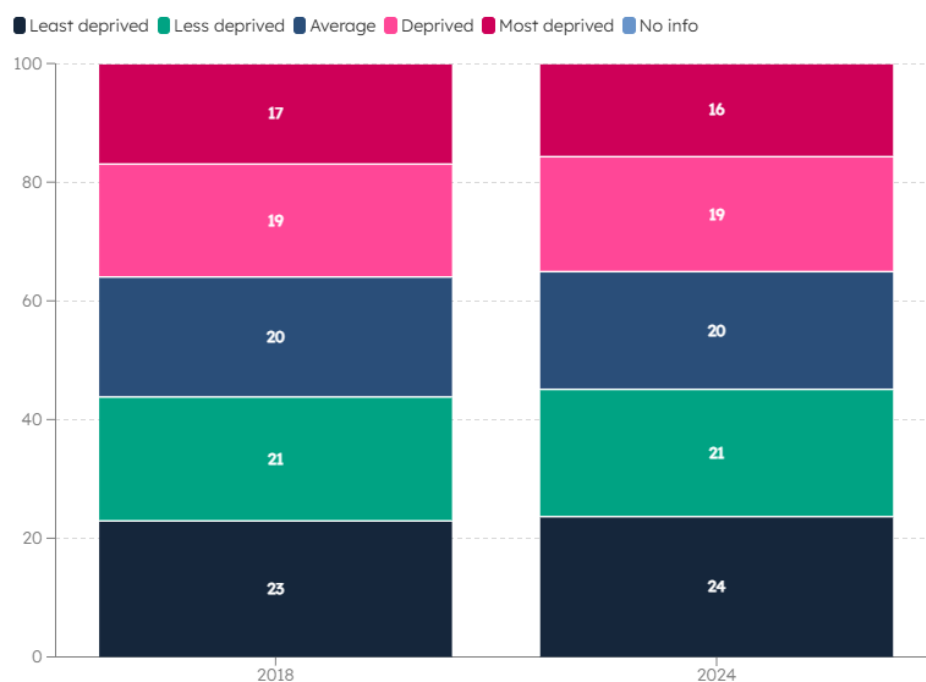
Regarding proportional share, the for-profit, non-PE-backed, and not-for-profit groups comprise two-thirds of the sector (Figure 2). The PE-backed nurseries only make up 8% in 2024 (but note that this proportion has doubled since 2018; see Table 1 and Figure 2).

Figure 2: Proportional share of the sector by different provider groups
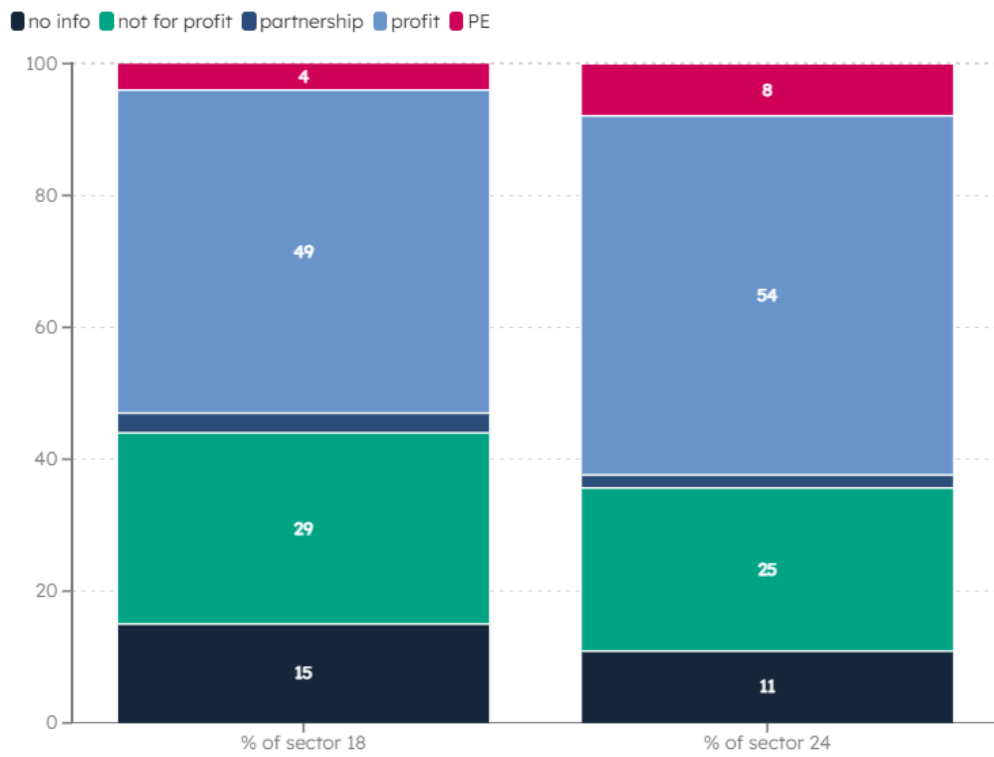
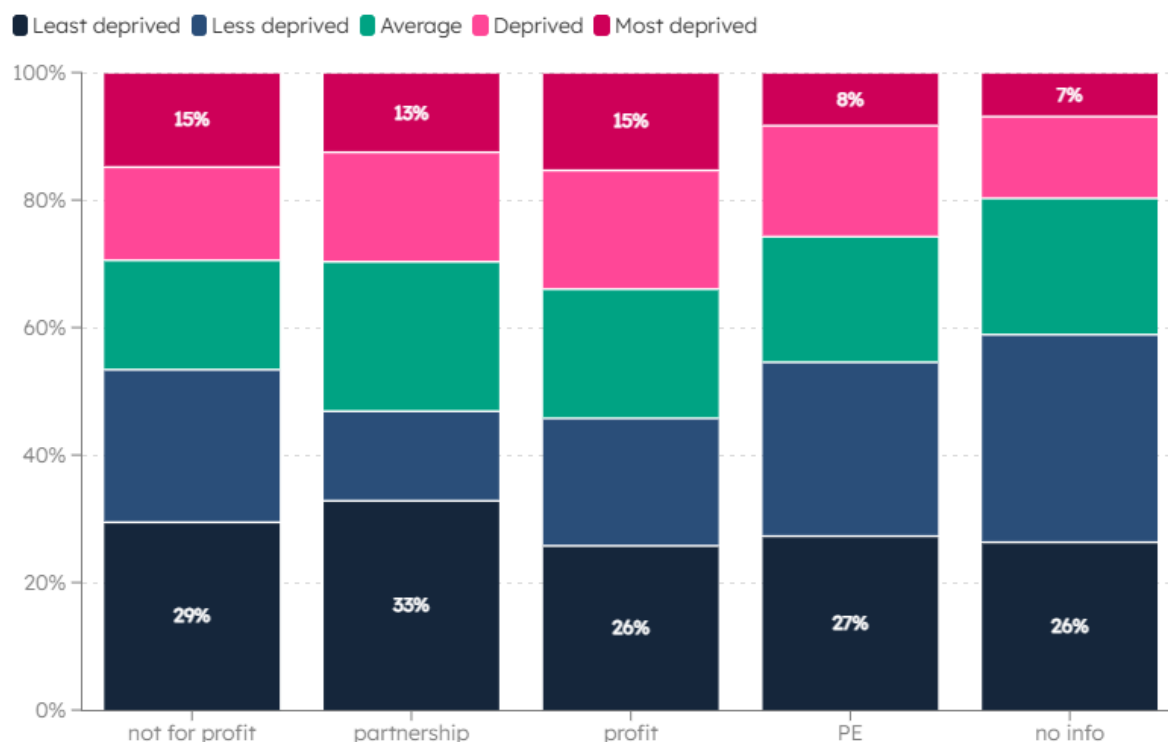Figure 3: Outstanding settings by ownership type and deprivation bands

Figure 3 depicts how the Ofsted rating of 'outstanding' compares by ownership type and deprivation band. It shows two main things. First, the most deprived areas have proportionally fewer settings rated as outstanding. Second, a greater proportion of 'partnership' and not-for-profit settings in the most deprived areas are rated 'outstanding' (15% and 15% respectively), compared with the PE settings (8%). While only 8% of PE settings in the most deprived areas are rated as 'outstanding', over 27% of PE settings in the least deprived areas are rated as outstanding.

3.1.3 Closures and openings by deprivation bands

Figure 4 shows that closures and openings by deprivation band almost mirror each other. Similar proportions are closing and opening within each band, with slightly more openings in the least deprived areas and somewhat fewer in the most deprived areas. This supports NMT (2024), which shows that while there has been a slight increase overall in places, most councils in England report a decline.
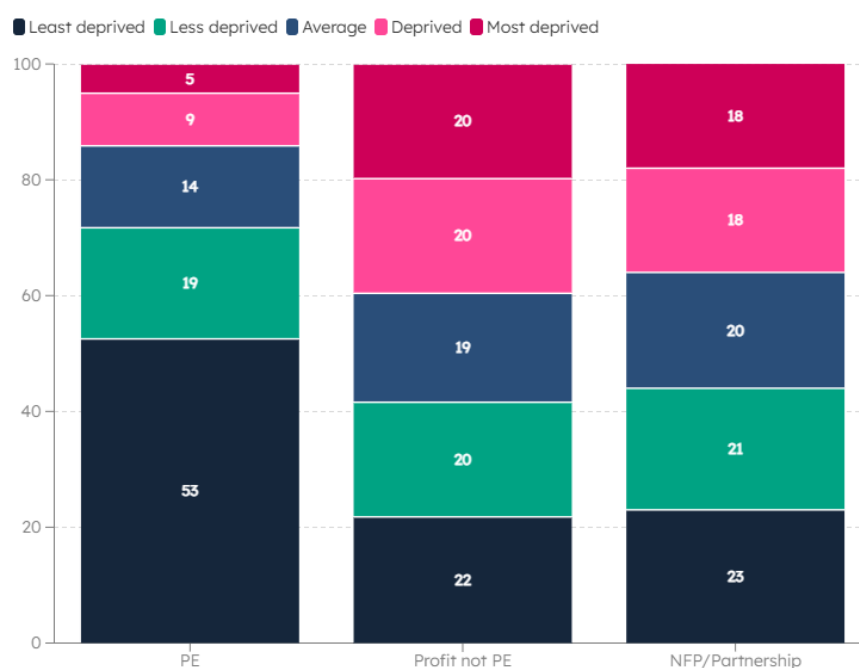
Figure 4: Closures and openings of all places by deprivation
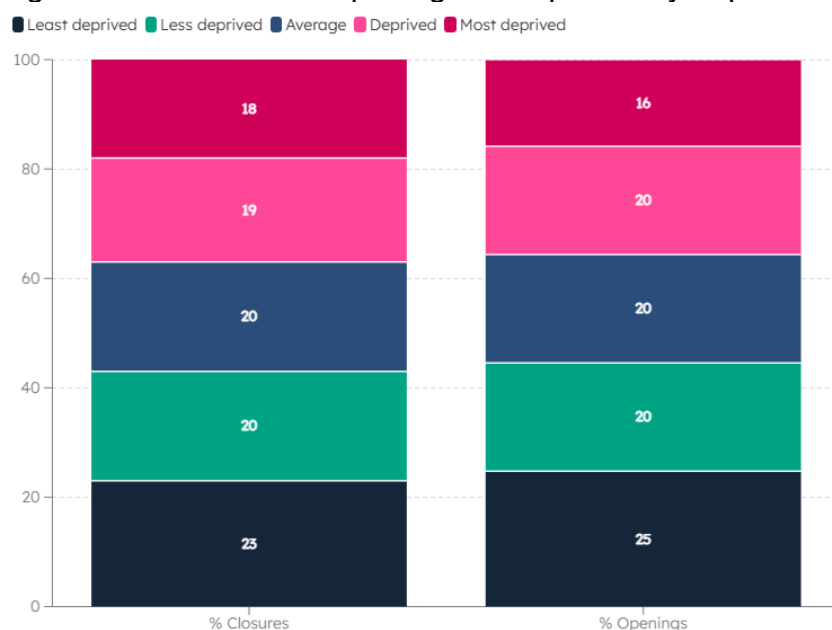
3.1.4 Closures and openings by provider type and deprivation band
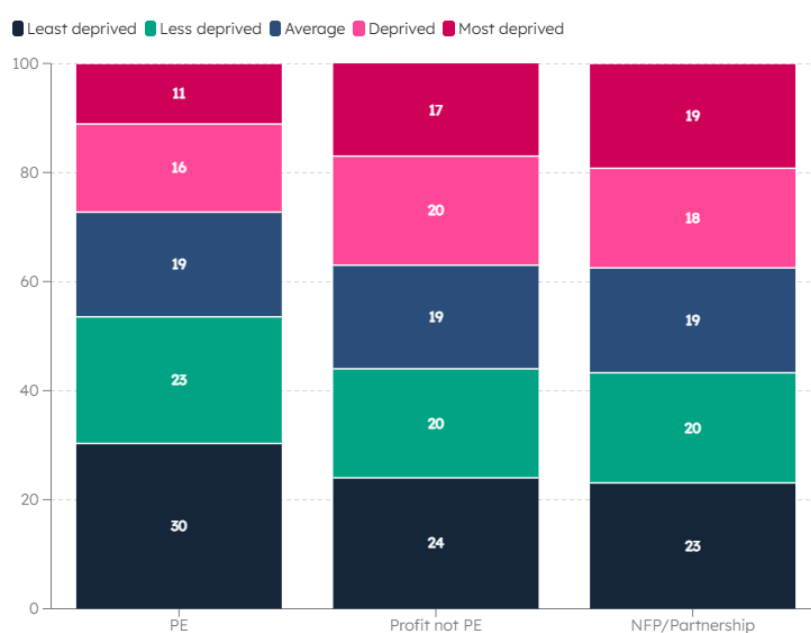
Within the PE-backed group, most closures of places are within the least deprived band. Fewest closures are in the most deprived band (Figure 5). For the other types of providers, closures are more evenly distributed across the deprivation bands.

Figure 5: Closures of places since 2018 by provider type

Legend: Least deprived, Less deprived, Average, Deprived, Most deprived

Provider	Least deprived	Less deprived	Average	Deprived	Most deprived
PE	53	19	14	9	5
Profit not PE	22	20	19	20	20
NFP/Partnership	23	21	20	18	18

The opposite picture is apparent for the PE-backed providers' openings. Within the PE-backed group, most openings are within the least deprived band (Figure 6), and the fewest are in the most deprived band (reflecting the overall pattern of deprivation in Figure 5). For the other types of providers, openings are once again fairly evenly distributed across the deprivation bands (Figure 6).

Figure 6: Openings by provider type and deprivation band

Legend: Least deprived, Less deprived, Average, Deprived, Most deprived

| Provider	Least deprived	Less deprived	Average	Deprived	Most deprived
PE	30	23	19	16	11
Profit not PE	24	20	19	20	17
NFP/Partnership	23	20	19	18	19

3.1.5 Top 10 providers

The following table provides information about the top ten providers in England in 2024, ranked in order of places provided. All are PE-backed or for-profit, non-PE-backed.

Table 3: Top 10 providers in 2024 ranked in order of places provided

Provider name	Type of provider	Number of nurseries	Number of places
Busy Bees Nurseries Limited	PE	335	30146
Bright Horizons Family Solutions Limited	Profit, not PE-backed	265	22425
PARTOU UK HOLDING LIMITED	PE	216	15830
Kids Planet Day Nurseries Limited	PE	162	14413
Young World Leisure Group Limited	Profit, not PE-backed	55	7482
CB (Oldco) Limited	PE	49	4855
The Ultimate Activity Company Ltd	Profit, not PE-backed	48	4796
The Childcare Corporation Limited	Profit, not PE-backed	55	4569
Childbase Partnership Limited	Profit, not PE-backed	44	4458
Junior Adventures Group UK Ltd	PE	124	4276

The top provider, Busy Bees, provides most of its places in the least deprived areas (8410, 28%) and the fewest in the most deprived areas (3084, 11%). This pattern holds for each of the top ten providers in England (Figure 7).

Figure 7: Provision of places by deprivation of the top 10 providers in 2024

Legend: Least deprived, Less deprived, Average, Deprived, Most deprived
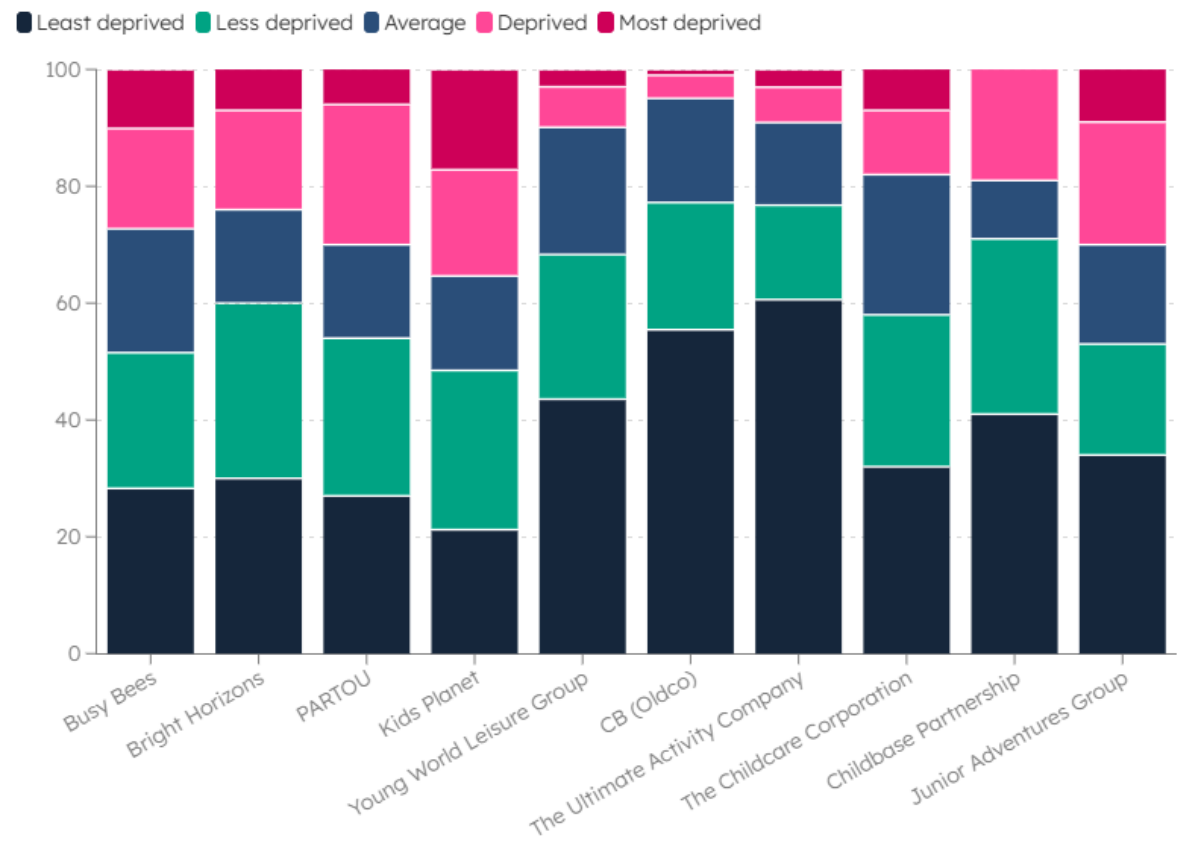
3.2 Interviews

While the research questions mentioned previously guided the interviews, the data led the analysis. The themes that followed were determined by comparing narratives from the eight interviews.

3.2.1 Drivers of takeovers and closures

While the interviews did not set out to probe the drivers of closures specifically, this theme often emerged when interviewees described their experiences of a takeover or closure. Some interviewees mentioned that closures or takeovers had happened due to the original nursery owners wanting to retire or leave the early years sector. However, there were often additional underlying causes driving this change. For example, interviewees described several key factors that made the original nursery financially unstable:

- the impact of the COVID pandemic,
- significant increases in the cost of leasing existing premises,
- difficulties in filling nursery places (particularly with children in full daycare),
- The insufficient Government funding formula.

Financial instability was a driver reported for both closures and takeovers, and was a key feature for nurseries located within more deprived areas. Interviewees described that when nurseries came into a position of financial instability, the original owners had often accepted strong financial offers to take them over. These offers came from Private Equity (PE) or investment-backed nursery groups. Most of the experiences we document below were from nursery workers who had experienced one or more takeovers and were working in nurseries that had shifted from a small, independent setting to a large company group or chain ownership.

A key issue for all interviewees was funding; all believed that most nurseries cannot survive on Local Authority funding alone and are reliant on being able to make additional charges. There was a strong sense amongst the interviewees that the current funding model is inadequate, that it does not cover what it costs to run the setting and to pay staff a decent wage, and that the existing funding issues were only going to be further exacerbated by the rising costs of goods and services. Additionally, the increase in the employer's national insurance contribution rate was perceived to be harming operational expenses. Some interviewees believed that these factors would result in an increase in nursery closures and a concomitant impact on sufficiency in the sector:

> "I think nurseries over the coming months are going to shut down quicker than we've probably seen. It's only going to affect our sufficiency because nurseries aren't going to want to open up with everything going on."

3.2.2 Experiences of takeovers and closures

When interviewees described the process of a takeover or closure, several sub-themes emerged. These are described in turn below.

3.2.2.1 Sudden closures and the impact of this

Some interviewees reported little to no warning that a closure would occur, giving them no time to prepare for it or look for alternative employment/provision. One interviewee reported how, after a large group owner had broken the news of the closure to staff and parents, they had left the interviewee, who was the nursery manager, to deal with angry, confused, and upset parents with little support:

> *"So it was kind of like I was there as that kind of contact for the staff and had a lot of parents reaching out to me regarding, obviously, what's going to happen, you know, but [the owners] it was pretty much a letter through their email and that was it from the company."*

Another interviewee described how two separate nurseries that she had worked at, both of which were in deprived areas and owned by the same large PE-backed group, had closed suddenly, and how shocked staff had been about this:

> *"It was a shock…Like, I never thought they would close it with it being a city centre nursery, I just thought, 'No, they might move it or downsize or something', but I just really didn't think that they were going to close it."*

> *"They were out and leaving next week…they didn't hold the children or the parents to a long notice period, as long as they gave us a week's notice, they could leave the following week without having to pay any further fees."*

Some of the interviewees *who had experience of closures were able to find alternative employment. One* interviewee *described the situation for colleagues working in a nursery that had closed suddenly, and how the original company tried to support them:*

> *"They got offered another job within [large PE-backed group] and a lot of them took it… Others went somewhere else because it meant traveling further, traveling further afield."*

3.2.2.2 Consultation with existing staff about take-overs

The transition in ownership following a takeover or closure was not always smooth. Many of the nursery workers we interviewed talked about take-overs that were very sudden and unexpected, describing things as "*chaotic*" and done without notice or consultation with existing staff:

> *"So we got told on the Friday, and the takeover took effect on the Monday, and everyone went into a bit of a limbo situation because nobody knew what was happening."*

The lack of consultation that interviewees reported extended beyond the initial point of takeover, with some saying that existing staff were not included or consulted in decisions about how the nursery would operate or the changes that would be implemented:

> *"There was no compassion at all [shown by big nursery chain], it was, this is the company, this is what we're going to do, these are our policies, this is what we want."*

One interviewee described how existing staff did not know whether they would be kept in the setting for several weeks, nor if their contracts would be renewed. This was eventually resolved for nursery practitioners, but those who worked at the head office of the previous company were left waiting for nine months before they received formal contracts. During that time, they were expected to continue working in their roles "*under the assumption we had a job*".

Not all interviewees had these experiences, however, and some had better stories about communication. For example:

> *"There was great communication with the transition because everyone was involved and included, keeping you in the loop."*

In cases where interviewees spoke about being consulted, what made a difference in positive examples of these cases was that existing staff felt that the new owners were 'present':

> *"Being quite present as well, there was always somebody in the nursery ready to answer your questions and sort of guide you in the right direction, which was good."*

Poor communication over the change of ownership contributed to the experiences of take-over, which were perceived negatively by nursery workers:

> *"A lot of the staff thought that the owner CEO would be equally as present and they can't possibly do that with the number of nurseries that they've got, they do visit occasionally but, on the initial takeover that was a lot of the moans from the staff was 'well we don't know who these people are' and because they were so used to the old owner, plus all the old head office staff who had been very accessible and responsive to them."*

Several interviewees described a lack of emotional support, care, or concern for staff:

> *"That acquisition transitional time could have been managed a lot better. There was very little understanding given to the emotion attached to it. You*

know, as individuals, we all struggle with change and the process that you work through, and I don't think there was a lot of consideration given to that, especially given that our setting had previously been acquired only two years before. So, the team I was trying to manage has almost, in their opinion, had only just settled, and it's all changed again."

3.2.2.3 Perceived changes to company values and practice following take-overs

Interviewees with experience of a takeover and/or closures often spoke about not feeling valued by the new owners:

"It wasn't a pleasant experience, having been in a very small family company where you were valued. Then, moving into a bigger company where you're just a number. Well, that's what you are, just the number in their system."

Some interviewees mentioned that they experienced sudden and quite different company practices and leadership following a takeover, and how they felt their opinions or ways of working were not valued by the new company (which was often a much larger company than the one they had previously worked for):

"Paperwork was taken and paperwork was given. We were ordered to throw things away…'We don't want any of your stuff. Chuck it out, and put it in the bin. There's the skip, out it goes.' New things were bought in, and it seemed that anything that we had injected was just taken away. So, there was no value to anything that anybody had done or made, or contributed. It was just wiped out."

"They (staff) didn't feel respected, they didn't feel valued, and they just felt that all they were interested in was worth nothing. You know, they'd been in a nurtured family group, and suddenly they were in a bigger setup where all that seemed to be of interest to anybody that came was how well anybody did for an audit. It was all about audits."

"When [large PE-backed group] came in, they very much came in steamrolling, sort of 'do this, do that' and things like that and everything. Um, they were very corporate".

Some interviewees described how they had perceived an apparent change in the focus of the operating model:

"It suddenly seemed very much like the needs of the children, and sort of meeting the needs of the individual families wasn't necessarily the forefront of their thoughts, they were very much 'why aren't you making this profit' "

> *"It's very corporate, you very much have to toe the line, you have so many KPIs [Key Performance Targets] to meet and goals to meet, it's very much target driven".*

This perceived change in operations following a takeover had resulted in staff leaving the setting to find employment. For example, one interviewee reported that in one nursery, the whole staff team resigned after a large PE-backed group took over ownership:

> *"There were some who were just 'No, I don't want to be a part of a big organisation', they felt it was corporate and they did not like that individual attention had been lost."*

> *"I wouldn't want to be a part of a fully corporate team, the needs of the children are very so much dependent on your locality, and the dynamics of the families that are living in the area and we need to be able to respond to that and not have a 1-stop fits all plan. I've gone on visits in the past to these different large corporate chains, and no, it wouldn't be for me, let's put it that way."*

In terms of the impacts of takeovers, interviewees mentioned a decline in staff support and working relationships. For example, one interviewee described how following the takeover, she perceived a decline in the support available to staff and quality in the setting:

> *"But it does show in the Ofsted outcomes, because, following the next inspection, we lost our outstanding and were awarded a good, and I believe that's because we were, we weren't able to get the support needed to remain in that outstanding outcome bracket".*

Another said:

> *"So, for me, a lot of my support network was made redundant, or their roles were changing. So actually, the people I would lean on as a manager were no longer there, and I'm now having to build new relationships. It's quite difficult to build a new relationship when you're feeling quite vulnerable."*

Another interviewee who had experienced the change of ownership from a mid-sized group to a large PE group, perceived this had led to a dramatic difference in terms of the owners' working relationships and knowledge of their staff:

> *"With [mid-sized group], any concern I had or any question or even just a random query, I could call their helpline and they would know my name, they would know my setting, they would ask how I was. To do the same for [large PE-backed group], because they do have a very big support network with a lot*

of people there, I'd need to give them my employee number and my centre number, so, impersonal, impersonal, distant."

3.2.2.4 Perceived Impacts of families and communities of takeovers

The interviewees who had experienced a change from an independent nursery to a large PE-backed group spoke about how this change had impacted families. One had witnessed how parents withdrew their children because they did not like the 'ethos' of the new company or the changes that had been implemented, which they felt led to a different 'atmosphere' in the setting. Another interviewee said that the new owners changed the nursery's food supplier to a cheaper alternative, and parents were unhappy about the change in the quality of their children's food, leading to parents removing their children from the setting.

In a few reported cases, a change of ownership led to increased fees for parents as the acquired setting was aligned with the wider nursery group. When one small nursery group was taken over by a mid-sized group, the terms and conditions were changed so that parents were charged for bank holidays (when the nursery was closed), which was not the case under the previous ownership.

A few interviewees commented on the negative impact of a change of ownership on a local area regarding reducing diversity and choice, especially where large nursery groups took over independent settings and small nursery groups. Similarly, nursery closures in rural areas resulted in a complete lack of provision in that locality, and parents had to travel much further to access childcare.

Another key concern was the loss of diversity and choice in the sector. Interviewees reported that independent and smaller nursery groups are finding it increasingly difficult to operate and remain viable, which risks losing the niche quality care they provide and the personal touch they offer:

> *"I do just think it's sad that a lot of the big companies are taking out the smaller individual nurseries and taking away almost that choice for parents to choose where they want to send their children."*

3.2.2.5 Rapid expansion following takeovers

One interviewee described how the takeover she had experienced had saved the setting from closure, which she said was a good thing, especially given it was in a very deprived area. However, she described how the takeover had been part of a "rapid expansion" on behalf of the new owners. In her opinion, changing to a multi-setting nursery (especially being a PE-backed nursery) meant "*things changed and became compromised*". In her view, the nursery group grew too fast and too large to be able to support the nurseries properly it took over:

"The growth and the impact of that was quite scary…it's almost like a big snowball. The nurseries are going so quickly, but actually, the support team didn't grow around it. So, I would spend my time almost firefighting daily, just to try and be there for the managers of their settings, making sure the children are safe in that setting. There are occasions where I didn't feel they were safe."

3.2.2.6 Some improvements to conditions and facilities following a takeover

Some interviewees perceived improvements in discussing the transitions and impacts following a takeover. For example, training and development opportunities for staff were positive changes that interviewees had seen; in some cases, this included becoming part of a wider network of nurseries in a large PE-backed group, which had the added benefits of networking and access to professional development courses and conferences.

"The development I was able to see throughout my staff team was great because of the resources that we were given, because of the support and opportunities. Because I think for some of those team members, and I'm still in touch with them now, by being part of a larger group allowed them to grow, yeah, yeah. So some of them are now managers, and they were kind of practitioners with me, so that is a positive experience."

Another positive impact reported by two interviewees was the improvement of standards in the setting around health and safety, and compliance with current policies and best practices, which, in turn, had benefits for children and the quality of care:

"The children were able to thrive because we're able to upgrade some of the offerings, the educational opportunities increased, and that shows in the outstanding outcomes through our inspections".

In a few cases, a change of ownership led to a pay raise for staff, and one interviewee stated that they were given additional days off between Christmas and New Year that they had not had under the previous ownership.

Increased job security as a result of becoming part of a mid-sized or large nursery group was another positive factor reported by some interviewees who compared this to feelings of insecurity and vulnerability before takeover when working for an independent or small group of nurseries:

"We're definitely in a more secure, employment wise, in a more secure position because the climate is so unstable out there, the minimum wages rise and all the rises that are coming, I do worry about some of the smaller, local settings that are running so they have that job security."

3.2.2.7 A case study of closures and change of ownership

The interviews revealed a complex and diverse picture, with many interviewees experiencing several ownership changes. This is a case summary of an example of this complexity. Some details have been removed to preserve the anonymity of the interviewees and the nurseries and companies involved.

This interviewee talked about three separate nursery takeovers she had experienced during her career. The first was when she worked at a small nursery group (three settings) in an affluent area that a mid-sized nursery group took over. She stated that the process by which it happened, and how the new owners managed it, was positive. Staff felt it had been a good experience and that they were emotionally supported and valued. There was good communication before and during the takeover process, and the new owners collaborated closely with existing staff, consulting with them and working collaboratively and gradually to implement changes:

> "*They looked at what we did, what we had in place, and sort of merged the two to make it work, which I thought was good."*

She reported that her second experience of change of ownership was also positive for staff and parents. In this case, it was an independent nursery located in an affluent area that a mid-sized nursery group took over. The new owners again worked with existing staff, communicating their plans and proposed changes in a way that made staff feel part of it. The new owners were also very present and hands-on in supporting staff and parents:

> *"They also very much introduced themselves, they said you know we've been to see your nursery and this is what we'd like to put in place but we want your input into it so they very much did involve you in it and their ethos at [mid-sized group] was that everyone was part of it and I think you did feel very much part of it."*

In contrast, the interviewee's third experience of a change of ownership was negative. Here, a large PE-backed nursery group unexpectedly took over an independent nursery located in an affluent area with little notice. The interviewee said that when parents became aware of the takeover, they were concerned about it:

> *"Parents were saying, 'Oh my gosh! It's all going to change…and…'We joined your nursery because of the family feel and the family atmosphere and that's going to disappear and it's going to become corporate and money orientated….it's very hard to then reassure parents that it's going to stay the same when you know it's probably not going to stay the same."*

Staff found the new owners to be very corporate, and there had been a lack of consultation with or inclusion of staff in decision-making. She described the new company's approach as "heavy-handed and top-down" and said that its priorities were on profit and efficiency, and less on the needs of children and families. The new

owners subsequently closed this nursery a few years after taking it over due to being unable to fill all its places; the interviewee stated that this was likely due to 'oversaturation' as the same company owned 15-20 other nurseries in the local area.

The interviewee reflected on the marked differences in her experiences of change of ownership. With the first two, staff felt valued and included, and there was good continuity for children and parents because the staff stayed on and the overall ethos of being child- and family-centred remained the same. The new owners had invested in the nurseries with new equipment, better training, and development opportunities for staff. In contrast, she described her third change of ownership experience as "*shocking*" because of how different it had been from what she had experienced previously:

> *"With [large PE-backed group], because it was so different from what I had previously experienced with takeovers, it was very much 'Oh, ok, I'm not sure I like this'. I felt very on edge and every day going into work it was like 'Oh no what's going to happen today', whereas with the others it was more excitement with 'Oh I wonder what's going to happen today' or 'What are we going to be able to do today…it was a lot more personal with the first two and as I said, [large PE-backed group] is very, very corporate which, nurseries are not set up to be corporate, early years isn't corporate, it's people and families."*

4. Conclusions

Our report provides additional information about provider type, evidence about sufficiency, and care deserts. Analysing this information is important for understanding how nursery provision operates in different areas.

Most of the closures of nursery places since 2018 are within the not-for-profit/partnership nursery group, and the fewest closures in each deprivation band are for the PE-backed group. This would suggest that the PE-backed nurseries have been better able to withstand the economic challenges of recent years that have forced many in the sector to close. However, the PE-backed group has also seen the fewest openings, especially within the most deprived areas (although these differences are relatively minor). If PE-backed providers continue to have a small presence in the most deprived areas, this could contribute to sufficiency challenges in the future for these areas.

The distribution of provision of the PE-backed providers, and at least some of the for-profit non-PE-backed providers, could suggest they are avoiding locating in the most deprived areas. If this apparent avoidance is because of a lack of demand for places, or because parents in the most deprived areas cannot afford to pay for childcare, this trend should be echoed within the same areas for the for-profit providers that are not PE-backed. However, we see that the for-profit non-PE-backed group is the largest

group within the most deprived band. The decline in not-for-profit nurseries in the most deprived areas seems to be taken up by this group of for-profit non-PE-backed providers.

However, within the top ten providers, even the for-profit non-PE-backed providers provide the fewest places in the most deprived areas. This perhaps can be explained by understanding what a for-profit provider is. Some companies in the top 10, such as Bright Horizons, do not meet our definition of being backed by private equity. However, their business model includes private investment. For example, Bright Horizons is partly owned by the Ontario Teachers' Pension Plan (Simon et al., 2022). This suggests that future work on sufficiency needs to take a wider definition of provider type, including for-profit companies that receive private investment (even if this is not private equity).

The current government recognises some of the challenges highlighted in this report, especially the decline of not-for-profit providers. To tackle this, the government has pledged to "expand the state nursery sector as part of wider plans to build a system of high-quality, affordable childcare that better meets the needs of modern families and their working lives" (Phillipson, 2022). While this initiative is to be commended, it is not clear how this will be achieved alongside other types of provision, and whether the idea is that schools alone are expected to plug the gaps in the most deprived areas. Additionally, some have warned against single-type provision monopolising the market, arguing that if schools are left as the leading providers in more disadvantaged areas, this may not meet the needs of all children. This is especially the case for parents whose working hours mean they need care during holidays and more flexible hours (Reed, 2023).

We identified that ownership type matters to the distribution of provision. The fewest openings appear within the most deprived areas, especially for the PE-backed providers. Although based on a small sample, our qualitative findings reveal that even when the PE-backed and for-profit sector steps into 'take-over' not-for-profit provision, there are important impacts for staff, families, and communities. Interviewees reported detrimental consequences of sudden closures and takeovers where staff and parents are not adequately consulted about the impending change. Others reported a perceived difference in company practice between not-for-profit and for-profit companies, especially PE-backed nurseries, which include not having a 'family feel' and 'feeling too corporate' and not being flexible enough to meet the local needs of families.

We call on the government to consider provider type when developing its policy in this area, and consider what can be done to avoid a market monopolised by one type of provider in certain areas. It should also rethink its current market incentivisation strategy, which is leaving sufficiency gaps within the most deprived areas of England.

The results in this report suggest the need for a better-managed market where providers have incentives to open in areas of deprivation. Within this context, we support the idea of local authorities playing a stronger role in helping smaller settings and managing the market to have more control over self-sufficiency. This would ensure all children who need it have access to good-quality early years provision, regardless of where they live.

A secondary recommendation is that Ofsted collect data on ownership type as part of its provider registration process. This data would greatly support the government's efforts to respond to uneven provision and access issues and better understand how to react to market fluctuations in openings and closures.

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Appendix

This section details additional information about our methods and research approach.

Quantitative

Research questions one and two above were addressed by quantitative secondary data analysis between September and December 2024.

The Guardian extended important work led by Simon et al. (2022) to understand the role of private equity and the corporate ownership of childcare providers in England. In partnership with the JRF, the Guardian also deepened the financial understanding of the leading childcare providers.

The methodology included filtering the Ofsted data of registered providers only to include "childcare on non-domestic premises" and "Provider Early Years" in Ofsted records. All registered person names were first converted to uppercase to avoid known errors when matching names. Records were then checked for duplicates, and all duplicates were removed.

Classifying the type of provider involves several steps. Ofsted provides no information on the type of childcare provider it inspects. Our research questions required accessing Companies House data for the same period to append financial information to Ofsted data. With no unique identifiers available for this matching process, we used the company's name to match Ofsted data to Companies House data to identify providers who were 'for-profit private providers', 'not-for-profit

providers', and 'partnership providers' using Companies House classification. The next step was to identify from the 'for-profit private' providers, which ones were backed by private equity. For this, we used a classification system previously developed using the same Ofsted data by The Guardian, which Vivek Kotecha developed[2] and JRF supported. After doing these steps and careful cleaning, we created a further group for providers that could not be classified with our available information (we call these 'no info'[3]).

The authors used this same methodology to create a data file of registered current operators in 2018 and 2024. We compared the providers in these two data points to understand the difference in the number and percentage of closures and openings in registered providers. A decrease since 2018 would indicate a provider decline (i.e., an increase in nursery closures). To examine new openings since 2018, we looked at which providers were registered in 2024 but were not there in 2018.

We used nursery place information from the Ofsted data. This is aggregated into the deprivation band, provider classification, and registered provider for the case study information. The case study information was further cleaned to ensure accuracy for the top ten providers, e.g., Busy Bees Nurseries Limited, Busy Bees Day Nursery Ltd, and Treetops Nurseries were collapsed into one provider—Busy Bees Nurseries Limited.

We used deprivation information within the Ofsted dataset to examine the distribution of providers in 2018 and 2024 and how our classification of providers compares with this distribution by deprivation.

The figures from this analysis were subject to a robust quality assurance process to verify the steps in the methodology and the numbers produced.

Qualitative

This component of the research aimed to provide an in-depth and contextualised insight into the complex issues of nursery closures and ownership changes. The research did not seek to establish a nationally representative picture of closures and ownership changes, but to illuminate and provide further context to the quantitative secondary analysis research findings.

Semi-structured telephone interviews were conducted with eight childcare professionals who had experience with nursery closure or change of ownership. An advertisement about the research was placed in Nursery World, inviting nursery workers in England, aged 18 and over, who had worked in a nursery that had closed or had a change of ownership, to participate in an interview. The advert contained a link to a brief online survey where nursery workers could register their interest in

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[2] https://uk.linkedin.com/in/vivek-kotecha
[3] Examples of this include data where the registered name is a person only.

participating in the research. It collected demographic information about them and brief details about their experience of closure or change of ownership. This filter survey was used to ensure the research only included participants with relevant experience for the research – childcare workers (current or recently left the sector), who had experience with closures, changes of ownership, or both.

A total of 27 people responded to the advert, and participants were randomly selected from this pool to be contacted. Where an interviewee chosen could not be successfully contacted or changed their mind about participating, they were replaced by an alternative, randomly selected participant until the target sample size of eight interviews was achieved.

The research aimed to explore the experiences of closures or ownership changes in depth. However, the interviews revealed that some interviewees had experienced both and/or several separate instances throughout their professional careers; a complex picture of closures and ownership changes in the nursery sector emerged. It was impossible to completely disentangle interviewees' experiences and accounts of closures from ownership changes, so the data analysis focused on crosscutting themes.

Sample

All interviewees were female, between 31 and 61 years of age, and they had at least 10 years of experience working in the nursery sector. Two of the eight interviewees had experience of nursery closures, six had experience of at least one change of ownership, and two reported the subsequent closure of one of these nurseries.

Where interviewees discussed an individual nursery's change of ownership or closure, the geographical region and postcode Index of Multiple Deprivation (IMD) decile were recorded.[4] The changes of ownership that interviewees reported took place at nurseries in the Southwest or Southeast regions of England, with ten out of eleven of these in locations with an IMD decile of between 6 and 9 (one of which later closed); the 11th nursery was in an IMD decile area of 2 and closed 6 months after change of ownership. The closures that interviewees reported were at nurseries in the Northwest and Southeast of England in locations with an IMD decile of either 2 or 3.

The experiences of our sample can be summarised as follows.[5]

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[4]The Index of Multiple Deprivation (IMD) is a measure of relative deprivation in small geographic areas in England, with 1 being the most deprived and the highest number being the least. A rank within the top 10 (1-10) indicates a very high level of deprivation. For example, areas ranked 1-10 in the IMD are considered the most deprived 10% of areas in England.

[5] *For the purposes of this research we are defining a small nursery group as 10 settings or less, a mid-sized group as 50 or less, and a large group as over 50 settings. Where a nursery group is backed by private equity (PE) this has been stated.

- **2 experienced just closures**: one interviewee experienced two separate nurseries owned by the same large private equity (PE)-backed group, and one interviewee experienced the closure of 1 of 3 nurseries owned by a small not-for-profit charity.
- **4 experienced just take-overs**: One interviewee was in a small nursery group taken over by a mid-sized Private Equity (PE) backed group, another in an independent nursery taken over by an individual who expanded from this one nursery to owning 12, another had several experiences including 1) small nursery group taken over by a large PE-backed group, 2) independent nursery taken over by a mid-sized PE-backed group, 3) mid-sized PE-backed group taken over by large PE group, 4) small nursery group that expanded and took over many nurseries to become a large PE group, and another interviewee experienced: 1) independent nursery taken over by another independent owner, 2) small nursery group taken over by a mid-sized PE-backed group, 3) small nursery group that took over two independent settings.
- **2 experienced takeovers and closures**: one of these interviewees experienced an independent nursery taken over by an individual owner, which closed 6 months later. There were several experiences of change of ownership, one of which subsequently closed:
    - 1) A small nursery group taken over by a mid-sized group, which in turn was later taken over by a large PE-backed group,
    - 2) An independent nursery taken over by a mid-sized group,
    - 3) A large PE-backed group took over an independent nursery, which was then closed.