The state of the market, pinch points and sustainability

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The UK Nursery Market

- UK market is characterised by a large number of small and mid sized players across different regions and markets.
- Main factors influencing the overall market include employment levels, population demographics, social change, Government policies and regulation.
- The children's day nursery market in the UK is valued at £4.3 billion.

Market Demand for Nursery Childcare

- Strong under five's population growth during the period 2006 to 2011 (equal to 390k children).
- Predictions are for steady under five's population for the next 20 years.
- Increased female employment now at 53% from a low of 43% in 1983.
- Increased delays in forming families and increase in families with both parents returning to work.
- Average FTE per child is dropping over time.

The UK Nursery Market

Market Capacity

- Between March 2011 and March 2012 the total number of nursery places increased by 0.6% building on the 2.7% increase seen over the previous 12 month period.
- Prediction is for a period of stability in nursery places as businesses choose to expand modestly.

Group	No. Places	Market Share
Asquith Nurseries	5,623	1.3%
Leapfrog Nurseries	3,586	0.8%
Jigsaw Nurseries	3,456	0.8%
Busy Bees	**2,405**	**0.6%**
Kidsunlimited	2,390	0.6%
Nord Anglia	2,109	0.5%
Kinderquest	1,977	0.5%
Just Learning	1,948	0.5%
Child Base	1,761	0.4%
Kindercare	1,496	0.4%
Top 10 Groups	**26,751**	**6.3%**
All Groups	**56,900**	
Total Places	**424,900**	

Group	No. Places	Market Share
Busy Bees	**19,741**	**2.7%**
Bright Horizons	10,289	1.5%
Asquith Nurseries	6,173	0.9%
Kidsunlimited	5,580	0.8%
Pre-school Learning Alliance	4,350	0.6%
Child Base	3,497	0.5%
The Co-operative Childcare	3,005	0.4%
Bertram Nursery Group	2,652	0.4%
Treetops Nurseries	2,236	0.3%
The Childcare Corporation	2,044	0.3%
Top 10 Groups	**59,567**	**8.4%**
All Groups	**154,225**	
Total Places	**708,825**	

Nursery group defined as a nursery business that operates three or more nurseries.

Source: Laing & Buisson: Children's Nurseries UK Market Report 2012

Pinch Points

- Issues for Parents
  - Issues for Employers
    - Issues for Providers

Pinch Points

Issues for Parents

Affordability

- Free 15 hours only available for 38 weeks.
- Average fees rising no change in voucher value
- Reduction in childcare element of working families tax credit

Availability of good quality care

- Especially in deprived areas

Pinch Points

Issues for Employers

Improving the current tax system to help attract employees

Dealing with family friendly policies

- Longer Maternity / Paternity Leave
- Request for flexible working patterns
- Managing holidays

Pinch Points

Issues for Providers

- Security of Payments – childcare element of working families credit not paid direct and not audited
- Ratios proposed changes may actually push up costs
- Changes to qualifications for staff will make staff harder to recruit.
- Occupancy fluctuations due to free entitlement and reductions in the average sessions each child takes.
- Uneven playing field between Public & Private sector e.g. – VAT

Sustainability

- No need for constant change
- Agree a 5 year plan and stick to it
- Link allowances to childcare costs

Vision

Development of Care Voucher

Simplify current payments