

Recognition of the importance of early years education driving growth in the childcare market

London, 15 March 2018

LaingBuisson has launched the 14th edition of its Childcare UK Market Report which focuses on the nurseries market.

There are 4.9 million children aged five or under in the UK today, 17% of whom are in formal nursery education, with demand growing year-on-year. This is driven by more mothers of young children working (70% of them with children under 4 in 2017) and by growing recognition of the positive role that receiving the right education during early years has on child development.

While the market still has a 'long tail' of small providers, the growth in popularity of formal childcare is increasing demand for nursery places, attracting investment in the sector, and driving consolidation, there are now two 'supergroups' and around 23 mid-small sized groups. A number of investors and providers from North America, Asia and Europe have entered the market, among them Les Petits Chaperons Rouges, the number two in France and now number seven in the UK market, Ontario Teachers' Pension Plan ("OTPP") and Temasek, the National Government of Singapore's investment fund.

The market is not, however, without its challenges. Other successful markets like France, have experienced similar challenges but operators have successfully adapted to them and moved forward providing stronger businesses, offering better care and support for children, parents and staff.

Dominic Barrett-Evans, report author, said:

"All of the indicators point to formal day care services for children under the age of 5 being attractive for investors taking a long-term approach and with a willingness to evaluate each acquisition on its own merits. With many more mothers of young children working and parents recognising the value of good early years education and care, childcare has now become a vital part of everyday life and this will only continue to grow. We expect continued steady growth, with increased demand for more specialised childcare services and eco-nurseries providing operators with innovative, practical and cost-effective solutions to extend capacity if needed.

"Moreover, the childcare sector has shown its resilience in the face of economic downturns and Government policy changes over the years, and a very real opportunity exists if the Government settles on the correct childcare strategy soon. It is too early to judge the impact of most recent '30 hours policy' but it is likely that operators will be able to adapt and find solutions to make it work. Getting the funding right is also fundamental to making sure well-trained and good-quality staff continue to be attracted to the sector."

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For further information please contact:

LaingBuisson

Heidi Nicholson, Head of Business Development

Tel: 020 7833 9123

Notes to Editors

About LaingBuisson

LaingBuisson, the leading health and social care market intelligence provider, has been serving clients for over 30 years, providing insights, data and analysis on market structures, policy and strategy. We are the chosen provider of independent sector healthcare market data to the UK Office for National Statistics (ONS) and work with providers, commissioners, payors, manufacturers, investors, regulators and advisors. We help our clients to understand their markets, make informed decisions and deliver better outcomes through market intelligence, consulting and data solutions.

For more information, please visit our website at www.laingbuisson.com.

About Dominic Barrett-Evans

Dominic was previously Head of Education and Childcare at Rothschild before leaving in 2011 to set up Nurture Education, a small boutique focusing on childcare and childcare consulting. He began work in the childcare sector in 2004 with the sale of Asquith Schools which went on to become Cognita, the largest independent schools business worldwide and Asquith Nurseries. He has advised on over 50 transactions, refinancings and restructurings in the sector. Major clients have included Knowledge Universe, Busy Bees childcare and childcare vouchers, Asquith Nurseries, the Co-operative, Just Learning, Kids Unlimited, and Catalpa, the largest European childcare transaction to date, as well as private equity firms with interest in the sector. His most recent transactions include the acquisition of Les Enfants in Bromley, and the sale of Asquith Nurseries to Bright Horizons where he mainly consulted on the US marketplace.

Dominic is the author of LaingBuisson's Childcare Market Report and also a consultant in the sector, both in the UK and internationally.

His passion is charitable work including an AIDS orphanage in South Africa, working with the United Nations in refugee camps, Fundacao Cafu in Brazil and the Laureus Foundation.

About the Childcare Report

Now in its 14th edition, the report includes information on:

- Market
- Politics and regulation
- Payors
- Major providers
- Investors
- Staffing
- Market Potential

For further information on the report, please visit www.laingbuisson.com