Department for Education

# Providers' finances: Evidence from the 2024 Survey of Childcare and Early Years Providers

## Research Report

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Government Social Research

# Contents

# List of figures

# List of tables

# Glossary

More detailed explanations of the following terms can be found in the Appendix.

**Additional charges:** charges that parents pay for specific items (e.g. unarranged late pickups and outings) over and above regular fees.

**Cost decomposition:** division of providers' total cost into different components. Examples of these include staffing costs, rent or mortgage payments, food costs, materials costs, and training costs.

**Hourly effective income:** the average income received by providers per child per hour of care provided. This is an average of the average hourly fees paid to providers by parents and average hourly entitlement funding rates, weighted by the estimated number of hours paid for by parents and provided through entitlement funding.

**Early years entitlement**: public funding allocated by the government to support a specified number of government-funded childcare hours for eligible children aged 9 months to 4 years.

**Hourly entitlement funding rate:** the average hourly amount that providers report receiving from local authorities in payment for hours delivered as part of the early years entitlement.

**Hourly parent-paid fees:** the average hourly fee charged by providers to parents, excluding hours delivered as part of the early years entitlement.

**Income decomposition:** division of providers' total income into income received from parent-paid fees, entitlement funding and "other" sources.

**Income-to-cost ratio:** total weekly income divided by total weekly cost.

**Staff hourly pay:** staff earnings per hour before tax and National Insurance are deducted.

**Unit cost:** a measure of a childcare provider's average cost per child per hour for all children in the setting.

## Provider types

Statistics are presented for five types of providers defined in the following ways:

**Private group-based providers:** Ofsted-registered providers operating on non-domestic premises that are run by private companies. These include employer-run childcare for employees.

**Voluntary group-based providers:** Ofsted-registered providers operating on non-domestic premises that are run by a charity or voluntary management committee on a not-for-profit basis.

**Maintained nursery schools:** Purpose-built maintained schools specifically for children in their early years with a qualified teacher present.

**Nursery class childcare settings** These are other maintained schools, and non-maintained schools, offering nursery provision alongside provision for older children; and

**Childminders:** Ofsted-registered individuals providing early years care, usually on domestic premises.

In the data tables, “all providers” includes “other” group-based providers (e.g. “private not-for-profit” providers) that do not fall into either the “private” or “voluntary” categories.

In the analysis of staff hourly pay, a differentiation is made between childminders and childminders’ assistants. In all other cases, “childminders” refers to the type of provider made up of childminders and childminding assistants.

## Age groups covered by the Survey of Childcare and Early Years Providers

The sample used in this report only includes providers who look after at least one pre-school age child (a child who has not yet entered Reception class). Some of these providers will have looked after children who were of school age in addition to pre-school children.

# Executive summary

This report presents an analysis of childcare providers’ finances based on a survey carried out between May and July 2024, shortly after significant reforms in “entitlement” funding in England began. From April 2024, government-funded childcare was expanded to younger children and, from September 2025, all pre-school children from eligible working households from the age of 9 months will be entitled to the equivalent of 30 hours of government-funded childcare for 38 weeks of the year.

To understand the potential impact of the expansion and the ability of the sector to expand provision it is important to understand the financial health of childcare providers and the cost of childcare to the government, providers and parents.

This report presents an analysis of the cost of childcare and the finances of providers based on responses to the 2024 Survey of Childcare and Early Years Providers (SCEYP), carried out just after the start of the expansion in childcare entitlements.

The analysis also focuses on differences between different types of childcare providers, different regions of the country, and different age groups, which acknowledges differences in the way that childcare is delivered and economic context within which it is delivered,

**Childcare providers’ income-to-cost ratios**

- In 2024, the median income-to-cost ratio for all childcare providers (excluding childminders) was 1.05, the same as in 2023. In other words, the median provider received £1.05 in income for every £1 that they spent.
- Private group-based providers had the highest median income-to-cost ratio (1.16), while childminders had the lowest median income-to-cost ratio (0.91).
- The mean income-to-cost ratio for all childcare providers (excluding childminders) was higher than their median income-to-cost ratio in 2024 (1.11 – around the same as in 2023, which was 1.12). The mean being higher than the median suggests that some providers achieved income-to-cost ratios of much greater than one and that the median is a better measure of the income-to-cost ratio for a “typical” provider.
- There were large differences, both within and between different types of providers. Around one in three nursery class childcare settings (30%) had an income-to-cost ratio of less than 0.8, compared to 8% of group-based providers.

Around two in five (44%) private group-based providers had an income-to-cost ratio of more than 1.2, compared to 4% of maintained nursery schools.[1]

**Breakdown of childcare providers' costs and income**

- Staffing costs continued to make up the majority (78%) of providers' costs in 2024. Staffing costs ranged from 72% of private group-based providers' total costs to 86% of nursery class childcare settings' total costs. Some of the variation in staffing costs as a proportion of total costs can be explained by other cost components (for example, rent/mortgage costs make up a much larger proportion of group-based providers' costs than school-based providers' costs).
- In 2024, the "average" provider received around half of their income from parent-paid fees (48%) and around half from entitlement funding (47%). This *does not* however imply that around half of the total income received by childcare providers was accounted for by parent-paid fees. The proportion of income from different income sources continued to vary considerably between provider types.[2] For example, parent-paid fees accounted for 71% of childminders' income in 2024, while 83% of income for nursery class childcare settings came from entitlement funding.
- Compared to 2023, the proportion of the "average" provider's income that came from entitlement funding increased from 37% to 47%, while the proportion from parent-paid fees decreased from 58% to 48%. This shift from parent-paid fees to entitlement funding is likely to be explained by the expansion of entitlement hours to two-year-old children from eligible working households which began in April 2024, and by significant increases in hourly entitlement funding rates seen at the same time. This shift is likely to continue as the childcare entitlement expansion is rolled out.[3]

[1] Providers could report their cost and income figures on a timeframe of their choosing. Income and cost figures reported on a monthly or weekly basis may be more likely than annual figures to include large, one-off items of income or expenditure. In these cases, providers' income-to-cost ratios may not accurately reflect their overall profitability across the year, so caution is required when interpreting these figures.
[2] Childminders (who receive a relatively large share of income from parent-paid fees) make up nearly half of childcare providers. However, group-based and school-based providers (who receive a smaller share of income from parent-paid fees) account for the vast majority of registered childcare places (2024 Survey of Childcare and Early Years Providers (link here)).
[3] It is estimated that total spending on funded entitlements in 2026-27 will be almost 85% higher in real terms than in 2018-19 (link here), suggesting that providers' income from this source will continue to increase.

### Cost of childcare for childcare providers

- The median unit cost of childcare in 2024, across all providers and all ages of children, was £6.22 per hour.[4]
- Median unit costs varied significantly across provider types, from £5.70 per hour for private group-based providers to £7.84 per hour for maintained nursery schools. Median unit costs increased by 12% between 2023 and 2024.
- Increases in unit cost varied across provider types. Median unit costs increased by 14% for voluntary group-based providers, compared to only 4% for childminders.
- There was substantial variation in median unit costs across regions. London had the highest median unit cost, at £8.79 per hour, followed by the North East, at £7.13 per hour. The region with the lowest median unit cost was the East Midlands, at £5.38 per hour.

### Staff hourly pay

- The median hourly pay for all childcare provider staff was £12.50 per hour in 2024, an increase of 11% from £11.30 per hour in 2023. This increase was slightly higher than the 9.8% increase in the National Living Wage in April 2024 (from £10.42 to £11.44 per hour).
- Median hourly pay was lower than mean hourly pay, which was £14.35 per hour in 2024 (up from £13.19 per hour in 2023).
- The relatively high staff hourly pay for school-based providers (their median hourly pay was £17.95 per hour in 2024) was driven both by their more highly qualified staff as well as a greater hourly pay premium for staff with higher-level qualifications based at school-based providers.
- Excluding childminders, an estimated one in 20 (5%) childcare staff aged 21 or older were paid below the National Living Wage.

### Parent-paid fees, entitlement funding rates, and additional charges

- In 2024, the median hourly parent-paid fee was £6.00 per hour for children of all age groups. Median hourly parent-paid fees varied significantly between provider types. Fees were lowest among childminders for children under the age of two and for two-year-old children (£5.80), and among nursery class childcare settings for three- and four-year-olds (£5.00).

[4] The methodology used to estimate provider unit cost was adjusted between 2023 and 2024. Providers who reported a unit cost over the threshold of £20 were excluded from the analysis (as opposed to a threshold of £40 which was used in 2023). Excluding providers who reported a unit cost over £20 results in lower estimates of average unit costs compared to using a threshold of £40. Therefore, these figures cannot be directly compared with those in the 2023 report. However, this methodology is considered to give more robust estimates.

- Median hourly parent-paid fees were highest among nursery class childcare settings for under-two-year-olds (£7.80)[5] and private group-based providers for two-year-olds and for three- and four-year-olds (£7.25 and £7.00, respectively).
- The median hourly entitlement funding rate increased significantly between 2023 and 2024. For all providers, the median hourly rate increased from £5.57 per hour to £7.54 per hour for two-year-olds – a 35% increase. For three- and four-year-olds, it increased from £4.65 per hour to £5.24 per hour, representing a 13% increase.
- In general, median hourly entitlement funding rates varied significantly less than median hourly parent-paid fees. For two-year-old children, median hourly entitlement funding rates ranged from £7.25 per hour for nursery class childcare settings to £7.93 per hour for maintained nursery schools. Among three- and four-year-old children, median hourly entitlement funding rates were again highest for maintained nursery schools (£5.61 per hour). For all other provider types, median funding rates were between £5.23 per hour (nursery class childcare settings and childminders) and £5.25 per hour (private group-based providers).
- For two-year-old children, median hourly funded entitlement funding rates were higher than median hourly parent-paid fees for all provider types. This difference was largest for childminders (£1.75 per hour).
- For three- and four-year-olds, median hourly entitlement funding rates were lower than median hourly parent-paid fees for all provider types except nursery class childcare settings (where the funding rate was £0.23 per hour higher than parent-paid fees). Across provider types where median hourly entitlement funding rates were lower than median hourly parent-paid fees, the difference was greatest for private group-based providers (£1.75 per hour), and lowest for childminders (£0.27 per hour). Across all providers, the gap between mean parent-paid fees and entitlement funding rates decreased slightly between 2023 and 2024, from £0.85 to £0.76 per hour for three- and four-year-old children.
- More than three-quarters (77%) of all providers made some form of additional charges to parents in 2024, rising to 86% of providers when excluding childminders. The proportion was highest for private group-based providers (91%) and lowest for childminders (67%). However, income from additional charges only made up a small proportion of providers' overall income (1.5%).[6]

[5] Although the sample size is relatively small for this statistic (27 providers).
[6] Although statutory guidance does not allow it, there is evidence that some providers might be incorporating additional charges into the daily fees that they charge parents. The proportion of income that providers report as "additional charges" may therefore be underestimated.

### Hourly effective income for providers

- The median hourly effective income for two-year-old children in 2024 was £7.14 per hour, or £7.20 per hour when excluding childminders. The median hourly effective income was highest for maintained nursery schools (£7.70 per hour) and lowest for nursery class childcare settings (£6.86 per hour).
- For three- and four-year-old children, the median hourly effective income across all providers was £5.40 per hour, or £5.38 per hour when excluding childminders. As for two-year-olds, the median hourly effective income was highest for maintained nursery schools (£6.11 per hour) and lowest for nursery class childcare settings (£5.23 per hour).
- Regionally, median hourly effective income for two-year-old children in 2024 was highest in London (£8.42 per hour) and lowest in the North West (£6.44 per hour). For three- and four-year-old children, median hourly effective income was also highest in London (£6.64 per hour) and lowest in the North East (£5.04 per hour).
- A greater proportion of childcare hours for three- and four-year olds in 2024 were funded through hourly entitlements than through parent-paid fees, suggesting that childcare provider incomes were more sensitive to local authority hourly entitlement funding rates than they were to parent-paid fees.

### Conclusion

It is of critical importance to understand the ability of the childcare sector to deliver the additional childcare provision required to meet the anticipated increase in demand, driven by the ongoing expansion of childcare entitlements in England. It is also important to recognise the significant differences across the sector, especially given differences in their childcare provision such as the number of children they look after.

To support the implementation of this expansion, an additional £204 million per year was allocated in September 2023 to support the delivery of the childcare entitlement expansion announced in the Spring 2023 Budget. The funding uplift focused on increasing the national average amount providers received for delivering entitlement funded hours for two-year-olds.[7] This was followed by an expansion of entitlement eligibility in April 2024, which introduced 15 hours of free entitlement for eligible working parents of two-year-olds.[8]

[7] Early education entitlements and funding update: March 2023, available here.
[8] Eligible parents are those who are working and have a combined income of less than £100,000 per year. Prior to April 2024, eligibility for two-year-old entitlements only applied to the most disadvantaged households.

The impact of these policy changes can be found in the increase in average hourly entitlement funding rates and an increasing proportion of providers' incomes coming from entitlement funded hours. Between 2023 and 2024, the share of income from entitlement funding increased across all provider types, except for maintained nursery schools.[9] The potential impact of the expansion is also likely to differ across provider types, with only 26% of childminders' income coming from entitlement funding in contrast to an already high proportion of 83% for nursery class childcare settings.

Across all provider types, the median hourly funding rate for two-year-olds increased from £5.57 per hour in 2023 to £7.54 per hour in 2024 – a 35% increase. For three- and four-year-olds, the rate increased from £4.65 per hour to £5.24 per hour, representing a 13% increase. These findings demonstrate the direct impact of the targeted funding uplift, particularly in raising hourly entitlement funding rates for two-year-olds.

In 2023 there was a substantial gap between hourly entitlement funding rates and hourly parent-paid fees for three- and four-year-olds, while the gap for two-year-olds was smaller. However, by 2024 the entitlement funding rate for two-year-olds exceeded parent-paid fees across all provider types. For three- and four-year-olds, the gap narrowed compared to 2023, although only nursery class childcare settings had a positive difference (£0.23 per hour).

Despite the increase in average hourly entitlement funding rates and an increasing proportion of providers' incomes coming from entitlement funded hours, there are some providers that may experience financial pressures[10], which might constrain the ability of the sector to deliver sufficient places to match increased demand. In 2024, unit costs increased by 12% between 2023 and 2024 and only around half of providers received enough income to cover their costs. Given the significance of staff costs, making up (on average) between 72% and 86% of providers' total costs, a key component of this increase in unit costs is likely to have been the 9.8% increase in the National Living Wage (NLW) in April 2024, especially given the relatively high proportion of childcare staff earning around the NLW.

[9] Although the sample size is relatively small (36 in 2023 and 51 in 2024), maintained nursery schools had a large share of income from entitlement funding in 2023, with 73% of their income coming from that source, compared to 66% in 2024.

[10] These may include the higher relative costs associated with providing childcare for younger children, as well as the extension of the National Living Wage to all individuals aged 21 and over from April 2024, compared to those aged 23 and over in April 2023.

# 1. Introduction

**Survey of Childcare and Early Years Provides (SCEYP)**

The Survey of Childcare and Early Years Providers (SCEYP) is an annual large-scale survey collecting information on a broad range of provision characteristics from private and voluntary group-based childcare providers, school-based providers and childminders in England. The survey is used to monitor and evaluate early years provision, helping to inform the development of government policy in this area. Since 2022, the Department for Education has commissioned IFF Research and London Economics to conduct the survey on its behalf.[11]

This report presents an analysis of early years providers' finances in 2024. Further information about the survey and the methodology can be found in the technical report for the 2024 Survey of Childcare and Early Years Providers.

**Data limitations**

It is important to note caveats associated with the methodology and the data sources, which are discussed in more detail throughout the report and the Appendix.

Most importantly, the statistics presented in this report are estimates based on a sub-sample of providers. Different variants of the survey are sent to different providers, and each variant has a different set of questions, leading to some estimates being based on different sized samples. Additionally, certain questions (such as those related to registered places or hourly parent-paid fees) are generally easier for providers to answer, compared to other questions (such as those related to providers' overall income and costs). This also contributes to the variation in sample size for different estimates.

Only 1,140 providers, for instance, reported sufficient information to be able to calculate their unit costs. This is an important caveat, especially for provider types that make up a smaller proportion of all providers. For example, only 46 maintained nursery schools provided sufficient information to be able to calculate their unit costs.

[11] The Survey was first carried out in 1998. In some cases, figures for 2022, 2023 and 2024 presented in this report are based on a different methodology to figures for 2021 and earlier, presented in this and previous reports. Further details can be found here.

In contrast, 4,628 providers reported information about their hourly parent-paid fees for children under the age of two, 6,241 for two-year-olds, and 7,059 for three- and four-year-olds[12]. Similar numbers of providers reported information about their hourly entitlement funding rates. As a result, there is greater confidence in estimates of hourly parent-paid fees and entitlement rates than in estimates of providers' incomes and costs.

Further, two important caveats should be highlighted regarding calculations estimating average staff hourly pay.

- The hourly pay of childminders differs from other childcare staff. Childminders are self-employed and "pay" themselves a salary from their business. Unlike other staff, who are directly employed, National Living Wage legislation does not apply to childminders.
- Where staff hourly pay is reported on a timeframe other than hourly, it is derived by dividing gross earnings by the number of contracted hours over the same timeframe. If the number of contracted hours is different to the number of hours that someone actually works, this will produce an estimate that is different to their actual hourly pay.

Changes were made to the 2024 Survey of Childcare and Early Years Providers to improve the quality of information gathered, such as the inclusion of cost and income questions in the core survey (as opposed to only being included in certain "variants" of the survey) and additional validation checks of salary data.

[12] An additional short survey asked providers about hourly parent-paid fees and hourly entitlement funding rates, which boosted the sample to allow for estimates to be calculated at Local Authority level.

# 2. Providers’ costs and income

## 2.1 Income-to-cost ratio

*The income-to-cost ratio is total weekly income divided by total weekly cost.*

**Income-to-cost ratio for all providers excluding childminders, and childminders**

Mean and median income-to-cost ratios for all providers excluding childminders in 2024 were 1.11 and 1.05, respectively (Table 1). This implies that the median provider received £1.05 in income for every £1 that they incurred in costs. Mean and median income-to-cost ratios were lower for childminders (0.92 and 0.91, respectively).

A higher mean income-to-cost ratio than median income-to-cost ratio suggests that some providers had income-to-cost ratios much higher than the median (raising the mean with little if any impact on the median). This suggests that the distribution of income-to-cost ratios is positively skewed and that the median may be a more suitable indicator than the mean of the average provider’s income-to-cost ratio.

The median income-to-cost ratio for all providers excluding childminders in 2024 was the same as in 2023 (1.05), as was the median income-to-cost ratio for childminders (0.91). This may suggest that, as of the survey fieldwork (May to July 2024), average income-to-cost ratios have not risen as a result of the April 2024 expansion of childcare entitlements and increase in funding rates.

Whilst providers reported an increase in median parent-paid fees and a significant increase in entitlement funding rates between 2023 and 2024,[13] median weekly income did not rise at a comparable rate – increasing by 11% for all providers excluding childminders and by 8% for childminders. This suggests that the ‘total income’ figures reported by providers did not fully reflect these increases in parent-paid fees and entitlement funding rates.

One explanation for these results is that providers may report costs and income with a lag (i.e. for a period prior to April 2024). Childminders, for instance, may have taken their income and cost figures from their 2023-24 tax return. In this case, even if providers’ income-to-cost ratios had, in reality, increased in the months following April 2024, this would not be reflected in their reported income and cost figures.

[13] As discussed in Section 4, providers reported the following increases in median parent-paid fees between 2023 and 2024: 6% for under two-year-olds and for two-year-olds, and 9% for three- and four-year olds. Over the same period, median entitlement funding rates increased by 35% for two-year-olds and 13% for three- and four-year-olds.

Alternatively, other forces[14] affecting providers' costs and income may have counteracted the positive effect of the April 2024 policy changes on income-to-cost ratios.

### Income-to-cost ratio across provider types

Besides maintained nursery schools, median income-to-cost ratios remained around the same across all provider types between 2023 and 2024. Maintained nursery schools were the only provider type to see an increase, with their median income-to-cost ratio increasing from 0.93 to 0.99.[15]

Private group-based providers had the highest median income-to-cost ratio (1.16) in 2024, indicating that the median private group-based provider earned £1.16 in income for every £1 in costs. Voluntary group-based providers had median income-to-cost ratios slightly above one (1.03), indicating that just over half of these providers had incomes higher than their costs.

The median income-to-cost-ratio was around one for school-based providers (0.99 for both nursery class childcare settings and maintained nursery schools). In theory, this increase from previous years might suggest that fewer nursery class childcare settings were reliant on cross-subsidisation from other parts of their school.[16] However, childminders' median income-to-cost ratios continue to be significantly less than one, with the median childminder receiving £0.91 in income for every £1 spent.

[14] For example, these could include increases in the National Living Wage, or the lower statutory staff-to-child ratios for two-year-old children, the age group eligible for the new entitlements introduced in April 2024.
[15] These results should be treated with caution as the sample size for maintained nursery schools is low (50 in 2023 and 65 in 2024).
[16] It is also difficult for nursery class childcare settings, in particular, to accurately report costs associated with their nursery provision separately from costs associated with other parts of their school, especially when these are "overhead" costs that apply to all parts of the school.

**Table 1: Income-to-cost ratio by provider type (2022, 2023, and 2024)**

| Provider type | Mean income-to-cost ratio | Median income-to-cost ratio | Number of providers |
|---|---|---|---|
| Private group-based providers | | | |
| 2022 | 1.32 | 1.17 | 458 |
| 2023 | 1.22 | 1.14 | 535 |
| 2024 | 1.24 | 1.16 | 858 |
| Voluntary group-based providers | | | |
| 2022 | 1.06 | 1.02 | 408 |
| 2023 | 1.11 | 1.01 | 353 |
| 2024 | 1.09 | 1.03 | 706 |
| Nursery class childcare settings | | | |
| 2022 | 0.93 | 0.90 | 272 |
| 2023 | 0.99 | 0.97 | 361 |
| 2024 | 1.00 | 0.99 | 482 |
| Maintained nursery schools | | | |
| 2022 | 0.98 | 0.95 | 61 |
| 2023 | 0.88 | 0.93 | 50 |
| 2024 | 0.92 | 0.99 | 65 |
| Childminders | | | |
| 2022 | 1.03 | 0.90 | 299 |
| 2023 | 0.98 | 0.91 | 292 |
| 2024 | 0.92 | 0.91 | 254 |
| All providers | | | |
| 2022 | 1.08 | 0.99 | 1,550 |
| 2023 | 1.05 | 1.00 | 1,630 |
| 2024 | 1.01 | 1.00 | 2,442 |
| All providers excluding childminders | | | |
| 2022 | 1.13 | 1.03 | 1,251 |
| 2023 | 1.12 | 1.05 | 1,338 |
| 2024 | 1.11 | 1.05 | 2,188 |

Source: Survey of Childcare and Early Years Providers, 2022, 2023 and 2024. Note: ‘All providers’ includes 53, 39 and 77 ‘other’ group-based providers for 2022, 2023 and 2024, respectively. The methodology used to estimate the 2022 figures in this table is different to the one used in the 2022 report. In particular, childminders were excluded from the analysis if they did not report both the childminding costs that they paid themselves and the other costs associated with their childminding settings (rather than assuming zero costs for the cost component they did not report, as in the 2022 report). As a result, the average childminder’s cost in 2022 is higher, and their income-to-cost ratio lower, than that previously estimated.  In the 2022 report, for instance, it was estimated that childminders had a mean income-to-cost ratio of 1.16 in 2022. This estimate has been revised to 1.03.

Comparisons of income-to-cost ratios between different provider types should be treated with caution. For example, if childminders receive greater income than required to cover their expected costs, they may “pay” themselves more. This pay is counted as a business cost so an increase in a childminder’s income may not automatically lead to a higher income-to-cost ratio, even if their running costs remain the same. Conversely, if childminders receive less income than required to cover their expected cost, they may compensate for this by “paying” themselves less, reducing their business costs so that their income-to-cost remains roughly the same, Further, not-for-profit providers’ income-to-cost ratios are, by definition, likely to cluster around one (i.e. zero profit).

Differences in income-to-cost ratios between provider types may also be driven by differences in the use of additional charges. For instance, only around a quarter of childminders (26%) charge for meals (despite childminders generally providing full-day care) compared to over half (56%) of nursery class childcare settings (Table 20). Given that food costs account for 9% of childminders’ costs (Table 3), the second largest cost component after staffing costs, the use of additional charges (in addition to parent-paid fees) may be one factor driving differences in income-to-cost ratios between provider types.

**Distribution of income-to-cost ratios within provider types**

Figure 1 presents income-to-cost ratios for the 10$^{th}$, 25$^{th}$, 50$^{th}$ (median), 75$^{th}$, and 90$^{th}$ percentile provider, which provides an indication of how income-to-cost ratios vary across the sector.

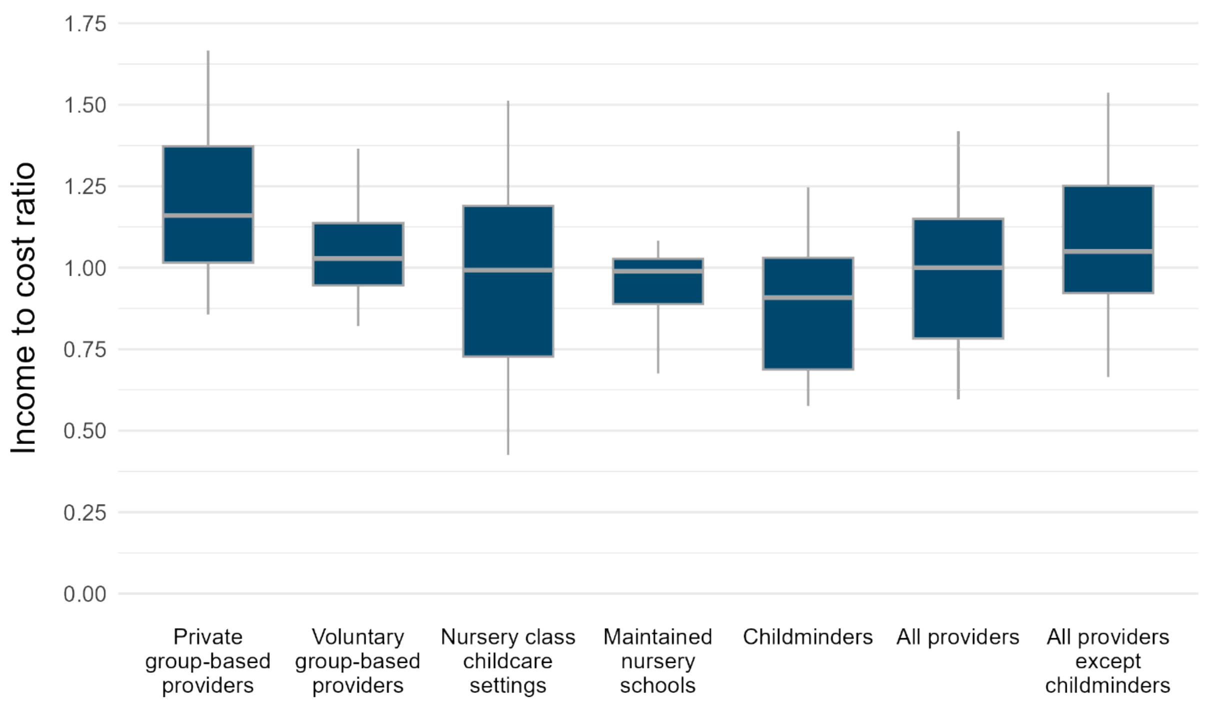
The 25$^{th}$ percentile private group-based provider had an income-to-cost ratio of 1.02. This suggests that roughly three quarters of private group-based providers had income that at least covered their costs.

Nursery class childcare settings had the most variation in income-to-cost ratios of all provider types. They had the widest interquartile range[17] (0.46) with a quarter of nursery class childcare settings with an income-to-cost ratio of 0.73 or below and quarter with a ratio of 1.19 or above. Although Table 1 suggests that fewer nursery class childcare settings have an income-to-cost ratio of below one than in previous years, the significant proportion of nursery class childcare settings that have such low income-to-cost ratios suggests the possibility of widespread cross-subsidisation from other parts of the school.[18]

[17] Refer to the note in Figure 1 for an explanation of the interquartile range.
[18] However, there are potential issues with how each provider reports costs that are also shared with other parts of their school, where attributing specific costs to early years provision may not be straightforward. It is possible, for instance, that nursery class childcare settings report their “overhead” costs inconsistently - some may over-estimate overhead costs while others under-estimate them or do not report them at all. This would help explain why income to cost ratios vary more for nursery class childcare settings than for other types of providers.

The next widest interquartile range was among private group-based providers (0.36), followed by childminders (0.34). Voluntary group-based providers and maintained nursery schools had smaller interquartile ranges (0.19 and 0.14, respectively). At the lower end, the 10th percentile nursery class childcare setting had an income-to-cost ratio of 0.43 (10% of nursery class childcare settings earn less than £0.43 in income for each £1 in costs), which is 0.57 below the median for nursery class childcare settings.[19]

**Figure 1: Distribution of income-to-cost ratios by provider type (2024)**




Source: Survey of Childcare and Early Years Providers 2024. Note: The bottom whisker reports the 10th percentile for the provider type, where the providers have been ranked by income-to-cost ratio, while the top whisker reports the 90th percentile. The bottom of the box presents the 25th percentile, the middle line within the box the 50th percentile (the median), and the top of the box the 75th percentile. The interquartile range is the distance between the top and bottom of the box, covering the middle 50 percent of providers by income-to-cost ratios.

Figure 2 presents the proportion of providers whose income-to-cost ratios were less than 0.8, between 0.8 and 1.2, and greater than 1.2. 44% of private group-based providers had an income-to-cost ratio of more than 1.2 (i.e. appeared to make a clear profit in 2024), a higher proportion than any other provider type. Almost half of private group-based providers (48%) had income-to-cost ratios of between 0.8 and 1.2 (i.e. were around break-even).

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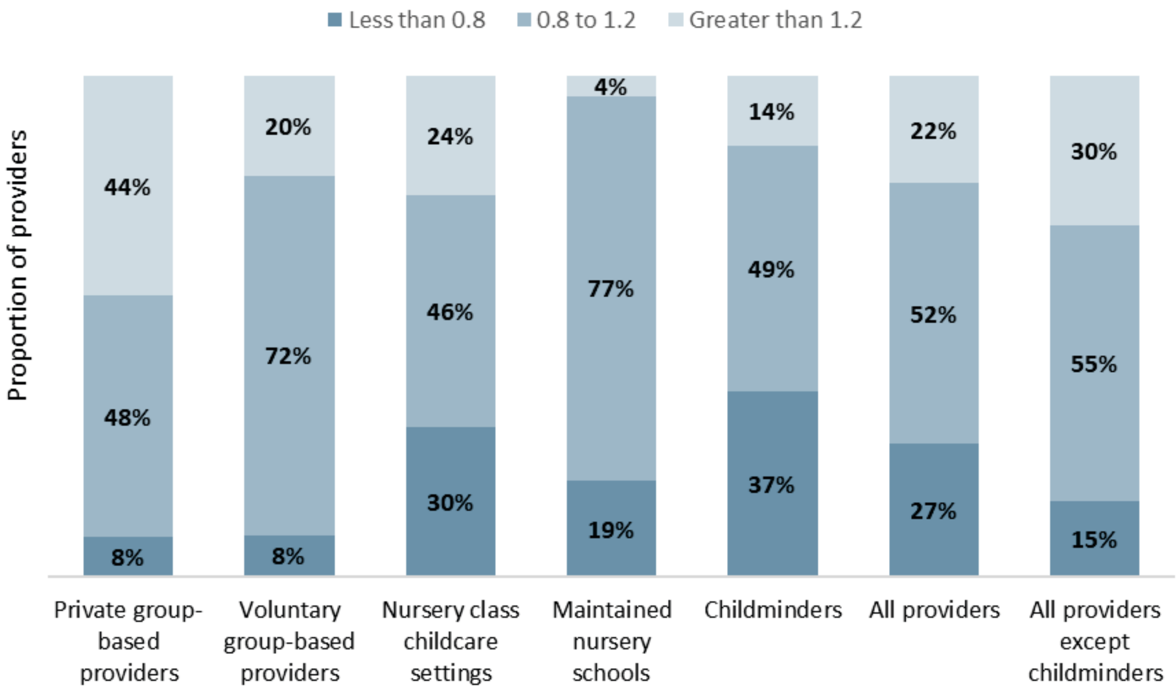
[19] Due to the nature of survey-collected income and cost data, results at the top and bottom of the distribution may need to be interpreted with caution, as they may be influenced by extreme outliers. Some providers reported income and cost figures on a monthly or weekly basis, which are more likely than annual figures to include large, one-off items of income or expenditure. This may partly explain some of the unusually high or low income-to-cost ratios observed at the tails of the distribution. However, it is important to note that the derived ratios were trimmed to remove the top 1% and bottom 1% ratios.

Only around 8% of private group-based provider had an income-to-cost ratio of below 0.8 (i.e. appeared to make a clear loss).[20]

Nursery class childcare settings were the provider type with the second-highest proportion of providers with income-to-cost ratios above 1.2 (24%). However, around one in three (30%) nursery class childcare settings' income-to-cost ratios were below 0.8 – a higher proportion than maintained nursery schools (19%) or voluntary group-based providers (8%). Childminders were the provider type with the highest proportion of income-to-cost ratios below 0.8 (37%).

**Figure 2: Distribution of providers by income-to-cost ratio band (2024)**




Source: Survey of Childcare and Early Years Providers 2024. Figures are reported to the nearest 1%, so the rounded totals may not sum to exactly 100%. Note: Number of respondents are as reported in Table 1.

### Regional differences in income-to-cost ratio

Table 2 presents the regional distribution of median income-to-cost ratios for all providers and for all providers excluding childminders. When including childminders, the median income-to-cost ratio of all regions (besides one) was between 0.94 and 1.04.

[20] When income and cost data are reported on a weekly or monthly basis, income-to-cost ratios may not accurately reflect providers overall profitability across the year – see footnote 19 for more detail.

This region was the North East, which had the lowest median income-to-cost ratio of all regions (0.89, a relative outlier compared to the rest of England).[21] When childminders are excluded, however, regional median income-to-cost ratios all lie between 1.00 (North West) and 1.07 (South West).

**Table 2: Median income-to-cost ratios, by region (2024)**

| Region | All providers | All providers excluding childminders | Total number of providers | Total number of providers excluding childminders |
|---|---|---|---|---|
| East Midlands | 1.04 | 1.04 | 219 | 206 |
| East of England | 1.00 | 1.04 | 343 | 322 |
| London | 0.95 | 1.06 | 331 | 271 |
| *North East* | *0.89* | *1.04* | *100* | *85* |
| North West | 0.96 | 1.00 | 264 | 235 |
| South East | 0.94 | 1.06 | 440 | 401 |
| South West | 1.00 | 1.07 | 303 | 278 |
| West Midlands | 0.99 | 1.06 | 233 | 212 |
| Yorkshire and The Humber | 1.00 | 1.03 | 209 | 178 |
| All regions | 1.00 | 1.05 | 2,442 | 2,188 |

Source: Survey of Childcare and Early Years Providers 2024. Note: All regions' figures are reported in Table 1. Statistics for the North East are italicised to highlight its relatively small sample size. Results for the North East, and comparisons between the North East and the rest of England, should therefore be treated with caution.

[21] It should be noted that the median income-to-cost ratio for the North East was estimated using data from only 100 providers (85 when excluding childminders), which is considerably fewer than other regions. This small sample results in less robust estimates - for example, when childminders are excluded the income-to-cost ratio for the North East increases to 1.04, putting it in on a par with other regions.
The North East also has a relatively high proportion of school-based providers (31% of providers), compared with 25% in the West Midlands – the region with the second-highest proportion (2024 Survey of Childcare and Early Years Providers (link here)). As school-based providers typically have lower income-to-cost ratios than group-based providers, this, combined with the small sample size, may partly explain the North East's results.

## 2.2 Breakdown of cost

*This section considers the division of providers' total costs into staff costs, rent or mortgage costs, food costs, materials costs, training costs, business rates payments, energy bills, costs of recruiting staff, and a residual category of "other" costs.*

Unlike the 2022 survey, the 2023 and 2024 surveys asked providers to estimate their costs attributable to business rates payments, energy bills, and the costs of recruiting staff separately. As a result, the decomposition of providers' costs may not be directly comparable to the decomposition of providers' costs in the 2022 survey.[22]

Details of the cost decomposition methodology are provided in the Appendix. Before presenting results, it is worth noting that there were five key differences between provider types in the breakdown of their costs that suggest they are not directly comparable:

1. Business rates payments are not paid by childminders. They are also not included in the analysis for school-based providers, as it may be difficult for nursery class childcare settings to consistently estimate what proportion of business rates payments are attributable to nursery classes as opposed to other parts of the school.
2. Energy bills are not included in childminders' costs (as most childminders work from their own home and would have to pay some of these costs irrespective of their childminding activities) or for school-based providers (as it is difficult for nursery class childcare settings to estimate what proportion of energy bills are attributable to nursery classes as opposed to other parts of the school).
3. Rent/mortgages costs were not included in childminders' costs (as most childminders work from their own home and would have to pay some of these costs irrespective of their childminding activities).
4. Childminder's staffing costs includes amounts that they pay themselves (as well as any assistants that they employ); and
5. Childminders spent a greater proportion of their annual outgoings on food, which reflects the all-day care childminders tend to provide compared to morning or afternoon session provision that group-based and school-based providers often offer.

Table 3 reports the breakdown of costs across provider types in 2024. A large majority of providers' costs were associated with staff costs. These accounted for at least 70% of total costs for the average provider of each provider type.

[22] In 2022, components of providers' costs that were shown in "other costs" are now shown separately. This may be a reason why "other" costs have fallen relative to 2022.

**Table 3: Breakdown of costs by provider type (2024)**

| Proportion of costs in category | Private group-based providers | Voluntary group-based providers | Nursery class childcare settings | Maintained nursery schools | Childminders |
|---|---|---|---|---|---|
| Staff | 72% | 81% | 86% | 80% | 77% |
| Rent/ mortgage | 9% | 6% | 2% | 1% | - |
| Food | 4% | 2% | 2% | 1% | 9% |
| Materials | 3% | 3% | 4% | 2% | 5% |
| Training | 1% | 1% | 1% | 1% | 1% |
| Business rates | 2% | 0% | - | - | - |
| Energy bills | 2% | 1% | - | - | - |
| Recruitment costs | 1% | 0% | 0% | 0% | 0% |
| Other costs | 6% | 5% | 5% | 15% | 7% |
| Number of providers | 844 | 678 | 548 | 68 | 296 |

Source: Survey of Childcare and Early Years Providers 2024. Note: Rent or mortgage costs were not collected for childminders. Business rates payments and energy bills costs were not collected for school-based providers or childminders. All figures are rounded to the nearest 1%, so the rounded totals may not sum to exactly 100%. The estimates presented here are not directly comparable to estimates presented in the 2022 report. This is due to methodological changes (made in 2023 and 2024, relative to 2022) including the omission of providers where they state they ‘don’t know’ certain cost components and the omission of childminders who do not know their total costs (excluding their personal childminding income).

Staff costs as a proportion of total costs were relatively high for school-based providers (86% for nursery class childcare settings and 80% for maintained nursery schools) and for voluntary group-based providers (81%). Staff costs as a proportion of total costs were 77% for childminders, where childminders’ staff costs include their own childminding income and the cost of employing childminding assistants. Private group-based providers’ staff costs made up the smallest proportion of total costs of all providers (72%).

The next most significant costs across all providers were rent/mortgage payments, food, and 'other' costs.[23] These three components each make up an average of 6% of total costs across all providers, although the proportions vary across different provider types, as shown in Table 3.

Rent/mortgage payments made up 9% and 6% of private group-based and voluntary group-based providers' costs, while they accounted for only 2% of costs for nursery class childcare settings and 1% for maintained nursery schools.[24] The low premises-related costs for school-based providers (compared to group-based providers) help to explain the higher percentage of costs accounted for by staff wages. 'Other' costs accounted for between 5% (for voluntary group-based providers and nursery class childcare settings) and 15% (for maintained nursery schools)[25] of providers' total costs.

## 2.3 Breakdown of income

*The proportion of income received from parent-paid fees, entitlement funding, and other sources. Entitlement funding is received from local authorities in payment for hours delivered as part of the early years entitlement.*

As presented in Table 4,[26] parent-paid fees and entitlement funding each accounted for just under half of total income (48% and 47%, respectively) for the average provider in 2024. This does not imply that, overall, around half of childcare providers' income is accounted for by parent-paid fees. Childminders (who receive a relatively large share of income from parent-paid fees) make up nearly half of childcare providers. However, group-based and school-based providers (who receive a smaller share of income from parent-paid fees) account for the vast majority of registered childcare places.[27] [28]

[23] These 'other costs' include other associated costs of childcare such as utilities costs (other than energy), and administrative costs such as IT support and marketing. For school-based providers, 'other costs' likely include energy expenses, as they are not directly asked about these costs in the survey, since schools typically have a single energy bill covering the entire building, rather than separate billing for Early Years provision. The relatively high 'other costs' reported by maintained nursery schools may be due to these providers being more likely to cover unfunded support costs for children with SEND. On average, these schools had 25 children with SEND per provider, compared to 5 in nursery class childcare settings (2024 Survey of Childcare and Early Years Providers (link here)). These support costs may include outsourced services - such as educational psychologists and speech and language therapists (see here) - which are explicitly excluded from the staffing costs component of the survey.
[24] This may be because most school buildings are either owned by local authorities or are run by academy trusts (which are funded directly by central government).
[25] Again, as the sample size for maintained nursery schools is low (68), this result should be treated with caution.
[26] See Appendix A2.1 for a more detailed breakdown of providers' income (by age group and by source of 'other income').
[27] 2024 Survey of Childcare and Early Years Providers (link here).
[28] The share of income from entitlement funding is also expected to increase, it is estimated that total spending on the free entitlement in 2026-27 will be almost 85% higher in real terms than in 2018-19 (link here).

The remaining 5% came from "other" sources, such as additional charges to parents, charitable donations, government grants or local authority support for specific activities.

The proportion of the average provider's total income accounted for by entitlement funding has increased substantially (by 10 percentage points) between 2023 and 2024. At the same time, the proportion of income accounted for by parent-paid fees decreased by 10 percentage points.

One key factor behind this shift from parent-paid fees to entitlement funding is the expansion of entitlement hours to two-year-old children which began in April 2024,[29] as well as the significant increase in average hourly entitlement funding rates (growing significantly faster than average hourly parent-paid fees) between 2023 and 2024. Median hourly entitlement funding rates increased by 35% for two-year-olds and 13% for three- and four-year-olds, compared to increases in median hourly parent-paid fees of 6% and 9% for the same age groups, respectively.

The shift from parent-paid fees to entitlement funding was most pronounced amongst childminders. For childminders, the proportion of income from entitlement hours increased from 16% to 26%, while the proportion from parent-paid fees fell from 81% to 71%. The shift was less pronounced amongst school-based and group-based providers (where the proportion of income from entitlement funding was already relatively high), with the proportion of income from entitlement hours *falling* for maintained nursery schools, from 73% to 66%.[30]

Differences in the impact of the expansion between provider types may be explained by differences in the typical age profile of children that providers care for, with the expansion in April 2024 focused on two-year-olds. As a result, provider types who provide a relatively large proportion of their childcare to two-year-olds are likely to have experienced the greatest shift towards entitlement funding. This appears to have been the case for childminders, who have a higher proportion of registered places taken by two-year-old children (34%), compared to group-based providers (29%) and school-based providers (11%).[31]

[29] From April 2024, eligible working parents of two-year-olds were offered the equivalent of 15 hours of funded entitlement hours per week for 38 weeks of the year. Providers were interviewed from May to July for the 2024 Survey of Childcare and Early Years Providers. Some providers who reported income annually may have reported figures for the preceding financial year (i.e., prior to the expansion in entitlements on 1 April 2024). So, the figures reported in the 2024 survey may *underestimate* the impact of the changes introduced on 1 April 2024. Interviews were completed prior to the further expansion of entitlements in September 2024, when eligible working parents of children aged between nine and 24 months were offered the equivalent of 15 hours of funded entitlement hours per week for 38 weeks of the year.
[30] Again, as the sample size for maintained nursery schools is low (51), this result should be treated with caution.
[31] 2024 Survey of Childcare and Early Years Providers (link here).

There are considerable differences in income decomposition across provider types. School-based providers derive the large majority of their income from entitlement funding, which in 2024 contributed approximately 83% of nursery class childcare settings' income and 66% of maintained nursery schools' income.[32] The proportion of income from entitlement funding increased from 77% in 2023 to 83% in 2024 among nursery class childcare settings, alongside a 4 percentage-point decrease in the proportion of income from parent-paid fees and a 2 percentage-point decrease in the proportion of income from other sources.

The decomposition of income also varies between types of group-based provider. The majority of voluntary group-based providers' income came from entitlement funded hours (68% in 2024), with 25% from parent-paid fees, whereas private group-based providers received 48% of their income from parent-paid fees and the same proportion from entitlement-funded hours.

[32] Maintained nursery schools report a substantially higher proportion of their income as income from 'other sources'. This may be because, in additional to the entitlement funding received by all provider types, they also benefit from supplementary annual funding of approximately £85 million (link here). It is possible that this additional funding is being recorded under 'other sources' in their income breakdown.

**Table 4: Breakdown of income by provider type (2022, 2023, and 2024)**

| Provider type | Proportion of income from parent-paid fees | Proportion of income from entitlement funding | Proportion of income from other sources | Number of providers |
|---|---|---|---|---|
| Private group-based providers | | | | |
| 2022 | 52% | 45% | 3% | 403 |
| 2023 | 52% | 43% | 4% | 366 |
| 2024 | 48% | 48% | 4% | 583 |
| Voluntary group-based providers | | | | |
| 2022 | 29% | 65% | 6% | 373 |
| 2023 | 28% | 65% | 7% | 284 |
| 2024 | 25% | 68% | 8% | 522 |
| Nursery class childcare settings | | | | |
| 2022 | 8% | 84% | 8% | 376 |
| 2023 | 16% | 77% | 7% | 373 |
| 2024 | 12% | 83% | 5% | 596 |
| Maintained nursery schools | | | | |
| 2022 | 11% | 74% | 16% | 53 |
| 2023 | 9% | 73% | 18% | 36 |
| 2024 | 12% | 66% | 21% | 51 |
| Childminders | | | | |
| 2022 | 80% | 17% | 3% | 338 |
| 2023 | 81% | 16% | 3% | 273 |
| 2024 | 71% | 26% | 3% | 198 |
| All providers | | | | |
| 2022 | 59% | 37% | 4% | 1,591 |
| 2023 | 58% | 37% | 4% | 1,363 |
| 2024 | 48% | 47% | 5% | 2,016 |
| All providers excluding childminders | | | | |
| 2022 | 31% | 64% | 6% | 1,253 |
| 2023 | 33% | 61% | 6% | 1,090 |
| 2024 | 26% | 67% | 6% | 1,818 |

Source: Survey of Childcare and Early Years Providers, 2022, 2023 and 2024. Note: “All providers” includes 33, 32 and 66 ‘other’ group-based providers for 2022, 2023 and 2024 respectively. The estimates presented are rounded to the nearest 1%, so the total of the rounded estimates may not be equal to exactly 100%. Proportion of income from other sources was calculated differently in the 2023 and 2024 reports than it was in the 2022 report, with the 2022 figures having been recalculated for the 2023 and 2024 reports. In the 2022 report a ‘residual’ income was calculated by subtracting income from parent-paid fees and income from entitlement funding from total income, while in 2023 and 2024 income from other sources was taken directly from providers’ answers to the survey (more details can be found in the Appendix).

# 3. Unit cost and staff hourly pay

## 3.1 Unit cost

*The unit cost is an approximate measure of a childcare provider's average cost per child per hour for all children[33] in the setting.*

### 3.1.1 Average unit cost by provider type

Table 5 presents mean and median unit costs by provider type. Mean unit costs are more sensitive to extreme values than median unit costs.

The limitations of the unit cost measure should also be noted. There are limitations with the information collected from providers on total cost (such as the difficulty in estimating costs shared with other settings for group-based providers that are part of a chain). Further, the number of hours of care provided was estimated (more information is provided in the Appendix). As a result, caution should be applied to the interpretation of the unit cost measures, especially compared to other measures such as hourly parent-paid fees where sample sizes are larger, and these limitations are less relevant.

Furthermore, providers are not asked to report costs separately for different age groups, so unit cost estimates are not available for different age groups.

**Table 5: Unit cost by provider type (2024)**

| Provider type | Mean provider unit cost | Median provider unit cost | Number of providers |
|---|---|---|---|
| Private group-based providers | £6.18 | £5.70 | 313 |
| Voluntary group-based providers | £6.51 | £6.03 | 266 |
| Nursery class childcare settings | £6.53 | £5.74 | 334 |
| Maintained nursery schools | £9.07 | £7.84 | 41 |
| Childminders | £7.22 | £6.57 | 103 |
| All providers | £6.87 | £6.22 | 1,088 |
| All providers excluding childminders | £6.53 | £5.92 | 985 |

Source: Survey of Childcare and Early Years Providers, 2024. Note: The methodology for estimating provider unit cost was adjusted between 2023 and 2024. In 2024, providers reporting unit costs exceeding £20 were excluded from the analysis, compared to a higher threshold of £40 used in 2023. This lower threshold results in lower estimates of average unit costs for 2024. Hence, these figures are not directly comparable to those from the 2023 report. See Appendix A1.4 for detailed explanation of the rationale for this change.

[33] The unit cost calculations include childcare for preschool children and before-school and after-school childcare for school-age children enrolled at the setting but exclude school provision for school-age children.

In 2024, the mean unit cost for all providers was estimated to be £6.87 per hour, compared to £6.53 per hour for all providers excluding childminders. The median unit cost was £6.22 per hour for all providers, and £5.92 per hour when excluding childminders. The mean unit cost was approximately 11% and 10% higher than the median for all providers, and for all providers excluding childminders, respectively. This suggests that there are some providers with large unit costs that increase the mean but not the median and that the median may be a better indicator than the mean of unit costs for the typical provider.

The median unit cost was highest for maintained nursery schools (£7.84 per hour). This was 19% greater than the next highest median unit cost, found among childminders (£6.57 per hour). The lowest median unit costs were among private group-based providers (£5.70 per hour) and nursery class childcare settings (£5.74 per hour). It should be noted that childminders' costs do not include rent or mortgage payments.

The higher median unit cost for maintained nursery schools is partly driven by higher staff hourly pay (which in turn is driven by their more highly qualified workforce). Childminders' unit costs being higher than group-based providers is consistent with private and voluntary group-based providers being able to take greater advantage of economies of scale with an average of 37.3 and 23.4 booked full-day places per provider respectively, compared to childminders who have an average of 3.5 booked full-day places each [34].

### 3.1.2 Unit cost increase from 2023 to 2024

Median unit costs increased by 12% between 2023 and 2024 (Table 6). In comparison, the Consumer Price Index (CPI) - a weighted measure of the price of an economy-wide basket of goods and services[35] - increased by 2.0% in the twelve months up to May 2024.[36] Within the CPI, the cost of childcare services increased by 4.0% over the same period.[37] The 12% increase in median unit cost between 2023 and 2024 is also particularly large when compared to the smaller 6.2% increase in the corresponding measure between 2022 and 2023, especially considering that CPI inflation was *lower* in the year to May 2024 (2.0%) than in the previous year (8.7%).

Increases in the National Living Wage (NLW) may also have contributed to increasing unit costs. Between April 2023 and March 2024, the NLW was £10.42 per hour for those aged 23 and over, while a lower National Minimum Wage of £10.18 per hour applied to those aged 21-22. In April 2024, the NLW increased to £11.44 per hour and was extended to cover all those aged 21 and above - representing increases of 12.4% for those aged 21-22 and 9.8% for those aged 23 and over.

[34] 2024 Survey of Childcare and Early Years Providers (link here).
[35] Further details can be found here.
[36] Consumer price inflation, UK: May 2024 (link here)
[37] CPI INDEX 12.4.0.1 Child care services (link here)

This is particularly significant as staffing costs represent on average between 72% and 86% of providers' total costs across different types of providers (as reported in Table 6).

Besides maintained nursery schools (where the sample sizes are very small),[38] median unit costs increased within all provider groups shown in Table 6. The largest increases in unit costs were observed among group-based providers. Voluntary group-based providers saw a 14% increase in median unit cost from 2023 to 2024, while the median unit cost increased by 11% for private group-based providers over the same period.

**Table 6: Unit cost change by provider type (2023 to 2024)**

| Provider type | Median provider unit cost change (2023 to 2024) |
|---|---|
| Private group-based providers | 11% |
| Voluntary group-based providers | 14% |
| Nursery class childcare settings | 9% |
| Maintained nursery schools | -7% |
| Childminders | 4% |
| All providers | 12% |
| All providers excluding childminders | 13% |

Source: Survey of Childcare and Early Years Providers, 2024. Note: The methodology for estimating provider unit cost was adjusted between 2023 and 2024. In 2024, providers reporting unit costs exceeding £20 were excluded from the analysis, compared to a higher threshold of £40 used in 2023. This lower threshold results in lower estimates of average unit costs for 2024. Hence, these figures are not directly comparable to those from the 2023 report. See Appendix A1.4 for a detailed explanation of the rationale for this change. The percentage changes shown in this table are based on 2023 median unit recalculated using the £20 threshold, so they differ from those published in the 2023 report.

### 3.1.3 Unit cost by region

Table 7 presents median unit costs by region. Unsurprisingly, London had the highest median unit costs of any region. London's median unit cost of £8.79 per hour was 23% and 35% higher than the next highest median unit costs identified in the North East (£7.13 per hour) and the South East (£6.53 per hour), respectively. The lowest median unit cost was reported in the East Midlands (£5.38 per hour), which was 1% less than the next lowest median unit cost (£5.43 per hour) in the North West.

However, the sample sizes for each region are far smaller than for other measures presented in this report (such as hourly parent-paid fees), so these estimates should be treated with caution. For example, only 53 providers from the North East region were included in this element of the analysis.

[38] The 2024 estimates of unit cost for maintained nursery schools were based on 46 providers as reported in Table 5.

**Table 7: Unit cost by region (2024)**

| Region | Median unit cost | Number of providers |
|---|---|---|
| East Midlands | £5.38 | 99 |
| East of England | £6.14 | 156 |
| London | £8.79 | 128 |
| North East | £7.13 | 53 |
| North West | £5.43 | 120 |
| South East | £6.53 | 179 |
| South West | £6.22 | 123 |
| West Midlands | £5.78 | 121 |
| Yorkshire and The Humber | £5.64 | 109 |
| All providers | £6.22 | 1,088 |

Source: Survey of Childcare and Early Years Providers, 2024. Note: The methodology used to estimate provider unit costs was adjusted between 2023 and 2024. In 2024, providers that reported a unit cost over £20 were excluded from the analysis (as opposed to a threshold of £40 which was used in 2023). This lower threshold leads to lower average unit cost estimates. Hence, these figures are not directly comparable to those from the 2023 report. See Appendix A1.4 for a detailed explanation of the rationale for this change.

## 3.2 Staff hourly pay

Staff hourly pay is defined as gross staff earnings per hour, before tax and National Insurance are deducted.

*It should be noted that childminders' hourly pay is estimated using a different method to other staff types (including childminding assistants). Instead of reported salaries, childminders are asked to report the amount of money they draw from their business in the form of a "salary". Further details can be found in the Appendix.*

### 3.2.1 Staff hourly pay by provider type

Table 8 presents mean and median staff hourly pay by provider type. Mean staff hourly pay was 15% higher than median staff hourly pay in 2024. This suggests that a small number of staff have much higher hourly pay than other staff and that the median is a better measure than mean of the "typical" childcare worker's hourly pay.

Across all providers, the median staff pay was £12.50 per hour in 2024. Staff working in school-based providers had the highest median hourly pay, with those in maintained nursery schools earning £18.10 per hour, followed by staff in nursery class childcare settings earning approximately £17.81 per hour. Median hourly pay was £12.35 per hour for voluntary group-based providers and £12.13 for private group-based providers.

The median hourly pay for childminding assistants was £11.50 per hour, whilst childminders had the lowest median hourly pay (£9.47 per hour), around 24% lower than the median staff hourly pay across all provider types.[39]

Trends in median staff hourly pay across provider types in 2024 replicate similar patterns across providers found in 2022 and 2023. Specifically, staff at school-based providers received the highest hourly pay rates, followed by those at group-based providers, with childminders having the lowest notional median hourly pay.

This is consistent with school-based providers having a more qualified workforce on average compared to the other provider types. For example, over two-fifths (42%) of staff working at school-based providers had Level 6 qualifications in 2024, compared to only around one in nine staff based in group-based providers and childminders (both 11%).[40]

Median staff hourly pay across all providers increased by 11% between 2023 and 2024 (and 9% amongst all providers when childminders were excluded[41]), slightly more than the 9.8% increase in the National Living Wage in April 2024 (from £10.42 to £11.44 per hour).[42]

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[39] Childminders' median hourly pay of £9.47 per hour was lower than the National Living Wage in 2024 (£11.44 per hour from April 2024). Childminders, however, are self-employed and therefore national minimum wage legislation does not apply to them. For other staff, hourly pay is derived based on their contracted weekly hours. This method can lead to an underestimation of actual hourly pay if they work fewer hours than their contracted hours or an overestimation if they work more hours (i.e. do overtime).
[40] 2024 Survey of Childcare and Early Years Providers (link here).
[41] Whilst childminders are excluded, childminding *assistants* are included.
[42] In 2023 and 2024, improvements to the methodology for calculating salary figures resulted in an increase in estimates of average staff salaries. Specifically, when available, annual salaries were divided by the actual number of weeks per year that staff were contracted to work, instead of the previous assumption that all staff worked 52 weeks per year. Further improvements to data collection and validation for staff salaries were introduced in the 2024 survey – see Table 8: Staff hourly pay by provider type (2022, 2023, and 2024) for more detail.

**Table 8: Staff hourly pay by provider type (2022, 2023, and 2024)[43]**

| Provider type | Mean hourly pay | Median hourly pay | No. of staff |
|---|---|---|---|
| Private group-based providers | | | |
| 2022 | £10.65 | £10.00 | 4,672 |
| 2023 | £12.13 | £11.00 | 3,736 |
| 2024 | £13.04 | £12.13 | 4,491 |
| Voluntary group-based providers | | | |
| 2022 | £11.45 | £10.00 | 2,789 |
| 2023 | £11.97 | £11.00 | 1,962 |
| 2024 | £13.49 | £12.35 | 2,093 |
| All group-based providers | | | |
| 2022 | £11.03 | £10.00 | 7,875 |
| 2023 | £12.22 | £11.00 | 5,975 |
| 2024 | £13.27 | £12.25 | 6,940 |
| Nursery class childcare settings | | | |
| 2022 | £16.57 | £13.00 | 2,436 |
| 2023 | £20.24 | £16.38 | 1,413 |
| 2024 | £21.65 | £17.81 | 1,447 |
| Maintained nursery schools | | | |
| 2022 | £12.40 | £10.34 | 137 |
| 2023 | £19.75 | £15.87 | 224 |
| 2024 | £23.69 | £18.10 | 86 |
| All school-based providers | | | |
| 2022 | £16.09 | £12.82 | 2,573 |
| 2023 | £20.15 | £16.14 | 1,637 |
| 2024 | £21.83 | £17.95 | 1,533 |
| Childminding assistants | | | |
| 2022 | £10.02 | £10.00 | 140 |
| 2023 | £10.21 | £10.42 | 156 |
| 2024 | £11.74 | £11.50 | 140 |
| Childminders | | | |
| 2022 | £8.82 | £6.92 | 432 |
| 2023 | £8.91 | £8.01 | 397 |
| 2024 | £10.96 | £9.47 | 344 |
| All providers | | | |
| 2022 | £11.44 | £10.00 | 11,020 |
| 2023 | £13.19 | £11.30 | 8,165 |
| 2024 | £14.35 | £12.50 | 8,957 |
| All providers excluding childminders | | | |
| 2022 | £11.71 | £10.00 | 10,588 |
| 2023 | £13.55 | £11.50 | 7,768 |
| 2024 | £14.57 | £12.50 | 8,613 |

Source: Survey of Childcare and Early Years Providers 2022, 2023 and 2024. Note: All providers included 414, 277, and 356 staff in other group-based providers for 2022, 2023, and 2024 respectively. The methodology used to calculate hourly pay has changed between 2022, 2023, and 2024, so comparisons between years should be treated with caution. The 2023 and 2024 estimates incorporate information on the number of weeks a year that a member of

[43] Medians are considered to be a better measure of average staff pay. In this table, mean salaries have also been shown, for completeness and for comparison with previous reports.

staff was contracted to work for (when the information is available), whereas the 2022 estimates assume that all staff work for 52 weeks a year. In the 2024 survey, where hourly pay was derived from weekly or annual wages, and these were initially reported to be less than £11 per hour or more than £50 per hour, respondents were asked to double-check and, if necessary, update their figures during the survey. The 2024 methodology also applied stricter thresholds regarding outliers – see the Appendix for more detail. Figures for 'all providers excluding childminders' for all years include childminding *assistants,* whereas in previous reports they were excluded from this category.

### 3.2.2 Staff hourly pay by highest level of qualification

As previously discussed, some of the variation in hourly pay across provider types is associated with variation in the qualification levels of staff across provider types. Table 9 provides hourly pay by level of highest level of qualification across different provider types in 2024, while Table 10 reports the hourly pay premium of staff relative to those with no early years or teaching-related qualifications or highest qualification at Level 1.

Staff employed at school-based providers had the highest median hourly pay across all (highest) qualification levels, as well as (with the exception of Level 5) the highest hourly pay increment associated with higher levels of qualification. Specifically, individuals qualified to Level 3 working at nursery class childcare settings achieved a median hourly pay rate that was approximately 17% greater than those with no early years or teaching-related qualifications or Level 1 qualifications (as highest). The corresponding estimate was 15% for those with Level 5 qualifications (as highest) – although generally relatively few staff have Level 5 as their highest level of qualification[44] – before sharply increasing to more than double (119% greater) for those with Level 6 qualifications.

The higher average hourly pay among school-based providers was driven by:

- a larger proportion of staff at school-based providers with higher-level qualifications compared to other provider types, and
- a higher hourly pay premium for staff with higher-level qualifications at school-based providers compared to other provider types.

This may be driven by the fact that staff working for school-based providers tend to be older. For example, 52% of staff working for school-based providers were 40 years old and above, compared to 32% of staff working for group-based providers.[45] As a result, staff working for school-based providers may be more experienced for a given level of qualification, which may be reflected in a higher hourly pay premium.

[44] For example, 5% of staff working in group-based providers and 3% of staff working in school-based providers had Level 5 qualifications as their highest level of qualification, while it was 3% for childminders and 1% for childminding assistants (2024 Survey of Childcare and Early Years Providers (link here)).
[45] 2024 Survey of Childcare and Early Years Providers (link here).

There were much smaller increases in hourly pay associated with higher-level qualifications for group-based providers, with childcare workers at private group-based providers and voluntary group-based providers respectively seeing only 7% and 9% median hourly pay uplifts associated with Level 3 qualifications (compared to possession of no early years or teaching-related qualifications or qualifications at Level 1).

Childminders tend to have higher-level qualifications than childminding assistants.[46] However, childminders' hourly pay is on average lower than that of childminding assistants (Table 8) for all levels of qualifications (Table 9).

These findings may be driven by:

- childminders' hourly pay being calculated in a different way than for other staff such as childminding assistants, and
- the additional tasks that childminders, who are self-employed, must carry out – related to managing their business and completing paperwork – after the children that they look after have gone home, resulting in a greater number of hours worked than childminding assistants.

**Table 9: Median hourly staff pay by highest level of qualification and provider type (2024)**

| Provider type | None or Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 or higher |
|---|---|---|---|---|---|---|
| Private group-based providers | £11.49 | £11.62 | £12.26 | £13.55 | £13.61 | £14.10 |
| Voluntary group-based | £11.44 | £11.60 | £12.45 | £13.40 | £13.94 | £14.50 |
| Nursery class childcare | £13.53 | £14.31 | £15.86 | £16.87 | £15.59 | £29.55 |
| Maintained nursery schools | * | £14.21 | £17.98 | * | * | £38.24 |
| Childminding assistants | £12.00 | * | * | £11.50 | £11.44 | * |
| Childminders | £9.21 | £8.92 | * | £10.32 | £9.33 | * |
| All providers | £11.50 | £11.70 | £12.50 | £12.50 | £13.40 | £17.95 |
| All providers excluding childminders | £11.50 | £11.72 | £12.50 | £13.70 | £13.53 | £18.00 |

Source: Survey of Childcare and Early Years Providers, 2024. Note: Estimates based on fewer than 10 staff members are excluded. Despite this, some figures are still based on a relatively low sample size. The unweighted base for Table 9 and Table 10 across all providers and all levels of qualifications is 8,947, which is 10 lower than the unweighted base across all providers shown in the Table 8. The discrepancy is due to 10 staff members for whom the level of qualifications was either missing or "Overseas qualification". Figures for 'all providers excluding childminders' include childminding *assistants*.

[46] For example, in 2024 45% of childminding assistants did not have an Early Years qualification, compared to only 14% of childminders (2024 Survey of Childcare and Early Years Providers (link here)).

**Table 10: Hourly staff pay premium relative to no early years or teaching-related qualifications or Level 1 qualifications by provider type (2024)**

| Provider type | None or Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 or higher |
|---|---|---|---|---|---|---|
| Private group-based providers | - | 1% | 7% | 18% | 18% | 23% |
| Voluntary group-based providers | - | 1% | 9% | 17% | 22% | 27% |
| Nursery class childcare settings | - | 6% | 17% | 25% | 15% | 119% |
| Maintained nursery schools | - | * | * | * | * | * |
| Childminding assistants | - | * | * | -4% | -5% | * |
| Childminders | - | -3% | * | 12% | 1% | * |
| All providers | - | 2% | 9% | 9% | 17% | 56% |
| All providers excluding childminders | - | 2% | 9% | 19% | 18% | 57% |

Source: Survey of Childcare and Early Years Providers, 2024. Note: Estimates based on data collected for fewer than 10 staff members are excluded. Figures for ‘all providers excluding childminders’ include childminding assistants.

Table 11 presents median hourly pay by level of highest qualification and age group in 2024. Table 12 reports the hourly pay premium relative to those whose highest qualification is Level 1 and below for each age group, while Table 13 reports the hourly pay premium relative to those aged 16 to 24 for each level of highest qualification.

Table 11 shows that across most levels of qualification - except for Level 3 and Level 6 or higher (as highest) - median hourly pay was highest among those aged 40 to 49. In general, median hourly pay increases with age among those aged 16 to 24, 25 to 39, and 40 to 49. However, for those in possession of a Level 1 or below qualification (as highest), there was relatively little difference in median hourly pay across age groups (i.e., it was £11.50 for all age groups except those aged 50 and over, whose median hourly pay was slightly lower at £11.44). The median hourly pay of those whose highest qualification is Level 1 or below was either at the National Living Wage (£11.44 per hour) or slightly above it across all age groups.

Table 12 presents the increase in hourly pay across qualifications within each age group, relative to those whose highest qualification is Level 1 or below. Overall, the pay premium associated with higher-level qualifications tended to increase with age. Among those aged 16 to 24, having a Level 3 or Level 6 qualification (relative to those with Level 1 or below as their highest qualification) was associated with a 4% and 13% increase in median hourly pay, respectively. These premia increased to 9% and 41% for those aged 25 to 39, further increasing to 13% and 85% for those aged 40 to 49, and 15% and 91% for those aged 50 and over. The larger qualifications premium for older age groups is consistent with those older age groups potentially having greater experience in childcare and a complementarity between qualifications and experience.

Table 13: Hourly staff pay premium relative to age 16 to 24 by level of highest qualification (2024) shows that the difference in hourly pay across age groups was most pronounced for those with higher-level qualifications. For example, staff aged over 50 with Level 6 qualifications had a median hourly pay 68% higher than staff aged 16 to 24 with the same qualification level (£21.88 per hour compared to £13.00 per hour). This suggests that additional experience is particularly beneficial to levels of pay for staff with higher levels of qualifications.

**Table 11: Median hourly staff pay by level of highest qualification and age group (2024)**

| Level of highest qualification | Age 16 to 24 | Age 25 to 39 | Age 40 to 49 | Age 50 plus | All ages |
|---|---|---|---|---|---|
| None or Level 1 | £11.50 | £11.50 | £11.50 | £11.44 | £11.50 |
| Level 2 | £11.57 | £11.70 | £12.24 | £11.77 | £11.70 |
| Level 3 | £12.00 | £12.50 | £12.98 | £13.20 | £12.50 |
| Level 4 | £11.70 | £12.50 | £13.31 | £11.96 | £12.50 |
| Level 5 | £11.68 | £13.12 | £14.50 | £13.48 | £13.39 |
| Level 6 or higher | £13.00 | £16.26 | £21.29 | £21.88 | £17.97 |
| All levels | £11.80 | £12.52 | £13.45 | £13.13 | £12.50 |

Source: Survey of Childcare and Early Years Providers, 2024. Note: the unweighted base for Table 11, Table 12 and Table 13 across all levels of qualifications and all ages is 8,903, which is 54 lower than the unweighted base across all providers shown in Table 8. The discrepancy is due to 10 staff members for whom the level of qualifications was either missing or "Overseas qualification" and 44 further staff members for whom age was missing.

**Table 12: Hourly staff pay premium relative to no early years or teaching-related qualifications or Level 1 qualifications by age group (2024)**

| Level of highest qualification | Age 16 to 24 | Age 25 to 39 | Age 40 to 49 | Age 50 plus | All ages |
|---|---|---|---|---|---|
| None or Level 1 | - | - | - | - | - |
| Level 2 | 1% | 2% | 6% | 3% | 2% |
| Level 3 | 4% | 9% | 13% | 15% | 9% |
| Level 4 | 2% | 9% | 16% | 5% | 9% |
| Level 5 | 2% | 14% | 26% | 18% | 16% |
| Level 6 or higher | 13% | 41% | 85% | 91% | 56% |
| All levels | 3% | 9% | 17% | 15% | 9% |

Source: Survey of Childcare and Early Years Providers, 2024. Note: See Table 11.

**Table 13: Hourly staff pay premium relative to age 16 to 24 by level of highest qualification (2024)**

| Level of highest qualification | Age 16 to 24 | Age 25 to 39 | Age 40 to 49 | Age 50 plus | All ages |
|---|---|---|---|---|---|
| None or Level 1 | - | 0% | 0% | -1% | 0% |
| Level 2 | - | 1% | 6% | 2% | 1% |
| Level 3 | - | 4% | 8% | 10% | 4% |
| Level 4 | - | 7% | 14% | 2% | 7% |
| Level 5 | - | 12% | 24% | 15% | 15% |
| Level 6 or higher | - | 25% | 64% | 68% | 38% |
| All levels | - | 6% | 14% | 11% | 6% |

Source: Survey of Childcare and Early Years Providers, 2024. Note: See Table 11.

### 3.2.3 Proportion of staff paid below the National Living Wage

This is the proportion of staff aged 21 and older with hourly pay less than the National Living Wage (NLW).

An estimated one in 20 (4.8%) of childcare staff (excluding childminders but including childminding assistants) aged 21 and older were paid below the NLW in 2024 (£11.44 per hour at the point when the information was collected from providers between May and July 2024).[47] [48]

Childminders' hourly pay was derived using a different method to other staff, so it is not directly comparable, and therefore they are not included in the table below.

[47] Staff may be reported to be paid under the National Living Wage for a variety of reasons. "Average hourly pay" for an individual member of staff is derived using contracted hours of work per week. As a result, it may be underestimated if the number of hours someone actually works is less than their contracted hours. In 2023 and 2024, improvements to the methodology for calculating salary figures resulted in an increase in estimated hourly pay, leading to a decrease in the percentage of staff estimated to be earning below the National Living Wage. Specifically, when available, annual salaries were divided by the actual number of weeks per year that staff were contracted to work, instead of the previous assumption that all staff worked 52 weeks per year. This most significantly impacts staff working at school-based providers, as they are more likely to have their salaries reported annually and are more likely to only work during term time (rather than all 52 weeks of the year). Further improvements to data collection and validation for staff salaries were introduced in the 2024 survey (i.e., staff members (excluding childminders) with derived hourly pay below £10 and above £100 per hour were excluded from the hourly pay analysis). Therefore, the percentage of staff earning under the NLW may, to an extent, have fallen *by design*, when compared to 2023. However, these estimates are considered to be a more accurate measure of the percentage of staff earning below NLW than those published in previous reports.

[48] If all staff reported as earning £11.40 or more are assumed to, in reality, earn the NLW (i.e. instead of those earning £11.44 or more), the estimated proportion of childcare staff earning below the NLW falls to 4.0%. This provides a useful lower bound, as some providers may have mistakenly reported their staff's hourly pay as £11.40 or £11.42, confusing these values with the actual NLW of £11.44. Notably, 31 staff members were reported to earn £11.40 per hour and 30 reported to earn £11.42 per hour – more than any other hourly pay value between £11.24 and £11.43, suggesting the likelihood of this misreporting.

This methodology is explained in Appendix A1.5, which estimates that 62% of childminders earn below the NLW, which is partly driven by:

- NLW legislation not applying to self-employed workers like childminders;
- Unlike other childcare staff, childminders must carry out additional tasks that they might not be directly compensated for – such as undertaking and completing general administrative duties – after the children that they look after have gone home.

For other provider types, there are other reasons why the proportion earning below the NLW is above zero. Where pay information is not provided per hour (e.g. per week or per month), hourly pay is estimated by dividing gross weekly earnings by the number of contracted weekly hours worked. If the number of hours *actually* worked is lower than contractual hours, then the measure of hourly pay presented here would be underestimated and the proportion of workers earning under the NLW would be overestimated.

Group-based providers had higher proportions of staff estimated to be paid below the NLW compared to school-based providers: 5.9% of staff aged 21 and above employed at private group-based providers, and 4.8% of staff at voluntary group-based providers were estimated to be paid below the NLW, compared to 1.5% of staff at nursery class childcare settings, and less than 1% of staff at maintained nursery schools. Around one in eleven (9.2%) childminding assistants were estimated to be paid below the NLW, higher than the estimates for both group-based and school-based providers.[49] These findings are consistent with the finding that average hourly pay (mean and median) was higher for staff at school-based providers than for staff at group-based providers, followed by childminding assistants (see Table 8).

**Table 14: Proportion of staff aged 21 or over paid below the NLW (2024)**

| Provider type | Proportion notionally earning below the NLW | Number of staff |
|---|---|---|
| Private group-based providers | 5.9% | 4,239 |
| Voluntary group-based providers | 4.8% | 2,036 |
| Nursery class childcare settings | 1.5% | 1,417 |
| Maintained nursery schools | 0.3% | 84 |
| Childminding assistants | 9.2% | 127 |
| All staff | 4.8% | 8,241 |

Source: Survey of Childcare and Early Years Providers, 2024. Note: “All staff” includes childminding assistants but excludes childminders. “All staff” also includes 338 staff in other group-based providers.

[49] If all staff reported as earning £11.40 or more are assumed to earn the NLW, the estimated proportion of childminding assistants earning below the NLW falls to 8.7%. See footnote 48 for why this alternative estimate of the proportion earning below the NLW is useful as a lower bound.

# 4. Parent-paid fees and entitlement funding rates

The previous section focused on providers' costs, highlighting the most significant components of their costs. This section continues previous discussion of providers' incomes, investigating in more detail the fees providers charge parents and the funding rates paid to providers for government-funded entitlement hours, as well as differences between the two.

## 4.1 Hourly parent-paid fees

*Hourly parent paid fees are the average hourly fees charged by providers to parents (not including hours that are covered by entitlements).*

### 4.1.1 Hourly parent-paid fees by age of child

Table 15, Table 16, and Table 17 present the mean and median hourly fees paid by parents for children under the age of two, for two-year-old children, and for three- and four-year old preschool children between 2021 and 2024 respectively.[50] The median hourly parent-paid fee (the middle observation when providers are ranked from lowest to highest) was lower than the mean hourly parent-paid fee across all provider types and age groups. This is because, unlike the mean, the median hourly parent-paid fee is not influenced by extreme values (such as a few providers having much larger hourly parent-paid fees).[51] For this reason, this section focuses on median values as a more representative measure of typical parent-paid fees.

When comparing mean and median hourly parent-paid fees across age groups it is important to note that differences may be driven by the types of providers that are more likely to provide childcare to different age groups. The differences in the composition of provider types that provide childcare for each age group will affect the comparison across age groups.

For example, for a given provider type, mean and median hourly parent-paid fees decrease as age increases, whereas mean and median hourly parent-paid fees when all provider types are considered together are more similar across age groups. This is in part driven by differences in the composition of provider types that provide childcare for each age group.

[50] Hourly parent-paid fees are not presented for school-age children because the hourly parent-paid fees would not be representative for this age group as they exclude school-age children amongst providers not offering any pre-school childcare provision.
[51] Providers reporting hourly parent-paid fees of zero or in excess of £40 per hour were removed from the sample when calculating estimates of average hourly parent-paid fees.

For all childcare providers, the median hourly parent-paid fee was £6.00 per hour for all ages. When excluding childminders, there was more variation in the median hourly parent-paid fees: £7.35 per hour for children under the age of two; £6.80 per hour for two-year-old children; and £6.00 per hour for three- and four-year-old children.

Median hourly parent-paid fees were lowest among childminders (for under-two-year-olds and two-year-olds) and nursery class childcare settings (three- and four-year-olds). Across all age groups, parent-paid fees were highest among private group-based providers.[52]

There was greater variation in median hourly parent-paid fees across provider types than across age groups. For under two-year-olds, median fees varied between provider types by £2.00 per hour; for two-year-olds, by £1.45 per hour; and for three- and four-year-olds, by £2.00 per hour.

### 4.1.2 Changes in hourly parent-paid fees from 2023 to 2024

Median hourly parent-paid fees across all providers for children under the age of two increased by 6.2% from 2023 to 2024. The corresponding increases for two-year-olds and three- and four-year olds were 8.1% and 9.1%, respectively. Median hourly parent-paid fees increased more steeply amongst non-childminders. For example, hourly parent-paid fees increased by 10.7% for children under the age of two for all providers (excluding childminders).

Average hourly parent-paid fees increased faster than average prices across the economy, with median hourly parent-paid fees (across all providers and age groups) increasing at a faster rate than the CPI inflation of 2.0% in the twelve months leading up to June 2024. One contributing factor may be providers passing on increases in staffing costs, such as the increase in the National Living Wage (as discussed in more detail in Section 3.1.2).

Voluntary group-based providers saw the lowest increase in median hourly parent-paid fees for both children under two and two-year olds (7.4% and 4.9%, respectively). Nursery class childcare settings saw the steepest increases in parent-paid fees for under two-year-olds (17.3%). For two-year-olds and three- and four-year-olds, maintained nursery schools had the largest increase in median hourly pay parent paid fees (16.7% and 13.0%, respectively). However, these results are likely to be influenced by the relatively small sample sizes for children under two in nursery class childcare settings and across all age groups amongst maintained nursery schools.

[52] Nursery class childcare settings had slightly higher median parent-paid fees for children under two than private group-based providers (£7.80 compared to £7.50) but given the small sample size (27), this finding is likely to be sensitive to outliers.

**Table 15: Mean and median hourly parent-paid fees for children under age two (2021, 2022, 2023, and 2024)**

| Provider type | Mean hourly parent-paid fee | Median hourly parent-paid fee | Number of providers |
|---|---|---|---|
| Private group-based providers | | | |
| 2021 | £6.27 | £5.80 | 2,017 |
| 2022 | £6.59 | £6.15 | 1,984 |
| 2023 | £7.08 | £6.80 | 1,876 |
| 2024 | £7.86 | £7.50 | 1,424 |
| Voluntary group-based providers | | | |
| 2021 | £6.06 | £5.33 | 345 |
| 2022 | £6.15 | £5.70 | 276 |
| 2023 | £6.73 | £6.36 | 253 |
| 2024 | £7.02 | £6.83 | 181 |
| Nursery class childcare settings | | | |
| 2021 | £4.98 | £4.94 | 36 |
| 2022 | ***£6.11*** | ***£5.71*** | ***24*** |
| 2023 | £7.35 | £6.65 | 40 |
| 2024 | ***£8.07*** | ***£7.80*** | ***27*** |
| Maintained nursery schools | | | |
| 2021 | ***£5.96*** | ***£6.00*** | ***22*** |
| 2022 | ***£6.63*** | ***£6.50*** | ***10*** |
| 2023 | ***£7.30*** | ***£6.68*** | ***11*** |
| 2024 | * | * | * |
| Childminders | | | |
| 2021 | £5.23 | £5.00 | 4,886 |
| 2022 | £5.36 | £5.00 | 3,489 |
| 2023 | £5.62 | £5.25 | 3,352 |
| 2024 | £6.05 | £5.80 | 2,900 |
| All providers | | | |
| 2021 | £5.53 | £5.00 | 7,432 |
| 2022 | £5.68 | £5.25 | 5,915 |
| 2023 | £6.05 | £5.65 | 5,648 |
| 2024 | £6.60 | £6.00 | 4,628 |
| All providers excluding childminders | | | |
| 2021 | £6.20 | £5.70 | 2,546 |
| 2022 | £6.52 | £6.00 | 2,426 |
| 2023 | £7.02 | £6.64 | 2,296 |
| 2024 | £7.74 | £7.35 | 1,728 |

Source: Survey of Childcare and Early Years Providers, 2021, 2022, 2023, and 2024. Note: "All providers" includes 126, 132, 116 and 91 'other' group-based providers for 2021, 2022, 2023 and 2024 respectively. Statistics based on a sample size of fewer than 10 providers are omitted (*), while those with sample sizes between 10 and 29 providers are presented in italic and bold font.

**Table 16: Mean and median hourly parent-paid fees for two-year-old children (2021, 2022, 2023, and 2024)**

| Provider type | Mean hourly parent-paid fee | Median hourly parent-paid fee | Number of providers |
|---|---|---|---|
| Private group-based providers | | | |
| 2021 | £6.21 | £5.70 | 2,973 |
| 2022 | £6.49 | £6.00 | 2,699 |
| 2023 | £6.98 | £6.50 | 2,482 |
| 2024 | £7.63 | £7.25 | 1,797 |
| Voluntary group-based providers | | | |
| 2021 | £5.56 | £5.00 | 1,750 |
| 2022 | £5.92 | £5.35 | 1,522 |
| 2023 | £6.24 | £5.75 | 1,310 |
| 2024 | £6.55 | £6.03 | 833 |
| Nursery class childcare settings | | | |
| 2021 | £5.24 | £5.00 | 531 |
| 2022 | £6.24 | £5.24 | 447 |
| 2023 | £6.11 | £5.40 | 485 |
| 2024 | £6.59 | £6.00 | 350 |
| Maintained nursery schools | | | |
| 2021 | £6.15 | £6.00 | 132 |
| 2022 | £6.21 | £5.80 | 108 |
| 2023 | £6.60 | £6.00 | 96 |
| 2024 | £7.18 | £7.00 | 60 |
| Childminders | | | |
| 2021 | £5.16 | £4.50 | 5,047 |
| 2022 | £5.28 | £5.00 | 3,481 |
| 2023 | £5.56 | £5.20 | 3,333 |
| 2024 | £6.03 | £5.80 | 3,054 |
| All providers | | | |
| 2021 | £5.53 | £4.95 | 10,649 |
| 2022 | £5.72 | £5.25 | 8,485 |
| 2023 | £6.07 | £5.65 | 7,912 |
| 2024 | £6.56 | £6.00 | 6,241 |
| All providers excluding childminders | | | |
| 2021 | £5.94 | £5.40 | 5,602 |
| 2022 | £6.28 | £5.78 | 5,004 |
| 2023 | £6.63 | £6.00 | 4,579 |
| 2024 | £7.19 | £6.80 | 3,187 |

Source: Survey of Childcare and Early Years Providers, 2021, 2022, 2023 and 2024. Note: “All providers” includes 216, 228, 206 and 147 ‘other’ group-based providers for 2021, 2022, 2023 and 2024 respectively.

**Table 17: Mean and median hourly parent-paid fees for three- and four-year-old preschool children (2021, 2022, 2023, and 2024)**

| Provider type | Mean hourly parent-paid fee | Median hourly parent-paid fee | Number of providers |
|---|---|---|---|
| Private group-based providers | | | |
| 2021 | £6.10 | £5.50 | 3,245 |
| 2022 | £6.29 | £6.00 | 2,810 |
| 2023 | £6.77 | £6.40 | 2,560 |
| 2024 | £7.35 | £7.00 | 1,823 |
| Voluntary group-based providers | | | |
| 2021 | £5.36 | £5.00 | 1,884 |
| 2022 | £5.75 | £5.00 | 1,610 |
| 2023 | £5.97 | £5.50 | 1,385 |
| 2024 | £6.23 | £6.00 | 883 |
| Nursery class childcare settings | | | |
| 2021 | £5.01 | £4.50 | 1,602 |
| 2022 | £5.71 | £5.00 | 1,337 |
| 2023 | £5.78 | £5.00 | 1,442 |
| 2024 | £5.96 | £5.00 | 1,064 |
| Maintained nursery schools | | | |
| 2021 | £5.92 | £5.50 | 155 |
| 2022 | £5.95 | £5.50 | 132 |
| 2023 | £6.20 | £5.75 | 111 |
| 2024 | £6.67 | £6.50 | 73 |
| Childminders | | | |
| 2021 | £5.09 | £4.80 | 5,457 |
| 2022 | £5.22 | £5.00 | 3,647 |
| 2023 | £5.50 | £5.00 | 3,541 |
| 2024 | £5.90 | £5.50 | 3,068 |
| All providers | | | |
| 2021 | £5.39 | £5.00 | 12,583 |
| 2022 | £5.60 | £5.00 | 9,778 |
| 2023 | £5.90 | £5.50 | 9,249 |
| 2024 | £6.30 | £6.00 | 7,059 |
| All providers excluding childminders | | | |
| 2021 | £5.71 | £5.00 | 7,126 |
| 2022 | £5.99 | £5.43 | 6,131 |
| 2023 | £6.27 | £5.78 | 5,708 |
| 2024 | £6.65 | £6.00 | 3,991 |

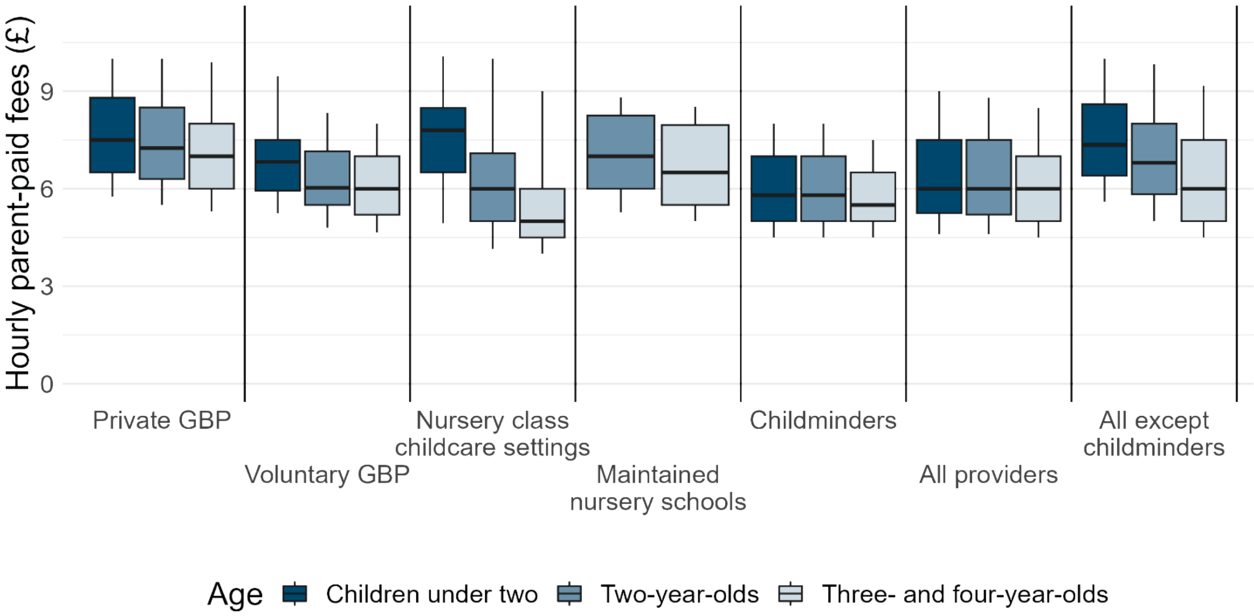
Source: Survey of Childcare and Early Years Providers, 2021, 2022, 2023 and 2024. Note: “All providers” includes 240, 242, 210 and 148 ‘other’ group-based providers for 2021, 2022, 2023 and 2024 respectively.

### 4.1.3 Distribution of hourly parent-paid fees across provider types and age groups

Figure 3 illustrates the variation in hourly parent-paid fees within provider types for children under the age of two, two-year-old children, and three- and four-year-old children. Each box presents the 10th, 25th, 50th (median), 75th, and 90th percentile hourly parent-paid fee for each provider type, and for each age group.

In each provider type, hourly parent-paid fees were generally slightly higher across the distribution for children under the age of two compared to the older age groups.

**Figure 3: Distribution of hourly parent-paid fees by age of child and provider type (2024)**




Source: Survey of Childcare and Early Years Providers 2024. Note: The bottom whisker reports the 10th percentile for the provider type, where the providers have been ranked by hourly funding rates, while the top whisker reports the 90th percentile. The bottom of the box presents the 25th percentile, the middle line within the box the 50th percentile (the median), and the top of the box the 75th percentile. The interquartile range is the distance between the top and bottom of the box, covering the middle 50 percent of providers by hourly parent-paid fees. There were only 5 maintained nursery schools who reported their hourly parent-paid fee for children under two, so these have been excluded from Figure 3.

The largest disparity in median hourly parent-paid fees between age groups was observed in nursery class childcare settings. For these providers, the median hourly parent-paid fee for children under the age of two was £7.80 per hour, compared to £5.00 per hour for three- and four-year old children. Again, it is important to note the small sample size of children under two in nursery class childcare settings, which may skew the findings for this age group. In contrast, the sample size for three- and four-year-olds in these settings is much larger (over 1,000 providers), providing a more reliable result.

The distribution of fees within provider types for a given age group also varies significantly between types of providers. For example, the interquartile range (equal to the 75th percentile hourly parent-paid fee minus the 25th percentile) for childminders ranged from £1.50 per hour to £2.00 per hour across age groups. In comparison, the distribution of parent-paid fees was more spread for maintained nursery school settings. For those providers, the interquartile range varied from £2.15 per hour to £2.46 per hour across age groups.

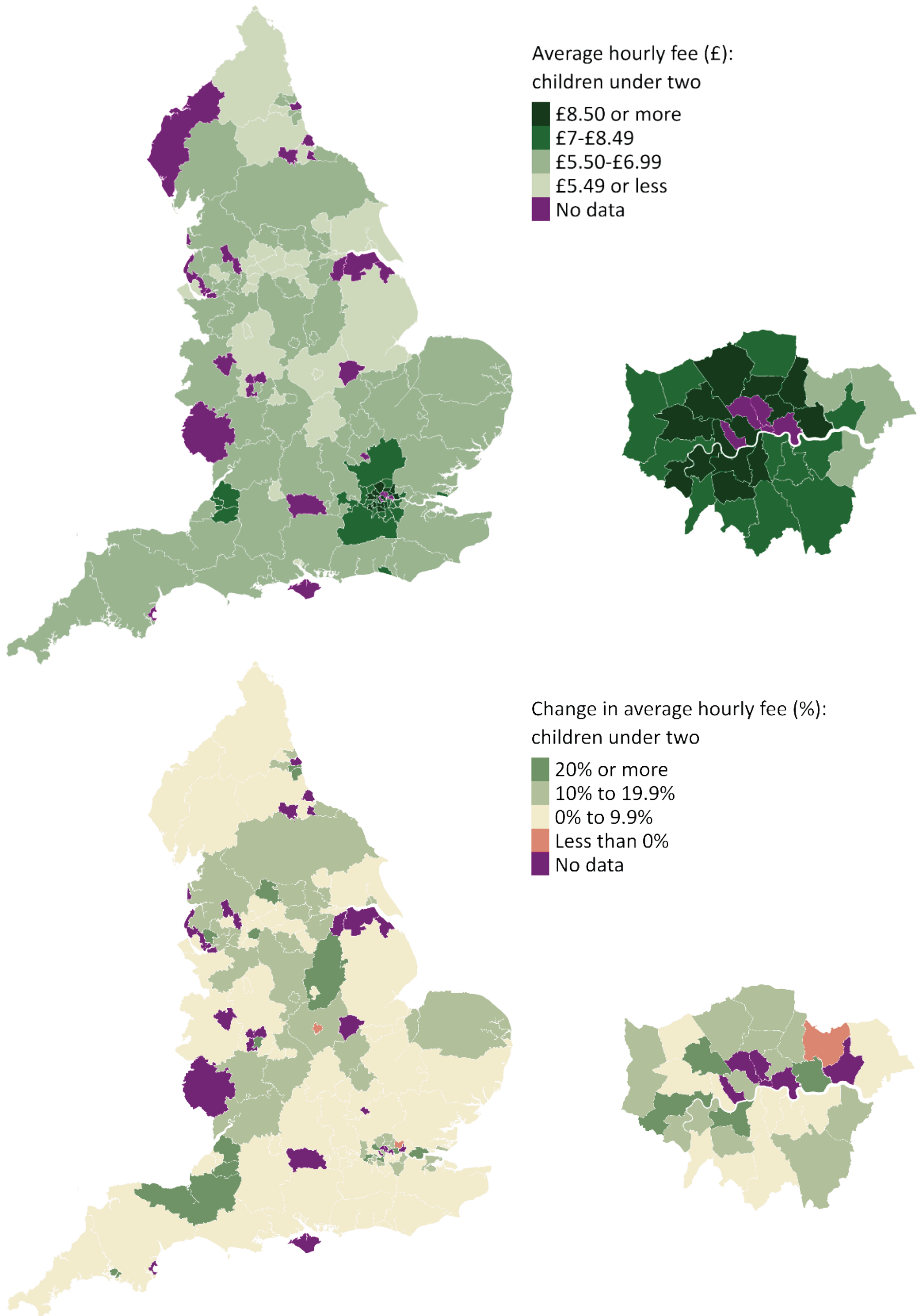
It should be noted that the wider distribution in hourly parent-paid fees for maintained nursery schools may be driven by the low sample sizes for these provider types (particularly for children under two).

### 4.1.4 Regional distribution of hourly parent-paid fees

Figure 4, Figure 5, and Figure 6 each display the median hourly parent-paid fee[53] by local authority and the change in hourly parent-paid fees from 2023 to 2024 for children under two, two-year-old children, and three-and four-year-old children, respectively. In each figure, darker areas are local authorities with higher median hourly parent-paid fees. Local authorities where median hourly parent-paid fees increased between 2023 and 2024 are shown in shades of yellow/green, and regions where they decreased are shown in shades of red. Areas with fewer than ten provider responses have been shown in purple to avoid statistical disclosure of small samples.

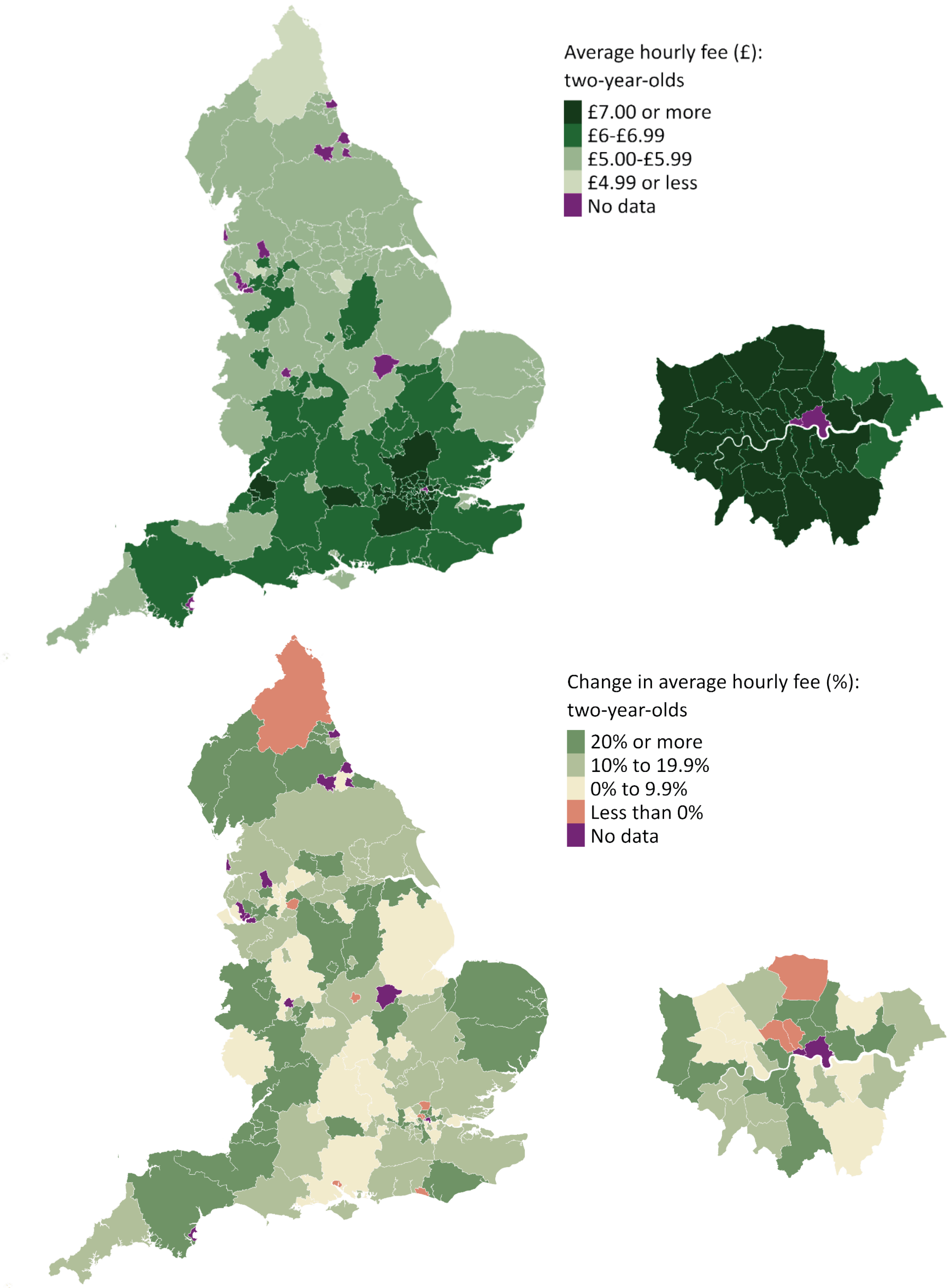
[53] The median hourly parent-paid fee is calculated as the weighted median of hourly parent-paid fees for providers within a given local authority.

**Figure 4: Distribution of median hourly parent-paid fees (2024) and change in median hourly parent-paid fees from 2023 for children under two**



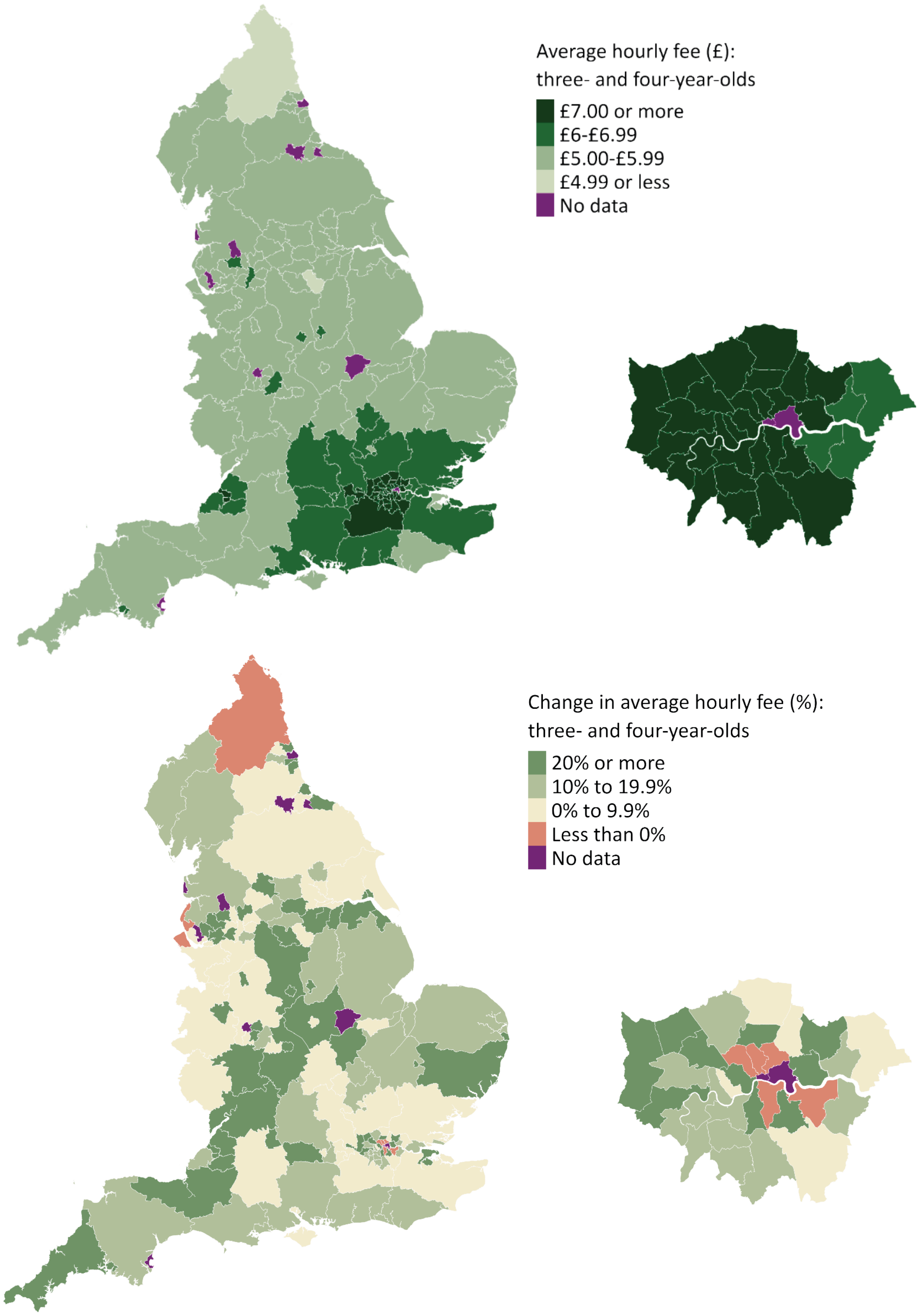

Source: Survey of Childcare and Early Years Providers 2024. Note: Level of geography is ONS 'Counties and Unitary Authorities'. Areas with fewer than ten respondents are shaded purple to preserve anonymity. In 2023, Cumbria County Council was split into two new unitary authorities: Cumberland, and Westmorland and Furness, as shown separately in the figure. The combined sample of all providers in Cumberland and in Westmorland and Furness (i.e., previously Cumbria) is used to compare median fees in Cumbria in 2023 with the equivalent area in 2024.

**Figure 5: Distribution of median hourly parent-paid fees (2024) and change in median hourly parent-paid fees from 2023 for two-year-olds**




Source: Survey of Childcare and Early Years Providers 2024 Note: Level of geography is ONS 'Counties and Unitary Authorities'. Areas with fewer than ten respondents are shaded purple to preserve anonymity. In 2023, Cumbria County Council was split into two new unitary authorities: Cumberland, and Westmorland and Furness, as shown separately in the figure. The combined sample of all providers in Cumberland and in Westmorland and Furness (i.e., previously Cumbria) is used to compare median fees in Cumbria in 2023 with the equivalent area in 2024.

**Figure 6: Distribution of median hourly parent-paid fees (2024) and change in median hourly parent-paid fees from 2023 for three- and four-year-olds**




Source: Survey of Childcare and Early Years Providers 2024 Note: Level of geography is ONS 'Counties and Unitary Authorities'. Areas with fewer than ten respondents are shaded purple to preserve anonymity. In 2023, Cumbria County Council was split into two new unitary authorities: Cumberland, and Westmorland and Furness, as shown separately in the figure. The combined sample of all providers in Cumberland and in Westmorland and Furness (i.e., previously Cumbria) is used to compare median fees in Cumbria in 2023 with the equivalent area in 2024.

Across all age groups, there was significant variation in the median hourly parent-paid fees by region, with the highest rates found in parts of London (particularly Central and West London) and the South East.

For children under two (see Figure 4), median hourly parent-paid fees increased in nearly all local authorities between 2023 to 2024, with the exceptions of Leicester and the London borough of Redbridge.[54] Around half of local authorities saw increases of less than 10%, while the largest rises were concentrated in parts of London, the South West and the East Midlands.

For two-year-olds (see Figure 5), there remains a clear regional divide, with London, the South East and the South West continuing to report the highest parent-paid fees. However, trends in fee changes are less pronounced, with parts of the South East experiencing relatively small increases in fees (of less than 10%). Between 2023 and 2024, the percentage change in fees for two-year-olds - and for three-and four-year-olds - was typically higher than for children under two. While the most common fee increase for children under two was less than 10%, a greater number of local authorities reported increases above 10% for the older age groups.

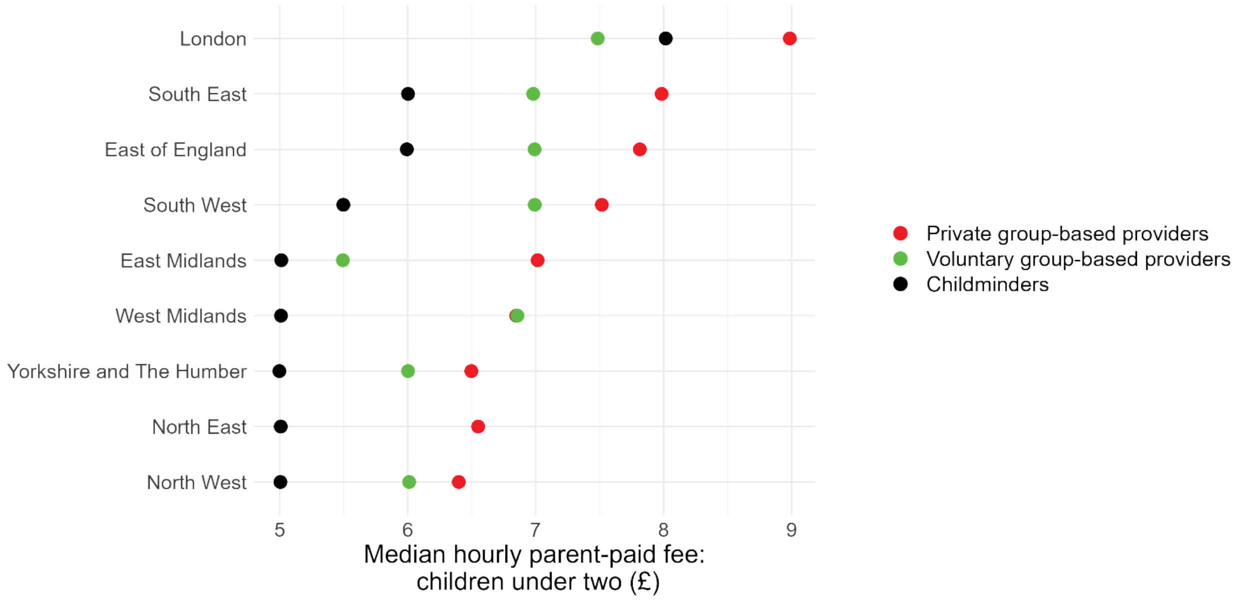
Among three- and four-year-olds (see Figure 6), there was significant variation within Greater London. Several local authorities saw substantial increases in median hourly parent-paid fees of over 20%, while four London Boroughs experienced a fall. This highlights the heterogeneity in provider-set fees, even within Greater London. However, all 8 local authorities in England that experienced a fall in fees for three- and four-year-olds had a sample size of less than 30, suggesting that these figures may be outliers relative to the overall trend of increasing fees.

Figure 7, Figure 8, and Figure 9 present the distribution of median hourly parent-paid fees by provider type and region for children under two, two-year-olds, and three- and four-year-olds. Consistent with the patterns observed at local authority level, London had the highest median hourly parent-paid fees across all age groups and provider types. The lowest median hourly parent-paid fees were found in the North West, North East, and Yorkshire and The Humber. For children under two (Figure 7), childminders had the lowest median hourly parent-paid fees in every region except London.

[54] It is important to note that sample sizes are small for many local authorities, meaning results at this level may be sensitive to outliers. Additionally, changes in the composition of provider types responding to the survey between 2023 and 2024 may influence year-on-year comparisons. For example, in Plymouth - where average parent-paid fees for two-year-olds were estimated to increase by 31% between 2023 and 2024 - the share of school-based providers responding to the survey fell from 25% in 2023 to 20% in 2024, group-based providers rose from 45% in 2023 to 60% in 2024, and childminders decreased from 30% to 20%. This shift is important as childminders consistently report the lowest median parent-paid fees across all age groups. To help account for these changes, survey weights are applied during the analysis to adjust for changes in provider composition, but the estimates may still not be fully representative within each local authority (as the weights do not directly incorporate provider type composition within each local authority).

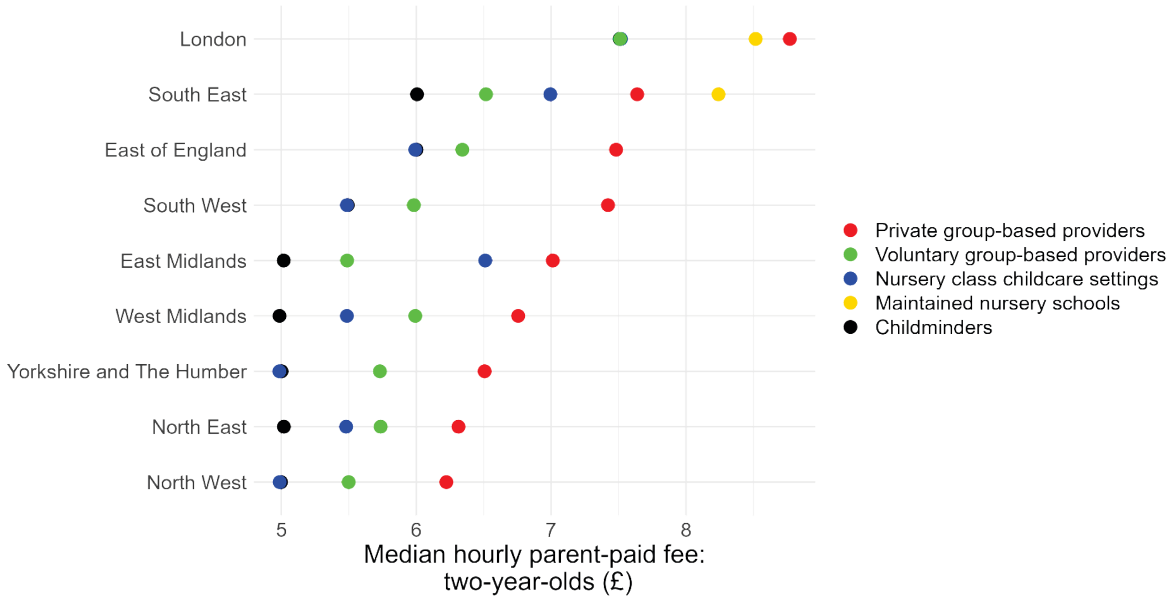
Private group-based providers had the highest median hourly parent-paid fees in every region, although in the West Midlands this was matched by voluntary group-based providers, both at £6.86 per hour.

**Figure 7: Distribution of median hourly parent-paid fees for children under two by provider type and region (2024)**



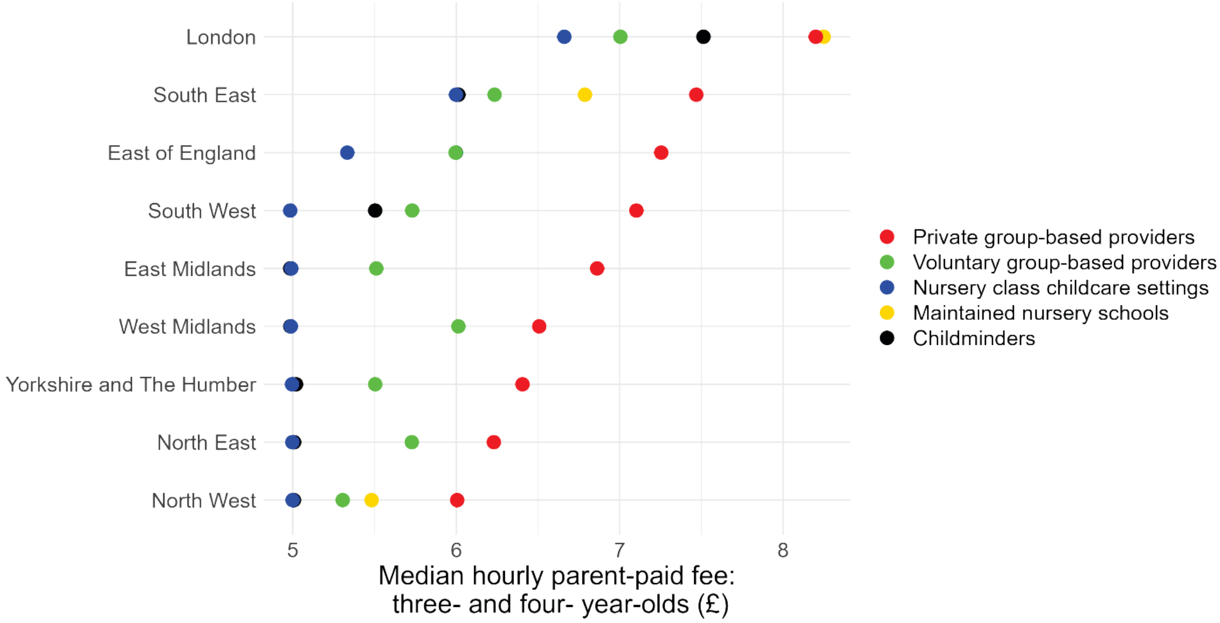

Source: Survey of Childcare and Early Years Providers 2024. Note: Median hourly parent-paid fee is calculated as the average median hourly parent-paid fee for all local authorities lying within the specified region. Region-provider type pairs with fewer than ten respondents are omitted from the plot to preserve anonymity. This exclusion applied to nursery class childcare settings and maintained nursery schools in all regions.

**Figure 8: Distribution of median hourly parent-paid fees for two-year-olds by provider type and region (2024)**




Source: Survey of Childcare and Early Years Providers 2024. Note: Median hourly parent-paid fee is calculated as the average median hourly parent-paid fee for all local authorities lying within the specified region. Region-provider type pairs with fewer than ten respondents are omitted from the plot to preserve anonymity.

**Figure 9: Distribution of median hourly parent-paid fees for three- and four-year-olds by provider type and region (2024)**




Source: Survey of Childcare and Early Years Providers 2024. Note: Median hourly parent-paid fee is calculated as the average median hourly parent-paid fee for all local authorities lying within the specified region. Region-provider type pairs with fewer than ten respondents are omitted from the plot to preserve anonymity.

In Figure 8 a similar pattern emerges for two-year-olds, with London and the South East having the highest median hourly parent-paid fees. Private group-based providers had the highest median hourly parent-paid fees in every region except the South East, where maintained nursery schools charged the most (with a median hourly parent-paid fee of £8.25 per hour). Notably, in the South West. private group-based providers charged £1.43 per hour more (on average) than any other provider type.

Median hourly parent-paid fees for three- and four-year-olds (Figure 9) were lower than those for younger children. Private group-based providers charged the highest fees in all regions except London (where maintained nursery schools charged £8.25 per hour in comparison to £8.20 per hour for private group-based providers). Nursery class childcare settings had the lowest median hourly parent-paid fees across all regions, often alongside childminders. This was the case in all regions except London, the East of England and the South West, where nursery class childcare settings alone had the lowest median hourly parent-paid fees. Outside of London, the South East, and the East of England, median hourly parent-paid fees for nursery class settings showed little variation, remaining close to £5.00 per hour.

## 4.2 Hourly entitlement funding rates

*Hourly entitlement funding rates are the average hourly amount that providers report receiving from local authorities in payment for hours delivered as part of the early years entitlement. At the time of the 2024 survey (collecting information from providers between May and July 2024) this entitlement comprised of 15 hours[55] for eligible working parents of two-year-olds and two-year-olds from disadvantaged backgrounds, 15 hours for all parents of three- and four-year-olds, and a further 15 hours for eligible working parents of three- and four-year-olds.[56]*

Hourly entitlement funding rates are calculated using the Early Years National Funding Formula (EYNFF).[57] This formula consists of a universal base rate for each age group, and factors for additional needs, using measures of free school meal provision, disability, special educational needs, and English as an additional language to vary the funding across providers. The formula also includes a cost adjustment multiplier that reflects local variation in costs and conditions, including supplements for local deprivation, rurality, supporting flexible childcare (for example out-of-hours provision), and supporting workforce qualifications. An additional supplement is paid to maintained nursery schools.

### 4.2.1 Hourly entitlement funding rates by provider type

Table 18 and Table 19 display the median hourly entitlement funding rates and median hourly parent-paid fees for two-year-old children and for three- and four-year-old pre-school children.[58] The median hourly entitlement funding rate is defined as the average hourly amount that providers report receiving from local authorities in payment for hours delivered as part of the early years entitlement.[59] Median hourly parent-paid fees are defined in the same way as in Table 15 to Table 17.

In September 2023, an additional £204 million was allocated to support the delivery of funded hours, with the funding uplift specifically aimed at increasing the national average rate for two-year-olds.[60] This was followed by an expansion of entitlement eligibility in April 2024, which introduced 15 hours of funded entitlement for eligible two-year-olds, alongside further uplifts to the funding rate.[61]

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55 The equivalent of 15 hours per week for 38 weeks of the year.
56 Further details about working parent eligibility can be found here.
57 Details of the formula are published on gov.uk (link here)
58 Further details about working parent eligibility can be found here.
59 These will not necessarily directly correspond with Department for Education published rates. Local Authorities vary in terms of the proportion of funding from central government that they pass on to providers. This further contributes to the variation in average fundings rates, both between providers and compared to the Department for Education published rates.
60 Early education entitlements and funding update: March 2023, available here.
61 Eligible two-year-olds are those whose parents are earning at least the equivalent of 16 hours per week at the relevant minimum wage with neither earning £100,000 or more per year, as well as disadvantaged two-year-olds who were eligible prior to April 2024.

These policy changes are clearly reflected in the 2024 average entitlement funding rates. For all providers, the median hourly entitlement funding rate increased from £5.57 per hour in 2023 to £7.54 per hour for two-year-olds, and from £4.65 per hour to £5.24 per hour for three- and four-year-olds, representing increases of 35% and 13% respectively. When excluding childminders, there was a similar pattern, with hourly entitlement funding rates increasing from £5.61 per hour to £7.53 per hour for two-year-olds (a 34% increase) and from £4.68 per hour to £5.25 per hour for three- and four-year-olds (a 12% increase). These findings demonstrate the direct impact of the funding uplift, particularly in raising hourly entitlement funding rates for two-year-olds.

For both age groups, there was less variation in median hourly entitlement funding rates across provider types than in median hourly parent-paid fees. Among providers for two-year-olds, nursery class childcare settings received the lowest median hourly entitlement funding rate at £7.25 per hour, while maintained nursery schools received the highest median hourly entitlement funding rate at £7.93 per hour, a difference of £0.68 per hour. Private group-based providers, voluntary group-based providers, and childminders received very similar median hourly entitlement funding rates (£7.55, £7.53, and £7.55 per hour, respectively).

For three- and four-year-olds, maintained nursery schools again received the highest median hourly entitlement funding rate at £5.61 per hour. Across all other provider types, there was very little variation, with median hourly entitlement funding rates ranging from £5.23 per hour (for childminders and nursery class childcare settings) to £5.25 per hour (for private group-based providers). This reflects the specific supplement for maintained nursery schools in the EYNFF, which is intended to compensate for their requirement to have headteachers, governing bodies and qualified teachers, unlike other providers. This may also be partly explained by the type of care that is provided by maintained nursery schools compared to other provider types.

Grouping together all provider types, median hourly entitlement funding rates were £1.54 per hour higher than median parent-paid fees for two-year-old children, while for three- and four-year-old children, median hourly entitlement funding rates were £0.76 per hour lower than median hourly parent-paid fees.

The increase in entitlement funding rates for two-year-olds now means that providers generally receive more per hour through government funding than they charge parents. This change is primarily due to the higher base rate in the funding formula for two-year-olds. For two-year-old children, all provider types had median hourly entitlement funding rates that exceed median hourly parent-paid fees. The largest positive differences (median hourly entitlement funding rates exceeding hourly parent-paid fees) was seen among childminders (£1.62 per hour) and voluntary group-based providers (£1.50 per hour).

**Table 18: Median hourly parent-paid fees and hourly entitlement funding rates for two-year-old children (2022, 2023, and 2024)**

| Provider type | Median entitlement funding rate | Median parent-paid fee | Difference: funding rate minus parent-paid fee | Number of providers for funding rate | Number of providers for hourly parent-paid fee |
|---|---|---|---|---|---|
| Private group-based providers | | | | | |
| 2022 | £5.40 | £6.00 | -£0.60 | 2,029 | 2,699 |
| 2023 | £5.60 | £6.50 | -£0.90 | 1,808 | 2,482 |
| 2024 | £7.55 | £7.25 | £0.30 | 1,281 | 1,797 |
| Voluntary group-based providers | | | | | |
| 2022 | £5.47 | £5.35 | £0.12 | 1,222 | 1,522 |
| 2023 | £5.63 | £5.75 | -£0.12 | 1,061 | 1,310 |
| 2024 | £7.53 | £6.03 | £1.50 | 713 | 833 |
| Nursery class childcare settings | | | | | |
| 2022 | £5.40 | £5.24 | £0.16 | 297 | 447 |
| 2023 | £5.55 | £5.40 | £0.15 | 339 | 485 |
| 2024 | £7.25 | £6.00 | £1.25 | 266 | 350 |
| Maintained nursery schools | | | | | |
| 2022 | £5.49 | £5.80 | -£0.31 | 120 | 108 |
| 2023 | £5.63 | £6.00 | -£0.37 | 98 | 96 |
| 2024 | £7.93 | £7.00 | £0.93 | 71 | 60 |
| Childminders | | | | | |
| 2022 | £5.28 | £5.00 | £0.08 | 888 | 3,481 |
| 2023 | £5.55 | £5.20 | £0.35 | 765 | 3,333 |
| 2024 | £7.64 | £5.80 | £1.84 | 2,278 | 3,054 |
| All providers | | | | | |
| 2022 | £5.39 | £5.25 | £0.14 | 4,737 | 8,485 |
| 2023 | £5.57 | £5.65 | -£0.08 | 4,242 | 7,912 |
| 2024 | £7.54 | £6.00 | £1.54 | 4,730 | 6,241 |
| All providers excluding childminders | | | | | |
| 2022 | £5.42 | £5.78 | -£0.36 | 3,849 | 5,004 |
| 2023 | £5.61 | £6.00 | -£0.39 | 3,477 | 4,579 |
| 2024 | £7.53 | £6.80 | £0.73 | 2,452 | 3,187 |

Source: Survey of Childcare and Early Years Providers, 2022, 2023 and 2024. Note: “All providers” includes 181, 171 and 121 ‘other’ group-based providers for the hourly entitlement funding rate in 2022, 2023 and 2024 respectively. “All providers” includes 228, 206 and 147 ‘other’ group-based providers for the hourly parent-paid fee in 2022, 2023 and 2024 respectively.

**Table 19: Median hourly parent-paid fees and hourly entitlement funding rates for three- and four-year-old children (2022, 2023, and 2024)**

| Provider type | Median entitlement funding rate | Median parent-paid fee | Difference: funding rate minus parent- | Number of providers (funding rate) | Number of providers (parent-paid fee) |
|---|---|---|---|---|---|
| Private group-based providers | | | | | |
| 2022 | £4.49 | £6.00 | -£1.51 | 2,343 | 2,810 |
| 2023 | £4.70 | £6.40 | -£1.70 | 2,110 | 2,560 |
| 2024 | £5.25 | £7.00 | -£1.75 | 1310 | 1,823 |
| Voluntary group-based providers | | | | | |
| 2022 | £4.42 | £5.00 | -£0.58 | 1,478 | 1,610 |
| 2023 | £4.65 | £5.50 | -£0.85 | 1,295 | 1,385 |
| 2024 | £5.24 | £6.00 | -£0.76 | 755 | 883 |
| Nursery class childcare settings | | | | | |
| 2022 | £4.45 | £5.00 | -£0.55 | 1,386 | 1,337 |
| 2023 | £4.62 | £5.00 | -£0.38 | 1,406 | 1,442 |
| 2024 | £5.23 | £5.00 | £0.23 | 953 | 1,064 |
| Maintained nursery schools | | | | | |
| 2022 | £4.92 | £5.50 | -£0.58 | 145 | 132 |
| 2023 | £5.07 | £5.75 | -£0.68 | 111 | 111 |
| 2024 | £5.61 | £6.50 | -£0.89 | 80 | 73 |
| Childminders | | | | | |
| 2022 | £4.40 | £5.00 | -£0.60 | 2,111 | 3,647 |
| 2023 | £4.62 | £5.00 | -£0.38 | 2,116 | 3,541 |
| 2024 | £5.23 | £5.50 | -£0.27 | 1888 | 3,068 |
| All providers | | | | | |
| 2022 | £4.44 | £5.00 | -£0.56 | 7,671 | 9,778 |
| 2023 | £4.65 | £5.50 | -£0.85 | 7,231 | 9,249 |
| 2024 | £5.24 | £6.00 | -£0.76 | 5108 | 7,059 |
| All providers excluding childminders | | | | | |
| 2022 | £4.48 | £5.43 | -£0.95 | 5,560 | 6,131 |
| 2023 | £4.68 | £5.78 | -£1.10 | 5,115 | 5,708 |
| 2024 | £5.25 | £6.00 | -£0.75 | 3220 | 3,991 |

Source: Survey of Childcare and Early Years Providers, 2022, 2023 and 2024. Note: “All providers” includes 208, 193 and 122 ‘other’ group-based providers for the hourly entitlement funding rate in 2022, 2023 and 2024 respectively. “All providers” includes 242, 210 and 148 ‘other’ group-based providers for the hourly parent-paid fee in 2022, 2023 and 2024 respectively.

For three- and four-year-olds, the deficit between median hourly entitlement funding rates and median hourly parent-paid fees is present across all provider types except for nursery class childcare settings which had a positive difference of £0.23 per hour in 2024. The gap, however, has slightly decreased since 2023, from £0.85 per hour to £0.76 per hour when considering all providers. The largest negative difference was amongst private group-based providers (£1.75 per hour).

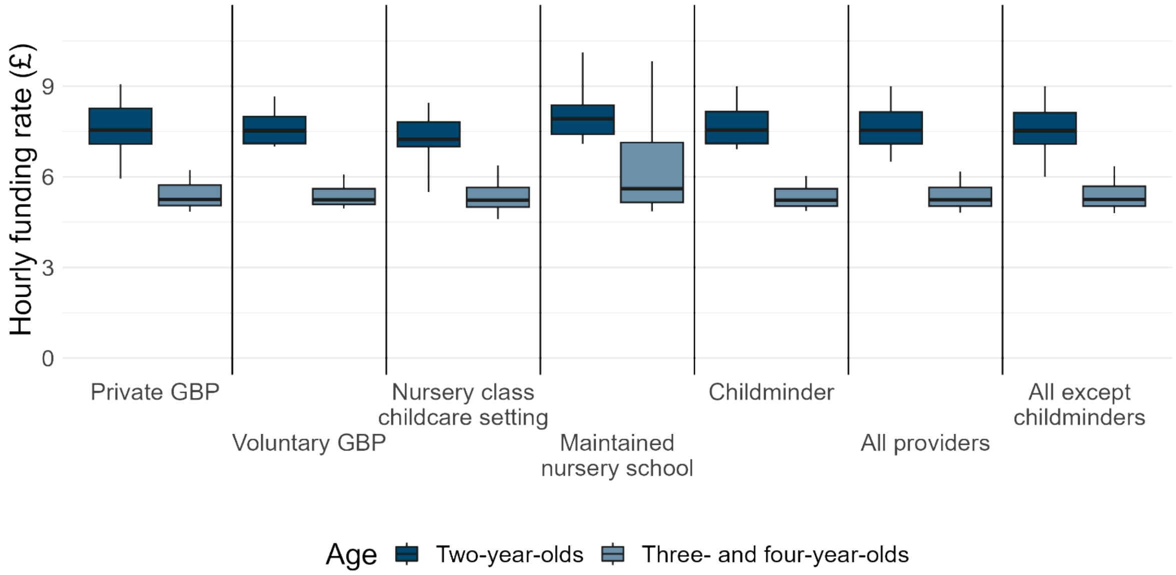
The differences between provider types within age groups were primarily due to variations in median hourly parent-paid fees, as median hourly entitlement funding rates were relatively stable across most provider types, apart from higher median hourly entitlement funding rates for maintained nursery schools. However, differences between age groups within provider types were mainly driven by funding formula adjustments, as median hourly parent-paid fees remained relatively consistent.

### 4.2.2 Distribution of hourly entitlement funding rates within provider types

The EYNFF generates variation in the entitlement funding rates both across provider types and within provider types. Figure 10 illustrates this variation in self-reported hourly entitlement funding rates within provider types for two-year-old and three- and four-year-old children.

The distribution of hourly entitlement funding rates across providers was generally tighter than the distribution of median hourly parent-paid fees across providers. For example, the difference in median hourly entitlement funding rates for providers in the 75th percentile and 25th percentile of the distribution for two-year-olds was £1.05 per hour, compared to a £2.30 per hour difference in median hourly parent-paid fees. Hourly entitlement funding rates are largely determined by the EYNFF that includes a minimum hourly entitlement funding rate, whereas there is no corresponding structure for hourly parent-paid fees, which are set by providers.

**Figure 10: Distribution of hourly entitlement funding rates by age of child and provider type (2024)**




Source: Survey of Childcare and Early Years Providers 2024 Note: The bottom whisker reports the 10th percentile for the provider type, where the providers have been ranked by hourly funding rates, while the top whisker reports the 90th percentile. The bottom of the box presents the 25th percentile, the middle line within the box the 50th percentile (the median), and the top of the box the 75th percentile. The interquartile range is the distance between the top and bottom of the box, covering the middle 50 percent of providers by hourly entitlement funding rates.

Variation in entitlement funding rates also differs across provider types. Maintained nursery schools had the widest distribution of hourly funding rates for three- and four-year-olds (in terms of interquartile range), which is likely due to the relatively small sample size compared to other provider types.

In general (with the exception of maintained nursery schools), entitlement funding rates are relatively consistent across provider types and regions. In contrast, parent-paid fees vary widely depending on provider type and region. As a result, the financial impact of changes in the proportion of hours funded through entitlements will differ significantly between provider types. For example, if the entitlement funding rate is approximately similar for all providers, those who charge low fees would benefit from an increase in the proportion of hours funded through entitlements. In contrast, a provider who charges higher fees may experience a shortfall if the proportion of hours funded through entitlements increased.

The difference in hourly entitlement funding rates for older age groups is highlighted by the 10$^{th}$ percentile hourly entitlement funding rate for two-year-old children (£6.50 per hour) being higher than the hourly entitlement funding rate associated with the 90th percentile for three- and four-year old children (£6.18 per hour).

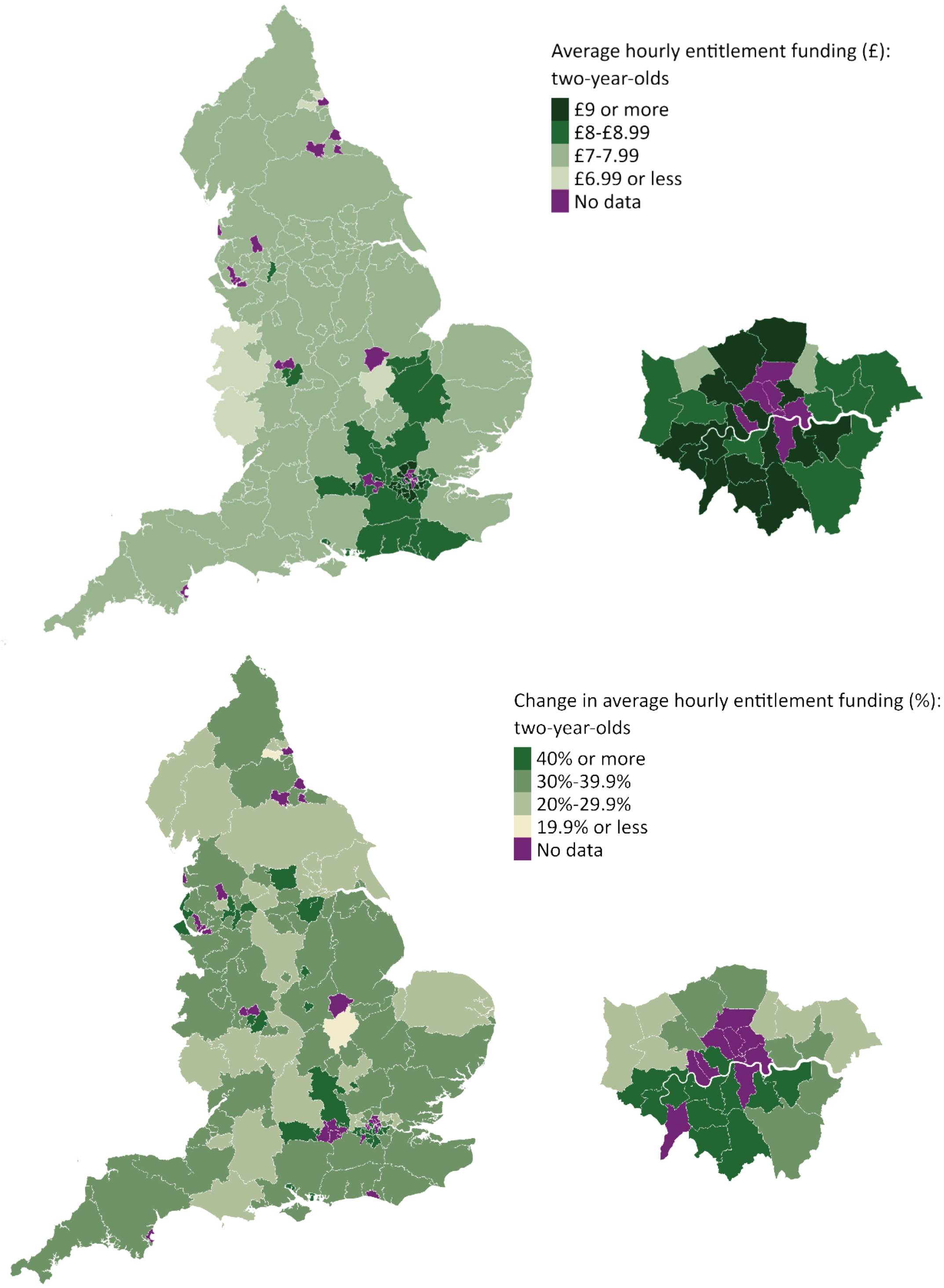
This step change in hourly entitlement funding rates between the two age groups reflects the funding formula having a higher base rate for two-year-old children. This is largely due to higher delivery costs of childcare for younger children due to differences in staff-to-child ratio requirements.

### 4.2.3 Regional variation in hourly entitlement funding rates

Figure 11 and Figure 12 display the distribution of median hourly entitlement funding rates and the percentage change in funding rates from 2023, by local authority, for two-year-old children and three- and four-year-old children, respectively. Darker areas represent local authorities with higher median hourly entitlement funding rates.[62]

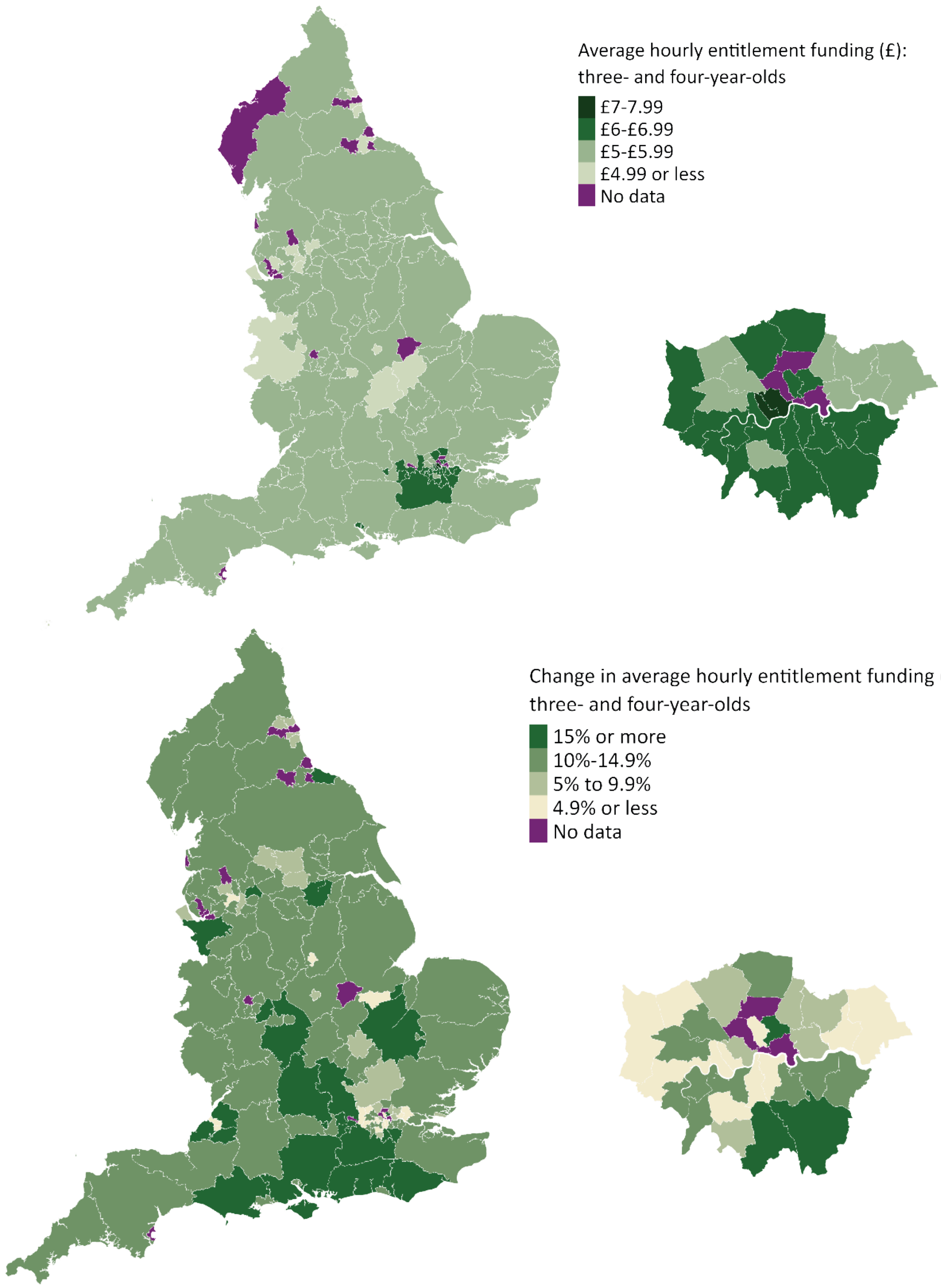
[62] Areas with fewer than ten provider responses have been shaded purple to avoid statistical disclosure of small samples.

**Figure 11: Distribution of median hourly entitlement funding rates (2024) and change in median hourly parent-paid fees from 2023 for two-year-olds**




Source: Survey of Childcare and Early Years Providers 2024 Note: Level of geography is ONS 'Counties and Unitary Authorities'. Areas with fewer than ten respondents are shaded purple to preserve anonymity. In 2023, Cumbria County Council was split into two new unitary authorities: Cumberland, and Westmorland and Furness, as shown separately in the figure. The combined sample of all providers in Cumberland and in Westmorland and Furness (i.e., previously Cumbria) is used to compare median fees in Cumbria in 2023 with the equivalent area in 2024.

**Figure 12: Distribution of median hourly entitlement funding rates (2024) and change in median hourly parent-paid fees from 2023 for three- and four-year-olds**




Source: Survey of Childcare and Early Years Providers 2024 Note: Level of geography is ONS 'Counties and Unitary Authorities'. Areas with fewer than ten respondents are shaded purple to preserve anonymity. In 2023, Cumbria County Council was split into two new unitary authorities: Cumberland, and Westmorland and Furness, as shown separately in the figure. The combined sample of all providers in Cumberland and in Westmorland and Furness (i.e., previously Cumbria) is used to compare median fees in Cumbria in 2023 with the equivalent area in 2024.

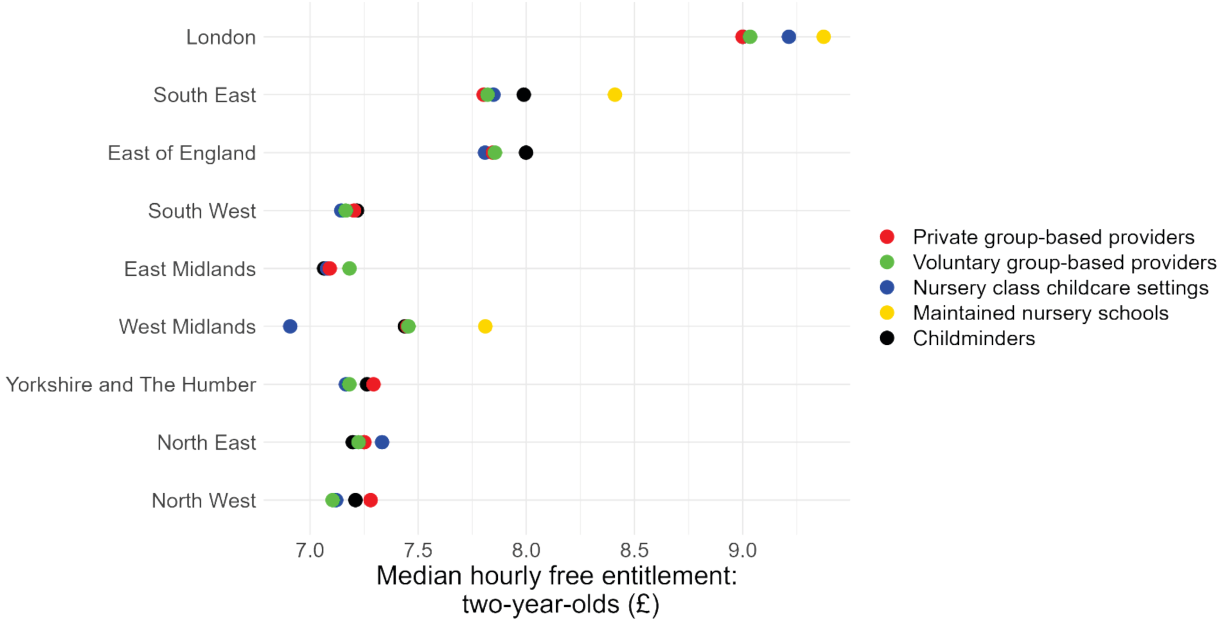
For two-year-old children, median hourly entitlement funding rates were highest in areas of London, particularly South London and South West London, and in the South East. Entitlement funding was lowest in areas of the North East (such as around Newcastle-upon-Tyne), as well as parts of the West Midlands and the East Midlands. All local authorities experienced an increase in median hourly entitlement funding rates for two-year-old children from 2023 to 2024, with the majority seeing an increase in rates of between 30% and 40%.

For three- and four-year-old children, median hourly entitlement funding rates were also highest in London, particularly in boroughs in Central and North London. Entitlement funding was lowest in areas of the North West and the North East, but no local authorities experienced a fall in average entitlement funding rate between 2023 and 2024. Approximately half of local authorities saw an increase in their average entitlement funding rate for three- and four-year-old children of between 10% and 15%.

Regional differences in hourly entitlement funding rates between provider types are explored in more detail in Figure 13 and Figure 14 for two-year-olds and three- and four-year-olds respectively. For two-year-olds, the disparity in median hourly entitlement funding rates between London and the rest of England is such that the lowest median hourly entitlement funding rate in London (for childminders at £9.00 per hour) was £0.60 greater than the highest median hourly entitlement funding rate across all other regions (£8.40 for maintained nursery schools in the South East).

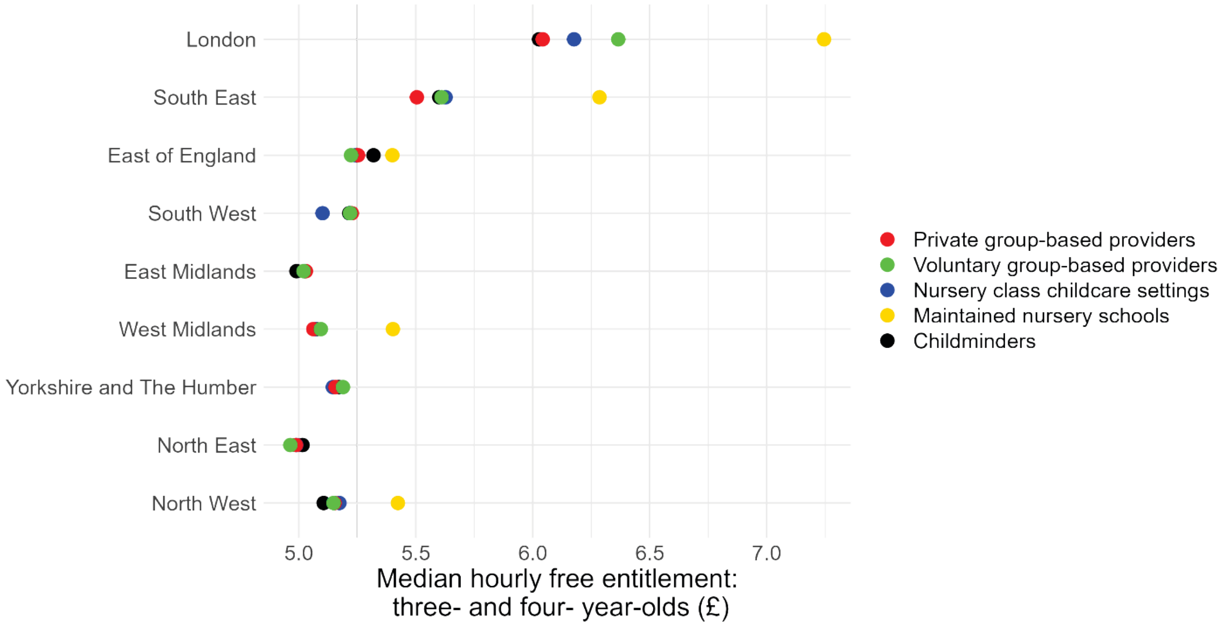
The within-region disparity in hourly entitlement funding rates for two-year-olds across provider types was higher in the West Midlands than any other region. The difference between the highest provider hourly entitlement funding rate (£7.81 for maintained nursery schools) and the lowest (£6.90 for nursery class childcare settings) was £0.91.

### Figure 13: Distribution of median entitlement funding rates for two-year-olds by provider type and region (2024)




Source: Survey of Childcare and Early Years Providers 2024. Note: The median hourly entitlement funding rate is calculated as the average median funding rate for providers in all local authorities lying within the specified region. Region-provider type pairs with fewer than ten respondents are omitted from the plot to preserve anonymity.

### Figure 14: Distribution of median entitlement funding rates for three- and four-year-olds by provider type and region (2024)




Source: Survey of Childcare and Early Years Providers 2024. Note: The median hourly entitlement funding rate is calculated as the average median funding rate for providers in all local authorities lying within the specified region. Region-provider type pairs with fewer than ten respondents are omitted from the plot to preserve anonymity.

Figure 14 shows the corresponding distribution of median hourly entitlement funding rates for three- and four-year-olds. As for two-year-old children, median hourly entitlement funding rates in London were typically higher across all provider types than the highest median hourly entitlement funding rates seen for any provider type in other regions. The only exception was maintained nursery schools in the South East.

The distribution of hourly entitlement funding rates across provider types varied between regions. For example, the hourly entitlement funding rate for three- and four-year-olds in the South East was £6.27 per hour in maintained nursery schools, compared to private group-based providers which had the lowest entitlement funding rate of £5.50 per hour – a difference of £0.77 per hour. In contrast, the difference between the highest and lowest provider hourly entitlement funding rates was £0.05 in Yorkshire and The Humber.[63] Overall, the variation in funding rates within each region (across different provider types) is smaller than the variation in parent-paid fees.

Regional variation in hourly entitlement funding rates does not match regional variation in Gross Domestic Household Income (GDHI) as closely as hourly parent-paid fees do, with median hourly entitlement funding rates less variable over regions. Additionally, the regions with the lowest GDHI (the North East and Yorkshire and The Humber)[64] do not have the lowest average hourly entitlement funding rates. This is because the calculation of entitlement funding is not solely based on considerations of cost of living, which will match regional variation in incomes, but also other regional factors such as local deprivation measures and measures of rurality and sparsity. The consideration of these other factors in setting funding rates acts to standardise funding rates across regions with different average household incomes.

## 4.3 Comparing hourly parent-paid fees and hourly entitlement funding rates

The following section examines differences in hourly parent-paid fees and hourly entitlement funding rates across age groups and local authorities.

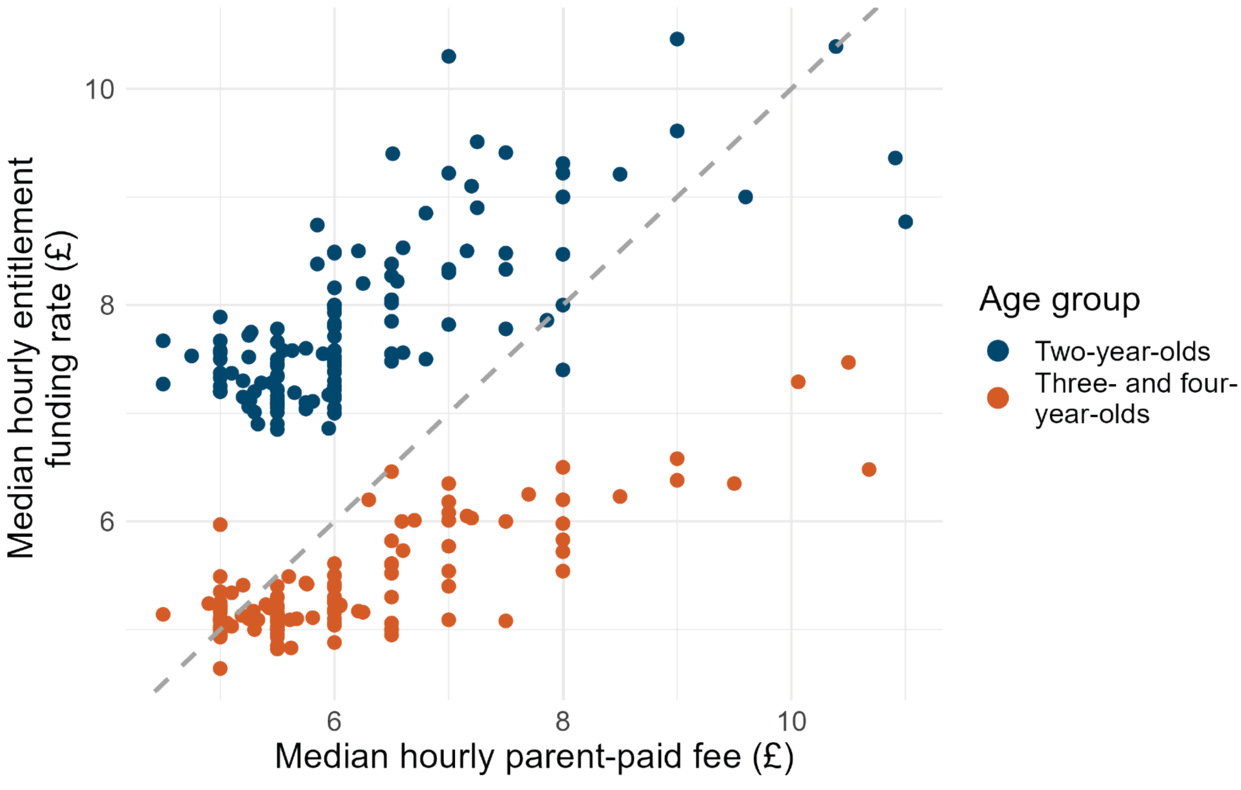
Figure 15 compares median hourly parent-paid fees to median hourly entitlement funding rates by age group and local authority. Each dot represents the median hourly entitlement funding rate and parent-paid fee for one local authority. The dashed 45-degree line represents the line where median hourly entitlement funding rates and parent-paid fees would be equal. Local authorities to the left of the line have higher median entitlement funding rates than hourly median parent-paid fees, whereas the opposite is true for local authorities on the right of the line.

[63] Note that this excludes maintained nursery schools due to an insufficient sample size (only two observations).
[64] Further detail about Gross Domestic Household Income (GDHI) can be found here.

For two-year-old children, Local Authorities with higher median parent-paid fees also generally had higher median hourly entitlement funding rates. Almost all local authorities, however, had a median funding rate that was greater than the corresponding median hourly parent-paid fee (left of the 45-degree dashed line). This reflects the uprating in entitlement funding for two-year-olds that came into effect in April 2024.

In contrast, for three- and four-year-old children, the majority of local authorities reported a median hourly entitlement funding rate that was lower than the median hourly parent-paid fee. Among three- and four-year-olds, local authorities with higher median hourly parent-paid fees tended to have a larger gap between these fees and the corresponding entitlement funding rates, compared to local authorities with lower median hourly parent-paid fees. In other words, large differences between the funding rate and the parent-paid fee tend to be a result of variation in fees, rather than in funding rates.

**Figure 15: Median hourly parent-paid fee and median entitlement funding for two-year-olds and for three- and four-year-olds (2024)**




Source: Survey of Childcare and Early Years Providers 2024 Note: Each dot represents one local authority. Local authorities with fewer than ten respondents are removed from the plot.

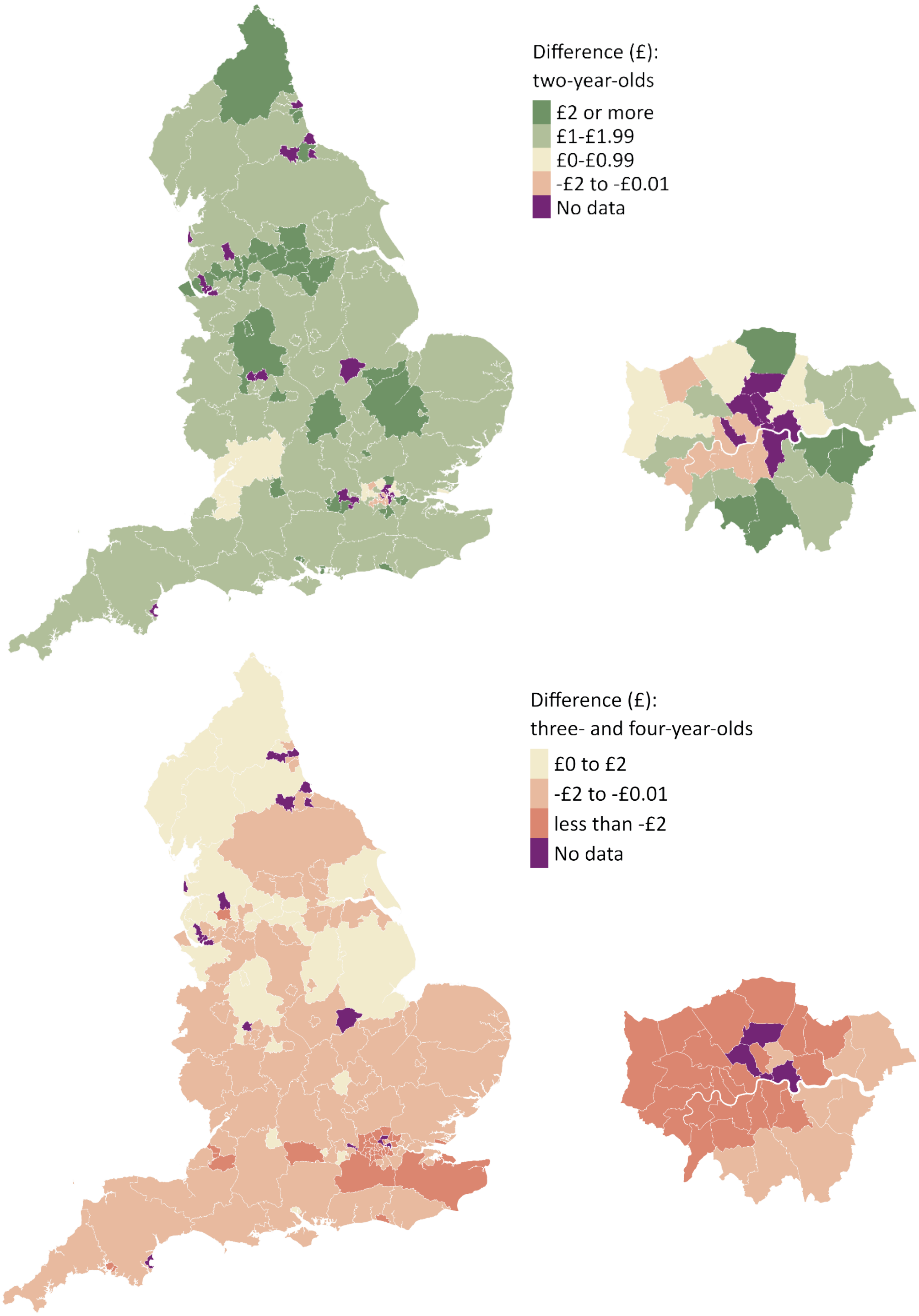
The results from Figure 15 are further explored in Figure 16 which displays a heatmap of the difference between median entitlement funding rates and median parent-paid fees by local authority and age group. Local authorities that had higher median hourly entitlement funding rates than median hourly parent-paid fees are shown in shades of green and yellow, while local authorities that had higher median hourly parent-paid fees are shown in shades of red. Areas with fewer than ten provider responses have been shown in purple to avoid statistical disclosure of small samples.

For two-year-olds, there was considerable variation in the difference between median hourly entitlement funding rates and median hourly parent-paid fees, particularly within London. In boroughs such as Wandsworth, Richmond upon Thames, and Hammersmith and Fulham in west and southwest London, median hourly parent-paid fees were £0.39 per hour to £1.23 per hour higher than the median hourly entitlement funding rate. In contrast, boroughs like Greenwich and Croydon saw the median hourly entitlement funding rate exceed median hourly parent-paid fees by more than £2.00 per hour.

For three- and four-year-olds, median hourly entitlement funding rates were lower than median hourly parent-paid fees in most local authorities. However, several local authorities, typically located in Yorkshire and The Humber, the North West and North East, reported higher funding rates than parent-paid fees. The largest gaps (in absolute terms) between median hourly parent-paid fees and entitlement funding rates were again found in London boroughs, particularly Central and West London. This is consistent with median hourly parent-paid fees being highest in these areas, whereas median hourly entitlement funding rates have comparatively less variation across England.

The impact of expanded entitlements on early years providers depends on how local entitlement funding rates compare to local parent-paid fees. In areas where the funding rate for two-year-olds is higher than typical parent-paid fees, providers may benefit from increased take-up of funded places. However, in high-cost areas such as parts of London, where parent-paid fees tend to exceed entitlement funding, providers could face a shortfall when delivering funded hours.

**Figure 16: Difference between median hourly entitlement funding rate and median hourly parent-paid fees by region and age group (2024)**




Source: Survey of Childcare and Early Years Providers 2024 Note: Level of geography is ONS 'Counties and Unitary Authorities'. Areas with no data or fewer than ten respondents are shaded purple to preserve anonymity. In 2023, Cumbria County Council was split into two new unitary authorities: Cumberland, and Westmorland and Furness, as shown separately in the figure.

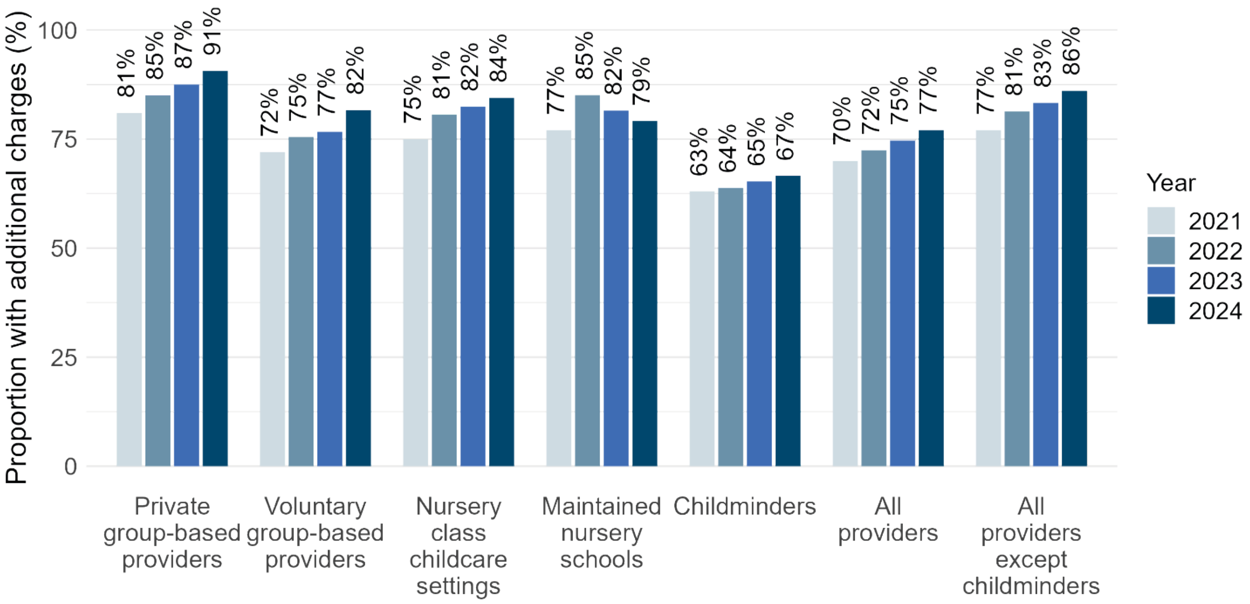
## 4.4 Use of additional charges

On average, income from additional charges accounts for just 1.5% of providers' total income.[65] This means that for the average provider, additional charges represent only 3% of all income that is derived directly from parent-paid fees.[66]

### Use of additional charges

Figure 17 shows that 77% of all providers received income from some form of additional charges in 2024, rising to 86% when childminders are excluded. In line with 2023, this proportion was highest for private group-based providers (91%) and nursery class childcare settings (84%). Moreover, childminders continue to be the least likely to impose additional charges, with only 67% making additional charges to parents. This is despite childminders having the highest proportion of costs attributable to food and materials (Table 3).[67]

**Figure 17: Proportion of providers making additional charges to parents by provider type (2021, 2022, 2023, and 2024)**




Source: Survey of Childcare and Early Years Providers, 2021, 2022, 2023 and 2024.

[65] This represents less than a third of the 5% of providers' income that did not come from either parent-paid fees or entitlement funding (as reported under 'other' income, which also includes voluntary support, local authority or government grants for specific items, and other uncategorised income). See Appendix A2.1 for a more detailed breakdown of providers' income from other sources.

[66] Table 4 reports that 48% of the "average" providers' income comes from parent-paid fees. Although statutory guidance does not allow it, there is evidence that some providers might be incorporating additional charges into the daily fees that they charge parents. Therefore, the proportion of income that providers report as "additional charges" may be underestimated.

[67] This can partly be explained by a smaller proportion of childminders (compared to most other provider types) using additional charges for items such as food, as discussed later.

Figure 17 shows a small increase in the proportion of childcare providers making additional charges from 2023 to 2024 (from 75% to 77% of all providers).

**Use of different kinds of additional charges**

The following section breaks down additional charges by specific items, as reported in Table 20 and Table 21.

**Table 20: Proportion of providers using different kinds of additional charges (2024)**

| | Private group-based providers | Voluntary group-based providers | Nursery class childcare settings | Maintained nursery schools | Child-minders | All providers | All providers except child-minders |
|---|---|---|---|---|---|---|---|
| Meals | 49% | 25% | 56% | 45% | 26% | 38% | 48% |
| Snacks | 33% | 31% | 11% | 26% | 18% | 21% | 23% |
| Consumables | 27% | 18% | 3% | 5% | 16% | 15% | 15% |
| Regular activities | 22% | 11% | 8% | 3% | 19% | 16% | 14% |
| One-off activities | 30% | 33% | 56% | 45% | 38% | 40% | 41% |
| Unarranged late pickups | 70% | 50% | 21% | 33% | 44% | 45% | 45% |
| Registration or other administration | 47% | 23% | 6% | 1% | 6% | 16% | 25% |
| Other items | 5% | 4% | 8% | 7% | 3% | 4% | 6% |
| Number of providers | 2,065 | 930 | 1,805 | 93 | 3,834 | 8,899 | 5,065 |

Source: Survey of Childcare and Early Years Providers 2024. Notes: "All providers" includes 172 'other' group-based providers. 'Other items' consists of additional charges for uniforms, transport, late payment fees, additional hours or sessions, sustainability charges or any other specific answer given.

Consistent with 2023, the most common additional charges across all providers in 2024 were for unarranged late pickups (45%), one-off activities (40%), and meals (38%). However, there was considerable variation in the use of charges across provider types.

- Additional charges relating to meals were more likely to be found in nursery class childcare settings (56%), private group-based providers (49%), and maintained nursery schools (45%). Additional charges relating to meals were less prevalent among childminders (26%) and voluntary group-based providers (25%).

- There was significant variation in the proportion of providers imposing charges for unarranged late pickups. These were most likely to be found in private group-based providers, with 70% implementing such charges, which is an increase of 3 percentage points from 2023. In contrast, only 21% of nursery class childcare settings applied charges for late pickups. This might be explained by some nursery class childcare settings being required to close when the rest of the school closes, unlike other provider types (85% of nursery class childcare settings close before 4pm, compared to only 12% of private group-based providers).[68]
- Nearly half (47%) of private group-based providers impose registration or other administration charges, compared to only 6% of nursery class childcare settings and childminders, and 1% of maintained nursery schools.
- Similarly, additional charges for consumables (e.g., nappies and suncream) are not commonly observed in nursery class childcare settings (3%) or maintained nursery schools (5%). In contrast, 27% of private group-based providers, 18% of voluntary group-based providers, and 16% of childminders impose such charges.

Table 21 shows how the proportion of providers using additional charges changed between 2023 and 2024 in terms of percentage point differences:

- The proportion of all providers using additional charges increased or stayed the same across all types of additional charges, except for ‘other’ items.
- The proportion of all providers making additional charges increased by four percentage points for snacks and consumables. This was largely driven by private group-based and voluntary group-based providers.
- Maintained nursery schools saw a large fall in the proportion imposing charges for unarranged late pickups (9pp) and registration or other administration (7pp). This drives the finding that there was an overall fall in the proportion of maintained nursery schools using additional charges (Figure 17 shows that maintained nursery schools were the only provider type for whom the overall proportion decreased).[69]

[68] Survey of Childcare and Early Years Providers 2024 (link here).
[69] However, the sample size for maintained nursery schools was low in both 2023 (140) and 2024 (93), so these results should be treated with caution.

**Table 21: Percentage point change between 2023 and 2024 in the proportion of providers using different kinds of additional charges**

| | Private group-based providers | Voluntary group-based providers | Nursery class childcare settings | Maintained nursery schools | Child-minders | All providers | All providers except child-minders |
|---|---|---|---|---|---|---|---|
| Meals | 5pp | 3pp | 2pp | 1pp | 2pp | 3pp | 4pp |
| Snacks | 5pp | 5pp | 1pp | 1pp | 4pp | 4pp | 3pp |
| Consumables | 7pp | 4pp | 0pp | 0pp | 4pp | 4pp | 4pp |
| Regular activities | 2pp | 2pp | 0pp | -1pp | 3pp | 2pp | 1pp |
| One-off activities | -2pp | 0pp | -1pp | 2pp | 2pp | 0pp | -1pp |
| Unarranged late pickups | 3pp | 4pp | 3pp | -9pp | 0pp | 2pp | 3pp |
| Registration or other administration | 3pp | 0pp | 1pp | -7pp | 2pp | 2pp | 1pp |
| Other items | 0pp | -1pp | 0pp | 1pp | -1pp | -1pp | 0pp |

Source: Survey of Childcare and Early Years Providers 2023 and 2024. Notes: ‘Other items’ consists of additional charges for uniforms, transport, late payment fees, additional hours or sessions, or any other specific answer given. In 2024, an additional category of ‘sustainability charges’ is included in ‘other items’, which was not explicitly asked in the 2023 Survey of Childcare and Early Years Providers.

# 5. Hourly effective income

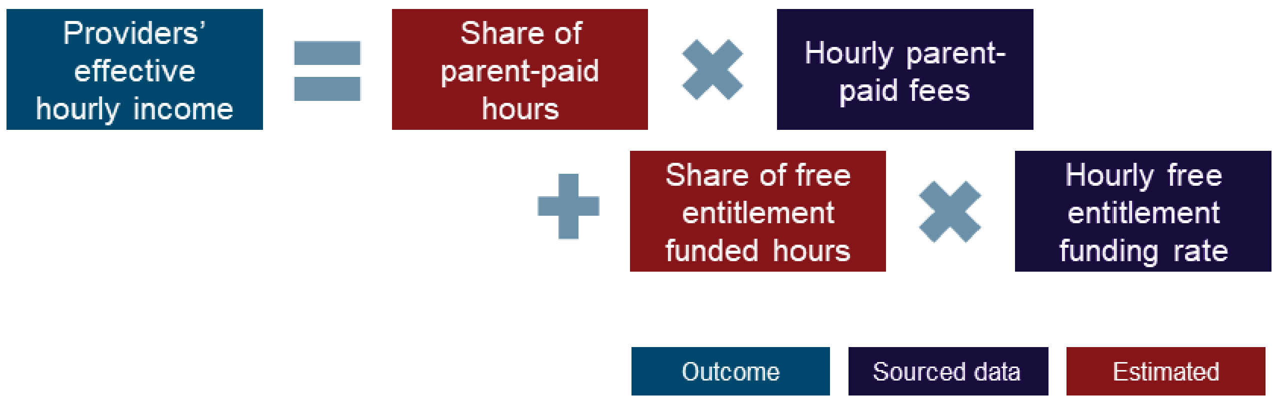
*Providers' hourly effective income captures how much providers receive in income per hour of care that they provide, accounting for both hourly entitlement funding rates and hourly parent-paid fees.*

Hourly effective income is a useful measure because it reflects the actual income providers receive per hour of care by combining both parent-paid fees and government entitlement funding. This is particularly important as providers rely on different income sources to varying degrees. For example, some providers, like childminders, tend to receive most of their income from parent-paid fees, while others, such as maintained nursery schools, receive most of theirs from entitlement funding. While average fees and funding rates are informative on their own, focusing on them as separate measures does not capture this variation. Hourly effective income combines the two, offering a fuller picture of what income providers actually receive per hour of provision.

Providers' hourly effective income is calculated by taking a weighted average of hourly parent-paid fees and hourly entitlement funding rates. The weights reflect the share of hours funded by each income source. This calculation is set out in Figure 18 (see the Appendix for more information about the methodology and how shares of parent-paid hours and entitlement funded hours are estimated).

This measure presents an estimate of providers' income per hour of care provided, some of which will be parent-paid hours and others of which will be entitlement hours. Hourly effective income reflects the extent to which providers' incomes come from either parent-paid hours or entitlement hours. This measure does not include income from other sources, which is important to note given variation in the proportion of income that comes from other sources across provider types (e.g., 21% of maintained nursery schools' income compared to only 3% of childminders' income in 2024).

**Figure 18: Calculation of providers' hourly effective income**



## 5.1 Hourly effective income by provider type

Table 22 shows the median hourly effective income by provider type for two-year-old children and for three- and four-year-old children. The median hourly effective income for two-year-old children was £7.14 per hour, or £7.20 per hour when excluding childminders. The median hourly effective income was highest for maintained nursery schools (£7.70 per hour) and lowest for nursery class childcare settings (£6.86 per hour).

For three- and four-year-old children, median hourly effective income across all providers was £5.40 per hour, or £5.38 per hour when excluding childminders. As for two-year-olds, median hourly effective income was highest for maintained nursery schools (£6.11 per hour) and lowest for nursery class childcare settings (£5.23 per hour). Across all provider types, median hourly effective income was higher for two-year-old children than for three- and four-year-old children. This reflects the higher hourly parent-paid fees and higher hourly entitlement funding rates for two-year-olds. The gap in median hourly effective income between two-year-old children and three- and four-year-old children was roughly similar for all provider types except for childminders, ranging from £1.59 per hour to £1.77 per hour. In contrast, for childminders, the difference between two-year-old children and three- and four-year-old children was £1.37 per hour.

**Table 22: Median hourly effective income for two-year-old children and three- and four-year-old children by provider type (2024)**

| Provider type | Two-year-old children | Three- and four-year old children | Number of providers for two-year-old children | Number of providers for three- and four-year-old children |
|---|---|---|---|---|
| Private group-based providers | £7.35 | £5.68 | 321 | 332 |
| Voluntary group-based providers | £7.10 | £5.33 | 297 | 331 |
| Nursery class childcare settings | £6.86 | £5.23 | 103 | 357 |
| Maintained nursery schools | £7.70 | £6.11 | 35 | 39 |
| Childminders | £6.87 | £5.50 | 141 | 120 |
| All providers | £7.14 | £5.40 | 934 | 1,215 |
| All providers excluding childminders | £7.20 | £5.38 | 793 | 1,095 |

Source: Survey of Childcare and Early Years Providers, 2024. Note: “All providers” includes 37 ‘other’ group-based providers for two-year-old children and 36 ‘other’ group-based providers for three- and four-year-old children.

It should be noted that estimates of median hourly effective income in Table 22 may not be directly comparable to estimates of hourly entitlement funding rates and hourly parent-paid fees (e.g., Table 18).

The sample used to estimate median hourly effective income is much smaller than that used to estimate hourly entitlement funding rates and hourly parent-paid fees, as more information (e.g., income from providing care for two-year-olds) is required to estimate hourly effective income. For example, 2,278 childminders' responses are used to estimate the median hourly entitlement funding rate in Table 18 for two-year-olds, while responses from only 141 childminders are used to estimate the median hourly effective income for two-year-olds in Table 22.

Figure 19 and Figure 20 compare providers' median hourly effective income with their median hourly entitlement funding rate and median hourly parent-paid fees, for two-year-old children and for three- and four-year-old children, respectively.[70]

While the median hourly effective income should generally lie between the median hourly entitlement funding rate and the median hourly parent-paid fee, there may be cases where it does not. This is because the provider that is the median provider by hourly effective income may not be the same provider that is the median provider by hourly entitlement funding rate.[71]

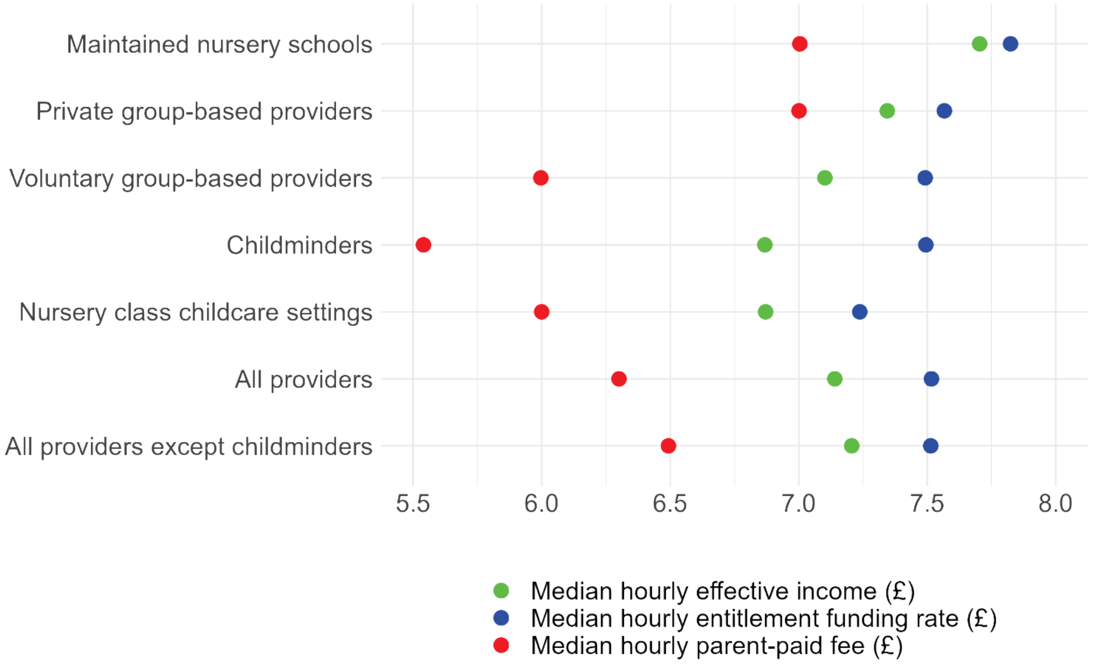
For two-year-old children (Figure 19), the hourly effective income rate for the average provider is more reliant on entitlement funding than on parent-paid fees, illustrated by the median hourly effective income being closer to the median hourly entitlement funding rate than median parent-paid fee. In all cases, the median entitlement funding rate is higher than the median parent-paid fees for all provider types.

This can be explained by the expansion in entitlement eligibility for two-year-olds (discussed in Section 4.2). As more two-year-olds became eligible for government-funded childcare in April 2024, providers' share of income from entitlement-funded hours (rather than from parent-paid fees) increased.

[70] The median values for hourly parent-paid fees and hourly entitlement funding rates in the figures were calculated over the sample of providers with hourly effective income data, in order to be able to compare the measures. This is a smaller number of observations than used in Chapter 4, and so the hourly parent-paid fee and hourly entitlement funding rate values in Figure 19 and Figure 20 may differ from those in the previous chapter. As reported in Table 22, the sample used to calculate hourly parent-paid fees and hourly entitlement funding rates for the comparisons in this chapter are 934 providers for two-year-old children and 1,215 providers for three- and four-year-old children. In Chapter 4, hourly entitlement funding rate statistics are based on a sample of 4,730 providers for two-year-old children and 5,108 providers for three- and four-year-old children. Hourly parent-paid fee statistics are based on a sample of 6,241 providers for two-year-old children and 7,059 providers for three- and four-year-old children.

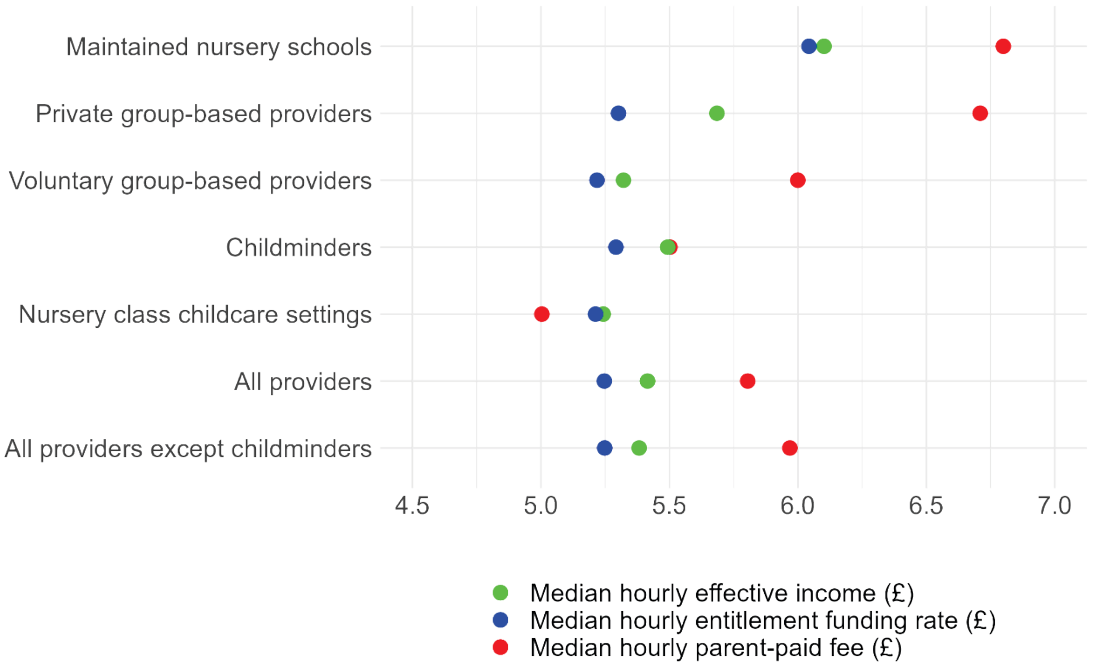
[71] In contrast, it would not be possible for the median hourly effective income to be outside of the range between the median hourly entitlement funding rate and the median hourly parent-paid fee if the median provider by hourly effective income, the median provider by hourly entitlement funding rate, and the median provider by hourly parent-paid fees were all the same provider.

**Figure 19: Median hourly effective income, hourly parent-paid fees, and hourly entitlement funding rates, for two-year-old children by provider type (2024)**




Source: Survey of Childcare and Early Years Providers 2024.

**Figure 20: Median hourly effective income, hourly parent-paid fees, and hourly entitlement funding rates, for three- and four-year-old children by provider type (2024)**




Source: Survey of Childcare and Early Years Providers 2024.

For three- and four-year-old children (Figure 20), the hourly effective income across all provider types except for childminders are more reliant on entitlement funding than on parent-paid fees. For example, maintained nursery schools had an hourly effective income of £6.11 per hour, which is only £0.06 per hour higher than the hourly entitlement funding rate of £6.05 per hour. In contrast, for childminders the median effective income for three- and four-year-olds is equal to the median hourly parent-paid fee (£5.50 per hour). This suggests that for childminders, a large proportion of hours are funded by parent-paid fees, rather than through government entitlements.

In all cases except nursery class childcare settings, the median hourly parent-paid fee was higher than the entitlement funding rate. Since a greater proportion of childcare hours were funded through hourly entitlements than through parent-paid fees, childcare provider incomes for three- and four-year olds in 2024 were more sensitive to local authority hourly entitlement funding rates than they were to parent-paid fees.

## 5.2 Hourly effective income by region

The next section explores regional variation in provider hourly effective income across different age groups. As with provider type, this measure helps to show how much providers earn per hour of care when considering both parent-paid and government-funded hours.

Table 23 presents the median provider hourly effective income by age group and by region. For two-year-olds, the median hourly effective income was highest in London (£8.42 per hour) and lowest in the North West (£6.44 per hour). Outside of London, the region with the next highest hourly effective income, the South East, was £0.87 per hour lower than London, standing at £7.55 per hour.

For three- and four-year-old children, median hourly effective income was again highest in London (£6.64 per hour). As for two-year-olds, there was a substantial difference (£0.89 per hour) between London and the South East (the next highest region), which posted an hourly effective income of £5.75 per hour. The median hourly effective income was lowest in the North East (£5.04 per hour). Outside of London, the hourly effective income rate is relatively stable, with only £0.71 per hour separating the lowest region (North East) and the highest region (South East).

**Table 23: Median provider hourly effective income for two-year-old children and three- and four-year-old children by region (2024)**

| Region | Two-year-old children | Three- and four-year old children | Number of providers for two-year-old children | Number of providers for three- and four-year-old children |
|---|---|---|---|---|
| East Midlands | £6.77 | £5.12 | 77 | 117 |
| East of England | £7.32 | £5.42 | 125 | 170 |
| London | £8.42 | £6.64 | 118 | 149 |
| North East | £7.00 | £5.04 | 44 | 51 |
| North West | £6.44 | £5.14 | 93 | 127 |
| South East | £7.55 | £5.75 | 177 | 210 |
| South West | £7.00 | £5.29 | 127 | 150 |
| West Midlands | £7.00 | £5.25 | 100 | 134 |
| Yorkshire and The Humber | £6.65 | £5.14 | 73 | 107 |
| All providers | £7.14 | £5.40 | 934 | 1,215 |

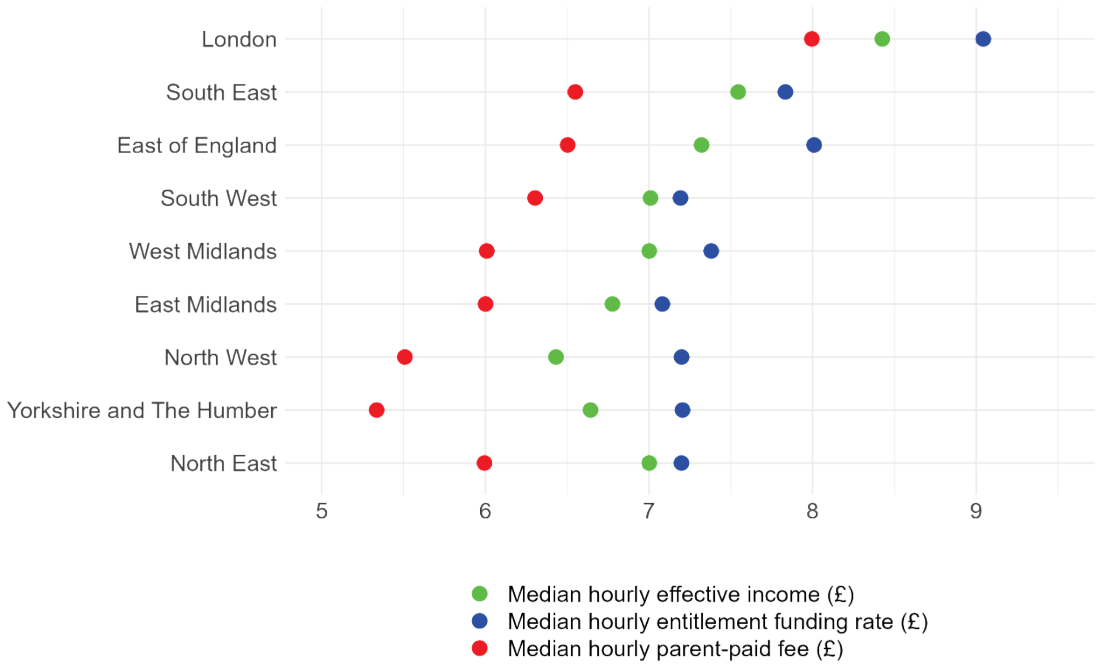
Source: Survey of Childcare and Early Years Providers, 2024.

Figure 21 and Figure 22 compare providers' median hourly effective income with their median hourly entitlement funding rate and median hourly parent-paid fees, for two-year-old children and for three- and four-year-old children, respectively, across regions.

In general, the median hourly effective income rate was closer to the median entitlement funding rate than the median hourly parent-paid fee for two-year-olds. London was the only region where the hourly effective income rate was closer to the median hourly parent-paid fee for two-year-olds than to the entitlement funding rate. This suggests that in London a greater share of hours was funded through parent-paid fees, relative to other regions.

For three- and four-year-old children, hourly effective income was also closer to hourly entitlement funding rates than hourly parent-paid fees for every region, implying that a greater share of childcare hours were provided through entitlement funding than through parent-paid fees. Notably, the gap between hourly parent-paid fees and hourly entitlement funding rates for three-and four-year-old children was larger in regions with higher hourly parent-paid fees (for example London and the East of England).

**Figure 21: Median hourly effective income, hourly parent-paid fees, and hourly entitlement funding rates, for two-year-old children by region (2024)**




Source: Survey of Childcare and Early Years Providers 2024.

**Figure 22: Median hourly effective income, hourly parent-paid fees, and hourly entitlement funding rates, for three- and four-year-old children by region (2024)**


Source: Survey of Childcare and Early Years Providers 2024.

# Appendix

## A1. Descriptions of financial measures

### A1.1 Income-to-cost ratio

*Total income divided by total cost.*

Providers report their total income and total costs over various timeframes.[72] These figures are then standardised by converting them to weekly income and weekly costs. The income-to-cost ratio is then calculated as the total weekly income divided by the total weekly cost. The ratio is greater than one if total income exceeds total cost, is equal to one if total income equals total cost and is less than one if total income is less than total cost. For example, a provider with total weekly income of £5,000 and total weekly cost of £4,000 would have an income-to-cost ratio of 1.25, while a provider with total weekly income of £3,000 and total weekly cost of £4,000 would have an income-to-cost ratio of 0.75. The derived income-to-cost ratios were trimmed to remove ratios in the top 1% and bottom 1%.

The ratio of total income to total cost captures a measure broadly equivalent to the rate of profit and loss for for-profit providers (independent schools, private group-based providers and childminders) or the rate of surplus or deficit for not-for-profit providers (voluntary group-based providers and maintained school-based providers).

However, it should be noted that for-profit providers may not have included repayments for investments in the business (including repayment of bank loans or payment of dividends) or funds used for future investment as part of their costs, even if such payments or funds need to be covered by income for their business to be sustainable[73].

The methodology used to estimate the figures in this report differ from the methodology used in the 2022 report due to a revised methodology for the 2023 report. For consistency, updates to the 2022 figures reflecting the revised methodology have been presented since the 2023 report, including in this report.

Specifically, in 2023 and 2024, childminders were excluded from the analysis if they did not report both the childminding costs that they paid themselves and the other costs associated with their childminding settings (though childminders could report a zero cost for the former and still be included in the analysis).

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[72] Providers can report their cost and income figures for a range of time periods – per week, per four weeks, per calendar month, pre three months (quarter), per term or per year.

[73] The case can be made that such expenses for for-profit providers should not be included as part of cost because these investments are contributing to an increase in the value of the assets of the business which the provider continues to own.

In contrast, the 2022 methodology assumed zero for any unreported cost components. As a result, the methodology used in the 2023 and 2024 reports is likely to produce higher estimates of the typical childminder’s costs, and therefore a lower estimate of their income-to-cost ratios when compared with 2022.

## A1.2 Cost decomposition

*Division of the total cost into the proportions paid for staff, rent or mortgage, food, materials, training costs, business rates payments, energy bills, costs of recruiting staff and any other costs associated with delivering the childcare provision.*[74]

Additional validation checks were included in the 2022 survey to improve the accuracy of the cost information provided.

In 2023 and 2024, the validation callback stage focused on those who initially said ‘don’t know’ to questions about cost and income to increase the amount of usable data. Further details can be found in the 2024 Survey of Childcare and Early Years Providers Survey Technical Report.[75]

The breakdown of total cost into the relevant proportions was calculated as the amount for each category divided by the total costs. The categories include:

- Staff costs include the amounts spent on staff salaries (including wages, taxes, National Insurance, and pension contributions), covering all frontline carers and staff in supporting roles (e.g., cooks and cleaners), but do not include outsourced services (e.g., outsourcing of cleaning to an external company).
- Childminders were asked about staff costs as (a) the amount they spend on all staff that they directly pay and (b) the childminding income they personally earn. The sum of these two elements was used to measure staff costs for childminders.
- Food costs include meals, snacks and refreshments.
- Materials costs include items such as books, toys and art materials.
- Training costs include items such as classes, courses and materials.
- Childminders do not pay business rates, so they were not asked about the amounts they pay.

[74] Other costs may include cleaning costs or administrative costs (such as for telephone and internet services, IT support, marketing, insurance, professional fees and licences).
[75] 2024 Survey of Childcare and Early Years Providers Survey Technical Report: available here.

- In line with the information collected for total cost, childminders were not asked about the amounts they pay for rent or mortgage or energy bills. Nursery class childcare settings and maintained nursery schools were not asked for the amounts they paid for energy bills or business rates (because nursery class childcare settings, in particular, might find it difficult to separate those costs associated with their nursery provision from those associated with other parts of the school).[76]

It should be noted that due to these differences, cost breakdowns for different types of providers are not directly comparable.

## A1.3 Income decomposition

*Division of total income into the proportions received from parent-paid fees, entitlement funding and other sources.*

Providers were asked to report the amount of income they received from parent-paid fees and entitlement funding (by age group), additional charges to parents, charitable donations, and any other sources of income.[77] Additional charges include meals, snacks, other consumables such as nappies or sun cream, extra regular activities such as music classes, extra one-off activities such as special outings, unarranged late pickups and registration or other administration charges. Other income may include government grants or local authority support for specific items.

As with the cost information collected, additional validation checks were included in the 2023 survey to improve the accuracy of the income information provided.

Providers' fee income and entitlement income were calculated as the sum of the income for each age group of children they reported income for. 'Income from other sources' was calculated as the sum of

- Income received from any additional charges to parents;
- Income received from fundraising/charitable donations; and
- Income received from any other sources.

[76] As a result of this, school-based providers may include energy bills and business rates in their "other" costs, which may inflate this cost component compared to group-based providers.

[77] In 2018, providers were not specifically asked for the amount they received from other sources, and so a residual "other" category was calculated as the sum of the amounts reported for additional charges and for charitable donations and fundraising activities, added to the difference between the total income reported and the sum of the amounts reported for each of the income sources.
The residual calculation was used for 2018, 2019, 2021, and for 2022 (in the 2022 report) for consistency. However, in this report (and the 2023 report) the methodology has been updated.

To calculate the proportion of each income category (parent-paid fees, entitlement funding, and other sources), each category was divided by the sum of the providers' parent-paid fees, entitlement fundings, and other sources of income. The 2022, 2023, and 2024 estimates presented in the report follow this methodology. This differs from the methodology used in the 2022 Provider Finance Report. In the 2022 Providers' Finances Report, "income from other sources" was calculated differently, by subtracting fee income and entitlement income from providers' total reported income. Providers where this "residual" income was less than zero were excluded from the income breakdown analysis.

In this report, "income from other sources" was taken directly from providers' answers in the survey (rather than calculating a "residual" other income and excluding cases where it is less than zero). This significantly reduces estimates of the percentage of providers' income that comes from other sources but is considered to be a more accurate estimate.

## A1.4 Unit cost

*The unit cost is an approximate measure of the average cost per child per hour for all children in the setting.*

Unit cost is estimated as total weekly cost divided by total weekly hours of care provided. Total weekly hours are estimated by dividing the total income associated with each age group for each source of funding by the corresponding fee or funding rate associated with that group of children (e.g., dividing total parent-paid fee income for children under the age of two by the average hourly parent-paid fee for children under the age of two).

The methodology used to estimate unit costs in this report is different to the methodology used to calculate unit cost estimates in the 2022 and 2023 Providers' Finance Reports. In 2022, unit costs equal to zero or greater than £40 per hour were excluded. In 2023, the threshold was adjusted to exclude unit costs below £1. To reduce volatility in the unit cost measure and improve the credibility of estimates, the upper threshold for unit costs was lowered in 2024 to omit values below £1 or above £20, as analysis suggested that values outside this range - like those over £40 - are likely erroneous. As a result, the unit costs for 2023 in this report (used to estimate increases in unit cost from 2023 to 2024) are not directly comparable to those presented in the 2023 Providers' Finances Report but are directly comparable to the 2024 figures.

Excluding unit costs above £20 resulted in more consistent estimates across provider types and reduced the large discrepancies between mean and median values. For example, when unit costs up to £40 are included, the estimated changes in mean unit costs are 1% for private group-based providers and 25% for voluntary group-based providers - compared to *median* changes of 13% and 17% respectively. In contrast, when values over £20 were excluded, the mean changes shift to 8% and 14%, respectively, which more closely align with median changes of 11% and 14%.

Further, unit cost is estimated using a methodology which also differs to the methodology used in the 2021 Providers' Finances Report (and previous reports). The previous methodology estimated the total number of hours of care provided in the week based on the number of booked places and estimates of the number of hours of care provided for a particular type of care (e.g., full day provision).

### A1.5 Staff hourly pay

*Staff hourly pay is defined as gross earnings per hour, before tax and National Insurance are deducted.*

For childminders, an analogous measure of hourly earnings was derived from the amount of income that they personally earned and the hours that they typically spent working as a childminder (including contact hours and other hours spent on administration, preparation or other tasks required to run the business). However, it should be noted that this measure is not directly comparable to hourly pay as it may include broader returns to investments in the business and is not subject to minimum wage legislation.

Validation checks were introduced in the 2024 survey. When hourly wages were derived from weekly or annual figures and fell below £11 or above £50 per hour, providers were prompted to review their figures and, if necessary, correct their data.

Additional cleaning was carried out during data analysis. This varied across the 2022, 2023, and 2024 surveys. Therefore, hourly pay figures across years are not directly comparable.

In 2022 and 2023:

- For childminders, derived hourly pay figures were trimmed to exclude values of zero or in excess of £300 per hour.
- For school-based and group-based providers, and childminding assistants, the following figures were excluded:
    - Staff members with derived hourly pay (i.e., those who did not explicitly report hourly pay) below £2 per hour or if their reported hourly pay was zero or £40 per hour or more.
    - Staff members with derived hourly pay exceeding £300 per hour.

In 2024:

- For childminders, the derived hourly pay measure was revised to excluded derived hourly pay below £5 per hour or in excess of £100 per hour.
- For school-based and group-based providers, and childminding assistants, the existing checks from 2022 and 2023 were applied. In addition, staff members with derived hourly pay below £10 per hour or above £100 per hour were excluded.

Estimates of hourly staff pay in 2023 and 2024 incorporate information on the number of weeks a year that a member of staff was contracted to work for (when the information is available), whereas estimates of pay in 2022 assume that staff work for 52 weeks a year. As a result, the 2023 and 2024 methodology provides larger estimates of hourly pay. This change has a greater impact on salaries for staff working at school-based providers where term-time-only working is more common.

## A1.6 Hourly parent-paid fees

*The average hourly fee charged to parents.*

The survey asked providers for the average hourly fee they charged to parents for four age groups of children: children aged under two, two-year-old children, three- and four-year-old preschool children, and school-age children. Providers were asked to report the average hourly fee for each age group even though hourly fees may vary across children of the same age, including across those using different sessions.

The reported average hourly fees were trimmed to remove average hourly fees of zero or in excess of £40 per hour. This was the case for 18, 18, 19, and 4 providers' average hourly fees for under two-year-olds, two-year-olds, three- and four-year-olds, and school-aged children, respectively.

## A1.7 Entitlement funding rate

*The average hourly amount that providers report receiving from local authorities in payment for hours delivered as part of the early years education entitlement.*

The survey asked providers two questions about the entitlement funding rate:

- "On average, what hourly rate do you receive from your local authority for the entitlement for 2-year-olds?"
- "On average, what hourly rate do you receive from your local authority for the entitlement for 3- and 4-year-olds, including any supplements such as those for deprivation, flexibility or rurality?"

It should be noted that these rates are different from the rates paid by the Department for Education to local authorities in the Early Years National Funding Formula. They may not correspond directly to the average rate paid by local authorities to providers as the reported rate may differ across providers within the same local authority. These differences may arise due to supplements available to providers, such as those related to deprivation, flexibility, and rurality.

## A1.8 Additional charges

*Charges that parents pay to providers for specific items over and above regular fees.*

Directly after asking about hourly parent-paid fees, the survey asked providers which items, if any, providers made additional charges for from a list of eight items:

- meals;
- snacks;
- other consumables such as nappies or sun cream;
- extra regular activities such as music classes;
- extra one-off activities such as special outings;
- unarranged late pickups;
- registration or other administration charges; and
- other items not mentioned above.

## A1.9 Hourly effective income

*Providers' hourly effective income captures how much providers receive in income per hour of care that they provide, accounting for both hourly entitlement funding rates and hourly parent-paid fees.*

Hourly effective income captures the average income that providers receive per hour for a particular age group. This is an average of the hourly entitlement funding rate and hourly parent-paid fee, weighted by the proportion of hours of care funded by entitlements and parent fees.

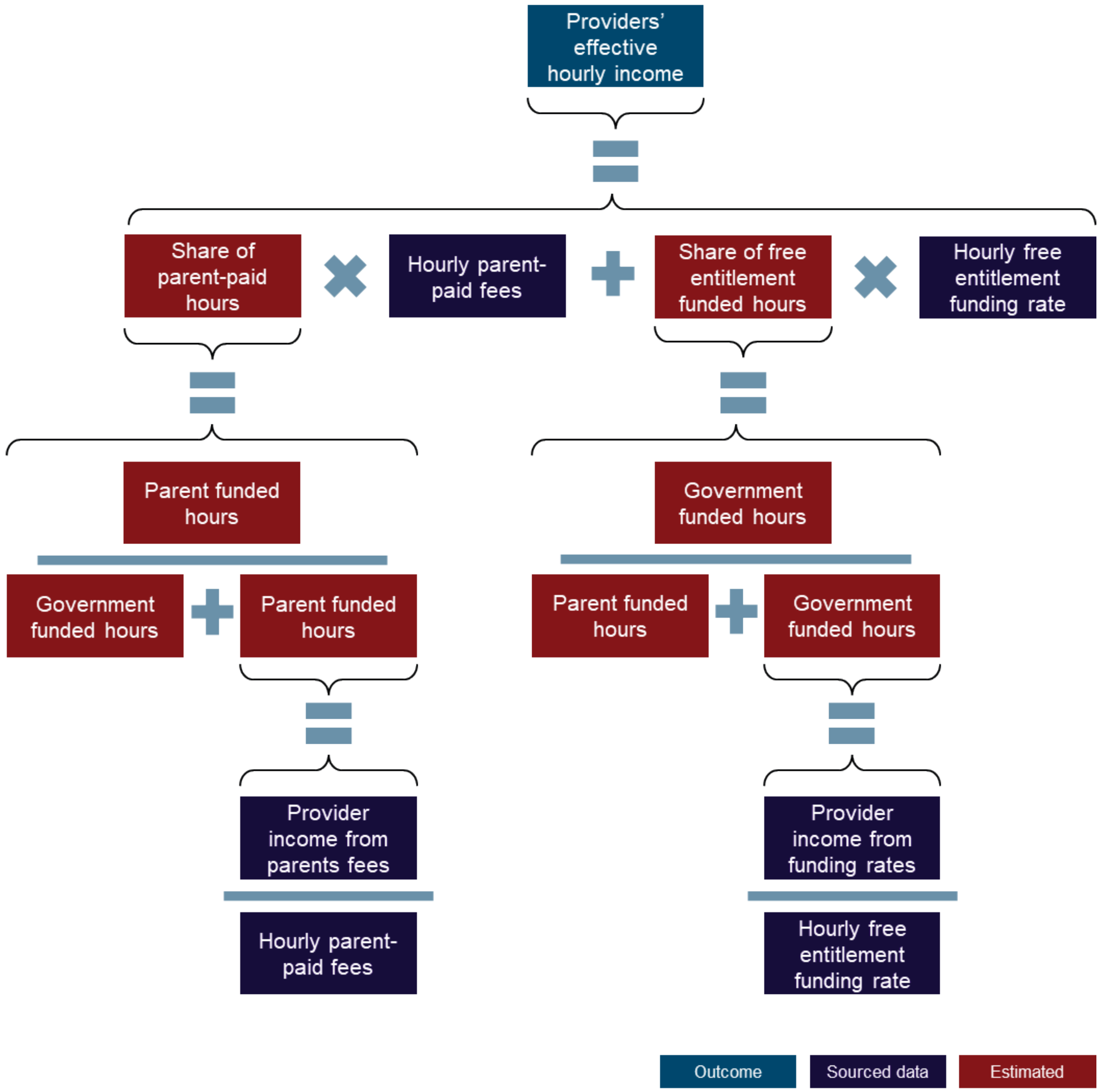
An estimate of the number of parent-paid hours is calculated by dividing total provider income from parent-paid hours by average hourly parent-paid fees. A similar calculation is undertaken for entitlement funding hours.

Note that in 2022 and 2023 only providers who reported positive income from both parent-paid fees and government-funded hours were included in the calculation of hourly effective income. In 2024, the methodology was expanded to include providers who receive income solely from either parent-paid fees or government-funded hours, providing a more comprehensive measure. For example, a provider who only receives income from parent-paid fees would have a share of parent-paid hours of 100%. In this scenario their effective income would therefore be the same as their raw income from parent-paid fees.[78]

Figure 23 diagrammatically sets out each calculation step described above, helping to illustrate how data sourced from the SCEYP is used to construct each estimated parameter needed to calculate providers' hourly effective income.

[78] Note that the 2024 effective income results under the expanded definition were compared to the findings under the previous methodology. Broadly, the increased sample size has a small effect on the effective income figures. The impact is greatest where the sample size is smallest (for example, for maintained nursery schools and childminders), with the methodology change resulting in increases in effective income by around £0.30 per hour. For almost all other provider types and regions, the change in the methodology resulted in a change in median hourly effective income of less than £0.10 per hour.

**Figure 23: Detailed calculation of providers' hourly effective income**



# A2. Additional analysis

## A2.1 Breakdown of income

**Table 24: Breakdown of income from parent-paid fees as a proportion of total provider income by provider type (2023 and 2024)**

| Provider type | Proportion of income from parent-paid fees from under two-year-olds | Proportion of income from parent-paid fees from two-year-olds | Proportion of income from parent-paid fees from three- and four-year-olds | Proportion of income from parent-paid fees from school-age children | Number of providers |
|---|---|---|---|---|---|
| Private group-based providers | | | | | |
| 2023 | 15% | 15% | 15% | 7% | 366 |
| 2024 | 14% | 13% | 15% | 5% | 583 |
| Voluntary group-based providers | | | | | |
| 2023 | 4% | 11% | 10% | 3% | 284 |
| 2024 | 3% | 9% | 9% | 4% | 522 |
| Nursery class childcare settings | | | | | |
| 2023 | 0% | 2% | 14% | 0% | 373 |
| 2024 | 0% | 1% | 10% | 0% | 596 |
| Maintained nursery schools | | | | | |
| 2023 | 1% | 3% | 4% | 0% | 36 |
| 2024 | 3% | 4% | 6% | 0% | 51 |
| Childminders | | | | | |
| 2023 | 24% | 24% | 16% | 17% | 273 |
| 2024 | 22% | 20% | 15% | 13% | 198 |
| All providers | | | | | |
| 2023 | 16% | 17% | 15% | 11% | 1,363 |
| 2024 | 14% | 13% | 13% | 8% | 2,016 |
| All providers excluding childminders | | | | | |
| 2023 | 7% | 9% | 13% | 3% | 1,090 |
| 2024 | 5% | 7% | 11% | 3% | 1,818 |

Source: Survey of Childcare and Early Years Providers, 2023 and 2024. Note: All providers include 32 and 66 ‘other’ group-based providers for 2023 and 2024 respectively. The estimates presented are rounded to the nearest 1%.

**Table 25: Breakdown of income from entitlement funding as a proportion of total provider income by provider type (2023 and 2024)**

| Provider type | Proportion of income from entitlement funding from two-year-olds | Proportion of income from entitlement funding from three- and four-year-olds | Number of providers |
|---|---|---|---|
| Private group-based providers | | | |
| 2023 | 10% | 33% | 366 |
| 2024 | 16% | 32% | 583 |
| Voluntary group-based providers | | | |
| 2023 | 11% | 53% | 284 |
| 2024 | 16% | 52% | 522 |
| Nursery class childcare settings | | | |
| 2023 | 3% | 74% | 373 |
| 2024 | 4% | 79% | 596 |
| Maintained nursery schools | | | |
| 2023 | 10% | 63% | 36 |
| 2024 | 11% | 56% | 51 |
| Childminders | | | |
| 2023 | 2% | 14% | 273 |
| 2024 | 11% | 15% | 198 |
| All providers | | | |
| 2023 | 5% | 32% | 1,363 |
| 2024 | 11% | 36% | 2,016 |
| All providers excluding childminders | | | |
| 2023 | 8% | 53% | 1,090 |
| 2024 | 11% | 56% | 1,818 |

Source: Survey of Childcare and Early Years Providers, 2023 and 2024. Note: All providers include 32 and 66 ‘other’ group-based providers for 2023 and 2024 respectively. The estimates presented are rounded to the nearest 1%.

**Table 26: Breakdown of income from other sources as a proportion of total provider income by provider type (2023 and 2024)**

| Provider type | Proportion of income from additional charges | Proportion of income from fundraising | Proportion of income from other sources (not any of the preceding) | Number of providers |
|---|---|---|---|---|
| Private group-based providers | | | | |
| 2023 | 1% | 0% | 3% | 366 |
| 2024 | 2% | 0% | 2% | 583 |
| Voluntary group-based providers | | | | |
| 2023 | 1% | 2% | 4% | 284 |
| 2024 | 2% | 2% | 4% | 522 |
| Nursery class childcare settings | | | | |
| 2023 | 3% | 0% | 4% | 373 |
| 2024 | 2% | 0% | 3% | 596 |
| Maintained nursery schools | | | | |
| 2023 | 1% | 1% | 16% | 36 |
| 2024 | 1% | 2% | 19% | 51 |
| Childminders | | | | |
| 2023 | 1% | 1% | 1% | 273 |
| 2024 | 1% | 0% | 2% | 198 |
| All providers | | | | |
| 2023 | 1% | 1% | 2% | 1,363 |
| 2024 | 1% | 0% | 3% | 2,016 |
| All providers excluding childminders | | | | |
| 2023 | 2% | 1% | 4% | 1,090 |
| 2024 | 2% | 1% | 3% | 1,818 |

Source: Survey of Childcare and Early Years Providers, 2023 and 2024. Note: All providers include 32 and 66 ‘other’ group-based providers for 2023 and 2024 respectively. The estimates presented are rounded to the nearest 1%.

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