

UK Education Industry M&A Update

H1 2026



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About us

PKF Smith Cooper's Corporate Finance team provides its clients with services from growth planning to advising on strategic exits.

We utilise our deep market knowledge and transactional experience to make your next business move a success. Throughout all stages of your business's lifecycle, we will help you build and sustain value.

- Our award-winning team of advisors are experts in securing deals, and we meet your objectives by providing senior-level support when it matters to you most
- Completed 172 deals with a combined value of £5.9billion in 2025
- Deep sector knowledge across most industries
- Deals ranging from £5m to £50m with capability to transact between £2m and £150m
- Dedicated, highly experienced team of dealmakers
- Extensive private equity (PE) network
- Debt advisory capabilities
- One of the Midlands' leading dealmaking teams with offices across the UK
- Global reach as a member firm of PKF Global.

Executive summary

Policy change, resilient volumes and where buyers concentrated their activities in H1 2026

Foreword

The first half of 2026 was an unusually busy period for education policy. The CMA opened a market study into childcare and the SEND white paper set out a substantial reform of specialist provision. The change of administration in July has since added a commitment to technical and vocational pathways from age fourteen and a clear tilt towards regional devolution. Policy of this breadth takes time to work through into provision and funding, but it has given buyers a clearer view of where government strategy, and therefore funding, is headed.

Against that backdrop, 75 education and training transactions completed in the first half. That is below the ninety-one recorded in a record first half of 2025, though it compares with a wider UK market where volumes fell by around a third year on year in the first quarter. Education has fared well in a subdued M&A market, as it tends to, with demand underpinned by demography, statutory entitlement and public funding rather than the economic cycle.

Early years: consolidation with a sharper filter

Nurseries and childcare remained the busiest part of the market at 33 deals, a little under half of all volume, as regional platforms continue to consolidate a fragmented, owner-managed estate supported by the funded-hours expansion. With the CMA examining fees, top-up charges, provider sustainability and the influence of corporate ownership, acquirers are already modelling possible remedies into deal structures rather than waiting for conclusions. Occupancy quality, staffing ratios, freehold exposure and the balance between funded and private fee income are receiving closer attention as a result.

Independent schools: consolidation into groups

Eighteen transactions in schools and higher education reflect a structural change. VAT on fees has compressed margins as enrolments are softening, and pre-VAT cash reserves are beginning to dry up, with an unprecedented number of closures in 2026 so far. The schools most exposed are those least able to spread central costs. Groups able to carry compliance, admissions, marketing and estate management centrally are acquiring capacity, and private equity investment into online and flexible provision this half shows buyers are willing to back delivery models beyond the traditional campus where demand from SEND, home-educating and international families is demonstrable.

Skills and vocational: alignment with industrial strategy

Thirteen transactions were completed in vocational and technical training, with buyers concentrating on provision aligned to priority sectors within the industrial strategy: construction, engineering, digital, health and early years to name a few. Employer demand in these areas is persistent, provision is hard to replicate quickly, and the policy focus on reducing the number of young people not in education, employment or training gives publicly funded routes into work a level of protection.

July's commitment to technical and vocational pathways from age fourteen, to be designed and delivered locally from 2028, extends that logic. Detail remains limited, but the direction is towards mayors and combined authorities holding greater influence over skills funding and curriculum design. If that materialises, providers with regional strength, and with the close employer and local authority relationships to match, could become more valuable than their scale alone would suggest. We examine the implications in more detail in our spotlight later in this report.

Private equity: committed across platforms and bolt-ons

Private equity was involved in 61% of transactions in the first half. New platforms were backed across early years, online schooling and EdTech, while established groups continued to add bolt-ons. Despite policy reform and wider economic uncertainty, investors continue to support education platforms. Overseas buyers remain active at the larger end of the market, providing an attractive exit route for scaled businesses with strong management teams.

Looking ahead

The CMA study runs into 2027 and its findings are some way off; the shape of technical education at fourteen will emerge gradually; and the impact of potential devolution strategies on areas such as funding security will continue to be examined closely in diligence, particularly for platform investments. None of this points to a change in appetite. Sponsors are well capitalised and actively deploying, various sub-sectors remain fragmented, and the fundamentals that make education attractive to investors are unchanged, albeit the mechanics of funding could be shaken up.

Source: MergerMarket, MarketIQ and PKF Smith Cooper proprietary transaction database; UK market comparison from Experian MarketIQ UK and Republic of Ireland M&A Review, Q1 2026.

Key policy announcements

Three developments in H1 that change how education businesses will be valued, scrutinised and acquired



Early years

CMA scrutiny is showing up in deal structuring

The market study running to mid-2027 is examining fees, top-up charges and the influence of corporate ownership. Its most visible effect so far is in structuring: where fee income leans on top-ups, or on where the funded rate settles, some buyers are reflecting that uncertainty in consideration and how it is paid. Occupancy, private-pay split, staffing ratios and retention are already diligence focus areas; if the study constrains fees or acquisitions themselves, that scrutiny will sharpen further. With less room to price risk, buyers could turn more selective, and the best-evidenced settings may achieve better outcomes.

SEND

Reform rewards providers who can prove outcomes

The latest SEND White Paper 'Every child achieving and thriving' proposes Individual Support Plans, inclusion as a standalone Ofsted judgement and more provision delivered in mainstream settings. Against record EHCP numbers and local-authority deficits, the proposed reform does not reduce demand for specialist capacity; it changes the delivery mechanism. Independent providers of therapies, alternative provision and specialist support that can work more closely alongside mainstream schools and demonstrate measurable progress become more valuable, as commissioners come under pressure to justify spend. Pricing of services alongside evidence of outcomes is becoming a key consideration in SEND transactions.



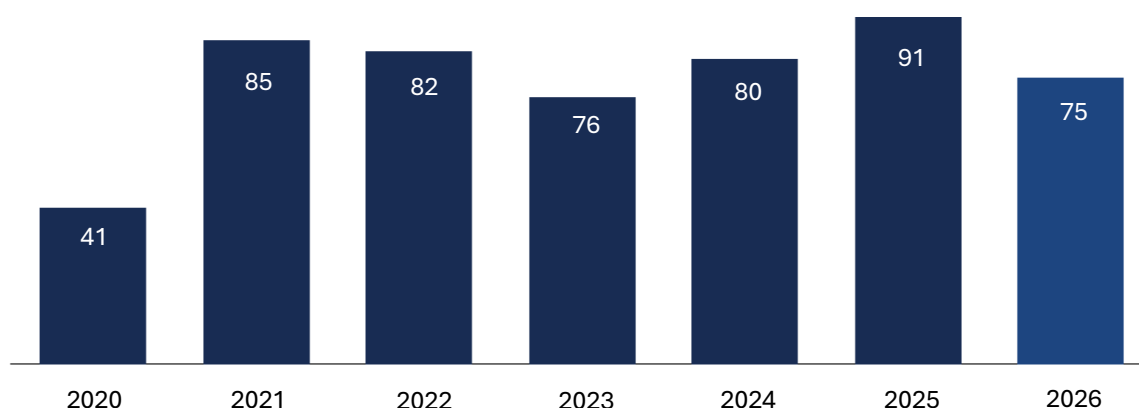
Policy

Devolution makes regional depth an asset rather than a ceiling

Keir Starmer's resignation in June opened the way for Andy Burnham, whose arrival brought a tilt toward regional devolution and, in July, a commitment to technical and vocational pathways from age 14, delivered locally from September 2028. If funding and curriculum influence moves to mayors and combined authorities, value stops being a function of national footprint alone. Density in one travel-to-work area, with the embedded employer and local authority relationships that come with it, can in some scenarios be difficult for a national operator to replicate quickly and therefore encourage geographical expansion or fortification via acquisition. We explore the implications in our spotlight later in this report.

H1 2026 M&A activity

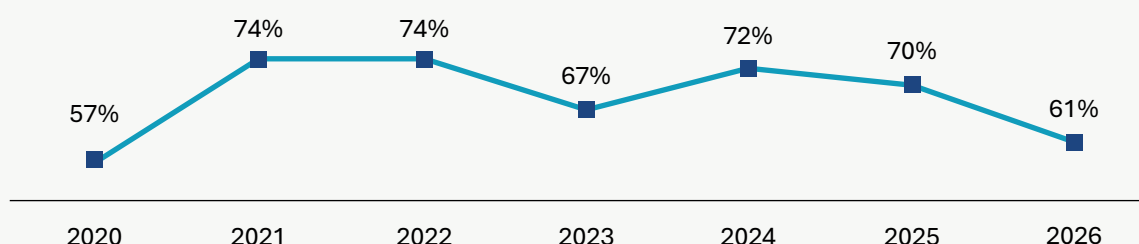
H1 deal volumes by year



Overview

At 75 transactions, H1 2026 activity remained broadly in line with historic levels despite a wider UK M&A market that continues to face macroeconomic headwinds. Education's relative resilience reflects characteristics that investors continue to value: recurring demand, public funding exposure and end markets driven more by demographics and workforce requirements than economic cycles. While volumes remain below the exceptional levels recorded in H1 2025, buyer appetite for quality assets appears largely intact.

Private equity share of deals by year



Private equity continues to build platforms

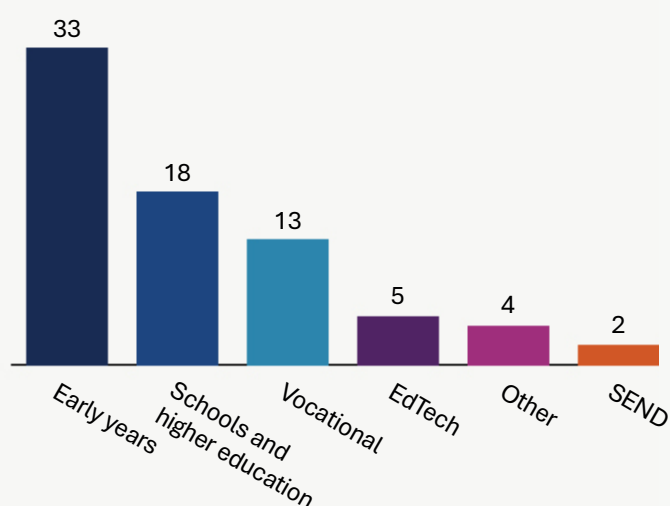
Sponsors were involved in 61% of H1 2026 deals and 72% of transactions across the five years to 2025. Around a quarter of sponsor-backed transactions involved new platform investments, as despite a challenging wider dealmaking environment, private equity investors continue to seek opportunities to deploy capital into strong education businesses.

Education's combination of fragmented markets, recurring revenues and regulatory barriers continues to support buy-and-build strategies across a broad range of sub-sectors.

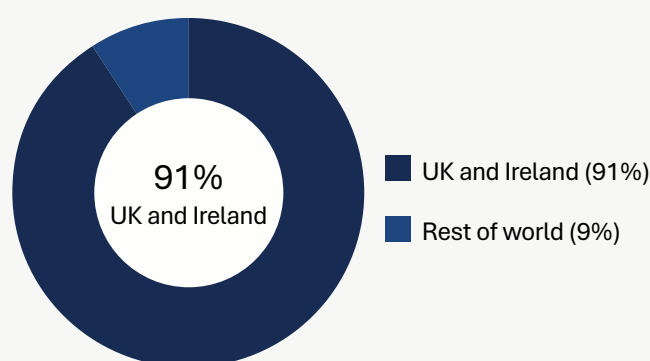
The breadth of sponsor activity across early years, online schooling, vocational training and EdTech highlights how capital is being directed towards businesses with strong strategic positioning, scalable delivery models and alignment with long-term demographic and workforce trends.

H1 2026 M&A activity

Deals by subsector



Acquirer origin



Consolidation remains concentrated in fragmented markets

Early years continued to generate the highest level of activity during H1, while vocational training also remained buoyant. Both markets combine fragmented provider bases with often publicly funded revenue streams, making them attractive environments for platform-building and bolt-on acquisitions. Investor appetite remains strongest where scale can be used to improve operational efficiency, broaden geographic reach and create value through consolidation.

Activity across schools and higher education reflects a sector adapting to structural change. VAT on private school fees, softer enrolment trends and rising operating costs are increasing pressure on smaller operators. Larger groups continue to acquire capacity and market share, while investor interest in online and flexible provision suggests buyers remain willing to back differentiated delivery models where long-term demand is evident.

SEND recorded only two transactions during the period. Demand for specialist provision remains substantial, but investors are taking time to assess the implications of the SEND White Paper. Funding arrangements, outcome

measurement and the ability to demonstrate value for money are becoming increasingly important considerations during diligence.

Across EdTech, training and specialist provision, appetite is directed towards businesses with exposure to workforce development, skills shortages and national growth priorities, particularly across healthcare, engineering, construction, digital and early years. The relatively modest number of EdTech transactions reflects investors favouring solutions embedded within institutional workflows and supported by recurring revenue.

Overseas acquirers continue to invest in UK Education

M&A activity is largely domestic, whilst overseas participation remained limited in number but meaningful in quality. International buyers continue to target scaled education assets with established management teams and strong market positions, using acquisitions as entry points into the UK market. Transactions involving AcadeMedia and Eureka Education demonstrate that UK education continues to attract strategic overseas capital despite wider geopolitical and economic uncertainty.

Deal focus

Notable mid-market transactions completed in H1 2026

Nurseries

AcademeMedia
Change through education



AcadeMedia / Chestnut Nursery Schools

AcadeMedia, Europe's largest education group, acquired Chestnut Nursery Schools in June 2026, its first move into the UK early-years market.

Chestnut operates 21 settings across London and the East of England, giving AcadeMedia an immediate platform of scale.

The deal sees another overseas investor enter the UK early-years market, underscoring its investor appeal and stability.



Kids Planet / Tigers Childcare

Kids Planet Day Nurseries acquired Tigers Childcare in May 2026, its first transaction outside the UK.

Tigers is one of Ireland's largest childcare groups, with 34 settings, over 640 colleagues and more than 3,200 children, taking Kids Planet beyond 300 centres.

Backed by Fremman Capital, the deal extends UK-style consolidation into Ireland, where a fragmented, owner-managed estate offers a comparable buy-and-build opportunity.

Foresight
Invest Build Grow



Foresight Group / Pinocchio's

Foresight invested in Pinocchio's Children's Nurseries in March 2026, its third early-years deal in two years.

Pinocchio's operates five nurseries across Edinburgh and Midlothian, caring for around 360 children.

Co-investing executives strengthen management ahead of a planned buy-and-build across Scotland, where the 1,140-hour funded entitlement underpins demand.

Schools



mva
Minerva Virtual Academy

Phoenix Equity Partners / Minerva Virtual Academy

Phoenix Equity Partners took a majority stake in Minerva Virtual Academy, the UK's fastest-growing school, in H1 2026.

Minerva is a DfE-accredited online provider serving more than 1,500 students across 60 countries and will fund further international expansion.

The deal evidences private equity underwriting online and flexible provision as a durable model rather than a short-term shift, supported by demand from SEND, home-educating and expatriate families.

Deal focus

Notable mid-market transactions completed in H1 2026

Training



Palladium / Get Set UK

Palladium, an international development and advisory group, acquired Get Set UK in June 2026, adding it to its Employment and Community Services team.

Since 2009 Get Set UK has delivered government-funded employability programmes across Greater London, the South East and the North West.

Palladium already delivers UK programmes in South Central England; the deal builds national coverage and adds a further overseas acquirer to H1 volumes.



Eureka Education / Knovia Group

Naxicap-backed Eureka Education acquired Knovia Group from Sovereign Capital in March 2026, its first UK transaction.

Knovia brings Paragon Skills, Babington and Tempdent together, creating a European platform serving 46,000 learners.

Knovia trains the healthcare, early years and dental sectors, giving immediate, high-barrier entry into the UK's regulated apprenticeship funding pool.

EdTech



Hypha Partners / Pass Tech

Hypha Partners invested in Pass Tech in February 2026.

Pass Tech's platform spans GCSEs, Functional Skills and equivalency testing, sold through training providers and direct to learners.

Automated AI marking cuts teaching workload, and level 2 maths and English remains a gateway to apprenticeships — EdTech capital is moving towards tools embedded in teaching workflows.

Impact
Futures
Group



Impact Futures Group / Flick Learning

Impact Futures Group acquired Flick Learning in June 2026, expanding the group's digital learning capability.

Coventry-based Flick delivers more than 150 accredited e-learning courses to around 1,000 organisations, including nurseries, schools, multi-academy trusts and charities.

The deal adds recurring, compliance-driven digital content to an existing apprenticeship and mandatory training platform, an example of training providers acquiring EdTech capability rather than building it.

What Burnham's reforms mean for M&A

On 27 July, the Prime Minister announced that technical and vocational pathways will enter the school timetable from age 14, delivered locally from September 2028. Detailed implementation remains limited at this stage, but the significance lies in the fact that it lands on top of a qualifications reform programme that is already mid-flight.



Regionally designed pathways

Mayors, local leaders, schools and employers shape provision around local growth sectors.



Ofsted recognition

Inspection reformed so high-quality technical provision is recognised, not penalised.



Funding reallocated

Paid for from within the existing DfE settlement, not new funding.

Where the opportunity sits

- **Bought-in delivery:** Schools may buy in specialist teaching, workshops, curriculum and employer engagement, spreading demand across provider types.
- **Independent providers:** Capacity, accreditation and employer relationships take time to build, making established providers attractive to trade and PE buyers.
- **Awarding organisations:** A new tier of provision from 14 widens the learner population, with scope to build qualifications or buy in digital delivery expertise.
- **Regional consolidation:** Local depth is hard to replicate organically, so larger operators may acquire regionally concentrated providers to enter priority areas.

Where to watch

- **Exposure to defunded qualifications:** Assess the proportion of revenue from qualifications losing public funding in 2027 and 2028, together with the timing, accreditation status and commercial credibility of replacement provision.
- **Devolution introduces regional funding complexity:** Selling into multiple strategic authorities rather than a national framework adds funding volatility.

[Read our article 'Education reforms: the impact on M&A in the training and skills sector' here.](#)

"Two waves of reform are landing at once. Businesses that can demonstrate resilience through defunding and relevance to priority skills sectors will be best placed to attract investment. This is a window of time where education and training businesses can sharpen their strategic positioning; the market could look very different by 2028."



Next steps

Set up an initial meeting and discuss the right option for you and your business. Before the meeting it is helpful to consider the following topics:



What are your objectives? Are you looking to exit or grow your business to the next level?



Would you like to remain involved going forward? What is your desired timeline for exit/growth?



What legacy do you want to create for the business and its employees?



How has your business performed historically, and how robust are your financial systems and revenue contracts?



What are the skill sets and ambitions of your current management team/family members working within the business?



What are your plans for growth, and what does your business need to deliver this?

Sector team



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A photograph showing three people from behind as they walk along a paved path towards a modern building with a large glass facade. The person on the left has long brown hair and wears a black jacket over a red top and grey trousers, carrying a red bag. The person in the middle has long black hair and wears a green long-sleeved shirt and light-colored cargo pants, carrying a white bag. The person on the right wears a brown jacket, light blue jeans, and a grey backpack. The path is made of light-colored rectangular stones, and there are some green plants on the left side. The building in the background has a grid-like glass structure.

right people
right size
right solutions

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