



Market Report

A Snapshot of your Market Sector

Childcare

This pack has been designed to provide information on setting up a business in the **Childcare** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **February 2024**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Childcare market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Additional funding for free childcare totalling £510 million over the three years through 2024-25 will boost revenue growth. Industry revenue is likely to grow at a compound annual rate of **2.7% to £5.5 billion** over the five years through **2028-29**. With significant costs facing childcare services, the IFS has reported that funding for early education schools will fall by 9% in real terms over the four years through 2024-25. This will be partly because of the falling population of under-fives, but core hourly funding for three and four-year-olds will compound this as it's set to be 14p lower in real terms by 2024-25. Rising wage costs and increasing competition from child day-care centres are forcing preschools to spend more on improving the quality of their education programmes, constraining future profit growth. (IBISWorld, *Pre-Primary Education in the UK*, October 2023)
- ◆ Over the five years through 2023-24, child day-care centre revenue is projected to fall at a compound annual rate of **3.3%** over the five years through **2023-24 to £4.4 billion**, including a forecast jump of 0.7% in 2023-24. A falling number of children aged 10 and under has limited demand. (IBISWorld, *Child Day-Care Centres in the UK*, August 2023)
- ◆ The UK is the fifth-most expensive country for childcare in the world, according to the OECD. For example, the average cost of putting a child in a nursery part-time for a year was said to be just under **£8,000 in 2023**, meaning many families have to plan their budget carefully to cover the fees. This could drive single child households or couples to refrain from starting a family. (Intel, *Family Planning and Pregnancy - UK - 2023*)
- ◆ In 2023, the average cost of part-time childcare at nurseries in Scotland was over 118 British pounds a week for children under two, and more than 114 pounds for children aged two, **the lowest among regions of Great Britain**. (Statista, *Childcare in the UK*, December 2023)
- ◆ The national organisations for this industry are the [Scottish Childminding Association](#). Other industry bodies include the [National Day Nurseries Association](#), and the [Care Inspectorate](#).

Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on 0300 013 4753 or email info@bgateway.com.

- ◆ **IBIS World, Child Day-Care Centres in the UK, August 2023.** Government funding fails to match high childcare costs. Despite governmental support measures and free early childcare entitlements, funding does not cover the high costs of delivering quality childcare services, pushing many providers to increase fees. Remote working slows down daycare industry's recovery. Work from home trends are likely to hinder the revenue recovery of daycare centres and school clubs, as more parents are opting to care for their children at home. Significant funding boosts childcare sector. Government-backed schemes such as the Tax-free Childcare Scheme and the Early Years National Funding Formula provide critical financial support, aiding parents with costs and driving revenue to the industry.
- ◆ **IBIS World, Pre-Primary Education in the UK, October 2023.** The COVID-19 outbreak took a hit on nursery attendance levels. Nurseries closed due to the pandemic between March and June 2020. Nursery attendance levels have since recovered but haven't climbed back up to pre-pandemic levels. Technological development is set to enhance teaching quality. This will benefit workers in nurseries and preschools as well as the children. This also means that administrative systems are developing, which reduces reliance on support staff.

There are also a number of online resources you may find helpful:

- ◆ **Early Years Scotland, A Guide to Early Years Scotland's Services** (<https://earlyyearsscotland.org/revised-guide-to-early-years-scotlands-services>) This is the leading national third sector organisation for children pre-birth to aged 5.
- ◆ **Children in Scotland** (childreninscotland.org.uk). This is the national agency for voluntary, statutory and professional organisations and individuals working with children and their families. You will find a range of resources for the children's sector including current and past projects, events and industry news.
- ◆ **Scottish Government, Summary statistics for schools in Scotland 2023** (www.gov.scot/news/summary-statistics-for-schools-in-scotland-2023). Provides the latest information on pupils (including attendance and exclusions), teachers and the early learning and childcare (ELC) sector.
- ◆ **GOV.UK, Register as a childminder (Scotland)** (www.gov.uk/find-licences/registering-as-childminder-scotland). This page provides a guide to applying for a childcare license in Scotland, with information on registration, price, and other aspects you need to know when going through the registration process.
- ◆ **GOV.SCOT, Early education and care** (www.gov.scot/policies/early-education-and-care).

Disclaimer: Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.



Connect with us

How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



Connect with us

What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these websites, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

Although every effort has been made to ensure the accuracy of the information provided, Business Gateway will not be held liable for any inaccuracies or omissions in the data supplied, or for the content of any website that the document above may contain links to. By using this information, you accept this disclaimer in full. Also, please note that Business Gateway does not endorse any business or individual that may be referred to above.

You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

Last updated: February 2024

Updated by: Victoria

Connect with us