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 May 2020. 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:

- The government introduction of 30-hours of free childcare per week is likely to increase demand for industry services, boosting revenue. However, research conducted by the National Day Nurseries Association has suggested that the initiative is likely to be underfunded, which could result in problems for many industry operators, particularly in conjunction with increasing competition from child day-care centres. (IBISWorld, Pre-Primary Education in the UK, November 2019).

- Both the average disposable income of parents and the population under the age of 10 have grown over the period, stimulating demand and positively contributing to industry growth. Revenue is expected to **rise at a compound annual rate of 3.1%** over the five years through 2019-20, including a forecast 2.9% rise in the current year, to reach **£4.4 billion**. In line with rising demand, enterprise and establishment numbers are also projected to rise at respective compound annual rates of 5.7% and 3.5% over the five years through 2019-20. (IBISWorld, Child Day-Care Centres in the UK, July 2019).

- The UK self-employment rate continues to grow, rising 14% over the five years to 2017. This trend is projected to continue over the coming five years. Notable here is the significant increase in the number of self-employed women. Self-employment strongly appeals to new mothers due to the higher levels of flexibility it offers over standard employment, particularly when it comes to childcare. This is reflected in data from Mintel’s Marketing to Parents – UK, November 2017 Report, which found that 35% of women who have become mothers for the first time in the last five years say that they have become more interested in starting their own business since becoming a mum. (Mintel, The Working Life - UK, January 2018)

- The national organisations for this industry are the Scottish Childminding Association and the Scottish Family Information Service. 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.

♦ **IBISWorld - Pre-Primary Education in the UK (November 2019).** Private nurseries that are operated for profit are expected to account for 48% of industry revenue. They range from single owner-operated businesses with one nursery centre to large franchise chains with over 100 locations. Over the past five years, companies, especially larger corporations, have increasingly offered nurseries at or close to their premises in order to provide greater flexibility to employees with young children.

♦ **IBISWorld - Child Day-Care Centres in the UK (July 2019).** The Child Day-Care Centres industry has benefited from falling unemployment over much of the five-year period through 2019-20, which has led to rising demand as the need for childcare provision grows. However, rising prices of childcare over the period have resulted in the United Kingdom having some of the highest childcare costs in the world.

♦ **Mintel - The Working Life - UK (January 2018).** A mixture of rising living costs and the desire not to relinquish their career aspirations has seen a growing proportion of women return to the workforce after having children over the last 10 years in particular. However, the increasing number of women looking to return to work after having children has driven the demand for formal childcare, with the cost of professional childcare services consequently soaring. As such, many women have returned to work on a part-time basis in order to reduce their outgoings, while also keeping a foot in on their career.

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

♦ **Early Years Scotland, A Guide to Early Years Scotland’s Services** ([tinyurl.com](https://tinyurl.com)). This is the leading national third sector organisation for children pre-birth to aged 5.

♦ **Children in Scotland** ([tinyurl.com](https://tinyurl.com)). 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 no. 10: 2019 edition** ([tinyurl.com](https://tinyurl.com)). Results of the annual pupil and teacher census and early learning and childcare provision conducted in September 2019 and attendance, absence and exclusions for the 2018 to 2019 school year.

♦ **GOV.UK, Register as a childminder (Scotland)** ([tinyurl.com](https://tinyurl.com)). 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.

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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
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 Retaining and Grow Your Customer Base will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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 website, 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

**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

**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

**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](#).

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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.

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**Updated by:** Liesel