



Market Report

A Snapshot of your Marketing 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 2025**

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:

- ◆ Revenue is expected to climb at a compound annual rate of 2.3% over the five years through 2029-30 to £6.6 billion. Expanding free childcare hours through September 2025 will heighten demand for day-care centre places. Government commitments to invest in wraparound childcare for school-aged children will give after-school clubs more support and drive revenue growth. As companies encourage employees to come into the office more, parents will have to seek more childcare options. (IBISWorld, *Child Day-Care Centres in the UK*, February 2025).
- ◆ Government plans to expand childcare entitlement by September 2025 have already been backed by a £204 million cash boost in September 2023 and £288 million for 2024-25. Additional funding for free childcare totalling £510 million over the three years through 2024-25 will boost revenue growth. As a result, revenue is expected to swell by 5.7% in 2024-25. With significant costs facing childcare services, the Institute for Fiscal Studies 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. (IBISWorld, *Pre-Primary Education*, October 2024).
- ◆ Rising costs of childcare and a lack of available places, for example at nurseries and childminders, makes sourcing childcare arrangements often difficult and stressful for parents. 20% of parents of children 18 and under report childcare to be a source of stress in their families, rising to 27% of parents of those aged 4 and under. Parents who use two or more sources of childcare, excluding their older children, on a weekly basis, are also over twice as likely to say childcare is a source of stress in their family (43%) than parents who use only one source of childcare (20%). In turn, many parents are relying on their parents or parent-in-laws to look after their children. (Mintel, *Marketing to Parents*, September 2024).
- ◆ The [cost of childcare](#) in the United Kingdom varies quite significantly depending on the type of care and by the age of the child being looked after. As of 2024, the average [weekly cost](#) of 25 hours of nursery care in Great Britain amounted to 157.68 British pounds a week for under twos, 151.72 pounds for two-year-olds, and in England around 63.54 pounds a week for three to four-year olds. (Statista, *Childcare in the UK*, July 2024).
- ◆ The national organisations for this industry are the [Scottish Childminding Association](#). Other industry bodies include the [National Day Nurseries Association](#), and the [Care Inspectorate](#).

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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 (October 2024).** Pre-primary education gives children up to the age of five a taste of a school-like environment before they start primary school and is heavily reliant on the devolved governments but can be privately funded or for-profit schools. Fluctuations in the number of children under five, the number of women choosing to work and parents' income to spend on childcare considerably impact nursery enrolments. Pre-primary education revenue is projected to climb at a compound annual rate of 0.7% over the five years through 2024-25 to £5.8 billion.
- ◆ **IBISWorld – Child Day-Care Centres in the UK (February 2025).** Rising operational costs significantly impact the UK child daycare sector, with nearly half of providers indicating that their income needs to cover expenses. This financial strain is more pronounced in group settings, where 58% reported an inability to meet costs, compared to 39% of childminders, according to the Pulse survey of childcare and early years providers by the DfE. The sector's economic viability is threatened, casting doubt on the government's expansion of free childcare. The industry's cost structure, dominated by rent, utilities and regulatory compliance, leaves little room for manoeuvre as inflationary pressures have recently mounted.
- ◆ **Mintel – Marketing to Parents (September 2024).** Finances are the top cause of stress for families, which has been intensified by the cost of living crisis and higher interest rates in recent years. This stress is felt more acutely by parents who describe their financial situation as tight (65%). The pursuit of work/life balance also poses a significant challenge in family life, with parents advocating for hybrid and flexible working arrangements to achieve a healthier dynamic.

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

- ◆ **GOV UK - [Register as a 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](#)** provides information on Scotland's 1,140 hours of funded childcare.
- ◆ **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.
- ◆ **Early Years Scotland, [a guide to early years Scotland services](#).** This is the leading national third sector organisation for children pre-birth to aged 5.

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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**



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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.



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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.

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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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