

Sectoral Skills Assessment Childcare

October 2025



Sectoral Skills Assessments

First launched in 2017, Sectoral Skills Assessments (SSAs) provide a robust and consistent evidence base to support strategic skills investment planning. Skills Development Scotland (SDS) has worked with key partners and stakeholders to produce SSAs, ensuring an inclusive approach to their development, dissemination and utilisation.

SSAs include published data sets. Inevitably, when using published data there is a time lag, but the data contained is the most up-to-date available at the time of writing. SSAs also include forecast data commissioned through Oxford Economics.

The Technical Note¹ provides full detail on the caveats that must be applied when using forecast data, but broadly, it should be noted that:

- Forecasts are based on what we know now and include past and present trends projected into the future.
- The more disaggregated they become, especially at smaller geographical units, the less reliable they are likely to be.
- Their value is in identifying likely directions of travel rather than predicting exact figures.
- The forecasts do not account for national or sectoral activities, initiatives or investments that are planned.

Industries and occupations used in the SSAs are defined by Standard Industrial Classifications (SIC)² and Standard Occupational Classifications (SOC).³

This SSA report is for the Childcare sector.

The sector includes Pre-Primary Education and Child Day-Care Activities. Please see Appendix 1 for the SIC definition used in this report.

The SSAs are part of a suite of Labour Market Insight publications by SDS. Other products in the suite include:



Economy, People and Skills report which provides succinct and up-to-date evidence on Scotland's economy, businesses and people. It is published monthly.



Regional Skills Assessments provide a coherent, consistent evidence base to inform future investment in skills, built up from existing datasets and forecasts for College regions, Rural Scotland and all City and Growth Deals regions. These are published annually.



The **Data Matrix** is an interactive tool, offering more detailed data from a variety of sources in a visually engaging format. It is updated frequently.

Alongside the suite of Labour Market Insight publications, SDS also produces a wide range of reports such as statistics on Modern Apprenticeships and the Annual Participation measure for 16-19 year olds. This includes a wide range of data related to equalities. Further information can be found on the [Publications and Statistics](#) section of the SDS website.



We value user feedback on the Sectoral Skills Assessments.

If you would like to provide feedback, please do so [here](#).

For any further information or queries on the SSAs or any of our other products, please contact: RSA@sds.co.uk

1. SSA Technical Note (2025).

2. Office for National Statistics UK Standard Industrial Classification (SIC) 2007.

3. Office for National Statistics UK Standard Occupational Classification (SOC) 2010.

The Context for Scotland's Labour Market

Over the past decade, the Scottish economy has experienced disruption driven by changes in the global political landscape, the cost-of-living crisis and conflicts in the Middle East and Ukraine. In addition, megatrends in demography, technology, and the environment have continued to shape Scotland's economy and labour market, many of which are interdependent. Below is an overview of the drivers that are expected to have the greatest influence on Scotland's labour market outlook in the near term, based on a comprehensive analysis of both structural and cyclical factors.

The Economy

Scotland and the UK experienced weak economic growth of 1.1% in 2024, with inflation also staying above the 2.0% target. Forecasters expect economic growth to remain at around 1.0% in 2025, with inflation also expected to remain elevated. The effects of rising prices and high interest rates continue to impact Scottish households and businesses. This contributes to the Scottish labour market being cooler in 2025, following a period of sustained tightness in recent years.



Demographic Change

Scotland's population is projected to grow until mid-2047, largely driven by positive net migration, which will offset the anticipated natural decline due to a falling fertility rate. However, whilst the population is growing, it is also ageing. Around one-fifth of Scotland's residents were aged 65 or over in 2024. By 2047, the number of people of pensionable age is expected to increase by 21%. This demographic change has implications for the economy and labour market, by affecting caring responsibilities, tax revenue, and productivity.



Inclusion and Equality

There is a lingering effect from the cost-of-living crisis, which began in 2021, with rising energy prices and financial pressures continuing to have a disproportionate impact on low-to-middle income households. Poverty, including in-work poverty, persists; however, the Fair Work policy agenda aims to reduce labour market inequalities. Barriers to accessing the labour market remain for disabled people and minority ethnic groups, and gender equality still requires progress.



Technology and Automation

Artificial Intelligence (AI) continues to be the core driver in technology transformation. Scotland has a strong technology sector, underpinned by extensive academic and business presence in AI and related fields. The adoption of AI is rapidly increasing among Scottish businesses, particularly in optimising workflows. However, the implications of AI for the labour market remain uncertain. Scotland's strong base in digital and data skills could provide an advantage, but maintaining a skilled workforce will be essential.



Climate Change and Net Zero

The transition to net zero will directly impact the labour market as actions are taken to meet net zero targets. This shift offers significant opportunities for job creation in Scotland, particularly in the clean energy sector. Scotland has strong natural assets, and existing sectoral strengths provide a strong foundation for a green economy. However, upskilling will be crucial for transition to net zero. Especially in the construction, manufacturing, agriculture, energy and transport sectors.



A fuller report on Scotland's Labour Market Drivers can be found [here](#).

Whilst not the largest in output or workforce size, the Childcare sector is essential to the functioning of Scotland's economy. It allows parents to access the labour market and is also foundational in supporting children to have the best start in life, with experiences in the early years vital in supporting and shaping later attainment.

Insight suggests that the positive impact is greatest on children from the most disadvantaged backgrounds, and that early childhood education and care has the potential to make a key contribution to narrowing the gap in development between groups of children.

The Childcare sector has grown substantially in recent years, both in workforce and output, as the provision of free childcare has increased, with annual free hours expanded under Scottish Government policy implementation.

The Scottish Government's [Strategic Early Learning and School Age Childcare Plan 2022 to 2026](#) (published in 2022) includes elements relating to the workforce. In particular, priority three of the strategy – ensuring that the delivery of our priorities is supported by a sustainable, diverse and thriving sector and profession – relates to workforce sustainability.

Commitments within this priority include continuing work to implement the Commitment to Childminding Action Plan, as the number of childminding services has declined in recent years, and actions to support a sustainable, diverse, highly skilled workforce.

The strategy also notes that the Scottish Government will continue to support recruitment across the sector, and that the demand for staff will be considered in the design of any new childcare commitments. This is to ensure that skills provision can meet demand, relevant to the Programme for Government Commitments.

The [Programme for Government 2025-2026](#) committed to the continuation of the 1,140 childcare expansion, delivering free childcare for all three-year-olds and four-year-olds, and eligible two-year-olds. These expansion commitments will ensure ongoing considerations for skills planning across the sector.

The sector continues to face workforce challenges as demand remains high and services in the private and voluntary sector, in particular, struggle to recruit the staff they need. This has been related to real and perceived poor terms and conditions. Settings in the private and voluntary sector are also more likely to

have staff working towards their qualifications, perhaps reflecting difficulties in attracting those with qualifications.

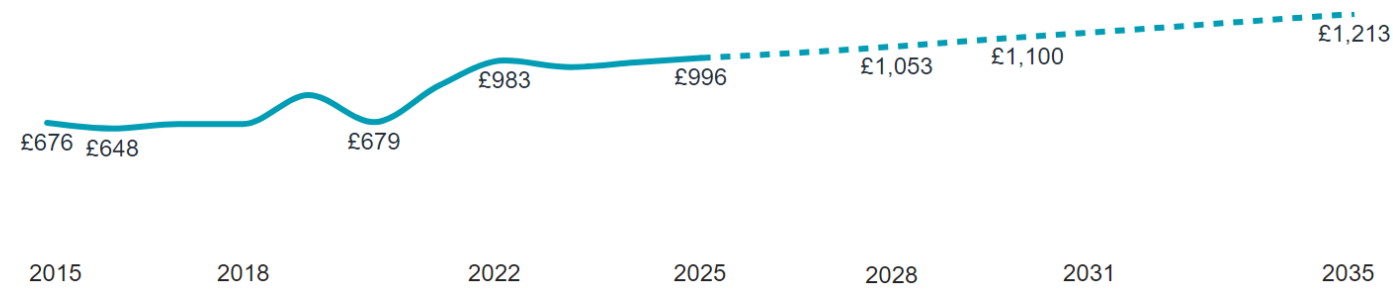
It is important to note that the forecasts used in this Sectoral Skills Assessment are policy and investment neutral.



This means the figures present a baseline outlook that takes into account historical trends and external economic conditions, but the figures do not reflect investment or policy that is unconfirmed or at planning/development stage.

Therefore, the forecasts should be used in conjunction with other sources, and readers are encouraged to overlay these with their own local and sectoral knowledge.

Gross Value Added (GVA, £m) (2015-2035)^{1, 2}



In 2025, GVA in the Childcare sector was estimated to be £996m, generating 0.6% of Scotland's total economic output. Between 2015 and 2025, GVA in the sector was estimated to have increased by 4.6% on average each year, compared to equivalent annual growth of 0.9% across Scotland.

Looking ahead, GVA in the Childcare sector is forecast to grow on average by 2.0% each year between 2025 and 2035, which is slightly above Scotland's average (1.7%). In 2035, the Childcare sector is forecast to remain accountable for 0.6% of Scotland's total economic output.



Childcare forecast GVA in 2028:
£1,053m

↑ up 5.8% from 2025

Scotland forecast GVA in 2028:
£177,951m

↑ up 5.2% from 2025

Childcare forecast GVA in 2035:
£1,213m

↑ up 15.2% from 2028

Scotland forecast GVA in 2035:
£199,512m

↑ up 12.1% from 2028

Productivity (GVA per job)^{1, 3}

In this report, we have used Oxford Economics' measure of productivity, which is calculated by dividing total sectoral GVA by total sectoral employment (measured by jobs). Please note, there are different ways of calculating productivity, and caution is needed when interpreting productivity data presented in this report. It must be considered in the context of other data and insight.

In 2025, productivity in the **Childcare** sector was estimated to be **£33,600**. In comparison, the Scottish average was £57,700.





Childcare forecast productivity in 2028:
£34,200

↑ up 1.8% from 2025

Scotland forecast productivity in 2028:
£59,100

↑ up 2.4% from 2025



Childcare forecast productivity in 2035:
£36,100

↑ up 5.5% from 2028

Scotland forecast productivity in 2035:
£63,600

↑ up 7.5% from 2028

1. SDS (2025). Oxford Economics Forecasts.
2. GVA is the measure of the value of goods and services produced within the economy and is an indicator of the sector's health.

3. Productivity is the measure of goods and services produced per unit of labour input. The Oxford Economics forecasts of productivity shown here have been calculated by dividing total sector GVA by total sector

employment (measured by jobs).

Current Demand



Workforce size 2025: **33,000** people¹

This was estimated to account for **1.2%** of Scottish employment.

The sector's workforce was estimated to have **increased** by **20.0%** (or **5,500** people) between 2015 and 2025.

This compares to a Scotland wide increase of **5.5%** or **141,500** people between 2015 and 2025.

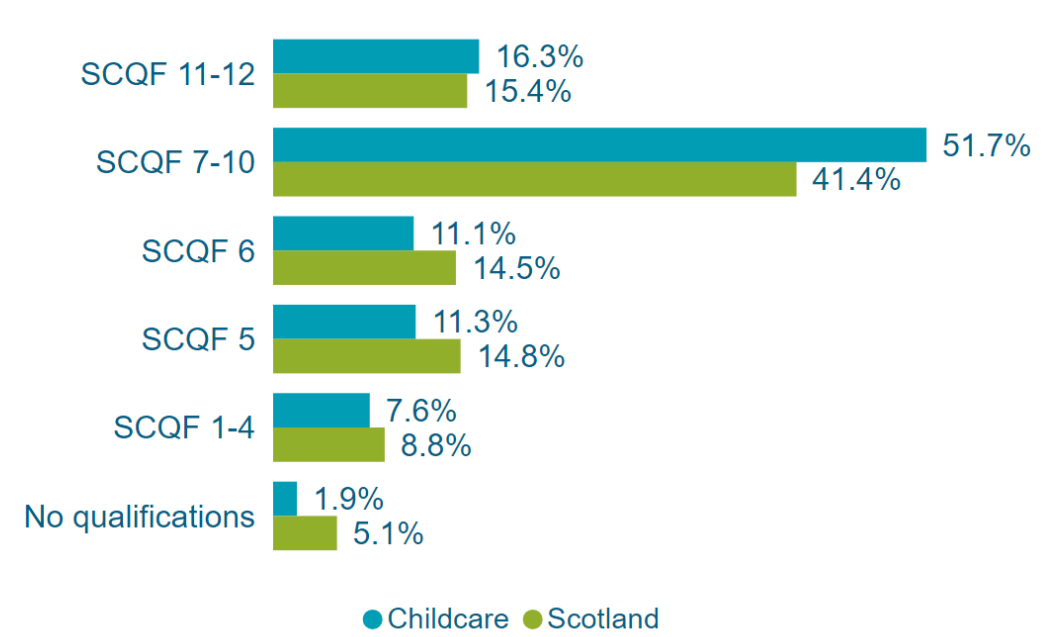
Employment by Region (people), 2025¹

The greatest number of people employed in **Childcare** were estimated to be in:

Glasgow College Region *	Edinburgh, East and Midlothian	Lanarkshire	West Region
7,600	5,900	4,100	3,500

Workforce Qualifications, 2025¹

It was estimated that workers in **Childcare** had higher qualifications than the Scottish average. In 2025, it was estimated that 68% of workers in the sector were qualified to SCQF Level 7 and above.²



Top 10 Employing Occupations (people), 2025¹



1. SDS (2025). Oxford Economics Forecasts.
2. See [SCQF Framework](#) for further information on SCQF qualification levels.

*Glasgow College Region covers East Dunbartonshire, East Renfrewshire and Glasgow City local authorities.

Current Demand

The proportion of Local Authorities' workforce employed in Childcare, 2025^{1, 2}

Scottish local authorities have sectoral strengths that make them unique. This means that the **Childcare** sector may be more important to some local economies, as a higher proportion of the local workforce is employed in the sector.

The sector was most prominent in these local authorities:

East Renfrewshire
5.3%

East Ayrshire
2.2%

Midlothian
2.1%

East Lothian
2.0%



Real Living Wage and Gender Pay Gap³

Individuals earning Real Living Wage or more:

In April 2024, the real living wage rate for employees who did not work in London was £12.00.



Education

2023: **97.0%**

2024: **96.7%**

All sectors

2023: **89.8%**

2024: **88.6%**

Human Health & Social Work Activities

2023: **94.4%**

2024: **92.4%**

Gender Pay Gap for median full-time hourly earnings:



Education

2023: **0.0%**

2024: **0.4%**

Scotland

2023: **1.4%**

2024: **2.2%**

Human Health & Social Work Activities

2023: **16.0%**

2024: **11.4%**

Due to data availability, a 'best fit SIC code approach' has been used, so sectors definitions here may not fully match key sector definitions.

Modern Apprenticeships⁴



MA starts for Childcare*:

Q4 2023/24: **2,387**

Q4 2024/25: **2,719**



MA in training for Childcare*:

Q4 2023/24: **2,880**

Q4 2024/25: **3,049**

* Includes frameworks: Social Services (Children and Young People) and Social Services (Children and Young People) Technical Apprenticeship.

For data on FAs and GAs please see the Publications section of our [website](#). For data on colleges and universities please see [Scottish Funding Council](#) and [Higher Education Statistics Agency](#).

For the latest quarterly MA statistics, please click [here](#).



1. SDS (2025). Oxford Economics Forecasts.

2. The proportion of the workforce in the Local Authority employed in the sector is calculated by dividing the sectoral employment in the area by total employment in the area.

3. Scottish Government (2025). Annual Survey of Hours and Earnings: 2024. The figures for 2023 have been revised. Due to data availability, a 'best fit SIC code approach' has been used, so the sectoral definitions and totals in this section may vary from those we have used elsewhere.

4. SDS (2025). Modern Apprenticeship Statistics.

Job Postings^{1,2,3}



Between July 2024 and June 2025, there were **505,170** job postings in Scotland across all sectors. The labour market across the country has cooled following a peak in job postings in 2022, and since the end of 2023 the number of jobs postings each month has been broadly stable.



Spotlight on... Early Education and Childcare Assistants⁴

Between July 2024 and June 2025 there were **1,980 job postings** for Early Education and Childcare Assistants. The number of job postings has decreased by **13.3%** compared to the period between July 2023 and June 2024 (**8.0%** decline across all occupations comparatively). However, demand for these roles remained steady.

Top Locations:



Edinburgh City
380 job postings



Dumfries and Galloway
170 job postings



Glasgow City
150 job postings



Fife
140 job postings

Specialised skills and knowledge included:



Social Work



Trauma Care



Child Development



Child Protection



Care Standards Act 2000



Median real-time advertised salary: **£27,600**



Spotlight on... Nursery Managers and Assistant Nursery Managers⁵

Between July 2024 and June 2025 there were **70 job postings** for Nursery Managers and Assistant Nursery Managers. The number of job postings has decreased by **47.5%** compared to the period between July 2023 and June 2024 (**8.0%** decline across all occupations comparatively).

Top Locations:



Dumfries and Galloway
20 job postings



Stirling
10 job postings



Edinburgh City
10 job postings



Glasgow City
5 job postings

Specialised skills and knowledge included:



Social Work



Child Protection



Working with Children



Management



Finance



Median real-time advertised salary: **£35,000**

1. Lightcast 2025. Online job postings data provides a useful barometer for the health of the jobs market. It is important to note that the data does not capture all activity, so it should be considered as an estimate of activity.

2. Job postings are rounded to the nearest 10.

3. Data is for the period covering July 2024 – June 2025

4. Data is based on SOC 6111 for the whole of Scotland. Median salary based on 67% of job postings.

5. Data is based on job titles for the whole of Scotland. Median salary

based on 49% of job postings.

Spotlight: Digital Practitioners in Childcare Activities

Digital Practitioners in Scotland



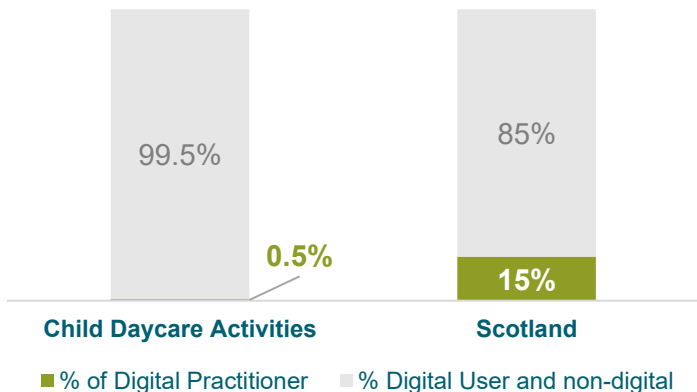
Recognising that digital skills permeate roles across all sectors and are no longer confined to traditional technology roles, SDS has undertaken research to define Scotland’s Digital Economy in 2025, building on the [Digital Economy Skills Action Plan](#).

This definition strengthens the evidence base and ensures SDS and partners can understand the spread of digital jobs across Scotland’s key sectors and identify how digital transformation is shaping skills demand, productivity and sectoral growth. More information on this research is available in Appendix 2.

This spotlight focuses on the presence of **Digital Practitioner** roles within the Childcare sector. Digital Practitioners are occupations that utilise technical and professional digital skills, either within the traditional digital sector or integrated into other roles outside the sector. Digital Practitioner roles include occupations like **Data Entry Administrators** and **Business Associate Professionals**.

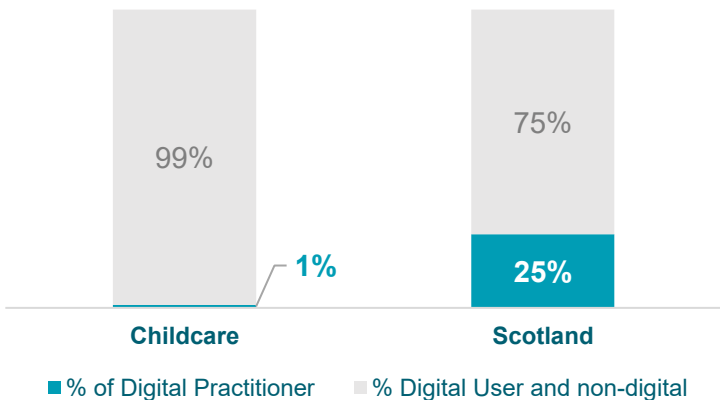
Employment ¹

In 2022, **0.5%** of people employed in the Childcare sector were employed in Digital Practitioner roles. This was lower than the Scottish average of **15%**.



Gross Value Added (GVA)²

Digital Practitioner roles within the Childcare sector make a small contribution to the GVA of the whole sector (**1%** in 2022), lower than the average in Scotland.



Digital Insight for Childcare³



In the Childcare sector, the proportion of Digital Practitioners possessing technical or professional digital skills remains relatively low. However, digital competencies are becoming increasingly vital within the industry, with staff needing essential and digital adoption skills such as software proficiency, maintaining digital security, and using online tools to aid learning and document assessments in various digital formats.

As Scotland advances its digital transformation efforts, the Childcare sector can benefit from a better understanding of how Digital Practitioners contribute to service delivery and workforce development.

1. SDS analysis of Lightcast Labour Market Data (2022, accessed in 2024).
2. SDS analysis of Annual Business Survey Data (2022, published in 2024).
3. Insight from the sector gathered via Skills Development Scotland (2025).

Future Demand: Mid-term (2025-2028)¹

In the mid-term (2025-2028), **the number of people in employment is forecast to grow by 3.1% (1,000 people)** in the **Childcare** sector. This is a larger percentage growth than is forecast overall across Scotland where employment is anticipated to rise by 2.5% (68,000 people).

By 2028, the regions forecast to have the greatest level of sectoral employment are **Glasgow College Region** and **Edinburgh, East and Midlothian**, the same as in 2025. Between 2025 and 2028, the sector is forecast to see the greatest growth in **Caring Personal Service Occupations (300 people)** and **Teaching and Research Professionals (300 people)**.

Forecasts for the mid-term (2025-2028) suggest there could be demand for **4,600 people in the sector**, as a result of the **need to replace workers** leaving the labour market and **opportunities created** through expansion demand. Whilst positive, caution is needed as a wide range of factors may impact the labour market over this period.

Workforce (people), 2028¹



Top 10 Employing Occupations (people), 2028¹



Total Requirement^{1,2}



1. SDS (2025). Oxford Economics Forecasts.
2.Total requirement for people is made up of expansion and replacement demand.
The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Future Demand: Long-term (2028-2035)¹

Employment growth in the **Childcare** sector **is forecast to continue, with an increase of 7.8% (2,600 people)** in the long-term (2028-2035). This is a larger percentage growth than is anticipated overall across Scotland where employment is forecast to rise by 4.0% (112,500 people).

By 2035, the regions forecast to have the greatest level of sectoral employment are **Glasgow College Region** and **Edinburgh, East and Midlothian**. Between 2028 and 2035, the greatest growth is forecast to be in **Caring Personal Service Occupations (700 people)** and **Teaching and Research Professionals (700)** in the sector.

Forecasts for the long-term (2028-2035) estimate that **11,300 people** could be required in the sector. This will be driven by **the need to replace workers** leaving the labour market **and the creation of opportunities** through expansion demand. Whilst positive, caution is needed as a wide range of factors may impact the labour market over this period.

Workforce (people), 2035¹



Workforce size 2035: **36,600** people



The sector's workforce is expected to **grow** by **7.8%** (or **2,600** people) between 2028 and 2035



Compared to a Scotland wide increase of **4.0%** or **112,500** people

Total Requirement^{1,2}



=



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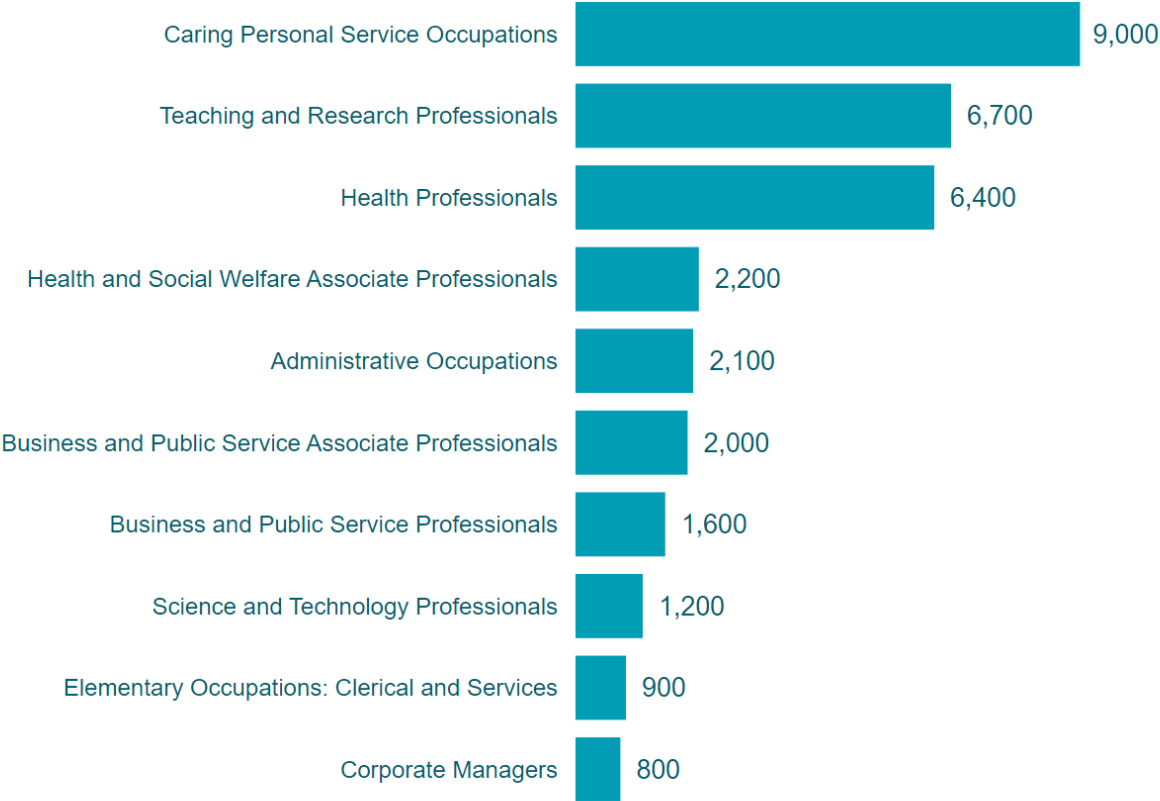
Total requirement:
11,300 people

Replacement demand:
8,600 people

Expansion demand:
2,600 people

Childcare is forecast to account for **1.3%** of Scotland's total requirement for people in the long-term (2028-2035)

Top 10 Employing Occupations (people), 2035¹



1. SDS (2025). Oxford Economics Forecasts.

2. Total requirement for people is made up of expansion and replacement demand.

The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Appendix 1: Childcare Sector Definition (SIC 2007)

SIC	Name
85.1	Pre-primary education
88.91	Child day-care activities

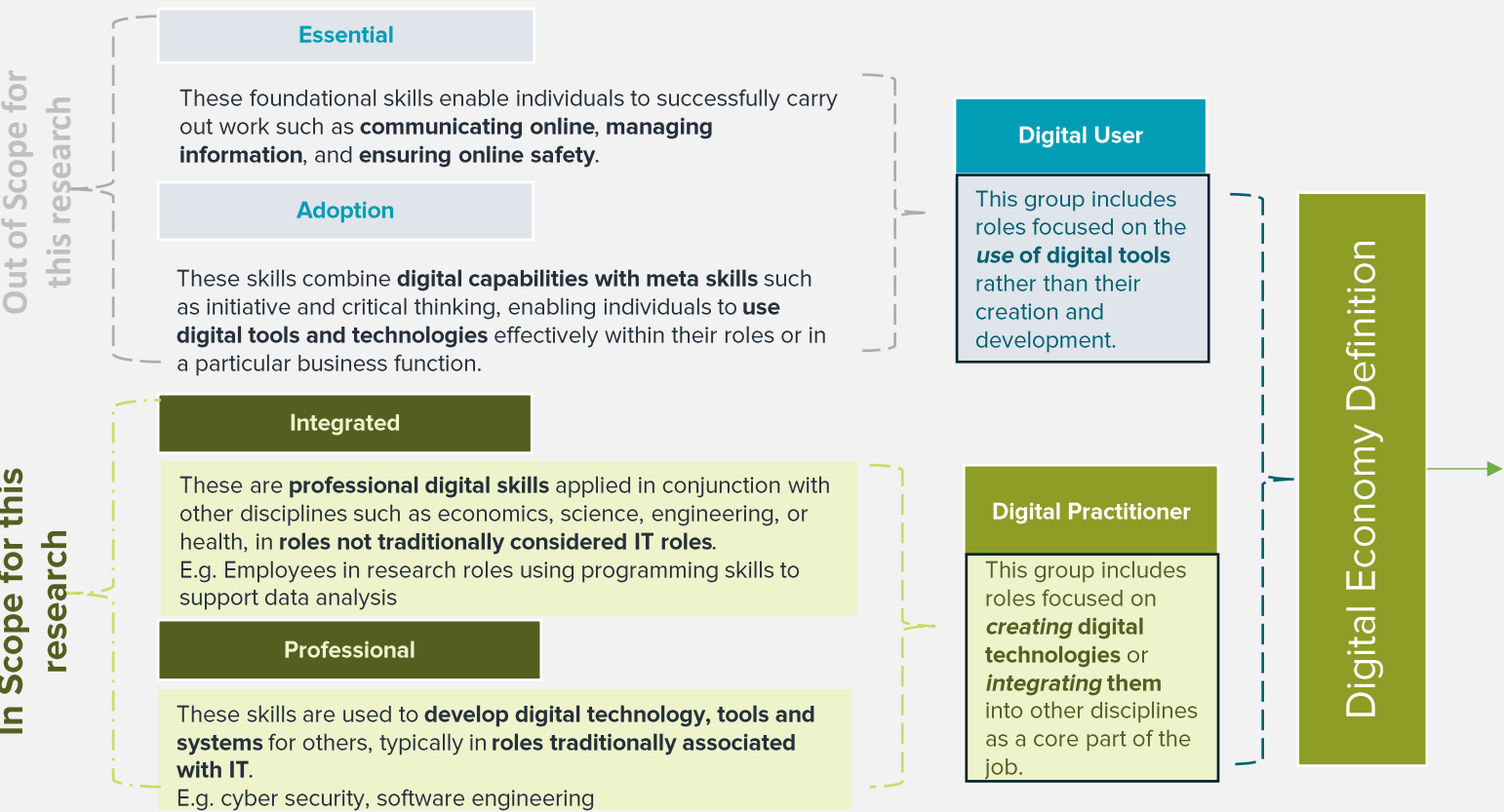
Project Background

In March 2023, SDS released the [Digital Economy Skills Action Plan](#) (DESAP), which emphasised the increasing importance of digital skills across all sectors in Scotland. While the Digital Tech Sector is well-defined and focuses on activity related to the production of digital technologies, the DESAP noted a lack of comparable data for the wider Digital Economy (which encompasses all economic activity that is enabled by digital technology) due to an unclear definition. To address this, SDS worked collaboratively with stakeholders to define the Digital Economy with the aim of improving the understanding of related jobs and skills.

Methodology

Following a literature review and stakeholder consultations, a final definition of the digital economy was produced (see below). This was then used to identify jobs (based on SOC^s) and skills (from the Lightcast Skill Taxonomy) that were considered part of the Digital Economy. The research focused on Digital Practitioners as a particular area of interest to understand how skills that create or integrate digital technologies are permeating across occupations. This list of Digital Practitioner jobs and skills was then applied to the Scottish Labour Market to assess the economic value of Digital Practitioner jobs in Scotland.

Definition of the Digital Economy



Key Findings for Scotland



Estimated at almost 400,000, Digital Practitioner jobs in Scotland account for **15% of the total workforce.** This is comparable to the size of the Human Health and Social Work sector.



Digital practitioner roles contribute £34.6 billion in GVA to Scotland's economy, which represents around **25% of Scotland's GVA.**



At least **half** of all Digital Practitioner job postings require a **bachelor's degree or equivalent.**



The median advertised salary for Digital Practitioner job postings in Scotland was **£38,627. This was 35% higher than the average median advertised salary across all Scottish job postings.**

For further information or queries on the SSAs or any of our other products, please contact: [**RSA@sds.co.uk**](mailto:RSA@sds.co.uk)