



Scottish
Women's
Budget
Group

INVESTING IN CHILDCARE

INITIAL BRIEFING



INTRODUCTION

The expansion of Early Learning and Childcare (ELC) is one of the flagship policies of the Scottish Government. The 2014 commitment to provide 1,140 hours of funded ELC significantly strengthened the role of public bodies in a mixed-economy sector which combined public provision with that of the private, voluntary and independent (PVI) providers. The increased role of public bodies was seen as key to the development and delivery of services, aiming to meet three longstanding policy objectives: increased labour market participation; economic growth and narrowing the poverty related attainment gap.

However, despite the greater involvement of the public sector, a range of operational pressures threatens the effective delivery of the policy. Persistent challenges in staff recruitment, low pay in a highly feminised sector, reports of potential nursery closures by local authorities, and a continued decline in the number of childminders all raise concerns. These issues risk undermining the core principles of the expansion – affordability, accessibility, flexibility, and quality – and, by extension, its long-term objectives, particularly the ambition to reduce educational inequality linked to poverty.

What remains less clear, however, is the extent to which these pressures are a direct result of how the policy has been implemented. Has the way the expansion been rolled out created unintended consequences for the sector? To better understand these implementation challenges and support efforts to uphold the policy's expansion principles, the Scottish Women's Budget Group is launching a new project: 'Investing in Childcare', funded by The Robertson Trust. The project seeks to assess, through a lens of gender budget analysis, whether current delivery models are on track to achieve the policy's outcomes – particularly for low-income families – with the aim of improving access to quality, affordable ELC especially for women on low incomes.

The expansion of Early Learning and Childcare (ELC) is one of the flagship policies of the Scottish Government

This briefing sets the context for the project by examining the development of ELC policy in Scotland. It also explores whether the policy has been overburdened with too many objectives, potentially diluting its impact. As the UK Government rolls out a similar ELC expansion in England focused on affordability and accessibility, this research may offer broader insights into the common challenges that lie ahead in implementing ambitious childcare reforms across the UK. Finally, the briefing provides an outline of the methodology that will be used in this project.



HISTORICAL CONTEXT

The development of ELC policy both in the UK and Scotland is inextricably linked to the profound transformation that the UK economy experienced in the final decades of the 20th century.

A significant shift in employment patterns – marked by the decline of the manufacturing sector – led to a rise in female employment. This economic transformation coincided with cultural changes, including higher levels of educational attainment among women¹ and the erosion of the traditional breadwinner model, which

had been supported by the notion of a ‘family wage’ across ‘industrial-era welfare states.’² As more women entered the labour market, demand for formal childcare services grew. In the absence of a clearly defined *public responsibility* for childcare, this demand increasingly prompted the expansion of commercial care provision³.

These socioeconomic shifts also had a deep impact on family structures. Traditional family dynamics evolved, with a notable rise in the number of single-parent households – particularly single mothers – accompanied by an increase in child poverty⁴.

FIRST COMMITMENTS AT THE UK LEVEL

In 1996, the UK Government introduced a nursery voucher scheme for four-year-olds. Parents received a physical voucher worth £1,100 per year, which could be used to purchase nursery education from either their local authority or a provider in the private or third sector⁵. The scheme extended to Scotland, with pilot programmes launched in 1996-97 across parts of North Ayrshire, East Renfrewshire, Argyll and Bute, and the Highland local authority areas⁶.

The election of the Labour Government in 1997 marked a turning point, as reducing poverty became a central objective alongside ‘welfare to work’ policies designed to “match the requirements of the modern labour market and help parents, especially women, to balance family and working life”⁷.

Within this context, childcare policy was increasingly recognised as a key mechanism for promoting both economic participation and social equity.

The publication of the first national childcare strategy recognised three key problems with childcare: variable quality across settings, high cost of childcare, and lack of availability. The strategy replaced the voucher scheme with a universal entitlement to a free, part-time (2.5 hours per day over 33 weeks) nursery education place for all four-year-olds across the UK, including Scotland⁸.

The ‘two tests of success’ of the strategy were:

- 1. Improved outcomes for children (including readiness to learn) and;**
- 2. Increasing parents’ chances to take up work, education, or training⁹.**

¹ IFS (2018) [The rise and rise of women’s employment in the UK](#)

² Fraser, N. (2020). ‘After The Family Wage’, *Fortunes of Feminism. From State-Managed Capitalism to Neoliberal Crisis*, Verso Books, pp.151–185.

³ Parry, R. (1991) ‘[The Scottish Office in the 1980’s](#)’, *The Scottish Government Yearbook* 1991.

⁴ Fraser, N. *op. cit.* pp.151–185.

⁵ Reform Scotland (2013) [An Equal Start: Fair access to nursery provision](#)

⁶ Local Government Chronicle (1996) [£3m Scots Nursery Vouchers pilot scheme announced](#)

⁷ Labour Party (1997) *New Labour because Britain deserves better. Labour Party Manifesto*, London.

⁸ Scottish Office (1998) [Meeting the Childcare Challenge: A Childcare Strategy for Scotland](#). Edinburgh: Stationery Office.

⁹ *Ibid*

CHILDCARE POLICY IN SCOTLAND

The *Childcare Strategy for Scotland* consultation document acknowledged the role of the future Scottish Parliament in implementing the strategy. In the introduction, the then Secretary of State for Scotland identified childcare as a major policy priority for the Parliament¹⁰.

Scotland has since made significant progress in this area¹¹, positioning itself- until very recently and arguably still- as a leader in childcare policy within the UK. While *The Education (Scotland) Act 1980* gave local authorities the power to establish and maintain pre-school education, it was not until 2002 that a statutory duty was placed on them to secure a pre-school education place for all three- and four-year-olds. This was implemented through the *Standards in Scottish Schools Act*¹².

In line with UK-wide policy, the original commitment to provide 412.5 hours of pre-school education (2.5 hours per day over 33 weeks) was extended in 2002 to all three-year-olds. In 2007, the entitlement increased to 475 hours per year (2.5 hours per day over 38 weeks) for both three- and four-year-olds¹³. Five years later, eligibility was expanded to include 'Looked After' two-year-olds (i.e. those under a kinship care order). From this point onward, Scotland's approach to childcare began to diverge significantly from that of the rest of the UK.



Influenced by the work of economist Dr Ailsa McKay¹⁴ and in the run up to the Scottish Independence referendum, the Scottish Government published *Scotland's Future* in 2013. This guide outlined a number of ELC commitments that were later pursued regardless of the referendum outcome. These included:

- **Delivery of 600 hours of childcare to around half of Scotland's two-year-olds (those whose parents receive working tax credit or child tax credit benefit) within the first budget;**
- **Provision of 1,140 hours of funded childcare per year for all three- and four-year-olds and vulnerable two-year-olds by the end of the first Parliament;**
- **Expansion to 1,140 hours of funded childcare per year for all children from one to school age by the end of the second Parliament¹⁵.**

¹⁰ *Ibid*

¹¹ Campbell et al (2023) *Investing in Social Infrastructure: the fiscal employment effects of the Scottish Government's expansion of Early Learning and Childcare*, (Working Paper) WiSE Centre for Economic Justice

¹² Scottish Government (2016) [Financial Review of Early Learning and Childcare in Scotland: The Current Landscape](#)

¹³ IFS (2019) [Early education and childcare spending](#)

¹⁴ Campbell, Jim, Prof Diane Elson and Prof Ailsa McKay (2013) *The Economic Case for Investing in High Quality Childcare and Early Years Education*, WiSE Research Centre

¹⁵ Scottish Government (2013) [Scotland's Future Guide](#)

The rationale for this expansion was to “give children the best start in life and the greatest chance to succeed as they grow and develop into adults”.¹⁶ Children’s development was central to the policy, with a recognition that universal provision would particularly benefit the most disadvantaged families. The policy also highlighted improved labour market outcomes – particularly for mothers – and increased tax revenues as additional, significant benefits.

Although Scotland did not vote for independence, the Scottish Government continued with the planned reforms. The *Children and Young People (Scotland) Act 2014* redefined pre-school education as ‘Early Learning and Childcare’, increased the number of funded hours to 600 (16 hours per week over 38 weeks), and extended this entitlement to all two-year-olds whose parents received out-of-work benefits. The statutory guidance for the 2014 Act identifies two priorities for ELC: improving outcomes for children, particularly those most vulnerable; and supporting parents into employment, training or study, with a focus on those that might require assistance in securing sustainable employment¹⁷.

Since 2012 free pre-school education had extended to all looked after two-year-olds (i.e. those with a kinship care order or parent appointed guardian). In 2015, the eligibility was further expanded to all two-year-olds qualifying for free school meals under passported benefits criteria¹⁸. This refers to benefits or schemes granted based on eligibility for certain other benefits or Tax Credits¹⁹.

The most significant policy shift came in November 2014, when the Scottish Government announced its intention to increase funded hours from 600 to 1,140 (30 hours per week over 38 weeks) by 2020. Although implementation was delayed due to the Covid-19 pandemic, the policy was eventually rolled out in August 2021²⁰.

Alongside improving parents and carers’ opportunities to access work or study, the 1,140-hour expansion placed increased emphasis on addressing the poverty-related attainment gap²¹, defined as disparities in academic achievement between groups, often linked to levels of economic disadvantage²². The attainment gap for P1, P4, and P7 pupils currently stands at 20.2 percentage points between the most and least deprived for primary literacy, and 17.4 percentage points for primary numeracy.²³ Compared to the 2016/17 academic year, these figures represent modest improvements of 1.9 and 0.2 percentage points, respectively.

This shift in focus was arguably influenced by the *Child Poverty (Scotland) Act 2017*, which established child poverty statutory targets and required Scottish Ministers to publish delivery plans. These plans include a range of measures, such as improving educational outcomes – particularly by closing the attainment gap – and enhancing the availability and affordability of childcare²⁴.



¹⁶ *Ibid*

¹⁷ Wane (2019) [The Expansion of Early Learning and Childcare](#), SPICe.

¹⁸ Scottish Government (2016) [Financial Review of Early Learning and Childcare in Scotland: The Current Landscape](#)

¹⁹ UK Parliament (2023) [Passported benefits](#)

²⁰ Scottish Government (2016) *op. cit.*

²¹ Wane (2019) *op. cit.*

²² UK Parliament (2024) [Education: inequalities and attainment gaps](#)

²³ Scottish Government (2025) [Attainment Scotland Fund Evaluation: Reporting on National Improvement Framework Attainment and Health and Wellbeing Measures, 2025](#)

²⁴ [Child Poverty \(Scotland\) Act 2017](#), 2017 asp 6

Another objective linked to the expansion was the improvement of family wellbeing, reflecting Scotland's wider commitment to building a wellbeing economy^{25,26}. In this context, the Scottish Government's *Tackling Child Poverty Delivery Plan, Best Start, Bright Futures* frames childcare holistically: not as a standalone policy, but as part of an integrated 'employability offer', supported by accessible and affordable transport.

Together, these developments signal a shift in the Scottish Government's priorities over time. While female labour market participation and economic growth were emphasised as key benefits between 2013 and 2015, more recent policy framing has placed greater emphasis on the anti-poverty potential of ELC and its role in supporting family wellbeing.

However, a rapid review of ELC policy conducted by the Scottish Poverty and Inequality Research Unit (SPIRU) and the WiSE Centre for Economic Justice (WiSE) found no compelling evidence of an immediate impact on poverty reduction, employment outcomes, or reductions in household costs²⁷. This raises questions about the extent to which the policy is delivering on its more recent objectives.

It also prompts reflection on whether the addition of new or evolving objectives – without corresponding monitoring and evaluation frameworks, or adequate recognition of the potential tensions among them – can be considered an evidence-informed approach to policymaking.

The limited role of the public sector in childcare provision prior to the 1990s was identified in the 1997 *Childcare Strategy* as a key factor behind persistent issues of quality and affordability. This was largely due to the reliance on market-based provision, which often fails to deliver sufficient childcare services – either in quantity or



quality – at prices that are affordable for families²⁸. Such over-reliance on the market can lead to supply-side market failure: private providers may fail or be unwilling to supply adequate services where profit margins are low, for example, in low-income or rural areas. As a result, childcare is underconsumed relative to what would be socially optimal, causing detriment to society, such as reduced child development opportunities and employment opportunities, particularly for mothers²⁹.

The 1997 Childcare Strategy document argued that these market failures required public correction. Similarly, *Scotland's Future* included a specific commitment for local authorities to deliver and secure provision in a way that protects and improves educational quality. The intention was that expanding local authority provision, alongside the private and third sectors, would ensure the delivery of high-quality ELC³⁰.

This emphasis on public delivery through local authorities has arguably resulted in unintended consequences which may risk undermining the core principles underpinning ELC policy in Scotland – namely, affordability, accessibility, flexibility, and quality.

²⁵ Scottish Government (2019) [Wellbeing Economy Governments \(WEGo\) policy labs: Firths Minister's speech.](#)

²⁶ Scottish Government (2022) [Best Start – strategic early learning and school age childcare plan 2022 to 2026](#)

²⁷ McKendrick, J. H., Hakeem, N., Reid, L., Ritchie, M., & Sadovska, J. (2022). [Rapid Review of Evidence on the Impact of Childcare on Parental Poverty, Employment and Household Costs in Low-income Families. Scottish Poverty and Inequality Research Unit.](#)

²⁸ Campbell, Jim, Prof Diane Elson and Prof Ailsa McKay (2013) *The Economic Case for Investing in High Quality Childcare and Early Years Education*, WiSE Research Centre

²⁹ *Ibid*

³⁰ Scottish Government (2013) [Scotland's Future Guide](#)

IS ELC DELIVERY WORKING FOR LOW-INCOME GROUPS?

The Scottish Government allocates approximately £1 billion annually to support the delivery of the 1,140 hours ELC expansion. The funding package for this policy was agreed in 2018 by the Scottish Government and COSLA.³¹ According to the *Early Learning and Childcare Expansion Programme: Evaluation Strategy*³² appropriate funding and governance are essential inputs for the success of the expansion. The expected output is the creation of sufficient capacity across Scotland – in terms of both workforce and infrastructure – to deliver the policy effectively.

Research consistently highlights that the cognitive and developmental benefits of ELC are closely linked to the quality of provision

In December 2015, the ELC sector employed 39,030 people in Scotland, including 5,570 childminders. The majority – approximately 86% – worked in day care of children services.³³ Revised projections by the Scottish Government estimated that an additional 8,000 to 11,000 staff would be needed to support the expansion relative to 2015/16 levels³⁴. By 2022, the reported ELC workforce had increased to 42,190.³⁵ It is unclear whether this figure includes the 3,530 childminding services operating that year. If not included, the workforce could fall short by as many as 7,840 staff – or by 4,310 if childminders are included.³⁶

Recruitment challenges, worsened by the COVID-19 pandemic, may partially explain this staffing gap.

However, failure to build a sufficiently large and qualified workforce raises concerns about the sector's ability to meet the expansion's goals. More critically, an experienced and well-trained workforce is fundamental to delivering high-quality care, an essential principle underpinning the policy.

Research consistently highlights that the cognitive and developmental benefits of ELC are closely linked to the quality of provision. Currie³⁷ found that the most crucial factor in quality care is the nature of interactions between children and educators, which is strongly influenced by teacher training and adult-to-child ratios. Similarly, Jessen et al.³⁸ define high-quality care as care that promotes skill formation and has a clear educational focus.

³¹ Scottish Government & COSLA (2018) [A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland](#)

³² Scottish Government (2022) [Early learning and childcare expansion programme: evaluation strategy](#).

³³ Skills Development Scotland [Skills Investment Plan: Prospectus. For Scotland's early learning and childcare sector](#).

³⁴ Scottish Government (2018) [FOI Expansion of Early Learning and Childcare: Scottish Government Workforce Model](#).

³⁵ SSSC (2024) [The Distribution of the Social Service Workforce](#).

³⁶ Care Inspectorate (2023) [Early learning and childcare statistics 2022](#)

³⁷ Currie, J.M., (2001). *Early childhood intervention programs: what do we know?*. Brookings Institution, Brookings Roundtable on Children.

³⁸ Jessen, J., Waights, S. and Spieß, C.K., (2019). *The Impact of Formal Child Care on Parenting Intensity*.

This emphasis on quality is further reinforced by the work of Professor James Heckman, whose research shows that early interventions yield the highest economic returns compared to later-life investments. His estimates suggest that every \$1 invested in early years generates \$7 in returns³⁹. However, these returns depend on maintaining high-quality provision, making quality a central pillar of the ELC policy's long-term success.⁴⁰

While ELC may not lead to immediate poverty reduction, it remains a critical tool in narrowing the attainment gap and improving long-term life chances, particularly for children from low-income households. In this way, high-quality ELC can help break the cycle of disadvantage by improving social mobility⁴¹.

Despite its importance, quality remains at risk due to the undervaluing of the ELC workforce. Many experienced professionals have migrated from the private, voluntary, and independent (PVI) sector to the public sector in search of better pay and working conditions. While the Scottish Government has taken steps to address this – most notably by allocating additional funding to raise pay to at least the new real Living Wage rate of £12.60 – it remains unclear whether these measures sufficiently offset the challenges posed by lower funding rates for PVI providers.

This also raises broader questions about how the undervaluation of the workforce affects the policy's long-term goal of tackling the poverty-related attainment gap, particularly given that persistent low pay in the sector reinforces women's structural economic disadvantage⁴².

Differential funding has been cited as a key contributor to financial strain within the sector, particularly within the PVI sector where funding rates have consistently remained a contentious issue. Rising food and energy costs have further exacerbated these pressures, forcing some settings to close⁴³. The childminding sector faces similar challenges. Although the Scottish Government recognises the essential role of childminders in achieving ELC expansion, their numbers have declined. Furthermore, while more childminders are now approved to deliver funded ELC, not all are currently doing so, as noted by Audit Scotland.⁴⁴

Qualitative evidence suggests that public sector settings often offer limited options in how families can use funded hours,⁴⁵ which means that at present PVI providers and childminders play a critical role in ensuring the flexibility promised by the ELC expansion. These settings are also important in terms of ensuring enough availability of funded places. Simultaneously, recent announcements from local authorities – including Aberdeenshire⁴⁶, Scottish Borders⁴⁷, and West Lothian⁴⁸ – about the potential closure of public nurseries raise concerns about the policy's impact on both accessibility and quality.

Public sector involvement in direct ELC delivery was originally intended to safeguard these principles by reducing reliance on profit-driven models which often struggle to provide sufficient places and maintain high quality standards. Yet, the closure of public nurseries calls into question the adequacy of planning, and, more fundamentally, whether the policy's core quality ambitions are at risk, particularly for the low-income families who were meant to benefit the most⁴⁹.

³⁹ Heckman, J. (2012) [Invest in early childhood development: Reduces deficits, strengthen the economy.](#)

⁴⁰ *Ibid*

⁴¹ The Sutton Trust (2024) [General Election Policy Briefing. Closing the Attainment Gap.](#)

⁴² Nursery World (2019) [Scottish PVIs in staffing crisis as 1,140 hours loom.](#)

⁴³ STV (2023) [Private nurseries under pressure as government childcare scheme 'broken'.](#)

⁴⁴ NDNA (2023) [Challenges with delivering 1140 hours: Scottish Government's sustainable rates review.](#)

⁴⁵ SWBG, FWGG, MRR (2023) [The cost-of-living crisis – I think about it all the time!](#)

⁴⁶ STV News (2025) [Parents 'in limbo' after council announces four rural nurseries to be mothballed.](#)

⁴⁷ The Herald (2025) [Parents warn of loophole that makes closing nurseries easier.](#)

⁴⁸ Edinburgh News (2025) [The 8 West Lothian nurseries which will close in 2025 after controversial plans backed by council.](#)

⁴⁹ Scottish Government (2013) [Scotland's Future Guide](#)

THE PROJECT

The project will assess whether current delivery models are on track to achieve the policy's outcomes – particularly for low-income families – with the aim of improving access to quality, affordable ELC, especially for women on low incomes.

The research will focus on ELC implementation across six local authorities, selected according to the following criteria: urban/rural balance, island/mainland context, levels of deprivation (SIMD), population size, reports of mothballing or potential closures, and the

proportion of eligible two-year-olds accessing the policy. This will provide a representative sample of practice across Scotland.

The research will apply gender-budgeting tools, combining desk-based analysis of local budget papers with qualitative research exploring the experiences of mothers and workers in ELC. Based on this evidence, the project will also put forward recommendations to support more equitable, sustainable, and gender-responsive childcare provision ahead of the 2026 Holyrood Elections.

CONCLUSION



The evidence presented in this briefing suggests that increased public sector involvement in ELC delivery has not fully secured the core principles underpinning the expansion. Persistent operational challenges, including recruitment difficulties and growing proposals for nursery closures, indicate that the sector remains fragile. While it is possible that childcare policy in Scotland has been tasked with achieving too many objectives, reducing its overall effectiveness, it remains unclear to what extent current pressures are the result of how the policy has been implemented.

To explore these issues further, the Scottish Women's Budget Group will undertake research over the next year, focusing on ELC implementation, through the lens of gender budget analysis, across six local authorities. Through a combination of desk-based research and primary qualitative research, the aim is to assess whether current delivery models are effectively upholding the policy's founding principles – particularly for low-income families, who have consistently been positioned as key beneficiaries, from the 1997 *Childcare Strategy for Scotland* to the most recent policy frameworks.

For further information about the project

Contact: Carmen Martinez, Policy and Engagement Lead, SWBG.
Email: carmen.martinez@swbg.org.uk

Work supported by

