

Explanatory Memorandum to The Childcare Act 2006 (Local Authority Assessment) (Wales) (Amendment) Regulations 2026

This Explanatory Memorandum has been prepared by the Early Years, Childcare and Play Division and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Childcare Act 2006 (Local Authority Assessment) (Wales) (Amendment) Regulations 2026. I am satisfied that the benefits justify the likely costs.

Dawn Bowden MS
Minister for Children and Social Care
10 February 2026

PART 1

1 Description

- 1.1 The Childcare Act 2006 (Local Authority Assessment) (Wales) (Amendment) Regulations 2026 would amend The Childcare Act 2006 (Local Authority Assessment) (Wales) Regulations 2016 ('the regulations'). The accompanying Statutory Guidance due to be published in summer 2026 will also be updated to reflect the revised Regulations.
- 1.2 At present, the Regulations made under section 26 of the Act, place a duty on Local Authorities to prepare Childcare Sufficiency Assessments (CSAs) within their respective areas every five years. This involves evaluating whether the provision of childcare meets the present and future needs of parents who are working, studying, or training, and assessing the demand and supply of different types of childcare suitable for children of various ages and those with particular needs.
- 1.3 Each assessment must include an action plan where an assessment identifies:
 - a) an insufficiency in childcare provision for children in the Local Authority area, the action plan must set out what steps need to be taken to improve opportunities for children to access childcare provision within that Local Authority area, or
 - b) that opportunities for children to access childcare in the Local Authority area are sufficient, the action plan must set out what steps need to be taken to maintain opportunities for children to access childcare within that Local Authority area.
- 1.4 Local Authorities are also required to submit annual progress reports.
- 1.5 Current guidance to support Local Authorities to undertake their CSAs include the Childcare Statutory Guidance (revised August 2016) and Supplementary Guidance (2016). The Statutory Guidance is being reviewed to reflect the amended Regulations with the aim of publishing in June 2026.

2 Matters of special interest to the Legislation, Justice and Constitution Committee

- 2.1 None.

3 Legislative background and proposed changes

3.1 Section 26 of the Childcare Act 2006 gives Welsh Ministers the power to require Local Authorities to assess childcare provision. The Assembly may by regulations require a Welsh Local Authority to:

- (a) prepare assessments at prescribed intervals of the sufficiency of the provision of childcare (whether or not by them) in their area;
- (b) review any such assessment prepared by them.

3.2 Currently, the Childcare Act 2006 (Local Authority Assessment) (Wales) Regulations 2016 ('the regulations') sets out the requirements for CSAs, summarised as follows:

- Regulation 1 sets out the title of the regulations and when they will come into force.
- Regulation 2 sets out definitions for the wording in the Regulations.
- Regulation 3 imposes a duty upon Local Authorities to carry out childcare sufficiency assessments and in preparing an assessment the Local Authority must have regard to any guidance given by the Welsh Ministers.
- Regulation 4 sets out a requirement for an action plan to be prepared as part of the Local Authority's assessment.
- Regulation 5 introduces the Schedule which prescribes the matters that must be contained in the assessment.
- Regulations 6 and 7 prescribe the persons who Local Authorities could consider consulting and the persons they must consult in preparing the assessment.
- Regulation 8 requires Local Authorities to allow the persons who have been consulted the opportunity to comment upon the draft assessment before publication.
- Regulation 9 requires Local Authorities to amend the draft assessment in response to any comments received from the persons they consulted.
- Regulations 10 and 11 deal with the requirement to publish the draft assessment.
- Regulation 12 requires Local Authorities to submit annual progress reports to the Welsh Ministers.

3.3 Changes to the Regulations are being made under the negative resolution procedure.

3.4 The amendments to the Regulations are summarised as follows and will be renamed The Childcare Act 2006 (Local Authority Assessment) (Wales) (Amendment) Regulations 2026:

- Regulation 2 of these Regulations omits certain definitions in the 2016 Regulations, and inserts the definitions of 'Family Information Service' and 'third sector organisation'.
- Regulation 2(3) inserts a new paragraph (2A) into the 2016 Regulations requiring the local authority to publish its sufficiency assessments on 30 June every five years.
- Regulation 2(4) amends regulation 4 of the 2016 regulations by inserting additional requirements on local authorities to prioritise identified actions and set a time limit for them to be met.
- Regulation 2(5) inserts a new requirement for local authorities to undertake and publish annual progress reports and annual action plans.
- Regulations 2(6) and 2(7) amend the list of those whom the local authority must consult when preparing the assessment required under regulation 3 of the 2016 Regulations.
- Regulation 2(9) substitutes a new Schedule into the 2016 Regulations.

4 Purpose and intended effect of the legislation

4.1 Currently, under the Childcare Act 2006 (Local Authority Assessment) (Wales) Regulations 2016 Local Authorities are required to undertake a CSA to help identify and address childcare supply and demand issues, ensuring adequate childcare provision is in place.

4.2 A review of the effectiveness of CSA arrangements was initiated in 2022 due to Local Authorities considering existing arrangements to be administratively burdensome and potentially lacking strategic impact. As such, Arad Research was commissioned to undertake a review of the CSAs, which was published in March 2024 [Research into Childcare Sufficiency Assessments](#).

4.3 The findings of the research highlights that the current CSA process is not fit for purpose and that the time, effort and resources required to produce them is overly burdensome for Local Authorities. The report also

made a number of recommendations in relation to the format of future CSA documents, their future use and access to data.

4.4 The purpose of the proposed Regulations is to simplify and streamline the existing CSA process by making changes to areas identified for improvement. These changes will enable Local Authorities to effectively assess and manage the sufficiency of childcare provision in their area.

4.5 The proposed changes aim to strengthen the CSA process with the following aims:

- ensure CSAs are fit-for-purpose for the future;
- ensure minimum burden on Local Authorities in completing the assessment;
- provide better alignment and integration with other key planning and assessment processes at a local and national level;
- ensure that there is information available around the sufficiency of childcare including the issues, challenges and barriers to inform the development of national policies and programmes and provide an all-Wales level picture of provision;
- ensure it provides relevant and timely information to assist Local Authorities in planning for the sufficiency of childcare to inform local strategies and policies including those delivered through partners and stakeholder organisations; and
- ensure that parents, carers, childcare providers, employers, children and young people are reassured that, as far as is possible, sufficient childcare is available in their areas.

4.6 If this subordinate legislation is not made, there is a significant risk that the CSA process will continue to be over burdensome for Local Authorities and they would continue to lack strategic direction.

5 Consultation

5.1 Pre-consultation engagement

5.1.1 The proposed changes have been developed in close collaboration with the CSA Working Group, established to oversee and progress the CSA review with representatives from a range of stakeholders who have an interest in CSAs. Members of the CSA Working Group include representatives from All-Wales Area Representatives of Early years (Local Authority Childcare Leads), CWLWM (a consortium of five childcare and play partners), Play Wales, Family Information Services, Flying Start, Welsh Local Government Association, a Local Authority Early Years Advisory Teacher, and an Anti-Racist Wales Community Mentor. A Data Sub Group, including representatives from All-Wales Area Representatives of Early years (AWARE), has also been established to consider ways in which Welsh Government can assist Local Authorities in undertaking the CSA and to ensure

the data captured is relevant and useful for Local Authorities to use in local planning and decision making.

5.1.2 A pre-consultation event was held on 27 March 2025 with key stakeholders to seek their views on:

- Content and minimum requirements for the CSA.
- Access to, and availability of, data including any challenges, gaps and support required.
- Stakeholder engagement including challenges, barriers, areas of best practice and support required.
- The planning cycle, interdependencies and CSA process.

5.2 Formal consultation

5.2.1 A full 12 week formal consultation was held between 24 July 2025 and 17 October 2025. The consultation document set out the proposed changes to the Regulations and sought information to help inform the development of revised Statutory Guidance. The consultation drew upon the views of those who are directly involved in providing childcare or organisations representing the childcare sector e.g. AWARE, CWLWM, providers (potential and existing) and those who benefit from the childcare on offer e.g. parents, carers, and employers.

5.2.2 The consultation responses are being published alongside the amended Regulations and are available [on Welsh Government's consultation page](#).

5.2.3 Following the consultation, the CSA Working Group met to review responses. Additional changes to the regulations were then developed to take into account feedback received and inform Option 3 'Proposed Changes following Consultation' set out in Part 2 below.

5.2.4 To ascertain the regulatory impact of the proposed changes to the regulations, a questionnaire was issued to all Local Authorities in Wales to seek their views.

PART 2 – REGULATORY IMPACT ASSESSMENT

1 Options

- 1.1 In seeking to ensure the CSA is fit for purpose and less burdensome for Local Authorities, three options have been identified: Option 1: “Do nothing”, Option 2: “Formal consultation proposals”, and Option 3: “Proposed changes following consultation” have been developed.

Option 1: Do nothing

- 1.2 The option to “do nothing” would result in Local Authorities continuing with the CSA in its current format with no changes to Regulations or Statutory Guidance. This would involve undertaking:

- A CSA on a five yearly basis; and
- An annual progress report and action plan.

- 1.3 Based on a report undertaken by Arad Research and feedback from stakeholders, the current CSA process was identified as administratively burdensome and potentially lacking in strategic impact. Retaining the current process would therefore perpetuate existing issues which have been identified. These have been summarised in the following themes:

- **Planning Cycle & Process** – In their current format, the CSAs do not appear to fully serve their original purpose in identifying and guiding Local Authorities towards addressing any shortfalls in childcare provision in their area and the information quickly becomes out of date. The time, effort and resources required to produce CSAs means they are overly burdensome to Local Authorities.
- **Data Sources, Information Sources and Analysis** – Interpreting and analysing data in its current format is challenging and affects Local authorities’ ability to identify gaps in childcare sufficiency and inform local priorities to address any identified gaps. The data required to support the current regulatory requirements is challenging due to difficulties in accessing data sources, the level of data (Lower layer Super Output Areas (LSOA) / Ward), the format in which it is presented, data has a limited shelf life, or that the data isn’t available. There are particular challenges in capturing data to assess demand for childcare. In addition, it was felt that definitions were required around for example childcare services, accessibility, waiting lists, and wrap around care. Feedback from stakeholders also indicated that the surveys included in the current Statutory Guidance are too lengthy and should be more focussed to encourage response rates. Currently, the approach adopted in undertaking CSAs varies across Wales. The lack of consistent information makes it difficult to draw comparisons at a national level on what childcare provision looks like at an all-Wales level and also has implications in terms of ensuring

that national policies and programmes reflect the diverse needs for childcare in Wales.

- **Statutory Guidance** – Feedback from Local Authorities, found they questioned the purpose of the CSA, seeing it more as a requirement from Welsh Government than as a process that aids their work. Very few, if any, examples were offered by Local Authorities as to how the CSAs are used to inform or guide their childcare provision planning on an operational level. Welsh Government, through the Self Assessment of Service Statement (SASS) and a range of other information sources, already has access to childcare data. The current Statutory Guidance includes a range of questionnaires to capture information from stakeholders, for example parents and unregistered providers. Stakeholders found the parental questionnaire to be overly long, resulting in low response rates. There were mixed views on whether or not to capture unregistered childcare provision, with some Local Authorities finding it useful as it provides a better picture of the childcare landscape in their areas, whilst others did not think it was useful due to difficulties in capturing information on unregistered childcare provision. This will be explored further with the CSA Working Group with a view to applying flexibility within the Statutory Guidance to reflect the diverse nature of childcare provision across Wales.

1.4 This option does not address the issues identified in the review and is not recommended.

Option 2: Formal consultation proposals

1.5 This option was consulted on and sought to improve the CSA process, based on ARAD Research's findings, the pre-consultation event and discussions with the CSA Working Group and Data Sub Group, to ensure it is fit for purpose. As such, the following regulatory changes were proposed:

- **Planning Cycle & Process** – The consultation proposed that the CSA planning cycle remain the same but the proposed changes to the Regulations and Statutory Guidance would result in:
 - a shorter, more succinct CSA (consideration will be given to revising the CSA assessment template form included in the Statutory Guidance);
 - continuation of annual action plans and progress reports;
 - introduction of annual monitoring meetings with Welsh Government to keep up-to-date on changes in childcare sufficiency.
 - The consultation proposed that the five yearly planning cycle provides sufficient opportunity to strengthen links between CSAs and other assessment processes at both a local and national level.
 - The consultation proposed to change the submission date from 31 March to 30 June 2027 to coincide with the existing planning cycle

(which was amended to June due to the Covid-19 pandemic) and ensure continuity.

- **Data Sources, Information Sources and Analysis** – to address issues around availability and limitations, including processes applied, the consultation proposed that the revised draft Regulations take into account information from a broad range of sources, incorporating both qualitative and quantitative information. This approach would build on existing data systems, surveys, local knowledge and intelligence, and a range of information sources to provide a more robust assessment. In addition, it was proposed the Welsh Government work with Local Authorities to identify proxy measures (indirect indicators that can be used to assess a feature that is difficult to measure directly).

A more proportionate approach to consulting with stakeholders, based on local population demographics, was also proposed, alongside removing the requirement to assess certain data sets that are currently unavailable.

The consultation sought views on what information should be collected consistently, the local and national impact, and the level of data required, including clarity on definitions to ensure information captured in the CSA is consistent and comparable across Wales.

- **Statutory Guidance** – the consultation proposed to amend the Statutory Guidance to ensure the purpose of the CSA is made clear and that specific sections of the Statutory Guidance are reviewed to consider changes to the parental/provider questionnaires and provide further clarity in relation to what information should be captured on unregistered provision to inform the CSA.

1.6 Responses to the formal consultation indicated further changes to the CSA process are required in order to ensure they are fit for purpose. As such, this option is not recommended.

Option 3: Proposed Changes Following Consultation

1.7 This option is similar to Option 2 but seeks to address the feedback received following the formal consultation on the proposed changes and the questionnaire issued to Local Authorities. This option proposes the following:

- **Planning Cycle & Process:**

The majority of respondents to the consultation welcomed the proposed changes to the planning cycle and process, particularly the shift towards a shorter, more succinct CSA and supported the continuation of annual action plans and progress reports, along with the five yearly planning cycle.

A minority of respondents felt the five-year planning cycle was too long, potentially leading to missed opportunities to address new needs as they arise. However, as the majority preferred the five yearly cycle and the annual action plans and progress reports will give up-to-date information and help with the alignment of other planning cycles, such as the Welsh in Education Strategic Plans and Play Sufficiency Assessments, it is proposed that the five yearly cycle, annual action plans and progress reports should remain.

There were mixed views from respondents regarding the introduction of annual monitoring meetings with Welsh Government, with some valuing the opportunity for two-way dialogue, while others questioned their benefit and requested further clarification on their purpose, for example some highlighted the possibility of increased workloads due to the introduction of these meetings. It is however proposed that the annual monitoring meetings are introduced via statutory guidance in order to provide opportunities for reflection, scrutiny, and raising local or sector-wide issues, which were highlighted by respondents as being important factors in supporting them with the CSA process. The annual meetings will foster a continuous dialogue between Local Authorities and Welsh Government, ensuring Local Authorities are continuously supported throughout the five year planning cycle, which could lead to greater efficiencies and savings in the long-term. Further clarity will be provided in the Statutory Guidance on the role and remit of the annual monitoring meeting to ensure they are useful in informing future review and actions.

Respondents to the formal consultation and the questionnaire issued to Local Authorities indicated that it was difficult to assess at this stage whether the proposed changes would reduce costs and the administrative burden on Local Authorities until the revised Statutory Guidance and accompanying templates were available. Some respondents felt that some of the proposed changes (such as the introduction of annual monitoring meeting and extended consultation with stakeholders/groups) may increase the burden.

However, there was general support in adopting a more blended approach, to include proxy measures, local knowledge and information from a range of sources to help make the CSA process more meaningful and robust. Therefore, in Option 3 this blended approach will form a key part in informing the production of the CSA.

It is intended that the Statutory Guidance will provide further clarity on the expectations around the CSA requirements, with a view to making the process less burdensome for Local Authorities. As such, more flexibility will be applied in the Regulations in terms of how Local Authorities gather data and information including who they consult with to capture the intelligence they need to inform their CSA to ensure a more proportionate approach to stakeholder consultation, which is expected to reduce unnecessary workload and costs.

A few respondents suggested that the submission date should remain as 31 March to avoid any funding spanning two financial years. However, the majority of respondents welcomed the proposed change to the submission date from 31 March to 30 June to coincide with the existing planning cycle and ensure continuity. As such, the Regulations will be amended to 30 June.

Welsh Government will continue to work with Local Authorities to consider what information/ detail should be included in the CSA Statutory Guidance to ensure a more consistent and streamlined process and what support they would find useful in helping them to develop their CSA, building on the consultation responses.

- **Data Sources, Information Sources and Analysis**

Some respondents to the formal consultation were in favour of the proposed changes to data, welcoming the approaches aimed at reducing the time-consuming nature of data collation and analysis, while improving the relevance and enabling smarter use of data. However, some respondents felt there was still a considerable amount of data to be included in the CSA process and did not think this would reduce the administrative burden on Local Authorities. There were calls for support from Welsh Government, particularly in relation to cleansing and analysing data before providing it to Local Authorities.

There was general support for using reliable data sources, such as birth rates, health data, and school admissions, to forecast childcare demand more effectively, especially when accounting for changing populations, migration, and parental preferences. Respondents advocated for the use of both quantitative and qualitative data, including proxy measures, to better identify unmet needs and improve the inclusivity of services.

The approach to building on existing data systems, surveys, local knowledge and intelligence, and a range of information sources to provide a robust assessment was generally supported, as a means of providing a more meaningful and robust assessment and help simplify the process. The draft revised regulations will therefore remain unchanged and further clarity will be provided in the Statutory Guidance. The consultation identified that there were some regulatory requirements (such as information on places available for parents/carers using Working Tax Credit and the cost element of Universal Credit) for which data is difficult to obtain, making it challenging for Local Authorities to fully address all reporting requirements in the CSA. In this Option the draft revised regulations will be amended to remove such requirements.

Welsh Government will work with Local Authorities to identify data needs and forms of support potentially available, to include identifying relevant proxy measures (indirect indicators that can be used to assess a feature that is difficult to measure directly), clarify data categories and definitions, including the use of local intelligence and information from a

range of sources.

Consideration will also be given to potential tools and approaches to support Local Authorities in gathering data and information, building on the information currently available through Care Inspectorate Wales's Self Assessment of Service Statement (SASS), to include a review of existing templates, surveys and schedules included in the current Statutory Guidance, for example the parent/carer and childcare provider surveys., as well as the categorisation of childcare services captured against the childcare types and subtypes, as per the National Minimum Standards (NMS). A consultation on proposed changes to the National Minimum Standards ended on the 10 December 2025. Consideration will be given to adding practice examples of childcare sub types to support the definitions.

- **Statutory Guidance**

Respondents highlighted the need for the Statutory Guidance to clearly outline the purpose of the CSA and for clearer definitions, consistent terminology, and standardised templates. There was a consensus that the Statutory Guidance should include a clear glossary and advice on robust data collection methods, with stronger guidance on how to systematically gather and use information on protected characteristics, language needs, and community demographics.

Calls were made for more inclusive, accessible consultation methods and for guidance on engaging families, particularly those from under-represented or marginalised groups. Respondents emphasised that guidance should take into account rapidly changing communities, such as those linked to the armed forces, and those with additional requirements such as children with disabilities, additional needs including Additional Learning Needs.

As such, it is proposed that the Statutory Guidance is amended to ensure the purpose of the CSA is made clear and Welsh Government will work with Local Authorities to consider how the Statutory Guidance can be improved to include information such as: a glossary; what information should be captured on unregistered provision; clearer definitions/consistent terminology; standardised templates; guidance on considering the needs of children with disabilities or Additional Learning Needs; and how to take into account rapidly changing communities. In addition, consideration will be given to reviewing existing templates, schedules and questionnaires to ensure they are fit for purpose.

Welsh Government are also working with Diversity and Anti-Racist Professional Learning (DARPL) to develop guidance/toolkit to help Local Authorities with engaging under-represented groups which can help them when undertaking the CSA. It is unlikely this will be available in time for the publication of the revised Statutory Guidance and will be included at a later stage. In the interim, the Statutory Guidance will be

updated to provide initial advice on engagement (i.e. use of representative groups, community leaders, etc).

2 Costs and benefits

- 2.1 To assess the impact of proposed changes to the regulations, a questionnaire was issued to all Local Authorities in Wales. Nineteen of the twenty-two Local Authorities responded to this request for information. While it proved difficult to provide an exact cost against the potential impact of any proposed changes, the responses received provide a good overview of the potential savings, costs and benefits relevant to the options.
- 2.2 This section examines the costs and benefits associated with Option 2, referred to as the “Formal consultation proposals” in comparison to Option 1 which is the business-as-usual approach. Option 3 has been developed to address the issues identified in the formal consultation and the questionnaire that was issued to Local Authorities to help further reduce the costs involved in undertaking the CSA.
- 2.3 As the statutory duty is on Local Authorities to prepare CSAs, the associated resources and administrative burden falls primarily on them. Given this, the analysis of costs and benefits will focus on the impact on Local Authorities who would be most directly affected by any changes to the process.
- 2.4 It is important to recognise that the costs, time, and resources involved in undertaking the full CSA varies across Local Authorities. This variation is reflected in the wide range of figures reported, which may be attributed to several factors – including difference in the size and structure of Local Authorities, capacity across the different Local Authorities, as well as inconsistencies in how data is collected and reported under the current system.

Option 1: Do nothing

- 2.5 This option maintains the current policy position and as such, there are no additional costs or benefits to Local Authorities under this option.
- 2.6 Of those that responded to the questionnaire, ten Local Authorities (53%) undertake the CSA in-house, while six Local Authorities (32%) commission external providers (where includes staff costs to manage contracts and oversee the work), with two (11%) adopting a blended approach (a mix of some aspects of the CSA being undertaken in-house and other elements commissioned externally) and one (5%) did not respond as to which approach they used as outlined in table one below:

Table 1 – Local Authorities were asked to provide an overview of the approach to completing the full CSA in 2022 and whether they used external bodies to complete the assessment or whether this done in-house

Approach to completing CSA	Number of Local Authorities using this approach	Percentage of local authorities using this approach
In-house	10	53%
External Provider	6	32%
Blended	2	11%
No response	1	5%
Total	19	100%

Staff Numbers and Timescale

- 2.7 Regardless of approach, Local Authorities describe the process as laborious and expensive. As part of the questionnaire, Local Authorities were asked to provide a breakdown of staff hours. Some respondents reported this in weeks or months rather than in specific hours. As such, in order to estimate the total staff hours, we have converted all timeframes into full-time equivalent hours, based on a standard working week (37 hours). This approach allows for a consistent comparison across all submissions, regardless of how the information was provided. This has shown that it takes Local Authorities between 35 and 3,108 hours to complete the CSA.
- 2.8 The number of internal staff in Local Authorities involved in the CSA process ranged from the full CSA falling on one or two individuals, or in some cases up to eleven members of staff worked on aspects of the CSA over a period of time.
- 2.9 Local Authorities also described how undertaking the CSA in-house often required significant wider support from the Early Years team, beyond the lead officer. The Local Authorities who commissioned the work to external providers also reported that significant in-house support was required to oversee and manage the process. Several Local Authorities cited the £10,000 funding from Welsh Government as a key enabler for commissioning external support, helping to address internal capacity limitations and gaps in specialist expertise within the Early Years team.
- 2.10 The total time spent in undertaking the full CSA varied significantly between Local Authorities. Timescales also differed depending on how responsibilities were distributed among officers. For example, one Local Authority reported a lead officer dedicating an estimated total of 252 hours to the CSA, supported by other staff contributing varying amounts of time.

In many cases, lead officers worked exclusively on the CSA in the final stages leading up to submission as outlined in table two below:

Table 2 – Summary of total time spent by Local Authorities on completing the full CSA

Number of Staff and Breakdown of Staff hours		
Number of Internal Staff	Number of Local Authorities	Number of Staff Hours
In-house approach		
2	4	400 - 1,193
3	3	300 - 624
7	2	No response - 376
11	1	629
External provider approach		
1	1	387
2	2	35 - 176
5	2	535 - 888
7	1	100
Blended approach		
2	1	191
6	1	300
No response		
2	1	3,108

Costs

2.11 As part of the questionnaire, Local Authorities were asked to outline costs involved in producing the full CSA in 2022. Based on reported figures (excluding those who were unable to quantify staffing costs), the total cost for producing the full CSA in 2022 is estimated to range from £10,000 to £69,444 as shown in table three below:

Table 3- Estimated costs incurred by Local Authorities in producing the full CSA in 2022

Approach	Internal - Staffing Costs	Consultancy Fees	Other Costs (Printing, Translation, etc)	Total Costs of Full CSA in 2022
In-house	£9,593 - £35,983	N/A	£0 - £10,000	£10,000 - £41,273
External provider	£1,935 - £20,429	£9,990 - £19,500	£0 - £3,000	£10,089 - £38,749
Blended	£4,978 - £6,000	£6,570 - £10,000	£100 - £11,911	£12,670 - £26,889
No response	£54,000	£10,000	£5,444	£69,444

2.12 When broken down by the approach taken, Local Authorities who undertook the CSA in-house reported total costs ranging from £10,000 to

£41,273. For those that commissioned external providers (excluding those who were unable to quantify staffing costs), reported total costs for producing the CSA ranged from £16,185 to £38,749. For those that used a blended approach, total reported costs for producing the CSA ranged from £12,570 to £19,956. The one respondent who did not identify the approach taken reported the highest cost at £69,444.

- 2.13 Only one Local Authority reported printing costs at £310, as many opted for digital copies of the CSA. In contrast, translation costs varied significantly, ranging from £0 to £10,000 across the fourteen Local Authorities that provided figures for this element. This variation likely reflects differences in the size and complexity of the CSA documents produced by each Local Authority, as outlined in table four below:

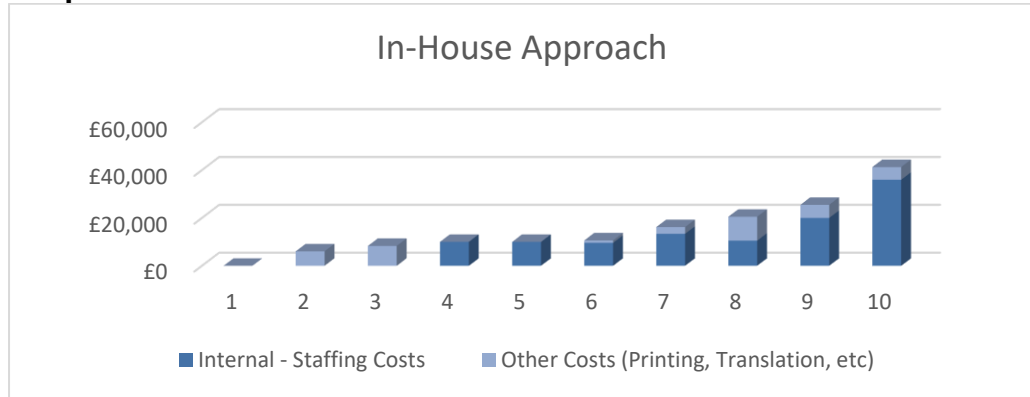
Table 4

Internal - Staffing Costs	Consultancy Fees	Other Costs (Printing, Translation, etc)	Total Costs of Full CSA in 2022
In-house approach			
Not able to quantify	N/A	Did not answer	Did not answer
Not able to quantify	N/A	£6,040	£6,040
Not able to quantify	N/A	£8,310	£8,310
£10,000	N/A	Did not answer	£10,000
£10,000	N/A	Did not answer	£10,000
£9,593	N/A	£1,022	£10,615
£13,390	N/A	£2,782	£16,172
£10,500	N/A	£10,000	£20,500
£20,000	N/A	£5,474	£25,474
£35,983	N/A	£5,290	£41,273
External provider approach			
Unable to quantify	£9,990	£99	£10,089
£1,935	£11,250	£3,000	£16,185
£9,705	£11,750	£2,778	£24,233
£5,000	£19,500	Did not answer	£24,500
£13,829	£14,000	£1,847	£29,676
£20,249	£18,500	£0	£38,749
Blended approach			
£6,000	£6,570	£100	£12,670
£4,978	£10,000	£11,911	£26,889
No response			
£54,000	£10,000	£5,444	£69,444

- 2.14 For Local Authorities that undertook the full CSA in-house, one respondent was unable to quantify the costs involved in undertaking the

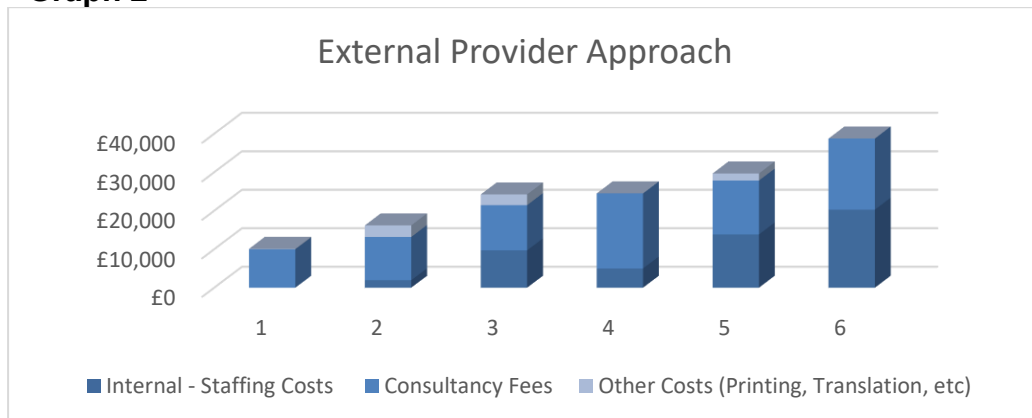
CSA and two were unable to quantify the staffing costs. For those who provided figures, the approximate total staffing costs, ranged from approximately £9,593 to £35,983. In addition, other costs (such as printing, translation, etc) ranged from between £0 and £10,000 as outlined in graph one below:

Graph 1



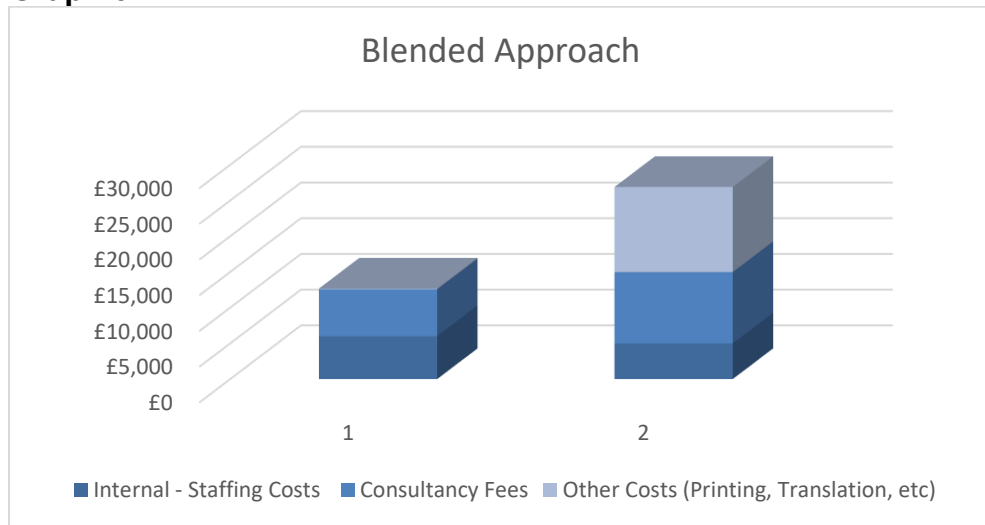
2.15 For the six Local Authorities that commissioned external providers, one Local Authority was unable to quantify the staffing costs involved in conducting the CSA, other respondents report internal staffing costs ranged from £1,935 to £20,249, consultancy fees ranged from £9,990 to £19,500 and other costs (such as printing, translation, etc) ranged from between £0 and £3,000 as outlined in graph two below:

Graph 2



2.16 For the two Local Authorities that adopted a blended approach, internal staffing costs ranged from £4,978 to £9,956, the consultancy fees ranged from £6,570 to £10,000. The other costs (such as printing, translation, etc) ranged from £100 to £11,911 as outlined in graph three below:

Graph 3



2.17 The one Local Authority who did not respond as to which approach they used reported the highest costs in conducting their CSA with £54,000 for staffing, £10,000 consultancy fees and £5,444 other costs (such as printing, translation, etc).

3 Summary

3.1 These figures indicate that in-house delivery and externally commissioned approaches to producing the CSA can vary significantly, with considerable overlap in the range of costs incurred with either approach. The reported figures indicate that the blended approach may be more cost effective but due to the small sample size, it is difficult to confirm this with certainty.

3.2 The value of internal contributions, particularly in terms of local knowledge and stakeholder engagement remains significant. This was echoed in responses from Local Authorities, who highlighted that such internal input enables more robust assessments and smarter use of resources. Therefore, the choice of approach appears to be driven by factors such as capacity and levels of expertise within the Local Authority to develop the CSA, rather than the cost involved for the different approaches.

Option 2: Formal Consultation Proposals

3.3 Compared with Option 1, the proposed changes to the CSA process that were formally consulted on were expected to result in long-term cost-savings for Local Authorities. By improving overall operational effectiveness through streamlining data collection and analysis and reducing duplication, the changes were expected to reduce the time, effort and resources required to produce the CSA. Ultimately, this more efficient

approach to administrative tasks was anticipated to deliver meaningful cost and resources benefits.

- 3.4 Any additional costs arising from the proposed changes to legislation and statutory guidance under Option 2 were expected to be minimal. Any additional costs would primarily relate to the need for Local Authorities to familiarise themselves with the revised regulations and guidance, a one-off cost incurred in the year of implementation. The extent of this cost would vary depending on each Local Authority's existing familiarity with the Regulations and Statutory Guidance and the scale of changes introduced.
- 3.5 Feedback from the consultation and the questionnaire issued to Local Authorities indicate that it is difficult for them to quantify what the cost savings are likely to be as a result of the proposed changes or that the changes are seen as cost neutral.
- 3.6 Respondents noted that translation, external consultancy, and staff time remain the largest costs, with some Local Authorities anticipating higher expenses due to increased fees and reduced staffing.
- 3.7 It was also noted that one-off costs may arise for staff training and system updates, while recurring costs are linked to annual reporting and stakeholder engagement.
- 3.8 Some respondents highlighted the possibility of increased workloads due to some of the regulatory requirements, for example the introduction of annual monitoring meetings and increased consultation with stakeholders (e.g., armed forces, ethnic minorities, employers, safeguarding boards).
- 3.9 A number of respondents highlighted that it was considerably time consuming to analyse raw data and called for a pre-analysed data to assist them in undertaking the CSA. Removing requirements to assess data sets that are unavailable or difficult to obtain, was highlighted as important in saving staff time.
- 3.10 Respondents strongly favour clearer, updated statutory guidance and consistent templates, for example CSA template, annual reporting and action plan templates, including more streamlined and relevant parental/provider questionnaires, to support more streamlined reporting and to reduce burden and reduce staff time in completing the CSA. There was a call for timely provision of guidance to allow adequate preparation.
- 3.11 As a result of the feedback from the consultation and the questionnaire, Option 3 has been developed to help address some of the issues and concerns raised.

Option 3: Proposed Changes following Consultation

- 3.12 While precise cost savings for Option 3 cannot be quantified at this stage, it is anticipated that by considering and acting upon feedback from the consultation and the questionnaire that was issued to Local Authorities, and the support Welsh Government will be providing to Local Authorities, should help make the CSA process more efficient and less burdensome than Option 1 or Option 2.
- 3.13 The regulations will be amended to take into account the consultation responses to ensure a more proportionate and streamlined approach and Welsh Government will work closely with Local Authorities to identify future data needs, review the Statutory Guidance, questionnaires, templates and schedules in order to reduce unnecessary workload for Local Authorities.
- 3.14 In addition to potential savings in staff time and resources for Local Authorities, Option 3 is expected to deliver significant benefits and improvements to the Childcare Sufficiency Assessment process – enhancing its overall relevance, effectiveness and robustness and supporting more effective service provision across the sector.
- 3.15 The changes proposed under this option, together with the work undertaken by the CSA Working Group and Data Subgroup to refine the content and Statutory Guidance will ensure the CSA provides a more robust and less time consuming process going forward.

4 Competition Assessment

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of firms?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No

The competition filter test	
Question	Answer yes or no
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

- 4.1 The competition filter suggests the Regulations pose a very low risk of detrimental effects on competition. The revised Regulations would improve the CSA process, supporting Local Authorities in effectively fulfilling their duty to assess the sufficiency of childcare provision within their area.

5 Post implementation review

- 5.1 Under the Regulations, Local Authorities will be required to provide a copy of their CSA to the Welsh Ministers, including providing a progress report and action plan submitted by Local Authorities on each anniversary of the publication of the assessment. Welsh Government will review these documents to monitor the effectiveness of the Regulations and Statutory Guidance.
- 5.2 To support the implementation of the Regulations the Welsh Government will also work with the CSA Working Group and Data Sub-Group to develop guidance as a means of providing further clarity and ensuring the process is fit for purpose.
- 5.3 The introduction of annual monitoring meetings between Local Authorities and the Welsh Government will also provide an opportunity to gather ongoing feedback on the implementation of the Regulations and Statutory Guidance.