

# Arrangements for Commissioning Services – Pembrokeshire County Council

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This document has been prepared as part of work performed in accordance with statutory functions.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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# Summary report

## Why we did this audit

### Our audit duties

- 1 We are carrying out this audit under the duties contained within:
  - section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) to help enable the Auditor General to be satisfied (or not) that the Council has put in place proper arrangements to secure value for money in the use of its resources; and
  - section 15 of the Well-being of Future Generations (Wales) Act 2015 to help enable the Auditor General to assess the extent to which the Council is acting in accordance with the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This audit may also inform a study for improving value for money under section 41 of the 2004 Act.

### Our objectives for this audit

- 3 Our objectives for this audit are to:
  - provide assurance that councils have proper arrangements for commissioning services to secure value for money in the use of resources;
  - provide assurance that councils are acting in accordance with the sustainable development principle in commissioning services; and
  - explain how councils approach the commissioning of services and inspire and empower councils and other public sector bodies by identifying and sharing examples of notable practice/approaches where relevant.
- 4 We are undertaking this audit at each of the 22 principal councils in Wales.

## Why commissioning is important

- 5 Commissioning is the process by which the Council designs services it intends to deliver. It starts with defining the service and the desired outputs and outcomes and ends when the Council organises its method of delivery. For example, by establishing a delivery team internally, or through procuring an external supplier.
- 6 Commissioning arrangements can help to ensure services are delivered economically, efficiently, and effectively. Conversely, weaknesses in commissioning arrangements can reduce both the impact and value for money of services, even if the processes which follow, such as procurement and contract management are robust.



## What we looked at and what does good look like<sup>1</sup>

- 7 We reviewed the Council's arrangements for commissioning services and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources.
- 8 This audit did not cover procurement arrangements or the Council's contract management arrangements.
- 9 The audit sought to answer the overall question: **In commissioning services does the Council put in place proper arrangements to secure value for money in the use of its resources?**
- 10 We used the audit criteria set out in **Appendix 1**, which also shows how the criteria relate to the audit questions. This has been informed by our cumulative knowledge as well as the question hierarchy and positive indicators we have developed to support our Sustainable Development Principle examinations.



## Our audit methods and when we undertook the audit

- 11 Our findings are based on document reviews, and interviews with the senior officer(s) responsible for the development of the Council's strategic approach to commissioning. We also interviewed senior officers with responsibility for services that the Council has commissioned externally.
- 12 Given the wide range of council services, we undertook sample testing of the arrangements the Council has put in place to commission services. To do this we selected several services where the Council has taken the decision to commission services externally and examined the commissioning arrangements the Council has put in place. The sample of service areas we reviewed in the Council were:
  - Housing support for victims of violence against women, domestic abuse and sexual violence (VAWDASV) – Social Services, Housing and Public Protection Directorate
  - Leadership Matters resource – Education Directorate
  - NEC Revenues and Benefits module – Social Services, Housing and Public Protection Directorate

<sup>1</sup> Defined as 'what should be' according to laws or regulations, 'what is expected' according to best practice, or 'what could be', given better conditions.

- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work during November to December 2024.
- 14 We are undertaking this work at each of the 22 principal councils in Wales and, as well as reporting locally to each council, we also intend to produce a national report.



## What we found

- 15 Overall, we found that the Council does not have arrangements in place to consistently ensure that value for money is being secured when commissioning services. We set out below why we reached this conclusion.
- 16 The Council demonstrated a clear rationale for commissioning services. For example, the Council's VAWDASV provision supports the Council's Housing Support Strategy (2022-26) which in turn supports the delivery of statutory duties and legislation. Officers we interviewed also clearly articulated how the Leadership Matters resource was linked into addressing recommendations following Estyn inspections and formed part of the Council's schools improvement plan.
- 17 However, the Council does not have arrangements in place to ensure that a range of options are considered when commissioning services. We found inconsistencies in how different commissioning options are considered. For example, whilst a range of configurations were considered for the VAWDASV service, no alternative options were considered when commissioning the Leadership Matters resource. This contract was originally procured under exemption in 2020 but the decision was not documented. As such, it is not clear whether the Council complied with its own contract procedure rules in this instance. Without a clear and documented understanding of why services are being commissioned, what they are intended to achieve, and the different options available, the Council cannot demonstrate it is securing value for money.
- 18 The Council does not always consider what long term means in planning its approach to commissioning. Whilst the Council demonstrated the links between the commissioned service and the relevant strategy underpinning the activity, we found little evidence of the whole life costs of contracts being considered when commissioning. Considering both the long and short-term implications of commissioning decisions reduces the risk of not achieving value for money over the longer term.
- 19 The Council sets out the monitoring arrangements it will follow for its commissioned services. There was also evidence of ongoing evaluation and monitoring of contracts across the services reviewed. For example, within social services a formal monitoring schedule with the provider set out the requirements to monitor, evaluate and review. Similarly, the Leadership Matters resource was key in implementing the Council's School Improvement Medium Term Service Plan, which is subject to ongoing monitoring.

- 20 However, the Council does not have arrangements to ensure that the wider impacts of its commissioning decisions are always considered. Whilst the Council's tender record form prompts contract managers to document whether consideration has been given to the Well-being of Future Generations Act, it does not demonstrate how the Council's well-being objectives, those of partners, and the national well-being goals have informed the commissioning decision. Furthermore, this only takes place once the preferred option has been chosen and the service is out to tender. The form is also only required to be completed for exercises over £25,000. Similarly, the Sustainable Risk Assessment (SRA) recently introduced by the Council as part of its new Contract Procedure Rules is focused on procurement and does not ensure that the wider impacts of its commissioning decisions are always considered. Considering the wider implications of commissioning decisions can help the Council avoid duplication and identify multiple benefits that secure improved outcomes and value for money.
- 21 The Council does not have arrangements to ensure that it is collaborating with the right people and partners to design and deliver its commissioned services. In the services we reviewed, the Council had engaged with stakeholders to understand the requirements of users when commissioning services. For example, the housing service had used feedback from customer satisfaction surveys to gather views on the key priorities of users to help guide the further roll-out of online modules. However, there is inconsistency in approach to stakeholder analysis and engagement when considering commissioning options. Collaborating with the right people and partners can help the Council ensure that it commissions services that meet the needs of its communities, and that those services are delivered in a way that maximise value for money.
- 22 The Council does not have arrangements in place to consistently evaluate the value for money of its approach to commissioning. Whilst at a service level there was evidence of contract managers reviewing the effectiveness of their approach to commissioning, there is no arrangement to prompt this to happen consistently across all services.
- 23 We also found little evidence of the Council routinely sharing lessons learnt across the organisation or with partners. Whilst there was evidence within social services of commissioning practices being reviewed, the sharing of lessons learnt was limited to the service area and there was no evidence of this taking place routinely across the Council. Evaluating the cost and effectiveness of commissioning arrangements is important to help identify areas for improvement, and share learning, and therefore to secure value for money.



## Our recommendations for the Council

### Exhibit 1: our recommendations for the Council

#### Recommendations

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R1 To enable the Council to assess and report on value for money of commissioned services, it should establish a systematic approach to options appraisal to support decision making on commissioned services. The rationale for commissioning decisions should be:

- fully documented;
  - informed by consideration of both short and long-term factors;
  - informed by the views of those who would be affected by the commissioned service; and
  - risk assessed including considering the full costs and benefits of each option.
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R2 The Council does not routinely evaluate commissioning processes and share the lessons learnt. To address this, the Council should establish arrangements to:

- systematically evaluate the value for money of its approach to commissioning services; and
- share lessons learnt from evaluating its commissioning approach across departments and with external partners where relevant.

# Appendix 1

## Audit questions and criteria

**Overall question:** In commissioning services does the Council put in place proper arrangements to secure value for money in the use of its resources?

| Level 2 questions   | Level 3 questions  | Criteria   |
|---|--|--|
| Does the Council have a clear rationale for commissioning services? | Does the Council clearly define the services it intends to commission and why?   | <ul style="list-style-type: none"> <li>• The Council sets out a clear definition of the services it intends to commission</li> <li>• The Council sets out 'why' it needs to commission the services including:               <ul style="list-style-type: none"> <li>– the intended outcomes/impact of delivering the service</li> <li>– if/how the service helps the Council meet its statutory duties</li> </ul> </li> </ul>  |
|   | Does the Council conduct a comprehensive options appraisal of commissioning options before deciding to commission a service? | <ul style="list-style-type: none"> <li>• The Council considers the full range of commissioning options for providing the service – options might include, for example:               <ul style="list-style-type: none"> <li>– in-house provision</li> <li>– partnership arrangements or approaches to commissioning within and across sectors</li> <li>– externalising the service to another provider through a trust or other arrangement</li> <li>– contracting the service through a tender process</li> </ul> </li> <li>• The Council considers the cost-benefits of the options from the perspective of economy, efficiency and effectiveness – including over the short, medium and long term</li> <li>• The Council includes the costs of contract management within its assessment of commissioning options</li> <li>• The Council includes an assessment of risk for each commissioning option as part of the assessment of cost-benefits</li> <li>• The Council uses a broad range of information from internal and external sources to develop an understanding of the current and long-term factors that are likely to impact on commissioned services</li> </ul> |
| Is the Council planning over an appropriate timescale?              | Does the Council consider what long-term means when commissioning services?  | <ul style="list-style-type: none"> <li>• The Council considers what long term means in planning its approach to</li> </ul>   |

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|--|---|---|
|  |   | <p>commissioning services – ie how far ahead it can/should plan and why</p> <ul style="list-style-type: none"> <li>• The Council considers how it will balance short and long-term needs when planning the commissioning of services including, for example when determining the timeframe for contracts or other commissioning arrangements</li> </ul>   |
|  | Does the Council understand long-term resource implications when commissioning services?  | <ul style="list-style-type: none"> <li>• The Council thinks about the resources it will need over the medium and longer term (whole life costs) to deliver commissioned services</li> <li>• The Council considers how a range of future budget reduction scenarios could be implemented to commissioned services</li> </ul>   |
|  | Does the Council set out how it will monitor the value for money of commissioned services over the short, medium and long term?                               | <ul style="list-style-type: none"> <li>• The Council sets out the monitoring arrangements it will follow for the commissioned service</li> <li>• The Council should set out how value for money of commissioned services will be assessed and monitored including: <ul style="list-style-type: none"> <li>– costs and benefits</li> <li>– progress towards short, medium and longer-term milestones and measures</li> </ul> </li> </ul> |
| Has the Council thought about the wider impacts its commissioned service could have? | In commissioning services, does the Council consider how it can maximise their contribution to the Council's well-being objectives?                           | <ul style="list-style-type: none"> <li>• The Council considers how commissioned services will impact on all of its own well-being objectives to secure multiple benefits, avoid duplication or any unintended consequences. Eg consideration of longer-term objectives, local supply chain, market resilience and impact of contract length of time, bio-diversity, carbon reduction</li> </ul>   |
|  | In commissioning services, does the Council consider how services can maximise their contribution to the well-being objectives of other public sector bodies? | <ul style="list-style-type: none"> <li>• The Council considers how commissioned services will impact on the well-being objectives of other public sector bodies to secure multiple benefits and avoid duplication or any unintended consequences</li> </ul>   |
|  | In commissioning services, does the Council consider how services can maximise their contribution to the National Well-being Goals?                           | <ul style="list-style-type: none"> <li>• The Council considers how commissioned services will impact on the national well-being goals to secure multiple benefits and avoid duplication or any unintended consequences</li> </ul>   |
| Is the Council working with the right people and partners                            | Has the Council identified who it needs to involve?   | <ul style="list-style-type: none"> <li>• The Council understands who will be directly and indirectly affected by commissioned services. This has been</li> </ul>  |

|   |  |  |
|---|--|--|
| to design and deliver its commissioned services?  |  | informed by a stakeholder analysis or similar.   |
|   | Is the Council involving the full diversity of people?   | <ul style="list-style-type: none"> <li>• The Council involves the full diversity of views in deciding how to commission services.</li> <li>• The Council uses the results of involvement activity to inform how it will commission services, including its impact on groups who share protected characteristics</li> </ul>   |
|   | Is the Council collaborating with the right partners?  | <ul style="list-style-type: none"> <li>• The Council has a good understanding of which partners and potential partners it could work with to commission services to improve value for money. This has been informed by comprehensive analysis of potential partners and their priorities</li> <li>• Where opportunities to improve value for money by commissioning of services in partnership are identified, the Council pursues them</li> </ul> |
| Does the Council have arrangements in place to evaluate the value for money of its approach to commissioning? | Does the Council routinely evaluate the effectiveness of commissioning arrangements?           | <ul style="list-style-type: none"> <li>• The Council regularly reviews the effectiveness of its approach to commissioning including: <ul style="list-style-type: none"> <li>– the extent to which commissioned services meet the objectives the Council has set</li> <li>– the value for money of chosen commissioning models including consideration of inputs, outputs and outcomes</li> </ul> </li> </ul>                                       |
|   | Does the Council routinely share any lessons learned to inform future commissioning exercises? | <ul style="list-style-type: none"> <li>• The Council shares and applies any lessons learned from its approach to commissioning widely across the organisation, and with partners where relevant.</li> </ul>  |



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