

Arrangements for commissioning services – Vale of Glamorgan County Council

Audit year: 2023-24

Date issued: February 2025

Document reference: 4853A2025

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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 conducting 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:
 - 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.

Why commissioning is important

- 4 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.
- 5 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 like¹

- 6 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.
- 7 This audit did not cover procurement arrangements or the Council's contract management arrangements.
- 8 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?**
- 9 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

- 10 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.
- 11 Given the wide range of council services, we undertook sample testing of the Council's arrangements for commissioning 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:
 - Ty Catwg complex needs hostel;
 - violence against Women, Domestic Abuse and Sexual Violence; and
 - we also received specific evidence from other service areas such as an options appraisal and a service area commissioning strategy.
- 12 The evidence we have used to inform our findings is limited to these sources. We undertook this work during August 2024.

¹ 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 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

- 14 The Council can provide examples where in commissioning services it has arrangements in place to secure value for money and apply the sustainable development principle. But it cannot demonstrate that similar arrangements exist across all service areas. Without that assurance, there is a risk that the Council is not consistently securing value for money through its commissioned services. We set out below why we reached this conclusion.

The Council's commissioning arrangements

- 15 All services, irrespective of their delivery mechanism, are commissioned. The Council has chosen not to implement a Council-wide approach to commissioning. Instead, it expects each service area to organise appropriate commissioning arrangements.

Rationale for commissioning services

- 16 Based on the two services we reviewed, the Council clearly explains what services it wants to commission and why. But it does not have arrangements in place to ensure this happens consistently across the organisation. Having a clear understanding of why services are being commissioned, what they are intended to achieve, and the different options available are important elements of arrangements to secure value for money.
- 17 For example, in Housing Support Grant funded services and social services commissioning documents, the Council uses a detailed service specification. This defines the service being commissioned and the need for it. However, the Council did not provide evidence of similar arrangements across the organisation as a whole.
- 18 The Council provided evidence of an options appraisal it undertook for the Direct Payments service, including an external provider option. However, the Council did not conduct a similar exercise for the other services we looked at. Furthermore, it does not have arrangements to ensure that it conducts comprehensive options appraisals consistently across the organisation. This means that the Council is not always considering all options to ensure it secures the best value for money.
- 19 The Council has a Procurement Policy and Strategy 2022-23 to 2026-27. However, this does not set out how service areas should decide whether to commission a service before entering the procurement process. We found examples of service level commissioning strategies, such as for adults with learning disabilities and

placements for children who are looked after. But the Council has not defined a consistent commissioning approach for the whole organisation. This increases the risk that the Council commissions services that do not represent good value for money.

Planning over an appropriate timescale

- 20 For the services we reviewed, the Council was planning over an appropriate timescale and there was a clear rationale for the length of contracts employed. For example, contract lengths and contract review periods take account of the relevant grant funding cycle. In the Housing Support Grant Delivery Plan Update 2022-2025, the Council has set out different options depending on various future levels of grant funding received. This demonstrates that it is planning ahead for a range of possible scenarios. The services we reviewed had well-established processes for monitoring service delivery over the contract period.
- 21 The Council does not have organisational-wide arrangements in place to consistently consider:
- whether the initial decision to commission the service represents good value for money; and
 - a formal requirement to consider value for money as part of the contract monitoring.
- 22 Therefore, it cannot be assured that its commissioning approach is consistently delivering value for money for all its services in the short, medium and long term.

Wider impact

- 23 The Council does not always consider the wider impact of its commissioned services. Those decisions that require Cabinet level approvals must show how they relate to the Council's well-being objectives, through use of the relevant report template.
- 24 However, the Council did not provide any evidence that it considers how its commissioned services relate to other organisations or the national well-being goals. By not doing this, the Council might be missing opportunities to minimise duplication, secure multiple benefits or improve outcomes and value for money.

Working with others

- 25 We found some evidence that the Council involves partners and service users when commissioning services. For example, the Council commissioned the VAWDASV² project in partnership with the Police and Crime Commissioner's

² Violence Against Women, Domestic Abuse and Sexual Violence.

Office. Some service areas also involved service users when designing commissioned services.

- 26 However, the Council does not have corporate arrangements to ensure that those affected by a service participate in its commissioning across all service areas. By not having arrangements to consistently involve the right people, the Council increases the risk that it commissions services that do not meet people's needs and therefore do not represent value for money.

Evaluating its own approach

- 27 The Council has limited arrangements in place to assess the value for money of its commissioned services. In the services we looked at, we saw arrangements to assess and monitor if those services meet their objectives and provide value for money. However, the Council does not have arrangements to routinely and consistently evaluate the effectiveness of its commissioning arrangements across the organisation.
- 28 In addition, the Council does not have a consistent way to share lessons learned from commissioning activity across the organisation. This is important because some service areas are less experienced at commissioning than others. Evaluating the cost and effectiveness of commissioning arrangements could identify improvements and ways to secure value for money. By not sharing information across the organisation, the Council increases the risk that lessons are not learned and value for money is not secured.



Our recommendations for the Council

Recommendations

- R1 To enable the Council to assess and report on value for money of commissioned services, it should ensure that:
- 1.1 comprehensive options appraisals are routinely undertaken when commissioning services and these include each option's full costs and benefits; (**paragraph 18**)
 - 1.2 commissioning decisions:
 - are supported by appropriate records;
 - consider short, medium and long-term factors;
 - are informed by the views of those impacted by the commissioned service; and
 - include an assessment of risk (**paragraphs 20 to 26**).

Recommendations

1.3. contract monitoring routinely assesses and monitors value for money (**paragraph 21**).

R2 To avoid duplication and identify opportunities to secure multiple benefits, the council should take account of its own well-being objectives, partners' well-being objectives and the national well-being goals when commissioning services (**paragraph 23**).

R3 To ensure that the Council identifies opportunities to improve value for money and outcomes it should:

- 3.1 routinely and consistently evaluate the effectiveness of its commissioning arrangements across the organisation (**paragraph 26**);
and
- 3.2 share learning from commissioning activity across the Council (**paragraph 28**).

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"> • The Council sets out a clear definition of the services it intends to commission • The Council sets out 'why' it needs to commission the services including: <ul style="list-style-type: none"> – the intended outcomes/impact of delivering the service – if/how the service helps the Council meet its statutory duties
	Does the Council conduct a comprehensive options appraisal of commissioning options before deciding to commission a service?	<ul style="list-style-type: none"> • The Council considers the full range of commissioning options for providing the service – options might include, for example: <ul style="list-style-type: none"> – in-house provision – partnership arrangements or approaches to commissioning within and across sectors – externalising the service to another provider through a trust or other arrangement – contracting the service through a tender process • 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 • The Council includes the costs of contract management within its assessment of commissioning options • The Council includes an assessment of risk for each commissioning option as part of the assessment of cost-benefits • 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

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"> • The Council considers what long term means in planning its approach to commissioning services – ie how far ahead it can/should plan and why • 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
	Does the Council understand long-term resource implications when commissioning services?	<ul style="list-style-type: none"> • The Council thinks about the resources it will need over the medium and longer term (whole life costs) to deliver commissioned services • The Council considers how a range of future budget reduction scenarios could be implemented to commissioned services
	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"> • The Council sets out the monitoring arrangements it will follow for the commissioned service • The Council should set out how value for money of commissioned services will be assessed and monitored including: <ul style="list-style-type: none"> – costs and benefits – progress towards short, medium and longer-term milestones and measures
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"> • 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
	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"> • 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
	In commissioning services, does the Council consider how services can maximise	<ul style="list-style-type: none"> • 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

	their contribution to the National Well-being Goals?	
Is the Council working with the right people and partners to design and deliver its commissioned services?	Has the Council identified who it needs to involve?	<ul style="list-style-type: none"> The Council understands who will be directly and indirectly affected by commissioned services. This has been informed by a stakeholder analysis or similar.
	Is the Council involving the full diversity of people?	<ul style="list-style-type: none"> The Council involves the full diversity of views in deciding how to commission services. The Council uses the results of involvement activity to inform how it will commission services, including its impact on groups who share protected characteristics
	Is the Council collaborating with the right partners?	<ul style="list-style-type: none"> 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 Where opportunities to improve value for money by commissioning of services in partnership are identified, the Council pursues them
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"> The Council regularly reviews the effectiveness of its approach to commissioning including: <ul style="list-style-type: none"> the extent to which commissioned services meet the objectives the Council has set the value for money of chosen commissioning models including consideration of inputs, outputs and outcomes
	Does the Council routinely share any lessons learned to inform future commissioning exercises?	<ul style="list-style-type: none"> The Council shares and applies any lessons learned from its approach to commissioning widely across the organisation, and with partners where relevant.



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