

Arrangements for commissioning services – City and County of Swansea

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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 like¹

- 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:
 - Cultural and Leisure Services; and
 - Home to school transport taxi service.
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work between November and 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.

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.



What we found

- 15 Overall, we found that **the Council's commissioning arrangements do have most of the elements to assure itself that it secures value for money when commissioning services, although there are opportunities to further strengthen these arrangements.** We set out below why we reached this conclusion.
- 16 The Council's corporate approach to commissioning is a set of principles and a review process. These arrangements were last reviewed by the Council in February 2015 and have not been supported with recent training for staff or elected members.
- 17 The Council's corporate commissioning arrangements prompt service areas to consider why a service is needed. The two service areas we looked at could define and explain the need for their commissioned services, together with the intended outcomes of those services. Ensuring a clear understanding of the service to be commissioned and the outcomes it is intended to deliver is important to commissioning services that provide value for money.
- 18 The Council's corporate commissioning arrangements prompt service areas to set out how value for money of those services will be assessed and monitored through gathering data on finance and performance. Both services we examined report comprehensive performance information every three months. These include information on finance, the number of people using the services and the quality of service provision. This regular information is important to enabling the Council to assure itself that it is consistently securing value for money.
- 19 The Council's commissioning arrangements require service areas to undertake a comprehensive options appraisal before choosing a service delivery mechanism. The service areas we looked at had considered a range of options for service delivery and included the cost-benefits of those options from the perspective of economy, efficiency and effectiveness. This is particularly important at a time when the Council is experiencing significant financial challenges² having identified a budget gap of £53.5million over 2025-26 to 2027-28.
- 20 The service areas we examined had considered the most appropriate planning timeframe for the service and how they intended to balance long and short-term considerations. These considerations included ensuring stability to service providers or delivering longer-term objectives that can be achieved beyond short-term grant funding cycles. However, the corporate commissioning arrangements do not require service areas to consider both longer-term planning and balancing with short-term needs. This puts the Council at risk of not always planning to

² Audit Wales, [Financial Sustainability Review of City and County of Swansea Council](#), September 2024

balance short-term needs that then compromise securing value for money in the longer term.

- 21 A key principle that underpins the Council's approach to commissioning is to reduce future spending and achieve efficiency savings on current provision. The Council's commissioning arrangements prompt service areas to detail the resources needed over the medium and longer term (whole life costs) to deliver commissioned services. Although, the service areas we looked at had not completed the financial modelling of options before the decision had been made to procure services and did not inform the decision on commissioning options. Neither of the services we examined had considered the costs of managing external contracts to inform the choice of commissioning option. Considering both the long and short-term financial implications to inform commissioning decisions and the additional costs of contract management reduces the risk of not achieving value for money over the longer term.
- 22 The Council's commissioning arrangements prompt service areas to consider its own well-being objectives and the national well-being goals, but not the wellbeing objectives of other public sector bodies. The service areas we looked at were able to demonstrate how they contribute to the well-being objectives of the Council but could not demonstrate consideration of the national well-being goals. By not taking into account the wider implications of commissioning decisions, the Council risks duplication or missing opportunities to secure multiple benefits.
- 23 The Council's corporate commissioning arrangements prompt service areas to understand who will be directly and indirectly affected by commissioned services and incorporate their views into the design of service delivery. However, the services we examined had not always undertaken a stakeholder analysis and subsequent engagement with stakeholders and service users to help shape the design of commissioned services. The Council's Integrated Impact Assessment process requires service areas to consider who will be affected by a change in service delivery but does not require services to understand their needs. By not consistently involving the full diversity of those affected by commissioning decisions, the Council risks commissioning services that do not meet the needs of service users and therefore not securing value for money.
- 24 The Council's commissioning arrangements prompt service areas to consider the full range of potential partners it could work with as part of its commissioning arrangements. One of the two services we examined could demonstrate an analysis of potential partners it could work with as part of its selection of commissioning options. By not always considering all options for collaborative working, the Council risks missing opportunities to improve value for money through, for example, sharing resources or expertise.
- 25 The Council does have a corporate arrangement for commissioning, but this was last reviewed in 2015. Frequent review of the effectiveness of corporate arrangements is vital to ensuring that new and changing statutory duties are included, identifying opportunities for improvement and enhancing value for money.

- 26 The Council does not routinely share lessons learned from its commissioning activity across the organisation or with partners. Sharing lessons learned across the organisation is important, because, whilst some service areas undertake lots of external commissioning, other service areas of the Council are less experienced in this area.



Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 Strengthen commissioning arrangements

The Council should strengthen its arrangements to assure itself that its decisions for commissioning services are consistently shaped by:

- planning over an appropriate timescale (**Para 20**);
- ensuring that wider impacts of commissioned services are identified and maximised (**Para 22**); and
- share learning across the organisation (**Para 26**).

R2 Ensure compliance with its commissioning arrangements

To ensure that the Council's corporate approach to commissioning is implemented, the Council should introduce arrangements to monitor compliance with it. (**Paras 23 and 24**)

R3 Introduce a regular review of the Council's commissioning arrangements

To ensure the Council identifies opportunities to improve value for money it should routinely evaluate the effectiveness of its corporate commissioning arrangements. (**Para 25**)

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?	• 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: – 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?	• The Council considers the full range of commissioning options for providing the service – options might include for example: – 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; and – 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?	• 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?	• 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?	• 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: – costs and benefits; and – 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?	• 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?	• 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 their contribution to the National Well-being Goals?	• 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
Is the Council working with the right people and partners	Has the Council identified who it needs to involve?	• The Council understands who will be directly and indirectly affected by commissioned services. This has been

to design and deliver its commissioned services?		informed by a stakeholder analysis or similar.
	Is the Council involving the full diversity of people?	• 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?	• 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?	• The Council regularly reviews the effectiveness of its approach to commissioning including: – 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?	• The Council shares and applies any lessons learned from its approach to commissioning widely across the organisation, and with partners where relevant.



Audit Wales

1 Capital Quarter

Cardiff CF10 4BZ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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