

Arrangements for Commissioning Services – Neath Port Talbot Council

Audit year: 2023-24

Date issued: February 2025

Document reference: 4731A2025

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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:
 - 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 commissioned services we reviewed in the Council were:
 - Framework for sourcing agency workers
 - Social services information management system
 - Management of Household Waste and Recycling Centres
- 13 The evidence we have used to inform our findings is limited to the sources outlined above. Our findings are focused on the Council's overall strategic approach to

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.

commissioning services. We undertook this work during September to October 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 clear arrangements in place to consistently secure value for money when commissioning services but is strengthening its approach.** We set out below why we reached this conclusion.
- 16 The Council has a clear rationale for the services it commissions but does not always conduct a comprehensive appraisal of commissioning options. For example, of the three services we reviewed, only one was able to demonstrate that a comprehensive options analysis was undertaken. In this instance, the Council drew on external expertise to support its assessment of options and undertook user engagement, risk analysis and an assessment of implementation costs. Of the other two services we looked at, one did not consider options and the other considered limited options through informal discussions between officers. This means that, at the time of our review, the Council did not have corporate arrangements in place to ensure that departments consistently consider a range of options when commissioning services.
- 17 However, the Council is strengthening its arrangements to prompt departments to consider a range of options when services are being commissioned. For example, its recently updated tender strategy document prompts departments to consider alternative options, alternative procurement routes and opportunities to collaborate with other bodies. 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.
- 18 The Council plans over appropriate timescales when commissioning services but does not always consider how value for money will be secured in the long term. For example, officers articulated how the Council considers the length of contracts and the balance between stability and flexibility when commissioning services. However, in the services we reviewed, the Council had not clearly assessed the impact of future budget scenarios on the commissioned services. Assessing commissioning options against future budget scenarios is important to understand whether the chosen option will secure value for money in the long term. This is particularly important in the context of the Council's financial position, with a budget gap of circa £39 million identified over the medium term².

² [Neath Port Talbot Council – Financial Sustainability Review | Audit Wales](#)

- 19 The Council does not always fully consider the wider impacts of its commissioning activity. The Council relies on its impact assessment arrangements to support services in considering wider impacts, including its well-being objectives and those of other public sector bodies, the national well-being goals and impacts on people with protected characteristics. However, in line with the Council's two-stage impact assessment process, full impact assessments are not required for every commissioning decision, and this was the case in two of the three services we reviewed. As the Council does not have other arrangements in place to prompt services to consider the wider impacts of their commissioning decisions, the Council risks missing opportunities to avoid duplication, identify multiple benefits and secure value for money.
- 20 The Council generally works with the right people and partners to design and deliver its commissioned services. We found evidence of the Council involving people and considering collaboration with partners when commissioning services. For example, one of the services we reviewed had undertaken an in-depth engagement exercise to understand user requirements. Another service had explored collaborative options with neighbouring authorities. Working 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 maximises value for money.
- 21 The Council does not consider how it will monitor value for money when commissioning services. Whilst all three services we reviewed had identified outcomes and had contract monitoring arrangements in place, the Council had not clearly defined how value for money would be monitored over the long term. For example, we did not see evidence of corporate arrangements that prompted services to set out how they will assess whether the approach chosen continues to be the most effective use of resources. This makes it difficult for the Council to gain assurance that value for money has been secured through its commissioned services. The Council is developing its arrangements to secure and evaluate the value for money of its approach to commissioning services through its Procurement Strategy 2024-2028, however these arrangements were not in place at the time of our review.
- 22 The Council does not always evaluate the overall value for money of its commissioning arrangements. None of the services we reviewed had been prompted to formally capture lessons learned from commissioning activity. This reduces the Council's ability to learn from commissioning experiences, to understand the environment in which services have made commissioning decisions and to assure itself that decisions have been made appropriately. Evaluating the cost and effectiveness of commissioning arrangements is important to help identify areas for improvement, to share learning internally and with partners and to secure value for money.



Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 To strengthen its arrangements to secure value for money when commissioning services, the Council should:

- 1.1 put in place arrangements to ensure that options appraisals are consistently undertaken as part of commissioning decisions, and;
 - 1.2 put in place arrangements to ensure wider impacts, including opportunities to achieve multiple benefits and reduce duplication, are consistently considered for all commissioned services.
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R2 To help the Council demonstrate whether commissioned services have secured value for money, the Council should:

- 2.1 put in place arrangements to evaluate the value for money of all commissioned services, including capturing lessons learned, and;
- 2.2 monitor the extent to which commissioning arrangements are complied with.

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; 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?	<ul style="list-style-type: none"> • The Council considers what long term means in planning its approach to

		<p>commissioning services – ie how far ahead it can/should plan and why.</p> <ul style="list-style-type: none"> • 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; 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?	<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 their contribution to the National Well-being Goals?	<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
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"> • The Council understands who will be directly and indirectly affected by commissioned services. This has been

to design and deliver its commissioned services?	Is the Council involving the full diversity of people?	informed by a stakeholder analysis or similar.
	Is the Council collaborating with the right partners?	<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 <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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