

## Arrangements for commissioning services – Cyngor Gwynedd

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# Summary report

## ② 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.

## ④ 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 three 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:
  - An adult advocacy service commissioned jointly with Isle of Anglesey County Council.
  - The arm's-length Byw'n Iach leisure service.
  - The Sherpa'r Wyddfa network of bus routes, commissioned jointly with Eryri National Park Authority and Conwy County Borough Council.
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work during December 2024 to February 2025.

<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.

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 is not able to demonstrate that it routinely secures value for money through its commissioned services**. We set out below why we reached this conclusion.

16 We found that individual service areas clearly define the service the Council intends to commission and its intended outcomes. They can also describe how the commissioned service helps the Council meet its statutory duties. However, the Council does not have arrangements to ensure that this happens systematically across all service areas. 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 The Council does not routinely conduct a comprehensive options appraisal of commissioning options before deciding to commission a service. We found that the Council commissions some services to external providers based on the previous delivery model for the service area rather than considering alternative options. There is also currently no corporate oversight of the contract periods across different service areas. This means, opportunities could be missed to secure value for money. For example, by better alignment between the service areas to prepare a more comprehensive options appraisal; or by identifying opportunities to commission services jointly across departments. By not considering the full range of possible delivery methods, the Council cannot be assured that the option it has chosen provides the best value for money. The scale of options appraisals can be applied proportionately according for example to the cost and complexity of the commissioned service.

18 The Council uses a broad range of information from internal and external sources to develop its understanding of the current and long-term factors that are likely to impact commissioned services. It has also identified information sources that will be useful when next making commissioning decisions and how it could improve its use of data. For example, data published by Transport for Wales will be pertinent to the next commissioning cycle for public transport, as will analysing service user comments already collected by the Council to establish the root causes of demand on a service.

19 The Council uses this information to plans individual commissioned services over an appropriate timeframe in accordance with the needs of that service area. The Council can describe why it has chosen the contract length for its commissioned services and how these periods will meet short-term needs. However, it less clear

how the Council's commissioning arrangements ensure its commissioned services meet long-term needs.

- 20 The Council has a limited understanding of long-term resource implications when commissioning services. The Council's budget includes short-term costs for its commissioned services, and the Council includes contractual clauses which set out the arrangements for managing additional future costs. However, it is unclear how the Council considers the whole-life costs of commissioned services as part of its commissioning approach. The Council has considered how some financial risks would impact commissioned services but has not modelled the impact of a range of future budget reduction scenarios. Considering both the long and short-term implications of commissioning decisions reduces the risk of not achieving value for money over the longer-term.
- 21 The Council does not have corporate arrangements to ensure that commissioned services consistently assess and monitor value for money. We saw examples of how services set out how the value for money of commissioned services will be monitored over the short, medium- and long-term. However, the lack of corporate arrangements to ensure this is done systematically makes it difficult for the Council to have oversight and assurance that value for money has been secured through its commissioned services.
- 22 The Council has a limited awareness of the wider impacts its commissioned services could have. The Council does not always consider alignment between its commissioned services and its well-being objectives. For example, only one of the commissioned services we reviewed referred to them. Similarly, the Council does not systematically consider how services can maximise their contribution to the well-being objectives of other public sector bodies. The Council also provided limited evidence of how it considers the impact its commissioned services could have on the national well-being goals. By not considering the wider impact of commissioned services, the Council risks missing opportunities to secure multiple benefits and avoid duplication.
- 23 The Council does not have arrangements to ensure it routinely involves those affected by commissioned services in their design and delivery. As a result, the Council does not have assurance that it considers the full diversity of views in deciding how to commission services.
- 24 The Council does not routinely identify all potential partners that it could work with to commission services for example jointly, or via other partnership models. We saw examples of partnership working where the Council has identified and pursued opportunities to improve value for money by commissioning services in partnership. However, the Council does not routinely consider all opportunities for partnership working across all service areas. 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 it delivers those services in a way that maximise value for money.

25 The Council does not regularly review the effectiveness of its approach to commissioning. The Council does not widely share nor apply lessons learnt from its approach to commissioning across the organisation nor with partners. 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 Establish consistent commissioning arrangements**

To enable the Council to assure itself that its decisions for commissioning services are consistently shaped by:

- Comprehensive options appraisal (paragraph 17);
- planning over an appropriate timescale and balancing short and longer term needs (paragraph 19);
- an understanding of the long-term resource implications (paragraph 20);
- setting out how it will assess and monitor value for money (paragraph 21);
- ensuring that wider impacts of commissioned services are maximised (paragraph 22); and
- working with the right people and partners to design and deliver the service (paragraphs 23 and 24).

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##### **R2 Embedding arrangements across the Council**

To ensure services across the Council learn from commissioning activity, the Council should embed commissioning arrangements by:

- raising awareness of commissioning arrangements and expectations (paragraph 15);
- systematically evaluate the value for money of its approach to commissioning services (paragraph 25); and
- share learning from commissioning activity across departments and with external partners where relevant (paragraph 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?	<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 commissioning services – i.e. how far ahead it can/should plan and why.</li><li>• The Council considers how it will balance short and long-term needs when planning the commissioning of services including for example</li></ul>

		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"> <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; and</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?	<p>In commissioning services, does the Council consider how it can maximise their contribution to the Councils well-being objectives?</p> <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. E.g. consideration of longer-term objectives, local supply chain, market resilience and impact of contract length of time, bio-diversity, carbon reduction</li> </ul>	
	<p>In commissioning services, does the Council consider how services can maximise their contribution to the well-being objectives of other public sector bodies?</p> <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>	
	<p>In commissioning services, does the Council consider how services can maximise their contribution to the National Well-being Goals?</p> <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 to design and deliver its commissioned services?	<p>Has the Council identified who it needs to involve?</p> <ul style="list-style-type: none"> <li>The Council understands who will be directly and indirectly affected by commissioned services. This has been informed by a stakeholder analysis or similar.</li> </ul>	
	<p>Is the Council involving the full diversity of people?</p> <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>	
	<p>Is the Council collaborating with the right partners?</p> <ul style="list-style-type: none"> <li>The Council has a good understanding of which partners and potential partners it could work with</li> </ul>	

		<p>to commission services to improve value for money. This has been informed by comprehensive analysis of potential partners and their priorities.</p> <ul style="list-style-type: none"> <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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