

# Arrangements for Commissioning Services – Conwy County Borough Council

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

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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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 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:
  - Direct Payments
  - Advocacy for children and young people
  - Leased properties for temporary accommodation
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work during September 2024.

<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 the Council demonstrates it considers value for money in commissioning some services, but it does not have arrangements in place to ensure this happens consistently. We set out below why we reached this conclusion.
- 16 The Council has a procurement strategy and some arrangements that support services to consider commissioning options and identify why and if they need to commission a service. Service areas conduct options appraisals to consider a range of delivery options before commissioning. The Council is also drafting commissioning strategies for individual service areas in its social services department which could strengthen its arrangements.
- 17 The Council also uses a broad range of information and engages with external partners and service users when considering commissioning options.
- 18 Additionally, some service areas employ full time commissioning officers to support their commissioning activity. However, the Council does not have arrangements in place to ensure that all relevant commissioning options are considered routinely across all service areas. Also, service areas do not always consider why and how a service should be commissioned.
- 19 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.
- 20 The Council considers what long term means when commissioning services and uses a range of information in these considerations. Some services are piloted through a 12-month contract to allow for evaluation before committing more resource to the service. Commissioned services using longer contract periods include flexibility and break clauses. These allow the Council to evaluate and propose changes in provision to ensure it continues to meet users' needs.
- 21 The Council's Procurement strategy sets out its approach to achieving value for money in its commissioned services. However, this approach is not fully embedded in services; as a consequence, the Council does not routinely set out how value for money will be achieved from commissioned services.
- 22 Considering both the long and short-term implications of commissioning decisions reduces the risk of not achieving value for money over the longer term.
- 23 The Council considers the wider impact its commissioned services can have. Its procurement strategy shows how services can contribute towards the Council's objectives, including supporting the local economy and reducing the carbon impact of services. The strategy also outlines how commissioned services can contribute

to its partners' objectives and the Welsh Government's national well-being goals  
This impact of this is reported in the first annual report on the Council's procurement strategy.

- 24 Officers were also able to identify the impact that individual commissioned services had on the Council's objectives and Welsh Government's well-being goals, but we did not see evidence of this impact being formally recorded.
- 25 Taking into account the wider implications of commissioning decisions can help the Council avoid duplication and identify multiple benefits that secure improved outcomes and value for money.
- 26 The Council works with a range of partners and people to design and deliver its commissioned services. It provided evidence of services undertaking a range of analysis activity to understand who will be affected by commissioned services. This includes working with service user groups to review existing services.
- 27 The Council uses views from a range of stakeholders to support the evaluation, development and monitoring of its commissioned services. This includes using young people's panels for the evaluation of Advocacy providers, groups who share protected characteristics to help develop the direct payments service. The Council also worked with probation and the prison service when developing an ex-offenders' accommodation service.
- 28 For instance, the advocacy service uses a young people's panel as part of its commissioning process and service users were involved in agreeing performance measures for the direct payments commissioned service.
- 29 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.
- 30 The Council has arrangements to review the value for money and effectiveness of its commissioned services through internal and external reporting. Commissioned services report progress through the relevant director and scrutiny committee on a regular basis. For instance, an evaluation of its direct payments service led to a re-design of the service to improve its efficiency and the user experience. The Council also presents an annual report on progress against its procurement strategy to the Finance and Resources Oversight and Scrutiny Committee.
- 31 However, the Council could not provide evidence that this activity is systematic across all service areas.
- 32 The Council uses lessons learned from its commissioned services to understand the effectiveness of its approach to commissioning. The service areas we examined review commissioning activity and learn lessons from this. They share some of this information regionally and nationally with groups and external partners.
- 33 However, the sharing of lessons learned internally is inconsistent and informal. These arrangements mean the Council could be missing opportunities to improve

the value for money and effectiveness of its commissioning activity across all services.

- 34 Evaluating the value for money and effectiveness of commissioning arrangements is an important element 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 The Council does not have systematic arrangements to ensure that its commissioning activity secures value for money. To address this, the Council should:
- strengthen arrangements to provide corporate oversight of commissioning activity across all services areas; and
  - strengthen arrangements to ensure it systematically monitors and evaluates all commissioned services to understand if they are achieving value for money.



# 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</li> </ul>

		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"> <li>• The Council considers what long term means in planning its approach to commissioning services – ie 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, 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; 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?	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, biodiversity, carbon reduction</li> </ul>
	In commissioning services, does the Council consider how services can maximise their contribution to the	<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</li> </ul>

	well-being objectives of other public sector bodies?	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"> <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?	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 informed by a stakeholder analysis or similar.</li> </ul>
	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</li> </ul>

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across the organisation, and with  
partners where relevant

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