

# Arrangements for Commissioning Services – Bridgend County Borough Council

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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 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:
  - Housing Related Support Service at Maple Tree House
  - Housing Related Support Service at Brynmenyn House
  - Extension to the Waste Collection Services contract
  - We also received some evidence about commissioning arrangements in social services and the decision-making process regarding waste services, after the contract extension

<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.

- 13 The evidence we used to inform our findings is limited to these sources. We undertook this work during November to 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.



## What we found

- 15 Overall, we found that **the Council does not have arrangements to assure itself that it consistently secures value for money when it commissions services.** We set out below why we reached this conclusion.
- 16 The Council's corporate approach to commissioning is set out in its Commissioning Form. The Form's purpose is to guide service areas when they are procuring services from an external service supplier. The Council does not have any corporate arrangements in place earlier in the commissioning process at the stage when the Council would decide if and how it will commission services.
- 17 The Council's commissioning arrangements require a clear definition of the service to be commissioned. But they do not require a clear rationale for the service or the intended outcomes of the service. However, for the services we examined, the Council had both defined, and explained the need, for the service, together with the intended outcomes. Consistently ensuring that there is an understanding of services to be commissioned, including their intended outcomes, is important to enable the Council to subsequently monitor if it is securing value for money.
- 18 All the services we examined had clear monitoring arrangements for the intended outcomes of the services and also set out how their value for money will be assessed. However, the Council's commissioning arrangements do not require service areas to do this. It is therefore difficult for the Council to assure itself that commissioned services are consistently securing value for money.
- 19 The Council does not have arrangements to ensure that it always conducts a comprehensive options appraisal before commissioning services. Only one of the services we examined considered a range of options for service delivery, including a risk assessment of each option. The options appraisal was informed by a broad range of information, which would help the Council understand a range of factors that could affect the service being commissioned. Not always conducting an options appraisal means that the Council's arrangements do not ensure that it is consistently considering all options for service delivery. This increases the risk that the Council may choose options that do not provide the best value for money. This is particularly important at a time when the Council is experiencing significant

financial challenges with a medium-term funding gap of £44.9 million between 2024-25 to 2027-28<sup>2</sup>.

- 20 The Council's commissioning arrangements do not require service areas to consider what long term means in the context of different services. Nor do they require service areas to consider how they will balance long and short-term need. The Council could only demonstrate that it had done this for one of the service areas we examined. However, because the Council does not consistently consider both the short and the longer term when commissioning services, it risks choosing approaches that do not secure value for money over the longer term. Longer-term considerations could include, for example, providing stability to service providers or delivering longer-term objectives that can be achieved beyond potentially short-term grant funding cycles.
- 21 The Council does not have arrangements to consistently ensure that it understands the full costs of commissioned services. The Council understood the costs of the sample of commissioned services we examined. It had also included mitigating arrangements should funding reduce in the future. However, the Council does not have arrangements to systematically ensure that it understands the full-life costs of all commissioned services, or that contract management costs are included in these costs. By not ensuring that all commissioning decisions are based on comprehensive financial information, the Council risks making commissioning decisions that do not secure value for money.
- 22 The Council's commissioning arrangements do not consistently ensure that the wider impacts that commissioned services could have are considered as part of the commissioning process. Commissioning decisions for services valued over £5 million are taken by the Council's Cabinet. All Cabinet reports require consideration of the Council's own wellbeing objectives. Commissioned services valued less than £5 million do not have to be reported to Cabinet. The examples we looked at were less than the £5 million threshold. For these services, we did not find any evidence that the Council has considered how they could contribute to its well-being objectives as part of the commissioning process. The Council's commissioning arrangements also do not require services to consider the well-being objectives of other public sector bodies or the impact on the national well-being goals. By not taking into account the wider implications of commissioning decisions, the Council increases the risk of duplication and of failing to identify opportunities to secure multiple benefits.
- 23 The Council does not ensure that commissioning decisions are consistently informed by those who will be directly and indirectly affected by commissioned services. We found examples of service areas involving partners and service users when commissioning their services. For example, the Housing Support projects we looked at are informed by a needs assessment and the service providers are

<sup>2</sup> Audit Wales, Bridgend County Borough Council, Financial Sustainability Review, September 2024

required to seek service users' views. However, the Council's corporate arrangements do not require service areas to systematically consider the full range of people who may be affected by, and who should be involved in, commissioning decisions.

- 24 The Council's commissioning arrangements require service areas to think about which partners and potential partners they could work with to commission services. The services we looked at were able to provide examples where they had pursued joint working and partnership opportunities. Working with the right people and partners can help the Council ensure that its services meet the needs of its communities, and that those services are delivered in a way that maximise value for money.
- 25 As the Council does not have a consistent corporate approach to commissioning across the organisation, it cannot regularly review that approach or ensure that it is used by all service areas.
- 26 The Council does not routinely share lessons learned from its approach to commissioning. It does not have a corporate approach or requirement for service areas to share lessons learned. The services we examined had not undertaken any formal evaluation of the commissioning activity. While some service areas undertake lots of commissioning, other areas of the Council are less experienced. By not regularly reviewing its arrangements for commissioning services and sharing lessons learned, the Council risks missing opportunities to improve both the value for money and impact of its approach.





## Our recommendations for the Council

### Exhibit 1: our recommendations for the Council

#### Recommendations

##### **R1 Establish commissioning arrangements**

The Council should strengthen and formalise current practice, to assure itself that the decisions it makes to commission services are consistently shaped by:

- an understanding of the service to be commissioned and its intended outcomes (para 17);
- setting out how it will assess and monitor the value for money of commissioned services over the short to longer term (para 18);
- an appraisal of all the options to deliver the service from the perspective of economy, efficiency and effectiveness over the short to longer term (para 19);
- planning over an appropriate timescale (para 20);
- an understanding of long-term resource implications (para 21);
- ensuring that wider impacts of the service are maximised (para 22);
- working with the right people and partners to design and deliver the service (para 23); and
- sharing lessons across the organisation (para 25).

##### **R2 Strengthen compliance with its commissioning arrangements**

To ensure that the Council's corporate approach to commissioning is consistently used across service areas, the Council should introduce arrangements to monitor compliance with its corporate approach to commissioning (para 25).

##### **R3 Introduce 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 across the organisation (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?	<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; and</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; and</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</li> </ul>

Level 2 questions	Level 3 questions	Criteria
		<p>commissioning services – ie how far ahead it can/should plan and why.</p> <ul style="list-style-type: none"> <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, bio-diversity, carbon reduction.</li> </ul>
	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"> <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>
	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>

Level 2 questions	Level 3 questions	Criteria
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; and</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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