

Arrangements for Commissioning Services – Rhondda Cynon Taf County Borough Council

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

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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:
 - 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:
 - Supported Living Services
 - Employment route training framework
 - Provision of independent school and community-based counselling services to children and young people aged 11-18 years including year 6 primary
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work between August and September 2024.

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.

- 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 has a generally clear and appropriate approach to commissioning, but there are weaknesses in its arrangements to ensure that value for money is consistently being achieved**. We set out below why we reached this conclusion.
- 16 The Council ensures that the services it intends to commission are clearly defined and have a clear rationale explaining why the service is needed. The Council's arrangements require service areas to provide a clear definition of the services it intends to commission. All three of the commissioned services we reviewed complied with this requirement. Having a clear understanding of why services are being commissioned and what they are intended to achieve are important elements of arrangements to secure value for money.
- 17 The Council's arrangements prompt service areas to consider different commissioning options. We found that the Council considers alternative commissioning options in practice, alongside the associated cost-benefits and risk assessments of options. However, we found that these considerations are not routinely documented. Documenting these considerations is important to provide assurance that the Council has arrangements in place to secure value for money.
- 18 The Council's commissioning arrangements require service areas to plan over an appropriate timescale. The Council's arrangements require service areas to consider and balance short and long-term needs when planning the length of contracts. For example, the length of the schools counselling service contract was decided by balancing practical delivery considerations with longer-term considerations, such as budget estimates and the changing policy and legislative landscape. However, we found that not all services consider the balance of meeting short-term and long-term needs. Consistently considering both the short and longer-term implications when making commissioning decisions reduces the risk of not achieving value for money over the longer term.
- 19 The Council understands long-term resource implications when commissioning services. The Council's commissioning arrangements require the consideration of resources and encourage standard terms to be included within contracts. These standard terms provide flexibility to enable costs to vary should service delivery levels or funding fluctuate in the future.
- 20 The Council's commissioning arrangements do not set out a standard approach to monitoring the value for money of commissioned services over the short, medium and long term. We found that, in practice, service areas monitor the value for money of commissioned services over the short, medium and long term. However,

the approaches used by different service areas vary in detail. As a consequence, there is a risk that the extent to which the Council can have assurance that commissioned services are achieving value for money also varies.

- 21 The Council's commissioning arrangements require service areas to consider the wider impacts its commissioned services could have. The services we examined considered how the services contribute to the Council's own well-being objectives, and also the National Well-being goals. However, we found little evidence that the services we examined had considered the well-being objectives of other public sector organisations. By not fully taking into account the wider implications of commissioning decisions, the Council risks duplicating activities and not identifying multiple benefits that may secure improved outcomes and value for money.
- 22 The Council's commissioning arrangements provide limited assurance that it is engaging with the right people and partners to design and deliver its commissioned services.
- 23 The Council's commissioning arrangements do not require a formal stakeholder analysis of who will be directly and indirectly affected by commissioned services. Despite this, we found that service areas had identified various stakeholder groups, could demonstrate an awareness of relevant stakeholders, and had engaged with them. Working with the right people can help the Council ensure that it commissions services that meet the needs of its communities and, therefore, are more likely to provide value for money.
- 24 We found notable practice where service users contribute directly to inform the design of the commissioning of services, including how it might impact on groups who share protected characteristics. For example, users of the Council's supported living service were involved in the re-tendering of the service.
- 25 The Council's commissioning arrangements require service areas to identify potential partner organisations they could work with. This is done through its Corporate Strategy template, although not all the services we examined had completed this requirement. Identifying and taking advantage of the full range of opportunities to work in partnership can help the Council ensure that its services are delivered in a way that maximises value for money.
- 26 The Council does not routinely evaluate the effectiveness of its commissioning arrangements. Commissioning arrangements are reviewed informally on an ad hoc basis, but we did not see evidence that these reviews have resulted in recent improvements to commissioning arrangements. By not evaluating the economy, efficiency and effectiveness of commissioning arrangements, the Council risks not identifying opportunities to improve value for money.
- 27 The Council does not routinely review the compliance of service areas to meet with the requirements set out in its commissioning arrangements. Monitoring compliance with commissioning arrangements can assure the Council that the arrangements it puts in place to secure value for money are implemented in practice.

- 28 The Council's arrangements do not require service areas to share any lessons learnt from its approach to commissioning with other partner organisations. We found some examples where lessons learned have been shared internally, for example, anecdotally through the experience and knowledge of dedicated procurement officers. Sharing lessons learnt both internally and externally can help identify and replicate opportunities to improve the value for money of arrangements.



Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 Strengthening commissioning arrangements

The Council should strengthen its commissioning arrangements by ensuring that the following are routinely undertaken and documented when commissioning services:

- comprehensive options appraisals (**Paragraph 17**); and
- stakeholder analysis and engagement with the right people and partners to inform the commissioning approach (**Paragraphs 23 and 25**).

R2 Review of the Council's commissioning arrangements

The Council should routinely evaluate the value for money of its commissioning arrangements and share lessons learned both internally and with relevant external partners. (**Paragraphs 26 and 28**)

R3 Strengthen compliance with its commissioning arrangements

The Council should introduce arrangements to monitor compliance with its corporate approach to commissioning. (**Paragraphs 21 and 27**)

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 – 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 commissioning services – ie how far ahead it can/should plan and why |

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| | | <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 – 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 to design and deliver its commissioned services? | 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 informed by a stakeholder analysis or similar. |

| | | |
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| | Is the Council involving the full diversity of people? | <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 |
| | Is the Council collaborating with the right partners? | <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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