

Arrangements for commissioning services – Blaenau Gwent County Borough Council

Audit year: 2023-24

Date issued: September 2024

Document reference: 4473A2024

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

Summary report	
Why we did this audit	4
Our audit duties	4
Our objectives for this audit	4
Why commissioning is important	4
What we looked at and what does good look like	4
Our audit methods and when we undertook the audit	5
What we found	5
Our recommendations for the Council	7
Appendices	
Appendix 1 – audit questions and criteria	9

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.
 - 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 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:
 - Leisure Services;
 - The Inclusive Practice Service; and
 - The Generic Floating Support Service.
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work in June 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 is not able to demonstrate that it routinely secures value for money through its commissioned services, but it is introducing a more strategic approach to strengthen its arrangements. We set out below why we reached this conclusion.
- 16 The Council has established arrangements to ensure it clearly defines the services it intends to commission and the rationale for doing so. For example, there is a requirement for each directorate to produce annual procurement plans containing a description of current commissioned services and future opportunities. Despite this, not all of the services we reviewed could demonstrate why they had commissioned certain functions. 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 We also found that the Council does not routinely conduct comprehensive options appraisals when commissioning services. For example, only one of the services we reviewed was able to demonstrate that a comprehensive options appraisal had been undertaken, including consideration of financial and non-financial benefits and a risk assessment of different options. This means that the Council is not necessarily considering all options to ensure it secures the best value for money. This is particularly important at a time when the Council is experiencing significant financial challenges and has identified a potential funding gap of £34 million for the period 2024-25 to 2028-29².
- 18 The Council is embedding a more strategic approach to commissioning. In March 2023 the Council approved its Commissioning and Procurement Strategy 2023-2028. This underpins its vision for commissioning. Alongside this strategy, the Council has established arrangements to ensure that services demonstrate the range of data and sources used to inform future commissioning activity. For example, the commercial framework business case template prompts officers to state the perceived benefits, the costs and risks associated with commissioning a particular service. This is important to provide assurance that each option has been informed by a range of information.
- 19 There is clear rationale behind the length of contracts for the services we reviewed. For example, we found that contract lengths and contract review periods align with the timescales for other associated activities or policies. However, we found there are opportunities to clarify how services consider the long-term resourcing

² [Medium Term Financial Strategy 2024/2025 to 2028/2029](#)

implications when they are pursuing future commissioning opportunities. For example, the commercial framework business case template prompts services to set out a maximum of five years of costs, despite some commissioning options potentially being longer than this. Also, the Council does not routinely consider the contract management costs when assessing commissioning options. Considering both the long and short-term implications of commissioning decisions reduces the risk of not achieving value for money over the longer-term.

- 20 The Council considers the wider impacts of its commissioning decisions. Officers could articulate how the services we reviewed contribute to supporting wider objectives. We also found that services are required to state how the commissioning of a service can contribute to the Council's objectives to demonstrate the potential wider impact on the delivery of corporate priorities. 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.
- 21 We found examples of the Council involving partners and service users when commissioning services. Some of the services we reviewed demonstrated collaborative working which supports other public bodies in delivering against their priorities. For example, partners are involved in informing how the Council uses its housing support grant to help prevent homelessness. Some service areas also involved service users when designing commissioned services. However, the Council's corporate arrangements do not prompt services to systematically involve those who would be affected when services are commissioned.
- 22 The Council does not always involve the full diversity of the population when commissioning services. Whilst the Council produced an Integrated Impact Assessment (IIA) for its Commissioning and Procurement strategy, there is limited evidence of the Council specifically involving people (or represented groups) with protected characteristics when commissioning services. Due to a lack of documentation supporting the commissioning of some of the services we reviewed, it is also unclear if IIAs were completed in all instances. This is important because 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.
- 23 The Council has limited arrangements in place to assess the value for money of its commissioned services. For example, part of the Council's Strategic Commercial Commissioning Board's role is to oversee value for money. However, a key element in understanding value for money of a commissioned service is understanding the perceived financial and/or non-financial benefits at the outset. Without clearly articulating the intended benefits, it is difficult for the Council to monitor the extent to which the commissioned service is securing value for money. The Council has developed a commercial framework business case template to prompt services to consider this. However, at the time of our audit, this template was yet to be approved.

- 24 The Council does not have a structured approach for sharing lessons learnt from commissioning activity across the organisation. This is important because, whilst some service areas traditionally undertake lots of commissioning, other areas of the Council are less experienced. The Council does not have a central commissioning team, and therefore mostly relies on newly developed templates and officers' knowledge to inform commissioning approaches. Evaluating the cost and effectiveness of commissioning arrangements is important to help identify areas for improvement, share learning, and securing value for money.

Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 Establishing commissioning arrangements

To enable the Council to assess and report on value for money of commissioned services, it should ensure it has an established and comprehensive options appraisal process to support decision making on commissioned services. The rationale for commissioning decisions should be:

- fully documented;
- informed by consideration of both short and long term factors;
- informed by the views of those who would be affected by the commissioned service; and
- risk assessed including considering the full costs and benefits of each option.

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; and
- share learning from commissioning activity.

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 – i.e. how far ahead it can/should plan and why. • 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 Councils 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. E.g. 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.
	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.



Audit Wales

1 Capital Quarter

Cardiff CF10 4BZ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.