

Arrangements for Commissioning Services – Cardiff City 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.

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	5
Our audit methods and when we undertook the audit	5
What we found	6
Our recommendations for the Council	8
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 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 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
 - Planned works to domestic properties
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work during October 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.

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.



What we found

- 15 Overall, we found **the Council does not have comprehensive arrangements in place 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 commissioning arrangements require that where there is an in-house provision that already exists, services should be delivered through in-house arrangements unless it does not have capacity. The Council also has a service review process to support delivery of its Medium Term Financial Plan. We have examined these arrangements within our audit.
- 17 The Council's arrangements ensure it understands the service that it intends to commission. The Council had defined the service it intended to commission for both of the service areas examined. This was set out in a report to Cabinet at the start of the commissioning process. These reports include the current situation, intended outcomes of the service and the results of an equality impact assessment. 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.
- 18 The Council does not require comprehensive options appraisals to be undertaken by services areas as part of its commissioning arrangements. Only one of the services we examined had considered some different options for service delivery. The Council considered the potential benefits, costs, funding sources and major risks for each option. It is important that a range of different commissioning options are comprehensively assessed to help select the service delivery option that provides the best value for money.
- 19 The Council does not always require service areas to consider what long term means when planning its approach to commissioning services or how it will balance longer-term and short-term needs. Both services we examined could explain how they had thought about longer-term planning in relation to commissioning decisions, but neither had considered the balance of meeting short-term and long-term needs. Consistently considering both short and longer-term implications when making commissioning decisions reduces the risk of not achieving value for money over the longer term.
- 20 The Council's arrangements do not always require service areas to assess the resources needed over the short, medium and long-term service delivery (whole-life costs) when commissioning services. However, both service areas we examined could demonstrate an understanding of the whole life costs of the services. By not consistently ensuring that an understanding of the short and longer-term resource implications of commissioning decisions is developed, the Council risks not achieving value for money over the longer term.
- 21 The Council requires service areas to set out how value for money will be both evaluated and monitored. Both services we examined had set out how they will

assess value for money. This forms part of the Council's performance review arrangements. It is important that services set out how value for money will be assessed and monitored to enable the Council to assure itself that it is securing value for money.

- 22 The Council's commissioning arrangements ensure that its service areas consider the wider impact its commissioned services could have across its own service. The Council requires service areas to consider how commissioned services will impact on all of its own well-being objectives and maximise contribution to the national well-being goals. For the services we examined, the Council could demonstrate these considerations. However, the Council does not require services to consider how commissioning decisions will impact the well-being objectives of other partner organisations. 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.
- 23 The Council's commissioning arrangements ensure that service areas are working with the right people to design its services. The Council's commissioning arrangements require services to consider who will be directly and indirectly affected by commissioning decisions. This includes guidance on understanding the percentage of the population affected by the service. In one of the service areas we examined, we also found examples of targeted involvement with service users regarding the design and potential impact of the service.
- 24 The Council does not ensure that opportunities for collaboration are explored as part of commissioning decisions. The Council's arrangements require service areas to consider if they could work with partners to secure better value for money, but this is only after the decision to commission a service has been made. Working with the right people and partners can help the Council ensure that it designs and commissions services that meet the needs of its communities, and that those services are delivered in a way that maximise value for money.
- 25 The Council does not evaluate the effectiveness of its overall approach to commissioning. There is no corporate requirement for services to do this for individual commissioning decisions and it had not been done for the services we examined. Evaluating the effectiveness of commissioning activity is important to help identify areas for improvement and help the Council to secure value for money.
- 26 The Council routinely captures and shares lessons learnt to inform future commissioning exercises. The Council provides templates for reviewing lessons learnt and the services we examined had completed them. Sharing lessons learnt is important to help identify areas for improvement and can help the Council to secure value for money.



Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 Strengthen commissioning arrangements

The Council should strengthen arrangements to assure itself that commissioning decisions are consistently shaped by:

- 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 18);
- planning over an appropriate timescale (para 19);
- an understanding of long-term resource implications (para 20);
- involving the right people and partners to influence the design and delivery of the service (para 24)

R2 Compliance with its commissioning arrangements

To ensure that the Council's corporate approach to commissioning is consistently used across service areas, the Council should strengthen arrangements to monitor compliance with it. (Paras 18, 19, 20)

R3 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 (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"> • 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; and – 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; and – 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

		<p>commissioning services – ie how far ahead it can/should plan and why.</p> <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; 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 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	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

to design and deliver its commissioned services?		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; and – 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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