

Arrangements for Commissioning Services – Ceredigion County 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 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:
 - Internal Audit – Audit Management Software – Legal and Governance
 - Household Waste Sites – Highways and Environmental Services
 - Social Care – Case Management System – Through Age Services
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work during November and December 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 some key parts of corporate commissioning arrangements in place to help it secure value for money, but they are not always applied in practice. The Council is working to address this.** We set out below why we reached this conclusion.
- 16 Whilst the Council is clear on the services it intends to commission and why, it does not currently have a systematic approach to the appraisal of options.
- 17 The Council clearly defines the services it intends to commission. The Council's Contract Procedure Rules (CPRs) state that the objectives and requirements of the proposed procurement should be taken into account after identifying the need for the service to be commissioned. The defined service requirement is also linked to 'why' a commissioned service was required by the Council. For example, the Internal Audit business plan demonstrated the link between the requirement for a new audit management system and the service's ability to deliver its annual audit plan.
- 18 The Council's current arrangements do not systematically prompt contract managers to consider a full range of options when commissioning services. The Council is working on a 'pre procurement' template which will provide contract managers with the opportunity to consistently document options considered. This is currently in draft. However, we did find examples of services considering options prior to commissioning. For example, the Household Waste Service team undertakes periodic reviews of the waste service to ensure the service is still delivering as intended. This included the appraisal of a number of potential operating options.
- 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. If the Council does not consistently consider a full range of options, it cannot be assured that it has selected the option that is most likely to deliver value for money.
- 20 The Council plans its commissioning activity over an appropriate timescale. The Council considers long-term planning in its commissioning approach including long-term resource implications. The Council's Corporate Project Management Panel (CPMP) and associated project brief template prompts contact managers to consider long-term service needs when taking a project or commissioning exercise through the panel process. For example, the Contract timeframes for the Council's Household Waste Sites in the short term had been aligned to allow a strategic review and commissioning options to be considered across the three sites. This

was balanced against the medium-term contract timescales, which allowed for a balance of investment and recovery of cost against medium to long-term planning and changing legislative requirements. In commissioning the service, the Council also ensured that it took account of the implications of carbon reduction and supporting the national well-being goals over the longer term.

- 21 The Council does not systemically consider how the value for money of commissioned services will be assessed and monitored when planning commissioning activity. Considering both the long and short-term implications and value for money of commissioning decisions reduces the risk of not achieving value for money over the longer term.
- 22 The Council thinks about the wider impacts its commissioned services could have. The Council's commissioned services are linked to national and regional priorities through its business planning process.
- 23 For projects that go through the CPMP the Council's Corporate Project Management Brief (CPMB) requires services to document and describe how projects support delivery of the Council's Well-being Objectives. Services are also required to set out how its projects will integrate with existing plans and strategies to maximise their contribution to each of the seven National Well-being Goals. However, the CPMP is not a mandatory step in the commissioning process and therefore not all projects benefit from these arrangements. The Council does not, however, have arrangements to ensure that the well-being objectives of other public bodies are systematically considered as part of commissioning processes.
- 24 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.
- 25 The Council is working with the right people and partners to design and deliver its commissioned services. For those projects and commissioned services that go to the CPMP, the CPMB requires managers to document who will be directly affected by the activity. The Council's draft 'pre procurement plan' also includes a section for contract managers to consider and document stakeholders including their role, influence and involvement.
- 26 Partnership working is also considered by the Council to improve the value for money of its commissioned services. For commissioning activity taken through the CPMP the documentation prompts managers to document and consider whether there are 'opportunities to work collaboratively to deliver the project and to deliver improved outcomes'. For example, during the last review of its household waste sites, the Council undertook a joint project with Pembrokeshire County Council to understand the best future option for the delivery of waste and recycling services.
- 27 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.
- 28 The Council does not systematically review the effectiveness of its approach to all commissioning activity. The Council's draft Procurement and Commissioning

Strategy sets out the intention to implement self-evaluation to check that commissioning and procurement activity contributes to defined outcomes. But this arrangement is not yet in place, and it is therefore not possible to comment on its effectiveness.

- 29 For commissioning activity subject to the CPMP process, a project review is undertaken to reflect and review on the delivery of the activity and find lessons learned. This includes review of timescale, budget, deliverables and impact. However, not all projects are subject to the CPMP process and, therefore, value for money is not consistently evaluated for all projects.
- 30 Evaluating the cost and effectiveness of commissioning arrangements is important 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

R1 To enable the Council to assess and report on the value for money of commissioned services consistently, it should develop a proportionate 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 To help the Council demonstrate whether commissioned services have secured value for money, the Council should:

- strengthen arrangements to evaluate the value for money of all commissioned services, including capturing lessons learned; and
- monitor the extent to which commissioning arrangements have met intended outcomes.

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

Level 2 questions	Level 3 questions	Criteria
		<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

Level 2 questions	Level 3 questions	Criteria
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.



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

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