

Arrangements for Commissioning Services – Torfaen County Borough Council

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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 two 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:
 - Youth Offending service
 - Leisure services
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work in March 2025.
- 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 that **the Council's lack of corporate commissioning arrangements limits its ability to gain assurance it is securing value for money**. We set out below why we reached this conclusion.
- 16 The Council does not have a corporate approach to support service areas to commission services. Not having corporate commissioning arrangements limits the Council's assurance that all service areas consider key factors to help the Council consistently deliver value for money. At the time of our fieldwork, the Council's Senior Leadership Team had recently approved a commissioning framework, but this was untested. Our report therefore is based upon the evidence we found at this point in time, including our examination of the two services we set out in paragraph 12 above.
- 17 Because the Council lacks corporate commissioning arrangements, it does not ensure that all service areas define and therefore fully understand the service to be commissioned. However, the service areas we examined could define the purpose, the reasons and the intended outcomes for the commissioned services. Having a clear understanding of what services are to be commissioned, the need for these services and what they intend to achieve are key elements of commissioning arrangements to services securing value for money.
- 18 The Council does not require service areas to undertake a comprehensive options appraisal before choosing a service delivery mechanism. One of the service areas we looked at did consider a range of service delivery options and associated risks. But neither service area had documented a full consideration of the costs, benefits or current and long-term factors that can influence each service delivery option. This means the Council cannot be assured that service areas always consider all options to secure the best value for money. This is particularly important at a time when the Council is experiencing significant financial challenges, including a forecast funding gap of £35.2 million over the next five years².
- 19 The Council does not require service areas to consider the most appropriate longer-term planning horizons and to balance longer and short-term needs when commissioning services. The Council could only provide the rationale for the length of the contract for one of the two services we examined. This means that the Council may not consistently balance short-term needs with those in the longer term. As a result, it risks not achieving value for money over the longer term.
- 20 The Council does not always consider the full financial implications (whole life costs) when commissioning services. One of the service areas we reviewed had considered the whole life costs of the commissioned service, but the second service area had only considered the short and medium-term costs. As the Council does not require service areas to consider the full resource implications of

² Audit Wales, [Financial Sustainability Review of Torfaen Council](#), July 2024

commissioning decisions, there is an increased risk that it will not understand the full extent of financial implications and select an option that will not best deliver value for money.

- 21 The Council is part of the Gwent Public Services Board which has adopted the Marmot Principles³. The Council has aligned its well-being objectives to these principles as well as to the national well-being goals. This demonstrates the Council's commitment to achieve wider impacts when delivering its well-being objectives. The two service areas we examined did consider the contribution that the commissioned service can make to the Council's well-being objectives as well as the impact on other public bodies and national priorities. However, due to the lack of a corporate commissioning approach, there is no requirement for service areas to do so. This increases the risk of the Council not always considering how commissioning decisions can support the delivery of wider objectives. Considering the wider implications of commissioning decisions can also help the Council avoid duplication and identify multiple benefits that secure improved outcomes and value for money.
- 22 The Council does not require service areas to identify the full range of stakeholders with an interest in the service to be commissioned, and to involve them in shaping the delivery of its services. For example, only one of the services we examined could show they considered service users' and stakeholder views to shape the service. Neither service had completed an Integrated Impact Assessment to consider how a change to service delivery could impact all stakeholders. Working with the right people and partners can help the Council ensure that it commissions services that meet the needs of its communities, identifies opportunities for shared working between organisations and delivers services in a way that maximise value for money.
- 23 The Council's arrangements do not ensure that it systematically considers all opportunities for collaboration when commissioning services. By not considering all opportunities to work with partners or potential partners when taking commissioning decisions, the Council risks missing opportunities to improve value for money through, for example, sharing resources and expertise or commissioning capacity.
- 24 The Council does not have arrangements to ensure that all service areas set out how the value for money of commissioned services will be assessed and monitored. The two service areas we examined have arrangements for its commissioned services to monitor the delivery of intended outcomes and therefore value for money. There are performance measures and outcomes along with clear contract monitoring arrangements. However, the Council does not consistently require service areas to set out arrangements to assess and monitor the value for money of commissioned services. Therefore, there is the risk that the Council does not always have assurance that it is securing value for money.

³ Gwent Marmot Region – Gwent Public Services Board Gwent Public Services Board

- 25 As the Council does not currently have corporate commissioning arrangements, it is unable to review its approach. The Council also does not have formal arrangements to ensure that lessons learned from commissioning activity are routinely identified and shared across the organisation. Regularly reviewing the effectiveness of arrangements to commission services and sharing lessons learnt is important to help identify areas for improvement, and to help secure value for money.



Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 Introduce a corporate approach to commissioning services

To enable the Council to assess the value for money of commissioned services, it should implement a commissioning approach across the Council. This should ensure that it:

- 1.1 clearly defines the service it is considering commissioning and the reasons for doing so (**paragraph 17**) ;
- 1.2 undertakes comprehensive options appraisals when commissioning services to include each option's full costs, risks, benefits and the current and long-term factors that could impact delivery (**paragraph 18**) ;
- 1.3 plans over an appropriate timeframe (**paragraph 19**) ;
- 1.4 understands the long-term resource implications (**paragraph 20**) ;
- 1.5 considers the wider impacts, including opportunities to achieve multiple benefits and reduce duplication (**paragraph 21**);
- 1.6 considers the views of those who would be affected by the commissioned service (**paragraph 22**);
- 1.7 gives appropriate consideration to potential opportunities for collaboration (**paragraph 23**) and;
- 1.8 sets out how the value for money of commissioned services will be assessed and monitored (**paragraph 24**).

R2 Compliance with its commissioning arrangements

Once the Council has implemented its commissioning approach, it should ensure compliance with it across the organisation.

R3 Review of the Council's commissioning arrangements

Once the Council has implemented its commissioning approach, it should

- 3.1 routinely evaluate the effectiveness of its commissioning arrangements (**paragraph 25**); and
- 3.2 share learning from commissioning activity across the Council (**paragraph 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.



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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