

Arrangements for commissioning services – Monmouthshire 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:
 - Household waste and recycling
 - Bus services
 - Mental Health information, advice and assistance
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work between November 2024 and February 2025.

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 does not have arrangements in place to ensure that it consistently secures value for money when commissioning services**. We set out below why we reached this conclusion.
- 16 The Council does not consistently define the services it intends to commission. For tenders over £75,000, service areas are required to provide a description of the service within a Pre-Tender Report. But the Council does not otherwise have a standard approach for service areas to follow when defining the services it intends to commission. For example, a description of the new household waste and recycling service was set out in the invitation to tender. 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 does not routinely explain why it needs to commission services. The Council does not have a standard approach for service areas to follow when setting out why services are being commissioned. For example, the Council held a consultation on its Local Transport Strategy which helped to determine the need for bus services. However, the Council has not clearly set out why it needed to commission the other services we reviewed. Understanding why it is commissioning services is important for the Council to be able to understand the outcomes it is seeking to achieve, and therefore for it to be able to assess and monitor its value for money.
- 18 The Council does not ensure that it always undertakes a comprehensive appraisal of commissioning options before deciding to commission a service. The Council does not require service areas to conduct an options appraisal before commissioning services. The Council told us that a range of options are always considered, including risk assessments and cost benefit analyses, however, the Council had not documented this for the sample of services that we reviewed. 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 £34.4 million for the period 2024-25 to 2027-28².
- 19 The Council does not consistently plan its commissioning activities over an appropriate timescale. We recognise that the Council is limited by and plans

² Audit Wales, [Financial Sustainability Review – Monmouthshire County Council](#), October 2024

alongside external funding timescales. For example, the bus service utilises Bus Network Grant and Bus Services Support Grant (BSSG) funding. However, the Council does not set out its expectations as to how far ahead service areas can or should plan and why. We recognise that what 'long term' means for different services or different commissioning decisions will vary. But to help it secure value for money, it is important that the Council's arrangements ensure that it balances relevant long and short-term considerations when commissioning services.

- 20 The Council does not consistently set out how the value for money of commissioned services will be assessed and monitored. The Council does not have corporate arrangements in place to require service areas to do this. None of the service areas we reviewed had clearly documented how value for money is assessed and monitored. However, the Council provided evidence that the Mental Health Information Service is reviewed annually which allows the Council to form a view as to the value for money of that particular service. Without consistently setting out how the value for money of commissioned services will be evaluated and monitored, it is difficult for the Council to have assurance that its commissioned arrangements are providing value for money.
- 21 The Council has considered the wider impacts its commissioned services could have and incorporated these principles into its overarching strategies and plans. However, it has not put in place arrangements to ensure this happens consistently as part of the commissioning process. 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.
- 22 The Council does not consistently ensure that it involves the right people and partners when designing commissioned services. For example, the Council does not have commissioning arrangements that require it to understand who will be directly and indirectly affected by commissioned services. As a consequence, the Council does not systematically undertake stakeholder analysis as part of the commissioning process for individual services. The service areas we reviewed demonstrated an understanding of their key stakeholders but had not undertaken a stakeholder analysis as part of the commissioning process. We also found no evidence of the results of involvement activity informing how those services were commissioned. 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 collaborates with partners to deliver some commissioned services. For example, its Procurement Strategy commits the Council to working in partnership, and we found examples of this happening in practice. However, the Council does not have arrangements in place to ensure that it always considers potential opportunities for partnership working when commissioning services. By not systematically ensuring that it explores opportunities for partnership working, the Council risks missing opportunities to improve value for money through, for example, sharing resources or expertise.

- 24 The Council does not consistently evaluate the value for money of its approach to commissioning. However, it has reviewed the effectiveness of its approach in the past. For example, following a review in 2020, the Council outsourced its procurement function to a collaborative arrangement with three other councils called Ardal. Some of Ardal's remit also includes elements of commissioning. However, there is no Council-wide guidance for service areas to follow when reviewing the value for money of their approach to commissioning. The Council also does not have a formal mechanism to share and apply lessons learnt from its approach to commissioning either across the organisation or with partners. Evaluating the cost and effectiveness of commissioning arrangements and sharing lessons learned is important to help identify areas to improve value for money.



Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 Establish consistent commissioning arrangements.

We found that the Council does not have arrangements in place to ensure that it consistently secures value for money when commissioning services. To address this the Council should put into place arrangements to ensure that it consistently:

- has a clear rationale for commissioning services;
- plans over an appropriate timescale when commissioning services;
- considers the wider impacts its commissioned services could have;
- works with the right people and partners to design and deliver its commissioned services;
- evaluates the value for money of its commissioning arrangements;
- shares any lessons learned across the organisation and with external partners where appropriate.

R2 Embed arrangements across the Council.

To ensure that all service areas implement the arrangements recommended above, once these arrangements have been put in place the Council should:

- clearly set out its expectations and guidance for commissioning services;
- communicate its expectations across service areas; and
- monitor the extent to which these arrangements are implemented.

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?	• 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: – 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?	• The Council considers the full range of commissioning options for providing the service – options might include for example: – 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?	• The Council considers what long term means in planning its approach to

		commissioning services – ie 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?	• 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?	• 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: – 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?	• 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?	• 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?	• 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?	• 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?	• 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?	• 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?	• The Council regularly reviews the effectiveness of its approach to commissioning including: – 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?	• 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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