

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	4 December 2025
Subject	Arrangements for commissioning services
Head of Service	Carys Edwards
Report Author	Gwyndaf Parry
Reason for Reporting <ul style="list-style-type: none"> Paragraph 3.4.8.11.3 of the Committee's Terms of Reference states that "The committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations. The Committee should review the report and be assured that the council has provided an accurate reflection of how we will respond to the Audit Wales recommendation 	

1.0 Introduction

1.1 The objective of this audit was 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.

2.0 Findings

2.1 Overall, Audit Wales found that **the Council is not able to demonstrate that it routinely secures value for money through its commissioned services.**

2.2 Page 6 of the report sets out why Audit Wales reached this conclusion.

3.0 Recommendation

3.1 That the Governance and Audit Committee:

- Reviews the audit examination and the two recommendations.
- Should gain assurance that the organisation response form should provide assurance to the committee of the steps taken by the council to address the recommendations.

Arrangements for commissioning services – Isle of Anglesey County Council

Audit year: 2023-24

Date issued: July 2025

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi. We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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	6
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 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 Isle of Anglesey County Council's (the Council) 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 officers 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:
 - Waste management and street cleansing;

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.

- Young people's homelessness service; and
- School transport (buses).

- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work during December 2024 to January 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.



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**. We set out below why we reached this conclusion.
- 16 The Council is aware of how individual service areas help meet its statutory duties and intended outcomes. However, the Council does not have arrangements to ensure its services routinely conduct options appraisals when commissioning services. As a result, it does not always have a clear rationale for why these specific services should be commissioned externally. For example, the Council had undertaken a comprehensive options appraisal for only one of the services we reviewed. This included a risk assessment of different options and consideration of financial and non-financial benefits.
- 17 We saw examples of the Council commissioning services to external providers based on following the previous delivery model for the service area rather than considering alternative options. This means that the Council is not necessarily considering all options to ensure it secures the best value for money. 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.
- 18 The sample of commissioned services we reviewed demonstrated that the Council considers what long-term means as part of commissioning arrangements and could explain the rationale for contract lengths. For example, individual service areas ensured commissioned contracts could be extended subject to whether performance targets were met by providers. However, these are not council-wide arrangements and there is no corporate oversight of the end dates for different commissioned services. Considering both the long and short-term implications of commissioning decisions reduces the risk of not achieving value for money over the longer-term.

- 19 The Council does not have arrangements to set out how it monitors value for money for its commissioned services over the short, medium and long-term. We did see examples of some service areas setting out how value for money would be monitored, however there is not a corporate arrangement to ensure that this happens consistently. A lack of monitoring arrangements limits the Council's ability to gain assurance that its commissioned services are achieving intended outcomes and delivering value for money over the short, medium and long term.
- 20 The Council has limited awareness of the wider impacts its commissioned services could have. There is limited evidence that the Council considered how the commissioned services we reviewed aligned to its previous well-being objectives. Also, in commissioning services, the Council has not considered how services can maximise their contribution to the well-being objectives of other public sector bodies, nor the national well-being goals for Wales. Considering 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 The Council does not have arrangements to ensure it routinely involves those affected by commissioned services in their design and delivery. The Council understood who would be affected by the commissioned services we examined. However, we found limited evidence of the council engaging them in designing and delivering services, and there are no corporate arrangements to ensure that this happens consistently.
- 22 The Council does not consistently analyse the potential partners it could work with to deliver its commissioned services and improve value for money. For example, it was seen how one of the services we reviewed had considered the potential partners it can work with, but this was not a consistent arrangement across the Council. 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 maximise value for money.
- 23 The Council does not have arrangements to consistently review the value for money of its commissioning arrangements. The Council reviews limited aspects of its approach to commissioning. This is carried out as part of a project management methodology adopted by the different service areas rather than a council-wide approach.
- 24 The Council does not share and apply lessons learnt from its approach to commissioning widely across the organisation nor with partners. Whilst service areas have identified lessons learnt from their commissioning activity these are not routinely shared across the council. Evaluating the cost and effectiveness of commissioning arrangements is important to help identify areas for improvement, and share learning, and therefore secure 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;
- systematically evaluate the value for money of its approach to commissioning services; and
- share learning from commissioning activity across departments and with external partners where relevant.

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	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.

commissioned services?		<ul style="list-style-type: none"> • 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.



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Management response form



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Audited body	ISLE OF ANGLESEY COUNTY COUNCIL
Audit name	Arrangements for Commissioning Services
Issue date	31/07/25

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R1	<p>Establishing commissioning arrangements</p> <p>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:</p> <ul style="list-style-type: none">fully documented;	<p>The Council will establish a whole council governance group; We will consider the group's objectives, which may include:</p> <ul style="list-style-type: none">Supporting strategic decision making and documenting	December 2026	Corporate Planning, Performance & Programme Manager Head of Audit	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Set up a Terms of Reference for this group. <p>In 2024 the council carried out a resident survey working in collaboration with the WLGA and data Wales. The Council will take into account the results of this review when considering service commissioning arrangements. We will continue to work with the WLGA and Data Cymru to carry out this survey into the future.</p>			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R2	<p>Embedding arrangements across the Council</p> <p>To ensure services across the Council learn from commissioning activity, the Council should embed commissioning arrangements by:</p> <ul style="list-style-type: none"> • raising awareness of commissioning arrangements and expectations; • systematically evaluate the value for money of its approach to commissioning services; and • share learning from commissioning activity across departments and with external partners where relevant. 	<p>The Council has developed a Strategic Procurement Plan 2024 to 2029 the plan demonstrates the Council's commitment to using our commercial arrangements to support local businesses as much as possible. Also our intention is to identify the elements of effectiveness and drive innovation forward, while ensuring that services are cost efficient.</p>			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<p>We have prepared a new Procurement Handbook for staff which is a guide to ensure compliance with the new Procurement Act.</p> <p>There is a specific part of this guide that states:</p> <ol style="list-style-type: none"> 1. The current arrangement and the examination of the council's existing arrangements <p>With the purpose of challenging commissioners to consider whether they</p>			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<p>really need what they want to buy.</p> <p>Action: As part of our action plan to meet the requirements of the Act, the Council will establish a structure to share lessons learnt following commissioning arrangements with other staff.</p>	September 2026	Procurement Manager	