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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

# Local Authority Accounts 2010-11

I have prepared and published this report in accordance with the Public Audit (Wales) Act 2004.

The Wales Audit Office study team that assisted me in preparing this report comprised John Herniman and Jeremy Saunders

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The Auditor General appoints auditors to local government bodies in Wales, conducts and promotes value for money studies in the local government sector and inspects for compliance with best value requirements under the Wales Programme for Improvement.

He also examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies in Wales. He has the statutory power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General is totally independent of Government, the National Assembly and the other bodies that he audits and inspects. Furthermore, in order to protect the constitutional position of local government, he does not report to the National Assembly specifically on local government work, except where required to do so by statute.

The Auditor General and his staff together comprise the Wales Audit Office. For further information about the Wales Audit Office please write to the Auditor General at the address above, telephone 029 2032 0500, email: wales@wao.gov.uk, or see web site http://www.wao.gov.uk

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# Summary report

1 Local government bodies (authorities) provide a wide range of services and in doing so spend a significant amount of public money. Like all public bodies they are required to produce, and have audited, a set of annual financial statements (accounts) to demonstrate and report on their stewardship of the public funds entrusted to them. The production of accurate and timely accounts is a significant task that contributes to effective corporate governance. Any failure to publish accurate and audited accounts by the prescribed deadlines can reflect badly on the organisation, undermining its financial management and corporate governance arrangements.

2 The Auditor General appoints auditors to all authorities in Wales to audit and issue an opinion on their accounts. The Public Audit (Wales) Act 2004 (PAWA) requires appointed auditors to examine and certify the accounts, and satisfy themselves that they:

- give a true and fair view of the authorities' financial position;
- comply with all relevant legislative requirements; and
- have been prepared in accordance with proper accounting practices.

3 This report summarises the results of auditors' work for 2010-11 at the following types of authorities in Wales (Exhibit 1).

**Exhibit 1**

| Type of authority | Number |
|---|---|
| Unitary authorities (including eight pension funds) | 22 |
| Police authorities | 4 |
| Fire and rescue authorities | 3 |
| National park authorities | 3 |

4 Other, smaller local government bodies whose accounts are also audited, eg joint committees and community and town councils, are not included in the scope of this report.

5 The Accounts and Audit (Wales) Regulations 2005, as amended (A&AR), require authorities to prepare accounts, and for the Responsible Financial Officer (RFO) to certify them by 30 June with final, audited accounts to be re-certified, approved and published by 30 September. Where there is any failure to meet either of these deadlines, the authority must publish a statement which provides details of actions (including timescales) being taken to prepare, approve and certify the accounts.

6 2010-11 was a challenging year for authorities in terms of preparing their accounts and supporting working papers on time. Specific challenges included:

- an annual governance statement was mandated for the first time (although some prepared them in previous years on a voluntary basis);

- there were technical changes arising from amendments to the capital accounting and finance regulations; and
- adjustments were required for public service pensions to be increased in line with movements in the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

7 The most significant challenge, however, arose from the adoption of International Financial Reporting Standards (IFRS) for the first time. This required significant changes to accounting practices and the presentation of the financial statements. In addition, the accounts from the previous year had to be restated to show comparative figures in line with IFRS-based accounting policies. The scale of change meant that IFRS adoption needed to be managed as a project in itself. This required effective project planning, monitoring and reporting and engagement from many officers outside the finance department.

8 Despite these challenges, authorities generally coped well. The majority of accounts were prepared and audited on time, albeit many of the accounts required some form of amendment following audit. With two exceptions, all accounts were prepared and certified by 30 June and audited by 30 September.

9 In recent years, auditors have commented that the overall standard of working papers to support accounts has shown steady improvement. This year, however, the improvement trend was not continued. This was probably due to the added complications arising from the implementation of IFRS. Whilst there are still ongoing and recurring issues to be dealt with relating to IFRS, we expect the standard of supporting working papers to improve again in future years.

10 Despite the fact that the majority of accounts were certified and audited on time, some authorities are not fully meeting the requirement to 'publish' their accounts by 30 September. Publication requires positive action, which is sometimes not taken or is taken after the deadline.

11 There are still some areas where a lack of definitive accounting guidance leads to the adoption of inconsistent approaches. Three such examples are: the valuation of council houses; the treatment of voluntary schools; and the presentation in the accounts of non-enhancing capital expenditure. The relevant bodies should provide definitive guidance in these areas.

12 Although 2010-11 was the first year that authorities were required to compile an annual governance statement (rather than a statement of internal control (SIC)), some had adopted the practice in earlier years. On the whole, these statements are well prepared but there is scope for authorities to focus more attention on them. This will not only ensure they are an accurate reflection of their arrangements and risks, but also help meet their responsibilities for a self-assessment of performance under the Local Government (Wales) Measure 2009 (the 2009 Measure.

13 Most Whole of Government Accounts (WGA) returns were completed and audited on time. Three were too late to be included in the Welsh consolidation but were subsequently included at the UK level. Authorities and auditors will need to continue to work together to ensure the WGA returns are completed on time in future years.

## Accounts and supporting working papers were generally well prepared despite the challenge of implementing IFRS, although two authorities failed to meet the statutory deadlines

**14** The A&AR require authorities' RFOs to prepare and certify accounts by 30 June that present a true and fair view of the financial position of the body at 31 March and the body's income and expenditure for that year. The same regulations require that, by 30 September, the authority formally approves the accounts and that they are certified by the RFO and the person presiding at the meeting where they are approved. If either of the June or September deadlines are missed, the regulations require the authority to publish (ie make available to the public) a statement explaining why they have failed to prepare and certify the accounts, and provide details of actions (including timescales) being taken to prepare and certify the accounts.

**15** On or around 30 June, in agreement with authorities, appointed auditors receive accounts and supporting working papers allowing them to carry out their audit work. Auditors complete and conclude their work in time for the accounts to be re-certified by RFOs, approved by authorities and for audit opinions to be issued by 30 September.

### The majority of accounts were prepared on time, despite the challenges of implementing new IFRS requirements

**16** Authorities were required to adopt the full provisions of IFRS as interpreted for local government for the 2010-11 financial year.

**17** This represented a fundamental change to the basis of preparation of the financial statements. In addition to producing the 2010-11 accounts in IFRS format, authorities had to restate balance sheets for 1 April 2009 and 31 March 2010, and restate income and expenditure accounts for 2009-10. Changes included:

- reclassification of property, plant and equipment;
- significant additional disclosure requirements;
- identification, classification and new accounting treatment for all leases;
- accruals for annual leave not taken at year-end; and
- revised accounting treatment for grants and contributions.

**18** Accordingly, the introduction of IFRS had a significant impact on the workloads of both the compilers and the auditors of authorities' accounts.

**19** The new accounting requirements were a challenge for all authorities and required a great deal of preparation and planning. The production of accounts should not be seen as a function of the finance department alone;

it should be a corporate activity led by the finance department. The introduction of IFRS emphasises this further. It requires a greater degree of input, co-operation and liaison from other departments, such as estates and human resources, if the new requirements are to be implemented fully and correctly. In most cases, finance departments dealt well with these new arrangements.

20 Where IFRS conversion worked well, there was a comprehensive project plan in place which was clear about accountabilities and resource requirements, both within and outside the finance department. These plans identified clear milestones and progress was regularly monitored and reported to audit committees. This helped raise both the profile and understanding of the issues being faced and added impetus to any corrective action needed.

21 Some bodies struggled with timely and correct accounts completion. In most cases, this was due to an overreliance on one or two individuals, poor project planning and some delay caused by adherence to an example set of statements, which did not include all the new requirements.

22 The main areas where difficulties were encountered included:

- identification, classification and accounting for all leases;
- accounting for investment assets at fair value;
- identifying and correctly classifying assets held for sale;
- appropriately estimating an accrual for holiday pay; and
- compiling the information to meet the increased number of disclosures and notes to the accounts.

## Two authorities failed to meet the statutory deadlines for the production and approval of their accounts

23 The A&AR require RFOs of authorities to prepare and certify accounts by 30 June and authorities to approve them for publication by 30 September. The PAWA requires auditors to issue an opinion on the accounts on completion of the audit. Auditors aim to issue opinions by 30 September, to enable bodies to publish audited accounts by the statutory deadline. Failure to ensure that adequate arrangements are in place to produce accounts in accordance with the statutory timescales is considered to be a serious breach in financial stewardship and corporate governance. Consequently, where the deadlines are not achieved, authorities are required to publish a statement which sets out the reasons for the delay, the remedial action being taken, and the timescales for their accounts to be finalised and audited.

24 For 2010-11, all audit opinions were issued by 30 September except for the Isle of Anglesey County Council and Neath Port Talbot County Borough Council. Both councils failed to prepare and have their accounts certified by the RFO by 30 June, and to approve and publish them by 30 September.

25 The RFO at the Isle of Anglesey County Council did not certify the Council's accounts until 21 July; this delayed the start of the audit to 1 August and not all of the working papers required for the audit were available at the commencement of the audit. This was the second consecutive year in which the Isle of Anglesey County Council failed to meet the statutory deadline for the certification and publication of its accounts. The underlying problems reported by auditors in the previous year of outdated financial systems and a lack of permanent staff remained. The Council employed agency staff to undertake the work

required to produce the accounts and working papers for audit. The Council's accounts were eventually re-certified, approved, audited and published in November.

26 The RFO at Neath Port Talbot County Borough Council did not certify the Council's accounts until 18 July and most supporting working papers were received shortly after this date but a number were not available until some weeks later. Auditors had reported previously that closure processes needed to be improved with more quality review built into the process. However, the impact of IFRS, the transfer of its housing stock and staffing issues exacerbated the difficulties this year. The Council's accounts were eventually re-certified, approved, audited and published in December.

## Working papers to support accounts were generally of a good standard but the impact of IFRS meant the improvement trend seen in recent years was not continued

27 In order to support the entries in the accounts and to expedite a smooth audit process, authorities should provide comprehensive and complete working papers to support their accounts in a timely manner. It is important that auditors and authorities agree working papers and other audit requirements in advance to facilitate the timely completion of audit work.

28 In recent years, there has been an overall trend of continuous improvement in the timeliness and quality of working papers provided to support the accounts. Authorities and auditors have worked hard to ensure that there is a shared understanding of what is expected and, in the majority of bodies, other arrangements to support the process have been developed to include, for example:

- auditors having read-only access to ledger systems;
- working papers provided in electronic format;
- working papers deposited on a shared network drive, accessible by the body and the auditor;
- auditors and bodies sharing information about new or contentious areas in advance of the production of the accounts;
- regular reporting of progress and issues as they arise throughout the accounts production and audit process; and
- following the completion of the audit, a joint post-project learning session to identify improvements for future years.

29 Most bodies produced their working papers to a good standard. However, the overall trend of continuous year-on-year improvement was not maintained this year; this was primarily due to the added complications and workload arising from the introduction of IFRS. In some cases, working papers supporting accounts were provided late, were incomplete and/or were of a poor quality.

30 Authorities and auditors need to continue to work together to improve the quality and timeliness of working papers supporting the accounts. We have developed a good practice guide which can help bodies plan for and deliver faster closing of their accounts. The guide is written for public bodies and their external auditors, and can be found on our Good Practice Exchange website[1]. It includes guidance and case studies on changing the culture, planning, working practices during the year, and closing and reporting.

## Unqualified audit opinions were issued on all but one set of accounts

31 Auditors issue an unqualified opinion on a statement of accounts if, in all material respects, they consider that the accounts present a true and fair view of the financial

1 http://www.wao.gov.uk/goodpractice/goodpracticeexchange.asp

position of the body and its income and expenditure for the year in accordance with the relevant financial reporting framework. If this is not the case, there are various qualified (or non-standard) audit opinions available.

32 In 2010-11, all authorities received unqualified audit opinions with one exception: a qualified opinion was issued on South Wales Fire and Rescue Authority's accounts. The transfer to IFRS in 2010-11 required that the statement of financial position included the preceding two years as comparatives. A qualified audit opinion was given for 2010-11 due to the disagreement over the interpretation of the statutory framework at that time regarding the holding of opening balance reserves in the 2008-09 accounts. This will not be the case for 2011-12.

## There were a significant number of adjustments required to the accounts that were presented for audit

33 When auditing the accounts, auditors do not provide absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, auditors seek to identify material misstatements whether caused by fraud or error in the accounts. Material misstatements are those that might result in a reader of the accounts being misled.

34 The auditor's determination of materiality is a matter of professional judgement and is influenced by several factors including:

- the type of audited body;
- the nature of the services the body provides;
- legislative requirements; and
- the financial information needs of legislators and other users of the accounts.

35 For authorities referred to in this report, the aggregated total gross revenue expenditure (as shown in the accounts) was £9 billion and assets totalled £17 billion. The amount above which a misstatement may be considered material ranged from £36,000 in smaller authorities to £10 million in large ones. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. Balances and transactions with lower values may therefore be considered to be material to the accounts.

36 Through their work, auditors may identify material misstatements in an authority's accounts. In this case, the auditor will request the RFO to amend the accounts to correct the errors. If the material misstatements are not corrected, or it is not possible to change them due to insufficient information, the auditor may consider issuing a non-standard (i.e qualified) opinion.

37 In 2010-11, 16 (50 per cent) bodies covered by the report, made material adjustments to their accounts following audit. In total, material and other adjustments were made to accounts of £613 million for balance sheets and £502 million for statements of comprehensive income and expenditure (SCIE).

38 As part of the audit process, other non-material but nevertheless significant misstatements are also brought to the RFO's attention. Auditors request the RFO to amend the accounts to correct such errors. Where such errors and other significant misstatements are brought to the RFOs' attention but are not adjusted, auditors bring these to the attention of those charged with governance. They seek an explanation of why the adjustments have not been made before the accounts are approved. In 2010-11, unadjusted (but not material) misstatements remained in audited accounts of £33.3 million for balance sheets and £22.9 million for SCIE.

39 The major classes of misstatements identified from audit work in 2010-11 are explained in more detail below.

## Pension contributions on equal pay claims

40 In 1997, local government employers and trade unions signed the 'Single Status Agreement'. This agreement committed authorities to undertake equal pay reviews and to introduce non-discriminatory pay structures, to address the fact that local government employees were employed on differing terms and conditions. These reviews identified some elements of pay discrimination, and at most authorities, resulted in the need to recognise equal pay liabilities.

41 Until recently it was not clear whether such liabilities were subject to pension contributions. However, a change to the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 clarified that the back-pay element of equal pay liabilities is pensionable. Although the changes were effective from 30 September 2010, they applied retrospectively from 1 April 2008. Legal advice commissioned by auditors concluded that as a result of the regulations, pension contributions are payable on the back-pay element of equal pay settlements and liabilities.

42 Some authorities, on the basis of legal advice obtained at the time, did not recognise a liability for pension contributions when they recognised liabilities or made equal pay settlements to staff in previous years. As such, auditors reported that some authorities should recognise this liability in their accounts.

## Pension past service costs

43 During 2010-11, the Government introduced legislation that requires pension payments to be linked to increases in the CPI rather than the RPI. The outcome of this change is to reduce the overall pension liability held on balance sheets. HM Treasury issued guidance, which outlined that this reduction in liabilities should be treated as a negative past service cost on the basis that it is a change in benefits rather than a change in assumptions. As such, it should be clearly identified in the SCIE.

44 Some authorities recognised the negative past service cost relating to this change as an actuarial gain as opposed to a negative past service cost. Others allocated this negative past service cost across service heads in the SCIE as opposed to clearly identifying it.

## Property, plant and equipment

45 Property, plant and equipment remains an area where a significant number of authorities struggle to apply accounting treatment correctly; this was compounded by the introduction of IFRS this year. Examples of common misstatements were:

- failure to revalue properties correctly or to revalue them using an incorrect basis (often attributed to poor communication between finance and estates departments);
- not all assets were correctly classified because IFRS introduced new classes of assets (eg assets held for sale and investment assets);
- asset registers could not be fully reconciled with accounting records, with some common problems such as some assets being counted twice and others excluded from the accounts;
- not treating asset impairment or depreciation correctly; and
- not accounting for grant funding correctly.

### Provisions

46 Authorities are required to consider whether events which occurred prior to the year-end may result in a future liability. If it is more likely than not that a liability will crystallise and it can be reliably estimated, then a financial provision will be required relating to that event.

47 A number of authorities had inappropriately set up provisions and others had failed to set up provisions when required. Some particular omissions related to failure to recognise liabilities for landfill site aftercare costs and equal pay. There were a number of misstatements relating to insurance accounting with some provisions incorrectly accounted for as reserves and vice versa.

### Income and expenditure cut-off

48 At the cut-off date for accounts, namely 31 March, it is important that authorities' procedures are robust enough to ensure that transactions for both income and expenditure are posted to the correct financial year.

49 Accounting for transactions in the correct financial year remains an issue at a number of authorities. Audit testing at a number of bodies identified transactions which had been posted to the wrong financial year. Although not material, such misstatements can have an effect on reported out-turn.

## Some authorities are still not meeting the requirements to publish their accounts by 30 September

50 Authorities are required, by the A&AR, to publish their statement of accounts whether audited or not by 30 September each year. Whilst publication does not require any preparation beyond the statements themselves, nor the distribution of copies of the statements to persons who have not expressed an interest in receiving them, it does require positive action.

51 The approach to meeting the requirement to 'publish' varies. However, it is not sufficient for the accounts to only be available via committee papers or by providing copies to enquirers on demand; it is expected that accounts become publicly available. The most efficient way is usually for the audited accounts to be published via a body's website. However, guidance suggests that authorities should not rely on only one method of publication. Whilst most bodies now provide copies of their accounts on their website, this is sometimes well after 30 September. Authorities need to ensure that appropriate arrangements are put in place to publish their accounts by the deadline.

## There is scope to clarify the accounting treatment of council housing, voluntary schools and non-enhancing capital expenditure for future years

### Council house valuations

52 The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that council dwellings are valued using Existing Use Value – Social Housing (EUV-SH). This is the estimated amount at which the property should change hands between a willing buyer and seller in an arm's length transaction on the date of valuation.

53 In Wales, there are two main methodologies used to value council dwellings (as shown in Exhibit 2):

**Exhibit 2**

| Methodology | |
|---|---|
| Discounted cash flow | This method discounts the income and expenditure streams arising from the housing stock operation at the valuation date, over an appropriate period. |
| Vacant possession value | This method adjusts the vacant possession value of housing stock to reflect the occupation by a secure tenant. |

54 The use of two different methods can give rise to significantly different valuations ranging from £7,000 per house to £84,000 per house. Even where authorities use the vacant possession methodology, there are a number of factors that impact on the valuation obtained. Principally, these are the selection of 'beacon properties' (sample properties which are valued to avoid having to value all properties individually), the accuracy of the valuation of the 'beacon' property and the adjustment factor (the discount to reflect the fact that the dwellings have secure tenants). In England, the Department for Communities and Local Government issued a revised version of its Stock Valuation for Resource Accounting Guidance for Valuers which prescribed the beacon approach as the basis for authorities to value their council houses. In Wales, there is no such prescription, and we are continuing to discuss this with the Society of Welsh Treasurers Chief Accountants Group with an aim of ensuring a consistent valuation approach. In advance of this, auditors will continue to accept one of the allowable methodologies, providing reasonable assumptions have been made.

## Accounting for schools

55 In 2010-11, there was no consistent guidance on whether foundation, voluntary aided and voluntary controlled schools should be accounted for on or off balance sheet. In 2011, CIPFA/LASAAC consulted on changes to the 2011-12 guidance in relation to accounting for schools. CIPFA/LASAAC proposed that foundation, voluntary aided and voluntary controlled schools should be accounted for off balance sheet. However, the consultation exercise failed to achieve a consensus view, particularly on the treatment of voluntary controlled schools. Furthermore, CIPFA/LASAAC also identified inconsistencies in relation to this in WGA returns.

56 As a consequence, CIPFA/LASAAC has decided not to issue updated guidance in respect of the accounting treatment of schools for 2011-12 and, as a result, inconsistent treatment will continue. Ahead of definitive guidance, auditors will accept authorities' current treatment in 2011-12 provided there is a valid and reasonable explanation for such treatment.

## Non-enhancing capital expenditure

57 Authorities have adopted different approaches to presenting non-enhancing capital expenditure in the accounts. Non-enhancing capital expenditure is expenditure of a capital nature which is deemed not to add to the carrying value of the asset.

58 Authorities either:

- capitalise the expenditure as an addition in the year and then apply an equal and opposite impairment adjustment; or
- charge this expenditure directly to the comprehensive income and expenditure statement.

59 Because of the different approaches that may be adopted, it can be difficult to agree figures in the Property, Plant and Equipment note to the Movement in Reserves adjustments note and the Capital Adjustment account note. This issue has been discussed with the Society of Welsh Treasurers Chief Accountants Group and it has agreed to consider the matter further with a view to identifying a consistent approach.

## Annual governance statements were generally well prepared although there is scope to gain increased benefits from their production

60 In previous years, authorities were required to prepare a SIC describing their system of internal control and its effectiveness during the year. 2010-11 was the first year that an annual governance statement was required to be prepared by authorities. This statement encompasses more than a review of internal control. Auditors were required to review whether the statement reflected compliance with *Delivering Good Governance in Local Government: Framework* published by CIPFA/SOLACE in June 2007 or, if the statement was misleading or inconsistent with other information they were aware of from their audit.

61 Some authorities have prepared these statements for a number of years and whilst there was generally scope for further improvement in the production and content of statements, there were no major issues arising from auditors' reviews. However, there is scope to improve the benefits derived from their production, and the annual review of effectiveness of arrangements that authorities are required to undertake, by linking the work more closely to the duties placed on most authorities by the 2009 Measure.

62 Under the 2009 Measure, an improvement authority must publish an assessment of its performance during each financial year. This includes an assessment of its performance in discharging its general duty to make arrangements to secure continuous improvement. This assessment of how well it has made arrangements to improve clearly aligns with the review of the effectiveness of governance arrangements.

63 The Auditor General undertakes an audit to determine whether an improvement authority has discharged its duties in relation to improvement planning and the publication of improvement information. In order to meet this requirement, the Auditor General needs to review the authority's arrangements. In the interests of efficiency and proportionality, the Auditor General has signalled a willingness to place reliance on an authority's own assessment provided it can be evidenced as being robust, fair and balanced. The Auditor General will need to satisfy himself that the processes of review and reporting are thorough and robust, and that they are capable of producing a fair and balanced assessment of arrangements.

64 Taking into consideration the opportunity to align these reviews and to provide assurance to the Auditor General that the authority has robustly reviewed arrangements, it would be in authorities' interests to enhance current reviews of effectiveness and to ensure that annual governance statements provide evidence of a more comprehensive examination of those arrangements.

## Most Whole of Government Accounts returns were completed on time

65 The WGA are a set of commercial style consolidated financial statements for the UK public sector. Prepared by the HM Treasury, in accordance with IFRS, around 1,400 bodies' accounts are consolidated into the UK WGA.

66 HM Treasury determines the bodies to be included in the WGA each year. It also designates a consolidation officer at each body. They are responsible for providing the information required for the WGA return in a timely manner, and ensuring that adequate systems and appropriate accounting judgements support the return. These arrangements cover all the authorities in this report.

67 The statutory auditor of the WGA is the Comptroller and Auditor General (C&AG) of the National Audit Office. His work is underpinned by the work carried out by the auditors of component bodies that are included in the WGA. In Wales, the Auditor General provides assurance statements to the C&AG on the three Welsh sub-consolidations including the local government sub-consolidation, incorporating all Welsh local government bodies.

68 For 2010-11, the timescales were:

- WGA returns to be provided to the Welsh Government and local audit teams by 15 July; and
- audited and finalised WGA returns to be provided to the Welsh Government by 29 September.

69 The majority of returns were completed on time. However, three returns were not completed in time to be included in the Welsh local government sub-consolidation. Two of these were as a result of the delayed production of accounts as noted above (Anglesey and Neath Port Talbot). The other was due to technical difficulties with the local WGA return. All three have subsequently been consolidated at the UK level.

70 Given that the WGA is now a published UK account, authorities and auditors must ensure that appropriate arrangements are in place to produce and finalise the local WGA returns. We will continue to work with individual authorities and the Welsh Government to refine and improve these arrangements.