

# Cabinet AGENDA

**Thursday, 28th May 2020 at 7.15pm**

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via Zoom and by the Council's YouTube channel – Braintree District Council Committees.

Members of the public will be able to view and listen to this meeting via YouTube.

To access the meeting please use the link below:

<http://www.braintree.gov.uk/youtube>

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**Members of the Cabinet are requested to attend this meeting to transact the business set out in the Agenda.**

## **Membership:-**

### **Portfolio**

Overall Vision and Strategic Direction	Councillor G Butland (Leader of the Council)
Economic Development and Infrastructure	Councillor T Cunningham (Deputy Leader of the Council)
Communities, Culture and Tourism	Councillor F Ricci
Corporate Transformation	Councillor J McKee
Environment and Place	Councillor Mrs W Schmitt
Finance and Performance Management	Councillor D Bebb
Health and Wellbeing	Councillor P Tattersley
Homes	Councillor K Bowers
Planning	Councillor Mrs G Spray

## **Invitees**

Representatives of the Green Party and Independent Group, Halstead Residents Association and Labour Group.

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email [governance@braintree.gov.uk](mailto:governance@braintree.gov.uk) by 3pm on the day of the meeting.

A WRIGHT  
Chief Executive

## **INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS**

### **Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest**

Any member with a Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a Disclosable Pecuniary Interest or other Pecuniary Interest or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

### **Question Time**

In response to Coronavirus the Council has implemented new procedures for public question time.

The Agenda allows for a period of up to 30 minutes when members of the public can speak. Members of the public wishing to speak are requested to register by contacting the Governance and Members Team on 01376 552525 or email [governance@braintree.gov.uk](mailto:governance@braintree.gov.uk) by midday on the working day before the day of the Committee meeting. For example, if the Committee Meeting is due to be held on a Tuesday, the registration deadline is midday on Monday, (where there is a bank holiday Monday you will need to register by midday on the previous Friday).

The Council reserves the right to decline any requests to register if they are received after this time.

Registered participants must submit their written questions/statements no later than 9am on the day of the meeting by emailing them to [governance@braintree.gov.uk](mailto:governance@braintree.gov.uk)

Participation will be via the submission of a written question or statement which will be read out by the Chairman or an Officer during the meeting. All written questions or statements should be concise and should be able to be read within the 3 minutes allotted for each question/statement. The question/statement will be published on the Council's website. The Council reserves the right to remove any defamatory comment in the submitted question/statement.

### **Documents**

Agendas, reports and minutes for all the Council's public meetings can be accessed via [www.braintree.gov.uk](http://www.braintree.gov.uk)

We welcome comments from members of the public to make our services as efficient and effective as possible. If you have any suggestions regarding the meeting you have attended you can send these via [governance@braintree.gov.uk](mailto:governance@braintree.gov.uk)

# **AGENDA**

<b>No</b>	<b>Title and Purpose of Report</b>	<b>Pages</b>
<b>1</b>	<b>Apologies for Absence</b>	
<b>2</b>	<b>Public Question Time</b> (See paragraph above)	
<b>3</b>	<b>Minutes of the Previous Meeting</b> To approve as a correct record the minutes of the meeting of Cabinet held on Monday 9th March 2020 (copy previously circulated).	
<b>4</b>	<b>Declarations of Interest</b> To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.	
<b>5</b>	<b>OVERALL CORPORATE STRATEGY &amp; DIRECTION</b>	
<b>5a</b>	<b>Decisions made by the Chief Executive under Urgency Provisions</b>	<b>5 - 10</b>
<b>6</b>	<b>FINANCE &amp; PERFORMANCE MANAGEMENT</b>	
<b>6a</b>	<b>COVID-19 – Impact on Council Finances</b>	<b>11 - 21</b>
<b>7</b>	<b>CORPORATE TRANSFORMATION</b>	
<b>7a</b>	<b>Horizon 120 - Infrastructure - PUBLIC</b>	<b>22 - 30</b>
<b>8</b>	<b>EXCLUSION OF PUBLIC AND PRESS TO CONSIDER REPORTS IN PRIVATE SESSION</b> for reasons set out in Paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.	

## **AGENDA – PRIVATE SESSION**

<b>No</b>	<b>Title and Purpose of Report</b>	<b>Pages</b>
<b>9</b>	<b>CORPORATE TRANSFORMATION</b>	
<b>9a</b>	<b>Horizon 120 - Infrastructure - PRIVATE</b>	

<b>Decisions made by the Chief Executive under Urgency Provisions</b>		<b>Agenda No: 5a</b>
<b>Portfolio</b> See body of report <b>Corporate Outcome:</b> See body of report <b>Report presented by:</b> Andy Wright, Chief Executive <b>Report prepared by:</b> Emma Wisbey, Governance and Member Manager		
<b>Background Papers:</b>		<b>Public Report</b>
Decisions made by the Chief Executive under Constitutional powers.		<b>Key Decision: No</b>
<b>Executive Summary:</b>  <p>All decisions taken by the Chief Executive under his urgency powers are required to be reported an appropriate meeting of Council, Cabinet or the relevant committee a following the decision.</p> <p>Each decision has been published on the Council's website and can be viewed on the Website <a href="#">here</a> and by clicking on the unique Decision Number or subject heading.</p> <p><b>Decision No. <a href="#">DDN001</a></b></p> <p>Subject: <a href="#">Investing Suffolk's Materials Recycling Facility</a>          Decision Maker: Chief Executive – Andy Wright          Date of Decision: 27<sup>th</sup> March 2020          Corporate Outcome: Overall Strategy and Direction</p> <p>Decision:</p> <p>The Chief Executive exercised the urgency powers granted to him to decide that the Council should invest in the Materials Recycling Facility at Great Blakenham to share in profits from the same. He also delegated responsibility for concluding the necessary documentation to the Corporate Director (Finance) in consultation with relevant Cabinet Members. This was a time sensitive decision to protect the financial interests of the Council. The decision had been included for consideration by Full Council on 23 March 2020, however this meeting was cancelled at short notice as a consequence of the rapidly evolving Covid-19 public health emergency.</p> <p><b>Decision No. <a href="#">DDN002</a></b></p> <p>Subject: <a href="#">Democratic Processes and Decision Making during a pandemic (Covid-19 / Coronavirus)</a>          Decision Maker: Chief Executive – Andy Wright</p>		

Date of Decision: 2<sup>nd</sup> April 2020  
Corporate Outcome: Overall Strategy and Direction

Decision:

The Chief Executive exercised the urgency powers granted to him to make decisions as to how the Council would continue to operate whilst the ability to make decisions through the calling of meetings of Members of the Council was suspended as a consequence of the public health shielding and social distancing provisions imposed by the Government. He decided to:-

- a. Appoint the following officers as deputy statutory officers to carry out the statutory functions of the roles in the event that sickness prevents the incumbent, appointed by Full Council, being able to fulfil their statutory function:
  - i. Head of Paid Service – Cherie Root, Corporate Director;
  - ii. Section 151 Officer – Trevor Wilson, Head of Finance;
  - iii. Monitoring Officer – Emma Wisbey, Governance and Member Manager
- b. Amend the quorum required for all Council meetings during the public health emergency period to the statutory minimum of one quarter of the Councillors called to the meeting or 3, whichever is the greater,
- c. Allow Councillors to nominate a substitute member to take their place on a committee in the event of absence through sickness or self-isolation, provided that the substitute member has had appropriate training if the committee is a committee dealing with regulatory issues (i.e. Planning or Licensing) and has notified the Head of Governance of the nomination in writing in advance of the meeting. .
- d. Provide appropriate and relevant information to Town and Parish Councils in the district to help them help their community – by way of email;
- e. Ask the Head of Governance to ensure appropriate arrangements are in place for the execution of urgent documents, including making suitable arrangements for the Council's seal to be applied to said documents.
- f. Postpone all meetings of Members scheduled until 30 April 2020 be postponed pending the enactment of regulations under s78 Coronavirus Act 2020.

This was a time sensitive decision considered necessary to advance the business of the Council given the shielding and social distancing restrictions imposed by the Government.

**Decision No. [DDN003](#)**

Subject: [Adoption of the Corporate Strategy 2020 – 2024](#)  
Decision Maker: Chief Executive – Andy Wright  
Date of Decision: 8<sup>th</sup> April 2020  
Corporate Outcome: Overall Strategy and Direction

**Decision:**

The Chief Executive exercised the urgency powers granted to him to decide that the Council should adopt the Corporate Strategy 2020 – 2024. The Corporate Strategy forms the framework for the Council's annual plan, and the business plans for each directorate.

This was a time sensitive decision to promote the conduct of the Council's business. The Corporate Strategy was considered by Cabinet on 9 March 2020 and commended to Council. It was included for consideration by Full Council on 23 March 2020, however this meeting was cancelled at short notice as a consequence of the rapidly evolving Covid-19 public health emergency.

**Decision No. [DDN004](#)**

Subject: [Proposals to support those licensed by the Council during the Covid-19 public health emergency](#)

Decision Maker: Chief Executive – Andy Wright

Date of Decision: 16<sup>th</sup> April 2020

Corporate Outcome: Environment and Place & Finance and Performance

**Decision:**

The Chief Executive exercised the urgency powers granted to him to decide to:

- 1) Increase the term of all vehicle and driver licences that are due to expire between April 1st 2020 and June 30th 2020 by a period of 6 months without further requirements.
- 2) In the event where a vehicle licence has been surrendered or not re-licensed since the introduction of the Government's current lockdown measures and the 30th June 2020, the Council will relax the requirement that places an age limit on vehicles as follows:
  - (i) Private hire vehicles and hackney carriages to be no more than 5 years old at first registration,
  - (ii) Wheelchair accessible vehicles of any type to be no more than 8 years old at first registration.

This relaxation will only apply to vehicles that were already been licensed by the Council before the lockdown procedures were introduced.

- 3) Where an event has been cancelled due to Covid-19, the Council allows the organisers to resubmit a Temporary Events Notice for a future date without further charge. It is not recommended to make refunds beyond the terms of this assistance.

**Decision No. [DDN005](#)**

Subject: [Local Development Order – Horizon 120 – To agree a Local Development Order for the site](#)

Decision Maker: Chief Executive – Andy Wright

Date of Decision: 16<sup>th</sup> April 2020

Corporate Outcome: A well connected and growing district with high quality homes and infrastructure  
A prosperous district that attracts business growth and provides high quality employment opportunities

Decision:

The Chief Executive was asked to exercise his urgency powers in relation to the making of a Local Development Order (LDO). This matter was considered to be time sensitive to ensure the furtherance of economic and social benefits arising from the proposed development at Horizon 120. Given the likely economic impacts arising from the ongoing situation with COVID-19, the planning system has an important role to play in helping to deliver growth and create jobs, both during the construction phase and after completion of the development. The matter was included on the agenda for consideration by full Council on 23 March 2020 (which was published on 13 March 2020) but the meeting was cancelled as a consequence of the public health emergency caused by Covid-19 coronavirus.

The Chief Executive decided to:

1. Delegate to the Corporate Director of Growth the authority to make any minor changes to the final documents (LDO, Design Code and Statement of Reasons);
2. Adopt and publish the Horizon 120 Local Development Order, Design Code and Statement of Reasons as amended;
3. Authorise the Head of Planning to provide copies of the required documents to the Secretary of State (the LDO, Design Code and Statement of Reasons within 28 days of the adoption);
- 4) 4. Authorise the Planning Development Manager to place the LDO, Design Code and Statement of Reasons on the Planning Register within 14 days of the date of adoption.

**Decision No. [DDN006](#)**

Subject: [Remote hearings and democratic processes during a pandemic](#)

Decision Maker: Chief Executive – Andy Wright

Date of Decision: 23<sup>rd</sup> April 2020

Corporate Outcome: Corporate/Emergency Planning

Decision:

The Chief Executive was invited to consider proposals to dealing with the barriers, risks and potential solutions for remote hearings during the current public health emergency, and decided to exercise the urgency powers granted to him by the Constitution to:

1. Identify and procure a suitable digital platform to be utilised for local authority meetings;
2. Draft an addendum to the Council Procedure Rules addressing the practicalities of remote while the Government recommends that shielding, self-isolation and social distancing are maintained (i.e. in relation to voting, access to documents and facilities that can be employed to allow the meeting to be held remotely);
3. Identify and prioritise Council and Committee meetings to be conducted via a digital platform;



4. Issue guidance to officers and members on decision making via a digital platform;
5. Identify the mechanism by which local councils will be able to publish their documents on the Council's website;
6. Confirm that the Council will not hold an AGM in the municipal year 2020 / 2021.

**Decision No. [DDN007](#)**

Subject: [Provision of Monetary Relief to Fusion in response to the Covid 19 crisis for April 2020](#)  
Decision Maker: Chief Executive – Andy Wright  
Date of Decision: 4<sup>th</sup> May 2020  
Corporate Outcome: Health and Communities

**Decision:**

The Chief Executive agreed to offer monetary relief of £55.8k for the month of April. This sum consists of the following (figures exclude VAT where applicable):

- Waiver of the management fee for April of £16.1k
- A grant of £37.9k towards the residual costs detailed within your letter referenced above to be paid by the Council
- Waiver of £1.8k against the outstanding PV Panel Recharge owed by Fusion to BDC

It is recommended, in common with many other Fusion customers, that BDC do not provide the requested £31.2k a month to fund the 20% of furloughed employee wage costs not covered by the Government funded Job Retention Scheme.

The above relief will be paid on the basis that Fusion

- Provides full open book accounting, clearly showing the contribution from BDC ;
- Engage with Local Partnerships, sharing its efforts to identify opportunities to mitigate cost and secure any Government support that becomes available;
- Seeks such insurance compensation as it can under its relevant policies, again providing full transparency and returning sums to the Council if and once they are available;
- Confirms that this monetary relief is the only financial recompense which will be sought by Fusion from BDC for April and that additional requests for money under any contractual provisions will not be made;
- Removes the £10 per month membership freeze fee currently set for members

This relief and the offer of Local Partnership involvement would be offered in full mitigation of the impact on Fusion of Covid-19.

**Recommended Decision:**

For Members to note the decisions taken by the Chief Executive.

**Purpose of Decision:**

The reasons for decision can be found in the individual decision.

<b>Any Corporate implications in relation to the following should be explained in detail.</b>	
<b>Financial:</b>	None arising out of this report.
<b>Legal:</b>	<p>Article 13 (Paragraph 3.1.10) enables the Chief Executive to take urgent decisions in respect of either an executive or non- executive function which is considered necessary to protect the interests of or for advancing the business of the Council. In those circumstances, the Chief Executive is authorised to take urgent decisions following consultation with the Leader of the Council and the relevant portfolio holder in respect of executive matters and the Chairman (or Vice Chairman) of Council or the relevant committee in respect of non-executive functions. All urgent decisions will be reported to the next appropriate meeting of Council, Cabinet or the relevant committee;</p> <p>There are no legal issues arising out of this report.</p>
<b>Safeguarding:</b>	None arising out of this report.
<b>Equalities/Diversity:</b>	None arising out of this report.
<b>Customer Impact:</b>	None arising out of this report.
<b>Environment and Climate Change:</b>	None arising out of this report.
<b>Consultation/Community Engagement:</b>	None arising out of this report.
<b>Risks:</b>	None arising out of this report.
<b>Officer Contact:</b>	Emma Wisbey
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COVID-19 – Impact on Council Finances		Agenda No: 6a
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Councillor David Bebb, Cabinet Member for Finance and Performance Management	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:	Public Report	
	Key Decision: No	
Executive Summary:		
1. <u>Introduction</u>		
<p>The COVID-19 pandemic has had and continues to have a significant impact on the residents, communities and businesses in the District. The Council is playing a key role in providing support through both its own services and additional services delivered on behalf of the Government. Whilst this expenditure is placing pressures on the finances of the Council the main impact is from the reduction in income received for services which have temporarily either ceased or been reduced significantly.</p> <p>This report provides an update on the financial support provided to businesses and council tax payers (including that to be funded by Government) and an initial assessment of the impact of the pandemic on the Council's finances.</p>		
2. <u>Businesses</u>		
<p>The Government announced in the Budget on 11<sup>th</sup> March 2020 a number of measures to assist businesses suffering financial hardship as a consequence of the impact of COVID-19 pandemic.</p>		
2.1 Business Support Grants		
<p>Two grant funding schemes were introduced for 2020/21: the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.</p> <p>As at Thursday 7<sup>th</sup> May, grants had been paid to 2,182 businesses with a total value of £25.42m.</p>		

On 1<sup>st</sup> May the Government announced that a discretionary fund would be set up to accommodate certain small businesses previously outside the scope of the business grant funds scheme. At the time of writing, detailed guidance together with the allocation of the funds available to each authority are awaited.

## **2.2 Business Rate – Retail Hospitality & Leisure discount and Nursery Relief**

The Retail Hospitality & Leisure discount scheme was increased from 50% to 100% and the maximum Rateable Value limit of £51,000 was removed for 2020/21. In addition the Government determined that the discount was not State Aid.

The discount has been applied to 803 businesses for 2020/21, with a total value of £17.72m.

On 18<sup>th</sup> March the Department for Education announced that to support nurseries, they will also be eligible for a business rates holiday for one year. 100% relief has been granted to 20 nurseries for 2020/21, with a total value of £182k.

The amount of business rates collected in April was £2.32million, this is less than the amount collected for the same period last year, of £5.04million, and is mainly due to the significant increase in reliefs granted.

## **3. Council Taxpayers**

The Government announced at the Budget that local authorities would receive an allocation from the £500m Hardship Fund to deliver relief to council tax payers in their area; the Council received £891,670 on 3<sup>rd</sup> April.

The Government's strong expectation is for billing authorities to provide all recipients of working age local council tax support during the financial year 2020-21 with a further reduction in their annual council tax bill of £150.

After an extended period of discussion between the MHCLG and the main system suppliers, the necessary software update has been received and tested. Enabling the reductions of up to £150 to be applied to the council tax accounts of all recipients of working age local council tax support and revised bills to be issued in the week commencing 11<sup>th</sup> May.

The amount of Council Tax collected in April was £10.862million, a collection rate of 10.85%, this compares to £10.875million (11.66%) collected in the same period last year.

It should be noted that no reminders have been sent for missed payments in April and that all actions of enforcement agencies have been ceased temporarily.

## **4. Potential Impact of COVID-19 on the Council's Finances**

The Government requested an indication of the financial implications of the pandemic on local authorities over the initial period of March and April and a projection for the year.

This return identified potential additional expenditure of £245,000 (£111,000 in 2019/20 and £134,000 in 2020/21) and a reduction of income received of £3.066million (£217,000 and £2.849million) providing an estimated total impact of £3.311million.

The assessment of reduced income is based on a prediction that the current arrangements will impact for the first quarter with recovery levels of 50% for quarter 2, 70% for quarter 3 and 90% for quarter 4. Anticipated reduction in dividends from the pooled funds is based on information provided by Arlingclose.

The Council received an allocation of £61.4k on 27<sup>th</sup> March from the Government's £1.6billion Local Authority Support Grant and on 28<sup>th</sup> April the Government published the allocations of the second tranche of £1.6billion of support to local authorities – the Council is to receive £1,505,471. This provides a total allocation of £1,566,882 to cover the financial losses.

The Government has requested local authorities submit an updated return on 15<sup>th</sup> May. The information requested has been increased and covers the position for April, May and the full year. The figures for the full year are to be based on the assumption the 'current restrictions remain in place until the end of July 2020, and thereafter the situation reverts entirely back to a position you anticipated prior to COVID-19. Note that this assumption is intended for accounting purposes only and solely to improve consistency in the returns provided and should in no way be interpreted as government policy.'

Finally, a more detailed review of the Council's finances will be undertaken in August which will be based on actual expenditure and income as at the end of the first quarter of the financial year.

#### **Recommended Decision:**

Members are asked to note the report.

#### **Purpose of Decision:**

To inform Members of the current impact of the COVID-19 pandemic on the Council's finances.

**Any Corporate implications in relation to the following should be explained in detail.**

<p><b>Financial:</b></p>	<p>The Council has received a total allocation of £1,566,882 from the Government's Local Authority support Grant to cover the financial losses incurred as a result of the COVID-19 pandemic.</p> <p>An assessment of the potential financial losses was undertaken in mid-April in response to a request from the Government. The assessment shows that unbudgeted expenditure of £111k and reduced income of £217k were recorded in March (accounted for in 2019/20). The potential additional expenditure in 2020/21 is £245k and the potential loss of income is £2.849million. The combined total covering both years is £3.311million.</p> <p>A further assessment is currently in progress in order to respond to a revised Government form to be returned on 15<sup>th</sup> May 2020.</p> <p>The Council has exercised its discretionary powers to implement a number of support programmes for businesses and council taxpayers on behalf of the Government. The Council will receive full reimbursement of the grants, discounts and reliefs awarded from the Government.</p> <p>The Council's cashflow continues to be closely monitored with no concerns at this time. Indeed the precept payments to the major preceptors and parish/town councils together with the pension deficit payments, for 2020/21 to 2022/23, were all made as scheduled in April/May. Cashflow has been helped by the Government deferring the business rate payments due from the Council, for April to June, until the remaining 9 months of the year.</p> <p>Reduced sums collected for business rates and for council tax income reflect the potential impact on the year, of £3.2m and £2.47m respectively, however this is based on the first 2 weeks of April only and the amounts remain collectable and may be received in the following year(s). No assessment of the level of write-offs during the year has been made at this time – these would present a cost on the Collection Funds with the shortfalls for all preceptors needing to be recovered in 2021/22.</p>
<p><b>Legal:</b></p>	<p>No matters arising out of this report.</p>
<p><b>Safeguarding:</b></p>	<p>No matters arising out of this report.</p>

<b>Equalities/Diversity:</b>	It has not been necessary to conduct an Equality Impact Assessment as a result of this financial update report.
<b>Customer Impact:</b>	No matters arising out of this report.
<b>Environment and Climate Change:</b>	No matters arising out of this report.
<b>Consultation/Community Engagement:</b>	No matters arising out of this report.
<b>Risks:</b>	No matters arising out of this report.
<b>Officer Contact:</b>	Trevor Wilson
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<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk

## **1. Introduction**

The COVID-19 pandemic has had and continues to have a significant impact on the residents, communities and businesses in the District. The Council is playing a key role in providing support through both its own services and additional services delivered on behalf of the Government. Whilst this expenditure is placing pressures on the finances of the Council the main impact is from the reduction in income received for services which have temporarily either ceased or been reduced significantly.

This report provides an update on the financial support provided to businesses and council tax payers (including that to be funded by Government) and an initial assessment of the impact of the pandemic on the Council's finances.

## **2. Businesses**

The Government announced in the Budget on 11<sup>th</sup> March 2020 a number of measures to assist businesses suffering financial hardship as a consequence of the impact of COVID-19 pandemic.

### **2.1 Business Support Grants**

Two grant funding schemes were introduced for 2020/21: the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund:

- Small Business Grant Fund – for all businesses in England in receipt of either Small Business Rates Relief or Rural Rates Relief in the business rates system are eligible for a payment of £10,000; and
- Retail, Hospitality and Leisure Grant – for businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March with a rateable value of less than £51,000 are eligible for a payment of either £10,000 or £25,000 depending whether the rateable value is below or above £15,000.

For both schemes businesses must also meet eligibility criteria prescribed by the Government.

The Council received £31.57m on 1<sup>st</sup> April from the Government, the amount being based on the Government's assessment of eligible businesses in the Braintree District.

A total of 2,557 businesses were sent a letter and application form on 26<sup>th</sup> /27<sup>th</sup> March inviting them to apply for the grants.

As at Thursday 7<sup>th</sup> May, grants had been paid to 2,182 businesses with a total value of £25.42m.

On 1<sup>st</sup> May the Government announced that a discretionary fund would be set up to accommodate certain small businesses previously outside the scope of the business grant funds scheme. At the time of writing, detailed guidance together with the allocation of the funds available to each authority are awaited.



## **2.2 Business Rate – Retail Hospitality & Leisure discount**

The Retail Hospitality & Leisure discount scheme was increased from 50% to 100% and the maximum Rateable Value limit of £51,000 was removed for 2020/21. In addition the Government determined that the discount was not State Aid.

The discount has been applied to 803 businesses for 2020/21, with a total value of £17.72m. The cost of the discount is to be covered by a section 31 grant from the Government, the detail of how this is to be paid to local authorities is awaited.

## **2.3 Business Rate – Nursery Relief**

On 18<sup>th</sup> March the Department for Education announced that to support nurseries, they will also be eligible for a business rates holiday for one year.

100% relief has been granted to 20 nurseries for 2020/21, with a total value of £182k. The cost of the relief is to be covered by a section 31 grant from the Government, the detail of how this is to be paid to local authorities is awaited.

## **2.4 Cashflow support – Business Rates**

Support regarding business rates to/from Government to assist the Council's cashflow include:

- £2.289m paid on 27<sup>th</sup> March for Section 31 grants (re: original reliefs prior to COVID-19 support) – normally paid in instalments across the year
- Business rate payments due to Government for three months deferred until later in the year – value £5.8m
- Anticipate further Section 31 grant income in respect of the additional Retail Hospitality & Leisure discount and Nursery relief mentioned above.

The amount of business rates collected in April was £2.32million, this is less than the amount collected for the same period last year, of £5.04million, and is mainly due to the significant increase in reliefs granted as detailed above.

## **2.5 Business Improvement Districts**

On 1<sup>st</sup> May, the Government announced financial support for Business Improvement Districts with a fund of £6.1million. The money is to be paid to local authorities and dispersed to Business Improvement Districts. Detail of the allocation for the Witham Industrial Watch is awaited at this current time.

## **3. Council Taxpayers**

The Government announced at the Budget that local authorities would receive an allocation from the £500m Hardship Fund to deliver relief to council tax payers in their area.

The Government's strong expectation is that billing authorities will provide all recipients of working age local council tax support during the financial year 2020-21 with a further reduction in their annual council tax bill of £150, using their

discretionary powers to reduce the liability of council tax payers outside of their formal LCTS scheme design.

The Council received £891,670 on 3<sup>rd</sup> April from Government being sum allocated to the Council in respect of Hardship Fund.

After an extended period of discussion between the MHCLG and the main system suppliers, the necessary software update has been received and tested. Enabling the reductions of up to £150 to be applied to the council tax accounts of all recipients of working age local council tax support and revised bills to be issued in the week commencing 11<sup>th</sup> May.

Whilst the balance of the allocation can be used at the Council's discretion to support others in hardship the Council's Benefits Team are aware of an increase in the number of claimants of Universal Credit who are expected to also claim LCTS from the Council and each of whom will also be entitled to the £150 allocation. It is proposed therefore to refrain from agreeing any additional support measures until the number of new claimants of LCTS is known.

The amount of Council Tax collected in April was £10.862million, a collection rate of 10.85%, this compares to £10.875million (11.66%) collected in the same period last year.

The main method of council tax payment is by Direct Debit; the amounts requested on 1<sup>st</sup> April totalled £7.42m and on 1<sup>st</sup> May totalled £7.497m.

Direct Debits which were returned unpaid on 1<sup>st</sup> April (of 548) and on 1<sup>st</sup> May (of 172) were not represented as normal process but were instead the DD payment method was removed from the account and the customers were written to suggesting other payment methods and requesting to pay what they can at this time with an option to return to DD in future.

It should be noted that no reminders have been sent for missed payments in April and that all actions of enforcement agencies have been ceased temporarily.

#### **4. Payments to Preceptors and Essex Pension Fund**

Assessment of the Council's cashflow has enabled the payments to preceptors and Essex Pension Fund to take place as originally planned, as follows:

- Essex County Council – Business Rates £1.55m paid on 30<sup>th</sup> April; Council Tax precept £5.832m paid on 1<sup>st</sup> May
- Essex Police – Council Tax precept £884k paid on 1<sup>st</sup> May
- Essex Fire – Council Tax precept £361k paid on 1<sup>st</sup> May
- Parish and Town Councils – 50% of Council Tax precepts £1.237m paid on 30<sup>th</sup> April

In addition, the Council had agreed to pay the pension deficit payments for 2020/21 to 2022/23 in a single payment in April 2020. A payment to the Essex Pension Fund of £2.468m was made on 30<sup>th</sup> April

## **5. Potential Impact of COVID-19 on the Council's Finances**

To-date expenditure coded to the COVID-19 cost centre is £151.7k; this is mainly IT equipment (£124k) and housing costs (hotels and B&B's of £26k).

The Government requested an indication of the financial implications of the pandemic on local authorities over the initial period of March and April and a projection for the year. A return was duly made on 15<sup>th</sup> April.

This was obviously produced at short notice and with relatively few days on which to base the assessment. The assessment of reduced income is based on a prediction that the current arrangements will impact for the first quarter with recovery levels of 50% for quarter 2, 70% for quarter 3 and 90% for quarter 4. Anticipated reduction in dividends from the pooled funds is based on information provided by Arlingclose.

The summary below shows the return submitted plus some detail of the income generating areas impacted:

<b>Financial Implications - Summary</b>			
	<b>March</b>	<b>April</b>	<b>Full Year</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>			
Housing (including homelessness services)	-	4	48
Environmental and Regulatory (including excess death management)	-	11	32
Other Services (includes IT equipment)	111	5	54
<b>Total Estimated Additional Expenditure</b>	<b>111</b>	<b>20</b>	<b>134</b>
<b>Income</b>			
Sales, Fees & Charges	167	282	1,493
Commercial Income (Rents)	-	20	0
Other	50	152	1,356
<b>Total Estimated Reduction in Income</b>	<b>217</b>	<b>454</b>	<b>2,849</b>
Estimated Reduction in Business Rates	-	548	3,204
Estimated Reduction in Council Tax	-	433	2,479
<b>Income Includes:</b>			
Planning fees			559
Car Parks			465
Building Control			128
Leisure Contract			92
Horticulture			66
Community Transport			43
Recycling and Trade Waste			205
Land charges			92
Benefit Overpayments recovered			60
Court costs recovered			104
Council Tax Sharing			173
Business Rates Pool share			276
Interest & Dividends			426
Other - various			160
			<b>2849</b>

This return identified potential additional expenditure of £245,000 (£111,000 in 2019/20 and £134,000 in 2020/21) and a reduction of income received of £3.066million (£217,000 and £2.849million) providing an estimated total impact of £3.311million.

The Council received an allocation of £61.4k on 27<sup>th</sup> March from the Government's £1.6billion Local Authority Support Grant.

On 28<sup>th</sup> April the Government published the allocations of the second tranche of £1.6billion of support to local authorities – the Council is to receive £1,505,471. This provides a total allocation of £1,566,882 to cover the financial losses.

Whilst the reductions in business rate and council tax income reflect the potential impact on the year (based on the first 2 weeks of April only) the amounts remain

collectable and may be received in the following year(s). No assessment of the level of write-offs during the year has been made at this time – these would present a cost on the Collection Funds with the shortfalls for all preceptors needing to be recovered in 2021/22.

The Government has requested local authorities submit an updated return on 15<sup>th</sup> May. The information requested has been increased and covers the position for April, May and the full year. The figures for the full year are to be based on the assumption the 'current restrictions remain in place until the end of July 2020, and thereafter the situation reverts entirely back to a position you anticipated prior to COVID-19. Note that this assumption is intended for accounting purposes only and solely to improve consistency in the returns provided and should in no way be interpreted as government policy.'

Completion of the return was in progress at the time of writing. A verbal update will be provided at the meeting.

Other issues to be considered, over the coming months, for the Medium-Term Financial Strategy period include:

- the value and timing of capital receipts which have been assumed in the Council's cashflow and for funding capital projects
- Potential impact on the funding of the Capital Programme; particularly pipeline schemes;
- Financial Settlement for 2021/22 – The Government confirmed on 28<sup>th</sup> April that the Review of Relative Needs and Resource and 75% business rates retention will no longer be implemented in 2021/22 and indicated that it will continue to work with councils on the best approach to the next financial year, including how to treat accumulated business rates growth and the approach to the 2021/22 local government finance settlement.
- reduced investment returns received by the Essex Pension Fund and the potential impact for the next triennial review scheduled for March 2022 which will determine the level of deficit contribution and ongoing contribution for 2023/24 to 2025/26.

Finally, in addition to the Government's request for an updated financial impact assessment as at mid-May a more detailed review of the Council's finances will be undertaken in August and this will be based on actual expenditure and income as at the end of the first quarter of the financial year.

<b>Horizon 120 - Infrastructure</b>		<b>Agenda No: 7a</b>
<b>Portfolio</b>	<b>Corporate Transformation</b>	
<b>Corporate Outcome:</b>	<b>A sustainable environment and a great place to live, work and play</b> <b>A prosperous district that attracts business growth and provides high quality employment opportunities</b>	
<b>Report presented by:</b>	<b>Councillor John McKee, Cabinet Member for Corporate Transformation</b>	
<b>Report prepared by:</b>	<b>Aidan Kelly, Interim Head of Strategic Investment</b>	
<b>Background Papers:</b>		<b>Public Report</b>
Public and Private Reports and Minutes of Cabinet:- <a href="#">11<sup>th</sup> February 2019</a> <a href="#">2<sup>nd</sup> December 2019</a>  Public and Private Reports and Minute of Full Council <a href="#">25<sup>th</sup> February 2019</a> <a href="#">22<sup>nd</sup> July 2019</a>		<b>Key Decision: No</b>
<b>Executive Summary:</b>		
This report proposes that: <ul style="list-style-type: none"> <li>• Approval is granted for the infrastructure works contract to be procured through the Scape Group Framework.</li> <li>• At the completion of the procurement process the contract is awarded for the infrastructure works.</li> <li>• A total scheme cost budget, is approved.</li> <li>• Approval is sought from Council for the additional budget for the infrastructure works.</li> <li>• The Business Case, approved in February 2019, be amended to show the total capital expenditure, projected land sales receipts and a net surplus.</li> </ul>		

**Recommended Decision:**

That Cabinet approves:

1. The infrastructure works contract to be procured through the Scape Group Framework, subject to approval being obtained from Council.
2. That the Corporate Director (Growth), in consultation with the Corporate Director (Finance), award the infrastructure works contract at the completion of the procurement process.
3. That Cabinet recommends to Full Council that the scheme budget, for Horizon 120, be increased.

**Purpose of Decision:**

The purpose of the recommended decision is:

- To enable the infrastructure works to be completed in one phase; and
- Allow for a constructor to be procured through the appropriate route to ensure that the scheme proceeds in accordance with the project timescales.

**Any Corporate implications in relation to the following should be explained in detail.**

<b>Financial:</b>	<p>Budget approvals for the scheme comprise of the approval for land acquisitions and business planning (February 2018), and (July 2019).</p> <p>The combined effect of bringing forward all infrastructure works, and to accommodate an overall increase in works and costs, means that to complete the scheme requires an increase in the capital budget allocation.</p>
<b>Legal:</b>	<p>The proposal set out in this report includes a capital increase to the scheme budget. Accordingly this requires Council's approval.</p> <p>The proposal sets out that the infrastructure works will be procured via the Scape Group Framework. This Framework is available to Local Authorities to use for construction projects.</p>
<b>Safeguarding:</b>	No matters arising out of this report

<b>Equalities/Diversity:</b>	It has not been necessary to conduct an Equalities Impact Assessment as this proposal is a refinement of an existing and approved project
<b>Customer Impact:</b>	No matters arising out of this report
<b>Environment and Climate Change:</b>	No matters arising out of this report
<b>Consultation/Community Engagement:</b>	No matters arising out of this report
<b>Risks:</b>	The additional risks, relevant to this proposal, are summarised in Section 5 below. On balance, the proposal is advantageous and serves to mitigate the overall level of risk
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<b>Designation:</b>	Interim Head of Strategic Investment
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## 1. Background

- 1.1. Further to previous reports, a Local Development Order (LDO) has now been finalised and adopted; earthworks have commenced and the land transaction, authorised by Cabinet on 2<sup>nd</sup> December 2019, has completed.
- 1.2 Prior to the Covid-19 crisis, five companies had agreed terms for bespoke buildings, providing over two hundred thousand square feet on seventeen acres. Unfortunately, since that time, one company has withdrawn. The remaining four companies are committed and will require buildings to be delivered within the next 18 months. The current requirements will utilise approximately twelve acres.
- 1.3 The development is being actively marketed by two local agents and via a website ([www.horizon120.com](http://www.horizon120.com)), which is updated monthly. Enquiries are still being generated albeit at a reduced level during the lockdown period. It should be noted that no interest has been received from hotel operators. The hotel sector is likely to be one of the worst affected by the Covid-19 crisis and one of the last to recover. It is therefore unlikely that hotel interest, in the development, will be secured in the short or medium term.
- 1.4 Current and recent marketing has been focussed upon retaining the interest of the four companies mentioned in 1.2 above. Three of these companies will occupy plots in Zone C, which is designated for logistics and warehouses. One company is a high-tech manufacturer of electro-magnetic components and will be located in Zone B. A separate brand (Eos) has been developed for this zone and will be launched in June 2020.

## 2 Infrastructure

- 2.1 The earthworks have commenced on site. These works include profiling the site to allow a gradient from the southeast corner to the northwest corner, or Zone D, where a new attenuation pond, and wildlife habitat, is being created. The earthworks contract also includes the creation of a new highways junction, on the southern boundary, which will serve the Gridserve development. The electric forecourt was originally expected to be open for business at the end of June 2020 but this is likely to be delayed until September 2020.
- 2.2 The earthworks are being undertaken by Balfour Beatty, who were procured via the Scape Public Sector Framework.
- 2.3 Balfour Beatty have completed the detailed technical design and are now seeking at least three tenders for each of a range of sub-contract packages. Balfour Beatty have also now obtained quotations for connections for electricity, gas, telephone, water, foul drainage and fibre-optic cable. Surface water drainage is being managed on-site by a system of swales connecting to a storm water drain, which will discharge into the new attenuation pond, in the northwest corner.
- 2.4 The infrastructure required on site is being procured in 3 stages:

- 2.4.1 Feasibility, which included detailed design and programming. This stage is now complete.
- 2.4.2 Stage 1 - which includes re-profiling the site and formation of a highways junction on the southern boundary. This stage is currently underway and is expected to be completed in June 2020.
- 2.4.3 Stage 2 – infrastructure, which includes the northern highways junction, estate roads, landscaping and statutory utilities. In accordance with SCAPE Framework protocols, this sum is in effect a guaranteed maximum price and is expected to reduce, when the sub-contract tenders are returned. The Council will have sight of all sub-contract tenders and be able to validate the final contract sum.
- 2.5 Following the appointment of Balfour Beatty for the earthworks, considerable due diligence, including negotiations with the statutory utilities, has resulted an estimated capital cost, for the complete infrastructure.
- 2.6 The figures have been included in a revised financial model which is referred to in the financial section below.
- 2.7 The figures, are the estimated maximum external costs. The revised financial model has also made provision for carrying costs such as professional fees, archaeology work, and capitalised personnel and interest costs.
- 2.8 The revised business case is deliberately cautious, reflecting both a reduced land value for at least the next six months, the total infrastructure costs and capitalised interest. The valuation advice showed a current reduction per net developable acre but confirmed that, as the current situation is a health rather than a financial crisis, values can be expected to recover over twelve months

### 3 Options

- 3.1 It is possible to delay the infrastructure works or to only complete part. There are however compelling reasons why that would not be advisable.
  - 3.1.1 It is a planning condition that the new pond, in Zone D, is created and landscaped as soon as possible to allow removal of the existing pond, on the southern boundary. Removal of this latter pond is required to create the southern highways junction.
  - 3.1.2 The infrastructure design includes a surface water system based upon a network of swales connecting to a storm drain, under the spine road, which discharges into a new pond, in Zone D, which will be terraced and lined to ensure that it holds water in all but periods of extremely hot weather. The system avoids the need for expensive pumping stations and storm-water attenuation under the road.
  - 3.1.3 Partial completion would require additional expenditure, in the future, to meet the cost of remobilisation by a contractor and as a result of construction cost

inflation. The Office for National Statistics recently reported that construction cost inflation ran at 2.1% for the calendar year 2019.

- 3.1.4 Partial completion is likely to be subject to delay as it may require a new procurement process as Balfour Beatty are unlikely to be cost effective for smaller contracts
- 3.1.5 The four businesses, currently planning to relocate to Horizon 120, are subject to lease expiry on their current premises. If they do not have confidence in delivery, it will be in their best interest to seek other alternatives.
- 3.1.6 Perhaps most importantly, completing the infrastructure will position Horizon 120 to be particularly attractive in the post Covid-19 recovery. Horizon 120's unique selling points will include detailed planning permission, exceptionally low risk delivery in addition to being well placed on the strategic road network and commanding competitive values compared to nearby markets.

#### 4 Risks

- 4.1 This section will address the additional risks arising from the proposal set out in this report and will not reiterate the risks previously considered in respect of the Horizon 120 development.
- 4.2 Failure to complete the infrastructure may undermine confidence that the site will be delivered and would provide an incentive for the currently interested parties to withdraw.
- 4.3 Delay is likely to lead to increased costs.
- 4.4 It is possible that the infrastructure will be completed and that no occupiers will be secured. Given the lack of competing sites, in the sub-region, this risk is considered to be notional.
- 4.5 As summarised in 2.10 above, valuation advice has indicated that the Covid-19 crisis will have a short-term and adverse impact on land values.
- 4.6 The revised Business Case assumes recovery, by late 2020. The valuation advice is that this reflects the lack of competition and Horizon's distinctive offer of both infrastructure under way and detailed planning permission in advance for compliant schemes.
- 4.7 As a prudent measure, a second valuation opinion is being commissioned. It should however be noted that formal valuations are being delayed by the lock-down regulations. The valuation, referred to above, was undertaken immediately before the lock-down.
- 4.8 There is the risk that these assumptions may be optimistic and not borne out in practice. It is however considered that the assumptions represent a reasonable mid-case position being neither too pessimistic nor reflecting the potential for Horizon 120 to command a premium given the lack of competitive sites of this quality and value in the sub-region.

## 5 Finance

- 5.1 Full Council received a business case for Horizon 120 at its meeting held on 19<sup>th</sup> February 2019.
- 5.2 A capital budget was approved to progress a phased delivery of infrastructure works (having completed the relevant land acquisitions).
- 5.3 The business plan was reviewed and reported to Full Council on 22<sup>nd</sup> July 2019, when an increase in the capital budget for infrastructure was approved– this included provision for a second access to the site.
- 5.4 The Council has now received updated cost estimates provided by Balfour Beatty, which have taken into account proposals to increase the scope of infrastructure works and to complete them as a single phase. A review of all other professional and other fees has also been undertaken, along with a revised cash flow.
- 5.5 Compared to February 2019, scheme cost estimates are higher for infrastructure works (reflecting an increased scope of works and generally higher costs); higher costs for professional and other fees, offset largely by reductions in the marketing and planning costs to be incurred compared with that originally assumed). The revised estimate also allows for some minor off-site highways works and archaeology works that have recently become necessary
- 5.6 Financing costs have increased overall due to a combination of earlier and higher expenditure coupled with re-profiling of serviced land sales and market value assumptions.
- 5.7 The Project Director has advised that there is potential for costs to be reduced through tendered sub-contractor works; however, there are also risks from increased costs on utilities. The assumption by the Project Director at this stage is that these are likely to be outweighed by the expected reduction in the feasibility estimate.
- 5.8 The amount and timing of income from the sale of serviced land has been reviewed, including the potential short-term downturn in market values during the current coronavirus pandemic.
- 5.9 Based on the revised cost estimate and income projections this results in a revised net cash surplus.
- 5.10 As the project has always anticipated generating capital income, expenditure incurred to date has not been financed from usable capital resources (e.g. capital receipts and reserves), but instead has relied on borrowing that is expected to be repaid from this income stream.
- 5.11 As a treasury management decision this borrowing has so far been internalised by drawing down on cash that is held for other purposes and which would otherwise have been temporarily invested at short-term rates.

This strategy is sustainable to the extent that surplus cash balances remain available. In the event that this not the case then the Council would need to increase its external borrowing on a short-medium term basis pending receipt of income from land sales.

- 5.12 The latest scheme estimate currently assumes that external borrowing is incurred to meet the project net cash-flow from April 2020 at an annual rate of interest and which is capitalised i.e. added to the overall scheme cost. This approach continues to be subject to the option to internalise borrowing from a treasury management perspective achieving an overall lower cost of financing.
- 5.13 The ability to capitalise interest costs only exist during the development phase. Once capital works have finished, any interest incurred on outstanding borrowing (i.e. after applying any capital income to reduce the level of borrowing) would become chargeable to the General Fund revenue account. The estimated cost of this is reflected in the overall scheme estimate.
- 5.14 Funding this will require some balancing of revenue costs vis-à-vis future capital gains which the Corporate Director (Finance) can manage through the flexible use of capital balances and reserves when determining financing of the whole capital programme.
- 5.15 Any capital borrowing would normally require Minimum Revenue Provision (MRP) to be set aside from the General Fund revenue account reflecting the amortised cost of debt spread over the number of years from which benefits from the investment are derived. However, as the intention is to generate capital income to repay borrowing in the first instance, it is not considered necessary to provide for additional annual MRP.
- 5.16 This position can be maintained provided the Council's strategy continues to be one of actively selling serviced land plots, and the market value of such land for sale remains at/ above the costs that have been incurred (proportionate to the amount of serviced land still held for sale). If the market value of the residual land falls below the attributable debt then it would be prudent to set aside MRP (or otherwise apply other capital balances to reduce debt). MRP would not normally be chargeable during the development period of a scheme.
- 5.17 Subject to approval, it is proposed to let an infrastructure works contract, to Balfour Beatty.

## 6 Impact assessment

- 6.1 The impact is as per the impact assessment, for the wider development as outlined in below

Corporate Strategy Objective	Direct Impact of Proposed Scheme
A sustainable environment and a great place to live, work and play.	The development will include extensive, structured landscape with links to the Great Notley Country Park.

A well-connected and growing District with high-quality homes and infrastructure.	A key objective will be to reduce outward commuting, by Braintree residents
A prosperous District that attracts business growth and provides high-quality employment opportunities.	Despite the currently uncertain macro-economic climate, there is clear evidence that the site is attracting local and sub-regional companies seeking to expand
A high performing organisation that delivers excellent value for money.	Horizon 120 is projected to realise an Internal Rate of Return (IRR) At this preliminary stage, it is anticipated that the “option land” will be equally successful.

## 7 Legal implications

- 7.1 The proposals do not fit the scope of the delegations granted by Council in December 2019. Accordingly the budget increase is referred to Cabinet for consideration, before requiring Full Council approval.
- 7.2 The infrastructure works will be procured through the SCAPE Framework. This Framework is available for Local Authorities to use for construction projects. This Framework has already been used as part of this scheme in the identification of Balfour Beatty for the earthworks required on site.

## 8 Summary

- 8.1 The Council now has both the opportunity and the responsibility to realise the potential, of Horizon 120, achieving what the private sector, working alone, failed to deliver over the preceding ten years
- 8.2 The proposals above are consistent with the agreed vision but require decisions which lie beyond the delegated authorities approved in July and in December 2019.
- 8.3 The purpose of this report is to make specific recommendations, and to seek further delegated authority, in order to expedite effective governance and decision making, whilst minimising delay.