

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 4

meeting date: 4 FEBRUARY 2020
 title: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/21
 submitted by: DIRECTOR OF RESOURCES
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1. PURPOSE

1.1 To report the details of the provisional finance settlement for 2020/21.

2. BACKGROUND

2.1 On 4 September 2019, the Government set out the outcome of Spending Round 2019. They announced that this was a one-year only Spending Round and that Core Spending Power for local authorities would increase by 4.4% in real terms.

2.2 The local government finance settlement is the annual determination of funding to local government and is approved by the House of Commons. The grant settlement for next year was issued on 20 December 2019 following delays due to the general election.

2.3 The Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2020/21.

2.4 The consultation period ended on 17 January 2020. It is expected the final settlement will be laid before the House of Commons in February.

3. KEY INFORMATION FOR RIBBLE VALLEY

3.1 2019/20 was the final year of a four year multi settlement. We had been expecting the Fair Funding Review and also Business Rate Retention Review to be completed and effective from 2020/21. However in September the Government announced these were both being put back until April 2021. Our settlement is therefore for one year only and I've shown below a comparison with the previous multi year settlement for information:

		2016/17	2017/18	2018/19	2019/20	2020/21
		£m	£m	£m	£m	£m
Settlement	Funding	1.862606	1.569143	1.411972	1.440600	1.354393
Assessment						
<i>of which:</i>						
Revenue	Support	0.623087	0.304319	0.109149	0	0
Grant (RSG)						
Baseline	Funding	1.239518	1.264824	1.302823	1.440600	1.354393
Level						
Tariff/Top-Up		-4.361493	-3.997472	-4.147262	-6.364375	-4.311424
Tariff/Top-Up adjustment				-0.028828		
Safety Net Threshold		1.146554	1.169962	1.205111	1.368570	1.252814
Levy Rate (p in £)		0.50	0.50	0.50	0.00	0.50

3.2 To reflect the one year Spending Round the Government is proposing to 'roll forward' core components of the 2019-20 local government finance settlement. Additional funding of £1.5bn will be available for adult and children's social care next year. The

Government also intend to increase elements of core settlement funding in line with inflation and maintain key local government grants at 2019-20 levels.

3.3 These include

- Uprating the 2019-20 Settlement Funding Assessment in line with the change in the small business non-domestic rating multiplier, and
- Eliminating negative RSG in 2020/21

4. RURAL SERVICES DELIVERY GRANT (RSDG)

5. The Government have announced that they will continue with the Rural Service Delivery Grant at previous year's levels of £81m.

Impact on Ribble Valley

6. For Ribble Valley this means we will receive £107,921, the same allocation as in 2019/20. This will be paid separately instead of being rolled in to our business rates baseline.

7. NEGATIVE REVENUE SUPPORT GRANT

8. In their recent technical consultation, the Government proposed to eliminate negative RSG again in 2020/21 using 2019/20 values of Settlement Funding Assessment as the baseline for this approach. Considering the responses to the technical consultation the Government now confirms its proposals to eliminate RSG.

Impact on Ribble Valley

8.1 Our negative Revenue Support Grant in 2019/20 was set to be £109k. By the Government again eliminating this in 2020/21 we are better off.

9. NEW HOMES BONUS

9.1 In December 2016 following a consultation exercise the Government announced reforms to the New Home Bonus Scheme:

- reduce the number of years NHB payments are made from 6 years to 5 years in 2017/18 and then to 4 years from 2018/19; and
- introduction of a national baseline for housing growth of 0.4% of the council tax base from 2017/18, below which NHB will not be paid

9.2 Following the recent technical consultation, the Government are proposing the following for 2020/21;

- no change to the payments baseline at 0.4% after careful consideration of the additional housing stock numbers reported through council tax base data.
- retaining the £900m top-slice of RSG to fund the NHB payments
- a new round of allocations for 2020/21 allocated in line with previous years; and
- making no legacy payments on these new allocations but making legacy payments on allocations from previous years

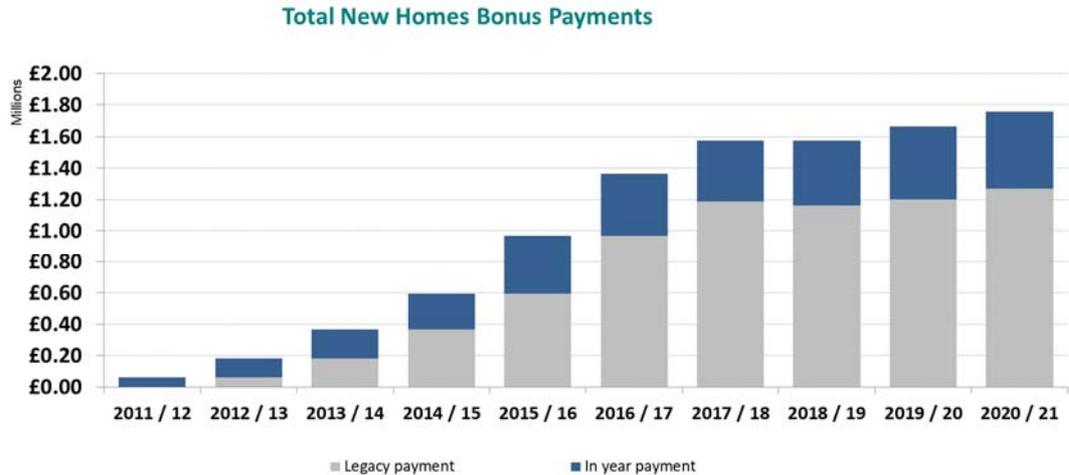
Impact on Ribble Valley

9.3 Our in-year allocation for 2020/21 will increase from £464k to £490k. In effect our taxbase had to increase by 108 new properties between October 2018 and October 2019 before we could receive any NHB for 20/21. Our allocation also includes a

payment for new affordable housing within the year. As in previous years we will shortly be submitting evidence of the impact of downbandings during the year on our NHB allocation.

9.4 Our total provisional allocation for next year is £1.758m compared with £1.666m in 2019/20. We will inform the BWG if our allocation changes as a result of our appeals.

9.5 Annex 1 shows our allocation by year.



9.6 Given the announcement that new allocations will be for one year only and will not attract legacy payments we need to consider how much of our NHB we can use to fund our revenue and capital budgets in the future. Annex 2 shows the allocation of our NHB since the start of the scheme.

10. BUSINESS RATES

10.1 The Government confirmed that 75% Business Rate Pilots will cease at the end of March 2020. As you are aware we submitted an application for a 50% Lancashire Pool at the end of October.

10.2 The announcement of successful pooling bids was made alongside the provisional grant settlement. Pleasingly the Government have approved our bid and we have received the official designation letter from MHCLG confirming the new Lancashire Pool which consists of the following local authorities.

- Burnley Borough Council
- Chorley Borough Council
- Fylde Borough Council
- Hyndburn Borough Council
- Pendle Borough Council
- Ribble Valley Borough Council
- Rossendale Borough Council
- South Ribble Borough Council
- West Lancashire Borough Council
- Wyre Borough Council
- Lancashire County Council

- 10.4 The designation has effect from 1 April 2020 and for each year unless revoked.
- 10.5 Local authorities in the pool have 28 days from the date of the announcement of the Local Government Finance Settlement (20/12/19) to consider if they wish to continue to be designated as a pool. Provided no authority withdraws the new pool will exist from 1 April 2020. We are not aware of any member intending to withdraw.
- 10.6 The Pool will operate on the same basis as it did in 2018/19, which members benefiting from retaining levies on growth above their baseline instead of paying these over to the Government. LCC will receive 10% of the total retained levies. In addition, as Lead Authority we will receive £20,000 and act as a channel for all payments to and from MHCLG.
- 10.7 We will have an estimate of the retained levies when we complete our NNDR1 returns which are due to be submitted by the end of January.

11. COUNCIL TAX REFERENDUM PRINCIPLES

- 11.1 The Government have decided upon the following referendum principles for 2020/21;
- a core principle of up to 3%. This would apply to shire county councils, unitary authorities, London borough councils, the Common Council of the City of London, the Council of the Isles of Scilly, the general precept of the Greater London Authority, and fire and rescue authorities;
 - a bespoke council tax referendum principle of 2% or £5 whichever is the higher for shire district councils
 - an adult social care precept flexibility, for local authorities with responsibility for adult social care of up to 2% on top of the core principle
- 11.2 The Government has announced that they will not be introducing referendum principles for parish and town councils. However they will keep the level of precepts set by town and parish councils under review and may introduce referendum principles in the future.
- 11.3 The Government announced the Police Funding Settlement for 2020/21 on 22 January 2020. This included the council tax referendum principle for Police and Crime Commissioners which has been set at £10 per band d property.

12. CONSULTATION RESPONSE

- 12.1 The Budget Working Group considered the draft provisional settlement at a meeting on 16 January 2020. Though this was only one day before the closing date for submitting responses it was felt important that this Council should respond. Our response is therefore set out at Annex 3.

13. CONCLUSION

- 13.1 This is a one year only settlement. We are better off as a result of:
- Negative RSG being eliminated +£109k
 - Rural Services Delivery Grant being maintained at the current year's level (we receive £107k)
 - Our baseline funding level being increased by the change in the small business non-domestic rating multiplier
- 13.2 However we will be worse off as a result of:
- New Homes Bonus Legacy Payments being phased out
 - Ending of the 75% Lancashire Business Rate Pilot Pool

13.3 We also await the outcome of the Fair Funding Review and reforms to Business Rate Retention.

DIRECTOR OF RESOURCES

PF12-12/JP/AC
27 January 2020

RIBBLE VALLEY NEW HOMES BONUS ALLOCATIONS BY YEAR

Cumulative Payments	Year of Payment											
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Payments for Year 1	£62,046	£62,046	£62,046	£62,046	£62,046	£62,046						
Payments for Year 2		£117,598	£117,598	£117,598	£117,598	£117,598						
Payments for Year 3			£188,053	£188,053	£188,053	£188,053	£188,053					
Payments for Year 4				£227,109	£227,109	£227,109	£227,109					
Payments for Year 5					£373,810	£373,810	£373,810	£373,810				
Payments for Year 6						£398,267	£398,267	£398,267	£398,267			
Payments for Year 7							£389,751	£389,751	£389,751	£389,751		
Payments for Year 8								£414,079	£414,079	£414,079	£414,079	
Payments for Year 9									£464,389	£464,389	£464,389	£464,389
Payments for Year 10										£490,083		
2020/21: Total Payments										£1,758,302		

RIBBLE VALLEY USE OF NEW HOMES BONUS ALLOCATIONS BY YEAR

Relates to:	Received in year											
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
2011/12	62,046	62,046	62,046	62,046	62,046	62,046						
2012/13		117,599	117,599	117,599	117,599	117,599						
2013/14			188,053	188,053	188,053	188,053	188,053					
2014/15				227,108	227,108	227,108	227,108					
2015/16					373,810	373,810	373,810	373,810				
2016/17						398,268	398,268	398,268	398,267			
2017/18							389,751	389,751	389,751	389,751		
2018/19								414,079	414,079	414,079	414,079	
2019/20									464,389	464,389	464,389	464,389
2020/21										490,083		
2021/22											?	
2022/23												?
	62,046	179,645	367,698	594,806	968,616	1,366,884	1,576,990	1,575,908	1,666,486	1,758,302	878,468	464,389
Allocated to date:												
Revenue base	60,000	60,000	60,000	333,780	676,065	786,961	793,079	1,105,000	1,105,000	1,105,000	1,105,000	1,105,000
Revenue in year						6,000						
Capital	0	0	100,000	85,000	35,662	57,749	175,618	139,469	371,470	272,000	272,000	0
Adjustment	60,000	60,000	160,000	418,780	711,727	850,710	968,697	1,244,469	1,476,470	1,377,000	1,377,000	1,105,000
Unallocated	2,046	119,645	217,727	165,997	256,889	516,174	608,293	331,439	190,016	381,302	-498,532	-640,611
Bal C/fwd	2,046	121,691	339,418	505,415	762,304	1,278,478	1,886,771	2,218,210	2,408,226	2,789,528	2,290,996	1,650,385

Ribble Valley Borough Council response to the Local Government Provisional Settlement for 2020/21

General Comment

Ribble Valley Borough Council is in broad agreement with the Government's proposals, particularly the one-year extension of the current arrangements given the current progress with the Fair Funding Review and Reforming the Business Rates system. The decision to uprate the Settlement Funding Assessment in line with the small Business Rate multiplier is reasonable as is the proposed treatment to remove Negative Revenue Support Grant, which is consistent with the approach taken in previous years. However, we are concerned about the lack of funding certainty beyond April 2021 which makes effective medium-term financial planning very difficult.

We still have some reservations about the whole local government funding process and specific reservations about the provisional settlement. Shire districts, along with the rest of local government, have suffered significant reductions in external funding over the past decade and have significant cost pressures to tackle, particularly homelessness. Whilst there was an announcement of £54m of additional funding in the Spending Round, there has been no further information on how this is to be allocated. Whilst the announcement on 23rd December of further Flexible Housing Support Grant and New Burdens was welcome, the funding does not go far enough and is also short term, which isn't helpful when Council's need to plan longer term preventative measures.

Shire Districts continue to play a critical role in the regeneration of town centres, promoting local communities and the provision of social and affordable housing. The recent increase in PWLB rates has had an adverse impact on the ability to raise capital funding which is compounded by ongoing pressure on revenue budgets.

Shire districts are facing significant uncertainty beyond 2020/21 due to pending decisions on the future of the Fair Funding Review, Business Rates Retention and New Homes Bonus. It is critical that Central Government take decisions on these as soon as possible so that all sectors of local government can undertake meaningful medium-term financial planning – whilst we recognise that individual allocations from 2021/22 will not be available for some time – early notification of any transitional arrangements would be appreciated and clarification that New Homes Bonus and growth from the Business Rates Retention Scheme forms part of any damping calculation.

With specific reference to the provisional settlement we welcome the settlement using the same funding parameters as 2019/20 but have concerns over the following:

Ribble Valley Borough Council response to the Local Government Provisional Settlement for 2020/21

- We do not agree with the principle of a Council Tax referendum although if they are deemed necessary they should have been based on a cash increase rather than a percentage increase. Failing that any minimum limit for shire districts should have been 3% in line with the principal of 2020/21 being a roll-over settlement. The 2% limit only benefits 17 of the 201 shire districts.
- It is regrettable that the Government continues to ignore the potential contribution of shire districts to preventative adult social care work by not extending the principle of a 2% preventative levy.
- Although New Homes Bonus is being continued for a further year the indications are that there will be no legacy payments relating to 2020/21 and the future of this major funding stream for shire districts remains uncertain after that year. It is essential that councils are given the earliest notice of any proposed transitional arrangements in connection with the introduction of a future housing incentive scheme.
- We are disappointed that the Government does not intend to extend the 75% business rates pilot schemes beyond 2019/20. With the delayed introduction of changes to the Business Rates Retention Scheme this would have provided an opportunity to extend the existing pilots or even to consider a different structure in order to further test their effectiveness ahead of the reforms. This now means that any alternative system will not have been piloted before becoming operational, which is disappointing and brings risk to the sector.
- This Council also has some concerns that the recently announced fundamental review of business rates and the continued extension of various reliefs, conflicts with the principle of business rates retention and local government having an increasing reliance on a tax stream that may be subject to significant change.

We also wish to raise an issue that is not specifically covered in the consultation on the Provisional Local Government Finance Settlement. This concerns the extension of business rates relief to small retailers, public houses, cinemas and music venues as set out in the Conservatives' manifesto. We understand the Government intend that these reliefs are included in the initial billing for 2020/21. However, we are not aware that there has been any consultation with local authorities on this matter and there is currently no enabling legislation. Local authorities will be sending out business rates bills in the next few weeks and we are concerned that they would be expected to include these reliefs even though there would not be any legislation or regulations in place to support them. It is unreasonable to expect local authorities either to act now upon retrospective legislation or to undertake revised billing once the legislation has been put in place. The Government must give serious and urgent consideration to this matter and commit to funding local authorities any costs incurred in awarding this relief (including software costs and any costs associated with rebilling if required).

Ribble Valley Borough Council response to the Local Government Provisional Settlement for 2020/21

The introduction (since 2016/17) of council tax into the equation of how grant reductions are calculated,

We recognise that this settlement is, to all intents and purposes, a “roll-over” of the 2019/20 Settlement whilst the Fair Funding Review is concluded. However, we wish to re-state some of our long-standing concerns.

This Council fundamentally disagrees with the change to the methodology for calculating RSG which was introduced in the 2016/17 settlement -which has not been changed in this provisional settlement and in respect of which Transition Relief ended some time ago.

Rural residents, who on average earn less than their urban counterparts, pay more in Council Tax but get less government grant and receive fewer services which cost those residents more to access. In addition, according to past research, rural residents pay some £3000 more per annum for essentials than their urban counterparts.

Rural areas also have significantly larger older populations. Over the next few years, the number of older residents in shire areas is projected to rise at an average annual rate of 2.0%, compared to an English average of 1.8%, London Boroughs 1.9%, and metropolitan boroughs 1.5%.

Since 2013/14 London Boroughs have received some £266M per year (based on 2013/14 values) more than the existing formula shows they need. This, in large part, is at the expense of rural areas. In times of austerity it is more important than ever that the funding which is available nationally from a shrinking pot, is distributed fairly.

Historic and current unfair treatment of Rural Areas in Local Government Finance Settlements.

In 2015/16, SFA per head of population in predominantly urban areas at circa £428 was already some 43% higher than in predominantly rural areas (of circa £299). In 2020/21 SFA per head in predominantly urban areas will be almost £119 (66%) more than in rural areas.

The apparent government policy of rural residents paying for more of their local government services through council tax than their urban counterparts

There remains a huge gap in the amount per head rural residents are required to pay in Council Tax compared to their urban counterparts. That remains completely unfair, and unacceptable.

As in 2019/20 the Provisional Settlement re-enforces the view that there appears to be a conscious policy decision by the Government that in rural areas Spending Power will be increasingly funded by council - taxpayers. In other words, the Government is content for people in rural areas to pay more Council Tax from lower incomes and yet receive fewer services than their urban counterparts. The table below shows the relative gearing

Ribble Valley Borough Council response to the Local Government Provisional Settlement for 2020/21

between Government Funded Spending Power and Council Tax between predominantly rural and predominantly urban areas over the four-year settlement period (now extended to 5 years) as a result of the inequitable changes to RSG.

Percentage of Spending Power funded by Council Tax over the four-year settlement period					
	2015/16	2016/17	2017/18	2018/19	2019/20
Predominantly Rural	58%	62%	65%	68%	69.29%
Predominantly Urban	45%	49%	51%	54%	55.80%

We do not believe the Government policy of making greater reductions in Government Funded Spending Power in rural areas is either fair or sustainable.

RSDG Distribution

We supported the 2019/20 decision to not reduce the funding allocated through RSDG, but in cash terms it is very small.

The extra £16M introduced in 2019/20 is still a lot less than the higher than average reductions in SFA experienced overall by Predominantly Rural authorities created by the 2015/16 decision to bring actual Council Tax into the “cuts equation”

So, whilst we acknowledge the importance of RSDG, we strongly feel that given the changes to other elements of the settlement, it is imperative that the level of RSDG is significantly increased and that the qualification criteria are changed to extend some level of support to all authorities with significant levels of sparsity.

Fairer Funding Review

This Council welcomes the Government’s recognition that cost pressures associated with service delivery in rural sparse areas, such as lack of private sector providers and poor broadband coverage should be met with a more consistent package of funding over the course of this Parliament. The proposal for 2020/21 pay lip-service to this recognition.

This Council welcomes the long-awaited recognition by the Government “that it is possible that altering the weightings in 2013/14 may have only partially reflected the challenges faced in delivering some services in rural areas”. We consider this to be the actuality rather than just a possibility.

Based on the above statement and assurances given by successive Secretaries of State to the Rural Fair Share Group of MPs over recent years, it is our expectation that the financial allowance for sparsity in the new formula, however calculated, will substantially be increased for ALL TIERS OF PRINCIPAL COUNCILS serving rural areas in cash terms at the end of the formula calculations.

Ribble Valley Borough Council response to the Local Government Provisional Settlement for 2020/21

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

Response 1: We welcome the Government proposals to keep the existing mechanism for determining tariff and top-up payments in 2020/21 and the proposal that all local authorities will receive a uniform change in Settlement Funding Assessment in 2020/21, uprated in line with the change in the small business non-domestic rating multiplier. To adopt any other approach with the impending fundamental reforms to the system could potentially have led to wide fluctuations in the level of support to individual authorities between the three years from 2019/20 to 2021/22.

We are however still concerned that, while the Government has taken some steps towards addressing the significant funding shortfalls for upper tier authorities through additional resources for Social Care Grant, there are no corresponding measures to address the financial pressures facing lower tier authorities. In particular, the Government needs to address the significant financial pressures facing shire districts from homelessness and the increased demand for temporary accommodation. The Homelessness Reduction Act, Welfare Reform and Universal credit has led to a significant financial impact for many district councils and whilst there is £54m included in the Spending Round which is welcome, this will not be sufficient to meet this pressure. The short-term nature of the Flexible Housing Support Grant and New Burdens grant for Homelessness is also not helpful when Councils need to put in place longer term preventative measures.

Aside from this, Shire districts only have an inflation linked increase to the Settlement Funding Assessment and Council Tax. Any additional financial pressures above inflation increases and increased demand on services that are facing lower tier authorities will have to continue to be met from reserves or by making further savings. This situation cannot continue indefinitely.

Question 2: Do you agree with the Government's proposal to eliminate negative RSG?

Response 2: This Council welcomes and fully supports the Government's decision to eliminate negative RSG

Question 3: Do you agree with the proposed package of council tax referendum principles for 2020-21?

Response 3: This Council does not support the principle of council tax referendums. It believes that as Councils are democratically elected they should be accountable for their local tax decisions rather than these being determined by Central Government.

We are disappointed with the Government's interpretation of the response to the technical consultation on the issue of the separate principle for shire districts. 80% of the

Ribble Valley Borough Council response to the Local Government Provisional Settlement for 2020/21

respondents supported this principle and the parameters of 2% of £5 whichever is the greater. However, of the 158 respondents supporting this only 81 (51%) were actually shire districts.

We still believe that there should be greater flexibility than the 2% threshold or £5 limit for shire districts. As a minimum, and in order to be consistent with treating 2020/21 as a roll-over year, the referendum limit should have been increased to 3% as in previous years. The criteria for a referendum should also be based on an increase in cash amounts rather than on a percentage increase. Using a percentage increase will only serve to widen the gap in council tax between those councils at the higher and lower ends of the scale.

In the technical consultation the Society of District Treasurers pointed out that only 17 shire districts would come into the scope of a 2% increase being greater than £5, (this is less than 10% of all Districts) so the inclusion of a percentage increase set at that level for a referendum would seem superfluous.

We fail to understand why Combined Mayoral Authorities continue to enjoy exemption from the referendum principle. The Government's only reasoning is that 'mayors would exercise restraint' but we are unsure why the Government does not believe that local councils would not do the same.

We are also disappointed that the District Councils' Network proposal for a prevention council tax precept (a 2% prevention levy for shire districts) to reflect the key role that districts play in prevention and demand reduction across the county has been ignored. There continues to be a lack of recognition of the contribution districts are making to the broader health and wellbeing preventative agenda through our leisure facilities and activities, parks and open spaces, provision of good quality housing

We agree that it is sensible not to extend the referendum principle to town and parish councils. There is a significant administrative cost to councils in holding a referendum and these could be greater than the amounts that are the subject of the referendum. The requirement for a referendum would also stifle local councils' ability to undertake one off larger scale projects.

Question 4: Do you agree with the Government's proposals for the Social Care Grant in 2020-21?

Response 4: This Council agrees with the proposals. The Council does not have any further observations on the distribution of this amount and ask that the Government recognise the role that shire districts could undertake in preventative adult social care work in areas such as housing and housing adaptations, sport and leisure provision and environmental health.

Ribble Valley Borough Council response to the Local Government Provisional Settlement for 2020/21**Question 5: Do you agree with the Government's proposals for iBCF in 2020-21?**

Response 5: This Council agrees with the proposals.

Question 6: Do you agree with the Government's proposal to fund the New Homes Bonus in 2020-21 with the planned £900 million from Revenue Support Grant, with additional funding being secured from departmental resources, and to allocate the funds in line with previous years but with no legacy payments?

Response 6: This Council agrees with the proposals and note that the Government are funding the additional £7 million from departmental resources. It is disappointing that there will be no legacy payments relating to the 2020/21 allocation. We are concerned over the future of NHB and any subsequent arrangements and these have not been allayed by the final settlement. We would also like to reiterate that councils should be given an early indication of any future housing incentive scheme and any transitional arrangements.

Question 7: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?

Response 7: This Council agrees with the Government's proposals although the distribution method is rather arbitrary and we hope that the Fair Funding Review will result in a more satisfactory method. The fact that nearly 40% of the respondents to the technical consultation expressed concern over the allocation method highlights a weakness with the distribution method. A system that has an arbitrary cut-off is not helpful.

We also believe that whilst the £81 million is welcome, it doesn't go far enough in supporting all sparsely populated rural authorities, it should be increased to reflect the additional cost of delivering services in rural areas

Question 8: Do you have any comments on the impact of the proposals for the 2020-21 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide evidence to support your comments.

Response 8: We have no comment to make on this.