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Environmental Information Regulations 2004 (EIR) Decision notice

Date: 27 February 2018

Public Authority: London Borough of Hammersmith & Fulham

Address: King Street

London W6 9JU

Decision (including any steps ordered)

1. The complainant has requested a Financial Viability Assessment from the London Borough of Hammersmith & Fulham.

- 2. The London Borough of Hammersmith & Fulham has withheld the Financial Viability Assessment under Regulations 12(4)(d), 12(5)(e) and 12(5)(f) of the EIR.
- 3. The Commissioner's decision is that the London Borough of Hammersmith & Fulham has not successfully engaged Regulations 12(4)(d), 12(5)(e) and 12(5)(f) of the EIR.
- 4. The Commissioner requires the public authority to take the following step to ensure compliance with the legislation.
 - Disclose the Financial Viability Assessment requested by the complainant on 4 August 2016.
- 5. The public authority must take this step within 35 calendar days of the date of this decision notice. Failure to comply may result in the Commissioner making written certification of this fact to the High Court pursuant to section 54 of the Act and may be dealt with as a contempt of court.

Background



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- 6. The London Borough of Hammersmith & Fulham Council's ('the Council) Core Strategy Policy H2 (Affordability)¹ sets a borough wide target that 40% of all additional dwellings should be affordable². The Council's Draft Local Plan Policy HO3 (Affordable Housing) suggests that 60% of affordable housing should be social or affordable rent with the 40% remainder as intermediate.
- 7. The complainant's request relates to the development of the Five Star Car Wash at 10B Shepherd's Bush Road, London W6 7PJ.
- 8. In December 2013 a planning application (2013/04132/FUL) to develop this site by demolishing the car wash and building residential and office accommodation was withdrawn following significant objection from local residents. The level of intermediate affordable housing proposed in the application was 12.5%
- 9. In July 2014 Lansdale Holdings applied for planning permission (under 2014/03438/FUL) to demolish the site at 10B Shepherd's Bush in Bamborough Gardens and develop it into residential and office units³,⁴. In November 2014 the application was refused on a number of grounds including the level of affordable housing at 19.5% which was considered inadequate.
- 10. In November 2015 Lansdale Holdings appealed against the Council's decision. However, the appeal was unsuccessful in December 2015 due to inadequate level of affordable housing.⁵
- 11. The documents which are available to view on the Council's website regarding planning application 2014/03438/FUL include the detailed financial figures (such as the build costs, finance and fees) in the Feasibility report from Henry Riley and the Appraisal report from HEDC

 $^{^{1} \ \}underline{\text{https://www.lbhf.gov.uk/planning/planning-policy/local-development-framework/corestrategy}}$

² https://www.lbhf.gov.uk/sites/default/files/section attachments/core strategy 2011.pdf

³ 2014/03438/FUL

⁴ http://public-access.lbhf.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal=N8ULBVBI0Q900

⁵ Appeal Ref: APP/H5390/W/15/3013670



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Limited.⁶ The Council's appraisal of the proposed application was carried out by Carter Jonas.

- 12. A further application for the same site was submitted by Landsdale Holdings in July 2016 under reference 2016/03271/FUL in very similar terms to the appeal scheme⁷. On this occasion the level of affordable housing (30%) was greater than in the previous applications but still below the Council's target of 40%.
- 13. Lansdale Holdings' application was supported by a Financial Viability Assessment (FVA) prepared by Affordable Housing Solutions and dated June 2016.89
- 14. In October 2016 Carter Jonas LLP prepared an appraisal report in respect of the planning application 2016/03271/FUL on behalf of the Council. Carter Jonas was also responsible for providing the Council will an assessment of the previous unsuccessful planning application 2014/03438/FUL.
- 15. On 14 December 2016 the planning application was approved subject to conditions at the Council's Planning and Development Control Committee meeting.¹⁰
- 16. Full planning permission for the site was granted on 6 April 2017. 11

⁶ http://public-access.lbhf.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal=N8ULBVBI0Q900

⁷ http://public-access.lbhf.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=OAIB7RBIMRG00

⁸ http://public-access.lbhf.gov.uk/online-applications/files/52827F8DD6D16D1BCCBC29C1D18EF490/pdf/2016_03271_FUL-COVERING_LETTER-1717368.pdf

⁹ http://public-access.lbhf.gov.uk/online-applications/files/0BD0929FB08903E1407256FCCE97CD9F/pdf/2016_03271_FUL-AFFORDABLE_HOUSING_PLANNING_STATEMENT-1717504.pdf

¹⁰ http://democracy.lbhf.gov.uk/ieListDocuments.aspx?CId=117&MId=4483

http://public-access.lbhf.gov.uk/online-applications/files/2A4D798B14D876F4E98D8A08CE4F8B6F/pdf/2016_03271_FUL-FULL PLANNING PERMISSION-1853891.pdf





Request and response

- 17. On 4 August 2016 the complainant wrote to the London Borough of Hammersmith & Fulham (the Council) and requested information in the following terms:
 - "A planning application has been submitted for the Five Star Car Wash at 10B Shepherds Bush Road. The application reference is 2016/03271/FUL. The applicant refers to a financial viability assessment. This document has not been uploaded onto the public part of the website. I ask that this document is made available to me. The Council will no doubt commission its own assessment of the applicant's FVA. I wish to see a copy of this when available."
- 18. The Council responded on 30 September 2016. It stated that it held a copy of the applicant's financial viability assessment (FVA) but was withholding it under Regulations 12(4)(d), 12(5)(e) and 12(5)(f) of the EIR. With regard to the request for the Council's assessment of the FVA, the Council said this was not yet available because it did not exist at that date, but suggested the complainant may wish to re-request it in 3 to 4 Weeks.
- 19. On 16 October 2016 the complainant requested an internal review.
- 20. Following an internal review the Council wrote to the complainant on 14 December 2016. It stated that it was upholding its original decision. In relation to the possibility of releasing a redacted copy the FVA, the Council stated that the remaining content would be 'extremely minimal'. Therefore, in its opinion, there would be little benefit in disclosing it.

Scope of the case

21. The complainant contacted the Commissioner on 29 November 2016 to complain about the refusal of his information request. The scope of the Commissioner's investigation will be to assess whether the Council has correctly applied Regulations 12(4)(d), 12(5)(e) and 12(5)(f) of the EIR. This Decision Notice, which relates to the FVA produced by Affordable Housing Solutions on behalf of the developer, Lansdale Holdings, should be read in conjunction with Decision Notice FER0701086, which relates to Council's assessment report on the FVA produced by Carter Jonas.

Chronology



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- 22. On 24 January 2017 the Commissioner contacted the Council and requested a copy of the withheld information, comprising of the FVA prepared by Lansdale Holdings.
- 23. The Council responded on 20 February 2017 with a copy of the withheld information. As the Commissioner experienced some difficulty in accessing the electronic version of this information, the Council resent it in a slightly different format on 1 March 2017.
- 24. On 7 March 2017 the Commissioner contacted the Council to see whether it wished to advance any further arguments in support of the EIR exceptions it had cited.
- 25. The Council responded on 11 April 2017 stating that it was liaising with Lansdale Holdings' solicitors to see whether their client was prepared to consent to the release of the FVA. The Council attached a copy of a letter it had received from Lansdale Holdings' solicitors dated 24 August 2016 in which the latter indicated that once the Council's assessment of the FVA had been completed its client would consider consenting to the disclosure of its own FVA. The Council advised that its assessment of the FVA by Carter Jonas had now been carried out.
- 26. On 9 May 2017 the Council wrote to the Commissioner again and said Lansdale Holdings' solicitors had advised that their client was not minded to disclose its FVA at this stage. The Council said it would consider the objections raised by the client and then write to the Commissioner again.
- 27. Having considered the arguments from Lansdale Holdings' solicitors, the Council contacted the Commissioner on 1 June 2017 and said it was maintaining its position to withhold the FVA in its entirety under Regulations 12(4)(d), 12(5)(e) and 12(5)(f) of the EIR.
- 28. The Council shared with the Commissioner the main objections to disclosure made by Lansdale Holdings' solicitors. These were that its client's financial interests would be at risk of being damaged due to the commercial sensitivity associated with the detailed figures on use values, returns, build costs, professional fees and financing arrangements. It said that disclosure of the report would potentially have an adverse effect on its negotiations with third parties for the proposed development. It said this risk was now at its highest point in the development cycle.
- 29. The Commissioner contacted the Council on 2 June 2017 and indicated that her likely approach in this case would be to follow the First Tier Tribunal's Decision in Clyne and LB Lambeth <u>EA/2016/0012</u> which she had already done in her Decision Notices <u>FER0610052</u> (London Borough



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of Barnet) and <u>FER0608537</u> (London Borough of Lambeth). In these decisions, involving requests for FVAs, the public interest in disclosure outweighed that in maintaining the exemptions in Regulations 12(5)(e) and 12(5)(f) of the EIR.

30. After being chased on a few occasions, the Council responded to the Commissioner on 17 August 2017. It said it was maintaining its position for the reasons set out in its internal review response and provided some additional submissions in respect of its application of Regulations 12(5)(e) and 12(5)(f) of the EIR.

Reasons for decision

31. The Council has withheld the entirety of the requested information (comprising of the FVA) under Regulations 12(4)(d), 12(5)(e) and 12(5)(f) of the EIR. The Commissioner will now deal with each exception in turn.

Regulation 12(4)(d) – material still in the course of completion, unfinished documents or incomplete data

- 32. Regulation 12(4) states that, "For the purposes of paragraph (1)(a), a public authority may refuse to disclose information to the extent that—
 - (d) the request relates to material which is still in the course of completion, to unfinished documents or to incomplete data".
- 33. If the information in question falls into one of those categories, then the exception is engaged. It is not necessary to show that disclosure would have any particular adverse effect in order to engage the exception, but any adverse effects of disclosure may be relevant to the public interest test.
- 34. The fact that the exception refers to both material in the course of completion and unfinished documents implies that these terms are not necessarily synonymous. While a particular document may itself be finished, it may be part of material which is still in the course of completion. An example of this could be where a public authority is formulating and developing policy.
- 35. In this case the Council has argued (at the time of the request) the FVA was an 'unfinished document' that was subject to change. It said it believed its planning officers required thinking space to allow them to decide their approach in respect of developments. It also stated that applicants should be entitled to draft documents with the Council and discuss these with officers, without fearing these will be made public. In



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the Council's opinion disclosing the FVA at the time of the request would provide information which would not be relevant to the final form of the planning application or planning approval.

- 36. The FVA was produced by Affordable Housing Solutions at the request of Lansdale Holdings to inform and advise the Council as to the level of affordable housing which could be supported by the proposed development of the site at 10B Shepherds Bush Road.
- 37. To assess the FVA and the level of affordable housing proposed by Lansdale Holdings the Council commissioned its own report from Carter Jonas.
- 38. The Commissioner would first note that the fact that a public authority has not completed a particular project or other piece of work does not necessarily mean that all the information the authority holds relating to it is automatically covered by the exception.
- 39. The Commissioner has seen the FVA and there is nothing in it to indicate that it is not the final version. It is not marked as a 'draft' or 'subject to change'. It is a final report which has been submitted to the Council in support of the developer's proposal for the development of a particular site. The Commissioner accepts that at the date of the request the planning application was proceeding. However, this does not mean the FVA was not an unfinished document.
- 40. The Commissioner therefore finds that Regulation 12(4)(d) of the EIR is not engaged.

Regulation 12(5)(e) - commercial confidentiality

- 41. Regulation 12(5)(e) of the EIR provides that a public authority may refuse to disclose information to the extent that its disclosure would adversely affect "the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest".
- 42. The Commissioner considers that in order for this exception to be applicable, there are a number of conditions that need to be met. She has considered how each of the following conditions apply to the facts of this case:
 - Is the information commercial or industrial in nature?
 - Is the information subject to confidentiality provided by law?
 - Is the confidentiality provided to protect a legitimate economic Interest and



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- Would the confidentiality be adversely affected by disclosure?
- 43. Regulation 12(5)(e) is subject to the public interest test whereby the public authority may only refuse to disclose the requested information where the public interest in maintaining the exception outweighs the public interest in disclosing the information.

Is the information commercial or industrial in nature?

- 44. The Commissioner considers that for information to be commercial or industrial in nature, it will need to relate to a commercial activity either of the public authority concerned or a third party. The essence of commerce is trade and a commercial activity will generally involve the sale or purchase of goods or services for profit.
- 45. The withheld information consists of a FVA which has been obtained by the developer in support of a planning application for the development of a particular site.
- 46. The Council has argued that the FVA is commercial in nature as it relates to the detailed analysis of a proposed property.
- 47. Having considered the Council's submissions and the withheld information the Commissioner has concluded that the FVA relates to the development of land that it is commercial in nature and therefore satisfies this element of the exception.

Is the information subject to confidentiality provided by law?

- 48. In considering this matter the Commissioner has focussed on whether the information has the necessary quality of confidence and whether the information was shared in circumstances creating an obligation of confidence.
- 49. In the Commissioner's view, ascertaining whether or not the information in this case has the necessary quality of confidence involves confirming that the information is not trivial and is not in the public domain.
- 50. The Commissioner considers that confidence can be explicit or implied, and may depend on the nature of the information itself, the relationship between the parties, and any previous or standard practice regarding the status of information.
- 51. The Council has stated that pre-planning application discussions usually proceed on the basis that of treating commercial information provided



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by a developer as confidential. This is to encourage the developer to disclose the maximum amount of information.

- 52. In the present case the Council has argued that the FVA would be covered by the common law duty of confidence. It believes that it is not trivial nor is it in the public domain.
- 53. The Council has stated that the FVA was provided by Lansdale Holdings as part of the negotiation process on the basis that both parties expected certain information would be held in confidence by the other.
- 54. The Commissioner accepts that, at the very least there is a clear implied obligation of confidence in the information shared between the parties. In addition to this, it is clear to the Commissioner that the information in this category is not trivial in nature as it consists of financial details associated with a significant potential development. In addition, the Commissioner has no evidence that entirety of the information is in the public domain.
- 55. The Commissioner notes that, since the passing of the EIR, there is no blanket exception for the withholding of confidential information. However, for the purposes of this element of the exception, she is satisfied that the information is subject to confidentiality by law.

Is the confidentiality provided to protect a legitimate economic interest and would the confidentiality be adversely affected by disclosure?

56. The Commissioner considers that to satisfy the third and fourth elements of the exception, disclosure would have to adversely affect a legitimate economic interest of the person the confidentiality is designed to protect. This approach was adopted by the Tribunal in *Elmbridge Borough Council v Information Commissioner and Gladedale Group Ltd (EA/2010/0106)* and is consistent with the duty contained in *Article 4.2 of the European Directive 2003/4/EC* on public access to environmental information to interpret exceptions in a restrictive way. Furthermore, the Aarhus Convention states that:

"Determine harm. Legitimate economic interest also implies that the exception may be invoked only if disclosure **would** significantly damage the interest in question and assist its competitors". (Emphasis added)

57. It is therefore necessary for a public authority to demonstrate that disclosure would, on a balance of probabilities (i.e. more likely than not) harm the legitimate economic interests of the person the confidentiality is designed to protect in order to engage the exception. Unlike the Freedom of Information Act 2000 (the FOIA) there is no lesser test of



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'would be likely to' adversely affect. Furthermore, taking into account the duty to interpret exceptions restrictively, the wording in the exception 'where such confidentiality **is** provided by law to protect a legitimate economic interest' (as opposed to 'where such confidentiality **was** provided...') also indicates that the confidentiality of this information must be objectively required at the time of the request.

- 58. The developer (Lansdale Holdings) and the Council therefore have to demonstrate that the confidentiality of the information was *required* at the time of the request and that disclosure would more likely than not have harmed their legitimate economic interests at the time of the request.
- 59. In this case the Council has pointed out that the timing of the request is essential in understanding the potential harm that would occur if the FVA was disclosed. As the time of the request the planning application had not been determined and planning consent had not been granted.

The interests of the developer (Lansdale Holdings)

- 60. In relation to the interests of the developer, Lansdale Holdings, its solicitors have pointed out to the Council that the FVA included detailed figures regarding use returns, values and build costs, other professional costs and financing arrangements which were commercially sensitive. It said there was a genuine risk to its client's commercial interests if the FVA was disclosed in terms of an adverse effect on negotiation with prospective tenants or purchasers or tendering contracts.
- 61. In order for the exception to be engaged it is not sufficient for withheld information to be confidential in nature; it has to be shown that disclosure would adversely affect the legitimate economic interests of a party or parties. Lansdale Holdings has argued that disclosure of the FVA would pose a 'genuine risk' to its commercial interests resulting in an 'adverse effect' on negotiations. However, the Commissioner has not been provided with any details of this adverse effect or the relevant parts of the withheld information which would prompt this.
- 62. The Commissioner has found that the exception, in relation to the developer's interests, has been applied in a general way, with information deemed confidential withheld in a blanket manner with no consideration of specific adverse effects to legitimate economic interests.

The interests of the Council

63. From the Council's perspective it has argued that disclosure of the FVA would harm its economic interests in terms of its ability to negotiate



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affordable housing and planning obligations. Furthermore, it has argued that disclosure of the FVA at the time of the request would be likely to impede not only the effective progress of the proposed application but also the overall financial viability of the proposed development. In addition the Council has argued that disclosure of the FVA might dissuade the developer from providing further information to facilitate meaningful negotiations. This in turn would mean that negotiations on affordable housing would be less comprehensive and potentially lead to the Council being less successful in securing the maximum benefits from the developer.

- 64. The Council, whilst emphasising the importance of maintaining the confidentiality of the information, has only provided very general arguments of the specific adverse effects to its legitimate economic interests which disclosure would cause. The Commissioner acknowledges that the relative commercial sensitivity of information can have an impact in this context. However, without explaining in detail the nature of the link between disclosure and any adverse effects is not an argument for engaging the exception.
- 65. The Commissioner accepts that damaging a public authority's ability to achieve best value for public money could be an adverse effect. However, the Council has not explained how, with reference to the specific parts of the withheld information and the precise nature of the damage, how or why disclosure would produce this effect in this case.
- 66. The Commissioner acknowledges that developers might prefer that information relating to their business interests should remain private. However, since the coming into force of the EIR it is the responsibility of public authorities to advise third parties that any information held can be subject to disclosure. Moreover, the Commissioner does not consider it plausible that prospective developers would stop engaging or negotiating with local planning authorities where potentially lucrative development opportunities are at stake on the basis that information held might be disclosed.
- 67. The Commissioner accepts that there are occasions where the real potential for damage to legitimate economic interests caused by the release of information warrants non-disclosure this, after all, is the purpose behind the exception. However, in this case, despite being given an opportunity to do so, the Council has failed to explain the specific effects of disclosure and link this to specific parts of the withheld information.
- 68. As she has found that confidentiality in this case has not been shown to protect harm to either party's legitimate economic interests, the



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Commissioner has concluded that the exception is not engaged. She has not, therefore, gone on to consider the public interest.

Regulation 12(5)(f) - information provided voluntarily

- 69. The Council has also argued that it is entitled to withhold the FVA in its entirety under Regulation 12(5)(f) of the EIR.
- 70. Regulation 12(5)(f) provides that a public authority may refuse to disclose information to the extent that its disclosure would adversely affect-
 - '(f) the interests of the person who provided the information where that person
 - (i) was not under, and could not have been put under, any legal obligation to supply it to that or any other public authority;
 - (ii) did not supply it in circumstances such that that or any other public authority is entitled apart from these Regulations to disclose it; and
 - (iii) has not consented to its disclosure;'
- 71. Regulation 12(5)(f) is subject to the public interest test whereby the public authority may only refuse to disclose the requested information where the public interest in maintaining the exception outweighs the public interest in disclosing the information.
- 72. The purpose of this exception is to protect the voluntary supply to public authorities of information that might not otherwise be made available to them. In such circumstances a public authority may refuse disclosure when it would adversely affect the interests of the information provider. The wording of the exception makes it clear that the adverse effect has to be to the person or organisation providing the information rather than to the public authority that holds the information.
- 73. With regards to engaging the exception, as recognised by the First-tier Tribunal (Information Rights), a four stage test has to be considered, namely:
 - Was the person under, or could they have been put under, any legal obligation to supply the information to the public authority?
 - Did the person supply the information in circumstances where the recipient public authority, or any other public authority, was entitled to disclose it apart from under the EIR?



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- Has the person supplying the information consented to its disclosure?¹²
- Would disclosure adversely affect the interests of the person who provided the information to the public authority?

Adverse effects on the interests of the person who voluntarily provided the information

- 74. As with all the exceptions in Regulation 12(5), the threshold necessary to justify non-disclosure because of adverse effect is a high one. The effect must be on the interests of the person who voluntarily provided the information and it must be adverse.
- 75. In considering whether there would be an adverse effect in the context of this exception, a public authority needs to identify harm to the third party's interests which is real, actual and of substance (i.e. more than trivial), and to explain why disclosure **would**, on the balance of probabilities, directly cause the harm.
- 76. There is no requirement for the adverse effect to be significant the extent of the adverse effect would be reflected in the strength of arguments when considering the public interest test (i.e. once the application of the exception has been established). However, the public authority must be able to explain the causal link between disclosure and the adverse effect, as well as why it would occur. The need to point to specific harm and to explain why it is more probable than not that it would occur reflects the fact that this is a higher test than 'might adversely affect', which is why it requires a greater degree of certainty. It also means that it is not sufficient for a public authority to speculate on possible harm to a third party's interests.

The Council's position

Was Lansdale Holdings under any legal obligation to supply the information?

77. The Council has stated that Lansdale Holdings was not under any legal obligation to supply the FVA to it.

¹² John Kuschnir v Information Commissioner and Shropshire Council (EA/2011/0273; 25 April 2012)



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Did Lansdale Holdings supply the FVA with the expectation that it would not be disclosed, apart from under the EIR?

78. The Council has stated that the FVA was provided to it on a voluntary basis in the expectation that it would not be disclosed to any other third party or the public. The FVA was not supplied in circumstances that would entitle it to disclose it, apart from under the EIR.

Has Lansdale Holdings consented to the disclosure of the FVA?

79. The Council pointed out that the letter it had received from Lansdale Holdings' solicitors stated that their client did not wish to disclose the FVA until the review commissioned by the Council from Carter Jonas had been completed.

Would disclosure adversely affect the interests of Lansdale Holdings?

- 80. The Council has argued that, on a balance of probabilities, disclosure of the FVA would have an adverse affect on Lansdale Holdings for the same or similar reasons to those already given above in relation to the application of Regulation 12(5)(e) of the EIR.
- 81. The Commissioner has already concluded that the reasons given above in support of Regulation 12(5)(e) are not sufficient to engage the exception. Accordingly, she has reached the same conclusion in relation to Regulation 12(5)(f).
- 82. As the Commissioner has concluded that Regulation 12(5)(f) is not engaged, she has not gone on to consider the public interest test.





Right of appeal

83. Either party has the right to appeal against this decision notice to the First-tier Tribunal (Information Rights). Information about the appeals process may be obtained from:

First-tier Tribunal (Information Rights) GRC & GRP Tribunals, PO Box 9300, LEICESTER, LE1 8DJ

Tel: 0300 1234504 Fax: 0870 739 5836

Email: GRC@hmcts.gsi.gov.uk

Website: www.justice.gov.uk/tribunals/general-regulatory-

<u>chamber</u>

- 84. If you wish to appeal against a decision notice, you can obtain information on how to appeal along with the relevant forms from the Information Tribunal website.
- 85. Any Notice of Appeal should be served on the Tribunal within 28 (calendar) days of the date on which this decision notice is sent.

Signed	

Deborah Clark Group Manager Information Commissioner's Office Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF