

Freedom of Information Act 2000 (FOIA) Environmental Information Regulations 2004 (EIR) Decision notice

Date: 1 March 2019

Organisation: Forest Holidays Limited

Address: Bath Yard

Moira

Derbyshire DE12 6BA

Decision (including any steps ordered)

- 1. The complainant has requested information from Forest Holidays Ltd ("FHL") associated with a development proposal in Mortimer Forest in Shropshire.
- 2. FHL's position is that it is not a public authority for the purposes of the EIR. It has therefore refused to respond to this request under the EIR.
- 3. The Commissioner's decision is that FHL is not a public authority for the purposes of the EIR, as defined under regulation 2(2). She therefore upholds FHL's position and requires no steps to be taken in this case.

Request and response

4. On 5 June 2018, the complainant wrote to FHL and requested information in the following terms:

"Pursuant to the Environmental Information Regulations 2004, please could you provide the following information:

1. all correspondence between Forest Holidays and the Forestry Commission since 1st January 2015 concerning the above project; 2. all correspondence and communication with, and documents provided to the Herefordshire Council since 1st January 2015



concerning the above project;

- 3. all correspondence with Forestry Commission leading to the signing of the Framework Agreement with Forest Holidays in 2012 together with a copy of that Agreement."
- 5. FHL responded on 25 June 2018. It stated that it is not a public authority for the purposes of the EIR and advised the complainant to submit a request for information to the Forestry Commission.
- 6. Following its internal review FHL wrote to the complainant on 27 July 2018. It maintained its position that it is not a public authority and is therefore not subject to the EIR.

Scope of the case

- 7. The complainant contacted the Commissioner on 14 August 2018 to complain about the way his request for information had been handled. The complainant considers that FHL can be said to be under the control of the Forestry Commission and is therefore a public authority for the purposes of the EIR.
- 8. The scope of this case is for the Commissioner to determine whether FHL is a public authority for the purposes of the EIR, as defined under regulation 2(2)(d).
- 9. In the case of Fish Legal v Information Commissioner & Others (GIA/0979/2011 & GIA/0980/2011) ("Fish Legal"), the Upper Tribunal Administrative Appeals Chamber (the "UT") ruled that the Commissioner has jurisdiction to both investigate and decide whether a body is a public authority.
- 10. The Commissioner therefore has jurisdiction to decide this question. The First Tier Tribunal (Information Rights) (the "FTT") may also hear appeals against the Commissioner's decisions and the UT may hear appeals against the decisions of the FTT.

Reasons for decision

- 11. By way of context, FHL is a commercial holiday company that operates log cabins in forests owned by the Forestry Commission.
- 12. The matter referred to in the complainant's request concerns a Forestry Commission and FHL proposal for a 68-cabin holiday complex in Mortimer Forest in Shropshire. An article published in the local press on



1 October 2018 stated that the proposal had been shelved. The Commissioner is satisfied that the information the complainant has requested is environmental information as defined under regulation 2(1) of the EIR; it concerns measures and activities affecting or likely to affect the elements of the environment, such as land and natural sites.

- 13. The EIR gives members of the public the right to access environmental information held by the vast majority of public authorities and places a duty on public authorities to respond to requests for environmental information.
- 14. If a public authority receives a request for environmental information they are legally obliged to provide it, usually within 20 working days, unless any of the exceptions contained within the EIR apply. If a public authority believes an exception does apply to the information that has been requested, then the public authority must explain why the exception applies.
- 15. The definition of public authority is given in Regulation 2(2) of the EIR. In particular it states that a 'public authority' means the vast majority of public authorities as defined in Section 3 of the EIR and:
 - (c) any other body or other person, that carries out functions of public administration; and
 - (d) any other body or other person that is under the control of a public authority and:
 - (i) has public responsibilities relating to the environment;
 - (ii) exercises functions of a public nature relating to the environment; or
 - (iii) provides public services relating to the environment.
- 16. The complainant accepts that FHL is not a public authority as defined under regulation 2(2)(a) to 2(2)(c); the complainant's focus is regulation 2(2)(d). In considering the question of whether FHL is a public authority for the purposes of the EIR, the Commissioner must establish first, whether FHL is under the control of a public authority and whether one of three conditions under regulation 2(2)(d) is met.
- 17. The Fish Legal case is relevant here. This considered the issue of whether water companies are public authorities for the purposes of regulation 2(2)(c) or (d) of the EIR.
- 18. The Upper Tribunal in the Fish Legal case therefore considered whether the relevant bodies are entrusted by law with the performance of



services in the public interest and whether they are vested with special powers. It also considered control of the companies and their autonomy.

19. With respect to functions of public administration, the UT in the Fish Legal case explained that persons 'performing public administrative functions' are:

"entities, be they legal persons governed by public law or by private law, which are entrusted, under the legal regime which is applicable to them, with the performance of services of public interest, inter alia in the environmental field, and which are, for this purpose, vested with special powers beyond those which result from the normal rules applicable in relations between persons governed by private law".

- 20. It then considered the question of whether the companies in that case had 'special powers'.
- 21. However, the UT also set out the test for 'control'. It explained the test applies to the manner in which functions are performed, not the functions themselves. For example, a body is not under control of the Government merely because its powers derive from statute.
- 22. There are therefore two elements to the test in order for a body to be under the control of a public authority, it must:
 - (i) operate in fact in a non-autonomous manner; and
 - (ii) do so because a public authority is in a position to control it.
- 23. In other words, although the public authority need not actually be exercising its powers of control, the existence of the powers must have a real constraining effect on the body in question.
- 24. Furthermore, the UT decided that the test requires consideration of the body's overall manner of performing its services: it would not be enough to find control in 'one or two marginal aspects' of its business.
- 25. The UT pointed out that 'no legitimate business has complete freedom of action'. It explained that as all operate in a framework of legal and commercial constraints, something more is needed before one can say that they have lost their autonomy.
- 26. In his complaint to her the complainant has confirmed that he considers FHL is caught by regulation 2(2)(d) of the EIR as it under the control of the Forestry Commission an organisation that no one disputes is a public authority. He has noted that the test to be applied is whether FHL does or does not "determine in a genuinely autonomous manner" the way in which it provides services. In the complainant's view FHL does



not enjoy such autonomy and is controlled by the Forestry Commission to a very great degree, which he considers satisfies the test at paragraph 22.

- 27. The complainant has drawn the Commissioner's attention to public statements associated with FHL and the Forestry Commission. These comprise first, a FHL 'Key Facts' document (undated) that 'Forest Holidays operates exclusively on the Public Forest Estate with a 125 year lease on the land on which the cabins are based'. In the document FHL confirms that it is 'operating entirely and exclusively within the Public Forest Estate' and is 'part owned by the Forestry Commission and set exclusively within Forestry Commission land.'
- 28. The complainant has also directed the Commissioner to the 'About Us' page of FHL's website. On this page, FHL's relationship and links with the Forest Commission is discussed. The complainant has noted, in the information on this page, that the Forestry Commission is represented on the board of FHL and that FHL makes the point that its use of the Public Forest Estate is not privatisation [of the Public Forest Estate].
- 29. In addition the complainant has provided the Commissioner with a document entitled 'Our partnership with Forest Holidays', dated 6 May 2018, which is available on the Forestry Commission's website. This document notes that, today, FHL is an independent company but again states that it is still part owned by the Forestry Commission. It goes on to discuss the Forestry Commission's partnership with FHL. In the complainant's view this document suggests that the Forestry Commission in effect manages and lays down, to a level of considerable detail, what FHL can and cannot do.
- 30. The complainant has also provided the Commissioner with a briefing note associated with a 2012 Framework Agreement ('the Agreement') that he says, in effect, lays down how the Forestry Commission controls FHL in order to respond to the recreational demand, pursuant to the Forestry Commission's statutory functions. The complainant notes that the briefing note summarises key parts of the Agreement and, he considers, supports his conclusion that the Forestry Commission in effect controls FHL.
- 31. FHL has also provided the Commissioner with a submission. It has first explained that FHL is a company within the Forest Holidays Group of companies, which includes Forest Holidays Group Limited (FHGL) and FH England LLP (FHELLP).
- 32. FHL confirms that neither it nor any other company within the Forest Holidays Group falls within the tests set out in regulation 2(2)(a) to (c) of the EIR. It then acknowledges that the complainant considers that



FHL is 'under the control' of the Forestry Commission and goes on to explain why this is not the case.

- 33. It refers to the Commissioner's published guidance entitled 'Public Authorities under the EIR', and specifically paragraphs 26-35 which deal specifically with regulation 2(2)(d) and the issue of 'control'. FHL also refers to the question of 'control' discussed in the Fish Legal decisions. It notes that the Court of Justice of the European Union (CJEU) stated the relevant category of control to be:
 - "... any entity which does not determine in a genuinely autonomous manner the way in which it performs the functions in the environmental field which are vested in it, since a public authority...is in a position to exert decisive influence on the entity's action in that field."
- 34. FHL notes too that the CJEU concluded that companies should be classified as being under the control of a public authority:
 - "...if they do not determine in a genuinely autonomous manner the way in which they provide those services since a public authority...is in a position to exert decisive influence on their action in the environmental field".
- 35. FHL says it has considered regulation 2(2) and the Fish Legal case carefully and that it is its strong belief that FHL is not under the 'control' of the Forestry Commission and, moreover, the Forestry Commission does not 'control' any company within FHGL. FHL has provided the following brief explanation of FHGL's corporate history and structure and the reasons for its belief.

Background history and corporate structure

- 36. Forest Holidays was originally founded by the Forestry Commission in the 1960s. Today it is (as it has been for some years) an independent business, which works in partnership with the Forestry Commission. Forest Holidays develops and operates low environmental-impact, sustainable cabins for short-term holiday accommodation within forest settings.
- 37. FHGL is ultimately majority owned by private sector shareholders and it is a profit-making commercial enterprise. It has a strong sense of corporate social responsibility to the nation's forests. Environmental protection and sustainability are two of its core business values, as well as being key selling points for many of its customers. The Forest Holidays website, www.forestholidays.co.uk, provides information about the Group's ethos and activities.



- 38. Within the Forest Holidays Group, FHGL is a company incorporated and domiciled in the UK (registered number 08159281). It owns and controls subsidiary companies, including FHL, FHELLP and Forest Holidays (Scotland) LLP. FHL (registered number 08159308) is the main trading entity; it is the immediate parent company of FHELLP (OC 318816). FHL has referred to the most recent Report and Accounts filed by FHGL at Companies House (for the year ended 1 March 2018) available online through www.gov.uk/get-information-about-a-company which include that:
 - The group is "part owned by the Forestry Commission" and constitutes a "public-private partnership";
 - FHGL is ultimately majority owned and controlled by Phoenix
 Equity Partners Limited ("Phoenix") and its immediate parent
 company is Canopy Bidco Limited (a company incorporated in
 England and Wales) ("Canopy Bidco"). Canopy Bidco was one of
 three additional group companies formed in November 2017 to
 facilitate refinancing and investment from Phoenix in December
 2017 (the other two being Canopy Midco Limited and Canopy
 Holdco Limited).
- 39. The Forestry Commission is (and, ever since it became a shareholder in Forest Holidays, has been) a minority shareholder in Forest Holidays. Since December 2017, its shareholding has been 13.34% of the shares of Canopy Holdco Limited (which is the parent of Canopy Midco Limited, which is in turn the parent of Canopy Bidco) and, by virtue of that shareholding, has 17.22% of the voting rights in that entity. The balance of the shares of Canopy Holdco Limited is held by 13 other shareholders. Prior to December 2017, the Forestry Commission held 19.5% of the shares of FHGL. According to FHL it follows that the Forestry Commission does not have (nor has it ever had) control over FHGL (or any subsidiary) by virtue of its shareholding.
- 40. The Forestry Commission has the right to nominate, and does nominate, one Forest Holidays director. It currently has the right to nominate one of the directors of Canopy Holdco Limited; the board of which has always been made up of not fewer than seven directors. Again, it follows to FHL that the Forestry Commission does not have the power to control the board (even if it was to wish to do so) through its single nominated director. Moreover, the director of Canopy Holdco Limited nominated by the Forestry Commission is a non-executive director.
- 41. The Forestry Commission is party to the Agreement made in 2012 with FHELLP, Forest Holidays (Scotland) LLP, Camping in the Forest LLP (an entity that is not a member of the Forest Holidays Group) and "Relevant Ministers" (as defined). FHL says it is aware that a copy of the



Framework Agreement has been made available by the Forestry Commission in the public domain and can be found at: http://data.parliament.uk/DepositedPapers/Files/DEP2018-0594/Framework Agreement - England and Scotland 2012.pdf.

- 42. The Agreement is a legally binding agreement, setting out the rights and obligations of the parties. It refers to other material agreements between the parties, including leases (in relation to forest land) and site management agreements (in relation to the management of sites on forest land). The Forestry Commission has statutory obligations under the Forestry Act 1967. All of Forest Holiday's sites for holiday cabins are on Forestry Commission land. In entering into the Framework Agreement, and in relation to leases granted over small sites in various forests, the Forestry Commission sets the terms on which FHL has permission to develop and use such sites for its business, in the provision of short-term holiday accommodation. The Framework Agreement also sets out a procedure under which FHL may seek to develop new sites for its business.
- 43. FHL has gone on to provide the following arguments regarding the issue of `control'.

The absence of "control"

- 44. Each of the Forest Holidays Group companies operates under its own Articles of Association. None is controlled by the Forestry Commission in terms of formal structure (shareholding, directorship) or in terms of practice. FHL notes:
 - i The Framework Agreement was made between a number of parties, including the Forestry Commission and FHELLP, on an arm's length and commercial basis.
 - ii The Forestry Commission is in the position of a landlord (in relation to forest land), with Forest Holdings in the position of tenant. While the tenant has obligations under the lease, that does not render them subject to the "control" of the Forestry Commission.
 - iii The Forestry Commission has previously informed FHL that it works with over 600 other businesses on the Public Forest Estate. The Forest Holidays Group is merely one of these.
 - iv The Forestry Commission has no right to require the Forest Holidays Group to develop new sites.
 - When new sites are being considered for development, the Forest Holidays Group will work with the Forestry Commission to determine the viability of the proposal and the Forestry Commission



must give permission for the site to be developed. However, having given that permission, the commercial decision to proceed or not proceed lies solely with the Forest Holidays Group. For example, the decision to not proceed with the proposed Mortimer Forest development (which the complainant has referred to) was made entirely in the discretion of the Forest Holidays Group. The requirement that body A obtain a consent (or prior approval) from body B before embarking on a certain activity does not mean that A is under the control of B.

- vi The Framework Agreement expressly acknowledges FHELLP's right to refuse to develop a proposed new site and envisages the possibility of a third party entity running such a site instead (clause 9.13 of the Framework Agreement), which clearly indicates the arms' length nature of this arrangement.
- vii Since the Forestry Commission made its original investment into FHGL as a minority shareholder (which it rolled into its current shareholding in Canopy Holdco Limited in 2017), the Forestry Commission has not provided any ongoing funding to the Forest Holidays Group and it has not made any further financial investment into the Forest Holidays Group. In fact, the Forestry Commission actually receives money from Forest Holidays (under the terms of the contractual arrangements such as the Agreement and the various leases). Therefore it cannot be said that the Forestry Commission controls any part of the Forest Holidays Group by virtue of a power to deny it funding, for it has not such power and provides no such funding.
- viii The Forestry Commission has no involvement in the day-to-day control of the Forest Holidays Group. Executive powers are delegated by the board of directors of Forest Holidays Limited to the CEO who, together with his management team) makes all of the day-to-day decisions regarding Forest Holidays (taking account of all legal duties and contractual and regulatory obligations), including in relation to revenues, operating costs, pricing, recruitment, product development and capital investment, without any need for sign-off or approval from the Forestry Commission.
- 45. By way of a summary, FHL says it has (and companies in the Forest Holidays Group have) genuine autonomy in relation to the Forest Holidays business. Forest Holidays is not under the control of the Forestry Commission. The Forest Commission has none of the powers referred to in the aforementioned Commissioner's guidance at paragraph 28. The Forestry Commission does not have control over any part of the functions of FHL (or any other Group Company). It does not exercise



control over how FHL (or the Group) operates in practice. It does not exercise control through regulating FHL (or the Group).

- 46. In all the circumstances, having regard to the Commissioner's guidance and case law, FHL says it maintains its position that it is not 'under the control' of the Forestry Commission and it says it follows that it is not a 'public authority' within the meaning of EIR regulation 2(2). It has considered points the complainant has raised which the Commissioner shared with FHL and considers these do not (taken separately or cumulatively) show that FHL (or any other Forest Holiday company) is under the control of the Forestry Commission; in short the complainant's arguments do not change FHL's position.
- 47. FHL concluded its submission by reiterating its position that, whilst FHGL often works in partnership with the Forestry Commission, is a tenant of the Forestry Commission and shares many values with the Forestry Commission, it is first and foremost a majority privately-owned, profitmaking, commercial enterprise, which is not under the control of any public authority. FHL has noted that if members of the public have questions about the nation's forests and the protections to which they are subject, there is in existence an obvious public authority to whom such questions may be directed and that is the Forestry Commission.
- 48. Regulation 2(2)(d) of the EIR defines a 'public authority' as
 - "... any other body or other person, that is under the control of a person falling within sub-paragraphs (a), (b) or (c) and
 - (i) Has public responsibilities relating to the environment;
 - (ii) Exercises the functions of a public nature relating to the environment; or
 - (iii) Provides public services relating to the environment."
- 49. The complainant's central argument is that FHL is under the control of the Forestry Commission and that FHL can therefore be categorised as a public authority itself, under the EIR.
- 50. To be categorised as a public authority under regulation 2(2)(d) an organisation must be under the control of a separate public authority AND must meet one of the three conditions under regulation 2(2)(d). However, the Commissioner has first considered whether FHL can be said to be under the control of the Forestry Commission.
- 51. The complaint has argued that FHL is under the control of the Forestry Commission, and does not determine in a genuinely autonomous manner the way in which it provides services, for the following reasons:



- (i) FHL is part funded by the Forestry Commission.
- (ii) The Forestry Commission is represented on FHL's board.
- (iii) FHL operates exclusively in the Public Forest Estate.
- (iv) The Forestry Commission lays down to a level of considerable detail what FHL can and cannot do.
- (v) The 2012 Framework Agreement lays down how the Forestry Commission controls FHL.
- (vi) FHL operates its business (cabin-based holiday venues) on the Forestry Commission-run Public Forest Estate to assist the Forestry Commission to fulfil its duties under the Forestry Act 1967.
- 52. The Commissioner has considered each of the complainant's points in turn. First, that FHL is part funded by the Forestry Commission. In its submission FHL has confirmed that since the Forestry Commission made its original investment into FHGL as a minority shareholder, it has not provided any ongoing funding to the Forest Holidays Group and it has not made any further financial investment into the Forest Holidays Group. Under the terms of the contractual arrangements, the Forestry Commission receives money from FHL.
- 53. FHL has therefore argued that it cannot be said that the Forestry Commission controls any part of the Forest Holidays Group by virtue of a power to deny it funding because it has no such power and provides no such funding.
- 54. Second, that the Forestry Commission is represented on the FHL board. FHL has explained that the Forestry Commission has the right to nominate, and does nominate, one Forest Holidays director. And it currently has the right to nominate one of the directors a non-executive director of Canopy Holdco Limited; the board of which has always been made up of not fewer than seven directors. FHL has argued that the Forestry Commission therefore does not have the power to control the board through its singe nominated director.
- 55. In addition, the Forestry Commission is a minority shareholder in FHL. Since December 2017 its shareholding has been 13.34% of the shares of Canopy Holdco Ltd and, by virtue of that shareholding, has 17.22% of the voting rights in that entity with the balance of the shares of Canopy Holdco Limited held by 13 other shareholders.



- 56. The Commissioner accepts FHL's position and does not agree with the complainant that the Forestry Commission can be said to control FHL because it is represented on its board or the board of FHGL.
- 57. The complainant's third point is that FHL operates exclusively on the Forestry Commission estate and his fourth is that the Forestry Commission lays down in detail what FHL can and cannot do. The Commissioner does not agree with the latter argument. She has accepted that the Forestry Commission does not exert control on FHL though its funding or through its board. And the Commissioner has discussed the matter of the 2012 Agreement below. It is true that FHL operates exclusively on Forestry Commission land but she accepts FHL's analogy that this situation is much like that of a landlord (the Forestry Commission in this case) and a tenant (FHGL). A landlord cannot be said to 'control' their tenant to a great level of detail.
- 58. The complainant's fifth argument is that the 2012 Agreement lays down how the Forestry Commission controls FHL. The Commissioner has reviewed this document. As FHL has explained, the 2012 Agreement sets the terms on which Forest Holidays has permission to develop and use such sites for its business (short-term holiday accommodation) and sets out the procedure under which Forest Holidays may seek to develop new sites for its business. Again, the Commissioner does not agree that, through this Agreement, the Forestry Commission controls in detail what FHL and its associated companies can and cannot do.
- 59. FHL has explained that the Forestry Commission has no involvement in the day-to-day control of the Forest Holidays Group. Executive powers are delegated by the board of directors of FHL to the CEO. With his management team, the CEO makes all of the day-to-day decisions regarding Forest Holidays, including in relation to revenues, operating costs, pricing, recruitment, product development and capital investment. These decisions do not need sign off or approval from the Forestry Commission.
- 60. With regards to points three, four and five, the Commissioner accepts FHL's position over that of the complainant; that is, she accepts that FHL is an independent commercial enterprise that operates autonomously.
- 61. The complainant's final argument is that FHL operates its business on the Forestry Commission-run Public Forest Estate to assist the Forestry Commission to fulfil its forest management, recreational and other duties under Part 1 of the Forestry Act 1967. This may or may not be the case the 2012 Agreement does not refer to such a proposition and the complainant has not provided any evidence that supports his statement but if it were the case, the Commissioner does not consider that FHL helping the Forestry Commission fulfil any duties under the



Forestry Act would necessarily mean that FHL was under the control of the Forestry Commission. FHL has stated in its submission that the Forestry Commission does not regulate FHL and the Commissioner understands that FHL does not have to account annually to the Forestry Commission for its use of any public funding.

- 62. In addition the Commissioner has considered the use of the term 'public private partnership' (PPP) in FHGL's most recent filed report and accounts. The term 'PPP' can have particular associations; such as the concept of a private company undertaking or running a large project on behalf of a public authority. Such a governance arrangement might put the private company under the control of the public authority. However, while the Commissioner is aware that there is no definitive definition of a 'public private partnership', she nonetheless gueried with FHL the use of this term. FHL has explained that when, what it describes as, "the generic" term 'public private partnership' was used in the filed accounts, the existing relationship between FHL and the Forestry Commission was being referred to, and the fact that FHL works alongside the Forestry Commission in some areas of its operation to advance their mutual interests, as has been outlined it its submission. The Commissioner has noted the Cambridge Dictionary definition of 'PPP' that FHL has referred to: "...an arrangement where a government and a profit-making company invest in and work on an activity together". She accepts FHL's argument that the use of the term 'PPP' in this case does not suggest that the Forestry Commission exercises any control over any part of the FHL's functions or any companies in the Forest Holidays Group.
- 63. As has been noted earlier in this notice, there are two elements to the control test: in order for a body to be under the control of a public authority it must, first, operate in fact in a non-autonomous manner; and second, it must do so because a public authority is in a position to control it.
- 64. The Commissioner has considered all the points that the complainant has raised, and she has considered FHL's submission. She finds that FHL has addressed the complainant's concerns persuasively. The Commissioner is satisfied that FHL operates in fact in an autonomous manner and is not under the control of the Forestry Commission. She finds that FHL is therefore not a public authority for the purposes of the EIR, as defined under regulation 2(2)(d).

Since the Commissioner has decided that FHL does not operate under the control of the Forestry Commission, it has not been necessary to consider whether any of the associated conditions under regulation 2(2)(d) have been met.



Right of appeal

65. 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>

- 66. 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.
- 67. 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

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