1. Is there a conflict of interest arising from the Commission’s aim to protect and sustainably manage woodlands and its shareholding in the private company Forest Holidays? How are any potential conflicts of interest managed?

No. The Forestry Commission is a department of government and exists solely to pursue its statutory objectives, which include, inter alia, conserving the natural beauty and amenity of the countryside. Its equitable interest in Forest Holidays Ltd is a means to those ends, and of course no Commissioner or officer of the Commission has any financial interest in the company.

The Commission recognises, however, that there are multiple and complex issues to be managed in relation to any development within the public forest. Achieving our objectives from a Forest Holidays development requires careful planning and management, taking into consideration factors including, but not limited to, environmental impacts, benefits to recreation, wider economic impacts, and operational implications for timber production. The woodland in and around any cabin site must continue to be managed in accordance with the UK Woodland Assurance Standard.

The Forestry Commission manages many leases and partnerships for a wide range of activities. These are managed professionally in the best long term interests of the estate and for the delivery of public benefits, including raising income to contribute toward the management of the estate and enhance the delivery of public benefits.

2. How does the Commission ensure that the public and local communities near Forest Holiday sites are aware of the difference between the two organisations, particularly if joint planning applications are submitted?

There is extensive public engagement on all proposals where the difference between the Forestry Commission and Forest Holidays is clearly stated, visible and defined through the use of appropriate branding. Where a joint planning application is submitted the parties to that application are clearly defined.

Formal consultation as part of the planning process further demonstrates the relationship between the Forestry Commission and Forest Holidays whether or not the planning application is submitted as an individual application or jointly. We do of course work very closely in partnership with the company and are proud of our successful track record of delivering recreational developments that soon become an important part of the local community and its economy once they are operational.

3. What income does the Commission receive from (i) Forest Holidays; and (ii) other commercial partners?

The income received by Forestry Commission England from Forest Holidays for FY 2017-2018 was £923k (9 sites) comprising rent and income from other services. The
Forestry Commission in Scotland received £194k (3 sites) and Natural Resources Wales received income £16.4k (no site open yet). The 2006 Joint Venture focused on dividend potential with rent underpriced. The 2012 deal focused more on rent but was phased and still underpriced due to the difficulties of finance.

The income received by Forestry Commission England from other commercial leases and licenses was £3.3m.

4. Why does Forest Holidays have a 125 year lease on the land on which it operates?

Prior to 2006 the Forestry Commission had to source all capital and revenue required to develop, manage and reinvest in cabin sites. Long leases of up to 75 years were an integral part of the procurement exercise to establish the joint venture business set up in 2006.

The decision to extend the site leases for up to 125 years was taken by the Forestry Commission, in consultation with its professional advisors, as part of the restructuring and refinancing of the Forest Holidays business in 2012. The 125 year leases on a reducing term from May 2006 were an essential element in securing the investment needed for the business to succeed.

5. How does the current arrangement represent value for money for the taxpayer?

The Forestry Commission receives rent every year for each Forest Holidays location, and does not use any public money to maintain or invest in the sites. Forestry Commission takes the opportunity, when it arises to improve the terms by which the business operates on the Public Forest Estate.

The rental income from the very small footprint (161ha or 0.06% of the public forest estate) of a Forest Holidays location is many times greater than the income generated by production forestry from the same area, is guaranteed and increases each year.

The Forestry Commission also benefits from considerable cost savings on sites where Forest Holidays invest in additional trails, toilets, roads and other infrastructure without any capital investment from the Commission. These facilities are of considerable benefit to the general public as well as Forest Holidays customers.

The value of Forestry Commissioner’s equity holding in the Forest Holidays increases in line with the growing value of the business and ensures that the Forestry Commission is able to have stronger voice on the Board than if it was just operating as landlord.

6. What assessment has the Government or Commission made of the impact of existing Forest Holidays sites, on the environment and local communities?

Proposed sites have extensive wildlife surveys before development of cabins to identify existing wildlife and to highlight opportunities for potential improvements to the forest. The locations are designed to be low-impact and peaceful. All site proposals
include significant woodland and landscape improvement and ongoing management to provide enhanced habitat for existing and new wildlife to flourish.

Forest Holidays is a significant employer and is integrated within the local community, with more than 600 people employed almost exclusively in rural areas. Each new site creates on average 60 all-year-round jobs, mostly for young people. The company offers apprenticeships and opportunities for career progression, helping to reverse the trend of young people having to leave rural communities to find work. Independent research has confirmed an average benefit of £2m per location into other businesses (suppliers, shops, pubs, restaurants, visitor attractions) in the vicinity of Forest Holidays sites, via inbound tourism.

7. Which new Forest Holiday sites are being planned, and what assessment will be made of their potential environmental impact?

Following the opening of a Forest Holidays site at Bedgellert in North Wales in June, there are three further new sites which have received planning permission and are expected to be developed in the near future. They are at Garwnant in South Wales, Glentress in the Scottish Borders, and Delamere Forest in Cheshire. These sites were offered to Forest Holidays only after extensive assessment by the Commission (and Natural Resources Wales as appropriate) of the environmental and other impacts.

The Forestry Commission continues to carry out a very careful and systematic review of areas of the public forest estate where any development might be considered, to assess whether environmental or other considerations should exclude the possibility, and develop a reliable analysis of the evidence. It is good practice, and entirely normal for any development, to carry out this and other preparatory work before naming specific possible sites publicly. This can take several years from the original FC internal screening exercise.

The Forestry Commission is firmly committed to ensuring that there is plenty of opportunity for local communities to comment on any proposed Forest Holidays site well before any decision is taken to submit a planning application to the relevant local authority.