

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2425

Title: Expenditure resulting from the closure of The Lodge at Crystal Palace National Sport Centre (CPNSC)

Executive Summary:

Following further assessment of the fire risk associated with the external cedar cladding at the accommodation building called The Lodge, located at the Crystal Palace National Sports Centre (CP NSC), the Greater London Authority (GLA) decided to close the building to protect the safety of all occupants and staff on the 7th August 2019.

This Director's Decision seeks to approve the reimbursement of the financial loss as a result of closing the Lodge that has been suffered by Greenwich Leisure Limited (GLL) who manage CP NSC on behalf of GLA Land and Property Limited (GLAP) and to revise the Leisure Management Contract by Deed of Variation to reflect the closure.

Decision:

That the Executive Director of Housing and Land approves:

1. the reimbursement to Greenwich Leisure Limited on the terms as set out in part 2 resulting from the closure of the Lodge at CP NSC; and
2. entry into a Deed of Variation to vary the GLAP – GLL Leisure Management Contract for the operation of the CP NSC to reflect the closure of the Lodge.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Rickardo Hyatt

Position: Interim Deputy Executive Director, Housing and Land

Signature:



Date:

17 March 2020

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 Constructed in 1964 to provide accommodation for visiting athletes, coaches and staff, The Lodge is located within the grounds of the Crystal Palace National Sports Centre (NSC) in the London Borough of Bromley. The main structure is clad in western red cedar; it is 13 storeys of which 11 are for accommodation with the top two levels housing water storage tanks for the main centre. There are 85 rooms (144 beds) with the Paxton Suite, an extended facility at ground level consisting of meeting rooms, a kitchen and dining area.
- 1.2 The Lodge was predominantly used by people attending events or taking part in organised sports camps at the NSC with secondary use as inexpensive accommodation for contractors working in London or back packing students. GLA Land and Property Limited (GLAP) has full ownership of, and is legally responsible for, NSC including the Lodge.
- 1.3 After an assessment of the fire risk associated with the external cedar cladding the GLA decided to close the building to protect the safety of all occupants and staff on the 7th August 2019.
- 1.4 Greenwich Leisure Limited (GLL) manages The Lodge and all other sports facilities at the NSC on behalf of GLAP under a Leisure Management Contract dated 1 July 2009 (as varied and extended). This includes managing bookings, invoicing and collecting payments, reception duties, cleaning, maintenance, repairs, security and all other facilities management (FM) services including compliance with all health and safety legislation. GLL is a charitable social enterprise and its mission is to make community services and spaces better for everyone and to improve the health and wellbeing of local communities.
- 1.5 A Deed of Variation will be required to vary the Leisure Management Contract to reflect the closure of the Lodge.

2. Objectives and expected outcomes

- 2.1 Closing The Lodge on health and safety grounds has led to a loss of revenue for GLL. The areas impacted are outlined below.

Accommodation Bookings

- 2.2 Patrons with bookings scheduled at The Lodge post 7 August 2019 were advised of the closure in a timely fashion. All the bookings were associated with activity within the centre i.e. events or sports camps, therefore the closure resulted in some activity bookings being cancelled.

The Paxton Suite Conferencing Facilities

- 2.3 As it is located on the ground floor GLL have investigated the feasibility of the conference facilities operating in isolation to the accommodation block but have concluded that it is not economical to do this. As an alternative, conferences and other events previously held at The Paxton Suite have been transferred to accommodation available at the GLL training facilities in the main complex.

Staff Implications

- 2.4 Four GLL staff were directly employed in connection with providing services at The Lodge, and some casual staff have been impacted by the closure.

Catering

- 2.5 Baxter Storey is GLL's catering provider at the Lodge and the main NSC centre. All catering facilities have now been transferred to the main NSC building.

Facilities Management

- 2.6 Initial decommissioning costs and costs associated with mothballing the building including physical security arrangements have been incurred by GLL.

Loss of Profit

- 2.7 GLL has incurred a loss of revenue in accommodation bookings and sports activities which were booked within the main centre resulting in a reduction in profit, which will be highlighted in GLL's year-end accounts and any reconciliation will be dealt with at that time.

Mitigating Actions

- 2.8 In order to mitigate the costs associated with closure the following action was taken:
- Booking organisations/individuals were advised as soon as possible and signposted to alternative accommodation close by.
 - Partners and contractors were advised of the decision at the earliest opportunity so that supplies and services could be cancelled in good time.
 - Accommodation mothballed to save on utility, maintenance, cleaning and other FM costs.

Financial impact

- 2.9 In order to compensate GLL for the loss of revenue as a result of the unexpected closure of The Lodge GLAP has agreed to meet their reasonable cost incurred due to the closure, which is detailed in Part 2.

3 Equality comments

- 3.1 Under section 149 of the Equality Act 2010 (the "Equality Act"), as a public authority, the GLA must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination only).
- 3.2 The closure of the Lodge was a priority to safeguard the health and safety of all who used the facilities. Due to the urgency, no Equality Act impact assessments were conducted but considerations were given to the GLA's equalities policies and none were breached.

4 Other considerations

Key risks and issues:

- 4.1 If reimbursement costs are not approved, it will have an adverse impact on GLL's Profit & Loss account. This is because there will be unexpected costs to meet and a loss of revenue to absorb. The current revenue does not meet the operational costs and the shortfall is met by the GLA. Reimbursement of GLL's costs of closing The Lodge is therefore necessary to avoid further losses.

- 4.2 The Mayor has made it clear that residential buildings should be safe and closing The Lodge ensures it is no longer a risk to residents, contractors or staff.
- 4.3 There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of the decision form.

5 Financial comments

- 5.1 This decision requests the Executive Director of Housing and Land to approve the reimbursement to Greenwich Leisure Limited for losses resulting from the closure of the Lodge at CP NSC. GLL will provide documentary evidence to support each expenditure claim.
- 5.2 The expenditure will be funded from the 2019-20 Estates Management budget held within the Housing and Land directorate.
- 5.3 The costs relating to the financial loss incurred by GLL are included in Part 2 of this decision.

6 Legal comments

- 6.1 The foregoing sections of this report indicate that:
- the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London.
 - in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
 - pay due regard to the principle that there should be equality of opportunity for all people;
 - consider how the proposals will contribute towards the achievement of sustainable development in the United Kingdom; and
 - Consult with appropriate bodies.
- 6.2 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion) and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have regard to section 3 (above) of this report.
- 6.3 Officers must ensure that the Leisure Management Contract is varied in accordance with the relevant provisions of the contract and all necessary variation documentation is put in place before any commitment to pay costs is made.

7 Planned delivery approach and next steps

Activity	Timeline
----------	----------

Enter into a Deed of Variation to vary the GLL Leisure Maintenance Contract to take into account the closure of the Lodge.

March 2020

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following ()

Drafting officer:

Trevor Massie has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 16 March 2020.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. BlG

Date

16.3.20

