

REQUEST FOR DIRECTOR DECISION – DD1361

Title: INSURANCE SETTLEMENT OFFER – 2012 FIRE AT THE WEST STAND CRYSTAL PALACE NSC

Executive Summary:

On the 26 December 2012 a fire occurred in the West Stand of the Athletics Stadium at the Crystal Palace National Sports Centre causing extensive damage within the roof voids, changing rooms and toilet facilities. GLA's insurer at the time, Travelers Insurance Company Limited appointed Cunningham Lindsey as the Loss Adjustor to assist in the settlement of the insurance claim for the reinstatement works which were procured and paid for by Greenwich Leisure Limited (GLL), the operator of the NSC on behalf of the GLA. The final reinstatement works were completed at the end of December 2013 at a total cost of £111,129.24. Consequently Cunningham Lindsey on behalf of Travelers is now in a position to make an offer of £61,729.24 that excludes the £50,000 insurance excess in a full and final settlement of the insurance claim. As the offer does not include the insurance excess of £50,000 the GLA will also have to reimburse GLL this amount to cover the full cost of the reinstatement works.

Decision:

That the Executive Director approves:

1. The acceptance of the Insurer's offer of £61,729.24 in full and final settlement of the insurance claim and that the settlement sum is paid direct to GLL by the insurer; and
2. That the GLA pays to GLL the £50,000 insurance excess to reimburse GLL for the total cost of the reinstatement works.

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: David Lunts

Position: Executive Director
Housing and Land Directorate

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 On the 26 December 2012 at approximately 9.50am, person(s) unknown broke into the West Stand of the Athletics Stadium at Crystal Palace NSC and set fires in two areas within the changing and toilet facilities. The resulting fires caused extensive damage to facilities with smoke damage also affecting a number of internal areas. To date those responsible for this act of arson have not been caught. After the fire, security arrangements were reviewed and further measures have been implemented to minimise the risk of a reoccurrence.
- 1.2 Soon after the fire, the GLA's insurer at the time, Travelers Insurance Co appointed Cunningham Lindsey as the Loss Adjustor to approve contractor costs and ultimately settle the insurance claim for the reinstatement works.
- 1.3 To increase the speed at which the facilities could be reopened to the public, it was agreed that GLL would procure and fund the reinstatement works and then reclaim the costs back from the GLA's insurer and any excess from the GLA.
- 1.4 Reinstatement works were carried out between July 2013 and the end of December 2013. After the completion and sign off of the final accounts for contractors completing the reinstatement works, the final cost of the reinstatement work was confirmed by Cunningham Lindsey as £111,129.24. This amount includes the £50,000 excess that will not be paid by the insurer. Therefore, Travelers Insurance Co has authorised Cunningham Lindsey to make an offer to the GLA of £61,729.24 in full and final settlement of the insurance claim.
- 1.5 The GLA's Insurance Policy with Travelers had an excess of £50,000 per claim therefore as the Insurer's offer does not include the excess, the GLA will have to reimburse GLL this amount to cover the total cost of the reinstatement works paid for by GLL.
- 1.6 Once the final settlement offer has been approved by the GLA, the insurer's payment will be paid direct to GLL. GLL has confirmed acceptance of the insurer's offer and will invoice the GLA for the £50,000 excess.
- 1.7 It should be noted that this insurance claim is not related to a fire that occurred at the NSC Sports Centre building in March 2011 for which a separate insurance claim was made under an insurance policy with no excess deductible from the final settlement offer and was approved by DD No 1283.

2. Objectives and expected outcomes

- 2.1 Accepting the Travelers offer of £61,729.24 and reimbursing GLL the £50,000 excess will allow this claim to be finally settled and reimburse GLL for the total cost for the reinstatement works.

3. Equality comments

- 3.1 The acceptance of Travelers offer raises no equality issues that require evaluation.

4. Other considerations

- 4.1 If the offer is not accepted, the insurance claim will remain outstanding and the GLA will be open to the risk of legal action being taken by GLL seeking to retrieve the costs in respect of reinstatement works which were completed over 18 months ago.

5. Financial comments

- 5.1 A provisional sum of £50,000 has been allocated within the 2015-16 Estate Management Budget to pay the £50,000 excess to GLL.

6. Legal comments

- 6.1 There are no legal implications to consider in making this decision.

7. Planned delivery approach and next steps

- 7.1 On the basis that approval is forthcoming; the formal acceptance form has been prepared for signature by the Executive Director allowing Travelers to pay GLL the final settlement sum.

Appendices and supporting papers:

Travelers Final Settlement Offer Acceptance Form

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval 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 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

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

✓

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.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date