

Cameron House – the dark side of the tourist industry in our National Parks

Description

After my post about the Cairngorm Hotel's failure to pay the minimum wage to all their staff ([see here](#)), the court case this week about the fire at Cameron House provides further evidence that we need to take a far more critical approach to the tourist industry. Elements of it are far from benign and, in the case of Cameron House fire, resulted in the deaths of two people.

The Court Hearings at Dumbarton Sheriff Court before Xmas and this week have revealed a catalogue of management failures:

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And at the same court on Friday, when restrictions on the reporting of last month's hearing were lifted, the hotel's owners pleaded guilty to two charges.

Between January 14, 2016 and December 18, 2017, they failed to have a system in place for removal and disposal of ash and embers, to maintain and empty ash bins, and failed to keep cupboards containing potential ignition sources free of combustibles.

They also failed to take fire safety measures necessary to keep employees safe and to keep guests safe.

A catalogue of failures by Cameron House management was exposed in the investigation, which took almost three years.

Two independent inspections in 2016 and 2017, as well as a Scottish Fire and Rescue Service (SFRS) annual audit in August 2017, explicitly told the high-end hotel not to store kindling and newspapers in the concierge's walk-in cupboard. A reminder letter was sent to the management just three weeks before the fatal blaze.

The said it was "unacceptable" to have combustible materials next to a mains electrical installation. This was found on 10 instances over a period of 18 months.

Yet hotel management did nothing.

While the Loch Lomond hotel - with a turnover of £21 million in 2017 - had a written policy for landing helicopters, it did not have any such policy for disposing of ash from its open fires.

(See [here](#) for full report in the Dumbarton Reporter)

While both the Dumbarton Reporter and the Herald have revealed the name of the porter who put the hot ashes in a cupboard which caused the fire, they have not named the owners of the hotel who were responsible for the fire safety failures that led to this.

The issue at stake is that all of us are capable of doing things which in retrospect or from an outside perspective are stupid – like putting ashes in a cupboard. That is why the Scottish Parliament has passed a law, not yet implemented, requiring fire detectors to be installed in every home. It is why

But he said that while O'Malley was culpable, his actions were not deliberate or wilful. He outlined a catalogue of training failures and a lack of procedures, as also highlighted by the Crown. While not possible, to weed out the fire, Mr the potential

Mr Stewart said O'Malley had been working in the technology sector before deciding on a career change and starting work at Cameron House on April 17, 2017.

He had e-learning training courses in his first week, and even on December 15 before the fire. The courses included everything from first aid and food hygiene, to dealing with bombs and preventing terrorism.

Open fires at the hotel were started during colder months by the day staff, and night staff were expected to clear them, though it was not part of the night porter's duties.

WATCH: CCTV footage shows how fatal hotel fire took hold

O'Malley had no experience with open fires and there was no training, no personal protective equipment, and no safe operating procedure ever existed. The task was never risk assessed.

While not

mentioned in the Court coverage, I think it is also relevant here to ask questions about Mr O'Malley's pay and conditions of employment. Why is it that someone who is almost certainly poorly paid and working long hours is named, when the company's owners are not?

Cameron House is operated by a company called Cameron House Resort (Loch Lomond) Ltd. According to Companies House ([see here](#)) two men, James Coley Brenan and Richard Weissman, who is reported as being a resident of USA, have been Directors since Cameron House was bought by CMH Investment II Ltd in 2015. They are likely be the two unnamed "owners" referred to in the coverage of the case. The Accounts reveal that the Directors were involved in day to day management of the company and that it is ultimately owned by Monroe Offshore Holdings in the notorious tax haven, the Cayman Islands:

Strategic Report

for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 Dec

Principal activity

The principal activity of the company continues to be owning and
Resort (Loch Lomond) Limited was acquired by CMH Investment I
for this purpose in 2015, ultimately owned by investment funds man
Partners is a private equity firm specialising in travel and leisure ent

The ultimate parent of the group is Monroe Offshore Holdings XI L

The hotel trades independently under the name Cameron House and
The hotel trades in the three principal accommodation markets of
(banqueting) and leisure.

The management of all aspects of the business is retained and driv
KSL Capital Partners and the Company. The directors have also
property in the belief that the long term objective to maximise
objective of maximising enterprise value, because there is a direct
property valuation.

With the significant value held within the freehold property there
access to significant sources of funds. This is provided through a
immediate holding company.

The fire took place in December 2017 but the wording in the 2017 accounts is similar

The accounts state that the Directors received fees through KSL Capital Partners, but how much does

not appear to be publicly available. In the year to December 2019 CMH investments, which owns CMH Investments (II) Ltd, the owners of Cameron House paid £720,000 to VUR Swindon Ltd, of which Mr Brenan is a Director, for management services. More money funnelled out of Scotland. Again, VUR's company accounts don't reveal what Mr Brenan was paid, only noting that this was through another company and the structures of the companies he is involved in are so complex it is impractical to attribute what he earns from each.

The two people named as having ultimate control of the companies through which Cameron House is owned both live in the USA:

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2 active persons with significant control / 0 active statements

Mr Michael Scott Shannon **ACTIVE**

Correspondence address

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Notified on	Date of birth	Nationality
6 April 2016	June 1958	American

Nature of control	Country
Has significant influence or control	United

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Mr Eric Charles Resnick **ACTIVE**

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Notified on	Date of birth	Nationality
6 April 2016	November 1972	American

Nature of control	Country
Has significant influence or control	United

Cameron House therefore appears to be another company designed to extract money out of the system – all quite legal of course – whose owners are allowed to put profits (reflected in the absence of

fire training and failure to respond to recommendations from the fire service) before people. It will be interesting to see if the Sheriff Court makes any reference to the role that this company structure and business model played in causing the fire when sentencing takes place next week. But in my view accidents are the almost inevitable consequence and there has clearly been no learning from the sorry history of fires at Cameron House (2010 and 2012 under previous ownership).

What sticks in the craw, and must be most upsetting to the families of the two men who lost their lives as well as to all the people who lost their jobs, is that it has taken three years since the fire for there to be a hint of any consequences for the owners. That is not the fault of the police or the fire service – these investigations take time – and the fire service clearly doesn't even have sufficient powers to force owners of buildings to respond to its recommendations.

But one has to question why our current system has allowed the owners of the Cameron House tourist business have been allowed to carry on and indeed use the fire as an opportunity to expand?

Business review and results

Following on from the fire on 18th December 2017 which destroyed a portion of the main building of the Cameron House Resort, the building, encompassing all of the hotel rooms, three restaurants, the hotel's pool and leisure facilities and various other hotel guest services and back of house continue to remain closed.

Resort operations outside of the main building, including the golf club facilities, golf course, The Boat House restaurant and the spa, leisure and restaurant at The Carrick remain open. Usage of the adjacent lodges, owned by Cameron House Owners Club and Loch Lomond Resort Owner's Club, by lodge-week owners and guests is also ongoing.

Due to adverse weather conditions and instability in the damaged portion of the building, regulatory investigators were substantially delayed in accessing the main building, which was not handed back to the resort's owner until 13 July 2018. Planning approval for the reinstatement was received on 20 December 2018 and reinstatement work is now in progress and the hotel is anticipated to fully re-open October 2020.

While it was in the public interest to rebuild Cameron House, the planning application ([see here](#)) for an expanded operation left a bad taste in the mouth. In a better world, these issues might have been avoided and the companies that own Cameron House and their Directors forced to transfer the operation into a more responsible form of ownership. Under its glitzy exterior, Cameron House appears to have been a rotten operation.

A transfer of the business could still happen if the Insurance Companies involved reconsider the vast bailout they handed to the company directors, not just to reinstate the building but to reimburse lost profits:

Assessments of total reinstatement costs and related insurance proceeds are ongoing and at this time the estimated costs of reinstatement including contents total approximately £23 million, the majority of which is expected to be reimbursed through insurance proceeds. Any expenditures that will not be reimbursed through insurance proceeds will be funded through cash on hand or equity contributions from the Company's parent. The Company is insured for its loss of gross profits for a period of three years and it continues to receive periodic advances from insurers to cover lost trading income and reinstatement costs incurred. The Company also maintains public liability coverage in amounts that it believes are sufficient to cover any third party claims resulting from the fire. The company's lender continues to have waived various reporting and covenant compliance requirements and events of default directly relating to the fire. It has also permitted insurance advances to be released to the Company to meet its ongoing cash requirements in lieu of repaying loan principal.

In December 2017, the Company's parent made working capital loans to the Company totalling £2,000,000 with a further amount of £750,000 in loans granted in January 2018, all with due dates of 2 January 2019. On 31 January 2019, the outstanding loans plus accrued interest, totalling £2,839,869, were converted to equity.

During March 2018, the Company underwent a redundancy process due to the closure of the hotel and 300 positions were lost in the process.

Whether the Insurance Companies actually re-consider may depend on how much responsibility the Courts attribute next week to the Directors of the Company, whether they rather than the humble porter takes the main rap. Whatever the Court decides, we need to start considering the tourism industry in our National Parks from a social justice perspective (the Air BnBs in Edinburgh are a good example of the need for this from elsewhere). It would be a good start if both our National Park Authorities started putting certain checks and conditions in place before uncritically promoting certain elements of the tourism industry.

Category

1. Loch Lomond and Trossachs

Tags

1. LLTNPA
2. planning
3. Tourism

Date Created

January 24, 2021

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