

Will Natural Retreats bring decently paid jobs to Cairngorm?

Description

Well paid jobs in rural areas in Scotland are few and far between and what I found the single most shocking single fact in the draft Cairngorms Partnership Plan was that the average wage in the Cairngorms National Park is 23% lower than the Scottish average. A consequence of this is that when developers come to the Highlands and promise benefits for local communities, for everything from goldmines or windfarms, not surprisingly people's hopes are kindled and usually results in initial support for such projects. The appointment of Natural Retreats to run the Cairngorm Ski area is just such a case. The converse of this is that the people employed by such developers tend to support them even when everything is unravelling. An example is Iain Cornfoot's support for the retrospective hill track planning application at Cairngorm (about which there has been silence from the Cairngorms National Park Authority for two months now):

Scottish ski resorts need to be as efficient as possible to continue to provide direct employment to the local communities, for which I, my friends and family rely on. A viable ski area will provide economic stability for the surrounding communities within the National park.

Now I believe that Natural Retreats' main interest in Cairngorm is to extract as much money as possible (see here for small example) – taking money out of the area and ultimately i – and has very little to do with the staff that work there. As an example of this it's worth contrasting the financial position of the person who is now the ultimate owner of Cairngorm Mountain Ltd with staff at Cairngorm.

David Michael Gorton, whose address is 80-83 Long Lane, London EC1A 9ET – the heart of the City – ultimately controls (owns) Cairngorm Mountain Ltd through Natural Assets Investment Ltd. He is currently Director of another 29 companies/limited liability partnerships. While there are a group of companies linked to Natural Retreats, which I will come back to in future posts, I have had a look at some of the other companies. One of these is the London Diversified Fund Management (UK) Ltd, where David Michael Gordon is one of two directors:

The company is a wholly-owned subsidiary of London Diversified Fund Management Limited, a company incorporated in the Cayman Islands. London Diversified Fund Management International Limited is therefore considered the ultimate parent u

The company has 13 employees, the average salary is over £100k and, since I don't expect the administrative staff get anything like that, most of the wage is probably split between the five Investment Managers:

5. Staff costs

Wages and salaries
Social security costs
Other pension costs

The average monthly number of employees (including execu

Administration
Investment management

What I found most interesting though is that most of the company's assets are in an Employee Benefit Fund. Yes that looks like £85m for 13 employees (and whoever has been employed in the past):

	Notes
Fixed assets	
Tangible fixed assets	8
Investments	9
Employee benefit trust & Employee retirement plan	16

In fact its not nearly as much as that as it turns out there are tax liabilities to HMRC relating to this fund going back to 2003. A cool £31m owed in tax.

default watermark

16. Provisions for liabilities and charges

	Employee benefit trust & Employee retirement
At 31 December 2014	83,07
Fair value adjustments	1,94
Increase in provision	
	85,01
Amount to be transferred to the company to settle liability with HMRC (note 11)	(31,36)
At 31 December 2015	53,65

That's not the whole picture though because the accounts for [london-diversitified-fund-management-ltd](#) show that in 2011 £18,378,604 were transferred out of the Employment Benefit Fund into an Executive Retirement Plan. That's in addition to the £53m remaining in the EBT so by my reckoning there is over £71m stashed away for the benefit of a handful of employees.

6. Directors' emoluments

Remuneration

As disclosed in note 16, the company has previously made contributions to the principal benefit of existing and future employees. Until the amounts payable to directors are uncertain, and have not been included in the accounts.

The accounts are coy about who will receive this money but I think we can take it that David Michael Gorton is one of the main beneficiaries as he is one of the two Directors.

Contrast this with the retirement benefits that will be paid to employees of Cairngorm Mountain Ltd which was taken over by Natural Retreats in June 2014 [cml-accounts-to-march-2015](#). The fund was revalued in the year by actuaries, which is why it is now shown as a liability, but what it tells us that the fund has under £1m in assets compared to the £70m plus available to David Michael Gorton and his fellow Directors/Executives at London Diversified Fund Management.

Value of scheme assets and liabilities

Market value of assets

Present value of scheme liabilities

(Deficit)/surplus in scheme

Related deferred tax liability

Net pension (liability)/surplus

Now, London Diversified Fund Management is completely separate from Natural Retreats as far as I can see. Its clearly not Mr Gorton's responsibility that Cairngorm Mountain Ltd had such a pitiful pension fund compared to what looks like being available to him. I cannot though see Mr Gorton though using any of his considerable personal wealth – and this is just one company I have looked at, I am sure there will be more – to remedy the situation.

In fact what I think is likely to happen is the opposite. Money earned from Cairngorm will – quite legally – ultimately end up in Mr Gorton's pocket or in some off-shore tax haven. I don't think this will bring any good to the staff at Cairngorm and is unlikely to bring much benefit to the local economy.

I think the big question that needs to be asked is why Highlands and Islands Enterprise sold Cairngorms Mountain Ltd to Natural Retreats Investment Ltd? It must have known who the ultimate controlling party was and a little research, such as I have done, would have shown them that person is involved in a company that has failed to pay tax due to HMRC timeously, is linked to tax havens and has amassed considerable personal wealth. Surely this should have set some alarm bells ringing? In future posts I will show that there is also plenty of reason to be worried about the financial group of companies around Natural Retreats which are also involved in other HIE contracts. Highlands and Islands Enterprise is like Natural Retreats part of the problem at Cairngorm, not the solution.

Postscript

Richard Murphy's blog, tax research uk, yesterday carried a press release from Christian Aid about how Councils are cracking down on tax dodging companies in England and Wales (see here). We should be doing the same in Scotland and not just Councils but other government agencies like HIE. So, the question HIE needs to answer is whether it is confident that the companies associated with Natural Retreats are squeaky clean when it comes to tax?

Category

1. Cairngorms

Tags

1. CNPA
2. HIE
3. natural retreats

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