How much is Natural Retreats investing at Cairngorm and will it ever be enough?

Description



Photo of Natural Retreatsâ?? dump at former Fiacaill T-Bar loading area taken 4th December 2016 and sent to me after my post yesterday. Cuts in costs by Natural Retreats are making the management of the mountain environment even worse, though standards had been dropping well before they took over. The dump now appears a semi-permanent feature of Coire Cas but is it a sign of investment?

Ewan Kearney, Director and the public face of Natural Retreats/Natural Assets claimed in the Strathy article last week that:

> *â??Natural Assets has invested Â£1.3m into CML* [Cairngorm Mountain Ltd*] at Cairngorm over the last two years. In addition to this any profit generated through CML as a result of the operation is invested back into the businessâ?•.*

My last post, which showed Natural Assets cut what was spent at Cairngorm by over Â£400k in the first year it owned CML while increasing administrative expenses by over Â£300k and thus sucking money out of the company, casts serious doubt on the second part of the statement. Its common practice these days for companies to hide and move profits through internal administration charges â?? Amazon is a well known example. If Ewan Kearney stands by what he has claimed, then it would be easy for him to prove it: he could simply make public the management accounts (which give details of all transactions) for Cairngorm and agree that all internal transactions between CML and Natural Assets/Natural Retreats could be open for public scrutiny. Moreover, he could release data on types and levels of staffing at Cairngorm, such as appeared in the CML accounts to March 2014 before Natural Assets bought the company:

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4. Staff costs

Staff costs, including directors' remuneration, were as follo

Wages and salaries	
Social security costs	
Other pension costs (Note 16)	

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The average monthly number of employees, including the

Operational	
Office and management	

5. Directors' remuneration

Aggregate remuneration	

It would be in the public interest to know how many staff are now employed at Cairngorm and what t Cairngorm.

What about investment then?

The figures from the accounts indicate there has been little or no investment in operational costs, such as staff, so I think we can take it most of Kearneyâ??s claimed Â£1.3m over two years has been into capital. The CML accounts tell us how much investment there has been into assets and of what type. What they do not say directly is whether this is enough.

First another proviso. Investment means different things to different people and Mr Kearneyâ??s claimed investment into CML could include the Â£231,239 it cost to purchase it. Unfortunately we wonâ??t know the truth for another year because Natural Assets has changed the accounting year and the new accounts for CML will just be for 9 months until December 2015, 18 months after they bought it. You can however see some of what happened in the the first 10 months Natural Assets owned CML.

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CAIRNGORM MOUNTAIN L

NOTES TO THE FINANCIAL STA
FOR THE YEAR ENDED 31 MAR

7 Tangible fixed assets

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Cost	
At 1 April 2014	
Additions	
Disposals	
At 31 March 2015	
Depreciation	
At 1 April 2014	

While the net book value of CML was Â£615,562 or thereabouts prior to purchase Natural Assets we

Line 2 under the Note on Tangible Fixed assets shows â??additionsâ?• in the year to March 2015 of Â£616,544. Double that and you are not far off Ewan Kearneyâ??s claim of Â£1.3m of investment over two years.

However, all is not as it appears. Look at the line below, â??disposalsâ?• and you can see that Natural Retreats sold plant and machinery originally valued at Â£844, 715 which after â??depreciationâ?• (3 lines below) was worth cÂ£140k. Now if the disposal sold for a sum anything like that, Natural Assets realised a gain which it could use to help buy the Â£616k of additions. That would mean a net investment of say cÂ£480k. Moreover, the note at the bottom of this section on Tangible Assets makes it clear that recorded under the â??additionsâ?• is the full value of items held under finance leases or hire purchases agreements. The value of â??assetsâ?• held in this way increased between March 2014 and March 2015 by over Â£150k. Assume a three year hire purchase agreement and that knocks another Â£100k off what was actually invested, meaning the real investment was cÂ£380k or only just above what was invested in the previous yearâ??s accounts before Natural Assets bought CML.

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It appears then that for Mr Kearneyâ??s claim to be true Natural Assets must have invested cÂ£920k in the succeeding financial year. While we donâ??t have the accounts from March 2015-December 2015 we do know from a Freedom of Information Request, that was quoted in the Strathy article, that HIE has invested Â£601,286 into the assets CML operates since Natural Assets takes over. (Thanks to George Paton for this cairngorm-hie-response-to-foi-on-cm-spend-17-august-2016 its well worth a read) Now most of this expenditure to my knowledge appears to have taken place since March 2015 which raises the question of whether Ewan Kearneyâ??s claimed investment of Â£1.3m over 2 years includes this support from HIE or not. Now, as a result of my concerns about the unlawfully bulldozed track in Coire Cas (see here for example) and the extremely poor standard of work on the new Rope Tow. I contacted HIE who said that Natural Retreats was responsible for the contractors, i.e had the contract with them. This shows that HIE funded CML to do these works. The key question therefore is whether Natural Retreats has included grant funding in their claimed investment of Â£1.3m at Cairngorm or whether the grant funding is on top of this. Ewan Kearney and HIE should come clean now and release all the figures relating to capital investment.

While the answer will be interesting, whatever the case its clear the investment has not been enough. This is shown by the collapse of the Cas Gantry just over a year ago through lack of maintenance.



The initial works to â??saveâ?• the Cas Gantry â?? Photo Credit George Paton

The FOI response shows HIE paid Â£73,377 to â??fixâ?• this. Given the appalling standard of the work you wonder why HIE ever agreed to hand-over the money. Indeed you could ask the same question about the installation of the Sunkid rope tow and associated works which HIE funded to the tune of Â£160, 596 or the replacement of the electrical cabling to the tows where they have paid Â£315,641. This expenditure has been the opposite of Best Value. One wonders what else HIE is going to pay for and what else remains their responsibility (I have not been able to work this out from the lease yet).

I guess HIE saw these as trifling matters because the big prize in its view was redevelopment of the Day Lodge into a mountain conference centre which Natural Retreats claimed might cost Â£15m to complete http://www.bbc.co.uk/news/uk-scotland-highlands-islands-34651446. This development was totally inappropriate for Cairngorm and has now collapsed. Replacement of the Day Lodge was however so central to HIE that it was made a condition of the lease and therefore HIE could now, if they wanted, terminate this. I think they should do so.

I believe the agenda of Natural Retreats is not about investing at Cairngorm but taking what money they can from it. While the controlling interest of the Natural Assets/Retreats group of companies, is held by David Michael Gorton (https://parkswatchscotland.co.uk/2016/11/21/will-natural-retreats-bring-decently-paid-jobs-cairngorm/), who has sufficient funds to invest whatever was needed at Cairngorm and indeed a swathe of the Highlands, he has not chosen to do so so far. His investment vehicle in holiday businesses, Natural Assets, last year incurred losses of Â£5,734,703 and is Â£20,715,910 in deficit overall. It has no money to invest and a bank would be mad to lend money to it. What happens therefore entirely depends on the goodwill of Mr Gorton and whether he keeps taking money out of Natural Assets. HIE should never have sold Cairngorm to such an organisation and should get out while it can.

These problems have arisen because HIE is still looking for the big fix at Cairngorm â?? the funicular was the previous attempt to do this. What is needed is a totally different approach to development which respects the mountain environment while coming up with creative ways to enable people to enjoy it. This needs to involve people with ideas, like the Save the Ciste Group, like montane shrub zone enthusiasts, the local community, recreational and conservation organisations. I think this could happen if the lease with Natural Retreats was terminated, the land transferred from HIE to Forestry Commission Scotland and serious discussions started about creating a community consortium to manage Cairngorm. It also needs a different form of finance but I think if HIE had funded a community organisation to the extent they have funded Natural Retreats there would have been much better outcomes for all who care about Cairngorm.

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Category

1. Cairngorms

Tags

1. Forestry Commission Scotland
2. HIE
3. hill tracks
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