

The Cairngorm dry ski slope, planning policy and the economics of wishful thinking

Description

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There were high hopes of the dry ski slope at the Lecht.....where is it now?

Scotland has a long history of failed economic projects – with railways providing some prime examples. Within the land now designated as a National Park I am particularly fond of the proposals developed during the 1845 railway bubble. The Caledonian Northern Direct Company, chaired by the Duke of Montrose, proposed construction of a line from Glasgow, via the Trossachs and then up Glen Gyle following the drove road before a $\frac{3}{4}$ mile tunnel through the hillside behind Beinn Ghlas farm would have brought it out into Glen Falloch. The prospectus stated “*the gradients are good and there are no engineering difficulties*” – a rival company threatened to go over the top more cheaply! Imagine if these proposals had gone ahead, their costs would have escalated, just like the funicular. Of the railways that were built in the 19th Century, a significant number in the Highlands failed, it grieves me to say, due to lack of demand – again, just like the funicular. When it comes to the investment of “public” money therefore there is very good reason for our Enterprise agencies to take cognisance of history.

Incredibly, HIE, in developing their proposal for a dry ski slope at Cairngorm with Natural Retreats/Cairngorm Mountain Ltd, appear to have taken no account of the history of dry ski slopes in Scotland's ski areas. The simple facts are that both those at Glen Shee and the Lecht failed to attract summer visitors and have now been removed. The much more recent neveplast slope Glencoe has also failed to attract beginners for ski lessons in summer and is now being used for tubing. All this evidence from home – and the evidence from the USA shows that dry ski slopes in mountain areas there don't work either – might, one would have thought, be reason enough for HIE to do some proper economic homework before agreeing to lend £1.5m to back this proposal.

HIE and Natural Retreat's Business Case for the dry ski slope

As a result of their statutory duty to consider both economic and conservation objectives, all major planning applications in our National Parks should now include information about their economic rationale. Among the Supporting Information ([see here](#)) for the dry ski slope is what purports to be a business case. This follows an outline of Natural Retreats' strategy, which is the same that HIE has followed so disastrously for a number of years. This is to focus investment on increasing the number of summer visitors at Cairngorm in an attempt to make the company financially viable and get the funicular to pay for itself. The motivation is not apparently about trying to increase the number of summer visitors to the Cairngorms – they are increasing the whole time anyway – but rather about HIE/Natural Retreats grabbing a bigger slice of the Speyside business cake for their own purposes.

Having explained the strategy, the Business Case then comes down to this:

Business Case

- *Having prepared a sensitised business model to support the commercial rationale for an artificial slope, the operation proved viable operating just 960 hours per annum, at less than 30% of total user capacity.*
- *At maturity, this equates to a combination of approximately 7,000 beginners and intermediate skiers and snowboarders taking lessons using the artificial slope.*

This is a business model, not a business case. Effectively it says is that all that is needed for the dry ski slope to pay for itself is for 7000 people to take ski lessons there each year. No evidence is

provided about whether 7,000 people are actually likely to take ski lessons at Cairngorm. Given the history of the dry ski slopes at the Lecht, Glen Shee and Glen Coe one might have thought that this would have been thoroughly investigated before the proposal went any further.

Besides this lack of basic research, the specific factors which might impact on demand for a dry ski slope at Cairngorm are ignored. The proposed site is on an exposed slope which gets the full force of the prevailing south westerly winds – its hard to think of a worse slope at this height on the mountain. Yet the Supporting Statement claims the slope aims to *“Provide a less hostile location for Snow School lessons that will improve the beginner experience”*. It might be less hostile than the top of the hill but that does not make it suitable. So how many days of the year do Natural Retreats and HIE think that the dry ski slope might be open? We simply don’t know.

To complicate matters further Natural Retreats have committed using snowflex as the material for the slope and this requires a water misting system to operate. This becomes unusable in sub-zero temperatures without anti-freeze which would pollute the environment. The CNPA has now rightly proposed that if the planning application is approved anti-freeze should be banned. In response, the planning documents claim that this is not an issue because when its cold its snowy. Anyone who knows Cairngorm know that is far from the case but when there is snow it is often blown off this slope – think how rarely the day lodge piste operates – and if it does stay its unclear how any snow on the artificial slope could be groomed without damage to the misting pipes or plastic surface below. Without grooming, given the freeze thaw cycles at Cairngorm, the dry ski slope appears very unlikely to provide a suitable surface for beginners in winter. So, how many days is the dry ski slope expected to operate in winter? Again, we don’t know.

A proper business case would have used data about temperatures and snow lie and combined this with the limitations of the chosen surface to show on how many winter days skiing might be possible. That Natural Retreats should have done this is proven by their own claims about how weather conditions impacted on downhill skiing numbers last winter. I suspect this would show that the times in winter when the dry ski slope would be able to operate would be very intermittent. That in itself would further impact on demand because why would anyone book lessons on the dry ski slope if there is no guarantee you will be able to ski there?

So how does HIE/Natural Retreats know that visitors would book lessons at Cairngorm rather than one of the much better located dry ski slopes on Speyside where skiing is guaranteed: Coylum Bridge, Lagganlia, Loch Insh.....? That in turn raises another element missing from the business case: if visitors did come to Cairngorm to use the dry ski slope would this be at the expense of the businesses with dry ski slopes in the strath below?

The CNPA’s failure to consider the economic rationale for the dry ski slope

Despite its statutory duty to promote sustainable economic development, the CNPA report ([see here](#)) to its Planning Committee this Friday provides no critical scrutiny of HIE/Natural Retreat’s business case. The critical scrutiny is left to Highland Council Roads Dept who, to their credit, insisted Natural Retreats provide projections of actual visitor numbers as part of the Transport Assessment:

4.14. Based on the business case for the artificial ski slope, we have considered the projected the potential increase in visitors.

Table 1: Winter Visitor Projections

Activity	Year			
	2017	2018	2019	2020
Ski	6,742	46,391	46,391	46,391
Ski Season	12,378	17,667	17,667	17,667
Snow School Winter	4,000	3,563	3,563	3,563
Funicular	52,236	24,843	24,843	24,843
Total	75,356	92,464	92,464	92,464

Table 2: Summer Visitor Projections

Activity	Year			
	2017	2018	2019	2020
Funicular	108,127	108,127	108,127	108,127
Funicular from Ptarmigan Redevelopment	-	-	11,000	13,000
Artificial Slope Intermediate Users	136	544	871	1,089
Artificial Slope Beginner Package Lessons	736	2,943	4,709	5,887
Guided Biking	-	-	-	-
Walking	2,059	7,288	7,288	7,288
Total	111,058	118,903	131,995	135,390

Figures in both tables provided as part of Transport Assessment in 2018

Set aside the fact that Natural Retreats had failed to provide these projections as part of the initial planning submission and that they were out of date when supplied this year, Highland Council commented on these figures as follows:

During the summer the TA (Transport Assessment) suggests that visitor numbers to the funicular will remain static but there will be an increase in visitor numbers to use the artificial ski slopes and a 253% increase in people coming to the mountain to walk.

We are sceptical of these projections; there is no evidence as to why there would be such a dramatic increase in skiing or a decrease in the use of the funicular in winter and we would expect that moving the beginner skiing facility to the car park where it is far more accessible would help to increase the number of people enrolling on skiing lessons in the winter, not decrease them. Similarly, there is no explanation as to why the number of people walking on the mountain will increase so dramatically in the summer.

I would go further than Highland Council and say there is no evidence to back any of these figures up. What's more there are indications – e.g the extraordinary figures showing that winter snow school numbers are projected to drop – that one hand of HIE/Natural Retreats does not know what the other is doing. In these circumstances I believe the CNPA has an absolute duty to subject Natural Retreats Business Case to critical scrutiny.

The Local Development Plan Policy 2 which is headed "Supporting Economic Growth" actually provides support for this but instead of considering the whole Policy, the Committee Report only refers to the part of this policy which concerns tourist developments:

Policy 2: Supporting Economic Growth of the Cairngorms Local Development Plan 2015 sets out that development which enhances formal and informal recreation and leisure facilities; tourism and leisure based business activities and attractions; tourism and recreation infrastructure, including accommodation; and improved opportunities for responsible outdoor access will be supported where (a) it has no adverse environmental impacts on the site or neighbouring areas (b) it makes a positive contribution to the experience of visitors and (c) adds to or extends the core tourist season.

From this, CNPA officers derive the following conclusion:

Set against this background there is strong policy support in principle for a proposal which at its heart seeks to improve the offering at the existing ski centre at Cairngorm Mountain.

I will come back to the likely environmental and "visitor experience" impacts of the proposed dry ski slope in my next post, but set these aside and there are three good reasons for Committee Members to question this conclusion.

The first is that Natural Retreats has failed to provide any evidence whether the proposed development will really extend the tourist season.

The second is that the Committee Report fails to make any reference to section 3 and other parts of Policy 2:

(Section) 3 Other economic development

Proposals which support or extend the economy or which enhance the range and quality of economic opportunities or facilities, will be considered favourably where:

- a) it is compatible/complementary with existing business activity in the area; and*
- b) it supports the vitality and viability of the local economy and the broader economy of the Park.*

So, what will the impact of this dry ski slope proposal be on other business activity in the area, including other dry ski slopes, what will be its likely contribution to the local economy? No-one is telling.

The Local Development Plan goes on to say Policy 2 will be applied:

4.9 The policy will be used to support appropriate economic development, which ensures sustainable growth and supports our communities. It is intended to protect communities from inappropriate development and loss of existing facilities, and help keep them vibrant and sustainable.

4.10 Whilst much development is expected to be within existing settlements, some will require a more rural setting, and applicants will be asked for evidence to support specific locational requirements.

While no economic need for a new dry ski slope on Speyside has been established, were this the case there are plenty of other better locations which would be more likely to be successful economically. The CNPA Committee Report dismisses this *“the Planning Authority is required to consider the application before them, not to consider alternative options suggested by other parties”*. That I believe is contrary to its own policy.

The third policy reason to question the conclusion in the Committee report is set out in the Local Development Plan Policy on Natural Heritage:

2 National designations

Development that would adversely affect the Cairngorms National Park, a Site of Special Scientific Interest, National Nature Reserve or National Scenic Area will only be permitted where:

- a) it will not adversely affect the integrity of the area or the qualities for which it has been designated; or*
- b) any such adverse effects are clearly outweighed by social, economic or environmental benefits of national importance, and compensated by the provision of features of commensurate or greater importance than those that are adversely affected.*

The Dry Ski Slope is located in the National Scenic Area and moreover the Landscape assessment accompanying the development accepts that this will be adversely affected from nearby. So why has there been NO assessment of the national social and economic importance of this development? Committee members need only consider the financial disaster of the funicular which has consumed £25m of public funds to date and rising to see why such an assessment might be essential to meet its duty to promote sustainable economic development.

Unlike the CNPA, local representative organisations have recognised that the economic rationale for this development is lacking and have made a plea for a proper economic assessment:

Aviemore and Vicinity Community Council object to the application They highlight that they do not object to development at Cairngorm Mountain but wish to ensure that it is well structured, properly planned and sustainable, satisfying all the aims of the National Park which they don't consider the proposal achieves..... To date no masterplan has been produced with Highlands and Islands Enterprise (HIE) now commissioning a review of the ski infrastructure which will report later this year. In these circumstances the need for the project is unclear and if the HIE report concludes that

there is no need then there will be potential for more unviable infrastructure on the mountain with no proposals included for its removal if not sustainable.

Unfortunately this has been ignored. The reason, I believe, is not that CNPA staff are stupid or negligent but comes down to politics. The CNPA is under constant pressure from local MSP and Rural Affairs Cabinet Secretary Fergus Ewing, the Minister responsible for HIE, and officers are wary of challenging any proposals for which he is ultimately responsible.

Indirectly there is clear evidence in the Committee Report that staff are only too aware of the economic risks around this proposal and the potential consequences this would have for the natural environment, hence their recommendation that the following condition be applied if the application is approved:

5. No development shall commence on site until the following information has been submitted to and approved in writing by the Cairngorms National Park Authority

a) The estimated life span of the ski slope and how restoration will be financed; and

b) Details of how the development will be removed in an environmentally sensitive manner and the site restored to natural landform and acceptable vegetation.

Thereafter should the ski slope become redundant or cease being in use for a period of 1 year then the development shall be removed and the site restored in accordance with the approved details.

Reason: To ensure that should the development become redundant it does not fall into disrepair and to ensure that there are no adverse impacts upon

The key point here is the CNPA is requiring HIE/Natural Retreats to explain how restoration work will be financed.

Questions about the dry ski slope that need to be answered by HIE

While I wish that the CNPA as a National Park would take a firmer stance in cases like this, in the absence of any proper Business Case it seems extraordinary that HIE are proposing to lend £1.5m to Cairngorm Mountain Ltd/Natural Assets Investment Ltd to finance the construction of the dry ski slope. That appears even more extraordinary when the NAIL, the parent company, who reported net liabilities of £34,228,906 in their last set of accounts ([see here](#)) and CML appear to have insufficient assets to secure the loan. In response to questions from about this Charlotte Wright, the Chief Executive of HIE, responded to me as follows in August:

HIE's £4m loan to CML, agreed originally by the HIE Board in 2014 and re-approved in 2017, holds two forms of security, as previously advised. HIE regards details of the two forms of security as commercially sensitive information. To date, CML has not drawn down any of this loan.

Looking at the NAIL accounts its hard to see any assets they hold that are not already mortgaged or subject to other agreements (e.g. the grant they received for construction of new buildings at John O'Groats need to be repaid to HIE if the buildings are sold within ten years). That doesn't mean to say there aren't any assets that could be used to secure the loan but does raise the question whether the security has been provided by a third party. I believe that in these circumstances the first question which HIE should be answering publicly is whether its the NAIL group or a third party who is providing security for the loan and whether Audit Scotland is satisfied with these arrangements.

The second question they need to answer is whether the proposed use of snowflex at this site by Natural Retreats, if approval was given, provides the best value for money.

The third question concerns the affordability of dry ski slope given that, on top of the funds needed to get the funicular going before the new ski season and any funds needed to recompense Natural Retreats for lost business, HIE also now need to answer questions about how the restoration of the dry ski slope will be financed should it fail. While there is no economic justification for the proposed dry ski slope, there are now serious questions about whether it can stack up financially.

Category

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Tags

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