

The rapidly escalating crisis at Cairngorm – the need for a proper plan

## Description



Press and Journal 27th October

In my last post on Cairngorm, in which I called for the Cairngorms National Park Authority to take a proactive role in addressing the issues on the mountain ([see here](#)), I stated the problems with the funicular were far greater than Highlands and Islands Enterprise were admitting. That claim was vindicated within a few days. First it was announced by HIE that the investigations on the funicular structure would take until early December (originally these were going to take a couple of weeks, then until early November). Then Natural Retreats/Cairngorm Mountain Ltd advised 50 ski school staff that there might not be jobs for them this winter (see above and <https://www.planetski.eu/news/10950> for excellent coverage including the response from skiers). This was shortly followed by Groove Cairngorm announcing they were cancelling their snowsports festival, the only one in the UK, for 2019.

While HIE are keeping silent about what exactly the problems are (clearly far more than two support pillars are affected), they are now claiming it will take over 2 months to investigate the extent of the

problem. It is not unrealistic to predict it will take a lot longer than this to fix and the funicular may not run this winter. That has implications for:

- downhill skiing, since HIE has removed much of the alternative uplift infrastructure and the Ptarmigan ski bowl is now inaccessible except in good ski conditions (hence the email laying off ski instructors
- the “Natural Retreats” group which appears dependent on Cairngorm Mountain as one of its main sources of income (new information about this is provided below from an analysis of the UK Great Travel Company’s Accounts).
- HIE, both in terms of what it might cost to repair or replace the funicular and because of its total failure to anticipate these issues
- Our political establishment – who need to intervene

## **The response of HIE to the crisis**

On 23rd October HIE issued a news release ([see here](#)) claiming “*Cairngorm is very much open for business and plans are underway to ensure the hill is ready to welcome snowsports enthusiasts when the snow arrives.*” With snow arriving at the weekend one would have to laugh if it was not for the people on Speyside who are suffering the consequences of HIE’s incompetence. Never mind though as HIE plan to make up for this with “*advice and loans*” to businesses that will be affected .....

Prior to that on 11th October HIE had issued another news release ([see here](#)) about a meeting of “*a new response team, set up to address the potential impact of the [current closure of the Cairngorm funicular](#) railway.*” The remit of this group, which includes a range of “stakeholders” including the Cairngorms National Park Authority, appears very limited. It’s been set up to try and help get HIE out of the hole they have dug for themselves by creating an action plan rather than looking at the fundamental issues.

The first question that HIE needs to answer is why having received structural reports on the funicular for a number of years neither they nor Natural Retreats picked up on the seriousness of the issues until a few months ago? This is part of a much wider failure to monitor the state of assets at Cairngorm and ensure proper preventive maintenance is in place.

The second question HIE needs to answer is not just the cost of fixing the current problems but the likely costs of maintaining the funicular into the future, say for the next 20, 30 and 40 years?



## With a little kelp

It is good to read that David Attenborough is urging politicians to protect vital kelp beds, and a Scotsman editorial reminding us that "Scotland can be even more beautiful" (25 October).

In 1996 Sir David was lead signatory of an open letter, also signed by Chris Packham and the late Sir Edward Peck amongst others, to the then Secretary of State for Scotland Michael Forsyth opposing ill-thought-through plans for the Cairngorm funicular railway.

Sir David's 1996 letter warned that the economic viability of the funicular railway project had "been widely and authoritatively questioned", that "the financial support sought" for it represented "poor value for money to the taxpayer" and that "more economically viable development options" were available.

Subsequent events, including a critical Audit Scotland report and the current indefinite closure of the railway following safety concerns, indicate Sir David's misgivings were sound. His present well-founded call to protect kelp deserves to be heeded.

**GUS JONES**

Nethybridge, Inverness-shire

warning our politicians about the economic sustainability of the funicular 22 years ago.

It now appears that building an overground funicular at Cairngorm was a fundamental design flaw. The extreme weather at Cairngorm, with high winds and frequent freeze thaw, coupled with the inevitable slow movement of the mountainside downwards, would appear to have affected much of the structure. This suggests that maintenance costs are likely to be an ongoing issue for the foreseeable future. The funiculars I have been on abroad are all underground on secure foundations and subject to far less temperature variation. Given the extent of the current problems the funicular may just not be worth fixing. In order to ascertain that HIE needs to commission independent work on the likely future costs now.

This links to the review HIE commissioned of the uplift infrastructure which they are now saying will be published in the next few weeks. They received the report draft in June and, while the recommendations of that review might need radical adjustment given what we now know about the funicular not being fit for purpose, it should be published now.

It's now ten years since, in October 2008, the Auditor General for Scotland informed the Scottish Parliament that Audit Scotland would *"undertake a specific review of the funicular project and examine HIE's plans for the future operation of the facility and relevant historical events and activity"*. That Report, which came out a year later ([see here](#)) mainly looked at the past rather than HIE's plans for the future operation of the facility.

One explanation for this failure was that a report that HIE had commissioned in December 2008, on the robustness of the Cairngorm Mountain Ltd business model and which was due in March 2009, was "delayed". As a consequence it had not been seen by Audit Scotland when they wrote their report. Instead they reported that *"The HIE Board will consider the options arising from the consultants' work at its meeting in December 2009."*

HIE's plans for the future were thus subject to NO external scrutiny, although whether Audit Scotland would have picked up on the need to consider future maintenance costs is a moot point. This lack of independent scrutiny has continued ever since and HIE have continued to dodge all calls to produce a proper plan for Cairngorm in partnership with all stakeholders. One essential step towards establishing confidence is for Natural Retreats' HIE backed planning application to redevelop the Ptarmigan to be put on hold until an overall masterplan for the mountain has been produced and consulted on. It makes no sense to redevelop the Ptarmigan until it has been established what the costs of the funicular and when the money might be better spent.

**Cairngorm Mountain/Natural Retreats' response to the crisis – all down to money?**

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# Season Passes

\*\*\*Please note, that whilst we determine the snow operations, we have paused all Season Pass tickets

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This message on CML website only went up over the weekend

Natural Retreats/Cairngorm Mountain Ltd has rightly come in for a lot of flack on social media for continuing to advertise season passes long after they must have known that the closure of the funicular would drastically reduce what downhill skiing might be possible this winter. There was, this morning, still a notice on their website advising *"Please note, the Snow School will open for lesson bookings from the 5th November"*. In response to the crisis, the last information Natural Retreats/CML issued on their website was on 11th October ([see here](#)) and appears co-ordinated with the HIE news release of the same day. It also parrots that *"Cairngorm Mountain will be open for skiing this winter"* – a statement which tells the public nothing.

Still, at least CML/Natural Retreats now appears more interested in the snow making machines which were trialled last year – perhaps they will now release the results of that trial which so far have been kept under wraps?

I suspect though the main focus of CML/Natural Retreats has been on the loss of one of their main income streams. This must be of major concern to their Directors Messrs Dennis, Kearney, Spence and Wild. This is not just because CML is one of the main sources of income for the Natural Assets Investment Ltd group of companies ([see here](#)) which at the time of its last group consolidated accounts had net liabilities of £34, 228,906. Cairngorm Mountain also appears to be one of the main sources of income for the UK Great Travel Company which pays the fees of three of three of the Cairngorm Mountain Directors (Kearney, Spence and Wild) and most generously too:

## 5 Directors' remuneration

### Remuneration paid to directors

An average fee increase of over £20k each in the year till December 2017, there is no crisis for some

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#### What the financial statements of the UK Great Travel Company show

Unfortunately, due to our seriously deficient company law, the UK Great Travel Company (the new name for the old Natural Retreats UK Ltd) has used loopholes to avoid declaring what income it received in the year until December 2017 and has presented UNAUDITED financial statements instead of accounts ([see here](#)). They still show, however, two pieces of information which are very relevant to what is happening at Cairngorm Mountain.

First, while we do not know what Natural Retreats from external sources, the transactions with related

companies shows that Cairngorm Mountain Ltd is by far the most important course of income:

**Natural Assets Investments Limited has a number of subsidiaries provided as follows:**

- JOG 2 Limited year ended 31 December 2017 - £13
- JOG Highlands LLP year ended 31 December 2017
- JOG 3 LLP year ended 31 December 2017 - £13 (2016: £13)
- Natural Land 1 LLP year ended 31 December 2017
- Natural Land 3 Limited year ended 31 December 2017
- Natural Outfitters Limited year ended 31 December 2017
- NL3 Cottages Management Limited year ended 31 December 2017
- Pentire Fistril Beach Limited year ended 31 December 2017
- Pentire Management Limited year ended 31 December 2017
- NA Lews Castle Limited year ended 31 December 2017
- Trewhiddle Village Limited year ended 31 December 2017
- Yorkshire Dales Limited year ended 31 December 2017
- Cairngorm Mountain Limited year ended 31 December 2017
- DOL Park Limited year ended 31 December 2017 £13
- Mini Gems Limited year ended 31 December 2017 £13

While we know from CML's accounts that the amount paid to the UK Travel Company reduced slightly in 2017, it still contributes over twice as much as any other NAIL subsidiary, in fact it provides not far off HALF the income it earns from all the NAIL subsidiaries. Now while Natural Retreats does run some other holiday businesses – I am currently trying to find out how it got awarded a lease for Scottish Canals holiday properties and what they might earn from that – it appears unlikely they have other large sources of income (which might be one reason why they chose to take advantage of company law and not declare their income).

Indeed what their financial statements show is that their net liabilities, just like almost every NAIL subsidiary, increased in 2017:

# THE UK GREAT TRAVEL COMPANY LIM RETREATS UK LIMITED)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	
<b>Fixed assets</b>		
Intangible assets	6	
Tangible assets	7	
Investments	8	
<b>Current assets</b>		
Debtors	9	18
Cash at bank and in hand		16
		<hr/>
		35
<b>Creditors: amounts falling due within one year</b>	11	(1.30)
<b>Net current liabilities</b>		<hr/>



How could Directors justify paying themselves over £300k in fees when the net liabilities of the company increased by £377,188 in the year? A reward for failure? A question HIE should be answering is how can they assure the public that Cairngorm Mountain Ltd, which ostensibly paid no Directors Fees in 2017, is not just being used as a milch cow to pay Directors huge fees by the back door?

The wider question is what justification is there for Cairngorm Mountain Ltd paying large fees for “services” to the UK Great Travel Company when its staff appear to have failed to act on basic maintenance and safety information ([see here](#))?

## What needs to happen?

At long last politicians associated with the Scottish Government appear to be prepared to talk publicly about the mismanagement of Cairngorm. Here was what the local Badenoch MSP Kate Forbes said at the weekend:

*“To say that Natural Retreat’s handling of this is not good enough is to put it very, very mildly”.*

That is welcome. Here’s what I think both they and the Cairngorms National Park Authority Board (2/3 of whom are elected and therefore “politicians” in the wider sense) should be demanding/doing now:

- Demanding that HIE forces Natural Retreats to REFUND immediately and in full all people who have bought season passes, whether for skiing or the funicular
- Ensuring that the current investigations by Natural Retreats/HIE into the funicular are subjected to external scrutiny by a public body with civil engineering expertise (otherwise there is a risk of yet more cover-ups)
- Immediate release by HIE of the report they commissioned into ski uplift infrastructure at Cairngorm
- Immediate suspension of the Planning Application to redevelop the Ptarmigan
- An independent review, to report within 3 months, of HIE’s management of its lease with Cairngorm Mountain/Natural Retreats which reports publicly EVERY breach of lease requirements since 2014 including failures to act on Health and Safety information
- An independent report on ALL likely costs associated with maintaining the funicular over the next 20 years

These actions could pave the way for a proper masterplan at Cairngorm, termination of the lease with Cairngorm Mountain/Natural Retreats (assuming they don’t walk away first) and a transfer of ownership to a body which will put the interests of the local community, recreational visitors and the environment first. That should be the aspiration of everyone who cares about Cairngorm.

## Category

1. Cairngorms

## Tags

1. CNPA
2. HIE

### 3. natural retreats

**Date Created**

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