

The immediate consequences of CairnGorm Mountain Ltd going bust

Description

Yesterday Highlands and Islands Enterprise announced ([see here](#)) that CairnGorm Mountain Ltd had gone into administration. This was the company they had set up to replace the Cairngorm Chairlift Company and later sold off on the cheap in 2014 to company owned by a hedge fund manager, David Michael Gorton. After four years of shocking mismanagement by “Natural Retreats”, this will be a relief to everyone who cares about Cairn Gorm.

Charlotte Wright, Chief Executive of HIE, claims in the News Release they are “well prepared”. This is the first statement from HIE about Cairn Gorm for some time that should probably be taken at face value. On 26th November Burness Paull, on behalf of HIE, registered a new company, Cairngorm Mountain (Scotland) Ltd. Its address is HIE’s HQ. It has two Directors. Nicholas Bryan Kenton, now holds 16 Directorships for HIE, and appears their “professional” company director. Douglas Alexander Cowan may possibly be the person HIE has selected to negotiate with the Administrator and sort out the mess. Whatever the case, the new company, whose assets consist of £100 in shares but is bankrolled by HIE, is likely to have already commenced discussions with the administrator about taking over the business. Given the disaster that is Cairngorm Mountain Ltd, it is unlikely there will be any other takers.

There is therefore probably little need for those staff still employed by CairnGorm Mountain Ltd to be too concerned about their jobs. This is not just because HIE is responsible for the whole disastrous outsourcing process, another Carillion, and risks losing its reputation in the Highlands. Its also because their Chief Executive, Charlotte Wright, was the Project Manager who oversaw the procurement process and subsequent sale to Natural Retreats. Her career would appear to depend on sorting out the mess she has created. Its reasonable to anticipate therefore that HIE will now spare no efforts in preventing any further redundancies, particularly in the politically sensitive period leading up to Xmas.

The position of trade and other creditors is less certain.

7 Creditors: amounts falling due within one year

Trade creditors

Amounts due to group undertakings

Other taxation and social security

Other creditors

Extract from CML Accounts for year January to December 2017

Even before the income from the funicular dried up in September, Cairngorm Mountain Ltd owed large amounts of money. Its accounts show it was dependent on guarantees from its ultimate owner, David Michael Gorton, to keep going. The latest guarantees were a further year from September when its most recent accounts were lodged. They became worthless with the funicular breakdown because Mr Gorton could legitimately claim the situation had changed. The amount owed to local trade and other trade creditors may now be significantly higher than those recorded for last December.

That puts HIE in a double bind. It has a moral obligation to local creditors, having allowed CML to accumulate mountains of debt. And those creditors will also likely have a claim on whatever remains of Cairngorm Mountain Ltd's assets. These appear to consist mostly of equipment essential to run the downhill skiing operation, everything from computers to skis and piste bashers. Whether it wants to or not, HIE may have to pay off creditors just to enable the hill operation to continue to function.

Then there are all the people who have paid for season tickets at Cairngorm and have been asking what would happen to their money since the funicular broke down but with no response. Has HIE been "well prepared" enough to stop that?

On top of this, there are likely to be other financial holes, the pension fund for example.

The cost to the public purse of HIE's mistake is likely to be considerable. That is before any consideration is given to the cost of new ski uplift infrastructure or the cost of repairing the funicular. Its hard to see how HIE's extravagant and ill thought out plans for mountain roller coasters and zip wires announced just a few weeks ago can survive this.

The immediate priority for HIE is to pick up the pieces caused by CML going into administration. How they do this and the cost must be made transparent. Meantime the other pieces caused by the

funicular breakdown still need to be picked up. HIE does not have the skills to do this which is why the Scottish Government Minister, Fergus Ewing, needs to set up a new joint management structure immediately. This should include the Aviemore and Glenmore Community Trust, who should be asked to assemble the necessary expertise to make the most of Cairn Gorm this winter, and Forestry Commission Scotland.

Category

1. Cairngorms

Tags

1. Forestry Commission Scotland
2. HIE
3. natural retreats

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