

The Future For Uplift On Cairngorm â?? financial considerations

Description



Keeping an eye on the funicular 2016

Following my two posts on the proposed Mountain Coaster ([see here](#)) and ([here](#)) , I will take a look at the financial and environmental aspects of the proposed new uplift at Cairngorm as outlined in the SE Group report of November 2018 ([see here](#)). I will use the same kind of format as the Mountain Coaster posts, the idea being that if it is written by an ordinary person for ordinary people, without the fancy words and phrases used by the marketing industry, it may make the whole idea clearer. For example, how many of you know or knew what a â??millennialâ?• is until it was explained by the SE Group â?? a fancy word for the younger generation!

I re-read the SE Group report several times picking out key features, making notes etc until I suddenly realised that it was a waste of time. This is because there are two major unknown facts;-

(1) We do not know whether or not the Funicular is to be removed or repaired, despite Charlotte Wright, the Chief Executive Officer of Highlands and Islands Enterprises, telling me that the COWI engineers report would be released by the end of May – the month not the Prime Minister.

If the Funicular is to be repaired rumours are that estimates range from £4.5m to over £10m. Considering that it originally cost about £26m to build, then taking into account the rising cost of materials, labour etc, over the last 20 years, if half needs replacing, it could cost as much. Even at the time of construction, which was over two years, the costs rose from about £9m to that final figure of £26m, an increase of almost 300%.

If the funicular is to be removed completely there are two options:

- The first would be to leave it as it is for now and remove it as and when money is available, thereby spreading the cost over a period of time. That, however, could be contrary to the Section 50 agreement which required the funicular to be removed if out of use and the ground completely restored.
- The second is to demolish it immediately in one complete operation. If anyone would like to have a guess at that cost, please do, but it could put a considerable dent in HIE's budget leaving very little for new uplift.

(2) HIE's budget for Cairn Gorm is not known. What we do know is that when the Executive Summary of the SE Group report was released a press statement by HIE said it would be nice if a philanthropic entrepreneur brought in much of the £27m investment, implying that they did not have nearly that amount.

The main aim of the SE Group report was to show a way forward including new uplift. Phase 1 was proposed to include a new gondola from the Base station to the top of Coire Cas, into the avalanche zone according to the maps. Phase 2 was a gondola from the mid-station, the Shieling as used to be, to the re-vamped Ptarmigan (another £2.5m). That, however, was the vision with a working Funicular.

If the Funicular is irreparable then the only sensible option is for new uplift to the Ptarmigan. This could run from either the Daylodge or the Ciste, which would help to mitigate winter road closures or even, more ambitiously from Glenmore. Either way all other uplift in Coire Cas and Coire na Ciste would need to be retained. This would need a whole reworking of the report by the SE Group, which is maybe why they have been back to Cairn Gorm.

In my opinion the evidence suggests the Funicular is beyond economical repair. My reasoning behind that is if it could be repaired then why would the SE Group be re-engaged as they have already compiled a report about the future uplift?

We now have the updated SE Group report ([see here](#)) [Cairngorm+Feasibility+Assessment_Addend](#) and people are already commenting and expressing concern about its content and conclusions.

F. Financial Analysis Summary

Below is a summary of the estimated capital costs, visits, revenues, expenses and contribution to operations from the implementation of the Phase One facility improvements and activities.

Figure 6. Phase One Summary Costs and Revenue

Phase 1 Expense Item	Phase 1 Capital Cost	Visits	Revenue per Visit	Revenue (000)	Operating Expenses (000)	Expense Savings (000)	Potential Average Annual Contribution (000)
Facility Improvements							
Snowmaking	£2,187,415				£112,000		-£112,000
New Terrain	£304,410				£29,000		-£29,000
Beginner Zone Summer Grooming	£100,000*						
Lift B (chairlift)	£7,513,000	30,000	£30.00	£900,000	£128,000	-£40,000	£812,000
Year Two		20,000	£31.50	£630,000			£630,000
Year Three		20,000	£33.08	£661,500			£661,500
Existing Visits		60,000	£3.56	£213,600			£213,600
Lift A (Base Area Surface Lift)	£331,000				£18,500		-£18,500
Base Area Lodge Improvement	£500,000						
Base Area Outside F&B	£250,000	20,000	£6.00	£120,000	£105,000		£15,000
Base Area Activities	£250,000	20,000	£5.00	£100,000	£65,400		£34,600
Utilities - Electrical	£500,000						
Total Facility Improvements	£11,935,825			£2,625,100	£457,900	-£40,000	£2,207,200
Additional Winter Revenues (% of new revenues)							
Equipment Hires				£287,000	£69,000		£218,000
Catering				£725,000	£609,000		£116,000
Retail				£231,000	£192,000		£39,000
Snow School				£211,000	£186,000		£25,000
Total Additional Winter				£1,454,000	£1,056,000	£0	£398,000
Activity							
Mountain Coaster							
Mtn Coaster – Summer	£2,885,000	76,000	£6.00	£456,000	£84,000		£372,000
Mtn Coaster – Winter		24,000	£6.00	£144,000	£27,000		£117,000
Mountain Biking – Plan & Approval	£100,000						
Total Activities	£2,985,000			£600,000	£111,000	£0	£489,000
Phase One Grand Total	£14,920,825			£4,679,100	£1,624,900	-£40,000	£3,094,200

*waiting on estimate from the client

We all know how good such estimates were when the Funicular was constructed. Is this really the best way to spend such money, wherever it comes from?

What should happen.

I suspect that HIE know full well what is going to happen with the Funicular considering the number of engineers reports that they have had. The only course of action they should have taken was, and is, to proceed with new lift infrastructure as soon as possible. We are now 6 months on and still the majority of us are in the dark as to the future of skiing on Cairngorm. *“The need to elevate the guest experience at the resort”* is nowhere in sight.

Conclusion.

At the present time there are too many variables to have any kind of sensible discussion about the future for uplift and therefore skiing on Cairngorm, for the reasons explained above, and that doesn't take account of the legal aspects related to the Section 50 Agreement or other impacts on the environment. The only certain conclusion is that for the coming winter (2019/20), and even possibly one or two winters (2020/21 or 2021/22) after that, skiing may be very limited. After all the original Executive Summary released by HIE was for a 1 - 5 year vision (2023/24) and the SE Group Addendum is short on either timescales or where the money will come from.

Category

1. Cairngorms

Tags

1. Cairn Gorm
2. HIE
3. Local communities
4. secrecy

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