

Cairn Gorm Funicular: repair or remove? (2)

Description



The Funicular Railway on Cairn Gorm has now been out of service for more than a year. Its future remains unclear although Highlands and Islands Enterprise (HIE) have said that it is their intention to have it repaired.

Parkswatch has previously had a look at this from the point of view of skiers ([see here](#)) and argued the funicular has inbuilt design flaws that means its unlikely to be in the interests of skiers to repair it. It does seem though that HIE are intent on repeating the erroneous decision to build it in the first place, by spending millions more to repair it. This post takes a further look at the flaws in HIE's approach.

What has the funicular contributed to CairnGorm Mountain?

If the Funicular had been a commercial success then the Cairn Gorm mountain business could be expected to be self-financing and not reliant on the ad hoc injections of public funding that have managed to do little more than keep the business trading, unprofitably. The facts tell the true story.

Funicular tourist numbers that are nowhere near projections and skier day numbers that are woefully short of where they should be.....to the extent that the Cairn Gorm Mountain share of the Scottish snowsports market fell to an all time low of just 23.6% in the 2017/18 season which was prior to the Funicular failure ([See here analysis from Alan Mackay, WinterHighland Ltd](#)). The long-term average was over 40% in the decade up to 2013. The collapse in numbers in 2017/18 led to almost 40,000 skier days being lost to Cairn Gorm in what was a good snow winter. The financial loss to the hill business in that season alone was around £1m with the loss of spend in the local economy being in the region of £3-4m

To put the numbers into perspective: the forecast numbers after the Funicular was brought into service were 165,000 tourist passengers and 200,000 skier days per annum. The average numbers over the last 5 years, prior to the failure of the Funicular were: 130,991 tourist passengers and 60,258 snowsports customers per annum. The total numbers at 191,249 are considerably less than the forecast of 365,000 and the outcome, for the mountain business, has been disastrous, as highlighted below.

When HIE handed the lease to Natural Retreats in 2014, they also handed them £1.1m to spend on maintenance upgrades to uplift and£ 0.6m for maintenance to buildings. If the mountain business had been financially successful then it would never have required HIE to take it over in 2008 and the uplift and buildings would not have deteriorated to a point where £1.7m had to be provided to bring the assets up to a decent standard.

HIE also provided £267k in 2017 to demolish the Ciste and West Wall Chairlifts and to clean up various degradations and accumulated spoil materials from around the mountain.

As things stand today, it is very clear that further capital inputs are immediately necessary to

1. Bring the carpark surface and drainage to an acceptable standard.
2. Effect the repairs that are necessary to the outside of the Daylodge and Environs
3. Replace ski infrastructure such as the WW Poma loading area and Control Hut and the 'Chicken Gully' bridge
4. Upgrade the mains electrical supply to the hill.



The upper Cas carpark: Insufficient drainage and a surface that cannot be used in places.



The degraded carpark surface that greets all visitors to the Daylodge area.



Access around the Daylodge has been closed for months due to the unsafe condition of the path and steps



The 'Chicken Gully' bridge



WW Poma : How long before this goes the same way as the Cas T-Bar Loading Gantry?

When you see the level of dilapidation that still exists today then there isn't a shadow of a doubt that the CairnGorm Mountain Business has been bringing in a level of revenue, over the last 2 decades, that does not come even close to being sufficient just to maintain the existing 'assets' far less invest in anything new and up to date.

How will repairing the Funicular, which has been a demonstrable commercial failure for almost 20 years, lead to a different outcome over the next 2 decades?

The politics of the funicular

It is also quite clear that our politicians are not fully informed. The HIE interim CEO answered questions posed by the Economy, Energy and Fair Work Committee at Holyrood on 24 September 2019 [Its well worth a view ([see here from 27 mins](#))]. The CEO was evasive about the questions asked and failed to answer Green MSP Andy Wightman's questions about whether HIE had already taken the decision to repair the funicular or not.

However, all the questions were focused on the cost of repair or removal and how that could be financed. No thorough questions were asked about the passenger numbers that used the Funicular or about the collapsed snowsports market share. It was also disappointing that no questions were asked about ongoing maintenance costs, continuing public subsidy or whole of life cost projections. It seemed that the focus was simply on the cost of repair vs the cost of removal.

HIE remain intent on convincing the Scottish Government that repair is the best option and the following quotes are taken from an update on HIE's website

"HIE and the Scottish Government are agreed that repair is the preferred option in principle though it is important to stress that we need to conclude the engineers' reviews and determine costs and funding sources before this can be approved"

"We very much welcome this update which underlines both the fantastic potential of Cairngorm as a national asset and the importance of the Funicular to a successful mountain resort"

"Cairn Gorm is a key asset for Scotland, both environmentally and economically and the Funicular is a key asset for Cairn Gorm"

That's clear enough: the Funicular is being touted as a 'key asset' as is the "importance of the Funicular to a successful mountain resort" There is no mention that I can find anywhere of any rigorous examination of the impact of the Funicular on the Commercial viability of the CairnGorm Mountain business and no examination of any alternative to the Funicular. It isn't at all difficult to see where HIE are placing their focus. In fact, HIE intend to place their business case for repairing the Funicular before the Scottish Government in December 2019.

HIE are misinforming the media and the public

In a recently posted news story on BBC Highland's website ([see here](#)) it was stated that repairing the Funicular would cost around £10m but removing it would cost around £13m. There was no detailed

information and no analysis of the ongoing costs of supporting the Funicular into the future.

It was also claimed that the Funicular carried about 300,000 passengers each year before it failed in September 2018. A personal approach was made to the BBC at their Inverness office to find out where they had obtained that information. The BBC confirmed that HIE had provided them with it. [Ed. the false figure is still on the BBC website]. It needs to be made perfectly clear that the Funicular has never carried that many passengers in any single year since it first went into service.

As stated above:

The maximum number of passengers carried was 275,198 in the 2009/10 season. That number was made up of 130,191 Tourist passengers and 145,007 Snowsports passengers. In fact, the average number of passengers carried during the last 5 years of operation was just 191,248 which is a very long way short of the claimed 300,000. We are left to wonder just exactly why the government's development agency in the Highlands should be prepared to publish such erroneous information. Could it be the case that they are endeavouring to make the Funicular passenger numbers look much healthier than is actually the case?

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CAIRNGORM FUNICULAR PAS

	<u>SKIER DAYS</u>	<u>TOU</u>
2001/2	81,392	
2002/3	42,150	
2003/4	58,500	
2004/5	55,500	
2005/6	55,000	
2006/7	58,553	
2007/8	62,000	
2008/9	65,000	
2009/10	145,007	
2010/11	121,430	
2011/12	53,876	
2012/13	113,582	
2013/14	77,430	
2014/15	76,588	
2015/16	67,000	
2016/17	21,267	
2017/18	59,003	
Total	1,193,278	2,
Average	70,193	

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The actual number of passengers carried by the Funicular Railway.

[Ed. unfortunately the false information being issued by HIE are now being repeated elsewhere e.g [here](#))]

HIE is also ignoring the facts about the funicular's contribution to the local economy

HIE also had this to say on their website

"It's absolutely vital that we continue to address the serious challenges caused by the Funicular being out of action and ensure that CairnGorm remains a significant driver of the local economy."

What evidence has HIE published that shows that CairnGorm Mountain is a significant driver of the local economy? Have they conducted any research in Aviemore and StrathSpey to find out the facts.

It might have been expected that Aviemore and Strathspey would have experienced a considerable reduction in tourist numbers this year during the late Spring, Summer and Autumn if the Funicular was what brought them to the area in the first place. However, that has not been the outcome and tourist numbers have remained buoyant during the late Spring, Summer and Autumn 2019 to the extent that the out of operation Funicular has made no difference to trading levels. In fact, there is anecdotal evidence that the spend that used to be made on the hill has largely transferred to Aviemore and Strathspey with some food and beverage outlets reporting increases to business by comparison to 2018 [which was a better summer...weather wise].

HIE could conduct their own market research but nobody should expect them to do that because it would reveal the inconvenient truth that the Funicular isn't the driver of tourism in Strathspey that HIE would like people to believe it to be.

Is the Funicular a necessary uplift during the winter snowsports season? Skier day numbers had been declining for several years prior to the failure and that evidence does suggest that snowsports enthusiasts were less than enthusiastic about using it as a means of uplift. HIE could have conducted their own market research here too and asked users for their views about the Funicular and what uplift they would like to find on the mountain. Regrettably, that hasn't been done.

HIE's failure to consider the bigger picture

HIE now seem to be intent on taking forward the Funicular repair process before the co-called Masterplan for CairnGorm has been produced. The proposed Masterplan has already been compromised, in advance of its production. More public money will now be wasted as HIE have their already decided plans supported by a consultant's report. That can be the only conclusion when they have already placed plans to extend the Ptarmigan before the planning committee [approved] and also put in a planning application for 'summer grooming' i.e. bulldozing work, outside the Daylodge, to create a smooth piste for a beginners' area as well as put in a Tube Slide between the upper and lower

Cas Carparks. Quite how a business case can be made for repairing and retaining the Funicular, in advance of any finalized Masterplan remains unclear.

The publication of Funicular passenger numbers as being around 300,000 per annum when in fact the numbers are below 200,000 on average during the last 5 years of operation does perhaps provide some insight into the level of imprudence that we might expect to find in passenger numbers forecasts in the supportive business plan. In addition, what would be the impact on usage of the Funicular if the proposal to construct an Alpine Coaster was ever brought to fruition?

The push to gain approval for repairing the Funicular simply emphasizes HIE's intentions.

Summary

The Funicular Railway on CairnGorm has been a commercial failure. That is evidenced by the fact that the business has gone bust twice in 10 years, by the amount of public funding that has been put in to upgrade maintenance and by the level of dilapidation to assets that have not been effectively maintained. HIE are intent on repeating the disasters of the past by repairing and bringing back into use the Funicular Railway. There has been no customer-based research undertaken to determine why the snowsports market share had collapsed **before** the Funicular failed and no research to find out what customers want to find on Cairn Gorm

Conclusion

Repairing the Funicular will be likely to condemn the CairnGorm Mountain business to a mediocre future. Ultimately, it will not be HIE or the Scottish Government that will determine the future success or failure of the mountain business. Customers will make that determination by either returning to CairnGorm or continuing to drift away. The evidence suggests that it is the latter which is the most likely outcome.

What should happen now

The Scottish Government minister for Finance, Derek Mackay MSP should take an unbiased, indepth look at the proposal to repair the Funicular and he should ignore any advice provided by HIE who have proven, time and again, that they do not have the competence to be involved in the decision making process at CairnGorm Mountain.

Category

1. Cairngorms

Tags

1. Cairn Gorm

2. funicular
3. HIE
4. natural retreats
5. planning
6. Scottish Government
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