

## Cairn Gorm masterplan consultation – the public survey and the flaws in the process

### Description

It's now 16 months since the Cairngorm funicular closed and almost 15 months since the operator (Cairngorm Mountain Ltd) went into liquidation, but of course as any regular reader of this website will know, the problems on Cairn Gorm go back much further. At last, after all of HIE's dithering and delay ([see here](#)) the public consultation phase of the masterplan process to set out a plan for the future of Cairn Gorm is now underway.

For anyone who is not aware, the masterplan consultants have launched an online survey which is open to anyone interested in the future of Cairn Gorm (winter and summer). I would encourage anyone reading this article interested in the future of Cairn Gorm to complete the survey (links at bottom of post) and pass on the details to any friends and family who you think might be interested. The survey closes on 8 March 2020.

Like most surveys, the questions can lead the person being surveyed. I recommend that anyone completing it makes sure that they get into their response the opinions and recommendations they want to communicate to the masterplan consultants.

### The Flaws in the masterplan process

Having met and spoken with the masterplan consultants from Jura Consultants and Threesixty Architecture, I believe that they are all well-intentioned, well aware of the problems besetting Cairngorm Mountain and are intent on producing an objective and professional masterplan. The problems lie with the constraints placed on the masterplan consultants by HIE and the 'fake news' being put out by HIE around this consultation process.

# Job numbers slide as snow resort struggles

## Consultation on the future of Cairngorm reveals impact of employment as climate takes its toll

By Gavin Masgrave  
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SUCCESSIVE poor winters and the closure of the Cairngorm funicular have led to 111 job losses in Badenoch and Strathspey since 2012/13, according to the business's owner.

The number of staff employed directly at the resort has fallen from 80.5 at the start of that period to a workforce of 46.5 this current season.

Taking into account the spin-off on the wider area, there were 247 people in employment in total seven years ago but this has since slumped to 136.5 because of the struggles faced by Cairngorm Mountain.

The employment impacts prepared by resort and estate owner Highlands and Islands Enterprise were revealed as part of the first public consultation on a new masterplan to guide future development at the resort.

Around 55 people attended the first of four sessions across the strath to be held by Midlothian-based Jura Consultants and Threestixy



Paul Jardine, managing director of Jura consultants.

Architecture, of Inverness, at Grantown Grammar School on Tuesday evening.

**“The local economy has suffered because of the combination of poor ski seasons and also the funicular.”**

Paul Jardine

on the mountain and quite a lot of this can be attributed to the loss of the funicular.”

He continued: “Essentially for every job that is lost on the hill we are seeing another two in the local economy... whatever is done on the mountain we need to be aware of how we bring employment back to the local economy.”

“Clearly one of the catalysts is if we can increase employment on the mountain then that brings more visitors who are spending money locally.”

“It is the local economy which is really suffering just now.”

On chatting with some attending on Tuesday on trading difficulties, Mr Jardine said: “There is painful and direct evidence and the closer an individual of business is to supplying snowsports the greater the impact – they are getting hammered.”

Four strategies are laid out for redeveloping the resort: from XL (regional scale) with summer and winter blueprints

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### Global challenges

THE masterplan consultation displays highlight how Cairngorm is not unique in the challenges facing its ski business because of global warming.

Snow-making facilities are now used in 60 per cent of the world's ski resorts and 45 per cent of slopes in France have snow-making back-up.

Some resorts are even “snow-farming” – collecting snow in mid-winter and keeping it insulated in stores for the start of the next ski season.

The exhibition also details how some resorts in various parts of the world are diversifying to year-round attractions including mountain yoga and spas, sunrise viewings, installing via ferrata, sky observatories, mountain coasters and cigno rides.

An online survey has been launched as part of the masterplan consultation at [www.hie.co.uk/cairngorm](http://www.hie.co.uk/cairngorm) and runs to March 8.

The consultants are keen to hear the views of as many people as possible. The latest sessions take place today in Aviemore this morning at Cairngorm Mountain and then the Cairngorm Hotel this afternoon.

More details at [www.strathspey-herald.co.uk](http://www.strathspey-herald.co.uk)

The Strathy front page – Thursday 13 February

## Flaw 1 – Assumption on the funicular

Appallingly, HIE has instructed the consultants to prepare their masterplan on the assumption that the funicular will be repaired. More efficient and less costly uplift solutions are available which could be installed within the timescale to repair the funicular ([see here](#)) and would have a much reduced environmental impact. The consequence of HIE's restriction on the masterplan is that the public has no real say on whether in excess of £10m should be spent repairing the funicular! This is a good example of HIE's callous and dismissive attitude to public consultation on Cairn Gorm. It would appear that HIE thinks it knows best. Those of us who think differently need to continue to make our views known.

HIE has been leaking to the press since November that a 'so-called' business plan is being prepared that will go to the Scottish Government requesting funding for repairing the funicular. Originally the case was to be submitted in December, then January, and now we find that it is still to be submitted.

HIE is also under investigation by Audit Scotland over its management (or mis-management) of the award of the operating contract to Natural Retreats, its lack of management and audit of Natural Retreats' performance and the way HIE has managed Cairngorm Mountain since Natural Retreats'

subsidiary went into liquidation.

## Audit scope

# Highlands and Islands Enterprise

Management of Cairngorm mountain and funicular railway

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AUDITOR GENERAL 

Prepared for Audit Scotland  
January 2020

### Background

Cairngorm mountain range is regarded as an environmental and economic asset for Scotland. It has a key role in underpinning local tourism, which is a vital component of the economy around Aviemore and Strathspey. Highlands and Islands Enterprise (HIE) is the long-term owner and custodian of Cairngorm mountain. This comes with responsibilities to ensure there are effective

arrangements to manage and maintain the mountain environment and provide a stable operating environment for business within the ski area.

Construction of a funicular railway was completed in 2001. HIE owns the land, buildings and facilities including the funicular and initially leased the assets and funicular railway to a private company, Cairngorm Mountain Ltd (CML). Due to financial difficulties, HIE brought CML back into public

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ownership in 2008 and continued to own and oversee the operating company until 2014.

In 2014, HIE transferred ownership of CML to Natural Assets Investments Ltd (NAI). CML entered administration in November 2018, citing closure of the funicular railway due to structural issues and the consequent downturn in business as key factors. In December 2018, HIE purchased the business and assets of CML and created a subsidiary, Cairngorm Mountain (Scotland) Ltd (CMSL), to act as the operating company. Since then, HIE has been working to stabilise the position and develop plans for the future of the mountain.

Our 2009 [Review of Cairngorm Funicular Railway](#) examined events leading to HIE bringing CML back into public ownership in 2008.

### Why are we doing this audit?

In August 2019 The Auditor General for Scotland published a [report](#) under section 22(3) of the Public Finance and Accountability (Scotland) Act 2000 alongside the 2018/19 audited annual report and accounts for HIE. The report drew attention to the circumstances relating to the creation of CMSL. It also included a commitment to undertake a more detailed examination of the events leading up to CML entering administration and HIE's decision-making and actions.

The management and operation of the mountain and the funicular have involved substantial amounts of public money and are significant in the context of the local economy. The circumstances of CML entering administration and the future of the funicular have also been the subject of considerable public and media interest.

This audit will assess HIE's management of Cairngorm mountain since our 2009 review, including the transfer to CML to NAI, and the relationship with HIE, and events leading to and following CML entering administration. It will also assess what action HIE has initiated to determine the future of the funicular.

### What will the audit look at?

The audit will consider three issues:

- HIE's decisions to transfer CML to NAI in 2014
- HIE's management of its relationship with CML and NAI between 2014 and 2018
- HIE's response and its plans for the mountain and the funicular.

The audit will consider how HIE made key decisions and whether its processes were sound, comprehensive and appropriate. The audit will also assess HIE's monitoring of CML's performance in

## Audit scope of investigation into HIE's management of Cairngorm Mountain

If Audit Scotland's report is highly critical of HIE, resulting in the business case for repair of the funicular not being approved by the Scottish Government, then a considerable amount of the masterplan work will have to be re-done at considerable public expense and delay.

## Flaw 2 – The lack of a focussed survey of the market

In building any business proposal a key feature that is integral to any business plan is to know and understand your market. Do the current operators of Cairn Gorm understand (or want to understand) the visitor market?

**Winter market:** The snowsports business on Cairn Gorm (currently operated by CMSL) has been losing market share for many years – and long before the closure of the funicular.

| Scottish Ski Centre Skier Numbers and Market Shares 2004 - 2018 |           |          |          |          |        |          |             |          |         |          |         |
|---|-----------|----------|----------|----------|--------|----------|-------------|----------|---------|----------|---------|
| Winter  | CairnGorm |          | Glenshee |          | Lecht  |          | Nevis Range |          | Glencoe |          | Total   |
|   | Skiers    | % Market | Skiers   | % Market | Skiers | % Market | Skiers      | % Market | Skiers  | % Market | Skiers  |
| 2004  | 58,500    | 35.6%    | 27,471   | 16.7%    | 50,636 | 30.8%    | 20,855      | 12.7%    | 7,000   | 4.3%     | 164,462 |
| 2005  | 55,586    | 37.8%    | 36,000   | 24.5%    | 25,252 | 17.2%    | 18,338      | 12.5%    | 12,000  | 8.2%     | 147,176 |
| 2006  | 55,000    | 35.5%    | 42,460   | 27.4%    | 22,303 | 14.4%    | 18,430      | 11.9%    | 16,623  | 10.7%    | 154,816 |
| 2007  | 38,553    | 48.8%    | 8,521    | 10.8%    | 13,200 | 16.7%    | 11,149      | 14.1%    | 7,623   | 9.7%     | 79,046  |
| 2008  | 62,000    | 37.6%    | 39,007   | 23.6%    | 18,061 | 10.9%    | 23,021      | 13.9%    | 23,000  | 13.9%    | 165,089 |
| 2009  | 65,000    | 40.7%    | 43,000   | 26.9%    | 19,110 | 12.0%    | 15,876      | 9.9%     | 16,899  | 10.6%    | 159,885 |
| 2010  | 145,000   | 38.7%    | 116,614  | 31.1%    | 52,147 | 13.9%    | 34,686      | 9.3%     | 26,135  | 7.0%     | 374,582 |
| 2011  | 121,000   | 41.8%    | 95,571   | 33.0%    | 40,678 | 14.0%    | 18,289      | 6.3%     | 14,037  | 4.8%     | 289,575 |
| 2012  | 66,463    | 50.5%    | 33,947   | 25.8%    | 10,856 | 8.3%     | 9,788       | 7.4%     | 10,614  | 8.1%     | 131,668 |
| 2013  | 113,000   | 38.8%    | 92,899   | 31.9%    | 44,429 | 15.3%    | 16,668      | 5.7%     | 24,000  | 8.3%     | 290,996 |
| 2004 - 2013 Average   | 78,010    | 40.6%    | 53,549   | 25.2%    | 29,667 | 15.3%    | 18,710      | 10.4%    | 15,793  | 8.5%     |         |
| Winter  | Skiers    | % Market | Skiers   | % Market | Skiers | % Market | Skiers      | % Market | Skiers  | % Market | Skiers  |
| 2014  | 77,430    | 32.9%    | 84,397   | 35.9%    | 16,075 | 6.8%     | 25,711      | 10.9%    | 31,578  | 13.4%    | 235,191 |
| 2015  | 76,588    | 33.2%    | 58,407   | 25.6%    | 31,218 | 13.4%    | 29,375      | 12.6%    | 35,046  | 15.2%    | 230,634 |
| 2016  | 67,000    | 32.3%    | 59,126   | 28.5%    | 25,156 | 12.1%    | 26,760      | 12.9%    | 29,488  | 14.2%    | 207,530 |
| 2017  | 21,267    | 39.6%    | 12,111   | 22.6%    | 4,002  | 7.5%     | 10,348      | 19.3%    | 5,941   | 11.1%    | 53,669  |
| 2018  | 59,003    | 23.6%    | 76,367   | 30.6%    | 40,047 | 16.0%    | 33,000      | 13.2%    | 41,431  | 16.6%    | 249,848 |
| 2014 - 2018 Average   | 60,258    | 32.3%    | 58,082   | 28.6%    | 23,300 | 11.2%    | 25,039      | 13.8%    | 28,697  | 14.1%    |         |
| Average Change  | -17,753   | -8.2%    | 4,533    | 3.5%     | -6,368 | -4.2%    | 6,329       | 3.4%     | 12,904  | 5.6%     |         |

Ski numbers table – reproduced courtesy of Alan Bratney

The average number of skier days in Scotland between 2003 and 2013 was 195,730 (and that was skewed upwards by the outlier figures in 2010). Interestingly, the average number from 2014-18 was very similar – 195,374 – and yet the CairnGorm Mountain share of the market has fallen dramatically. Please note that this market share collapse came about **before** the Funicular failed. Between 2014-2018, with the exception of 2017, it is also clear that snow conditions were fairly good, so poor snow was not the reason for the market share collapse.

The Masterplan consultants need to understand why that happened, otherwise, simply repairing the funicular will at best only get back to this lower market share which was one of the main causes of failure. The Masterplan market research makes no targeted effort to find out the opinions of a much wider market than those who live locally (i.e. the snowsports visitors from elsewhere in Scotland and the UK, and many of whom are no longer coming to Cairn Gorm).

**Summer Market:** Visitor numbers using the funicular have never made the projected numbers, and

like the winter visitor numbers have been falling over the last 5 years.

*“Non skiing passenger numbers were predicted to be 160,000 per annum and this number was surpassed in the early years of service. The average was 174,935pa in the first 5 years of service [180,000: 182,000: 177,000: 164,046 and 171,406]. However in the last 5 years, prior to the failure of the funicular, the average number was just 130,990 [119,585: 127,092: 137,776: 138,712: and 131,788]. It’s clear that non skiing passenger numbers have fallen significantly and are well below predictions. It should also be kept in mind that many of these passengers were not paying the full fare. Coach parties receive large discounts and 2 for 1 offers on Ipson and Groupon bolster the number but are also uneconomic.*

*In the time period since the Funicular was brought into service the summer tourism business in Strathspey has increased considerably with many adventure tourism businesses having been set up. During the time when numbers in Strathspey have been increasing, the numbers using the Funicular have been decreasing”*

(Excerpt from Alan Bratney’s Parkswatch post “The Cairn Gorm Funicular: Repair or Remove?” ([see here](#))).

Working in the tourism sector in Strathspey, I am well aware of the wealth of attractions that summer visitors have within the Cairngorms National Park. In Strathspey, visitors are also well placed to explore the wider Speyside area and the many attractions of Moray, Nairn and the Moray Firth coast. Within that competitive context of plenty of attractions for summer visitors, it is important for the Cairn Gorm business to understand the summer market before it can develop any new or modified offerings to visitors. Will the masterplan consultants properly research this during their work, and if they do, will HIE listen?

Unfortunately the public survey launched by the masterplan consultants is too focussed in gathering the views of stakeholders and the local businesses and communities, and is not *per se* a market survey. Again I have sympathies with the masterplan consultants, as I don’t believe that the budget constraints of their masterplan work enable them to conduct such a targeted survey. Instead, HIE should have realised even before they took back control of the Cairn Gorm operation, that both the winter and summer market was slipping away from them. Consequently HIE should have been trying to understand how the winter and summer visitor market was changing. A good way of doing this would have been to set up a market survey focussed on current and potential visitors to the Strathspey area targetting the snowsports market to understand why visitors were preferring to go to other snowsports resorts.

Yet again, another missed opportunity by HIE.

### **Flaw 3 – The over emphasis of the economic reliance on the Cairn Gorm business**

The Strathgy front page article reports figures of 111 job losses in the Badenoch and Strathspey area since 2102/13, attributed by HIE to successive poor winters and the closure of the funicular. This is taken from:

## COMPARISON OF EMPLOYMENT BETWEEN 2012/13 AND 2019/20

The 2012/13 employment impacts are based on an independent assessment of direct employment that is skiing- related and also other funicular- related. The employment estimates are net as they are adjusted for displacement. The Impact Analysis was produced by S.Westbrook for HIE.

The 2019 employment impacts have been prepared by HIE Research and Economics. It replicates, as far as data allows, the 2012/13 study and uses the same methodology. The reduction in employment reflects the withdrawal of the funicular railway in September 2018 and the reduction in skier days in the period since 2012/13.

|                     | Badenoch & Strathspey |         | HIE Area |         |
|---------------------|-----------------------|---------|----------|---------|
|                     | 2012/13               | 2019/20 | 2012/13  | 2019/20 |
| Direct Employment   | 80.5                  | 46.5    | 69       | 40      |
| Indirect Employment | 2                     | 2       | 7        | 4       |
| Induced Employment  | 12                    | 7       | 20.5     | 12      |
| Off-Site Employment | 152.5                 | 81      | 115.5    | 61      |
| Total               | 247                   | 136.5   | 212      | 117     |

Part of one of the masterplan public consultation displays

Fully informed criticism depends on having access to the background assumptions etc behind such statistics. However, S Westbrook's report no longer seems to be available on the HIE website and there does not seem to be any report available covering the stated economic impact of the downturn in the Cairn Gorm winter business. Does any such report exist? If it does, I challenge HIE to publish it in full so that it can be reviewed.

Accepting that the job losses of 111 is accurate, I have a few comments to put these figures into context.

1. Paul Jardine (Jura Consultants) is reported as saying, *"It is difficult to ascribe the proportion of job losses between the two [poor ski seasons and the funicular closure]"*. That may be true, however if this winter is considered, given the mild temperatures and high winds to date, it is very doubtful that any more ski days would have been attained if the funicular had still been running. Thus, any job losses this winter to date would have been 100% attributable to the lack of snow.

2. As HIE (or its operation company) has been responsible for these job losses in the Badenoch and Strathspey area, and as HIE is also the local enterprise agency, it should have identified the individuals who lost their jobs and assisted them in finding new gainful employment. What has HIE done in the last 5-6 years in this regard?

3. It is furthermore stated that the local economy has suffered due to poor ski seasons and the closure of the funicular. The closure of the main uplift on Cairn Gorm (the funicular) will have affected the 2018-2019 employment related to snowsports. These figures are not in the table of skier days above. However as discussed above, the total skier days in Scotland did not drop in the period 2014-2018 when the funicular was running, it was just the Cairn Gorm market share, so it is unlikely that poor ski weather seasons in these years was the cause of any downturn in the local winter economy. Other factors need to be considered (e.g. the unpopularity of the funicular and the failed strategy of downsizing of the available pistes by making the funicular the main uplift).

Additionally the statement that the economy has been suffering is not supported by the unemployment figures regularly published by HIE. Studying these figures, unemployment in the Aviemore & Grantown on Spey area has remained between 1.0% and 1.5% over the last 5 years or so. Currently in December 2019 (the latest figures published), unemployment in the Aviemore & Grantown on Spey

area is 1.2%. This compares with the current Scottish national unemployment of 3.2%. The local area is benefiting from effectively full employment.

The reduction in winter visitors to the Cairn Gorm snowsports business will have had a severe effect on the few businesses which are closely dependent on the Cairn Gorm snowsports resort and, as the Strathy report says, they will be “getting hammered”. I appreciate it must be very hard for these businesses. However, if HIE was intent in acting as an enterprise agency, instead of as the business owner of Cairn Gorm, HIE should be working with these businesses to help them understand that they need to react and adjust to market forces and climate change. HIE’s use of public money could then be largely focussed on supporting these businesses and helping them reduce the impact of these necessary changes. For example one way of improving winter visitor numbers is by encouraging diversification into other snow/winter related activities. Instead, regrettably, with the recent announcement of the closure of the sled dog business, another winter activity has gone.

We all live in a world of fast changing markets and the totally wrong strategy in this ever changing world is to pump money (public or private) into supporting yesterday’s ideas. Radical changes in the activities and the supporting infrastructure on the Cairn Gorm estate need to be developed. The masterplan consultants need to be given a free hand to develop a new plan for Cairn Gorm, but unfortunately, HIE appears intent on constraining them.

## What needs to happen now

1. The masterplan consultants have a difficult task ahead of them. If they are going to develop a masterplan fit for purpose, in a changing market and changing climate which is environmentally and economically sustainable into the future, the consultants need to show HIE that Cairn Gorm is at a crossroads. This means that major, possibly unpalatable, changes to the Cairn Gorm business must be made – if any of it is to survive.
2. HIE needs to make the main focus of its work in Badenoch and Strathspey that of its role as an enterprise agency, and persuade the Scottish Government that there is a major conflict of interests in running the Cairn Gorm estate and being an enterprise agency. The ownership of Cairn Gorm Estate needs to urgently be transferred to another part of the Scottish Government, at least until a community buy out takes place.
3. Those who care about Cairn Gorm need to publicise the surveys and encourage as many people as possible to complete them before 8th March adding critical comments where appropriate.

For individuals either use the link [\(see here\)](#) or scan the QR code:



For businesses or organisations, either use the link ([see here](#)) or scan the QR code;



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1. Cairngorms

### Tags

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