

# Cairngorm funicular railway: Written submission by David Farquharson, Managing Director of Glenshee Ltd, 26 November 2025

## Introduction and Interest

My name is David Farquharson, and I am the Managing Director of Glenshee Ltd, based at Cairnwell, Braemar. Glenshee is one of Scotland's five ski areas and the only one located outside the Highlands and Islands Enterprise (HIE) area. As such, we receive no public funding from HIE.

We operate a ski centre comprising of 22 uplifts and 3 cafés, employing approximately 14 full-time staff, including three working directors and 4 part time for year round operation. Our staffing increases significantly during the winter season depending on snow and weather conditions.

My interest in the financial position and public spending at Cairngorm Mountain stems from two perspectives:

1. As a taxpayer concerned about the scale of public expenditure at Cairngorm Mountain.
2. As the operator of a competing private business required to remain commercially viable with minimal public subsidy over the years.

Although many of my questions extend beyond the funicular railway, it is clear that funicular operations cannot be meaningfully separated from the wider CMSL business. Discussions by the committee understandably treat CMSL as a whole operation.

## Public Expenditure and Transparency

Based on my review of HIE expenditure, approximately £57 million has been invested in Cairngorm Mountain since 2011 (see attached spreadsheet). This figure may not reflect the full extent of spending prior to that date and excludes the original cost of the Funicular Railway, which I understand was approximately £25 million. For a single commercial business operating within a competitive sector, this level of public investment is highly significant.

Upon reviewing CMSL's financial statements, I note that the revenue grant appears to be applied in such a way that it materially affects the final reported position. The 2025 accounts show a profit of £19,000; however, it is evident that this outcome is dependent on the revenue grant, without which the organisation would not be close to breaking even.

This raises concerns that the grant effectively determines whether the company reports a modest profit or loss. From a value-for-money perspective, it may be more appropriate for CMSL to operate within a fixed, limited revenue grant, similar to privately run companies that must work within their means.

Given that the Funicular Railway has been deemed essential to the viability of Cairngorm Mountain and is projected to deliver positive financial returns, it is reasonable to ask whether CMSL should now be in a position to generate sufficient income to contribute to its own development, rather than relying on any more taxpayer funding.

These observations raise several important questions:

- **Operational efficiency:** Is the business currently being managed efficiently, and has this been reviewed historically?
- **Cost-saving assessment:** Have HIE or the Audit Committee evaluated potential cost-saving measures within CMSL?
- **Value for money:** Is the level of ongoing public support delivering appropriate value to the taxpayer?

Furthermore, it appears that significant capital funding is not clearly reflected in the CMSL accounts—for example, within creditors or other relevant disclosures. Accurate representation of these sums would provide a more transparent financial picture of the business and the extent to which public investment has supported its operations over many years.

I would also like to seek clarification on the following points:

- **Rental or use of assets arrangements:** Is there, or will there be, any rental agreement between CMSL and HIE for the use of publicly funded infrastructure, to ensure some level of financial return?
- **Remuneration governance:** As a publicly funded company, who is responsible for determining management and staff remuneration levels, and what benchmarks or frameworks are used to set these rates?
- **Repayment or return on investment mechanisms:** Do any agreements exist between CMSL, HIE, or the Scottish Government regarding the repayment of public investment. Should, CMSL generate sustained future profits?

## Operating Losses

There is a Grant that has been given of £1,171,944 to cover operating losses until April 26.

- How was this known a year ahead?
- At this time, we see Cairngorm open for skiing and this could be a very profitable season for the company so how was that figure calculated and why was it paid a year ahead?

## Insurance and Loss of Revenue

I note the provision of **£905,000** in disruption-loss funding again from the public purse. Was this related to the non-operation of the Funicular? If so:

- Over what period was this loss calculated?
- Why does CMSL not carry revenue-loss insurance, as would be expected of a privately operated business?

## Strategic Decisions and Sector Consultation

When HIE decided to repair the funicular rather than remove it and install an alternative uplift solution, no consultation appears to have taken place with the other four Scottish ski areas, all of whom have considerably more operational experience in ski uplift management than HIE itself.

Given the magnitude of public investment, the absence of industry consultation is concerning.

I also understand that further public investment is proposed for operating support and for additional developments such as:

- Campervan facilities
- Toboggan runs
- Café upgrades

This raises the question of whether there is a **clear point at which public funding will cease**, and CMSL will be required to operate profitably and begin repaying the substantial public investment. Establishing such a target date would provide accountability and a measurable objective.

## Competitive Impact

We have heard that CMSL intends to allow school groups to ski free of charge. Glenshee hosts many school groups, will the public purse fund their access as well, or will this subsidy apply only to a publicly run competitor?

As a private business operating without any significant public support, it is increasingly difficult to reconcile that over £57 million, and rising of public funding which continues to be directed to a single site is the best use of taxpayers money. Has the Audit Committee assessed what the sector-wide economic impact might have been, had this funding been distributed across all five ski centres?

## Conclusion

Our goal is for all Scottish ski resorts to thrive, and I remain optimistic that, with equitable support for diversification the entire sector can succeed. With more than 45 years of experience in Scotland's Snowsports

industry, I would be pleased to assist the Committee with any further questions or provide insight from the operational perspective of a largely unsubsidised ski area.

Screen shots of the spreadsheet are on the following pages and as an attached file to the email.

|                                      |                                       |              | <a href="https://www.hie.co.uk/about-us/policies-and-publications/our-funding-approvals/">https://www.hie.co.uk/about-us/policies-and-publications/our-funding-approvals/</a> |                            |                            |                                 |                                 |                                                |
|--------------------------------------|---------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------------|---------------------------------|------------------------------------------------|
|                                      | <b>Ski Centres</b>                    |              | <b>Known HIE Funding since January 2011</b>                                                                                                                                   |                            |                            |                                 |                                 |                                                |
|                                      |                                       |              |                                                                                                                                                                               |                            |                            |                                 |                                 |                                                |
|                                      |                                       |              |                                                                                                                                                                               |                            |                            |                                 |                                 |                                                |
| <b>Applicants Name</b>               | <b>Client Name</b>                    | <b>Date</b>  | <b>Description</b>                                                                                                                                                            | <b>Total Project Costs</b> | <b>Assistance Approved</b> | <b>Total Funding Inc. other</b> | <b>Funding Grant Net in Aid</b> | <b>OUR NOTES</b>                               |
| Cairngorm Mountain                   | Business & Sector Development Section | Oct-11       | Repairs to Building                                                                                                                                                           | 210,763                    | 210,763                    |                                 | 210,763                         |                                                |
| Cairngorm Mountain                   | HIE OPS Group                         | Jan-11       | Infrastructure Conditions Survey                                                                                                                                              | 100,000                    | 100,000                    |                                 | 100,000                         |                                                |
| Cairngorm Mountain                   | Business & Sector Development Section | Jul-14       | CML Financial transactions                                                                                                                                                    | 139,471                    | 139,471                    |                                 | 139,471                         |                                                |
| Cairngorm Mountain                   | Business & Sector Development Section | Feb-14       | Investment in Infrastructure                                                                                                                                                  |                            |                            | 5,702,100                       | 5,702,100                       |                                                |
| Cairngorm Mountain                   | Professional & Technical Fees         | Feb-14       | The transition to new operator                                                                                                                                                |                            |                            | 105,000                         | 105,000                         |                                                |
| Cairngorm Mountain                   | Business & Sector Development Section | Jul - Sep 16 | Legal Advice - Masterplan                                                                                                                                                     | 15,000                     | 15,000                     |                                 | 15,000                          |                                                |
| Cairngorm Mountain                   |                                       | Oct - Dec 16 | CML - Pre Application Professional Fees                                                                                                                                       | 52,500                     | 52,500                     |                                 | 52,500                          |                                                |
| Cairngorm Mountain                   |                                       | Apr - Jun 17 | Ambassodoral Role                                                                                                                                                             | 10,000                     | 10,000                     |                                 | 5,000                           |                                                |
| Cairngorm Mountain                   |                                       | Oct - Dec 17 | Snow Factory Trial                                                                                                                                                            | 84,500                     | 84,500                     |                                 | 25,800                          |                                                |
| Cairngorm Mountain                   |                                       |              | Innovation Knowledge Grant Digital Infratructure                                                                                                                              | 52,390                     | 52,390                     |                                 | 15,000                          |                                                |
| Cairngorm Mountain                   |                                       |              | Snow Blower                                                                                                                                                                   | 33,000                     | 33,000                     |                                 | 33,000                          |                                                |
| Cairngorm Mountain                   |                                       |              | Aquiring Assets                                                                                                                                                               | 460,852                    | 460,852                    |                                 | 460,852                         |                                                |
| Regional Development                 | Regional Development                  | Jan - Mar 18 | Cairngorm Mountain -Review of Uplift                                                                                                                                          | 88,000                     | 88,000                     |                                 | 88,000                          |                                                |
| Regional Development                 | Regional Development                  | Oct - Dec 18 | Cairngorm Funicular Engineering Works                                                                                                                                         | 250,000                    | 250,000                    |                                 | 250,000                         |                                                |
| Regional Development                 | Regional Development                  | Oct - Dec 18 | Purchase of Snowmaking Equipment at Cairngorm Mountain                                                                                                                        | 1,000,000                  | 1,000,000                  |                                 | 1,000,000                       |                                                |
| Cairngorm Mountain                   | Inner Moray Firth                     | Jan - Mar 19 | Lift Passes @ CM                                                                                                                                                              | 25,000                     | 25,000                     |                                 | 25,000                          |                                                |
| Cairngorm Mountain                   |                                       |              | Working Capital "Loan"                                                                                                                                                        | 1,000,000                  | 1,000,000                  |                                 | 1,000,000                       |                                                |
| Cairngorm Mountain                   |                                       | Jun-19       | Summer Ready Programme                                                                                                                                                        | 210,000                    | 210,000                    |                                 | 210,000                         |                                                |
| Communities & Place                  |                                       | July-Sept 19 | Plant and Machinery to Lease to CMSL, Pister, snow mobiles, snow plough, generator                                                                                            | 650,000                    | 650,000                    |                                 | 650,000                         |                                                |
| Communities & Place                  |                                       | July-Sept 19 | Cairngorm Wider Strategy and Commercial Support 2019/20 - 2023/24 <b>Is this for CMSL?</b>                                                                                    | 350,000                    | 350,000                    |                                 | 350,000                         | Looks like it would be associated to Cairngorm |
| Communities & Place                  |                                       | July-Sept 19 | Cairngorm Project Resourse Costs <b>Is this for CMSL?</b>                                                                                                                     | 768,592                    | 768,592                    |                                 | 768,592                         | Looks like it would be associated to Cairngorm |
| Finance and Corporate Services Group |                                       | July-Sept 19 | Specialist Professional Advice <b>Is this for CMSL?</b>                                                                                                                       | 300,000                    | 300,000                    |                                 | 300,000                         | Looks like it would be associated to Cairngorm |
| Communities & Place                  | Cairngorm Mountain Scotland           | Oct-Dec 19   | Cairngorm Mountain - Repayable Grant - October 2019                                                                                                                           | 600,000                    | 600,000                    |                                 | 600,000                         |                                                |
| Communities & Place                  | Communities & Place                   | Jan-Mar 20   | Cairngorm Mountain Scotland                                                                                                                                                   | 287,049                    | 287,049                    |                                 | 287,049                         |                                                |
| Communities & Place                  | Communities & Place                   | Jan-Mar 20   | Cairngorm Mountain Scotland                                                                                                                                                   | 995,000                    | 995,000                    |                                 | 995,000                         |                                                |
| Strategy & Regional Economy          | Strategy & Regional Economy           | Jan-Mar 20   | Assessing the longer-term socio-economic gains from HIE investment in infrastructure                                                                                          | 30,000                     | 30,000                     |                                 | 30,000                          | Looks like it would be associated to Cairngorm |

|                                   |                                   |              |                                                                |            |            |  |            |                                                                                                                                  |
|-----------------------------------|-----------------------------------|--------------|----------------------------------------------------------------|------------|------------|--|------------|----------------------------------------------------------------------------------------------------------------------------------|
| Strategy & Regional Economy       | Strategy & Regional Economy       | Jan-Mar 20   | Cairngorm Funicular Repair Option – PreConstruction Costs 2020 | 286,487    | 286,487    |  | 286,487    |                                                                                                                                  |
| Strategy & Regional Economy       | Strategy & Regional Economy       | Jan-Mar 20   | Cairngorm - Detailed Design for Funicular Repair Option        | 760,753    | 760,753    |  | 760,753    |                                                                                                                                  |
| Communities & Place               | Cairngorm Mountain (Scotland) Ltd | Apr-June 20  | CMSL Revenue Grant Apr - Jun 2020                              | 300,000    | 300,000    |  | 300,000    |                                                                                                                                  |
| Strenthening Communities          | Cairngorm Mountain (Scotland) Ltd | July-Sept20  | CMSL Revenue Grant July - Sept 2020                            | 374,000    | 374,000    |  | 374,000    |                                                                                                                                  |
| Strenthening Communities          | Cairngorm Mountain (Scotland) Ltd | Oct-Dec20    | CMSL Replacement Services 2020-2025                            | 3,920,663  | 3,920,663  |  | 3,920,663  |                                                                                                                                  |
| Strenthening Communities          | Cairngorm Mountain (Scotland) Ltd | Oct-Dec20    | CMSL Revenue Grant Oct20 - March21                             | 760,000    | 760,000    |  | 760,000    |                                                                                                                                  |
| Strenthening Communities          | Strenthening Communities Group    | Oct-Dec20    | Cairngorm Funicular Performance Bond                           | 80,000     | 80,000     |  | 80,000     |                                                                                                                                  |
| Strenthening Communities          | Strenthening Communities Group    | Oct-Dec20    | Cairngorm Funicular Project Management 2020-25                 | 500,000    | 500,000    |  | 500,000    |                                                                                                                                  |
| Strenthening Communities          | Strenthening Communities Group    | Oct-Dec20    | Cairngorm Funicular Reinstatement                              | 13,030,000 | 13,030,000 |  | 13,030,000 |                                                                                                                                  |
| Strenthening Communities          | Strenthening Communities Group    | Oct-Dec20    | Cairngorm Project Management Costs 2020-25                     | 1,880,000  | 1,880,000  |  | 1,880,000  |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | Jan-Mar21    | CMSL Project Management - Capital (Part of FBC)                | 280,000    | 280,000    |  | 280,000    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | Jan-Mar21    | CMSL Capital Investments - Capital (Part of FBC)               | 24,645     | 24,645     |  | 24,645     |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | Jan-Mar21    | CMSL Grant April - September 2021 (Part of FBC)                | 1,038,592  | 1,038,592  |  | 1,038,592  |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | April-Jun21  | CMSL Capital Investment Vehicular Access Tracks (Part of FBC)  | 49,616     | 49,616     |  | 49,616     |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | April-Jun21  | CMSL Priority capital Investment 21-22 (Part of FBC)           | 782,000    | 782,000    |  | 782,000    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | July-Sept21  | CMSL Ptarmigan refurbishment project                           | 800,000    | 800,000    |  | 800,000    |                                                                                                                                  |
| HIE Own Hand                      | Communities & Place               | July-Sept21  | Funicular Professional Fees (Part of FBC)                      | 3,097,414  | 3,097,414  |  | 3,097,414  |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | July-Sept21  | CMSL Grant October 2021 - March 2022 (Part of FBC)             | 900,000    | 900,000    |  | 900,000    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | April-Jun22  | Cairngorm Mountain Improved Sense of Arrival                   | 74,000     | 74,000     |  | 74,000     |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | April-Jun22  | HIE Mountain Biking Project - Cairngorm Mountain               | 216,000    | 216,000    |  | 216,000    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | April-Jun22  | Cairngorm masterplan - range of early costs                    | 300,000    | 300,000    |  | 300,000    |                                                                                                                                  |
|                                   |                                   |              | Additional Direct From Scottish Government                     | 7,000,000  | 7,000,000  |  | 7,000,000  | This was argued for by Edward Mountain - May have been additional funding for Highland Region as CMSL was taking all HIE Funding |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | July-Sept22  | Car park reinstatement and access track                        | 710,000    | 710,000    |  | 710,000    | Balance to come from CNP                                                                                                         |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | Oct-Dec22    | CMSL Mountain Biking Development Project                       | 475,000    | 475,000    |  | 475,000    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Inner Moray Firth                 | April-June23 | CMSL Priority Capital Investment 2023-24                       | 270,865    | 270,865    |  | 270,865    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Communities & Place               | July-Sept23  | CMSL Active Travel Study                                       | 10,000     | 10,000     |  | 10,000     |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | Jan-March24  | CMSL grant April 2023-March 2024                               | 1,202,779  | 1,202,779  |  | 1,202,779  |                                                                                                                                  |
| Strategic Projects                | HIE Own Hand                      | Jan-March24  | Cairngorm Mountain Ranger Service 2023-2026                    | 331,000    | 331,000    |  | 331,000    |                                                                                                                                  |
| Strategic Projects                | HIE Own Hand                      | Jan-March24  | Cairngorm Mountain Legacy Works 2023-2026                      | 160,000    | 160,000    |  | 160,000    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | April-June24 | CMSL Adventure Play Expansion Project                          | 160,000    | 160,000    |  | 160,000    |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | April-June24 | CMSL Day Lodge Enhancement Works                               | 64,000     | 64,000     |  | 64,000     |                                                                                                                                  |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | April-June24 | CMSL Grant April - June 2024                                   | 622,794    | 622,794    |  | 622,794    |                                                                                                                                  |

|                                   |                                   |               |                                                    |            |            |           |            |                                      |
|-----------------------------------|-----------------------------------|---------------|----------------------------------------------------|------------|------------|-----------|------------|--------------------------------------|
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | April-June24  | CMSL Grant July 2024 - March 2025                  | 821,018    | 821,018    |           | 821,018    |                                      |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | April-June24  | CMSL Mountain Kart Project                         | 96,000     | 96,000     |           | 96,000     |                                      |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | July-Dec24    | CMSL Business Disruption Loss Funding              | 905,663    | 905,663    |           | 905,663    |                                      |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | Jan-March-25  | CMSL Mountain Toboggan Design Fees                 | 20,240     | 20,240     |           | 20,240     |                                      |
| Cairngorm Mountain (Scotland) Ltd | Strategic Projects                | April-June-25 | CMSL Grant (Operating Losses) April2025-March 2026 | 1,171,944  | 1,171,944  |           | 1,171,944  |                                      |
| Strategic Projects                | HIE Own Hand                      | April-June-25 | Cableway Strategic Advice 2025-29                  | 150,000    | 150,000    |           | 150,000    | Could be SEQUUS advice (Jackie Rice) |
| Strategic Projects                | Cairngorm Mountain (Scotland) Ltd | July-Sept-25  | CMSL Capital Investment Programme 2025-26          | 324,500    | 324,500    |           | 324,500    |                                      |
|                                   |                                   |               |                                                    |            |            |           |            |                                      |
|                                   |                                   |               | TOTALS                                             | 51,662,090 | 51,662,090 | 5,807,100 | 57,200,100 |                                      |
|                                   |                                   |               |                                                    |            |            |           |            |                                      |
|                                   |                                   |               |                                                    |            |            |           |            |                                      |