

Cabinet Secretary for Economy, Tourism and
Transport
Rùnaire a' Chaibineit airson na h-Eaconamaidh,
Turasachd agus Còmhhdhail
Rt Hon Stephen Flynn MSP
An Fhìor Urr Stephen Flynn BPA



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06 July 2026

Dear Convener

I am writing in response to the Public Audit Committee's report, published on 24 February 2026, on the Cairngorm funicular railway. Whilst the Scottish Government normally has two months in which to respond to reports, I am writing to you at the earliest opportunity following the parliamentary election and formation of new committees.

The report made a number of recommendations to Highlands and Islands Enterprise (HIE) and the Scottish Government. I am responding to the recommendations made to Scottish Government; HIE will provide a separate response to the Committee.

The report notes that "it is vital the Scottish Government has oversight of the governance arrangements" in place for the Cairngorm funicular. I can confirm that the Scottish Government has oversight of HIE and its finances through a number of processes, including HIE Board papers, quarterly finance and governance meetings, and monthly financial reporting. The sponsor director also meets with the Chair and CEO of HIE separately each quarter, where any concerns could be escalated. HIE and SG officials also meet regularly to discuss the funicular project. Scottish Government officials have previously been involved in discussions with HIE, providing insight and advice on the process of reviewing the operating model for the Cairngorm funicular, and will continue to work closely with HIE to monitor progress.

The report notes that the funicular is not included in the Infrastructure Delivery Pipeline (IDP) published alongside the 2026-27 Budget. The IDP provides a list of projects which have agreed outline business cases and funding allocated in the Scottish Spending Review. Although the funicular was included in the previous Infrastructure Investment Plan and associated progress reports, it has not been included in the IDP because reinstatement work was completed in 2023 (with more recent remediation work carried out at the contractor's expense). Once the final remaining items on the remediation list are completed, and the full safety certificate issued, there are no plans for further enhancement of the funicular. There will

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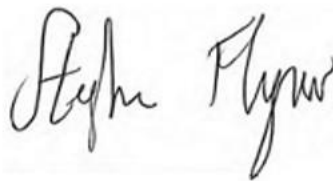
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continue to be ongoing maintenance and inspection, as would be expected for any asset open to the public. This ongoing maintenance should not be confused with the reinstatement works which addressed significant structural issues.

The report recommends that the Scottish Government closely monitors HIE and CMSL to ensure the effective use of public funds. It asks for a detailed plan, including review dates, so that the value for money of updated cost estimates for the project can be considered. As noted above, the project to reinstate the funicular is nearing completion, and is not currently directly incurring additional costs to the public sector, although HIE are incurring some costs in relation to the management and oversight of the project. We therefore propose that the oversight arrangements set out above are sufficient. The Scottish Government will, however, continue to monitor the financial performance of CMSL, through HIE and its Board, with a view to removing the requirement for ongoing public subsidy as soon as it is possible to do so.

Yours Sincerely



STEPHEN FLYNN MSP

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