

**Public Audit Committee**  
**Wednesday 14 January 2026**  
**2nd Meeting, 2026 (Session 6)**

## **Cairngorm Funicular Railway**

### **Introduction**

1. At its meeting today, the Public Audit Committee will take evidence from representatives of Parkswatch Scotland:
  - Nick Kempe, Campaigner and Mountaineer,
  - Alan Brattey, Former Economics Lecturer and Member of Aviemore Business Association,
  - Gordon Bulloch, Former Environmental Land Remediation and Business Turnaround Manager and
  - Dave Morris, Cairngorm and International Mountain Expert.

### **Background**

2. As part of its scrutiny of the 2023/24 audit of the Scottish Government Consolidated Accounts, the Committee took evidence from the Auditor General for Scotland (AGS) on [7 November 2024](#) and from the Permanent Secretary on [22 January 2025](#). Following the evidence sessions, the Committee agreed to undertake further scrutiny in relation to the Cairngorm Funicular Railway.

### **Previous scrutiny**

3. In August 2019 Audit Scotland [reported on the 2018/19 audit of Highlands and Islands Enterprise Cairngorm mountain and funicular railway](#). In June 2020, [Audit Scotland further reported](#) on events leading up to CML entering administration and Highlands and Islands Enterprise (HIE) decision making. Specifically, the report examined:
  - HIE's decision to transfer CML to a NAIL in 2014.
  - The decision to place CML into administration in 2018.
  - HIE's relationship with CML during that period.
  - How HIE is planning for the future of Cairngorm Mountain.
4. Additionally, the Scottish Government published [a financial management review](#) of Cairngorm Mountain in June 2020 which made recommendations for HIE around the procurement of an operator of the resort, scrutiny of the operator's finances and costs and financial risk assessments for HIE.
5. In Session 5, the Committee's predecessor held [an evidence session](#) with the AGS following the publication of this report. While the Committee was restricted in the evidence it could take due to ongoing legal proceedings, the Committee's

[legacy report](#) recommended that the successor committee may wish to continue scrutiny once proceedings had concluded.

## Current scrutiny

6. On [17 September 2025](#), the Public Audit Committee took evidence from representatives from Highlands and Islands Enterprise and from Cairngorm Mountain (Scotland) Limited (CMSL).
7. At its meeting today, the Committee will hear from Parkswatch Scotland, which aims to holds Scotland's National Parks to account through constructive criticism and increased awareness. A [written submission](#) and a [supplementary written submission](#) have been provided to the Committee and are available at **Annexe A** and **Annexe B** respectively.
8. In addition to submissions received from Highlands and Islands Enterprise and Cairngorm Mountain (Scotland) Limited and Parkwatch Scotland, the Committee has received a further [eight written submissions](#), available on the Committee webpage.
9. During this session, Members are likely to focus on several issues including:
  - governance, transparency and accountability,
  - cost escalation and value for money,
  - engineering sustainability and future risk,
  - the economic impact of the railway on the local community, and
  - strategic alternatives and future plans.

## Next steps

10. The Committee will discuss the evidence heard and decide on further action it wishes to take.

**Clerks to the Committee**  
**January 2026**

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# Cairngorm funicular railway: Written submission from Parkswatch Scotland, 3 November 2025

## Cairngorm Funicular Railway – submission to Public Audit Committee from individuals associated with parkswatchscotland

### Introduction

We are a group of people associated with Parkswatchscotland who have written extensively about Cairngorm Mountain and the funicular railway (Appendix 2). In 2022 we submitted a report to Ivan McKee, the then Minister responsible for Highlands and Islands Enterprise, including its operations on Cairn Gorm. Our report criticised the financial business case for repairing the funicular and proposing an alternative way forward for Cairn Gorm which we have now updated for the Public Accounts Committee (Appendix 1). We subsequently met with Mr McKee, who had expressed serious concerns about repairing the funicular but whose hands appeared to be tied by previous decisions. Almost all of what we said in our original report remains as relevant now as it was then and we will not repeat it here.

This submission provides a critique of the submission HIE presented to the PAC on 17<sup>th</sup> September 2025. It focusses on four out of the five issues identified by the Public Accounts Committee.

#### 1) Governance and oversight of operations

It is very difficult for any outside body or person to examine critically HIE's oversight of operations at Cairn Gorm because of the cloak of secrecy which surrounds how they operate. This is exemplified by HIE's failure to explain to the PAC why the repairs to the funicular have gone so badly wrong. The lack of facts and figures in their submission and other information extracted from HIE does not explain the massive cost over-run.

Papers for HIE Board meetings, for example, are never published, minutes appear months later and are usually extensively redacted "in the interests of the effective conduct of public affairs" or "commercial confidentiality" (e.g. item 3.2 <https://www.hie.co.uk/media/bn5j0kgo/approved-risk-and-assurance-committee-18-march-2025.pdf> . Most of the information that has been made public about the management, failings, costs and safety of the funicular has been obtained through Freedom of Information requests and often only provided after requests for review or appeals to the Information Commissioner.

The description of the governance structure for the management of the funicular repairs and Cairngorm Mountain submitted by HIE to PAC is extraordinarily complicated for a company which in the year to March 2024 had a budget of c£5m (£2,704,756 turnover and £2,322,357 government grants) and 88 employees. By comparison, Glencoe Mountain, although historically a smaller business employing c45 staff, still manages to offer a similar range of facilities (snowsports, mountain biking, café (open in the evenings unlike Cairngorm Mountain), camping and campervan/motorhomes facilities. Glencoe is managed by the owner and a small management team, a handful of people. Its accounts, while abbreviated and not reporting turnover, show its net assets are worth over £3m more than Cairngorm Mountain Ltd.

The costs of HIE's extensive and complex governance structures are not reported by HIE but appear linked to the extraordinarily high level of public monies that are being channelled into Cairngorm Mountain. There is no evidence that that governance has made any real difference (see section on management of repairs below) to long standing problems with HIE activities on the mountain.

At an operational level there are many examples of how the business has been badly managed by HIE: much of the masterplan shows no sign of being delivered; plans chop and change; planning applications are not implemented after approval (e.g. the proposal to move the “temporary” snow factory uphill); people who had purchased season tickets were not refunded when the funicular did not open as promised; expensive equipment, such as the snow cannon purchased by HIE, is hardly used; there have been allegations of staff bullying and toxic culture reported in the press; there are long delays in responding to information requests and, not least, failure to ensure the funicular repair work was supervised properly.

## 2) How repairs to the funicular have been managed

HIE’s submission emphasises the list of specialist consultants and contractors involved in the repairs. Yet with all the interlinked management and governance structure and presumably the best specialists they could find, the project has still massively overspent. The initial quote for the repairs, including bearings, by BAM based on the designs of COWI was £5.85m +/- 25%. By the time HIE first announced the repair costs they had risen to £10m. They then rose to £16.16m in the business case approved by the Scottish Government. By 2022 The Herald reported the costs had increased from £16m to £21m and “are feared to be going even higher”. By January 2023, when the funicular first re-opened, the BBC reported the repairs to have cost £25m (HIE has now reported to PAC that the actual costs were £25.4m plus another £2m in professional fees). HIE’s claims that the huge increase in repair costs was attributable to the weather, Covid and building product inflation are not credible.

This was before the funicular was closed for a further 18 months in August 2023 to conduct repairs to the repairs. The cost of these latest repairs is unlikely to be less than £5m and could be considerably more. HIE has still not clarified how much of this will be paid by Balfour Beatty but will probably not include other costs, such as lost income from the closure.

In short there has been a five-fold increase in the costs of repairing the funicular since the original estimates.

HIE have never revealed or explained why the funicular structure became unsafe. Since we explained some of the reasons for that in our 2022 report, further important information has been revealed through FOI requests which we believe helps explain some of the recent problems. The initial proposal from COWI, when asked to design repairs for the funicular, was to replace the concrete beams - which were breaking up - with steel beams as used in many funiculars across the world. This was rejected by HIE as too costly as a result of which COWI proposed strengthening the beams and scarf joints with brackets.

The original designs for the brackets, shown in the diagram HIE provided to the PAC, used metal channels to secure the strengthening rods above and below the joints. These, however, would not fit under the rails and therefore on the topside of the joints they were replaced by brackets connected by two further rods (shown in the right-hand photo in HIE’s submission to the PAC).

This further change doubled the number of rods around the scarf joints, all of which needed to be tensioned correctly – a highly skilled and time-consuming process. Our recent investigations suggest it was failure to manage that process correctly which led to the funicular having to be closed for another 18<sup>th</sup> months from August 2023 and the subsequent closures this year as described to the PAC on 17<sup>th</sup> August.

In the medium term, the continued stresses on the structure (described in our 2022 report) and the impact of big variations in temperature (COWI's original estimates were from -28c to +30c) on the tensioning in the metal brackets, mean ongoing monitoring and repair costs are likely to be far higher than originally estimated in the Full Business Case. Any adjustment to the tensioning – most of which will require scaffolding to be done safely – is also likely to require further closures of the funicular and consequential reductions in income.

If this is not serious enough, there is evidence of further cracks in the concrete in areas which have not been strengthened which may require more brackets, each of which will need to be tensioned correctly.

Our view therefore is the repairs are unsustainable, both physically and financially, and that the claims in the Full Business Case that the repairs would extend the life of the funicular by another 30 years were preposterous. Give the funicular an optimistic 5-10 years, and the Gross Value Added figures used to justify the repair of the funicular collapse.

The questions we believe the PAC needs to examine is how with the wealth of knowledge and experience HIE assembled, such a mess was made of the repairs (financially and physically), and what should happen when the repairs fail again, as they will inevitably do.

### 3) The economic impact of the railway on the local community

HIE in their submission claims the funicular is “a significant Scottish visitor attraction and economic driver for Strathspey and Badenoch” and makes various assertions about the Gross Value Added. HIE provides no evidence, in the form of statistics about the total number of visitors to Cairn Gorm. They have not even explained how many of those visitors use the funicular in summer and winter or other attractions, to substantiate their claims of economic value.

One of our authors undertook doorstep research on behalf of the Aviemore Business Association in 2020 and surveyed around 50 local businesses to get their views on the impact of the funicular closure on their business. >75% said that the closure had no discernible impact during the later spring, summer and autumn months. 45% said that it didn't affect them much in winter either. Although not asked specifically there were a good number of businesses who said that in fact the funicular closure had been of benefit because they were gaining from the spend that was no longer going to Cairngorm Mountain. Several businesses referred to Cairngorm Mountain as a parasitical business that sucked spend out of Strathspey outwith the winter months but did not deliver any local benefit other than the wages paid to employees.

That problem, as reported in 2020, has now become worse because of HIE's focus on developing summer attractions to keep the business going. HIE has given no consideration to the impact of these attractions on other local businesses, with the proposed Alpine Coaster for example likely to compete with G2Outdoor near Aviemore and Landmark at Carrbridge. Not only is HIE setting up Cairngorm Mountain in competition to other businesses in the strath it is doing so unfairly because of the very high levels of subsidy it attracts. Despite the unfairness and lack of regard for others, it is HIE's summer attractions which are likely to prove unsustainable. This is mainly because Cairngorm Mountain is not a suitable location for such facilities on account of the weather there but is being compounded by poor design. Our understanding for example, is the proposed toboggan

run/alpine coaster will be dismantled each winter and re-assembled each spring at significant additional cost.

In the absence of research since then it is notable that the Cairngorm Business Partnership, which HIE claims believes the funicular is “hugely important, particularly over the winter months” reported in January 2025 a bumper start to the winter season despite the funicular being closed <https://scottishtourismalliance.co.uk/industry-update-cairngorms-businesses-report-bumper-start-to-winter-season/>

HIE reported to the PAC that there had been 65,000 funicular users in the four months to the end of August, i.e. the prime period for summer visitors, and £1.2m in income. What it did not say was that the business case for the repair of the funicular was based on attracting 87,000 summer visitors and so the actual figure of 65,000 is likely to lead to huge losses UNLESS there is a bumper snow sports season.

Nor did HIE explain how many of the visitors this year were attracted by discounted tickets. Our understanding is that much of the coach market, which used to provide many of the summer users of the funicular (at a discounted price), now goes elsewhere. We recommend the PAC ask HIE for far more detailed figures about who is now using the funicular and report this against the numbers and income used in the business case to justify the repairs.

#### 4) Future plans

HIE fail to explain in their submission that their masterplan for Cairngorm, published in 2021, was only produced as a result of pressure from the Cairngorms National Park Authority who were concerned about the number of planning applications being promoted on the mountain in the absence of a strategic framework. What HIE finally produced is not actually a masterplan in the planning sense but rather an aspirational document using ideas from consultants based in North America (the “SE report”). Many of the aspirations, such as for a mountain centre or new lift in Coire Cas, have not been properly costed or progressed.

The main focus of HIE since the funicular first closed has been on broadening the “range of activities to attract customers to Cairngorm in all seasons of the year” including children’s tube sliding, adventure playpark, “family-friendly mountain biking trails”, karting and a ball run. It has also bought a snow factory, to produce snow for the beginner’s ski area and two magic carpets to provide uplift for this and the bottom half of the mountain bike trails. While claiming “All have proven popular, strengthening the resort’s year-round appeal” HIE have provided no figures on the capital costs, running costs or income generated by this new infrastructure. Having abandoned the idea of a zip wire, proposed in the SE report that preceded the masterplan, they are now proposing a toboggan run/alpine coaster.

The best area on Cairn Gorm for snow holding is at the highest level in the Ptarmigan bowl, adjacent to the Ptarmigan restaurant. This can be accessed by the funicular or ski tows (the Car Park T-bar followed by the M1 Poma, both in Coire Cas, or the Day Lodge Poma, in Coire Cas, followed by the West Wall Poma in Coire na Ciste. These ski tow access routes can only be used by competent skiers and snow boarders but are often non-operational because of lack of snow at the lower levels which prevents the operation of the Car Park T bar and the Day Lodge Poma. The replacement of these lower-level ski tows by chairlifts would overcome this problem and are an essential next step to ensure that, if the funicular is non-operational in winter, at least the Ptarmigan Bowl is accessible to

competent skiers and snowboarders who can then use this area as a piste or as an access route for ski mountaineering or touring. It would also resolve difficulties caused by snow blockage of the funicular tunnel. The absence of such chairlift facilities results in a massive fall in income from snowsports participants who go elsewhere because of the problems with the funicular (snow blocking and long queues), even when it is operational.

The replacement of the existing Day Lodge Poma with a chairlift would have the further advantages. It would open a new viewpoint on the mountain, less likely to be in cloud, for all types of visitors, and could form the basis for a new network of trails, for walkers and mountain bikers wanting to descend down into Coire Cas and Coire na Ciste and along the shoulder between these corries. It would also increase the popularity of the walkers' access route to and from the upper slopes for walkers in combination with the existing constructed trail to the Ptarmigan restaurant.

Since the funicular has re-opened there have been restrictions on bikes taking the funicular to the mid-station to access the existing mountain bike trails which run from there to the base station. This will have deterred people from going to Cairn Gorm to use the mountain bike trails. Mountain bikers are also deterred from using the Cairn Gorm trails because of the application of charges for trail use which is not compliant with Scotland's public access rights (Land Reform (Scotland) Act 2003). Such charges can only be applied to uplift facilities associated with the trails, but not to the trails themselves. Visitors using e-bikes, which enable them to return to the top of the trail system, without using the uplift facility, should not be charged for trail use.

The go-karts, which use the access road to the Ptarmigan, are being transported there by vehicle instead of the funicular. This is likely to be a loss-making arrangement, given the costs of such uphill transportation.

In short, HIE appear to be throwing significant amounts of money at trying to attract new visitors in summer, in a series of ad hoc initiatives which are unlikely to attract more visitors to the funicular or to generate significant further income. Setting aside landscape and other considerations, the financial problem is the amount of income that summer "visitor attractions" for families at Cairn Gorm will generate will always be limited by the weather – it's too cold, wet and windy and, for one third of the year, cloud obscures the upper slopes. We recommend the PAC therefore, ask HIE for details on the numbers of people and income that are being generated by all these new attractions and their projections going forward.

Our view is that unless the winter business can be made to work, there is no point in having a summer business at Cairn Gorm which seems to be developing into a sort of arctic version of Disneyland, consuming ever increasing levels of public funds. Decreasing snow cover may make snowsports even more problematic in future, albeit that ski mountaineering and touring away from the pistes is likely to increase. But in snow poor years there are still opportunities in winter for the greater development of trail systems for walking and mountain biking, associated with new uplift.

A better plan for winter use may also lead to a better plan for summer use. It is obvious that the existing and planned summer attractions would be better relocated elsewhere, leaving only some basic facilities for informal recreation like the walking and mountain bike trails, information points, campervan park, toilets and cafes on Cairn Gorm above the treeline. The public funds saved could then be invested elsewhere and have more beneficial economic impact, ensuring that summer facilities on the mountain are not competing adversely with others elsewhere in the strath. Cairn Gorm would then provide essential employment on the mountain in winter, but with much of that employment moving to other locations in the strath in the summer to facilities less dependent on an endless supply of public money from HIE.

5) Whether recommendations from Audit Scotland have been addressed

The HIE paper does not address whether the previous recommendations of Audit Scotland have been satisfied, apart from listing the previous reviews. We believe the Committee are better qualified than we are to comment on that.

6) Next steps

We believe the crucial challenge at Cairn Gorm is to avoid compounding the mistakes of the past and that part of that must include a plan to decommission the funicular when it fails again.

As a first step towards informed decision making we recommend the Public Audit Committee:

- 1) Require HIE to provide facts and figures about all the capital and maintenance/running costs of the various “attractions” at Cairn Gorm, including the funicular, since 2014, the numbers of visitors using them and the income generated.
- 2) Ask HIE to compare running costs, visitor numbers and income generated against those presented in the Financial Business Case
- 3) Ask HIE to provide revised estimates of the public subsidy required over the next 25 years IF the funicular does not require further repairs and to provide revised costs for decommissioning (which will be required someday)
- 4) Ask local businesses and other stakeholders, anonymously if necessary, about the local economy, the contribution made by Cairngorm Mountain and for suggestions about how the money currently being sunk into the funicular might be used to better effect.
- 5) Make the essential recommendation that alternative uplift facilities must be developed on the mountain for outdoor recreational use which are independent of the funicular. That is the only way that the reputation of this mountain can be recovered after decades of mismanagement by HIE.

Alan Brattey, Gordon Bulloch, Graham Garfoot, Nick Kempe, Dave Morris and Graham Nugent with the assistance of others who wish to remain anonymous

3rd November 2025

## **Report to Public Accounts Committee November 2025**

### **Updated version of a report first published in 2022 in response to the Financial Business Case for repairing the funicular at Cairn Gorm**

#### **Part 1 Our Concerns about the funicular**

##### **1) The structural engineering issues and the likely costs of the repairs**

- a. HIE has never explained the reason the funicular failed, why the support pillars rotated on their bases, and what the repair work is designed to fix (see [https://www.youtube.com/watch?v=8\\_GaexpMHO8](https://www.youtube.com/watch?v=8_GaexpMHO8) for an excellent video explaining the repair work). The legal case that was conducted by HIE against the original designers and construction company, Crudens and Morrisons, and subsequent recovery of £11.1m (which included monies recovered from Natural Retreats for breach of a quite separate contract) however suggests that the explanation lies in some fundamental design flaws. This is reinforced by other facts, such as the funicular has never operated at its specified speed and has been notorious for its bumpy ride.
- b. We would like to highlight two possible explanations. The first concerns ground issues. Very few of the funicular piers are founded on bedrock, much of which has been found to be highly weathered, almost all of the piers are 'floating' on glacial till and weathered granite. This material is porous and consequently contains considerable amounts of groundwater, including "at least 12 strong flowing springs" according to Morrison's Health and Safety file compiled during the original construction. Under gravity all this 'loose' material and water will slowly move downhill, eroding material around the foundations and contributing to the observed pier 'rotation'. If that is the case, pumping more concrete in will only work for a time. The second explanation relates to fundamental engineering design flaws. HIE's decision to use concrete rather than steel to save costs means vibrations are not absorbed. Added to that are the curves. Most funiculars elsewhere in the world are on metal supports and straight. The pressure and vibration coupled with insecure foundations partly explains what has gone wrong.
- c. These problems may have been compounded by a lack of maintenance, e.g. rails and wheels are meant to be ground to remove corrugations and that has not happened (we have obtained copies of what maintenance has been done through FOI requests and can provide these).
- d. HIE appears to have conducted only limited ground investigations before the original construction and the decision to undertake repairs (COWI, on its own initiative, undertook some ground tests as part of its report on the state of the funicular).
- e. We believe these issues contributed to the escalating costs of the repairs. The initial quote for the repairs, including bearings, by BAM based on the designs of COWI was £5.85m +/- 25%. By the time HIE first announced the repairs costs they had to risen to £10m. They then rose to £16.16m in the business case approved by the Scottish Government. By 2022 the Herald reported the cost had increased from "£16m to £21m are feared to be going even higher". We were not in a position to comment further on these repair costs in 2022 because HIE had redacted almost all financial information from the paper on the revised business case which its Board approved

in August 2021, which we obtained after an FOI request. By January 2023, when the funicular re-opened, the BBC reported the repairs to have cost £25m. HIE's claims that the huge increase in repair costs was attributable to the weather, Covid and building product inflation were not credible.

- f. This was before the funicular was closed for a further 18 months in August 2023 to conduct repairs to the repairs. The initial proposal from COWI to repair the funicular was to replace the concrete beams - which were breaking up - with steel beams as in funiculars across the world. This was rejected by HIE as too costly because it meant part demolition of the funicular. As a result, COWI proposed strengthening the beams and scarf joints with brackets (the £5.85m estimate). The original designs for the brackets used metal channels to secure the strengthening rods above and below the insitu (scarf) joints. These, however, would not fit under the rails and on the topside of the joints were replaced by brackets connected by two further rods (shown in the right-hand photo in HIE's submission to PAC). This further change doubled the number of rods around the joints, all of which needed to be tensioned correctly – a highly skilled and time-consuming process. Our recent investigations suggest it was the failure to manage this process correctly that resulted in the repairs failing and which led to the funicular having to be closed for another 18<sup>th</sup> months.
- g. In the medium term, the continued stresses on the structure and the impact of temperature changes (COWI's original estimates were from -28c to +30c) on the tensioning in the metal brackets, mean monitoring and repair costs are likely to be far higher than originally estimated in the Full Business Case. Garaventa, the European company, will have made two safety visits in 2025 and that could increase further in future. Any adjustment to the tensioning – most of which will require scaffolding to be done safely – is also likely to require further closures of the funicular and reductions in income.
- h. Most importantly, however, if we are right about the fundamental design flaws, there are serious questions about how long the repairs will last. In which case the projected potential subsidy of £73.09m required over the next 30 years, as approved in the original business case, will be a serious underestimate.

## 2) The wider issues with the funicular

- a. As far as we are aware all funiculars across Europe require public subsidy. In some cases, e.g. where funiculars link villages in the mountains, this is justified as a form of public transport subsidy (like subsidising buses) but many funiculars are now being closed down as financially unviable, including Ellmau on which the original idea for the Cairn Gorm funicular was modelled.
- b. The situation is even more challenging at Cairn Gorm than most European funicular because of other significant design flaws: the tunnel near the top that blocks in snow (it is not uncommon in particular circumstances for funiculars in the Alps to run underground); the mid-station not being equidistant resulting in a need for two stops; the unnecessary steps which, while not a problem for able-bodied tourists, are a problem for the coach market; the bottom station being situated in a different building to the Day Lodge
- c. The funicular was never needed for skiers or snow boarders (the justification given was to access the Ptarmigan bowl in high winds when few would choose to be on

the hill) and are not good for snowsports) and is a poor form of uplift for skiers compared to lifts and gondolas. Skier days were reported as follows: 2004 - 2008 inclusive, averaged 53928; 2009 - 2013 inclusive, averaged. 102,903; 2014 - 2018 inclusive, averaged 60,258. Since then HIE has failed to publish comprehensive information about usage, including the beginner's area by the Day Lodge on artificially created snow

- d. The funicular was also justified as a means of generating income to keep the business going in summer. The problem with that has always been that visitors do not want to take a journey up a mountain when there is nothing to see (even in summer the Ptarmigan is in cloud one day in three). Even if there hadn't been a legal agreement restricting access onto the fragile plateau, the weather etc meant the upper part of Cairn Gorm was the wrong place for a general tourist attraction.
- e. HIE's masterplan of 2021, claimed that 'once back in service the Funicular is expected to attract thousands of visitors each year generating benefits for the wider economy in Badenoch and Strathspey where the tourism and Hospitality sectors have been dealt a huge blow by Covid-19'. The **empirical** evidence does not support this. For example, the funicular user numbers had been declining almost since the funicular first went into service. In its first 5 years of use the average passenger numbers were 171,406 [and 58,505 skier days] and in the last 5 years of use, prior to its failure, the passenger numbers were 130,990 [and 60,257 skier days] That's a reduction of almost 25% [23.58%] in passenger numbers while the local tourist economy has been growing substantially
- f. Summer visitors are attracted to Badenoch and Strathspey by the Cairngorm mountains as a whole (and the National Park) NOT HIE's Cairngorm Mountain business! While visitors to the funicular have dropped according to Cairngorm National Park Authority figures there was a 13.4% increase in visitors to the national park between 2009 and 2016.
- g. As a result of all these factors, the funicular has always been a financial liability rather than an income generator and this has been obvious to everyone except HIE, e.g. even Natural Retreats refused to take on responsibility for the funicular when they won the contract to manage Cairn Gorm in 2014.

### 3) The Business Case, including the revised business case, for repairing the funicular

- a) Significant additional expenditure was envisaged by HIE linked to their 'masterplan', some of which was included in the business case and some not (e.g. the £691k for the family friendly mountain bike facility which gained planning approval in May 2022). On top of which there are other unbudgeted costs attributed to other design flaws and a lack of maintenance e.g. the repairs required to prevent water ingress to the Ptarmigan (built over fresh water springs) referred to in the August 2021 HIE Board paper.
- b) The costs in the original business case for repairs, though committing HIE to a possible £73.09m subsidy over 30 years, were as inaccurate as those presented in the original business case to build it (as documented by Audit Scotland in 2009 <https://www.audit-scotland.gov.uk/publications/review-of-cairngorm-funicular-railway>). We welcomed the concerns that the new Minister, Ivan McKee, (who was passed responsibility for the repairs) expressed publicly about this in 2022. We met him to discuss a draft version of this report but also appreciate that by then he thought his hands were tied and repairing

the funicular was the “least worse option” (<https://www.gov.scot/publications/foi-202200289421/>).

- c) What we didn’t believe had been properly factored in to the ongoing running costs were the likely repair and maintenance costs given the fundamental design flaws we have described. Without scaremongering, we argued at the time that if the pillars start tilting again in three to five years’ time, it will be back to square one and large amounts of public money will have been spent for nothing. That is why we suggested the Scottish Government should reconsider the decision to continue with the repairs pending proper investigations as to the risks.
- d) In our view, however, both HIE’s original and revised business case for the repairs were also based on some fundamental flaws/questionable assumptions:
  - a. HIE claimed that the £2.9m grant, part of the ERDF application from the EU, would have to be repaid. While part of this was apparently repaid because HIE failed to upgrade the Shieling as planned, 20 years later we had left the EU and the grant condition expire in December 2026.
  - b. The costs of alternatives. The example of the cost of alternative uplift HIE included for comparative purposes (a funitel which runs on a dual cable) appears to have been the most expensive possible and estimates appeared to have been inflated distorting the whole business case.
  - c. The cost of removal. HIE appears to have chosen the most expensive option, i.e. complete removal (contrary to the report by HIE’s head of infrastructure Keith Bryers at that time on removal of concrete foundations), when it would be much cheaper to remove the superstructure and top of the concrete as they did with the Coire na Ciste chairlift for a cost of under £500k. If the concrete does have to be removed, the expense of doing so now will have increased significantly because of all the concrete pumped into the ground. The fact is that the funicular won’t last for ever and at some time will have to be removed.
  - d. In 2022 we doubted that HIE would be able to offset some of the costs of repairs through successfully suing Crudens and Morrisons (now part of Galliford Try) because the consulting engineers, Crudens, were no longer in business and we believed Galliford Try would be likely to argue that the company at the time were simply following instructions issued by HIE. It is some re-assurance that HIE’s contracts at the time were more robust than we envisaged and they have managed to recover c£10m (HIE has never revealed how much of the £11.1m recovered was from Natural Retreats and how much from others). That, however, is still less than half the £25m cost of repairing the funicular as reported in 2022.
  - e. The history behind the original decision to build the funicular, which illustrates how HIE manipulated government and other organisations at the time, is set out in Appendix 1.

## **Part 2 The bigger picture**

### **4) What is needed at Cairn Gorm**

- a) The importance of Cairn Gorm to the local Strathspey economy is in winter, not summer. The local economy has been booming in summer without the funicular (statistics attached) and there is no need for the other summer “attractions” that HIE has been developing since it has been shut, such as the tube slides and family mountain biking infrastructure. All these facilities do is compete with other local businesses and unsuccessfully because they are in the wrong place and exposed to poor weather.
- b) The importance of winter income was confirmed when Natural Assets Investments Limited decided to change CML's financial year from the fiscal year to the calendar year, CML posted a shortened accounting period covering April to Dec 2015, basically a unique insight to the financial reality of CML in summer with the funicular operational. Over the 'summer' trading period in 2015 CML posted a loss of £1.248 million! Janette Janson, then General Manager of CML under Natural Retreats affirmed what many skiers had long thought, "...our winter revenue which is crucial to sustain the operation during the summer months."
- c) The central purpose of the Cairngorm Mountain business therefore should be to keep snowsports going and despite global warming, Met Office modelling predicts there should be sufficient snow to support the continuation of snowsports given the right infrastructure and management, including proper use of snow making machines. The challenge is to make the most of snow when it is there but the funicular, because of its limited capacity and design flaws, cannot deliver this. The funicular was originally partly justified as providing a safe means of access, including descent from the Ptarmigan bowl, compared to chairlifts in high winds but modern lifts with protective “lids” and double cables can now operate in much higher winds and can transport more people more quickly.
- d) Uplift infrastructure is also more financially viable/profitable when not just used for snowsports. Part of the idea behind the funicular, that uplift should allow for summer as well as winter use was right, the problem was it was aimed at the wrong market. We believe the solution is to develop a lift system that would carry snowsports in winter and mountain bikers in summer. This is now happening all over Europe and is well established at Glen Coe and Aonach Mor.
- e) The need to protect the natural environment at Cairn Gorm has been advocated all the way up to the International Union for the Conservation of Nature which has passed resolutions at two general assemblies (see Appendix 1). There is a continued clear requirement to keep mountain bikers off the upper slopes of Cairn Gorm but the solution to this is for lifts to have mid-stations or stop half way and mountain bike trails to be constructed on the less sensitive ground. If those trails then descended to Glenmore that would be very attractive to mountain bikers and attract the sort of people who like the challenge of the rain and wind.
- f) For this to happen, however, the land needs to be under single ownership and single management. Since HIDB wrested the Cairngorm Estate from the Forestry Commission in 1971 there has been a lack of joined up management in Glenmore and Cairngorm. It was later revealed that the Forestry Commission Scotland withdrew from negotiations to transfer back ownership of the estate in 2006, instigated by HIE following the completion of the funicular, because of concerns about HIE's lack of transparency about the financial implications and the liabilities that might transfer to them
- g) While HIE's proposed family mountain biking facility with magic carpets (cost £691k) does provide an example of dual use of uplift it was misconceived and aimed at the wrong market. A beginners' ski area is for people who cannot ski but a family bike facility is for people who can already ride and it is unclear why they would use a magic carpet to ascend c180m up a gentle slope that they could cycle up more quickly. Any facility for beginners

would be far better located in the shelter of the woods down in Glen More. We predicted in 2022 that the venture would be unlikely to be successful.

## 5) HIE's management of the Cairngorm Mountain business

- a) There has been one serious financial disaster after another at Cairn Gorm under HIE with all the most significant, until the need to repair the repairs, documented by Audit Scotland: the decision to construct the funicular, the decision to outsource to Nature Retreats, the initial decision to repair the funicular. We will not repeat that history here but we have also documented on parkswatchscotland other smaller examples of how HIE has wasted public money at Cairn Gorm over the last ten years.
- b) One of the fundamental issues here is that HIE both finances the business and operates it as its own business. This combination of ownership and grant aiding role means Cairngorm Mountain has never had to operate like a real business – HIE has bailed out every mistake – and even after outsourcing the operation to Natural Retreats HIE paid for almost all investment in infrastructure. This is a serious conflict of interest which undermines the credibility of HIE's decisions on Cairngorm Mountain. Cairngorm Mountain's favoured financial status also creates significant resentment amongst other ski centres in Scotland who have achieved a lot more with far less and increased their market share.
- c) The annual funds given by HIE to keep the Cairngorm Mountain business going (capital and running costs support) have increasingly formed a very high percentage of HIE's total distribution throughout the Highlands & Islands and drain money from elsewhere and that was before the repairs.
- d) The history shows that HIE unfortunately cannot be trusted, whether this is in what it says about the finances or the evidence it provides to support investment decisions. Other organisations and people have recognised this, for example FLS in 2006 when they withdrew from negotiations to take back ownership of the Cairngorm Estate and former CML CEO, Bob Kinnaird, who said in October 2006 “But going back to the underpinning issue of mistrust – You don't build a successful business on mistrust”
- e) There are many examples showing how HIE lacks the expertise to provide snow sport facilities. While snow sports operators across the world have reduced the number of lifts they operate, they have generally increased capacity and the total length of pistes. This has helped increase income while reducing costs. At Cairngorm Mountain HIE has reduced lifts, without replacing them with better ones (the SE Group reports they commissioned at a cost of £120,000 were about this but have not been implemented), and reduced the ski area. HIE have never dealt with the access road, which when blocked by snow means the business is closed and cannot make any money. (This is an issue that would have been addressed if a gondola from Glenmore had been installed instead of the funicular, and as was proposed by various NGOs at the time). Snow cannons have been bought but not used and instead of using snow making capacity to keep pistes going, which is what attracts visitors and income, they now create a snow patch low down with a snow factory (the funding for the latter was concealed in CML's accounts by HIE increasing the share capital of the business).
- f) There is also a history of missed opportunities: the Coire na Ciste group (some of the authors were members) suggested a hydro scheme to address power issues and bring in income but after two reports stating this was feasible HIE commissioned a report that said it wasn't; various other groups have approached HIE with ideas or proposals to use facilities and have been rebuffed; HIE selected Natural Retreats, an organisation with no track record of ski slope management in preference to a local ski school when it outsourced the mountain

(justified by questionable procurement criteria apparently designed to exclude small organisations)

- g) And there has been a failure to work in partnership even with government agencies: the frustration of the CNPA at the stream of planning applications that were submitted despite the lack of a masterplan (there is still not a proper plan); the failure to meet commitments that were agreed as part of the plan for Cairngorm and Glenmore (e.g. on improving public transport); the way HIE have side-lined the Aviemore and Glenmore Community Trust which was set up with the possibility of making a bid to replace HIE at Cairn Gorm.
- h) Finally there has been a longstanding disregard for customers which has always rebounded on HIE: the way they have treated season ticket holders (including refusing to refund people who bought tickets for the whole of the 2024/25 ski season in the belief the funicular would re-open); the fixed entry times and high charge for the very basic new campervan facility in Coire na Ciste (initial cost £15) which was hardly used until HIE was forced to change through publicity; the appalling state of the Coire Cas car park for many years despite the voluntary charges levied to fix this which were never spent (the car park has now been relandscaped and the charges are compulsory); the early closing of the café facilities so that people coming off the hill in the late afternoon go elsewhere. And so it goes on.
- i) In short, the history supports our argument that HIE has never been fit to own or operate Cairn Gorm

### **Our proposed solutions**

#### **6) Ownership and management**

- a) Transfer the ownership of HIE's Cairngorm Estate back to Forestry and Land Scotland. FLS have the engineering (e.g. they have installed hydro schemes) and conservation expertise that HIE lacks and would be well placed to manage the land both within the ski area and outside of it.
- b) With FLS owning the land below the Cairngorm Estate this would also allow a far more integrated approach to land-management, whether this concerns native pinewood expansion or the creation of infrastructure for informal outdoor recreation (e.g. bike tracks down into Glen More)
- c) FLS, however, no longer appear to have the capacity to manage more commercial recreational enterprises, as evidenced by their decision in 2021/22 to outsource again the management of the Glenmore campsite. They are unlikely to want to take on management of the HIE visitor business.
- d) We argued in 2022 therefore that the Cairngorm Mountain business would best be managed by the Aviemore and Glenmore Community Trust, which includes a number of "can do" business people on its Board. It is well linked into the local community, set up a new ice rink in Aviemore with very little money and applied but was unfairly prevented from taking on the lease for the Glenmore campsite. It does, however, now run the former FLS café and visitor centre in Glenmore opposite the campsite.
- e) FLS has a relatively good record of working with such organisations including environmental groups. Community management of a significant proportion of the visitor infrastructure in the glen alongside FLS managing the land would assist with joined up management and would, we believe be supported by the National Park Authority.

## 7) Towards an alternative business case and masterplan for Cairn Gorm

For alternative proposals to be progressed, there needs to be an alternative business case and masterplan for Cairn Gorm which recognises the following points:

- a) Both HIE's business case for Cairn Gorm, which incorporated a requirement for annual subsidy, and their masterplan are centred on the funicular. Stop repairing the funicular and that will remove much of the requirement for ongoing government subsidy.
- b) The best option then would be to start small, as the other ski businesses in Scotland have done, and adapt as required. That might mean one new lift and mountain bike track to start with. It almost certainly means reducing the complement of full-time staff but, with several long-standing staff due to retire, and the tourist economy around Aviemore continuing to expand there is an opportunity to do this.
- c) In 2022 we did some work on the costs of putting in new lifts and confirmed this would be cheaper than repairing the funicular and would have far less environmental impact as lifts need fewer supports. Examples were Doppelmayr who for 2020 gave an indicative quote for 4-person chairlift from the car park to top of mountain that could be upgraded to gondolas for 12m euros; Leitner - Poma products are generally cheaper (for example they built a top and bottom station, including office block & escalators, and gondola roughly the length of the Cairn gorm chairlifts end to end for 20m euros); or a reconditioned lift from Chamonix. A community organisation would be much freer than HIE to purchase second hand lifts and there are lots of opportunities as uplift on the continent is being constantly upgraded
- d) There are opportunities for alternative revenue given a little imagination: facilities need to be customer focussed and regarded as good value; given the price of power, a hydro scheme might still make sense; some of the buildings at Cairn Gorm lie abandoned despite – as we have found out through FOIs - organisations approaching HIE/CMSL suggesting alternative uses.
- e) There would however be a need for continued public funding support is a challenge in ensuring that HIE will look objectively and fairly on capital support for future business developments on Cairngorm Mountain. An accurate and up to date assessment of how much is needed essential. The prospect of attracting additional external funding for future infrastructure development on the mountain would improve as soon as HIE was no longer in control of existing and potential new development such is the lack of confidence in HIE's ability to solve the problems it has created.

## **Appendix 1 – the history behind the original decision by the Lib/Lab government to build the funicular**

A cosy relationship between HIE and Morrisons surrounded the decision to promote the idea of a funicular railway on Cairn Gorm and then to give the contract to build the funicular to Morrisons. This relationship was very strong in the 1990s when the funicular proposal first emerged, was given planning approval, received public funding support from the European Commission and sources within Scotland and was then built by Morrisons.

The funicular proposal first emerged when Fraser Morrison was both chair of Morrisons and HIE. Concern was expressed at that time to the effect that such a major construction project was inappropriate and unnecessary for resolving the recreational requirements on Cairn Gorm. There was a suspicion that this project had more to do with satisfying the needs of the construction industry to secure access to project funding from the public purse than to deliver public benefit on the mountain. Furthermore, during this time the Director of the Rocky Mountains National Park in Colorado, USA, while on a visit to Cairn Gorm, made a strong plea for the funicular project to be abandoned in favour of other forms of ski uplift. His core argument was that if, in the future, the uplift had to be removed it was far easier and less expensive to remove pylons and cables from a mountain than a railway line. This was demonstrated to Scottish visitors on a subsequent visit to Colorado where a chairlift had been removed from the national park by simply unbolting the pylons, carrying them away by helicopter and revegetating the concrete bases which were left in the ground. The chairlift was removed because it had become economically unviable. Visitor numbers had declined and it had been loss making for several years and become dependent on an annual subsidy from the national park authority. In due course this subsidy was terminated and the chairlift removed. On Cairn Gorm a similar course of action was taken in Coire na Ciste in the use of helicopters to both install and later remove the chairlift pylons when a rather unwise cost saving exercise deemed that chairlift uplift was no longer needed.

At the time that the funicular proposition was being considered information emerged from HIE that was of concern. An HIE paper indicated that HIE appeared to believe that it was possible to largely fund the cost of constructing the funicular from private sources. A world-wide search for potential funders was launched but it soon emerged that there was zero interest in meeting HIE's aspirations. The only source of private sector finance was the Bank of Scotland who were already providing substantial overdraft facilities to the operating company on Cairn Gorm. The Bank were encouraged to extend their support by providing a portion of the funicular development costs – this was essential, as the prospective European Commission grant was dependent on a portion of the total project costs to be met from private sources.

In 1999 the Bank revised its approach to Cairn Gorm. Discussions between the NGO sector and the Bank CEO, Peter Burt, indicated that the Bank were considering a more ambitious project which would potentially involve an access gondola from Glenmore, supported by new chairlift infrastructure on the upper part of the mountain, without the need of a funicular railway. Burt indicated that the Bank would consider a significant increase in its funding support for Cairn Gorm if such a vision could be progressed. A meeting was scheduled with a minister in the incoming Scottish Executive involving the Bank and NGO interests. This meeting was cancelled at short notice on the basis that the minister had learnt that the funicular was a "done deal". This referred to a secret list of projects drawn up by the Labour/Lib Dem negotiators who were establishing the first government of the devolved Scottish Parliament. The funicular was one of the projects on this list and was therefore deemed to be going ahead. Shortly after the aborted meeting final planning and funding

approval was therefore given for the funicular project to go ahead and the Bank's initiative was abandoned.

Throughout the funicular saga from initiation of the proposal to the award of the contract to Morrisons to build it the HIE CEO was Iain Robertson. Early on in this process information emerged from HIE which indicated staff concern at the attitude of their CEO. It was reported that, at an internal staff meeting to discuss the proposed funicular, Robertson entered the room and, in a brief contribution, made it clear that the funicular project was going ahead, whatever conclusions were reached on the economic or environmental implications of such a decision. It seems that staff concluded that they had no option but to recommend approval for the funicular project and surmised that their CEO's attitude was based on a determination to avoid a second defeat over a development project on Cairn Gorm due to adverse economic and environmental projections. This was the proposed westward expansion of the skiing area into further corries in the northern Cairngorms, promoted by the Highlands and Islands Development Board, predecessors of HIE, in the 1970s. This led to the 1981 Lurchers Gully Public Inquiry which recommended planning refusal and a subsequent decision by the Secretary of State for Scotland, George Younger, to reject the HIDB proposal. Today these corries remain unspoilt, with no roads or ski infrastructure present in what is some of the wildest terrain in the Cairngorms.

After HIE announced that the contract to build the funicular had been awarded to Morrisons, following a competitive tendering process, and work had started Robertson announced he was leaving his post as CEO of HIE and joining Morrisons in a senior officer capacity. By then Fraser Morrison was no longer HIE chairman but was still chair of Morrisons until they were taken over by another company. That company subsequently engaged in legal action against Morrisons claiming that they had been misled by the information provided by Morrisons at the time of the take-over.

Immediately after the announcement of Robertson's move from HIE to Morrisons Alan Blackshaw resigned from the Board of Moray, Badenoch and Strathspey Enterprise. This public body was part of the HIE family and provided a focus for HIE work at the local level. Blackshaw was a former senior civil servant, having been a private secretary to several UK ministers and then Director General of the Offshore Supplies Office in the early years of North Sea oil development. He was also an expert skier and mountaineer, playing key roles in UK and world representative bodies and had been a board member of Scottish Natural Heritage and the Scottish Sports Council. He lived in Badenoch during the funicular saga and, as a board member of MBSE had repeatedly questioned both MBSE and HIE board members and staff about the economic prospects for the funicular and the practicalities of its meeting outdoor recreation and tourism requirements on Cairn Gorm. His resignation letter indicated that the sole reason for his departure was the move of Robertson from HIE to Morrisons. Blackshaw then provided detailed reports to Audit Scotland and Scottish ministers which explained how he had no confidence in the economic viability of the funicular, how HIE had obstructed his repeated efforts to extract relevant information from them on the supposed economic viability of the project and how HIE, when under pressure to provide this information, simply responded by trying to denigrate and besmirch Blackshaw's reputation.

Another person who was also subject to HIE's particular brand of character denigration was David Hayes, owner of Landmark Visitor Centre and a key figure in the representative body for visitor centres in Scotland. Soon after the proposed funicular project became public knowledge he questioned HIE on its economic viability. It then emerged that HIE had commissioned consultants to advise on this project. Their report seemed to suggest that HIE should build an attraction on Cairn Gorm that would be a sort of mountain equivalent of the Loch Ness Visitor Centre, attracting large numbers of coach parties. No account was taken of the altitude or weather on Cairn Gorm which

might mitigate the chances of a funicular railway on a mountain not being quite as popular as a low level facility adjacent to the iconic Loch Ness and a major trunk road. More significant however were the figures that the consultants had used to justify their predictions of potential visitor numbers and income for the funicular. Hayes had direct access to the actual figures for his own operations at Landmark and elsewhere and was able to demonstrate that there was little relationship between these figures and the fairy story being presented to HIE by their consultants. To investigate this further Hayes commissioned a report from David Pattison, former Head of Tourism at HIDB and then CEO of the Scottish Tourist Board. This report reinforced the unreliable information being presented to HIE by their consultants and indicated that projects like the funicular would never attract sufficient visitors or generate sufficient income on the upper slopes of a mountain like Cairn Gorm to meet economic requirements. Attractions needed to be provided in the forest zone, or elsewhere in Badenoch and Strathspey, with profit from those enterprises used to subsidise operations on the upper slopes of the mountain. This is a model which works elsewhere in European and North American ski resorts and is reflected in Scotland with the Aonach Mor developments by Fort William.

After he got no cooperation from HIE Hayes made repeated representations about his concerns and the conclusions of the Pattison report to Scottish ministers and their officials. They appear to have made no effort to question HIE about Hayes' evidence. Meanwhile, HIE in one of their public statements dismissing Hayes' arguments, simply reminded him that his company had been the recipient of grant money from HIE and HIDB over the years and he should reflect on that when criticising the funicular proposals. In other words, HIE's policy appears to be along the lines of keep your mouth shut or we will stop giving you public money. There are indications that this policy still applies today to those in the outdoor recreation industry who have the temerity to question anything that HIE does. Nevertheless, Hayes repeated his concerns in a letter to the local paper, the Strathspey and Badenoch Herald, on 4 July 2019, when commenting on the proposed zip wire and alpine coaster. He said "Some 22 years ago I tried to persuade HIE that the projected summer ticket sales for the funicular railway had been seriously exaggerated and could not deliver the economic benefits attributed to it....it would only appeal to a comparatively small section of the market and would attract few repeat visitors. Sadly this has proved to be true.....It would seem most unlikely that these new facilities [zip wire and coaster] will generate sufficient extra revenue to make Cairngorm Mountain and the funicular a viable year-round operation.....a far more radical approach is required if Cairngorm Mountain is to pay its way and be capable of financially withstanding the occasional winter with little or no snow.....it makes no sense for it [Cairn Gorm] to be managed by two organisations with radically different aims and objectives....as a prerequisite of further public investment, ownership of Cairngorm Mountain should be transferred back to Forestry and Land Scotland.....the overarching vision is to ensure that Glenmore and Cairngorm Mountain, is managed sensitively and sustainably for both residents and visitors and its international-standard natural heritage and leisure potential is fully realised."

The funicular situation has attracted international concern, notably within the World Conservation Union (IUCN). The following recommendation was made by the World Conservation Congress in Montreal, Canada, in 1996:

"1.89 Funicular Railway in the Cairngorms Mountains, Scotland, UK

NOTING the detrimental impact on the heritage quality of many European mountain areas from inappropriate downhill skiing developments and associated tourism facilities;

NOTING that these issues are part of the considerations of the European Intergovernmental Consultation on Sustainable Mountain Development;

WELCOMING the support of the UK and Italian Governments in hosting the two sessions of the European Consultation, in Aviemore, Scotland, in April 1996 and Trento, Italy, in October 1996;

RECOGNIZING that the Aviemore session took place at the foot of the Cairngorms Mountains, an area of outstanding wildlife, scenic and recreational values;

RECOGNIZING that the UK Government is considering the possible nomination of the Cairngorms for World Heritage listing as a site of natural importance under the terms of the World Heritage Convention;

RECOGNIZING the significance of the area for special protection measures under European Community Birds (79/409) and Habitats (92/43) Directives;

RECALLING the long-standing concern of IUCN about the Cairngorms, as reflected in Resolution 15/29 of the 15th Session of the IUCN General Assembly, which called on the UK Government to "take all practical steps to secure for the Cairngorms Mountains protection appropriate to their international significance";

RECALLING the efforts of the UK Government to improve cooperation amongst all interests in the area through the establishment in 1995 of the Cairngorms Partnership Board;

CONCERNED about proposals for the construction of a funicular railway on the northern slopes of the Cairngorms, as a facility for skiers and tourists;

CONCERNED about the widespread controversy this proposal has generated, including opposition from organizations concerned with environmental protection, public enjoyment of the countryside and the use of public funds in support of development objectives;

AWARE that studies in the northern Cairngorms have shown that alternative development options are able to provide equal economic benefit with substantially less environmental impact;

The World Conservation Congress at its 1st Session in Montreal, Canada, 14–23 October 1996:

1. NOTES the continuing controversy over the proposal to construct a funicular railway in the northern Cairngorms;
2. CALLS upon the European Commission to acknowledge the controversy over certain development projects in the mountain areas of the European Union and to indicate that funding support for projects will be provided only if the highest environmental and planning standards are met;
3. CALLS upon the UK Government to evaluate the full range of development options, to agree a solution which satisfies all the main environmental considerations, which, in terms of public funding, represents good value for money and is financially viable, and which is capable of gaining widespread public support;
4. REQUESTS the Director General, within available resources, to continue to monitor this development and to make representations to the UK Government and other organizations as appropriate.

Note. This Recommendation was adopted by consensus. The delegation of the State member Germany indicated that it had not participated in discussion of the Recommendation nor would it have participated in any voting. The delegations of the State members Norway, Sweden and United States indicated that had there been a vote they would have abstained."

## **Appendix 2 – Parkswatch posts on Cairngorm Mountain and the funicular 2018-2025**

While the primary intention of this list is to show the scope of our investigations into HIE's management of Cairngorm Mountain, we have highlighted four posts which explain and illustrate the main issues with the funicular structure.

<https://parkswatchscotland.co.uk/2018/01/18/mis-management-cairngorm-skiers/>

<https://parkswatchscotland.co.uk/2018/03/27/the-planning-application-for-an-artificial-ski-slope-at-cairngorm/>

<https://parkswatchscotland.co.uk/2018/04/04/more-on-the-artificial-ski-slope-proposal-at-cairngorm/>

<https://parkswatchscotland.co.uk/2018/05/31/the-collapse-of-downhill-skiing-at-cairngorm-and-the-economy-in-the-national-park/>

<https://parkswatchscotland.co.uk/2018/06/13/the-ptarmigan-planning-application-at-cairngorm-there-is-an-alternative/>

<https://parkswatchscotland.co.uk/2018/07/10/a-walk-through-coire-na-ciste-at-cairngorm/>

<https://parkswatchscotland.co.uk/2018/08/21/the-looming-financial-crisis-at-cairngorm-mountain-what-will-hie-do/>

<https://parkswatchscotland.co.uk/2018/09/28/the-funicular-and-the-crisis-at-cairngorm-mountain/>

<https://parkswatchscotland.co.uk/2018/09/12/cairngorm-mountain-clear-up-project/>

<https://parkswatchscotland.co.uk/2018/09/07/hies-cover-up-at-cairngorm-and-the-re-birth-of-natural-retreats-uk-ltd/>

<https://parkswatchscotland.co.uk/2018/10/11/cairngorm-daylodge-environs-maintenance-issues/>

<https://parkswatchscotland.co.uk/2018/10/15/what-next-for-cairngorm/>

<https://parkswatchscotland.co.uk/2018/10/22/the-collapse-in-standards-at-cairngorm-time-for-the-cnpa-to-take-a-lead/>

<https://parkswatchscotland.co.uk/2018/10/29/the-rapidly-escalating-crisis-at-cairngorm-the-need-for-a-proper-plan/>

<https://parkswatchscotland.co.uk/2018/10/30/time-to-remove-highlands-and-islands-enterprise-from-cairn-gorm/>

<https://parkswatchscotland.co.uk/2018/11/02/hies-response-to-the-crisis-at-cairn-gorm-fake-news-and-flannel/>

<https://parkswatchscotland.co.uk/2018/11/08/hies-latest-vision-for-cairn-gorm-how-to-chuck-27m-down-the-pan/>

<https://parkswatchscotland.co.uk/2018/11/09/hie-natural-retreats-failure-to-maintain-ski-infrastructure-at-cairngorm/>

<https://parkswatchscotland.co.uk/2018/11/13/hies-approach-to-cairn-gorm-riding-roughshod-over-all-has-to-stop/>

<https://parkswatchscotland.co.uk/2018/11/27/the-problems-at-cairn-gorm-ski-touring-offers-an-immediate-solution/>

<https://parkswatchscotland.co.uk/2018/12/05/time-for-a-re-think-at-cairngorm/>

<https://parkswatchscotland.co.uk/2018/12/06/the-history-and-potential-for-snow-making-at-cairn-gorm/>

<https://parkswatchscotland.co.uk/2018/12/17/hie-is-now-picking-up-the-pieces-for-the-disaster-it-created-at-cairn-gorm/>

<https://parkswatchscotland.co.uk/2018/12/18/se-group-report-hie-ignored-its-advice-on-a-dry-ski-slope-at-cairn-gorm/>

<https://parkswatchscotland.co.uk/2019/01/15/hies-management-of-health-and-safety-at-cairngorm-mountain/>

<https://parkswatchscotland.co.uk/2019/02/28/reasons-for-the-funicular-failure/>

<https://parkswatchscotland.co.uk/2019/03/05/snowmaking-on-cairngorm-what-now/>

<https://parkswatchscotland.co.uk/2019/03/21/reasons-for-the-funicular-failure-2/>

<https://parkswatchscotland.co.uk/2019/03/22/cairngorm-funicular-failure-economic-consequences-and-way-forward/>

<https://parkswatchscotland.co.uk/2019/04/15/the-outsourcing-of-cairngorm-mountain-by-highlands-and-islands-enterprise-what-went-wrong-1/>

<https://parkswatchscotland.co.uk/2019/04/23/the-outsourcing-of-cairngorm-mountain-by-highlands-and-islands-enterprise-what-went-wrong-2/>

<https://parkswatchscotland.co.uk/2019/05/16/hies-latest-misconceived-proposal-for-cairn-gorm-a-tube-slope-and-adventure-playground/>

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## **Annexe B: Supplementary written submission from Parkswatch Scotland**

### **Cairngorm funicular railway: Supplementary written submission from Nick Kempe, Parkswatch Scotland, 8 January 2026**

All the financial figures in the spreadsheet and information about events were taken from the published accounts for CMSL and it's predecessors.

## Information from Cairngorm Mountain, Cairngorm Mountain Scotland accounts

Accounting period	Turnover	Revenue support HIE	Capital grant	Year end			Financial notes	Snowsport numb	Key events
				Profit/loss	balance				
30/04/2001	£ 1,773,733	Nil		-£ 857,643	-£ 1,750,832				Parent CM Trust Ltd
30/04/2002	£ 1,639,015	Nil		-£ 1,875,468	-£ 3,176,300	Debt servicing costs v high			23/12/01 funicular opens
30/04/2003	£ 2,636,431	Nil		-£ 1,245,987	-£ 4,386,287				
30/04/2004	£ 3,099,161	Nil		-£ 612,492	-£ 4,962,779				58,500
30/04/2005	£ 2,976,470	Nil		£ 27,659	-£ 4,853,401	Lease & debt charge reduced			55,586
30/04/2006	£ 3,295,431	Nil		£ 32,314	-£ 5,416,087	Balance adjusted			55,000
30/04/2007	£ 2,818,138	Nil		-£ 262,553	-£ 5,489,640				38,553
30/04/2008	£ 3,595,933	Nil		£ 173,667	-£ 5,264,973	Reduced rent & interest			62,000 Transfer FC fell through
30/03/2009	£ 3,223,461	Nil		-£ 42,728	-£ 951,272	BoS & HC write off loans			65,000 16/5/08 HIE takes over CML
30/03/2010	£ 4,802,292	Nil		£ 553,152	-£ 186,120				145,000
30/03/2011	£ 5,175,500	Nil		£ 439,128	-£ 217,008				121,000
30/03/2012	£ 3,139,334	Nil		-£ 440,509	-£ 252,501	Admin expenses 87.2% revenue			66,463
30/03/2013	£ 4,388,402	Nil		£ 382,819	-£ 73,682				113,000
30/03/2014	£ 4,448,816			-£ 75,618	£ 307,700	Capital injection £450k			77,430
30/03/2015	£ 4,331,828			£ 466,216	£ 504,916				76,588 CML sold to Natural Assets Investmnt Ltd
31/12/2015	£ 2,050,393			-£ 1,248,244	-£ 776,328	9 month financial year			
31/12/2016	£ 4,749,982	Nil		-£ 316,578	-£ 1,092,906				67000
31/12/2017	£ 3,547,475	Nil		-£ 1,006,969	£ 2,099,875				21267
No accounts								59,003	Funicular ceases operate, HIE buys back CML
31/03/2020	£ 1,165,836	£ 400,000		-£ 1,006,819	£ 54,133	Loan repayable 1 year			CMSL incorp 26/11/18. 16 month accounts.
		£ 505,625				Revenue grant			20th March 1st Covid lockdown
		£ 1,060,952				Share capital			
31/03/2021	£ 215,736	£ 1,941,082	Nil	£ 54,133		Incl c£300k Covid Job Retention grant			26/12/20 2nd Covid lockdown
31/03/2022	£ 1,773,454	£ 1,141,927	Nil	£ 54,133		Inc £47,203 Covid JRG			26/04/21 Resort re-opens
31/03/2023	£ 3,067,171	£ 1,255,559		£ 54,133					
31/03/2024	£ 2,704,756	£ 2,060,493	£ 261,864	Nil	£ 54,133	Incl deferred capital grant			24/8/23 funicular closes
31/03/2025	£ 1,699,215	£ 2,547,929	£ 304,442	Nil	£ 54,133	Incl deferred capital grant			27/2/25 funicular re-opens

### Notes

1) Profit/loss includes operational profit/loss and administrative expenses

2) For capital expenditure see submission by David Farquharson to PAC