

Cairngorm funicular railway: Written submission from Mike Dearman, 25 November 2025

Dear Mr Leonard,

I'm writing to you in your role as convener of the Public Audit Committee, specifically with regard to the Cairngorm Funicular. I appreciated the opportunity to attend the recent round table session in Aviemore and following that, wanted to forward the attached correspondence to the committee. The purpose of sharing this correspondence is to show that significant concerns were raised about the decision making process and the sustainability of the repairs to the Funicular before the original repairs were started. This correspondence of course took place after the decision to repair had been taken by the Scottish Government, because the FBC was not published until then, just as every subsequent investment has only been made public after a decision has been reached.

Many Thanks,

Mike Dearman

Cairngorm Funicular Repair

Michael Dearman
To: "Forbes K (Kate), MSP"

13 December 2020

Dear Kate,

Many thanks for your considered response, I appreciate it.

I am a pragmatist and understand this decision is already made, but one of Cairngorm and HIEs primary issues is trust. I think its important to understand why this behaviour continues to erode trust, in HIE, CMSL, and the Scottish Government.

Just to be clear, the alternative presented by HIE is a **dual** cable Gondola, this is a huge structure that would never in a million years get planning permission and comes with huge construction and maintenance costs, at a guess there are probably 10's of these in the world. A **mono** cable Gondola is very common, would come in at 1/2 the cost, has 3x the carrying capacity of the funicular, has significantly lower operating costs and is preferred by every environmental organisation out there.

The main points i'm trying to make are:

1) This business case is not credible, it does not impartially assess reasonable alternatives to the funicular, rather it uses a very expensive alternative in order to justify the choice of funicular and reduces visitor numbers on the other alternatives on no basis whatsoever. HIEs desire to repair the funicular at any cost is of course an accusation which is commonly heard, and therefore i cannot understand why HIE would not like to put it to bed by examining alternatives properly. In the absence of any public consultation on the business case we rely on the Scottish Government to scrutinise it, and i see no evidence that that is the case (again if there really is a desire to be transparent this behind doors process is incredibly damaging).

With regards to the significant costs you refer to with other options, I assume you are referring to the removal of the funicular. Sadly i do not know what that cost is because the document is redacted or it is never broken out individually, but clearly that cost must be met at some point in the future, regardless. From my past discussions with HIE i understand that it is simply going to be someone else's problem, clearly that is not sound economic policy and some would say extremely reckless and short sighted. Clearly if you build a second major piece of infrastructure there is a removal cost for two items rather than one, but the removal of a modern off the shelf gondola or cableway would be insignificant compared to the cost of removing hundreds of thousands of tons of concrete from the mountain. Its worth noting that the funicular is so hated by environmental groups I have on many occasions heard that they would be willing to tolerate a number of options to reduce the removal cost (such as a much longer removal timeframe)

Given the political and financial sensitivity surrounding Cairngorm I also question why on earth someone would prefer to patch a one of a kind failed structure and commit to costly monitoring and custom maintenance, rather than buy an off the shelf cableway which is guaranteed to be supported for years to come and carries exponentially lower risk.

I could go on but I shall try to keep this brief :)

2) I did say that HIE has no faith in snow sports, but the point here is that this plan shows no growth in the business whatsoever and not even standing still, the prediction is an immediate 50% decline in snowsports users compared to the numbers of just 5 years ago, and no growth in summer numbers (which are reduced for the expensive dual cable gondola, presumably because it would still have come in with a higher NPV). HIE is going to spend £30m on this business and plans to shrink the turnover by 50%, the justification for this is keeping 30 jobs for the next 30 years, in what world is that a prudent use of public funds? I understand that nobody is rewarded for over delivering, but the problem here is that the Scottish Government has given HIE permission to fail commercially by effectively signing of a £2.5m subsidy in perpetuity.

Cairngorm continues to have huge potential, with 400,000+ visits to Coire Cas every year there isn't a successful cafe/restaurant in the world that wouldn't be jealous of the location, We have seen this summer the huge potential (and issues) around the campervan market, if Coire na Ciste became the UKs highest campervan site it would be hugely successful, and would take pressure off Glenmore which desperately needs it. Cairngorm desperately needs entrepreneurship, and HIE is entirely the wrong owner/operator to deliver that.

With regards to actions, I don't wish to burden you with work that has no benefit, I certainly would appreciate a response from the Scottish Government to these points, as i have no faith that there is any accountability here whatsoever, but i leave it to you to decide what is productive or not!

p.s in other news, Quarch Technology finished our last financial year at the end of august 8% down on plan, which was pretty remarkable given the cliff edge on sales in the spring, and we are on plan this year to grow our turnover by 35% y/y although it is early days. When it is an appropriate time I would love to show you what we do.

Many Thanks,

Mike Dearman



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Our Reference: 202100132023

18 January 2021

Dear Kate,

Thank you for passing on Mr Dearman's letter and analysis of the Cairngorm Business Case that was prepared by Highlands and Islands Enterprise (HIE) with support from independent consultants.

Both the Scottish Government and HIE remain committed to the future of snowsports in Scotland as a key element of year-round activities in our mountain resorts. HIE is continuing to invest in Cairngorm through this Business Case and the present masterplan process, and Scottish Government is providing ongoing support to Scottish mountain resorts through the current pandemic.

In relation to the options reviewed as part of the Business Case, HIE has clarified that option 2a and 2b did in fact assess a mono cable gondola and costs associated with this. Unfortunately, this was mistakenly referred to as a dual cable gondola in the Business Case. As soon as HIE realised the mistake a note was added to the published Business Case, correcting the reference and apologising for the error. This did not, however, impact on the assessment or the outcome of the options appraisal. The costs identified for options 2a and 2b were based on manufacturer and contractor estimates. Clearly this option was also made significantly more expensive because of the additional cost of funicular removal having to be factored in at the outset.

On the skier days assumptions, 30,000 skier days is the weighted average over a number of years and is included only for assessment purposes. It is not intended to be a target or to reflect what we all hope will be a much larger actual number of skiers year on year. However, for the purposes of the Business Case process, HIE has taken a conservative approach to estimating costs and quantifying benefits to avoid any potential overstating of benefits, or underplaying of costs now and potentially longer term that could have weakened the integrity of the business case through optimism bias. This

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was important to enable a decision to be reached which properly took into account the opportunity cost to HIE and the Scottish Government of investing at Cairngorm compared to elsewhere in the regional and national economy, and the likely financial impact to the public sector.

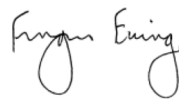
The 30-year GVA figures included in the business case are also conservative estimates that derive from the weighted average of 30,000 skier days a year at Cairngorm. If the actual number of skier days is higher, it follows that the economic benefits generated by funicular reinstatement will also increase.

Similarly, the reference to a total cost of £174m in the Business Case is also based on the weighted average of just 30,000 annual skier days to ensure a robust appraisal. The true cost over 30 years is likely to be significantly lower, both because of the conservative revenue estimates used, and because the Business Case doesn't take into account the Cairngorm Estate masterplan which HIE is progressing, or any further investments which may result from this.

As I am sure you will be aware, HIE has undertaken extensive stakeholder and public consultation as part of the masterplan exercise. While COVID-19 has delayed conclusion of the work, HIE expects to be in a position to publish the masterplan and submit it to the Cairngorms National Park Authority in the coming weeks. The masterplan will provide an agreed vision for the Estate and priority strategies for further development to guide future planning decisions and deliver economic benefits to the local area.

The long term sustainability of Cairngorm and its continuing important role in supporting the local economy, snowsports and tourism is a priority for the Scottish Government and HIE and both the Business Case and masterplan will enable us to work with the community to maximise its potential for present and future generations.

Yours sincerely,



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Cairngorm Mountain Funicular – Review of the Business Case for Repair

This paper reviews the Full Business Case for the repair of the Cairngorm Funicular which has recently been published by Highlands and Islands Enterprise (but only after the decision to repair was taken by the Scottish Government). I am in favour of sustainable and responsible development at Cairngorm Mountain, I remain in awe of the original pioneers of Scottish Skiing and their vision. I was formerly a director and spokesperson for Aviemore and Glenmore Community Trust which has lobbied long and hard for further investment in Cairngorm and the repair of the funicular – but not at any cost – and only as part of an widely accepted long term strategy for the future of the resort.

I strongly believe there is a positive case for investment at Cairngorm, which requires collaboration and open thinking, I wish to see a successful and resilient operating company which can ultimately pay for itself.

Summary

- HIE used the most expensive alternative options they could possibly find to justify the repair of the funicular.
- HIE have absolutely no confidence in the future of Skiing at Cairngorm below the bare minimum offering
- HIE have not and possibly can not come up with any options at all which create a net gain to the economy
- The true cost of repair to the public purse is £174M over 30 years.

The case for the funicular

Cairngorm Mountain ski area can be broadly split into 3 areas, the plateau (Ciste and Ptarmigan Ski Areas), the middle (M2, Cas), and the bottom (Car Park, Day Lodge Poma).

Early and late in the season skiing is often reduced to plateau only or middle up, and in addition in good weather the plateau makes for a good learning area for beginners. It is therefore necessary to transport large numbers of skiers via non surface uplift (and downlift) for the efficient functioning of the resort. The funicular allows non surface transportation that is rarely affected by wind which fulfils some of these requirements.

The main issue with the funicular in my opinion is its maintenance costs, its unpopularity with skiers (who have to remove skis and stand) and its very poor capacity (1200 pph at best¹), which has proven to be a major bottleneck for as long as the funicular has been operating.

We are now at a point where major investment must be made regardless of the direction of travel, but if we are to learn lessons from the past this must be made in a transparent manner which brings all interested parties to some form of consensus, the presentation of a deeply flawed business case does not do this.

¹ Cairngorm Ski Area Assessment & Strategic Plan, SE Group, 2018, Figure 16

I will now detail why I consider this business case to be deeply flawed:

Options for Appraisal

The Business Case considers 6 options for Cairngorms future:

- Option 1a: Do Minimum (removal of funicular, no CMSL funding or additional investment). This assumes that the operating company ceases trading;
- Option 1b: Removal of funicular, maintain / replace existing uplift infrastructure (fund CMSL and fund selected additional capital investments) – this option assumes that the current employment at the site is maintained;
- Option 2a: Remove and replace the funicular with a dual-cable gondola, fund CMSL and fund selected additional capital investments. This assumes an increase in visitor numbers and subsequently staff at the operating company;
- Option 2b: Remove and replace funicular with a dual-cable gondola, fund CMSL but do not fund proposed additional investments. This assumes an increase in visitor numbers and subsequently staff at the operating company;
- Option 3a: Reinstate funicular, fund CMSL and fund selected additional capital investments. This assumes an increase in visitor numbers and subsequently staff at the operating company; and
- Option 3b: Reinstate funicular, fund CMSL but do not fund proposed additional investments. This assumes an increase in visitor numbers and subsequently staff at the operating company.

Flawed Options

The only options which imply any sort of positive plan for Cairngorm are options 2a and 2b, which both require the procurement of a dual cable gondola as a replacement for the funicular. Dual-cable gondolas have very high wind resistance which would make them appear an ideal replacement for the funicular, and can have a capacity of up to 3x that of the funicular. The problem in my opinion with a dual cable gondola is the huge capital cost, which is born out here with a £60m price tag, for this reason and the sheer size and impact of the buildings involved this has always been infeasible in my view.

A two stage modern mono-cable detachable gondola or chairlift with capacity of up to 3600 pph (3x that of the funicular) and able to operate at wind strengths up to 40mph would cost around £30m to construct and is a far more realistic alternative to the Funicular, why was this option not included in the appraisal? The wind resilience certainly leaves questions, but it should not be difficult for someone with access to skier numbers and wind data to estimate the reduction in turnover, and high wind days do not tend to be the busiest days of the year.

It would be hard to find a more expensive alternative to the funicular than a double cable gondola, so why was this chosen for comparison?

Skier Numbers

Perhaps one of the most illuminating aspects of the Full Business Case is the projected skier numbers:

Table 6.10: Visitor and Income per option

Option	Steady State Visitors per annum				CM&L Income	
	Skier Days	Non-ski Winter	Summer	Total	Total (30 Years)	Steady State
Option 1a	0	0	0	0	£0	£0
Option 1b	30,000	12,142	26,197	68,340	£39.60 million	£1.33 million
Option 2a	30,000	36,060	70,171	136,231	£65.24 million	£2.32 million
Option 2b	30,000	36,060	70,171	136,231	£65.24 million	£2.32 million
Option 3a	30,000	45,075	87,714	162,789	£77.22 million	£2.67 million
Option 3b	30,000	45,075	87,714	162,789	£77.22 million	£2.67 million

The figures presented above are exclusive of financial costs (e.g. inflation).

HIE is projecting 30,000 skier days for the next 30 years. Cairngorm averaged 70,000 skier days over the period 2004-2018. In the last two years without a functioning funicular and with a short season caused by Covid-19, Cairngorm had an average of 13,500. HIE anticipates that even after Funicular repair the skier numbers at Cairngorm will be less than half of their previous rates. Its interesting to note that the dual cable gondola option which would increase uplift capacity 3x, has been projected to have zero increase on skier numbers at Cairngorm.

This is a self-fulfilling prophecy that should concern any fan of Scottish skiing, average annual Scottish skier days have been on a very gradual increase for the last 15 years and yet HIE sees no future in skiing at Cairngorm, and would prefer to subsidise its failing business model for the next 30 years.

Profit

We can see HIEs projections for operating costs and revenue in the projections:

Operating Costs:

Table 6.8: Revenue & operating costs per option

Option	Operating Costs (CM&L)		HIE Internal Project Management Costs		CM&L Project Management Costs		Total	
	Total £m (30 Years)	Steady State ^a £m	Total £m (30 Years)	Steady State £m	Total £m (30 Years)	Steady State £m	Total £m (30 Years)	Steady State £m
Option 1a	£0.40	£0	£0	£0	£0	£0	£0.40	£0
Option 1b	£106.34	£3.56	£9.73	£0.32	£2.37	£0.91	£118.44	£3.97
Option 2a	£137.43	£4.76	£9.73	£0.32	£2.37	£0.91	£149.53	£5.16
Option 2b	£137.43	£4.76	£9.73	£0.32	£2.37	£0.91	£149.53	£5.16
Option 3a	£141.35	£4.80	£9.80	£0.32	£2.55	£0.91	£153.70	£5.21
Option 3b	£141.35	£4.80	£9.80	£0.32	£2.55	£0.91	£153.70	£5.21

Income:

Table 6.10: Visitor and Income per option

Option	Steady State Visitors per annum				CM&L Income	
	Skier Days	Non-ski Winter	Summer	Total	Total (30 Years)	Steady State
Option 1a	0	0	0	0	£0	£0
Option 1b	30,000	12,142	26,197	68,340	£39.60 million	£1.33 million
Option 2a	30,000	36,060	70,171	136,231	£65.24 million	£2.32 million
Option 2b	30,000	36,060	70,171	136,231	£65.24 million	£2.32 million
Option 3a	30,000	45,075	87,714	162,789	£77.22 million	£2.67 million
Option 3b	30,000	45,075	87,714	162,789	£77.22 million	£2.67 million

The figures presented above are exclusive of financial costs (e.g. inflation).

HIE is projecting ongoing operating costs of £5million per annum, and income of £2.67million pounds per annum. A £2.33 million loss every year for 30 years, on top of the £30m cost of repair and eventual removal.

The total cost of funicular repair and ongoing running costs is anticipated to cost the public purse £174.21M over 30 years. The Net Economic impact is estimated to be £161M, This is a terrible deal

Table 6.12: Net economic Impact

Option	Gross Value Added (GVA)		FTEs	
	Total (30 Years)	Average per Year	Total (30 Years)	Average per Year
Option 1a	£10.77 million	£0.36 million	32	1
Option 1b	£96.20 million	£3.21 million	528	18
Option 2a	£158.97 million	£5.30 million	897	30
Option 2b	£154.34 million	£5.14 million	889	30
Option 3a	£161.73 million	£5.39 million	1,000	33
Option 3b	£157.09 million	£5.24 million	992	33

Note: the wider economic benefits presented are at a national level

Conclusions

HIE used the most expensive alternative options they could possibly find to justify the repair of the funicular.

They have absolutely no confidence in the future of Skiing at Cairngorm below the bare minimum offering

HIE have not and possibly can not come up with any options at all which create a net gain to the economy

The true cost of repair to the public purse is £174M over 30 years.