

HIE Board Cairngorm Update

24 August 2021



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

1. Introduction

This paper provides an update on a range of Cairngorm related matters, including the funicular strengthening works, CMSL matters, masterplan, and legacy legal cases.

As a result of unprecedented circumstances and unforeseen [REDACTED] challenges, it is now clear that completion of the funicular reinstatement works will not be achieved in winter 2021/22 – careful external messaging of this is essential and will be taken forward immediately after the Board meeting. It is also now confirmed that a cost increase on the funicular reinstatement project will exceed the approved budget for reinstatement works professional fees and optimism bias allowance within the Cairngorm FBC.

The HIE Board is asked to approve:

- [REDACTED]

The Board is asked to note:

- The ongoing [REDACTED] challenges and unprecedented factors which will result in a requirement to seek additional budget approval once [REDACTED] issues are resolved and costs known.
- The delays to the programme and proposed communications approach in relation to this.

2. Funicular reinstatement

Balfour Beatty works continue to progress well on site.

There are no Health and Safety or Environmental incidents to report in the period. H&S reporting has scored the site a 93.1% of a target cut off of 85% with recommendations being attended to. Environmental reporting has expressed satisfaction with minor corrective items identified and being attended to accordingly.

The Construction site has received a score of 40/50 identified as “Excellent” by the [Considerate Construction Scheme](#) during a recent site visit audit.

The following progress has been made:

- Works on site are progressing with ~90% of pier excavations now complete (only three piers remain to be excavated), ~70% of foundation installations installed and ~50% of prop footing or concrete jackets installed. This an overall completion of 53% for civil ground works in July.
- Bearings and base plates for areas 1-3 (of 6 total) have been manufactured, delivered to site and are ready for installation.
- Pier prop installations began on the 2nd of August.

Works in the period have been hampered by national material supply and cost issues, including concrete and steel, Covid impacts on labour availability, and extreme weather events.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]

[REDACTED]

[REDACTED]

While acceleration opportunities are still being pursued, the project team now consider the likelihood of meeting project timelines for a December 2021 completion have diminished and are no longer feasible.

[REDACTED]

[REDACTED]

[REDACTED]

A procurement route has been identified for the new control system. The cost of this was included in the FBC. Budget approval will be sought before finalising. Appropriate timing of works is being explored.

Budget and funding Issues

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Although the final cost out-turn will not be known for some time, it is now clear that additional funds will be required. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The impact of this option is described further in Appendix 1.

Initial discussions have taken place with Scottish Government about programme delays and costs. We will consider further with Scottish Government the availability of additional funds to meet the cost increase as the position becomes clearer, and to ensure alignment on messaging.

FBC – Revisiting the outcome

In light of these known cost increases and programme impacts, we have worked with our contractors RSM to review the impact of these changes on the outcome of the FBC. The output of that assessment is presented below.

The table below profiles a high-level assessment of the impact of revised costs and phasing on the Net Present Value (NPV) of options associated with the reinstatement of the funicular at Cairngorm.

The Full Business Case (FBC) approved by the HIE Board and agreed by the Scottish Government in October 2020 identified Option 3a (funicular reinstatement and additional CMSL capex) as the preferred option. This assessment considers the following:

- Indicative capital costs and phasing [REDACTED]

The identified changes to capex and phasing have been applied to Option 3a and 3b only. No changes have been made to the cost or timing of other options, although it is likely that would have been similarly impacted by some of the external pressures.

In the table below, Scenario A presents the **existing NPVs as per the FBC** (including wider economic impacts). Scenario B presents the **revised NPVs with the indicative changes outlined above**.

	A. Existing FBC NPCs		B. Reflecting expected cost / timescale increase	
	Net Present Value	Rank	Net Present Value	Rank
Option 1a - remove and close	-£5,262,463	6	-£5,262,463	6
Option 1b - remove and reduced activity	£19,970,026	5	£19,970,026	5
Option 2a - replace with gondola and additional CMSL capex	£51,175,961	4	£51,175,961	4
Option 2b - replace with gondola, no additional capex	£54,493,247	3	£54,493,247	3
Option 3a – reinstate funicular and fund additional CMSL capex	£88,641,877	2	[REDACTED]	2
Option 3b - reinstate funicular but no additional capex	£91,959,163	1	[REDACTED]	1

The key finding is that the **preferred option (Option 3 – reinstatement of the funicular) does not change**, although we do see the gap between Option 2 and Option 3 begin to reduce (noting

however that no adjustment has been made to the other options as referenced above). Given the significantly higher capital costs associated with Option 2 (c. £52 million) and the lower visitor numbers associated with that option, it would take a very significant delay or cost impact (i.e., beyond the scenario illustrated) before the preferred option would change.

It should also be noted that the rankings of Option 3a (which includes provision for additional CMSL capex) and Option 3b (which excludes the additional CMSL capex) are not impacted by this sensitivity analysis – they remain ranked higher than Option 2a and Option 2b.

Furthermore, it should be highlighted that in addition to the NPV analysis, the FBC option selection process also incorporated an assessment of qualitative factors using the criteria below:

- Contribution to the local and national tourism offering;
- Contribution to improved environmental performance;
- Increased opportunities for sport and health / wellbeing; and
- Contribution to educational outcomes.

The FBC identifies that Option 3a and Option 3b were ranked first and second, respectively, within the qualitative analysis. The qualitative analysis (and associated option rankings) is unaffected by the scenario presented above.

Communicating the programme impact

A draft communications plan for the delay to completion of the reinstatement works and likely cost over-runs was discussed with the HIE Board sub-group at its meeting on 17 August. A copy of the Plan is attached at Appendix 2. This focuses on messaging about the programme delay – as above, we are not yet in a position to be definitive about final costs and budget, other than that costs have increased.

A number of actions have already been completed and it is proposed to alert the CMSL Board and issue stakeholder communications in advance of the Cairngorm Advisory Group meeting on 26 July. A detailed Q&A and plans for pre-recorded interviews are also in place to support handling of media enquiries.

3. Masterplan

Following publication of the masterplan on 2 June, we have now started discussions, including with CMSL, about prioritising and actioning the strategies within it. A draft project plan is in place which we will now discuss with key stakeholders.

We have agreed with the Cairngorm Advisory Group that we will include discussion on delivery of the masterplan at a future meeting.

4. CMSL matters

Operation of the resort

Visitor numbers to Cairngorm, and across Badenoch and Strathspey, are high. Covid has created staffing issues for CMSL which are being managed. These did, however, result in a planned visit by Cabinet Secretary for Finance and the Economy, Kate Forbes MSP, being rescheduled until 27 September. Cabinet Secretary for Energy, Net Zero and Transport, Michael Matheson MSP, visited the site on 13 August. HIE staff attended and provided an update on the masterplan and funicular reinstatement.

A Health and Safety Executive visit which had been delayed due to Covid will now take place on 25 August 2021. The focus will be predominantly CMSL operational matters, including recommissioning of the funicular. However, HIE staff will be available on the mountain during the visit.

CMSL's social media engagement continues to increase. They are posting regular updates on a number of platforms and now have c.100k Facebook followers. Recent social media posts in relation to the new adventure playpark have proved especially popular.

To date this financial year, CMSL has drawn down £[REDACTED] of funds from HIE (£[REDACTED] revenue funding and £[REDACTED] for replacement services) to meet ongoing operating costs, against an approved budget of £[REDACTED] for revenue support and expected spend of £[REDACTED] for replacement services for the period 1 April to 30 September 2021.

KPIs

A copy of CMSL's most recent update on KPI performance is attached at Appendix 3. These are updated in advance of and discussed at monthly account meetings. Our notes of these meetings record any further updates or points of note. As part of this process, CMSL also provides updates on the progress of capital investments approved by HIE. Of note in this period is the opening of the new adventure playpark with its addition of 2 new tubing slides, a flying fox zipline and kassbohrer playframe which has proved to be immediately popular with visitors. Indeed, within days of opening advance bookings with a value of £[REDACTED] had been made.

Purifying planning conditions for the Campervan facility has proven to be onerous but the facility is programmed to be completed and opened by the end of August. The car park entry system to the main Cas car park has now been installed and is also planned to be in operation by the end of August. New IT hardware has been delivered to site and new ski hire equipment is due to arrive in October. A new EPOS and online ticketing systems are also on order. The CMSL Board has considered options for car park concept design and procurement of a designer is underway. A planning application submission for the proposed new access tracks is in development with final design items and environmental impact assessments being completed.

Following previous discussions with the HIE Board and its sub-group, HIE Leadership Team approved £780k to meet the cost of refurbishment of the Ptarmigan building on 26 July 2021. This cost is being met by HIE outwith the FBC. Tenders for the internal works and F&B fit out have now been received and are within the approved budget. Following contract award, works should be completed by early December 2021. The multimedia package and fit out for the upgraded Ptarmigan exhibition will be tendered this month with works due to be completed in December 2021.

Tendering for a PR and marketing specialist to support CMSL with the funicular reopening has now completed and a preferred supplier identified. Timing of the contract delivery will align with the revised reinstatement programme.

Following a recruitment process, CMSL has appointed 2 new electricians - one to specialise in operating the funicular and the other to undertake general electrical work on site. As previously reported, recruitment is a challenge for businesses locally. The Cabinet Secretary for Finance and the Economy recently met with the Cairngorm Business Partnership, joined by CMSL amongst others. It was agreed that a local taskforce would be established to focus on local labour market and staff accommodation locally. A summit is also being planned for the autumn. In the meantime, Macdonald Resort has agreed to make staff accommodation available for use by

CMSL staff during the winter season and a reciprocal staff incentive arrangement has been agreed. Familiarisation training for their respective staff is also being discussed.

Annual accounts

CMSL's annual accounts have now been finalised, submitted to Companies House and published on its website. The accounts show a break even position (as a result of HIE revenue funding and with the addition of furlough income).

CMSL Board

The Managing Director of Wave Energy Scotland has now been formally appointed to the CMSL Board and joined the Board for his first meeting on 29 July 2021.

CMSL CEO recruitment

The recruitment process is now progressing, and a closing date of 27 September has been set. HIE's Director of Communities and Place and Interim Director for Human Resources will join the recruitment panel from HIE, along with the CMSL Board Chairman and one other CMSL Board member.

SSEN ring main replacement

SSEN has appointed McGowan as main contractor to undertake replacement of the ring main cable between the mid-station and the Ptarmigan. [REDACTED]

5. Stakeholder engagement, communications and marketing

As previously reported to the HIE Board, a stakeholder and engagement strategy and action plan is in place. This has been augmented with the plan for the reinstatement programme delay communications, as described above. The following actions have taken place since the last meeting of the HIE Board:

- Funicular reinstatement works – Filming of the works continues, and regular social media updates are being issued. These are being positively received.
- Weekly communications meetings with Balfour Beatty, HIE, CMSL and HIE's external project managers continue to ensure a joined-up approach.
- Cairngorm Advisory Group – its second meeting is due to take place on 26 August. The focus will be the operating and governance review.

6. Operating and governance review

An initial long list of options for ownership and operating models, criteria for assessment and high-level pros/cons of each has now been discussed with the HIE Board sub-group. Useful feedback was received, on the back of which we are now undertaking the following actions:

- Revisiting lessons learnt – this has included a dedicated session with HIE's previous CEO before her departure, and a separate session with relevant ex-HIE staff members along with area colleagues. We also propose to use the next meeting of the Cairngorm Advisory Group to listen to its members views on what has and hasn't worked well in the past both at Cairngorm and elsewhere.

- Individual consultation with key stakeholders – we plan to meet individually with key stakeholders, such as Scottish Government, CNPA and CMSL, to gauge their initial views on outputs from the work to date.
- Wider consultation with stakeholders. This will include Cairngorm Advisory Group as well as other public sector bodies, particularly Historic Environment Scotland (and any others recommended, for example by Scottish Government).
- Global best practice – RSM are leading on this external review and draft case studies will be shared with the HIE Board.
- Further consultation with the HIE Board sub-group before conclusion of this first phase of work.

The culmination of this phase of work will be a shortlisted range of options for more detailed evaluation and consideration. A high-level project plan for phase 1 is attached at Appendix 4.

7. Legacy Legal Issues

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

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8. Summary and recommendation

As a result of unprecedented circumstances and unforeseen [REDACTED] challenges, it is now clear that completion of the funicular reinstatement works will not be achieved in winter 2021/22 – careful external messaging of this is essential and will be taken forward immediately after the Board meeting. It is also now confirmed that a cost increase on the funicular reinstatement project will exceed the approved budget for reinstatement works, professional fees and optimism bias allowance within the Cairngorm FBC.

The HIE Board is asked to approve:

- [REDACTED]

The Board is asked to note:

- The ongoing [REDACTED] challenges and unprecedented factors which will result in a requirement to seek additional budget approval once [REDACTED] issues are resolved, and costs known.
- The delays to the programme and proposed communications approach in relation to this.

Appendix 1

The table below shows the breakdown of what was originally approved under the FBC for 'CMSL high priority capital investments' against the latest position discussed with CMSL:

Cost Item	FBC Approval	Known costs	Allowance retained	Status
Life extending - Day lodge	360,000			Not yet approved
Building improvements / upgrades - Ptarmigan	100,000			Not yet approved
Dilapidations	600,000			Not yet approved
Adventure Play Park				Approved
Campervan Facility in Ciste Car Park				Approved
Online Ticket & Booking System				Approved
EPOS System for Retail & Catering				Approved
Ski Hire Equipment Replacement				Approved
IT Hardware Replacement				Approved
Kitchen Hardware Replacement				Approved
Access tracks				
Existing tow infrastructure	600,000			Not yet approved
Energy Efficiency audit	50,000			Approved
Electrification of snow cannons	330,000			
Groundworks	40,000			Approved
CCTV for Buildings	20,000			Removed
Garage Facilities for Kassbhorers / Cannons	330,000			
Ticket Machines & barrier	30,000			Approved

Paths	250,000	████████	████████	████████
Resurface & Draining at the Cas Car Park	400,000	████████	████████	████████
Sub Total	3,110,000	████████	████████	████████
Contingency approved		████████		████████
Contingency	510,000	████████	████████	████████
Optimism bias	730,000		████████	████████
Total	4,350,000	████████	████████	████████

The following provides further commentary on the original FBC High Priority Investments:

- **Day Lodge**

This was included to meet any major and essential repair or maintenance costs e.g., due to M&E failures. Minor repair and maintenance costs are being met through CMSL’s operating budget. Funds may still be required going forward if costs cannot be met from CMSL’s operating budget.

██

- **Ptarmigan Building upgrades/improvements**

We expect this funding line will be required to meet the costs of dealing with water ingress to the Ptarmigan building. G&S are currently scoping out the necessary works and we expect ██████████
██ The FBC did not provide for significant refurbishment, the costs of which are being handled outside of the FBC.

- **Dilapidations**

This was included as an allowance based on a review of dilapidations by Graham & Sibbald in 2018. Funding of minor dilapidations work is being met through CMSL’s operating budget but covered through Replacement Services. Funds may still be required going forward if costs cannot be met from CMSL’s operating budget. We think it is appropriate to reduce the allowance for capital spend.

- **Existing tow infrastructure**

The allowance included within the FBC was based on estimates provided by CMSL. The costs of general repairs and maintenance are being met out of CMSL’s operating budget. We think it is appropriate to reduce the allowance for capital spend.

- **Energy efficiency audit**

This has been approved. No further funding required beyond that already approved and accounted for.

- **Electrification of snow cannons**

This has been approved. [REDACTED]

- **Groundworks**

This has been approved. The project was completed in 20/21 with total spend of £24,645. No further funding required beyond that already incurred and accounted for.

- **CCTV for buildings**

CMSL no longer believe this is a priority.

- **Garage facilities for Kassbohrers**

This was included in the FBC to enable piste grooming machines and snow mobiles to be kept indoors. While there remains a strong rationale for this project, it is not essential and could potentially be pushed back or removed. This has been discussed further with CMSL.

- **Ticket machines / car park barrier**

This is approved. No further funding required beyond that already approved and accounted for.

- **Paths**

This is an ongoing cost to HIE associated with our land ownership responsibilities.

- **Cas car park**

Costs of preliminary works has been approved and accounted for. This remains a priority for CMSL. Initial cost of up to £[REDACTED] being incurred in FY 21/22 with remaining cost of c. £[REDACTED] expected to be incurred in 22/23, subject to approval.

Appendix 2

Cairngorm communications plan – August 2021 **DRAFT**

Purpose of this plan

As a result of multiple challenges and unforeseen [REDACTED] challenges, it is now clear that completion of the funicular reinstatement works will not be achieved in winter 2021/22 – careful external messaging of this is essential and will be taken forward immediately after the Board meeting.

This plan sets out messaging and an approach to communications that aims to maximise openness and transparency by informing Cairngorm stakeholders in a timely and coordinated fashion and anticipating questions that will arise.

It is structured as follows:

1. Messages
2. Stakeholders
3. Actions and timeline
4. Q and A

1 Messages

These key messages will be used in our public statements, including communications with partners and stakeholders, news release, website and social media, briefing to Scottish Government, and evidence to the Scottish Parliament economy committee (meeting in September).

- Reinstatement of the funicular railway service for visitors to Cairngorm Mountain is being rescheduled to summer / autumn 2022.
- The funicular service will therefore not be available for skiing this coming winter, as had been hoped.
- The current engineering programme to strengthen the viaduct structure is complex and has been impacted by multiple challenges, making it necessary to continue works into next year.
- Some of these challenges have been:
 - impacts of the Covid pandemic, including delaying site visits by designers;
 - national shortages of construction materials that required time to solve;
 - extreme weather impeding progress (particularly in spring 2021);
 - finalising [REDACTED] elements, and
 - difficulty of strengthening an existing structure, rather than building a new one.
- HIE contractors Balfour Beatty have been working on-site since April 2021 (following preparatory works in November 2020) and HIE is very pleased with their progress.
- HIE had been aiming for the majority of works to be completed by November 2021, enabling services potentially to resume the following February, following inspections and certification.
- That was always an ambitious timescale for such a complex engineering project in a highly challenging environment, and external factors including the pandemic created greater uncertainty.

- HIE is working with contractors on the details of a revised programme of works and seeking to minimise any budget impact.
- CMSL will continue to welcome visitors throughout winter, with ski lift access available for up to c1,000 skiers and snowboarders each day.
- Once these works are completed, CMSL and the funicular will again be a premier Scottish mountain resort, attracting thousands of visitors throughout the year and generating significant benefits for the local community and economy.

2 Stakeholders

The following key stakeholders will be contacted pro-actively by HIE:

- Scottish Government sponsor team
- Cabinet Secretary Kate Forbes and Minister Ivan McKee
- CMSL
- Balfour Beatty (communications team as well as on-site)
- Audit Scotland
- Section 50 signatories and CNPA
- Constituency MSP (Kate Forbes)
- Constituency MP Drew Hendry
- Neighbouring MSP and former Cabinet Secretary (Fergus Ewing)
- Cairngorm Advisory Group members
- Cairngorm stakeholders (wider list held by HIE for updates)
- Media – local, regional, national and specialist (engineering and skiing)

3 Actions and timeline

Wed 18 August	<ul style="list-style-type: none"> • Advise SG sponsor team, who will update Cabinet Secretary and Minister
Fri 20 August	<ul style="list-style-type: none"> • Draft news release • Prepare Q & A
Mon 23 August	<ul style="list-style-type: none"> • Pre-record interviews for media • HIE sign off for news release and Q and A • Share news release and Q and A with SG for info and comment
Tue 24 August	<ul style="list-style-type: none"> • HIE Board discussion and decision • Inform CMSL interim chief executive and board • Update Audit Scotland (could be Wed morning, depending on diaries)
Wed 25 August	<ul style="list-style-type: none"> • Issue news release by email to S50 partners, CAG and wider stakeholders

	<ul style="list-style-type: none"> • Issue news release to media • Post info on HIE website and social channels • Respond to media enquiries and interview requests • Confirm news verbally with Cairngorm Advisory Group at regular meeting on MS Teams
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4 Q & A

What impact will delay have on CMSL and the local economy?

Cairngorm Mountain will be open for snowsports again this winter, weather permitting. It is disappointing that the absence of the funicular will mean fewer visitors will be able to access the slopes. However, this is a temporary setback before the funicular will be fully reinstated in 2022 and again help to boost the local economy, where tourism is so important.

How sure are you that you'll be able to get the train running again next year?

The revised timeline is a lot more manageable and less subject to risk than before. We're confident it will be achieved.

Will this delay add to the costs of the project?

Budget and timescale are always linked, so it is inevitable that there will be a cost impact. HIE will be working to minimise and manage the scale of the increase.

If so, how much extra money is needed?

At this stage, it isn't possible to state a figure with any degree of accuracy. There are several different costs that need to be reviewed and negotiated.

You must have some idea of costs – can you at least say whether it's closer to £1m or £10m?

Any figure just now could only be speculative and potentially misleading. As soon as we have clarity on the impact, we will be pro-active in sharing the information.

Where will the additional money come from?

The first step is to review the potential for flexibility within the full business case, which included the funicular reinstatement as its largest single element. The need for further funding is being assessed and sourcing will be decided once we know how much will be required. HIE receives the majority of its funding from the Scottish Government, and we will need to discuss the implications with them.

What's your response to people who will say more cash for Cairngorm must come at the expense of other parts of the region?

HIE is committed to supporting economic development in every part of our region. We will do everything possible to manage the impact of the funicular delay, including looking at budget timescales, to ensure there will be no appreciable impact on our ability to continue to invest across the Highlands and Islands.

When did HIE first know that the reopening would need to be delayed?

We have, of course, been mindful of the challenges throughout the course of the project. However, it is only in the last week that delay has become inevitable.

Shouldn't you have anticipated these challenges, such as extreme weather at Cairngorm?

Challenges were anticipated and factored into the programme. The need to postpone reinstatement is the result of a combination of different factors, including some, like the pandemic and national materials shortages, that are beyond anyone's control.

Appendix 3

Area of Performance	Indicator of Success	Progress and Evidence of Performance
Operational		
Improved profitability of operating company	Operating losses reduced across the business whilst maintaining excellent levels of customer service.	A chef retired in March 2021; a Front of House operator and shop assistant left last year - none of these posts have been filled. ██████████ These decisions are impacting positively on operational efficiencies.
Minimise carbon impact associated with operation of the business	Reduce the carbon impact associated with operating the business plan through identifying and introducing new measures/initiatives.	Energy Efficiency projects of up to c. £50k are being delivered in-year in the Day Lodge and Base Station.
Delivery of priority capital investments	Successful delivery of all capital investments approved by HIE within time and budget, with any variances agreed in advance with HIE.	Priority capital investments approved by HIE in-year - a copy of the tracking for each project is attached. We await a decision from HIE on the business case for funding the refurbishment of the Ptarmigan building, to coincide with the Funicular reinstatement.
Effective monitoring of visitor numbers	To provide HIE with regular (minimum annual) reporting in relation to the following: annual skier days, number of other visitors (summer and winter), number of by new groups/users (when online ticketing enables this), number of users of any new attractions, visitor country of residence.	We will report on skier days for winter snow sports 2021/22. Tubing numbers can be provided monthly. Funicular numbers will be reported monthly when it is reinstated. There is no current way of recording numbers of new groups/users.
Maintenance of buildings, plant and equipment (e.g. piste grooming, ski tows, snow making) to appropriate standards, ensuring compliance with all statutory/insurance/warranty requirements	Risk based maintenance plan in place with evidence of implementation	CMSL operates a electronic maintenance programme for winter and summer work. HIE has access to this data and all information can be shared with HIE if required. Regular interaction is undertaken between the CMSL Head of Technical Operations and HIE's Property Team.
Funicular Reinstatement		
Contribute to HIE workstreams in relation to the funicular	Collaborative working to support the strengthening works project and ensure contractor and CMSL operating needs supported.	CMSL has been proactive with HIE since the inception of the Funicular reinstatement concept. We have weekly communication meetings with Balfour Beatty. CMSL has produced its own 'Interface Management Plan' to outline roles and responsibilities.
Testing and recommissioning of funicular	Lead on all testing and recommissioning activity with advice from Sequs relative to the Safety Case for DfT and in collaboration with HIE and Funicular Project Team for the interface with the funicular re-instatement project.	CMSL technical and engineering staff have been engaged with the HIE Property Team for some time on this subject matter. Sequs are H&S consultants to CMSL and we work well together in this critical area.
Strategic		
Effective participation and demonstrate leadership in local, national and sector forums	Participate in key local and national forums/organisations (e.g. FRG, Cairngorm Business Partnership, Visitor Management Plan meetings, sectoral) representing CMSL and its wider economic role as a subsidiary of HIE. To include engagement on COVID related issues, including recovery plans.	Significant engagement with local and regional stakeholders, ongoing since I commenced this secondment in CMSL. Positive interaction with CNPA and CBP re COVID-pandemic and pragmatic solutions for the management of visitors in the area. Good interaction with Snowsport Scotland. Regular contact with HC and CBP. Taking part in the inaugural meeting of the Cairngorm Advisory Group.
Work with HIE on delivery of outcomes of masterplan process	Support development of Business cases, including options assessment and sharing of expertise, for investments resulting from masterplan.	CMSL has maintained engagement with HIE on the Masterplan, from concept through to final implementation. We await the Masterplan to be formally launched.
Governance		
Ongoing and routine engagement with parent company	Updating parent company on key stakeholder engagement and any issues which may arise.	As ICEO, my guiding principles are: no surprises, effective communication and robust financial control. We have regular engagement with HIE on all matters affecting the operating company.
Reporting under Operating Agreement	Monthly financial and performance management reporting by 21st of each month	CMSL provide HIE with monthly management accounts and regular cash flow projections. We also provide financial information when looking to draw down working capital from HIE.
H&S – reporting of incidents/accidents/near misses	General reporting monthly Serious accidents/incidents notified to HIE within 24 hours	A monthly H&S update paper is provided to the CMSL Board and shared with HIE. Any incidents are informed immediately to HIE. One complaint was issued to HSE in early 2021 and this was closed out by HSE in April 2021.
Meet all legal, regulatory, procurement requirements	Support HIE internal audit process to evidence compliance	ICEO has regular engagement with HIE Internal Audit on a wide range of Governance matters.
Support HIE in assessment of operating and governance models options appraisal	Share insights and expertise to support appraisal process.	We await HIE asking for our engagement in this area.

Appendix 4

Operating and Governance Review – Project Plan

Delivery of the operating and governance review for Cairngorm will be undertaken in two phases:

- Phase 1: review long list of options for ownership and operating models, taking into account global best practice and lessons learnt.
- Phase 2: detailed consideration of a short-listed range of options to conclude with a recommended approach.

Critical to both stages will be consultation with a wide range of stakeholders across the public and private sectors. We can expect a wide range of views to be expressed. It is important that we handle consultation sensitively and carefully. This plan focuses on delivery of the first phase of this project.

Activity	Timing
HIE perspective	
Lessons learned workshops <ul style="list-style-type: none"> - HIE CEO - Key ex-HIE staff 	21 July 21 20 August 21
Advantages/disadvantages of long list operating model options <ul style="list-style-type: none"> - Workshop with HIE staff 	1 Sept 21
Scottish Public Sector Perspective	
Lessons Learned discussions with key public sector bodies: <ul style="list-style-type: none"> • Scottish Government – National Infrastructure Co. lead • Historic Environment Scotland • Highland Council (particular reference to HighLife Highland) 	Sept 21
Global Best Practice	
Case studies (prepared by RSM): <ul style="list-style-type: none"> • Edinburgh Castle – in-house management by public body. Public ownership • Munda Biddi Trail, Australia – public/community partnership. Public ownership • Are Mountain Resort, Sweden – public/private partnership. Public ownership. • Antelope Butte Mountain Recreation Area, USA – outsourced to community group with employed staff. Public ownership 	August 21
Consultation	
Individual consultation on early findings: <ul style="list-style-type: none"> • CMSL • CNPA • Scottish Government • Cairngorm Business Partnership • Others as recommended 	October 21
HIE Board sub-group – review of progress	November 21
Wider stakeholder consultation through Cairngorm Advisory Group	August 21 and November 21
Results of Phase 1	
Phase 1 concludes. Stakeholder communications to be agreed.	December 21