



Mineral Products Association

AMPS 2017

6th Annual Mineral Planning Survey Report

EXECUTIVE SUMMARY

The 6th Annual Mineral Planning Survey, AMPS 2017, has been produced against the backdrop of a further increase in demand for aggregates during 2016, with crushed rock sales being more than double that of sand and gravel sales across Great Britain.

Demand for sand and gravel continues to outstrip the amount of new reserves being permitted, with the 10-year average replenishment rate for land won sand and gravel remaining low at 60%. During 2016, newly consented sand and gravel reserves only represented 20% of annual sales. In the case of crushed rock, whilst the 10-year average replenishment rate remains above 100%, the new reserves permitted in 2016 were less than the annual sales for the fourth consecutive year. This signals that the long-term reserve base upon which the aggregates sector is so dependant continues to remain under pressure. The number of applications for new mineral submitted by the industry remains comparatively low. Lack

of plan coverage, which creates investment uncertainty, the continuing impact of the recession and the cumulative costs of obtaining permissions and permits are likely to be contributory factors.

Further evidence of the long-term stress that is being placed on these important mineral reserves can be found in the latest British Geological Survey Aggregate Monitoring survey for England and Wales (AM14) which shows that total land won aggregate reserves have reduced by 44% over the period 2001 to 2014.

On a 10 year average the time taken to determine a mineral planning application (excluding pre-application discussion) is 17

months for sand and gravel and 16.2 months for crushed rock. Including pre-application discussions, the time extends to 31 and 30 months respectively, although the overall time taken in application preparation through to implementing a consent can be significantly longer. **Typically, it takes between 5 to 15 years to convert sites from exploration into active operational sites.**

There is a clear desire from local authorities and from industry that the National Guidelines identifying the quantum of minerals required to meet future demand need to be updated and applied to support the Managed Aggregate Supply System (MASS). The absence of a top-down approach results in inconsistencies and tensions between mineral planning authorities and AWP's, which in turn creates uncertainty for industry in committing to long term developments.

THE KEY FINDINGS OF THE REPORT ARE:

■ **Sales** – total sales of land-won sand and gravel and crushed rock by MPA members in GB increased by 2.5% and 5.3% respectively in 2016, reflecting continued growth in overall construction and economic activity.

■ **Replenishment of sand and gravel reserves** – only 20% of sales in 2016 were replenished through new permissions. The rolling 10-year average for the replenishment of land-won sand and gravel reserves remains low at 60%, indicating that sales continue to outstrip the amount of new reserves permitted.

■ **Replenishment of crushed rock reserves** – the 10-year average for replenishment of crushed rock reserves was 117% in 2016, unchanged from the previous year. However, for the fourth consecutive year, the annual replenishment of new reserves of crushed rock has been less than the annual sales. Only 6% of 2016 sales were replaced by new crushed rock consents. New reserves in recent years are dominated by three major consents that also illustrate the geographic concentration of rock resources in the Midlands, South West and Scotland. Next

year will see the significant influence of the Scottish reserves consented in 2007 drop out of the 10-year average.

■ **Numbers of planning applications** – there has been a decrease in submissions for sand and gravel in 2016 (13 sites) compared to 2015 (20 sites), the majority being for extensions at existing operations. The number of crushed rock applications increased (5 compared to 4 in 2015). A further 23 (49 in 2015) applications were made for time extensions, 573 applications and similar matters to maintain existing operations.

■ **Appeals** – as with the previous 2 years members have indicated that no appeals were lodged or determined in 2016.

■ **Numbers of planning decisions** – the number of determinations for mineral applications continue to be relatively low (a total of 9 approvals and 2 refusals, across both sand and gravel and crushed rock sites) compared to the heights of 2008/09 (30+ sites), and a reduction of 9 on the previous year.

■ **Time taken to obtain permission** – it takes 30 and 31 months respectively to secure permission for both sand

and gravel and crushed rock reserves, based on a 10-year average. The data for 2016 suggests that sand and gravel determinations took 14 months less than for applications determined in 2015. The sand and gravel data also show that the time to issue consents post-committee determination has increased, perhaps a partial reflection of decreasing local planning authority resources and increasing complexity and information requirements.

■ **Numbers of Core Strategies/ Development Plans adopted** – The 2004 Planning and Compulsory Purchase Act required that full plan coverage be in place within 3 years. However, to the start of September 2017 87 out of 118 (73.7%) English Local Planning Authorities had an adopted Core Strategy/Local Plan, with 21 out of 25 (84%) Welsh Local Authorities having an adopted Local Development Plan.

■ **Plan Allocations** – Over the past 10 years, 48% of new permissions issued were for sites that had not been allocated in mineral plans. In 2016 the figure was 44%.

INTRODUCTION

AMPS 2017 is the latest in a series of annual reports produced by the Mineral Products Association (MPA), based upon a survey of the planning activities of the membership across Great Britain in 2016. MPA members are responsible for 100% of UK cement production, 90% of GB aggregates production, 95% of asphalt and over 70% of ready-mixed concrete and precast concrete production. It also represents other essential primary materials such as industrial sand, lime, and dimension stone.

The objective of the AMPS survey is to update and report annual statistics that are relevant to the mineral planning processes within Great Britain. These processes support

the delivery of the permitted reserves which ultimately sustain the minerals industry and those activities that rely on it, primarily construction and manufacturing. Attention is drawn to other reports produced by the MPA which evidence the Sustainable Development performance of the industry, the contribution it makes to the UK Economy, and other industry achievements in relation to quarry restoration and biodiversity.

Most of the data relate only to construction aggregates, which represent by far the largest element of mineral extraction activity in Great Britain. The planning application statistics relate to all planning applications submitted by MPA members and include

data for aggregates and other minerals (soft sand, high PSV and industrial materials such as cement, clay, dimension stone and silica sand).

Each figure sets out the scope of the information that is presented and the variations between the topics reflect the historical data that can be drawn upon. This is principally because the AMPS report is continually evolving in response to comments received. Consequently, some data has only been collected relatively recently, whilst other data goes back to the 1990s. The overall objective is to produce a document that is useful to all those involved in planning for minerals, primarily aggregates.



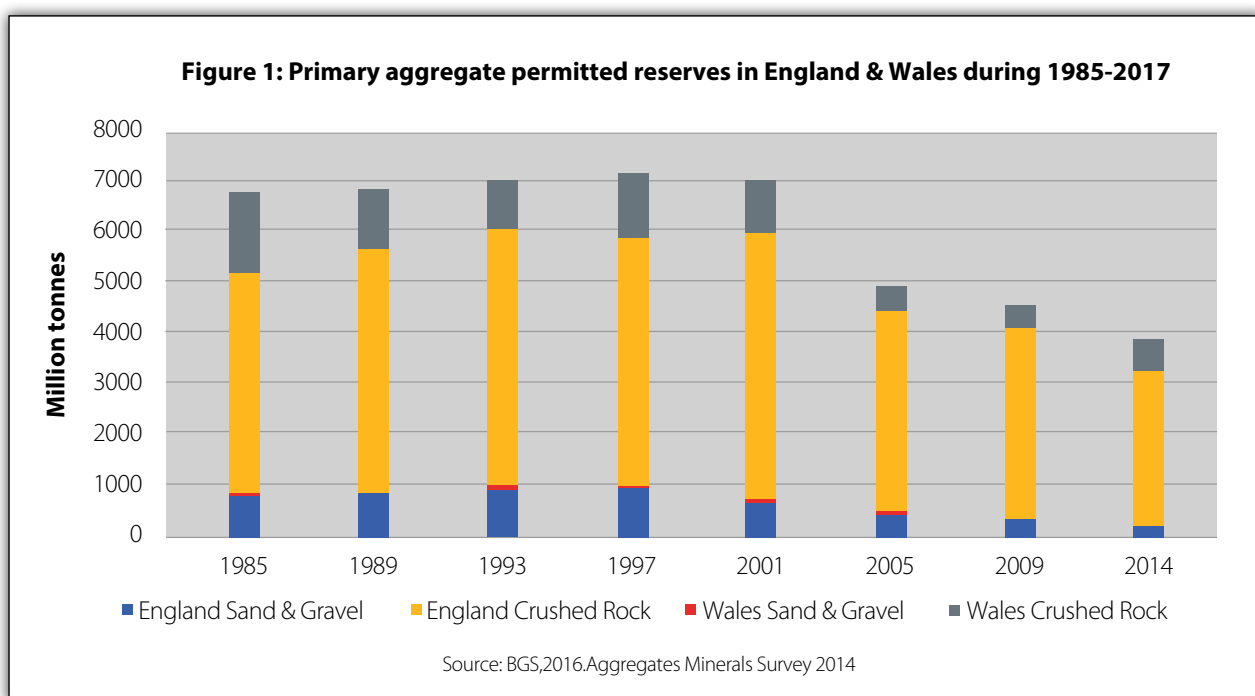
THE FUTURE OF MINERAL PLANNING AND THE MANAGED AGGREGATE SUPPLY SYSTEM (MASS)

The MPA's 'Long term aggregates demand & supply scenarios, 2016-2030' indicates that a cumulative total of between 3.2 to 3.8 billion tonnes of construction aggregates are likely to be required by 2030 to support economic growth and development across Great Britain. To secure the supply of these materials will require active management to

ensure the right resources are made available in the right place and at the right time.

Alongside previous AMPS reports, the latest survey confirms the continued under replenishment of reserves in 2016 for both land-won sand and gravel and for crushed rock. The latest data presented in the

Aggregates Monitoring Survey 2014 (AM14), undertaken by the British Geological Survey on behalf of DCLG and Welsh Government, suggest that this forms part of a longer-term decline, with a 44% reduction in all aggregate reserves in England and Wales over the period 2001 to 2014 and a 20% reduction since 2005 (see Figure 1).

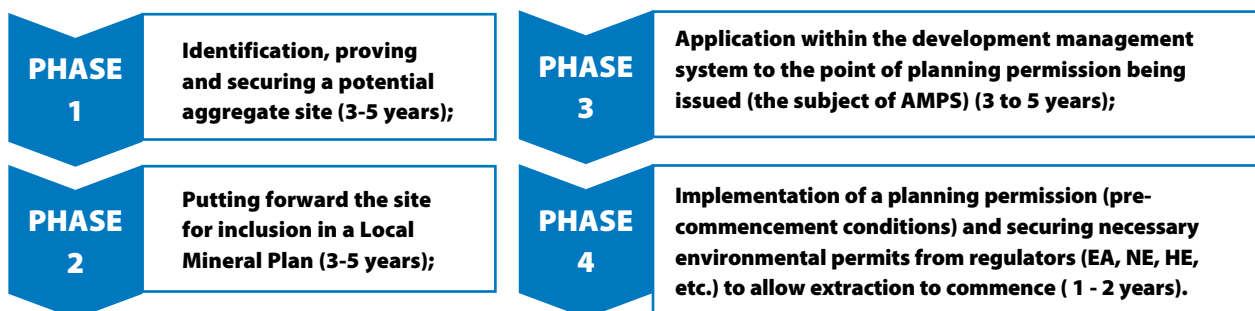


The significance of this decline in reserves is brought into sharp focus when the wider, multi-phase development process that is required to bring a new aggregate extraction site into operation is taken into account (see

Figure 2). AMPS only considers the third phase of the wider development process, however, the process as a whole, from site assessment to delivery will typically take between 5 and 15 years to complete; with

a complex combination of commercial, planning and regulatory issues having to be successfully addressed. This represents a similar time frame to the period over which a 44% reduction in reserves has been observed.

Figure 2: Site Development Process



Aggregates have long been recognised as essential materials for our way of life and shortages in the 1970s resulted in the 1976 Royal Commission 'Aggregates – The Way Ahead' (The Verney Report). The report's findings created the foundation of a mineral planning system that has endured effectively for the last 40 years. The

underlying principle of an 'adequate and steady supply' of aggregates for construction and the economy has underpinned the mineral planning system ever since through the development of MASS which historically has been a top down 'predict and provide' system, apportioning future supply requirements identified by National

Guidelines. However, the continued under replenishment of reserves reported in AMPS reports indicates that this system is currently under strain. As a consequence, a combination of factors, some being internal to mineral operators and others external, means that fewer applications appear to be being brought forward.

EXTERNAL FACTORS

- There is a reducing profile of mineral planning in central government (capacity and expertise), which coincides with a 44% reduction in all aggregate reserves in the period 2001 to 2014
- MASS recognises the need for aggregates provision to be planned, monitored and managed. This historically was a top down 'predict and provide' system, apportioning supply through National Guidelines. Aggregates Working Parties (AWPs) have historically ensured, through the application of the National Guidelines, that inter-regional flows maintain a key role in ensuring a steady

and adequate supply around the country. However, with the National Guidelines out of date the former top down approach has made way for a more 'bottom up' approach relying on 'Local Aggregate Assessments (LAAs)' based on historic levels of activity.

- Evidence and data are required to inform the preparation of sound plans which allocate sites for future extraction based on future estimates of need. Those numbers have historically been derived from the AMRI surveys, recently discontinued by ONS, and the AWPs who are now wholly dependent upon

information presented in LAAs. The LAAs are backward looking as mineral planning authorities and AWPs are not equipped to properly consider future demand and coordinate supply between areas

- AWPs provide a critical role in coordinating the delivery of MASS, but have no long-term certainty which reduces their effectiveness. Funding is uncertain, as is the 4 yearly 'Aggregate Minerals Survey for England & Wales' undertaken by the British Geological Survey.

INTERNAL FACTORS

- In general, identifying and securing access to workable sand and gravel resources is becoming more difficult.
- A lack of full Mineral Local Plan (MLP) coverage drives increased business risk and a lack of confidence to invest, particularly given the underlying economic uncertainties that exist.
- A lack of adopted MLPs delays dates in option contracts for applications to be submitted by operators.

- The regulatory complexity means that lead-in times for preparing applications are growing.
- On land tenure, there is a shift away from freehold towards leasehold. Consequently, getting landlord consent to a scheme can often be more difficult than getting the planning permission itself.
- On land use aspirations, land owners are increasingly looking for higher value

development rather than minerals. Consequently, there is a reluctance to put land forward to MLPs.

- Economically, landowner revenue is not deemed sufficient from mineral working.
- Changing corporate behaviours, influenced by the underlying economic climate, have resulted in a shift towards shorter term planning horizons.

POTENTIAL OUTCOME

Constraints on future supply are already emerging locally, with construction aggregates having to travel further to fill gaps in demand, and these constraints are likely to increase especially with current ambitious Government policy priorities for housing and infrastructure. There is a clear desire from local authorities and from industry that the National Guidelines that identify the minerals required to meet future demand need to be urgently updated and applied.

The absence of a top-down approach creates inconsistencies and, in turn, tensions between mineral planning authorities and AWP's, hence the need for centrally provided demand estimates through

National Guidelines. The declining influence of effective central government control also creates uncertainty for industry in committing to long term developments. This is ironic and perverse given recent Government proposals resulting from the Housing White Paper acknowledge the need for a sound and consistent evidence base alongside mechanisms to quantify future housing needs to support the timely and effective delivery of local planning processes for housing.

These growing tensions are evidenced by the delay and even withdrawal of some local mineral plans after several years of development. In one case, this was just

prior to it going through Examination due to political concerns around overprovision, because of data presented in the latest LAA, which is backward looking over a recessionary period. These delays are costly to both the local tax payer and to industry, and create further doubt and uncertainty around the Plan led system. With up to date National Guidelines there would be a clear and consistent starting point from which to deliver the steady and adequate supply of aggregates that are required to support long term economic growth and development, as recognised by the National Planning Policy Framework.

WHAT IS NEEDED

The basic premise of 'plan, monitor and manage' remains valid and is best overseen and coordinated by DCLG given the national characteristics of both the minerals that are being produced and the construction sector that is being supplied. Reliance on a historical and localist approach to deliver in isolation, inevitably risks fragmenting the once solid foundation of resources, reserves and landbanks which in turn influence business investment decisions and impacts upon

the cost-effective delivery of housing and infrastructure. In order to ensure the mineral sectors ability to support the sustainable delivery of these key Government policy areas, there is an urgent requirement to revitalise MASS by providing:

- Long-term certainty to allow the AWP's to deliver;
- Long-term commitment to data collection (AMRI/AM);

- Long-term forecasts of future needs, that will allow future demand to be considered consistently across all mineral planning authorities – both baseline growth and to support priority policy areas (housing and infrastructure);
- Top down leadership by central Government to provide direction and consistency of approach.

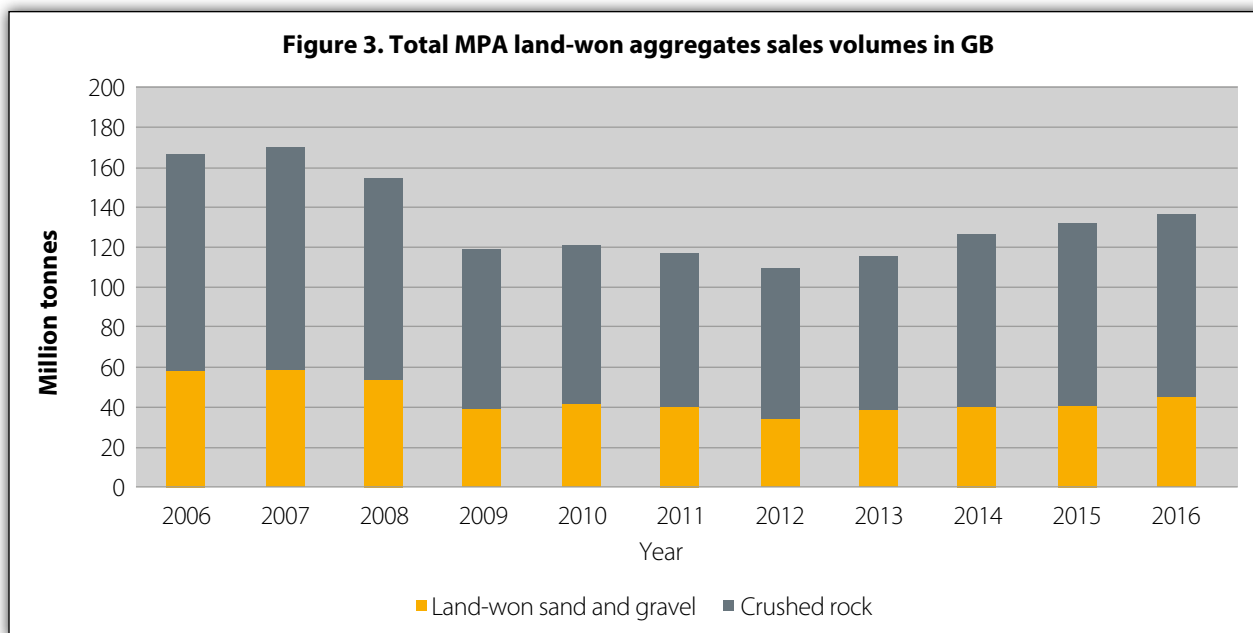




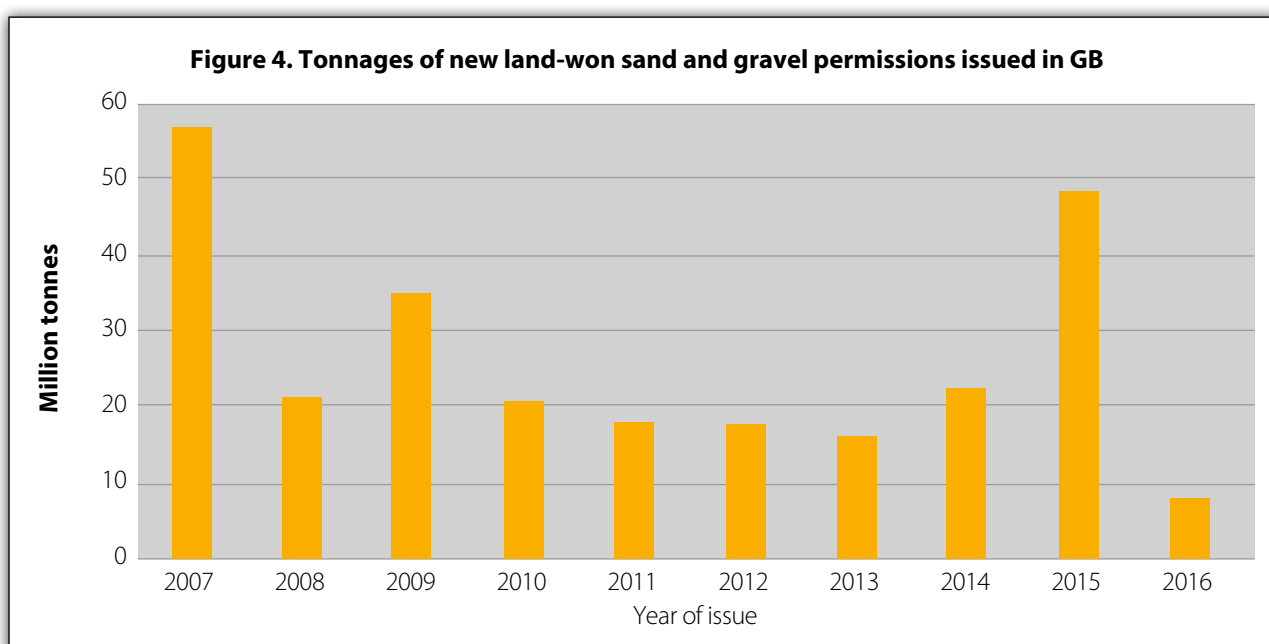
SECTION ONE – AGGREGATE SALES AND REPLENISHMENT

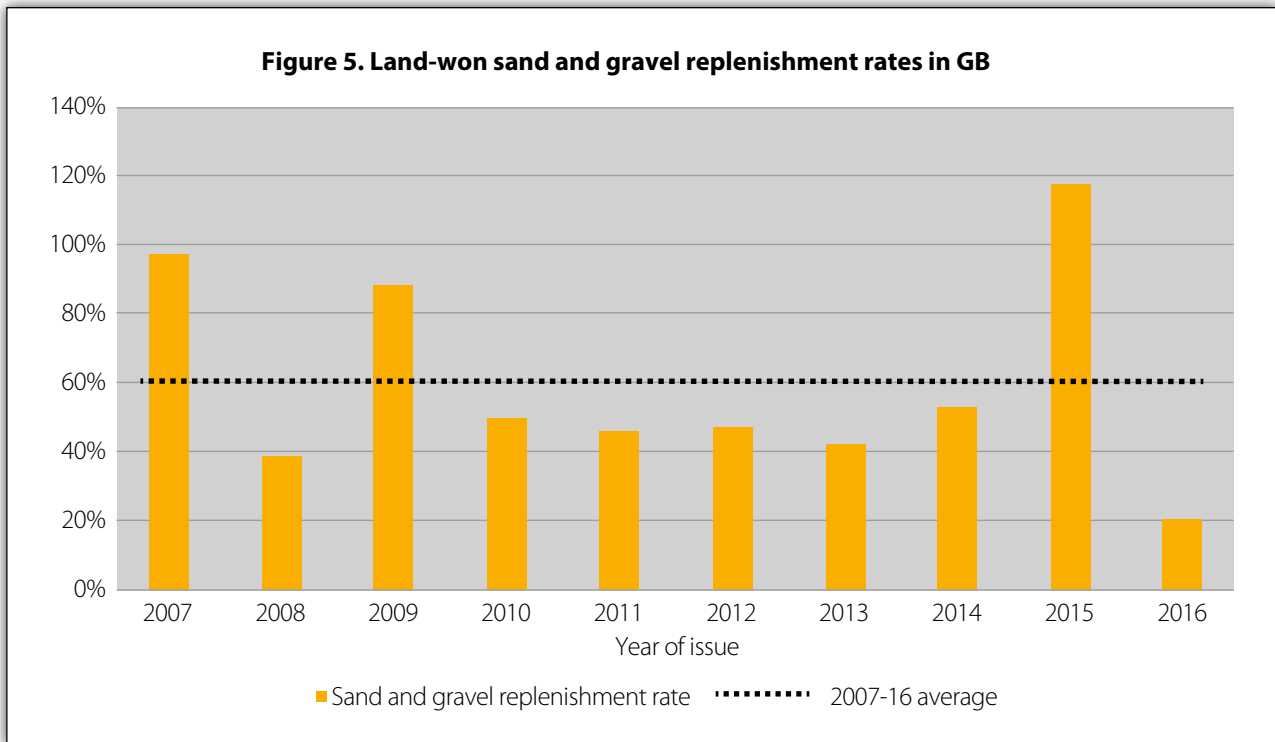
1.1 SALES

- Figure 3 has been derived from sales data provided by MPA members, which typically represents 90% of the total GB primary aggregates market. It shows that primary aggregates sales continue to increase towards 2007, pre-recession, levels with crushed rock aggregates recovering more rapidly than sand and gravel. During 2016, land-won sand and gravel sales (42,381,000 Mt) were 2.5% higher than the previous year, while crushed rock sales (94,720,000 Mt) were 5.3% higher.

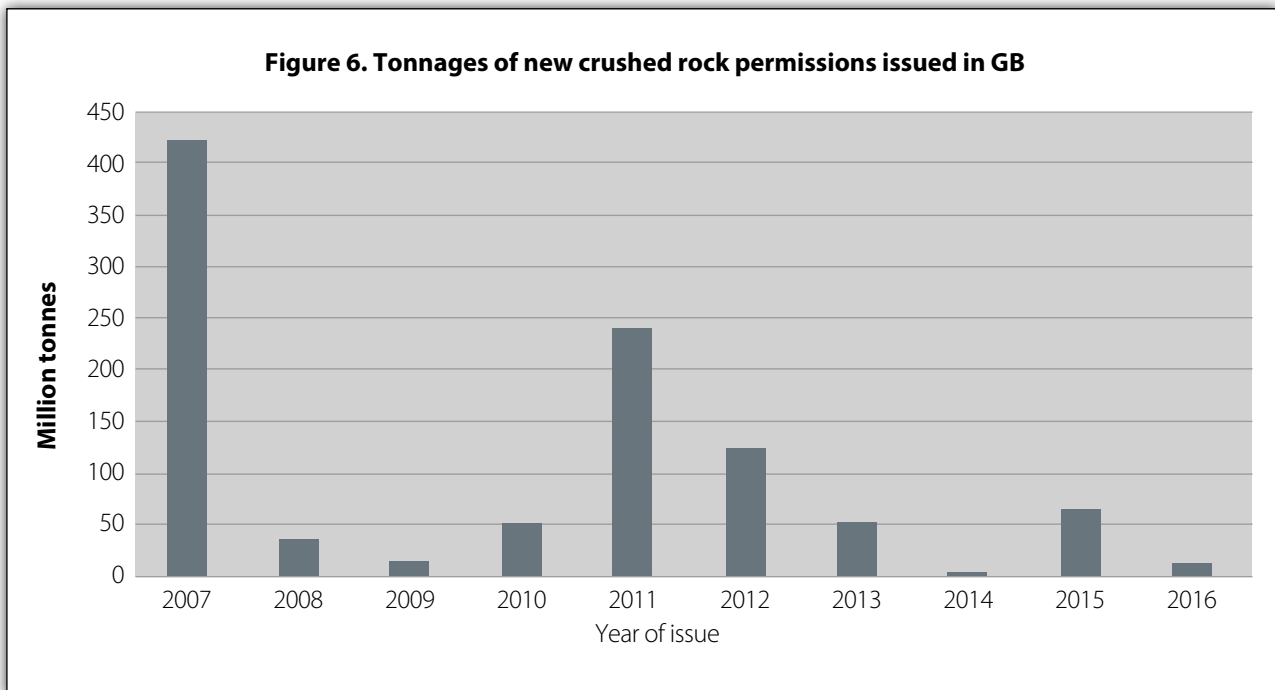


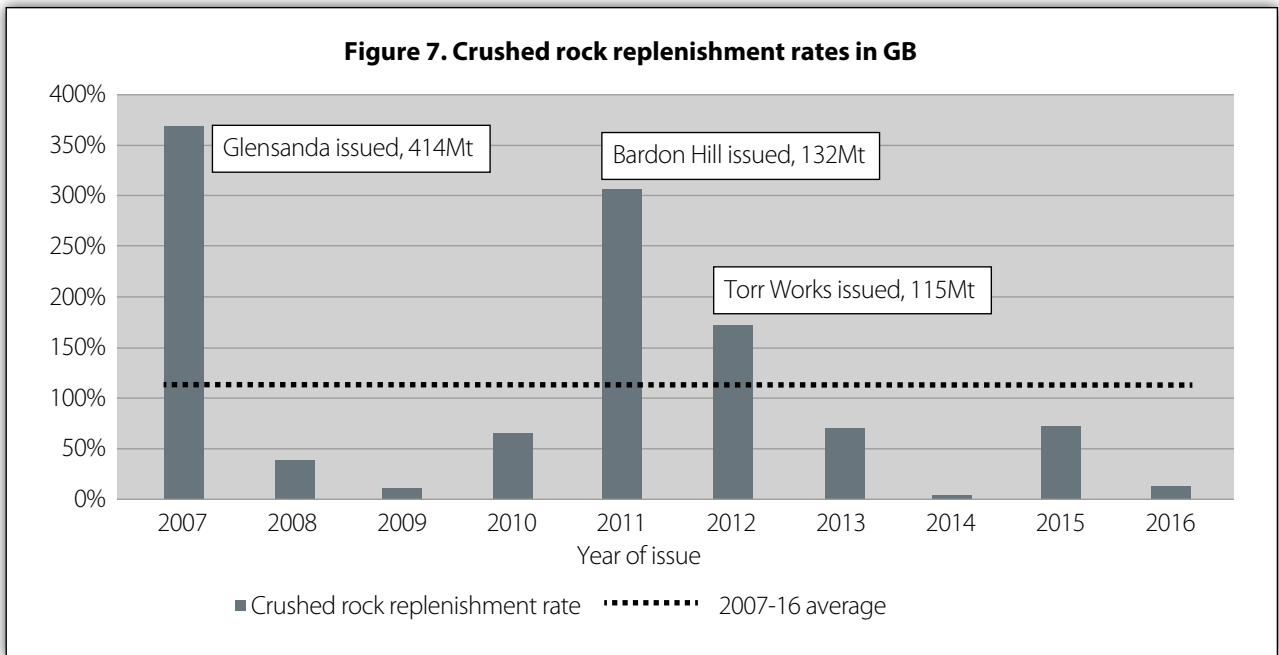
- During 2016, only 20% of the land-won sand and gravel tonnage sold was replaced by new permitted reserves, compared with 117% in 2015 (see Figure 4).





■ Crushed rock saw new reserves equivalent to 5.6 million tonnes in 2016, only 6% of total annual sales (see Figure 6).



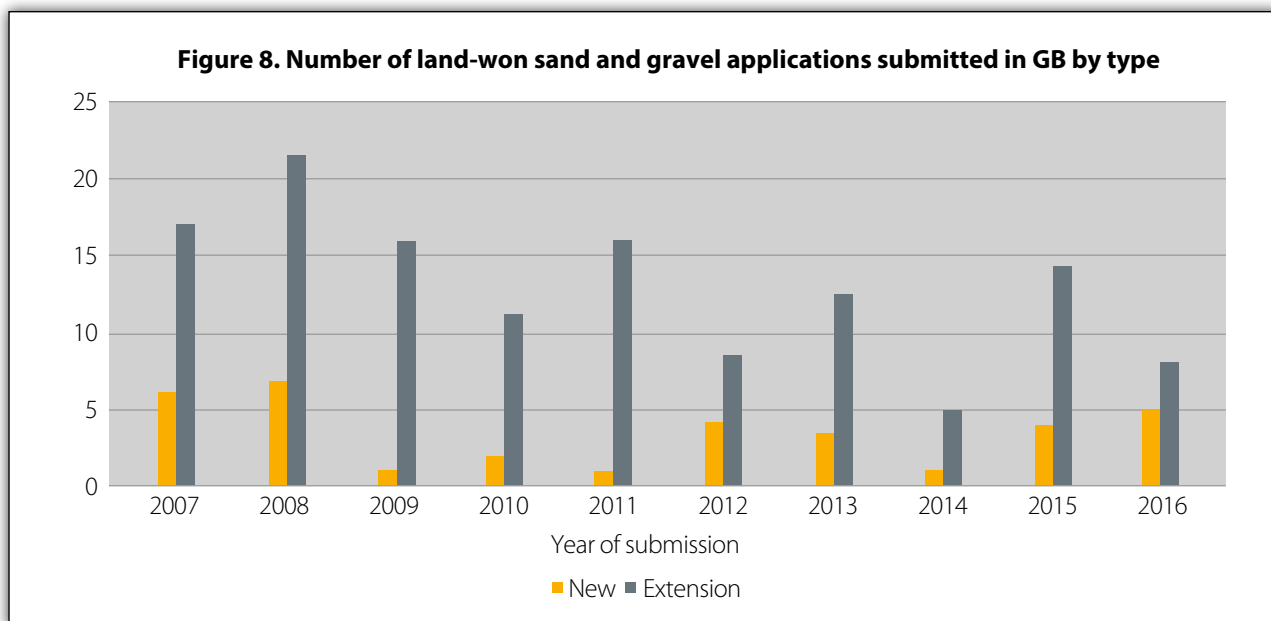




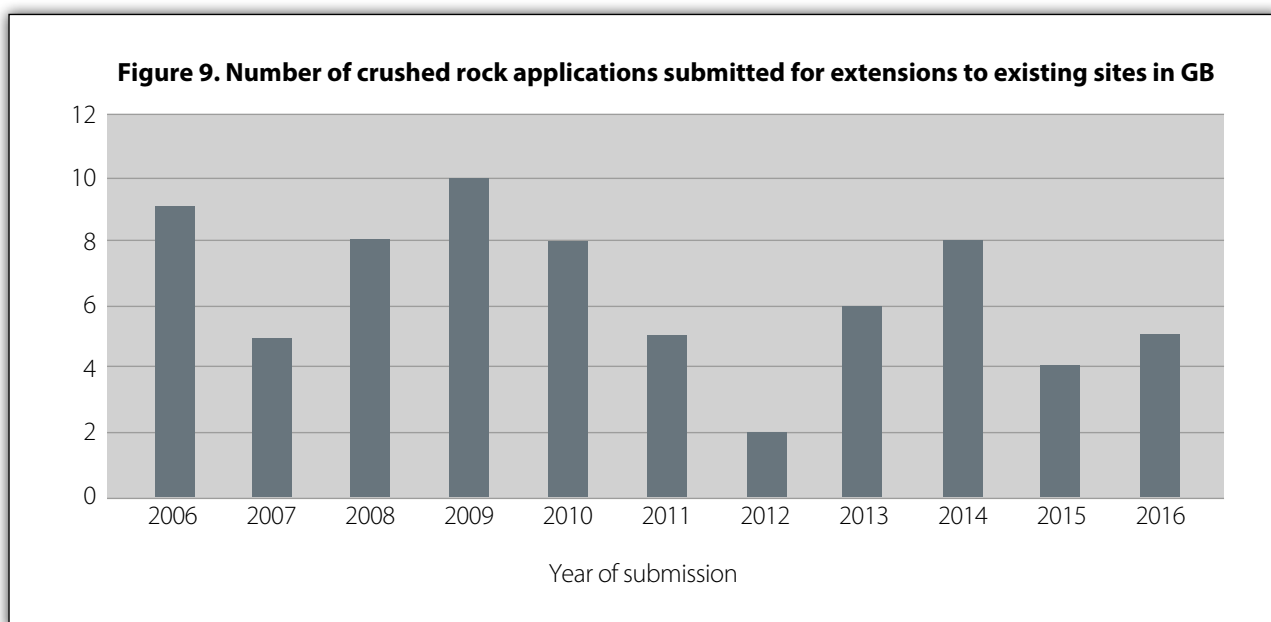
SECTION TWO – PLANNING ACTIVITY

2.1 NUMBER OF APPLICATIONS

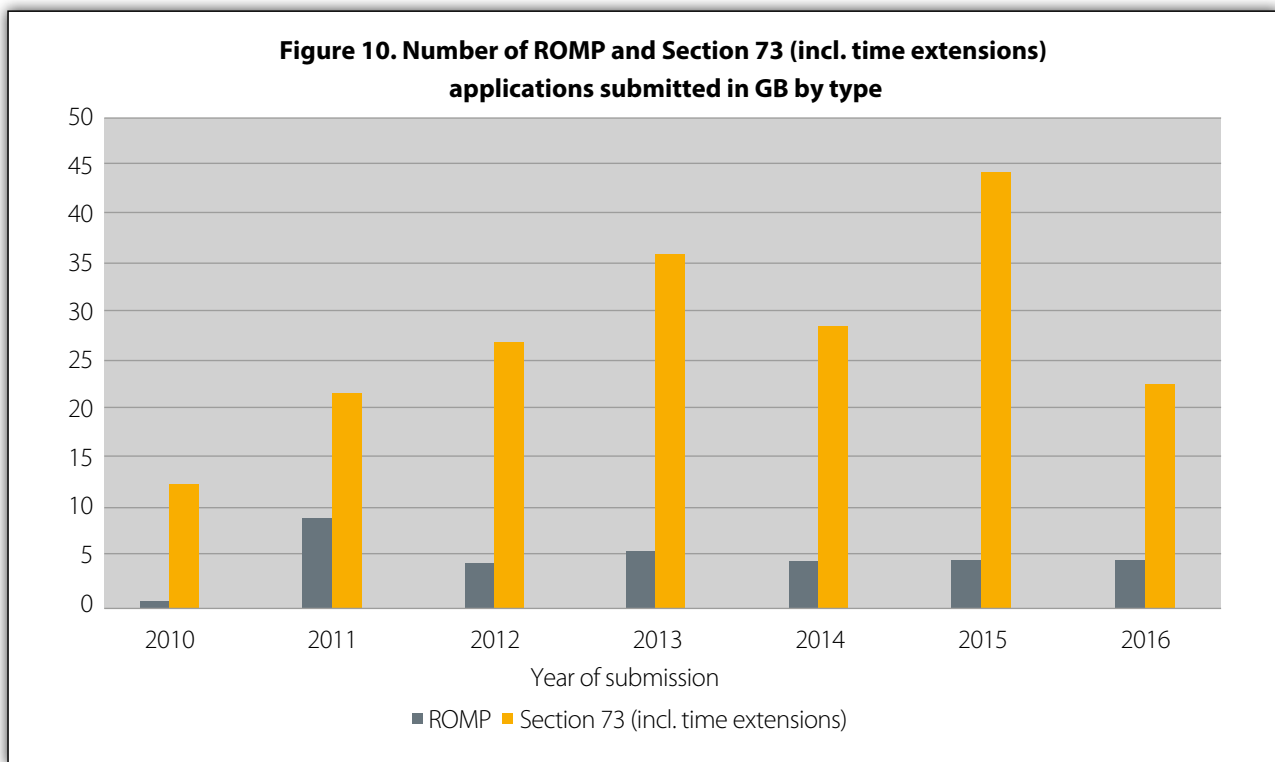
- 5 applications for new sand and gravel sites were submitted in 2016, compared to 4 in 2015. 8 applications were made for extensions to existing quarries compared to 16 the previous year. By contrast, 2014 saw only 1 application for a new site and 5 extensions being submitted, which represented an all-time low in industry submissions. This gradual increase in the number of submissions comes at a time of general recovery in general economic and construction activity.



- There were 5 crushed rock extension applications submitted in 2016 compared to 5 in 2015. There were no applications for new sites.



■ Figure 10 shows the number of Review of Old Mineral Permissions (ROMP) submissions and Section 73 (Section 42 in Scotland) applications that have been made each year. Although the total for 2016 was 23, reduced from 49 in 2015, it is noted that 14 of those were for the extension of an existing permission term (13 in 2015). This reflects the ongoing impact of the recession, where sites have been operating at reduced levels of output and /or mothballing.



2.2 NUMBER OF APPEALS

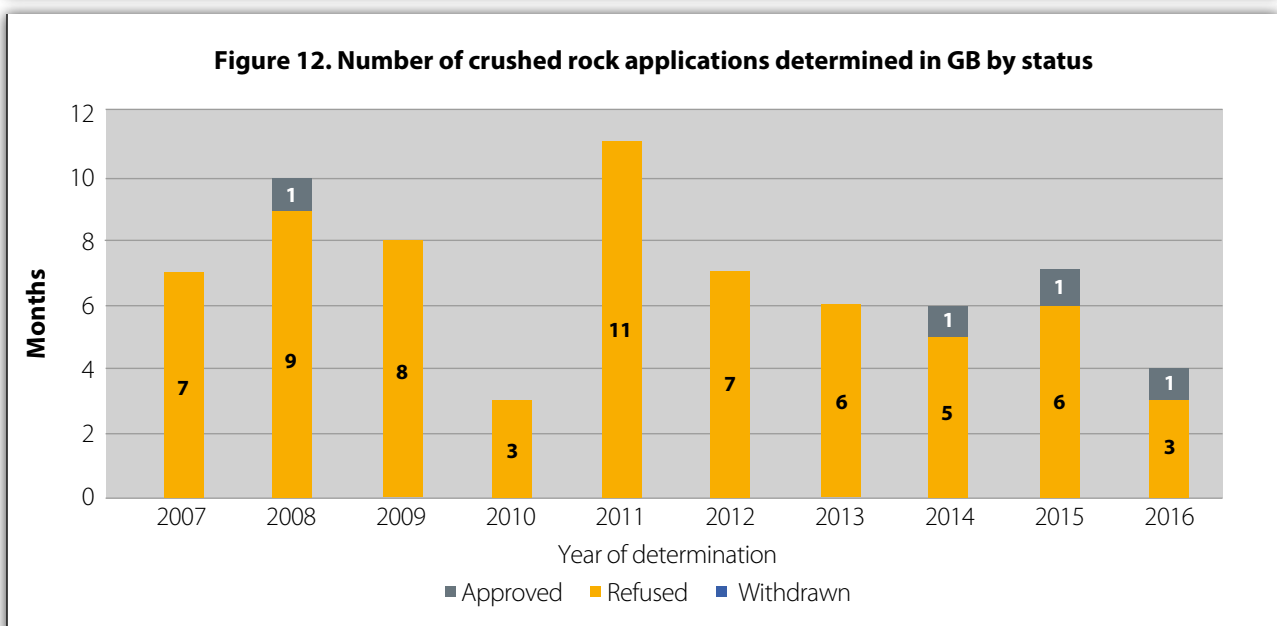
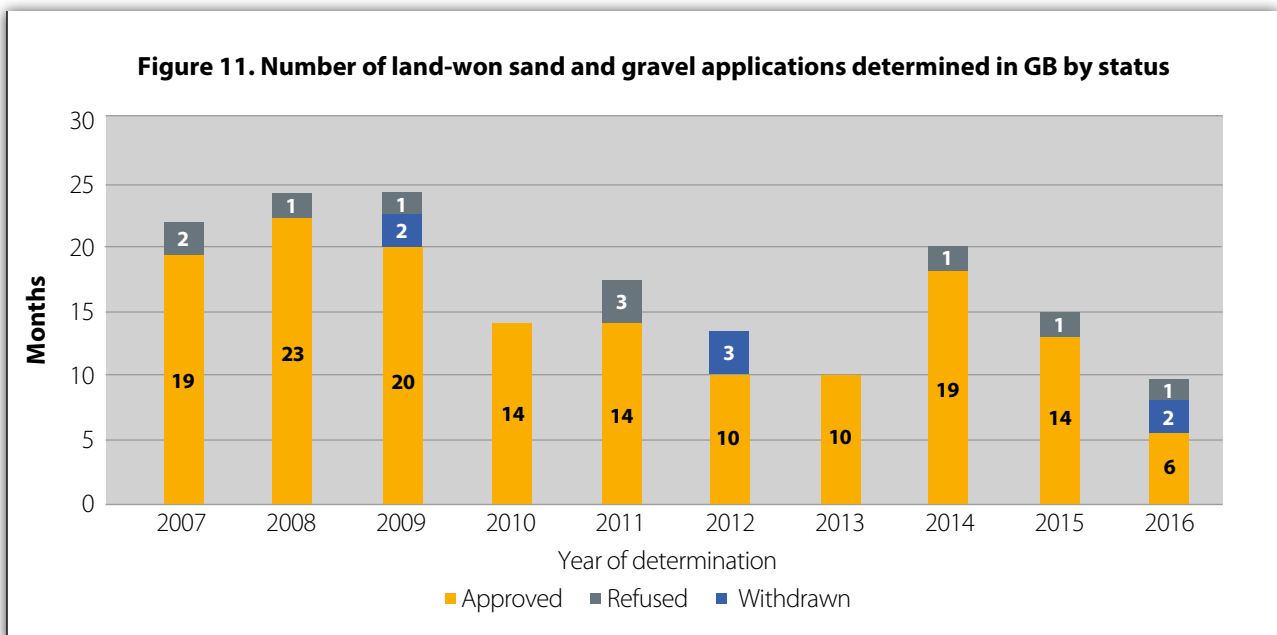
■ As with the 2 previous years no appeal decisions were identified by MPA members in 2016. It would still appear that where a refusal recommendation seems inevitable, the most likely outcome would be the withdrawal of the application.



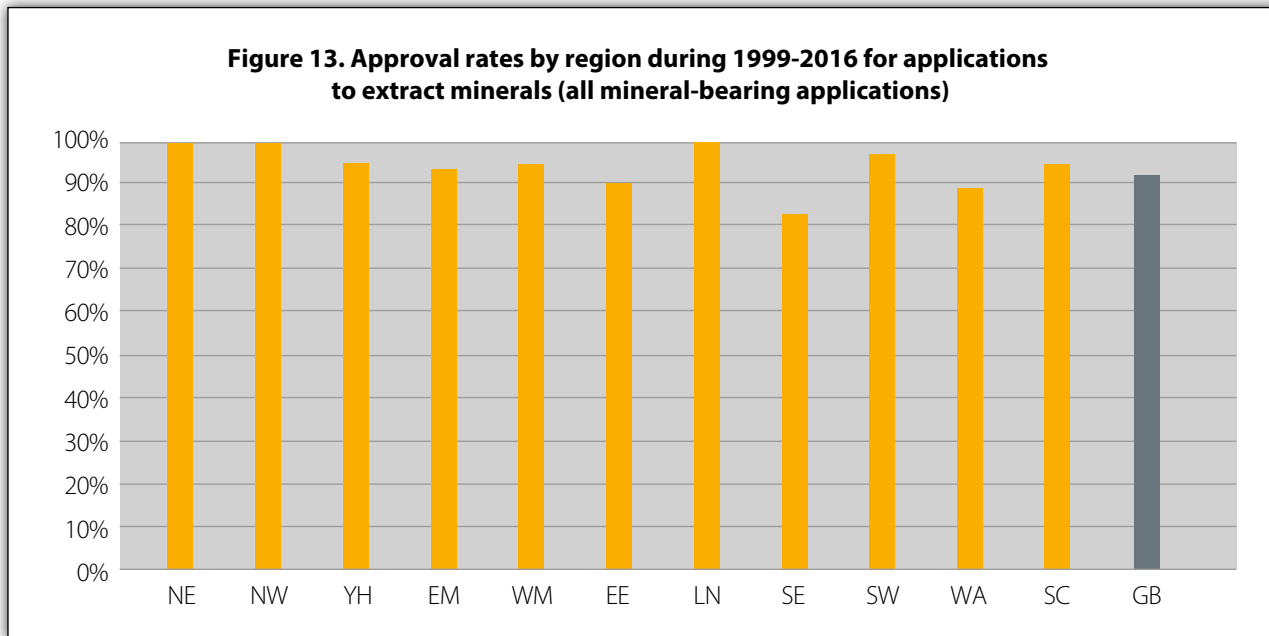
SECTION THREE – PLANNING AUTHORITY PROCESSES

3.1 NUMBER OF DETERMINATIONS

- Approvals for sand and gravel reduced to 6 during 2016 compared to 14 during 2015. There were 2 refusals in 2016, the first since 2012, and 2 further applications were withdrawn. For crushed rock there were 3 approvals (6 in 2015) and 1 application withdrawn.
- Figures 11 and 12 indicate that the number of sand and gravel and crushed rock applications being determined remains below pre-2009 levels. With 2 applications refused in 2016, the average approval rate for sand gravel applications over the period 1999 to 2016 stands at 91%, while for crushed rock it is 96%.
- Of note is that 20% of sand and gravel applications and 25% of crushed rock applications were withdrawn post submission, up from 5% and 16% respectively in 2014 albeit these figures cover a relatively small number of sites. Withdrawals can represent a significant waste of time, effort and resource both for industry and local authorities, and this issue will be monitored in coming AMPS reports to determine whether this is the beginning of a more worrying trend.
- More significantly, the number of applications that are withdrawn have the potential to distort the overall determination rate that is being observed and reported. If refusals are added to withdrawals, 40% of sand and gravels applications 'failed' in 2016.

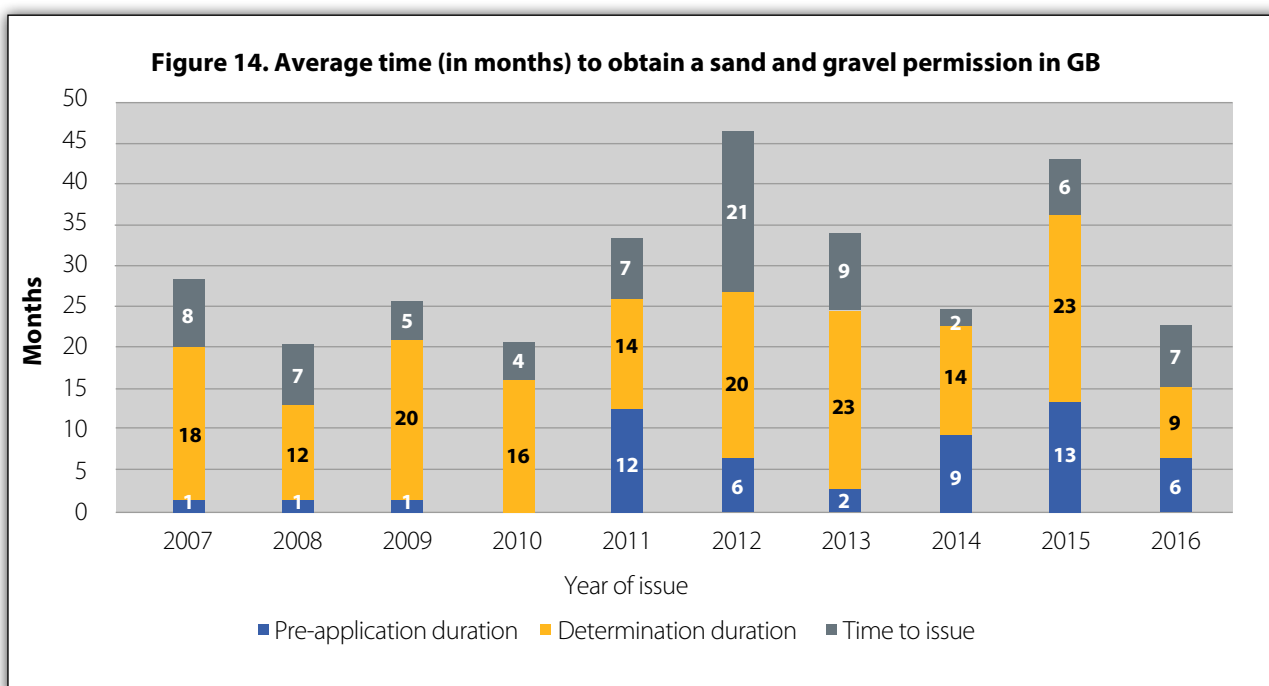


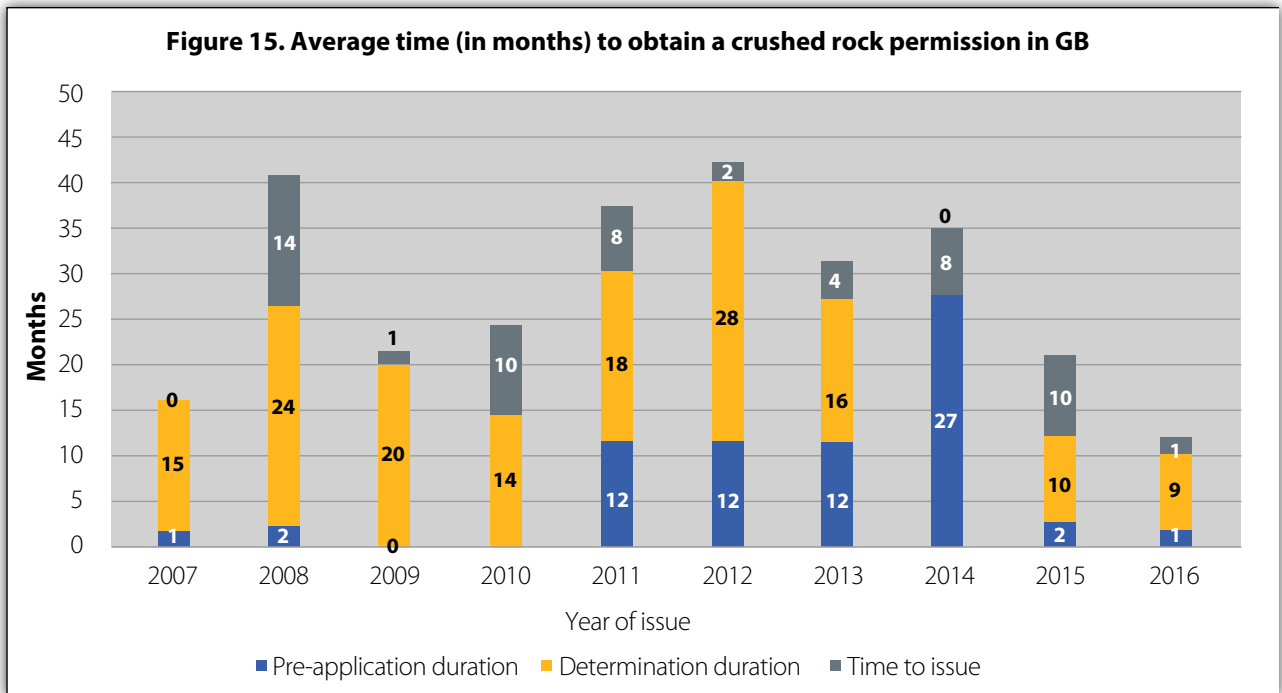
■ A regional analysis of approval rates since 1999 is shown in Figure 13.



3.2 TIME TAKEN TO OBTAIN PERMISSION

- Figures 14 and 15 show the time taken to complete each stage of the overall planning process required to secure a mineral planning permission. On the one hand, it is encouraging that the time required to get sand and gravel applications to determination once submitted has appeared to reduce from 23 months to 9 months between 2015 and 2016. This may be the result of a more protracted pre-application period having a knock-on impact on the determination period, or the applications in question being less complex. However, of concern is the extended period it is taking to issue planning consents post determination, with sand and gravel consents taking 6 months and crushed rock consents taking 10 months. Anecdotal evidence suggests that a contributory factor to these extended periods can be local authority legal resource and experience.
- The average time to be issued a permission between 2007 and 2016 remains at 31 months for sand and gravel and 30 months for crushed rock. It is important to note though, that the permission phase represents just one part of a wider site development process that can take 10 to 15 years to complete (see figure 1)





3.3 SHARES OF NATIONAL PROVISION

■ Figures 16 and 17 show that almost half of new permitted reserves in Great Britain that have been approved and issued since 2007 are in Scotland or Wales.

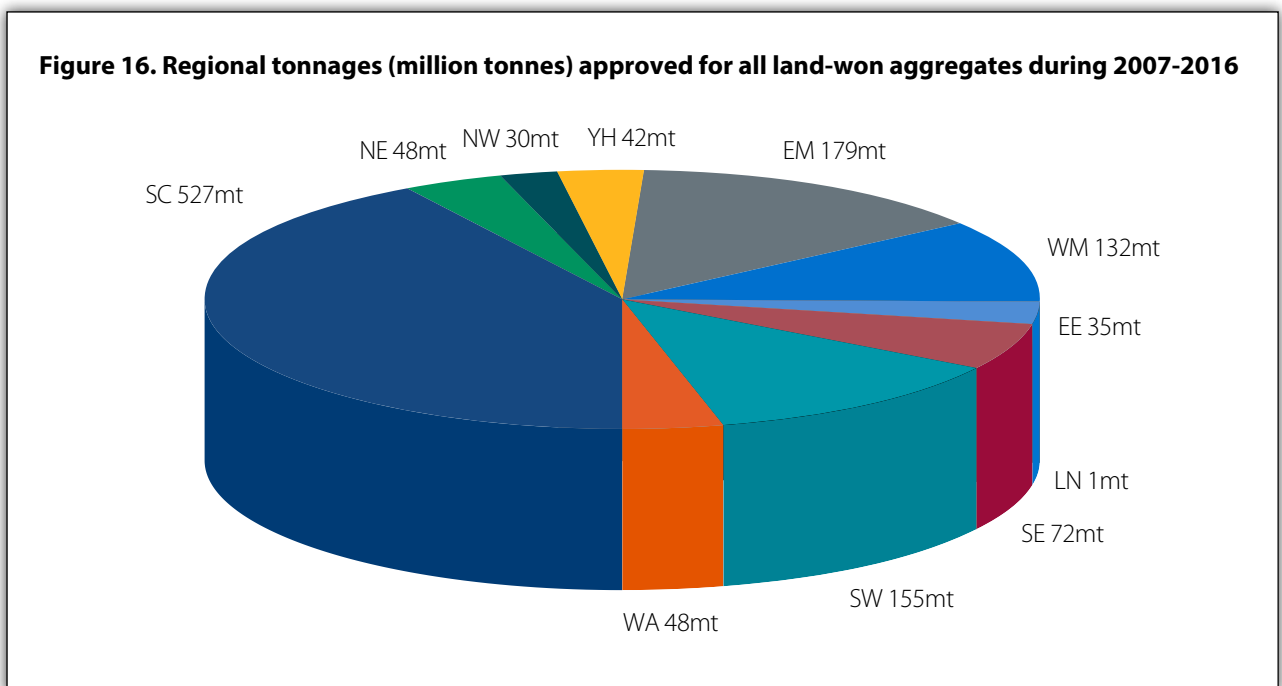


Figure 17. Regional shares of approvals of all land-won aggregates during 2007-2016

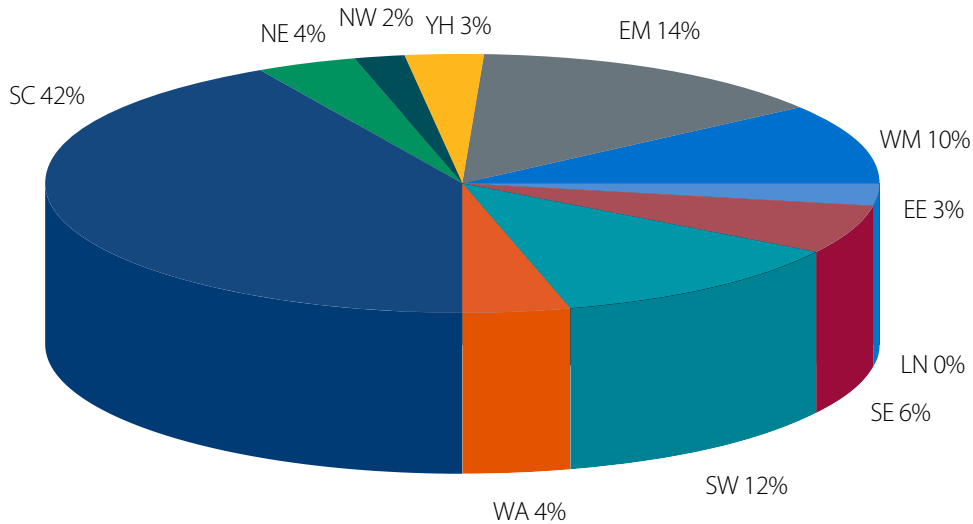


Table 1: Metrics for Planning Authority Approvals, Permissions Issued Only, during 2007-2016

Material	Land-won sand and gravel	Land-won sand and gravel	Crushed Rock	Crushed Rock	Total
Type of site	New	Extension	New	Extension	All
No. of approvals	24	122	0	54	200
% of total GB	12%	61%	-	27%	-
Tonnage approved (Mt)	48	203	0	986	1,237
% of total GB	4%	16%	-	80%	-
Area covered (Ha)	1,469	5,987	0	2,118	9,573
% of total GB	15%	63%	-	22%	-
Tonnage ('000) per approval	2,004	1,664	0	18,263	-
Tonnage ('000) per Ha approved	33	34	0	466	-

* This table covers only a sub-sample of the survey responses, i.e. all returns that provide both tonnage and area information. It excludes returns that have either information missing.

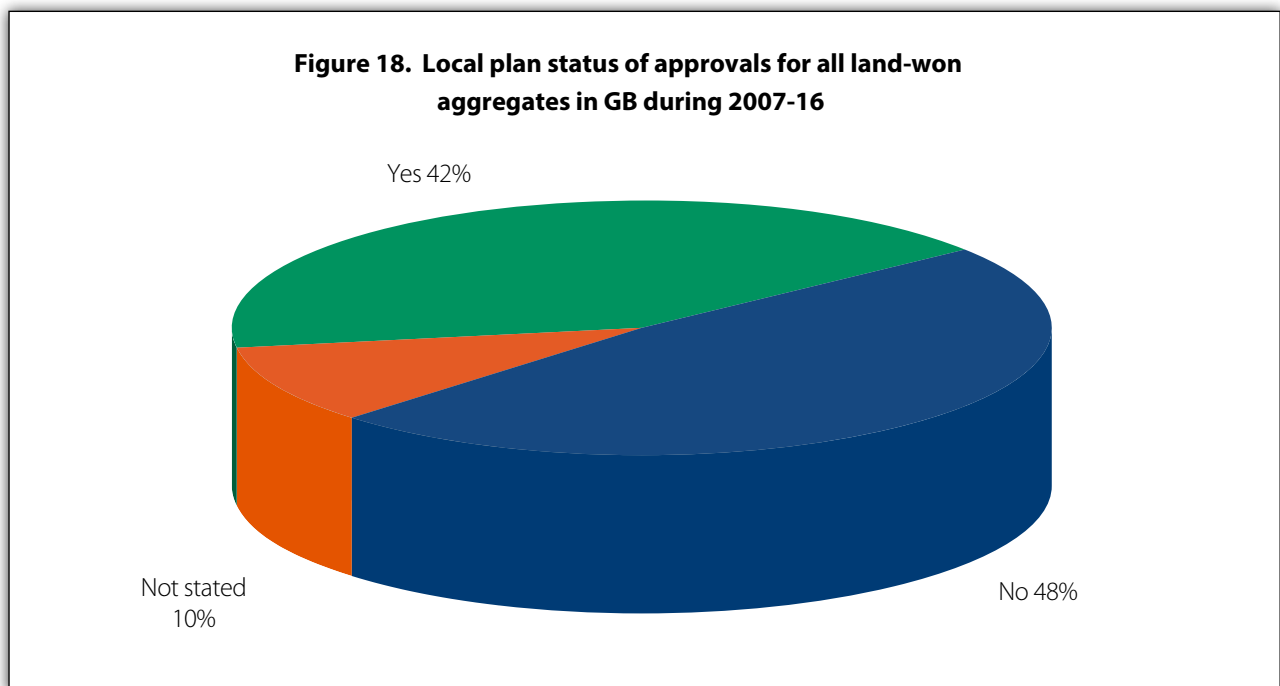
SECTION FOUR – DEVELOPMENT PLANS

4.1 NUMBER OF CORE STRATEGIES ADOPTED EACH YEAR SINCE 2007

- The most recent data (beginning of September 2017) shows that 87 out of 118 (73.7%) local planning authorities monitored in England had adopted their Core Strategies/Local Plan, with a further 5 having had or undergoing an Examination in Public. In Wales, 21 out of 25 (84%) Local Development Plans have been adopted. The 2004 Planning and Compulsory Purchase Act required that full plan coverage be in place within 3 years, and it is clear this has not been achieved and is unlikely to be in the foreseeable future.
- Since 2012, the 46 Core Strategy/Local Plans adopted in England have taken an average of 80 months to progress from the first consultation to adoption.

4.2 ALLOCATED V UNALLOCATED SITES

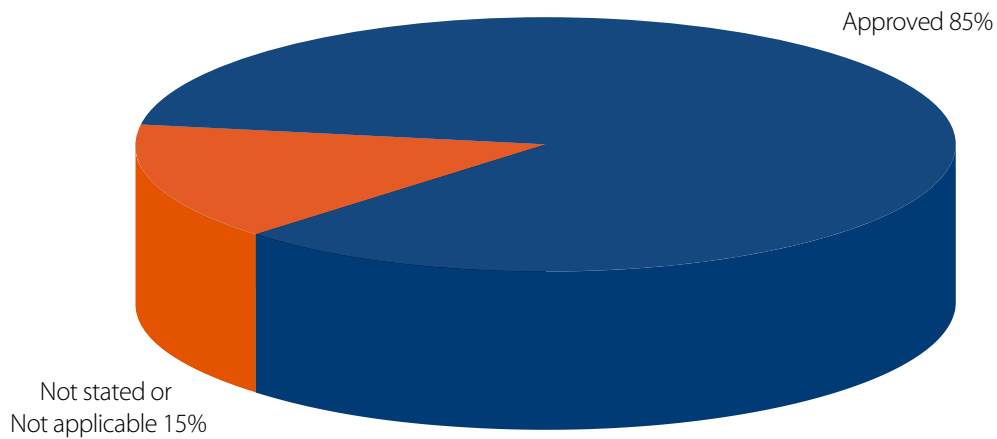
- Figure 18 shows that for the period 2007 to 2016, 48% of the 213 permissions granted for extraction of minerals were not identified/allocated in an adopted Mineral Plan.



4.3 PLANNING OFFICER RECOMMENDATIONS

- For permissions issued over the period 2007 to 2016, 85% were issued following an officer's recommendation for approval. It seems likely that a high proportion of the remaining balance may also have had officer support. The evidence suggests that, in general, elected members on planning committees are being guided by, and taking account of, officers' advice and recommendations.

Figure 19. Local plan status of approvals for all land-won aggregates in GB during 2007-16



For further information, please contact Mark North, Director of Planning at mark.north@mineralproducts.org or Aurelie Delannoy, Chief Economist & Policy Executive at aurelie.delannoy@mineralproducts.org or telephone 0207 963 8000.





The Mineral Products Association is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries.

For further MPA information visit www.mineralproducts.org

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