Statement on behalf of the **Mineral Products Association (MPA).**

Independent Examination of the Nottinghamshire Minerals Local Plan.

Matter 3 – Minerals Provision Policies
Issue: Whether the minerals provision policies are positively prepared in terms of making adequate provision for minerals, whether they are consistent with national policy, justified and otherwise sound.

Policy MP1: Aggregate Provision
Question 19-*What are the likely reasons for aggregates sales in Nottinghamshire remaining subdued when sales nationally are increasing?*
Not only are national sales of sand and gravel increasing but also the regional sales within the East Midlands. The Notts LAA notes (para 5.8) that regionally sales of sand and gravel within the region increased by about 25% between 2009 and 2016, but only in Northants (a county with long established shortages of sand and gravel supply) and in Nottinghamshire have sales flatlined. This has been coupled with significant increases in imports of aggregates from adjoining counties into Nottinghamshire to fill the gap.

The LAA says this is because of the recession and operators' reluctance to replace worked out quarries, but there is evidence of operators mothballing sites with reserves but not reopening them as well. There is no doubt that a commercial reaction to the last recession led to the current circumstances. However, the lack of an adopted Mineral Plan has continued the uncertainty. From discussions with some of the MPA members there is a reluctance to commit the significant investment of an application without the comfort of an allocated site within an adopted mineral plan. This is given added weight with the previous MLP being withdrawn just prior to an EiP, clearly for political reasons, which has led to a lack of industry confidence to invest.

With uncertainty operators who are running short of reserves will naturally husband reserves by reducing sales and this is reflected in subdued *sales.* The reality is that companies will support their Nottinghamshire markets by importing from other operations outside of Nottinghamshire. The situation then develops into a spiral of production decline and a self-fulfilling prophecy. This is reinforced when Nottinghamshire only consider the last 10-year sales as part of the LAA process. The LAA then becomes not an analysis of supply and demand but a supply analysis only

Question 20-*Given the proximity of quarries on both sides of the River Trent in Nottinghamshire and Lincolnshire, and changes in production on both sides of the river than can occur over time, does the identified need for sand and gravel adequately account for past and potential future changes?*
No, and it is interesting to note that representations from Lincolnshire County Council to the publication version of the Mineral Plan support this view. The Lincoln Trent Valley Production

Area is one of three in Lincolnshire serving separate and defined markets. Sites within the Trent Valley serve a vital function of supplying the Lincoln and North Kesteven market. There are only three sites remaining here, one of which will not last out the decade. In these circumstances continuing to supply substantial shortfalls in the large Nottinghamshire market is not sustainable without a substantial increase in capacity. Given the remaining level of relatively unconstrained and accessible resources within Nottinghamshire this is not justified.

Question 22 -*To what extent does the planned provision for aggregates account for potential future increases in demand arising from infrastructure projects?*
In our view it does not, and this has been our consistent view through the various iterations of the mineral plan. It is inevitable that if only the past 10-year sales is used to develop the LAA then it is clear that there is a failure to forecast future demand. The LAA is only a monitoring tool. Please also refer to our detailed response to question 23 below.

Question 23-*To what extent does the planned provision for aggregates account for the predicted sharp rise in housing development in 2020/21?*
It does not in our view and this has been a consistent challenge to Nottinghamshire CC throughout the development of their mineral plan. There has been a 71% increase in housing completions between 2013 and 2016 which appears to have been met largely from imports to the county. Without further increases in capacity, future increases in housing completions are likely to be met with further imports. To provide proper context to this point we repeat our submissions to the draft plan consultation in July 2018 below;

National policy says that forecasts of demand should be based on a rolling average of 10 years sales data and other relevant local information, and an assessment of all supply options. National practice guidance says that forecasts must not be based solely on the 10-year rolling average. It is essential, especially now that we have come out of the recession, for the County Council to use this other relevant information. We are aware that the Council's change of approach is politically motivated, but it is not sound, and it is not best practice.

Several things have distorted the traditional relationship between development in Nottinghamshire and sand and gravel supplies. In your Issues and Options draft, you allude to the effects of the recession and to short term commercial decisions made by producers, which has resulted in large export volumes to Doncaster and large import volumes from Lincolnshire, and to quarries being mothballed as producers adapted to vastly difficult market conditions. This does not represent a long-term sustainable supply pattern and should not be used to curtail future supply from the county, which still is the most important source of high-quality sand and gravel in the region.

Companies have only recently had the capacity to recapitalise mothballed sites, and to look for replacements for others which had become exhausted, which takes a long time to come to fruition, and is not yet reflected in the sales figures. There is already strong evidence of industry interest in the county returning to the county, indicated by the numbers of new sites proposed for the last Local Plan process. It would be a profound mistake for the County Council to fossilise the current abnormal conditions which if not corrected will undoubtedly lead to future under provision of mineral contrary to national policy.

The MPA commented on the failure to consider other relevant information as required by NPPF in our comment to the draft LAA in August 2017, which does not seem to have been heeded in the Draft MWLP.

The LAA is indicating an annual housing completion rate of 4,574. As a reality check, we can compare the forecast with the last time 4,574 dwellings were completed which was in 2005 when 4,842 dwellings were completed. The extraction rate of sand and gravel in that year was 3.08 Mt. This would seem to suggest that the LAA 10 year rolling average of only 1.7 Mtpa is inadequate. Furthermore, there appears to have been no consideration to other infrastructure project that may impact the County.

On this basis, the MPA considers that the County Council should plan for future sand and gravel demand of 3.0Mtpa for the plan period. By reference to your Table 2 this means that over the plan period (19 years) the requirement for sand and gravel will be 57 Mt. Deducting existing permitted reserves results in a shortfall to be proved by the Local Plan of 39.5 Mt. This means finding an additional 21.7 Mt than you have assumed.

In addition, the policy needs to make clear that landbanks should be maintained for at least 7 years for sand and gravel, at least 7 years for Sherwood Sandstone and at least 10 years for crushed rock. Furthermore, it should be made clear that these land banks should be maintained at the end of the plan period.

It was clearly identified from the above that there was a shortfall in provision of sand and gravel. This has not been accepted or addressed in the publication draft on the mineral plan or for that matter in the current LAA for Nottinghamshire. Below is an analysis of the current LAA and the publication draft of the mineral plan which shows that the situation has not changed in respect of the under provision of mineral resources by Notts:

The Publication version of the Mineral Local Plan, subject of the EiP , uses the 10-year average from 2016 for determining Local Plan provision which is 1.7 Mtpa for sand and gravel and 0.37Mtpa for Sherwood Sandstone. The current draft LAA proposes to retain exclusively the use of the 10-year average to assess demand for sand and gravel which is 1.46 Mtpa .
As with previous LAAs the LAA contains no forecast of aggregate demand as required by National Policy.

The LAA remarks (table 5) that exports have increased to Northamptonshire from 0 to 406 kt, and to South Yorkshire from 145kt to 386kt.Furthemore the draft LAA reports (table 6) that imports have grown from Lincolnshire (361kt) and Staffordshire (155kt).
Comparing AM2009 with AM2104 imports of sand and gravel to Nottinghamshire has increased from 327ktpa to 583ktpa (a rise of 78%).

It appears that the sum of Nottinghamshire's sand and gravel used within the county has fallen from 750kt to 126kt (a drop of 84%). However, the LAA claims that unknown destinations should be added to this sum which reduces the difference but still indicates a fall of 23% between 2009 and 2014/18.

The LAA notes that population is forecast to increase by 9.6% during the plan period and, the house building programme is planned (i.e. Local Plan commitments) to increase from current

4695 units to 8025 units by 2020/1 and falling again to 3031 units by 2027/8 (not the whole plan period). This is an average of 5264 units per year (table 12).
Figure 4 shows that house building rates have risen by 71% since 2013/4 (fig 4). The draft LAA says that housebuilding is only a part of the aggregate's market and that sand and gravel is used for other uses. However, if this is accepted it follows that a combination of a

a. 71% increase in housebuilding activity since 2013, plus
b. associated infrastructure/community/commercial/industrial development, plus
c. the major infrastructure project of the East Midlands Gateway Rail Freight Interchange,

would have raised sand and gravel demand by a conservative 25%. However, figure 1 shows that the sand and gravel sales have flatlined.

Increased aggregates demand but not supplied from Notts sources can be gauged by the steep increase in imports to the county from Lincolnshire (historically not a significant exporter to Nottinghamshire) and from Staffordshire.

Support for higher aggregates demand is the LAA's observation that quantities of construction and demolition waste have grown by an estimated 11% since 2011 indicating higher levels of construction (para 3.31).

Support for higher aggregates demand also comes from the observation of the LAA that in the East Midlands sand and gravel sales rose from 5.5 Mtpa in 2009 to 6.96 Mtpa in 2016 falling slightly to 6.79 Mtpa in 2017 (para 5.8). This represents a regional growth in sand and gravel demand of 23%-26%. Only in Nottinghamshire have sand and gravel sales apparently flatlined. The evidence is clear that the sand and gravel sales in Nottinghamshire have been constrained. The LAA states this is because of the recession and the replacement of worked out quarries has remained low. This puts Nottinghamshire in a special position which means that sales do not fairly represent the demand for sand and gravel in the county. In this respect, it is like Oxfordshire which was recognised at Examination to have had suppressed sales because of commercial decisions during the recession to mothball sites. In Nottinghamshire's case, similar commercial decisions and an unreadiness to be able to replace sites, partly as a result of having no mineral plan in place, is judged to have been the cause for low sales and make up of demand principally from imports. In short, this is an anomalous situation which should be recognised in the mineral plan and accounted for in planned provision.

While forecasting is challenging a good attempt can be made. As an example (there could be others) there are two possible approaches to calculating forecast demand from data which counters the effects of the recession on the 10-year average and plans for future growth.

d. The last year house build rates were close to the planned average (5264 units) was in 2005 (4842 units) when sand and gravel sales were 3.08Mt. Allowing for higher planned rates of housing suggests sand and gravel provision should be <u>at least 3.10Mtpa</u>.
e. Using the approach adopted in Oxon of calculating the % share of sand and gravel production before the recession and applying it to current conditions, gives the following result

i. In the five-year period prior to the recession (2004-2008) Notts sand and gravel sales as a proportion of all England averaged 6.53%. In 2016 the proportion was 3.85%.
ii. If this is converted into a figure for the county linked to the current level of sales in England which in 2016 was 41.26 Million tonnes, then applying a pre-recession proportion of 6.53% gives a demand for Notts of 2.694 Million tonnes.
iii. Once an allowance for soft sand has been deducted, the like-for-like sand and gravel demand figure is about 2.32 Mtpa.
iv. Although this is lower than the first method, this is because all the Oxfordshire method does is restore the county to conditions as they were before the distorting effects of the recession; it does not explicitly take account of future growth and demand created by major infrastructure. It is emphasised that this is minimum which does not take account of the significant growth over and above historic levels of demand which is planned for. On a precautionary approach the provision should be at the higher estimate namely 3.1Mt per annum.

The limited use of the 10-year average and not considering other factors, as outlined above, and as required by NPPF means that Nottinghamshire will continue to see downward spiral of sales that will be a self-fulfilling prophecy. The mineral plan has failed to forecast properly for future aggregate demand. This is also borne out by an examination of the Plan's delivery schedule which shows that even at planned provision levels there is not capacity to maintain productive capacity throughout the plan period. It appears that the County Council has only looked at the total level of provision without examining the distorting effects of sites lasting beyond the plan period. What this means is that more sites than the total provision level indicates need to be provided for productive capacity to be maintained for the entire plan period.

As can be seen from above as drafted this mineral plan is set to fail in respect of providing a steady and adequate supply of aggregates as required by national policy and is therefore unsound.

Question 27- ***Should part 3 of Policy MP1 be subject to consideration of environmental, transport and other factors?***
No. Sites would be measured against other policies within the Plan.

Policy MP8: Silica Sand Provision
Question 39- Should part 2 of Policy MP8 be subject to consideration of environmental, transport and other factors?
No. Sites would be measured against other policies within the Plan

Policy MP9: Industrial Dolomite Provision
Question 40- Should Policy MP9 require consideration of environmental, transport and other factors?

No. Sites would be measured against other policies within the Plan.

Policy MP10: Building Stone Provision
Question 41- Should part 2 of Policy MP10 be subject to consideration of environmental, transport and other factors?
No. Sites would be measured against other policies within the Plan

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On behalf of the Mineral Products Association
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