

Briefing Note

**Milton Keynes Minerals Local Plan:
Aggregates Provision- Sand and Gravel**

Introduction

1. The Milton Keynes Minerals Local Plan has to identify provision for sand and gravel. This has to be achieved in a way that is compliant with the National Planning Policy Framework (NPPF) and any other national guidance, particularly the National Planning Practice Guidance (NPPG). It has to take account of the longstanding Managed Aggregate Supply System (or MASS) and in particular how this relates to the preparation of Local Plans and Local Aggregates Assessments and the direct relationship between them.
2. Paragraph 145 of the NPPF states that minerals planning authorities should plan for a steady and adequate supply of aggregates by:

preparing an annual Local Aggregate Assessment, either individually or jointly by agreement with another or other mineral planning authorities, based on a rolling average of 10 years sales data and other relevant local information, and an assessment of all supply options (including marine dredged, secondary and recycled sources).
3. The NPPG states that Local Aggregate Assessments must also consider other relevant local information in addition to the 10 year rolling supply, which seeks to look ahead at possible future demand, rather than rely solely on past sales. Such information may include, for example, levels of planned construction and housebuilding in their area and throughout the country. Minerals planning authorities should also look at average sales over the last three years in particular to identify the general trend of demand as part of the consideration of whether it might be appropriate to increase supply.
4. At Draft Plan (Preferred Options) Stage, consulted on from August to November 2014, it was proposed that an annual provision figure of 0.17 mtpa be included in the Plan. The next section details how this proposed figure was arrived at.

Context to the Draft Plan provision

5. At Issues and Options stage there were four options presented to take forward. These were:
 - (i) **0.28 mtpa** This was the current regionally derived apportionment rate. It came from the Proposed Modifications to the South East Plan published by the Secretary of State in March 2010 and re-iterated as the apportionment by DCLG in the form of a letter to all planning authorities in July 2010. It was, prior to the NPPF coming into effect in

March 2012, the provision that was expected to have been taken forward.

- (ii) **0.11 mtpa** This was the provision rate based on an average of ten years sales. This was based on the latest ten year sales at the time and therefore related to the ten years from 2003 to 2012.
 - (iii) **0.12 mtpa** This was the apportionment rate from the existing Minerals Local Plan adopted in 2006 (and based on the then regional apportionment from the previously adopted regional plan).
 - (iv) **0.17 mtpa** This was the provision rate based on an average of three years sales. As for the ten years sales this was based on the latest three year sales at the time and therefore related to the three years from 2010 to 2012.
6. The option choice was limited to these four options. Indeed it could have been reduced further to just show three options and had either an 0.11 mtpa or 0.12 mtpa option but not both. However having both was considered helpful as it showed the lack of difference between the existing adopted figure and a ten year derived figure.
7. In examining the above options in more depth to come to a conclusion over the preferred option to take forward into the Draft Plan the following were the key conclusions:

0.28 mtpa

The 0.28 mtpa apportionment came about because of the south east taking a different approach to making provision for aggregates that moved away from past sales to utilising a model that took account of construction demand and un-sterilised resource not constrained by international and national designations. As Milton Keynes is a longstanding growth area with significant demand and with no international and national designations in the Borough this approach increased the apportionment, especially as the EIP Panel then removed any transitional arrangements in moving to this new approach. There was considerable disquiet about this regional apportionment but even if there was disagreement with the Panel's Report it clearly carried substantial weight as the Secretary of State included it within the South East Plan Proposed Modifications (March 2010) and in the DCLG letter of July 2010 on making provision in the absence of a regional spatial strategy.

However, in relation to construction demand, which has to be looked at in determining a figure based on the NPPF/NPPG, in the case of Milton Keynes housing and other infrastructure proposals, even if they come to fruition as planned, will not be a significant change from previous years as Milton Keynes has always had a growth focus. There is no indication therefore that the level of demand for sand and gravel will increase significantly beyond peaks experienced previously and as such, it is not necessary to factor in any additional growth to a sales based provision.

Even when sales peaked in 2010, after a long period of low and even nil sales, they were significantly lower than 0.28 mt. With a relatively limited supply contribution from permitted sand and gravel sites, and few sites put

forward through the call for sites process, an annual apportionment of 0.28 mtpa was considered unlikely to be achievable. An 0.28 mtpa provision figure (although technically still the apportionment) was not considered to be appropriate to take forward in the Plan.

0.11 mtpa (and also 0.12 mtpa)

The ten year sales based 0.11 mtpa provision rate is considerably lower than the apportionment level and could be seen as artificially constraining supply rather than seeking to meet the demand for construction aggregates in this growth area, as well as encourage undue reliance on imports from other areas. Furthermore the provision figure based on the ten year average (2003-2012) is skewed by the three years when there were no sales because no sites were operational (2003-5) and by a further year when there was minimal output from a new site starting up (2006). It should also be noted that if the three years when there was zero production and the very low figure in 2006 were excluded and only 'normal' production years (2007-2012) were included in the average this would be 0.17.

Over the past decade sites in Milton Keynes with planning permission do get implemented and it is interesting to note that in 2010 (and 2009) that sales easily breached (in fact almost doubling) the 0.11 mtpa figure, even during a severe national construction downturn. Significantly all of the sites allocated in the 2006 Minerals Local Plan have progressed to a stage where all the mineral to be extracted has been extracted except for one site (Calverton/Passenham) - this was where there was a change in ownership which meant mineral extraction did not begin again in earnest until 2014. Therefore a provision figure of 0.11 mtpa (and the 0.12 mtpa 2006 Minerals Local Plan apportionment figure) was considered to be too low.

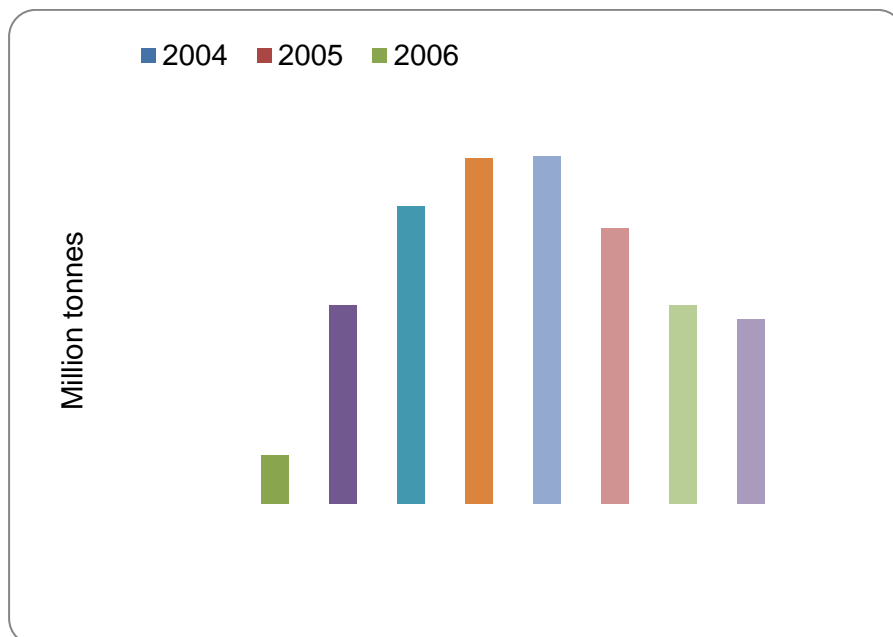
0.17 mtpa

The three year based (2010-2012) 0.17 mtpa provision rate lies between the other options (albeit much closer to the adopted Minerals Local Plan and ten year sales based figure than to the previous regional apportionment figure). It was considered to provide a realistic representation of average sales as it takes account of a time when sales peaked (in 2010) and also a period when sales declined (between 2011 and 2012) but also recognised the peak in 2010 was also reached in 2009 so the figure was not artificially inflated by a one off spike in sales. As well as this occurring during a recession there was also no period when sales were artificially depressed due to the lack of available sites, such as when Passenham/Calverton was closed and sold in 2013.

Although the NPPG specifically notes sales over a three year period, choosing a three year based figure instead of the ten year based figure has to date not been a standard approach. In almost all Mineral Planning Authority areas the ten year sales figure is higher than the three year figure, but the opposite is the case for Milton Keynes. For this reason the 'standard' approach of using the ten year figure (for 2003-2012) is not appropriate for Milton Keynes and that the three year figure actually has far more legitimacy and robustness. This was the provision figure included in the Draft Plan.

However, in choosing the three year figure it had to be implicitly acknowledged that there would be likely to be more variation over a period of time than there would be with a ten year based figure. Although the Draft Plan had a figure that could be directly related to a three year based provision for 2010-2012, it should be noted that the Draft Plan preferred option of 0.17 mtpa was as much about the selecting of a figure that could be justified at examination as it was about strictly adhering to a three year based figure for the most recent three year period.

8. Since the Draft Plan was prepared in late Spring 2014 updated ten year and three year sales figures (for the periods 2004 to 2013 and 2011 to 2013 respectively) have been published. The ten year annual average sales figure is now 0.12 mtpa whilst the three year annual average sales figure is now 0.14 mtpa.
9. This therefore shows a slight increase on the ten year figure over the previous period but a reduction in the three year figure, with an overall narrowing of the gap between the two figures. The reason that the figures are going in different directions is:
 - Sales are continuing to reduce from the 2009-10 peak in the recession and are now levelling off, but at a higher level than the 10 year average. Although one of the zero production years has dropped out of the 10 year average some still remain in the calculation, suppressing the figure;
 - The high 2010 figure has now been removed from the three year average calculation (clearly decreasing the three year figure) and in the most recent 2013 year one of the important supply sites in Milton Keynes (Calverton/Passenham) was largely non-operational.



10. It is expected that the next set of ten year and three year figures (i.e. incorporating sales from 2014) will continue to see ten year average sales

increase (because another year of no sales back in 2004 will be removed from the calculations). The three year annual average figure is also expected to increase as extraction re-commenced at Calverton/Passenham in spring 2014 and there will not be a corresponding decrease in production elsewhere to negate this increase (as no other sites are currently in production). Looking ahead to 2015, even if no new sites are extracted from, the 10 year based figure will still increase and the three year figure will not decrease.

Is the Draft Plan approach still appropriate?

11. The selection in the Draft Plan of a three year based provision figure was driven by the difficulties of relying on a ten year based figure: for the first three years of that ten year period there was no extraction in Milton Keynes, the fourth year was kept low by the starting up of sites. However, once the 2006 Minerals Local Plan had been prepared the sites allocated came forward for extraction quickly; the sales rate soon went above the 0.12 mtpa figure in the adopted Plan (well above by 2009 and 2010). This also had to be seen in the context of a severe recession that had led to significant declines in sales in basically every other minerals planning authority area.
12. This unusual context is considered to illustrate that if sites were allocated in Milton Keynes then they would come forward and be developed, even during a recession. In other words Milton Keynes as a growth area bucked the national trend in the recession for mineral extraction. It can therefore reasonably be argued that without a recession these sales figures should endure and at least stay at a similar, if not higher, rate as the economy expands.
13. However, the higher figure of 0.28 mtpa from the South East Plan still has to be considered to be unrealistic. Although the Borough does have 50% of its area as non-urban, mineral resources are only in part of that area, largely the Great Ouse valley river gravels. Previous extraction in the Borough has been concentrated in the Great Ouse valley between Stony Stratford and the M1 with more localised extraction north of Newport Pagnell (between the town and Sherington Bridge) and south of Olney (where the country park now is).
14. There are not therefore extensive areas within the Great Ouse valley in the Borough where extraction could take place; those where it can are: south of Stony Stratford, from the M1 to Newport Pagnell Bridge, from Sherington Bridge to Emberton and between Olney and Turvey and that is without factoring in whether specific parts in these areas are deliverable due to matters such as access, localised environmental constraints and landowner support.
15. A designation that includes large parts of the Great Ouse valley is the Area of Attractive Landscape (AAL). However, the AAL designation is not an overall constraint to extraction in the valley and the longstanding policy on them (most recently as set out in Policy S11 of the Milton Keynes Local Plan 2005) is not unhelpful to permitting mineral extraction. The Policy states that development within AALs should (i) not damage the special character of the area; (ii) enhance important landscape features where possible; (iii) protect and enhance features of nature conservation value; (iv) retain and improve public access and opportunities for countryside recreation. Mineral extraction is a temporary development but it is development that that can promote all the positives contained in criteria (ii), (iii) and (iv). It should also be noted that there were three

extensions of the AAL in the Ouse Valley in Policy S11: these areas (east of Olney, south of Lavendon and the Linford Lakes area west of Newport Pagnell) are not therefore longstanding AAL and the Linford Lakes area is actually an area of restored mineral workings. Using the AAL designation to limit extraction in the Plan by seeking to discourage it within the area designated when this area comprises the significant majority of resources would be seen as an unsound approach and would fail at examination.

16. Nevertheless a figure of around 0.28 mtpa could be seen to be over-reliant on a consistent higher level of production that would be focussed in a relatively small geographical area compared to other mineral planning authority areas. This would probably mean an increase to and then continued working in at least three separate sites across the Borough.
17. In terms of what is the correct annual provision figure to provide for, this has to be one that is derived from what the area is capable of providing when sites are available, but not a provision that is unrealistic because it is too high or too low. Before this is discussed, the issue of whether if sites are allocated they will come forward perhaps needs to be re-looked at.
18. Consolidation in the minerals industry where the key quarry operators in the country are now owned by groups with headquarters in other countries and where investment decisions are made continent by continent is leading to a situation where the larger operators are not so interested in smaller sites (those with under 2 mt of resources) than in the past. None of the sites in the Draft Plan is anywhere near approaching 2 mt. This issue seems to have gained a far greater salience in recent months and may be because nationally some committed sites do not appear to be opening up despite a growing economy. However within Milton Keynes multinational Hanson has progressed the Haversham Road site to a planning permission (and will utilise the existing processing plant at Manor Farm) and implementation has commenced.
19. There are also other national independently owned operators and regional operators who will be interested in smaller sites. Multinational CEMEX sold their operations at Passenham/Calverton to GRS Roadstone who are the largest independent operators in the UK and who are looking to increase their presence in the South East Midlands. The selling on of this asset resulted in working re-commencing quite quickly at this site and the operator now planning to extend their operations here within both Milton Keynes and Northamptonshire.
20. The situation in respect of existing sites and existing permissions moving into 2015 and 2016 is as follows:

Calverton/Passenham Area

The new operator (GRS Roadstone) is keen to continue production here. They anticipate a ramping up of production on the Milton Keynes side of the Passenham operation to the extent that they will complete extraction at their permitted site in MK within eighteen months. Due to this they have submitted a planning application relating to the allocation on the Northamptonshire side. They also wish to progress the draft allocation on the MK side as well and have also put forward proposals for an extension to their allocation in Northamptonshire as part of the Northamptonshire Minerals and Waste Local

Plan Review. This shows a commitment by the operator to continue extraction in this area, albeit one that is split between two mineral planning authority areas. It is also understood that the operator is looking at other locations in the wider south east midlands area in which to establish one or more other sites and this could include elsewhere in the Borough. *There is therefore a commitment to production by this operator in Milton Keynes and it may not just be limited in future to Calverton/Passenheim.*

Wolverton- Manor Farm and Haversham Road

The Manor Farm site has now completed extraction and is being restored. The operator (Hanson) has planning permission to extract from a nearby site at Haversham Road using the existing processing plant, and implementation of this permission has recently commenced although extraction has not yet begun. Extraction at Haversham Road is planned to take around 3 years.

Caldecote Farm

Extraction from the original site has been completed and it is now being restored. The extension area to the east (across the road) has planning permission but extraction has not commenced here. Extraction here is planned to take 5 years (plus a further 2 to complete restoration). However the operator has gone into liquidation and the site will need to be taken on by another operator if it is to be implemented. It is uncertain for now about the likelihood of extraction commencing here in the immediate future (i.e. in 2015), although because of its location in a strategic gap between the Milton Keynes and Newport Pagnell urban areas the likelihood of now seeking to let the permission lapse solely so that housing could instead be promoted here appears unlikely- although the permission could nevertheless still lapse.

21. The situation in respect of sites allocated in the Draft Plan is as follows:

A1: Calverton/Passenheim Extension (0.25 mt)

As referred to above the operator is keen to continue production here and is keen to pursue to the Draft Plan allocation to a commitment.

A2: Quarry Hall Farm (0.72 mt)

This Draft Plan site continues to be supported by the landowner although there is a preference by them for a larger Lathbury Quarry allocation and also a site north of Newport Pagnell Bridge to come forward first.

A3: Lathbury Quarry (0.65 mt)

This site has been pursued for years and has been subject to both planning applications and to promotion by landowner and prospective operator for inclusion- the most recent being during the previous Minerals Local Plan process and where, in the days of non-binding Inspector's Reports, the Inspector recommended this site be included in the Plan.

A4: Lavendon (0.46 mt)

This Draft Plan site has the support of landowners.

22. There is no reason to believe that a national or more regional operator, both of who can make smaller sites work for them, would not be interested in these Draft Plan sites.

Is the Draft Plan provision still appropriate?

23. The highest three year average over the past eleven years is 0.2 mtpa, which was achieved for both 2008-10 and 2009-11 (the former figure being the three years at the height of the recession). However, despite these figures being achieved during the recession this should nevertheless be seen as a highest point not to go beyond. To go higher effectively depends on having two larger or three smaller sites (smaller sites being those of a scale identified in the Draft Plan) always being operational at the same time across the Borough.

24. The lowest figure should be a figure that is higher than the 0.12 mtpa in the adopted plan (and the latest ten year provision figure). The ten year annual average sales figures are still reflecting the nil sales because there were not any sites to extract from in 2004 and 2005 and the very low production figure as sites started to come forward in 2006.

25. It should be noted that with the current rates of extraction within the Borough and even if no further sites start to be extracted from in 2015 then the ten year annual average sales figure should continue to increase for the next few years. Indeed even if the much reduced sales figure for 2013, which related to one site only being in production, was carried forward for the next few years – in other words there would only be one operational site in the Borough for the next few years - then by the end of 2017 the 10 year annual average sales figures would still have increased to 0.16 mtpa.

26. This therefore helps illustrate quite clearly that as the 10 year annual average sales figures lose from those averages those years of no (or very low start up year) production then a more reliable 10 year average starts to come into the frame and one that if two sites are operational at Milton Keynes at any one time, will not actually be lower than 0.17 mtpa. This is supported by expected extraction from those sites with permission in the Borough (as taken from their planning applications, so this is not confidential information):

- Calverton/Passenham (0.079 mtpa over a six year period)
- South of Caldecotte Farm (0.09 mtpa over a 5 year period)
- Land east of Haversham Road (0.125 mtpa of saleable material over a three year period)

This shows that if all three sites were currently operational and meeting the expected output set out in their planning applications, you would be looking at an annual sales figure of 0.294 which is actually higher than the 0.28 mtpa of the south east regional apportionment. If by 2017 when the current committed Calverton/Passenham site will have completed extraction but the two other committed sites are by then operational then you could be looking at around 0.2 mtpa being extracted that year.

27. The upward trajectory of the 10 year sales figures, even with only one site currently operational plus the two sites with planning permission (that are not yet being extracted from) that would add over 0.2 mtpa to the annual provision if implemented together, makes the three year based (on years 2011 to 2013) provision of 0.17 mtpa a very appropriate figure to take forward.
28. A provision of 0.17 mtpa also has the advantage of having already been accepted by the South East Aggregates Working Party (SEEAWP) as an appropriate provision figure for Milton Keynes and this acceptance carries considerable weight at examination. It also largely squares off the Plan meeting the Duty to Co-operate in relation to aggregates provision. The Minerals Products Association (MPA) has expressed a view at SEEAWP meetings that the Milton Keynes figure should be higher because of the growth of the Borough but have not formalised this view either through the MPA itself or through individual members making a representation on the Draft Plan. This would suggest that this stance is unlikely to change at Final Draft Plan stage if the provision in the Plan also does not change.

Conclusion

29. The continuation of a 0.17 mtpa provision figure into the Final Draft Plan (and thus to submission and examination) is strongly recommended.
30. A provision figure of 0.17 mtpa in the Minerals Local Plan for sand and gravel would, in broad terms, be based on around two sites (from existing operations/commitments or allocations in the Draft Plan) generally being operational throughout the plan period. Working on the basis of two operational sites at any one time in the Borough is a realistic proposition for the Minerals Local Plan.
31. Furthermore not changing the provision figure from the Draft Plan also has the benefit of not opening up this matter with the Aggregates Working Party and to a Duty to Co-operate debate.

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