

REGIONAL TECHNICAL STATEMENT FOR THE NORTH WALES AND SOUTH WALES REGIONAL AGGREGATES WORKING PARTIES – 2ND REVIEW (RTS2) - (SEPTEMBER 2020)

Introduction

Minerals Technical Advice Note 1: Aggregates – March 2004 (MTAN1) requires the preparation of Regional Technical Statements (RTS) for the areas covered by the North Wales and South Wales Aggregates Working Parties and for these to be reviewed every 5 years. The Initial RTS was produced in 2008 and the RTS: 1st Review (RTS1) was published in 2014. It therefore fell to be reviewed again in 2019.

A Consultation Draft of RTS2 was published in August 2019. The Council submitted a response. Responses were considered by the Steering Group and the final version of RTS2 was issued in September 2020. A copy of RTS2 is attached as Appendix 1.

The Authority is requested to formally endorse the document before it is endorsed by Welsh Government as an outcome of collaborative working.

The Purpose and Objectives of the RTS

The purpose of the RTS is to provide a strategy for the future supply of construction aggregates within each Region, taking account of the latest available information regarding the balance of supply and demand, and current notions of sustainability as enshrined in the Wellbeing of Future Generations (Wales) Act 2015. The overarching objective being to ensure the Sustainable Management of Natural Resources. This means that supply is managed in a sustainable way so that the best balance between environmental, economic, social and cultural considerations is struck, while making sure that the environmental and amenity impacts of any necessary extraction are kept to a level that avoids causing demonstrable harm to interests of acknowledged importance.

The RTS provides a mechanism for encouraging national sustainability objectives to be met by individual planning authorities within each region for a period of 25 years (crushed rock) and 22 years (sand and gravel). This reflects the periods required in order to comply with the requirements set out in Planning Policy Wales: Edition 10 (PPW10) to have at least 10 years supply of crushed rock and 7 years supply of sand and gravel over the entire period of the development plan. This process is referred to as **apportionment**.

Where there is an identified shortfall of supply then Local Planning Authority's (LPA's) will be expected to make **allocations** for new sites or extensions to existing sites within their development plans unless new evidence becomes available which suggests that Local Planning Authorities would be justified in departing from the allocations without undermining the overall strategy provided in the RTS.

Key Principles and Approach

A key principle which underpins the approach taken by RTS1 and RTS2 is the need to move away from the old demand-led system of 'Predict and Provide' to the more modern concept of 'Plan, Monitor and Manage'. An assessment of demand will still be required but once a reasonable estimate has been obtained it is also necessary to consider the contribution that can be made from secondary and recycled sources and also to incorporate two key principles of sustainability: the proximity principle and the notion of environmental capacity.

The **Proximity Principle** relates simply to the objective of minimising unnecessary transportation of construction aggregate, particularly by road, by ensuring that sources of supply are located as close as possible to the main centres of demand. The original RTS aimed to accomplish this by providing 'per capita' apportionments for future aggregate provision as a proxy for demand. It was however established during the RTS1 review that a major drawback of this approach was that there is no statistical correlation between population and demand for aggregate. Therefore, RTS1 considered variations in population density instead of the 'per capita' approach together with a range of other influences including access routes and transport distances. The main criticism of that approach is that it relied primarily on historical sales figures as indicators of demand, which inevitably perpetuated the historical pattern of supply and gave very limited scope to change this pattern over time to achieve improvements in sustainability. The RTS2 review has therefore sought to introduce housing completion data and future housing provision forecasts as part of the overall assessment of demand.

It also needs to be recognised that certain types of high specification aggregate (HSA), e.g. the Pennant Sandstone outcrop in South East Wales, serve quite different markets (high skid resistance material for roads) and therefore require distribution throughout England and Wales as that type of material is scarce in the UK context. The proximity principle needs to be modified in such cases.

The notion of **environmental capacity** is a more controversial issue. The basic principle is that quarrying should be focussed on areas which have the greatest capacity to absorb the environmental impacts associated with quarrying activity. However, there is a lack of consensus in terms of how environmental capacity should be defined, and from the way in which the concept has influenced the allocation targets within the previous RTS documents.

Two previous research projects - Establishing a Methodology for Assessing Aggregate Demand and Supply (EMAADS 2004) and Implementing the Methodology for Assessing the Environmental Capacity for Primary Aggregates (IMAECA 2005) resulted in a traffic light system for areas of Wales where potential resource existed and coloured each km square red, amber or green to reflect relatively low, relatively neutral or relatively high environmental capacity respectively. One of the difficulties

with this approach was that the existence of a quarry within a km square instantly turned the square 'red' indicating relatively low environmental capacity. This suggested that it would be better in environmental terms to start up a new quarry in an area coloured 'green' than to look at extending an existing quarry in an area coloured 'red'. However, extensions to existing quarries are often preferable to establishing new quarries on Greenfield sites so there were clear limitations to this research even at the strategic RTS level at which it was intended to be used.

When considering issues such as environmental capacity the joint consideration by LPA's of the relationship between mineral resources and environmental designations on a sub-regional basis would potentially allow more detailed consideration to be given to identifying the most sustainable locations for mineral development at an appropriate spatial scale which extends beyond the administrative boundaries of an individual local planning authority.

Analysis of Existing Supply Patterns

As well as balancing supply and demand, consideration must also be given to the adequacy or otherwise of the existing pattern of supply from a sustainability perspective.

As stated above, the original RTS only considered proximity in terms of a 'per capita' demand analysis and the concept of environmental capacity was considered only in terms of providing qualitative descriptions for each LPA from the IMAECA analysis.

In the RTS1 review, a determined attempt was made to use the proximity principle, and environmental capacity to better effect, in conjunction with an understanding of resource availability and historical supply patterns, in order to enhance, if possible, the spatial distribution of future supply sources.

The distribution of suitable geological resources is of fundamental importance in understanding the distribution of existing quarries and in understanding the limitations involved in locating potential new ones. The starting point for this is the Minerals Resource Map of Wales published by British Geological Survey (BGS) as clearly minerals can only be worked where they are found and are commercially viable to extract.

Typically most general aggregate has an economic radius of distribution of up to 50km. However, RTS1 and RTS2 demonstrate that the vast majority of Wales is located within 20km of a source of aggregate located within one of the identified resource blocks. In these terms alone it would suggest that there is no great problem with the existing pattern of supply and that significant change is not necessary.

However, more careful consideration is needed in future to ensure that minerals development is guided to the most suitable locations irrespective of the historical supply pattern. This would suggest that planning for minerals should be carried out

at a more strategic level i.e. sub-regional areas based on market areas rather than at individual LPA level.

Changing the Pattern of Supply

Minerals Technical Advice Note 1: Aggregates (MTAN1) suggests that the existing pattern of supply is largely a historical residual and will need to gradually change to reflect current notions of sustainability. However, the RTS1 review found that the historical patterns of supply have much to commend them: they reflect the spatial distribution of available resources and the economic imperative of industry to establish quarries as close as possible to areas of demand. Quarries which have become uneconomic have naturally fallen into disuse and those which remain are generally well placed to serve current markets. However, where there is conflict with environmental designations it may not be appropriate to use historical supply as a proxy for future supply.

The implementation of the proximity principle and the notion of environmental capacity may gradually induce changes to the overall pattern of supply if alternatives have clear advantages in terms of sustainability but in any event this change will not be immediate as existing sites will continue to work until they run out of reserve or become uneconomic to work.

The RTS can help to influence the process where it is deemed to be desirable by adjusting the apportionments given to individual Planning Authorities.

Methodology for RTS 2nd Review

The starting point in each RTS for the apportionment of future aggregates provision has been to make an assessment of likely future demand. The methodology in RTS1 was primarily based on historical sales averages for each local planning authority over the 10 year period 2001-2010, combined with a limited assessment of various 'drivers' of potential future change.

The RTS2 review has taken the historical sales for each local planning authority averaged over a 3 year (2014-2016) and a 10 year period (2007-2016) and selected the highest of these figures so as to avoid potential under-provision in some areas. This has resulted in an identified national requirement (based on these historical sales) of 15.557 million tonnes of aggregate per annum (down from 17.69 million tonnes in RTS1 due to the economic recession). It is important to note that this is the residual demand requirement as it has been assumed that marine, secondary and recycled aggregate will continue to be provided at similar rates to previously.

However, the RTS2 methodology has made a deliberate attempt to reflect planned future requirements for housing construction as identified in each of the Local Development Plans (LDP's). The reason for this is that there is a very high statistical correlation between housing completions and aggregate sales at a national level, even though it is accepted that housing only makes up 30% of overall aggregate

use. There is no such statistical correlation between other construction activity and aggregate sales. This is not to say that housing completions are a predictor of demand, merely the trends in both markets are reflective of each other.

Stage 1 of the RTS2 review identified that planned annualised housing provision in Local Development Plans across Wales was more than double the average annual housing completions between 2007-2016. On the basis that the historic housing completions had sustained 30% of aggregate supply over the past 10 years then it is logical to assume that if the planned housing was set to double then the 30% element of aggregate demand associated with it should also be doubled. This is not to say that housing completions will double, but if housing is planned to double then aggregate provision must be made for that planned level of demand.

The RTS2 therefore proposes to add 30% to the historical sales average at the national level which increases the identified national requirement to 20.224 million tonnes per annum. There was a clear inescapable logic to this approach as the housing provision in LDP's has been tested at Examination and found to be sound.

However, the population forecasts on which LDP's housing requirements were based have been found to be too high and the Draft National Development Framework (NDF) issued for consultation by Welsh Government estimates a national housing requirement of 5,700 additional homes per annum up to 2038. This is less than the average annual completions (2007-2016) of 6,424. This would suggest that although the methodology is sound, there is information now available which would suggest that the 30% uplift is no longer necessary. In its response to consultation the Council suggested that the methodology needed to be revisited. The Steering Group did consider the issue in detail but was unable to identify another source of consistent data on which to base an assessment. As it is critical that there is a consistent dataset on which to base an assessment it is accepted that the LDP has to be used.

Stage 2 of the review assessed the appropriate split of the national requirement between North and South Wales. The average split over the baseline period was 38.26% for North Wales and 61.74% for South Wales and these proportions were applied to the 20.224 national requirement. The result is an annual requirement for North Wales of 7.738 million tonnes and for South Wales of 12.486 million tonnes.

Stage 3 of the review seeks to sub-divide the regional figures between identified sub-regions and to individual LPAs. In South Wales there are 5 sub-regions based on market areas. These are identified as **Powys**, **'West Wales'** (Pembrokeshire, Pembrokeshire Coast National Park and Ceredigion), **'Swansea City'** (Swansea, Neath Port Talbot and Carmarthenshire), **'Cardiff City'** (Cardiff, Rhondda Cynon Taf, Merthyr, Caerphilly, Bridgend, Vale of Glamorgan and Brecon Beacons National Park) and **'former Gwent'** (Blaenau Gwent, Torfaen, Newport and Monmouthshire).

The methodology for undertaking the sub-division of the regional requirement to the sub-regions is based on a combination of quantitative calculations and qualitative judgements.

The quantitative calculations for annualised apportionments for each LPA are based on two 'theoretical' sets of figures –

- Option A, in proportions which are based solely on the highest of the 3-year or 10-year average historic annual sales and
- Option B, in proportions which reflect the annualised housing completion data for each LPA expressed as a percentage of the sub-regional housing requirement totals (for this purpose 'Cardiff City' and 'former Gwent' were combined).

Option A has the advantage of reflecting the existing distribution of supply sources and is therefore realistic in terms of deliverability. However, it has the disadvantage of perpetuating historical supply patterns and the potential inequalities contained therein. It represents the preferred option in areas where the historical supply pattern appears to provide a sensible balance between the availability of resources and the location of demand but requires modification elsewhere.

Option B theoretically provides a way of changing the pattern of supply to one that is more equitable in terms of proximity and the use of resources. However, it takes no account of the spatial pattern of geological resources or existing quarries. Therefore, on its own this would be wholly inappropriate as a future supply strategy as it would not be deliverable within the timescales required. It does however give a useful indication of the required direction of travel that may be needed in order to improve existing patterns of supply from a sustainability perspective.

In practice, where the supply pattern was considered to be in need of adjustment, qualitative judgement has been applied and the two sets of figures were averaged to produce a preferred option which reflected the need for gradual change but also had an element of deliverability. This approach is supported at a sub-regional level.

However, the same methodology is applied in order to generate individual apportionments to each LPA. The basis for this seems to be that Paragraph 5.14.10 of Planning Policy Wales: Edition 10 (PPW10) states that:

Each mineral planning authority should ensure that it makes an appropriate contribution to meeting local, regional and UK needs for primary minerals which reflects the nature and extent of resources in the area and their best and most appropriate use, subject to relevant environmental and other planning considerations.

However, Paragraph 5.14.16 also states that:

Planning authority boundaries may form a suitable area basis on which to base a land-bank policy, however for some authorities the administrative area may be too small, the environmental constraints too important, or the availability of a workable resource too limited to enable an individual land-bank policy to be applied. In these circumstances, authorities must agree a joint approach with neighbouring authorities in line with current regional arrangements and may require liaison with relevant mineral planning authorities in England.

It is a long established view that ‘minerals’ are an important natural resource and that by its very nature mineral planning is or should be ‘strategic’. It also follows from Paragraph 5.14.16 of PPW10 that it is acknowledged that planning for minerals at an LPA level may not be possible, especially in South Wales because many LPA’s are just too small or do not have the natural resources.

In the Councils response to the consultation it considered the RTS2 to be an opportunity to plan sustainably and strategically over sub-regional areas rather than the outdated concept of managing the supply of minerals at an LPA level. However, the Steering Group had to accept that PPW10 requires each LPA to be provided with an apportionment in order to ‘make an appropriate contribution’. The sub-regional figures and the Statements of Sub-regional collaboration provide a mechanism for sub-regions to work together.

The Statements of Sub-Regional of Collaboration are a new requirement of RTS2 and are required to be agreed by each of the LPA’s within a sub-region. There was a requirement in the consultation draft and for this to be approved by the RAWP prior to the Examination of any LDP within that sub-regional area. The Council pointed out in its consultation response that the SRAWP is a technical group and has no remit in approving such documents. This has been accepted by the Steering Group.

The purpose of the Sub-Regional Statement of Collaboration is to allow the constituent LPA’s to depart from their specific allocation provided the overall sub-regional apportionment is met elsewhere within the sub-region.

The idea of a Sub-Regional Statement of Collaboration has been supported in principle but the Council considered that there should be a set timescale for them so that they were all being done at the same time. However, the Steering Group considered that as all LDP’s are not on the same timescale it would be difficult for some LPA’s. Therefore, the SSRC will be required before the first LPA in a sub-region has its LDP examination. This is an acceptable position.

Swansea City Sub-region

The preferred annualised apportionment for the ‘Swansea City’ sub-region is currently shown in the draft as 1.716 million tonnes per annum, of which 1.105 million tonnes per annum is shown as coming from Carmarthenshire and 0.305 million tonnes per annum coming from Swansea and Neath Port Talbot respectively.

The 1.105 million tonnes per annum for Carmarthenshire essentially equates to its percentage share of regional sales. There is little prospect of changing the supply pattern within the sub-region as Carmarthenshire is the only producer of limestone and the only 'alternatives' within the sub-region are within the Gower Area of Outstanding Natural Beauty. On that basis, Carmarthenshire would need 27.566 million tonnes up until 2041 and has permitted reserves at active/inactive sites of 59.9 million tonnes with a further 13.82 million tonnes at dormant sites. No allocations for crushed rock are therefore required in Carmarthenshire in the current LDP Review.

There are high specification aggregate sandstone reserves within Neath Port Talbot at two sites with planning permission (16.48 million tonnes) but no reserves within Swansea, although some resources exist in the northern part of the County. The RTS2 seeks to re-allocate some of the 'demand' on Neath Port Talbot's sites to hitherto unknown sites in Swansea although there is no clear need to do so.

The requirement for Neath Port Talbot is reduced by 50% of the historical sales to 7.636 million tonnes and Swansea is allocated the other 7.636 million tonnes even though the full amount (15.272 million tonnes) can already be provided from Neath Port Talbot's existing sites up until 2041. These changes in apportionment will need to be reviewed in the Statement of Sub-regional Collaboration.

Stage 4 of the review sub-divides the apportionment by aggregate type (crushed rock or land-won sand and gravel) based on the historical average sales split for that LPA. The annualised figure is then multiplied by 25 years for crushed rock and 22 years for land-won sand and gravel to arrive at the apportionment figure. The vast majority of LPA's do not have any land-won sand and gravel production so their allocations are purely crushed rock. However, Ceredigion, Pembrokeshire Coast National Park and Carmarthenshire have some sites and some identified resources on the Mineral Resources Map of Wales. It is therefore recommended in RTS2 that these LPA's, together with Pembrokeshire, work collaboratively in respect of future provision and seek to move sand and gravel provision outside of the National Park if possible. Allocations of a minimum of 3.626 million tonnes are required across these LPA's in the period up to 2038.

Carmarthenshire would therefore join with the 'West Wales' LPA's for the Sub-Regional Statement of Collaboration for sand and gravel but would remain with 'Swansea City' (Swansea and Neath Port Talbot) for crushed rock. This is a sensible approach given the location and market areas of the resources concerned.

Conclusion and Recommendations

The Councils Consultation response has been adequately considered by the Steering Group and therefore it is recommended that the Executive Board formally endorse the RTS2.