

SURREY COUNTY COUNCIL

CABINET MEMBER FOR ENVIRONMENT

DATE: 5 MAY 2010

REPORT OF: HEAD OF ENVIRONMENT



SUBJECT: CONSULTATION ON SECRETARY OF STATE PROPOSED CHANGES TO POLICY M3 AGGREGATE SUPPLY OF THE SOUTH EAST PLAN

KEY ISSUE/DECISION:

This consultation provides the opportunity to comment on the modifications proposed by the Secretary of State following publication of the Panel Report on the examination into changes to aggregates apportionment across the South East.

DETAILS:

Introduction

1. Proposals to amend Policy M3 of the South East Plan to update the requirement for land-won sand and gravel to 2026 were the subject of an Examination in Public in October 2009. The Panel Report was subsequently published at the end of November.
2. The Panel recommended that the policy be revised from that submitted in two ways. The first was to adopt a regional total of 11.12 million tonnes per annum (mtpa) compared to the submitted figure of 9.01mtpa. Secondly, the Panel recommended that the methodology used to apportion the total between mineral planning authorities should be Option E (demand and resources) rather than the submitted preference of Option E modified to take account of recent sales.
3. The County Council took part in the Examination and supported the South East England Partnership Board (SEEPB) in promoting a regional requirement of 9.01mtpa but argued in favour of the use of Option E rather than the modified version heavily weighted towards recent sales as a basis for apportionment.
4. The two changes recommended by the Panel work in opposite directions as far as Surrey is concerned. The higher regional requirement is offset by the use of Option E for the subsequent apportionment. The net result is a small reduction in the annual apportionment from 1.32mtpa in the submitted proposal to 1.27mtpa in the Panel's recommendation.
5. The Panel also made a number of recommendations on the precise wording of Policy M3 and the text of the South East Plan which relates to it.

The Secretary of State's Proposed Modifications

6. The Secretary of State has considered the Panel Report and its recommendations. He published proposed modifications for consultation on 19 March 2010 and is seeking comments by 1 June. The proposed modifications comprise three proposed changes to Policy M3 itself and a further six substantive changes to the accompanying text.
7. The proposed changes are considered below along with suggested responses to them, and a comment on the accompanying background report.

Proposed change 1

8. This change is to the overall regional requirement in Policy M3. SEEPB had proposed the figure of 9.01mtpa because evidence of recent production showed a downwards trend to a position significantly lower than both the current figure of 13.25 mtpa in Policy M3 and the regional target of 12.18mtpa published in the National and Regional Guidelines for Aggregate Provision in England, 2005-2020 (June 2009).
9. The Panel did not support use of either the national target for the region or the SEEPB alternative. It recognised the case made by SEEPB that recent evidence suggested that the national target was too high, but considered that there was inadequate justification for using a figure of 9.01mtpa. The Panel asked the Department of Communities and Local Government (CLG) to undertake some sensitivity testing of the national forecasting model using more recent production data. This showed a reduction of the regional guideline figure from 12.18mtpa to 11.12mtpa and this is the basis of the Panel recommendation.
10. The Secretary of State has accepted the Panel recommendation in the proposed modifications which use a regional guideline figure of 11.12mtpa for land-won sand and gravel.

Comment

11. While the proposed regional guideline of 11.12mtpa is lower than would have been the case if the Secretary of State had used the latest published national guidelines, there remains some concern about the underlying justification for the figure. The national guidelines are derived from an econometric model testing national aggregate consumption against overall construction output and then making further assumptions to derive regional guidelines. The process is not clear and, as evidenced by SEEPB, the actual regional trend does not correspond well to the model.
12. In these circumstances, rather than giving outright support to proposed change 1, the Secretary of State be informed that the County Council welcomes the reduction from the national guideline figure for land-won sand and gravel, but is not convinced that the national model properly reflects the on-going reduction of aggregate production in the south east and seeks assurance that further efforts to improve forecasting will be undertaken.

Proposed change 2

13. This change gives effect to the recommendation of the Panel that the sub-regional apportionment should be based on Option E (demand and resources). This is the option which has been consistently supported by the County Council throughout the process of review of the methodology for apportionment. The use of this option results in the annual apportionment for Surrey in Policy M3 falling from 1.32mtpa in the submitted proposals to 1.27mtpa. Although this is a modest change, when seen against the context of the current apportionment of 2.62mtpa, it is a significant one, especially as the modifications propose increases for the other counties in the South East, apart from East Sussex and the Isle of Wight where a cap applies.

Comment

14. The Secretary of State be informed that the County Council fully support the use of Option E as the method of sub-regional apportionment and the consequent land-won sand and gravel figure of 1.27mtpa for Surrey as the basis for on-going assessment of the proposals within the emerging Surrey Minerals Plan.

Proposed change 3

15. The third change to Policy M3 is a minor one which adds the need to do a Habitats Regulations Assessment as part of the testing of the deliverability of the sub-regional apportionment when preparing minerals development documents. This is supported and a Habitats Regulation Assessment has been undertaken for the emerging Surrey Minerals Plan.

Proposed change 4

16. This change to the text indicates that the national and regional guidelines are derived from economic modelling undertaken by CLG. It indicates that a review of the model using partially updated data was run before publication of the June 2009 Guidelines and the sub-regional apportionment for the south east is applied to the figure of 11.12mtpa obtained from this revision.

Comment

17. While the proposed change is consistent with the amendments to Policy M3, concern has been expressed above (paragraph 12) about the robustness of the model output.

Proposed changes 5 and 7

18. These changes, which are supported, are relatively minor ones to the text consequent on the adoption of Option E as the preferred method of sub-regional apportionment and the need to cap apportionments to East Sussex and the Isle of Wight to reflect particular circumstances in those areas.

Proposed changes 6 and 9

19. Proposed change 6 introduces a clarification to the apportionment methodology that recognises that although for the purpose of apportionment the measure of potential resources is taken to be the unsterilised resource

outside international and national designations, this is not a policy statement. It confirms that resources within international and national designations may be examined through the minerals development document process for their potential to accommodate mineral development necessary to deliver the apportionment.

20. Proposed change 9 is similar in that it recognises that a significant part of the soft sand resource in Hampshire, West Sussex and East Sussex lies within the South Downs National Park. Mineral planning authorities should look to the potential of meeting this part of their local apportionment from outside the National Park in the first instance and then within the National Park subject to the need to satisfy the tests set out in Minerals Policy Statement 1.

Comment

21. These two changes amplify the guidance on the local testing of the deliverability of the sub-regional apportionment and are to be noted.
22. The emerging Surrey Minerals Plan has addressed this issue in respect of the Habitat Regulations Assessment for international designations. Soft sand resources occur within the Surrey Hills AONB but no preferred areas are identified within this designated area because resources adequate to meet the proposed apportionment to 2026 exist elsewhere.

Proposed change 8

23. This change concerns a statement within the text that indicates that mineral development documents should, where appropriate, differentiate between sharp sand and gravel and soft sand requirements. The proposed change amends the wording from 'set separate apportionment' to 'make separate provision' and is supported as giving a greater degree of flexibility.

Background report

24. The background report to the proposed changes states that "local sand and gravel extraction cannot meet all the construction requirements of the South East" (para 10.87). It is considered that this is misleading as it infers that the South East is a net importer of land-won sand and gravel. The last survey data available from 2005 recorded sales in the South East of 9,573 million tonnes, as against consumption of 7,551 mt. This indicates that the South East is probably a net exporter of land-won sand and gravel, although it is a significant importer of crushed rock of which there is a limited resource for extraction within the region.

Consultation

25. The Leader and Cabinet Member for Environment were notified with brief details on 23 March when the consultation was issued.

Financial and Value For Money Implications

26. There are unlikely to be any significant cost implications for the County Council as the emerging Surrey Minerals Plan has been developed in parallel

with the revisions to the apportionment of sand and gravel set by the proposed modifications.

Equalities Implications

27. There are no equalities implications.

Risk Management Implications

28. There are no direct risk management implications.

Implications for the Council's Priorities or Community Strategy/local Area Agreement Targets

29. There are no direct implications.

Climate change/carbon emissions implications

30 The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change. The main element of carbon emissions in aggregates supply comes from transport. Most aggregates are used locally (within thirty miles) and Surrey has traditionally supplied part of the London market. With Surrey's declining share of aggregate production, there is the prospect of supplying some of the demand in Surrey (and London) from further afield, potentially increasing carbon emissions, although that effect may be mitigated by the use of rail transport.

Legal implications/legislative requirements

31 The proposed changes will update regional planning policy against which proposals in the Surrey Minerals Plan will be considered.

Section 151 Officer commentary

32 The S151 officer confirms that all material financial and business issues and risks have been considered in this report.

RECOMMENDATIONS:

It is recommended that the Cabinet Member:

- (i) endorses the comments made on the Secretary of State proposed modifications to Policy M3 of the South East Plan as set out in paragraphs 12, 14, 15, 17, 18, 21 and 23.
- (ii) agrees that authority be delegated to the Acting Planning Manager to make any further changes to the Surrey County Council response in consultation with the Cabinet Member for Environment, ahead of the consultation deadline.

REASONS FOR RECOMMENDATIONS:

To ensure that Surrey County Council's views are made known to Government.

WHAT HAPPENS NEXT:

The Secretary of State will adopt the changes to Policy M3 of the South East Plan following consideration of comments made on the proposed modifications. These changes will update regional spatial planning policy against which proposals in the Surrey Minerals Plan will be considered.

Lead/Contact Officer: David Lamb, Acting Planning Manager 020 8541 9456

Consulted: Roger Hargreaves, Head of Environment
Trevor Pugh, Strategic Director for Environment and Infrastructure

Informed:

Sources/background papers:

The South East Plan – The Secretary of State's Proposed Changes to Policy M3 – Primary land-won aggregates and sub-regional apportionment (March 2010)
The South East Plan – Review of Policy M3 – Primary land-won aggregates and sub-regional apportionment – Report of the Examination in Public Panel (November 2009)
Collation of the results of the 2005 Aggregate Minerals Survey for England and Wales (May 2007)
