To whom it may concern

RE: Call for evidence on the Planning (Scotland) Bill Financial Memorandum

The Mineral Products Association Scotland (MPAS) welcomes the opportunity to comment on this Financial Memorandum and accordingly have enclosed the completed questionnaire.

MPAS is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries. MPA members include SME’s as well as major international companies. Each year the industry in the UK supplies £20 billion worth of materials and services to the economy and is the largest supplier to the construction industry, which has an annual output valued at £144 billion. Industry production represents the largest materials flow in the UK economy and is also one of the largest manufacturing sectors.

MPA Scotland
Finance and Constitution Committee Questionnaire

Consultation

1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

MPA Scotland have responded to the calls for evidence and Planning Bill consultations, but did not comment on the financial assumptions. The level of detail relating to the potential impact on industry has so far been insufficient to enable any meaningful response to be put forward.

2. If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?

N/A

3. Did you have sufficient time to contribute to the consultation exercise?

There were a considerable number of Scottish Government/SEPA consultations issued in 2017 which relate directly to the aggregates industry, ranging from planning, integrated environmental permitting, climate change, clean air, etc. Whilst MPA Scotland responded to most consultations, our Members found it challenging to put aside time to consider them all and consequently responses are unlikely to be as comprehensive as the industry would have liked.

Costs

4. If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

Our response to question 1 identifies a lack of detail in the consultations. A response to the potential financial implications would therefore have been unlikely to be beneficial and may have ultimately been misleading.

Of particular concern to the aggregates industry, is the proposed infrastructure levy. Whilst it is understood that details on this will be consulted on prior to the introduction of Regulations, we would like to reiterate the comments we have already made:

- For the aggregates industry, it is suggested that the application of an infrastructure levy would be counter-productive. The industry provides the essential materials for infrastructure development and
maintenance. Levies due would be passed on to the customer so there would be no benefit, only an administration cost to all affected parties.

- Minerals are low cost, high quality materials and any additional cost associated with the production of minerals would undoubtedly lead to a rise in costs to developers and therefore undermine the Scottish Governments strategies for growth. For infrastructure improvements required as a consequence of opening a new quarry, companies have historically entered into S75 agreements with local authorities to carry out the necessary works.

- There are generally very few minerals applications submitted in any one year. Applications are based on projected ‘need’ and due to the nature of operations, sites granted planning permission may be operational for a considerable number of years. An infrastructure levy proposed for new sites is likely to make them commercially non-viable and in the long term could jeopardise the security of the minerals supply chain in Scotland.

- Ultimately, the application of an infrastructure levy on the minerals industry in Scotland may open the market for cheaper imports. This would be detrimental to the Scottish economy, impact rural employment and have a detrimental outcome in terms of global climate change objectives.

The timing of when an infrastructure levy is payable is also of concern. In paragraph 202 of the Scotland (Planning) Bill Explanatory Notes posted on 05 December 2017 it ‘makes provision allowing the regulations to preclude planning permission from being granted, or being deemed to have been granted, until there has been full payment of the infrastructure levy or any associated financial penalty for late payment’. However, in paragraph 89 of the Financial Memorandum, it states that ‘...it is not expected to be payable until the development is completed’. How an infrastructure levy would apply to a quarry is unclear, especially considering the considerable lifespan of most sites and the fact that there may not be full extraction of a site due to unforeseen technical/geological issues or a decline in the market.

Paragraph 95 of the Financial Memorandum states that ‘The research indicated that to ensure certain lower value developments were not adversely affected by the levy, a threshold could be set, below which no payment would be made. This was identified at around £1,250 per metre squared of developed floorspace, for one of the scenarios.’ Whilst this would mean that quarries would be exempt from paying the infrastructure levy under this scenario, it is clear that this relates to buildings only and there would appear to be no detail on how or whether a different ‘scenario’ would be applied to industrial sites unless they would be classed as a ‘new manufacturing premise’.
5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

No comment.

6. If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?

No comment.

7. Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?

No comment.

Wider Issues

8. Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?

No comment.

9. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

No comment.