

Mineral Products Association Scotland

Priorities for Scotland

OVERVIEW

Photo: Glensanda Quarry, Oban

1. An essential industry

From the impressive sandstone buildings of historic Edinburgh and Glasgow to the granites used to construct Oban and Aberdeen, the built environment of modern Scotland and the infrastructure that supports it reflects the geology that has formed and shaped its diverse landscapes.

Mineral products underpin nearly every part of our lives; from homes, schools and hospitals to roads, railways and ports and even energy, water, steel, glass and agriculture. To deliver the essential materials that underpin the national economy, we estimate that 4 billion tonnes of aggregate will be needed by 2035 across the UK.

The sector faces significant policy challenges on industrial decarbonisation, planning and resource availability, and delivery of major projects. The Scottish and Westminster Governments must address these for the industry to be able to fully fulfil its role in supporting Scotland's objectives for society and the economy.

2. Contribution to the Scottish Economy

The industry directly employs 80,000 people across the UK

The industry's average labour productivity is £99,000 per worker, well above the UK average

It operates from over 200 sites in Scotland

MPA figures for 2022 show production in Scotland of:

- 4.5 million tonnes sand and gravel
- 21.3 million tonnes of crushed rock
- 1.2 million tonnes of ready mixed concrete, around 500,000m³
- 2.5 million tonnes of asphalt

KEY ISSUES

1. Scottish Aggregates Tax

The Scotland Act (2016) gave the Scottish Government the right to devolve the Aggregates Levy, which the Scottish Government has now decided to do. MPA Scotland has been actively engaged in the process, working with Revenue Scotland, Scottish Government and others in the Advisory Group, and commits to continue to do so.

MPA and MPA Scotland opposed the original introduction of the UK Aggregates Levy because of its flawed and misleading justification of offsetting the environmental damage resulting from extraction. We caution against overestimating the environmental or behaviour changes that might result from changes to the tax following devolution.

In particular, the Scottish Government's desire to use the Aggregates Tax to drive increased recycling and circularity is unlikely to be realised. There is only a finite volume of construction and demolition waste to be used as recycled aggregates, 87% of which is already used in this way. There is little scope to significantly increase this as much of the remaining 13% is silt and other soft wastes that are not recyclable into useable products. Recycled aggregates need to meet specific standards and specifications to be useable.

MPA Scotland commits to engage with Revenue Scotland and the Scottish Government to make the devolution of the tax go smoothly. It is essential that markets are not distorted, and that Scottish aggregates producers can compete fairly.

Recommendations:

- **Scottish Government should proceed with caution in devolving the tax, avoiding market-distorting differences with the rest of the UK**
- **Scottish Government and Revenue Scotland should retain the Scottish Aggregates Tax Business Advisory Group through the primary and secondary legislation period and into post-implementation**

2. Decarbonisation of the industry

Our whole industry is committed to net zero. Achieving that will require businesses to prepare for Carbon Capture, Usage and/or Storage (CCUS), alternative fuels, on-site equipment and transport. For Scotland's cement plant at Dunbar and other manufacturing activities, this will rely on zero carbon electricity, hydrogen or waste biomass being available in sufficient quantities and new infrastructure such as grid connections being affordable. It also needs the Westminster Government to progress its CCUS plans and ensure a level playing field with international competitors to attract private investment to Scotland.

Recommendations for Scottish Government:

- **Extend the Industrial Energy Transformation Fund and remove funding windows**
- **Focus on ensuring Scotland has the right skills in adequate volume for industry and for regulators to meet future need, in particular for CCUS**

Recommendations for UK Government:

- **Tackle the high costs charged by Distribution Network Operators for new grid connections and upgrades and ensure enough generation capacity to support all industries to decarbonise**
- **Deliver a Carbon Border Adjustment Mechanism on cement by 2026, to level the carbon cost of imports with domestic production**
- **Deliver carbon capture at pace, both in the Scottish Cluster and at dispersed industrial sites**
- **Tackle the domestic drivers of the UK having higher industrial energy costs than competitor economies, e.g. abolish the Carbon Price Support**
- **Prioritise hydrogen for uses that cannot be electrified such as asphalt burners**
- **Level the playing field for waste biomass by, for example, ending current measures like the Green Gas Support Scheme, that divert waste streams to electricity or heat production**

3. Contribution to decarbonisation of Scotland's economy

Our industry will be a critical enabler for delivering Scotland's incredible renewable energy potential. Floating offshore wind can use domestically-produced concrete bases, with a local, sustainable supply chain already in place. Add in the ports, energy and transport networks required for the transition to net zero and there will be significant need for our sector's materials to support Scotland's energy transition.

Recommendations:

- **Ensure adequate reserves of aggregates**
- **Plan for port infrastructure and connections for essential material flows and manufacturing facilities**

4. Natural environment

MPA Scotland members have a proud record, stretching back decades, of enhancing biodiversity in Scotland by restoring former quarry sites to nature. These sites have already played a part in the industry's creation of 80 km² of priority habitat across the UK, with another 110 km² planned. Due to the long-term, but ultimately transient, nature of mineral extraction, our industry's contribution to biodiversity is unique, taking a very different form to the contributions of other industries, land managers, and developments.

5. Planning and permitting

Aggregates are needed for the construction of transport and renewable energy infrastructure, housing and other buildings that are a vital part of the Scottish Government's infrastructure investment plans for the future. Adopted in February 2023, the National Planning Framework 4 (NPF4) details the long term planning strategy for Scotland to 2045. However, in order to deliver these plans it is necessary to ensure a suitable supply chain of minerals capable of meeting future demand both in terms of volume of aggregate and also quality of aggregate.

Supply of mineral products cannot be taken for granted; it must be planned, managed, and monitored to ensure demand is met on a secure and sustainable basis. In Scotland, for many years there has been inadequate replenishment of permitted reserves. Between 2012-2021, of the 30.4 million tonnes of sand and gravel sold, only 16.8 million tonnes of a replacement reserves were permitted - a replenishment rate of just 55%. For crushed rock, over the same period 91.5 million tonnes of sales were replaced with 60.5 million tonnes of new reserves - a replenishment rate of 66%. This replenishment rate is unsustainable, and decisive action is needed to streamline and increase the capacity of the mineral planning system.

There is a planning requirement for a landbank for at least ten years, but this should be considered a minimum, not a target.

6. Scottish Minerals Forum

The Scottish mineral products industry, Scottish Government and others could collaborate more closely on all these issues. MPA Scotland would be keen to see a Scottish Minerals Forum established, looking at forward planning and reserve replenishment as well as assisting in the cost effective and sustainable delivery of key infrastructure projects. Such a Forum would provide improved dialogue between our sector and across the range of Government and would provide an opportunity to consider further recycling opportunities. With the new British Geological Survey research due to start, this forum would be a good way to ensure the sector can be fully engaged in decisions that affect its future and importantly its contribution to the Scottish economy.

Recommendation:

- Establish a Scottish Minerals Forum



Photo: Thistle and fly | Glensanda Quarry, Oban | by Tony Robinson



Photo: Cloddach Quarry, Elgin



More detail and further questions

Scan the QR code to view our Key Documents for Political Stakeholders



For any queries please contact Alan Doak, Director on 07710 594708 or at Alan.Doak@mineralproducts.org

About MPA Scotland

MPA Scotland is an affiliate of the wider Mineral Products Association, and represents thirteen independent SME quarrying companies, as well as five major and global companies. Collectively, these businesses employ over 3,000 people across Scotland.

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