

Written evidence by **About MPA**

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The Mineral Products Association (MPA) is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries. With the affiliation of British Precast, the British Association of Reinforcement (BAR), Eurobitume, MPA Northern Ireland, MPA Scotland and the British Calcium Carbonate Federation, it has a growing membership of 530 companies and is the sectoral voice for mineral products. MPA membership is made up of the vast majority of independent SME quarrying companies throughout the UK, as well as the 9 major international and global companies. It covers 100% of UK cement and lime production, 90% of GB aggregates production, 95% of asphalt and over 70% of ready-mixed concrete and precast concrete production. In 2018, the industry supplied £16 billion worth of materials and services and was the largest supplier to the construction industry, which had annual output valued at £172 billion. Industry production represents the largest materials flow in the UK economy and is also one of the largest manufacturing sectors.

MPA has regular, ongoing engagement with a number of arm's-length bodies, including the Environment Agency, Natural England and Climate Change Committee. We have previously commented on the work of a range of other arm's-length bodies including Highways England, HS2, National Infrastructure Commission and Historic England.

There are substantial differences between these different organisations, from permanent regulators with widespread remits to specific project bodies. Our concern is with their management and performance, which is highly variable, and the lack of means for businesses affected to do anything to demand and see improvement.

Regulators

Regulators effectively only answer to Parliament and Government. Businesses regulated by them are effectively customers in a monopoly situation and have few options to pursue concerns as to their efficiency, timeliness, fairness and value for money.

When these concerns are noted, the answer proposed is frequently to increase resources for the regulators, resulting in higher fees from customers. In our experience, this has not improved performance or outcomes, and more importantly there is no mechanism or

process to assess this. It would be extremely helpful of the Public Accounts Committee to probe whether there is any evidence for improved performance following fee increases.

Introducing or increasing fees changes the relationship between the regulator and the regulated company. The Health and Safety Executive's introduction of Fees for Intervention has made visits less collaborative and slightly more inquisitorial, resulting in less enthusiasm from companies. This is despite the widespread commitment to improving health and safety at work in our industry.

The cumulative burden of regulation is often only visible to those on the receiving end of it, with the complexities of simultaneously meeting and showing compliance to multiple rules generating cost but not improving outcomes. Overlaps between regulators - e.g. Natural England and the Environment Agency (EA), or with local planning authorities and these bodies - can cause problems.

In recent years, Natural England have significantly evolved and adapted to be more delivery focussed following previous 'better regulation' and 'red tape challenge' initiatives. By contrast, the EA appear unable to deliver risk based, environmental regulation on a demonstrable, cost effective basis, that achieves the best outcomes for the environment and human health. Their systems are outdated with little online functionality for tracking permit application progress and paying fees, for example. As captive customers our members expect paid services to come with realistic timelines and a transparent system of delivery - neither of which the EA can provide.

As an environmental regulator it should be expected that the EA regulate for the benefit of the environment. However, there is no requirement for the EA to demonstrate that any of the actions it undertakes offers the most environmentally beneficial outcome, and they appear inflexible when their approach is patently resulting in more harm than good. A good example is an unnecessary twelve-month delay to permission for a minor technical variation for waste derived fuel, which resulted in a big missed opportunity; instead of using the fuel, coal was burnt and waste exported. This generated over 12,000 tonnes unnecessary direct emissions of carbon dioxide plus the transport emissions for the coal and the waste.

The higher the costs of adhering to regulation the greater the temptation for unscrupulous businesses to operate illegally, so there is a real social and environmental benefit to regulation being efficient, helping those businesses that hold to high standards demonstrate it without undue burden.

Infrastructure delivery bodies

Highways England's first Road Investment Strategy (2015-20) saw 37 of its 112 planned projects either cancelled, deferred to later periods, or placed 'under review'. While individual projects were very successful, such as the A14 upgrade, the overall programme

disappointed the supply chain and did not fulfil the expectations raised. Similarly, there were eight years of uncertainty on High Speed 2, from the Secretary of State for Transport announcing the Government plans to proceed in 2012 to the final authorisation in 2020, with the project plagued by delays and cost overruns.

MPA member companies invested on the basis of Government policy and specific outputs that were not realised. This undermines confidence in subsequent projections of demand for the supply chain.

HS2 has presented an additional problem: they have not communicated their expected mineral product demand, despite this clearly being very substantial. The impact of this is that mineral planning authorities have inadequate information to manage the planning and permitting of adequate supply. It takes up to fifteen years from identifying a geological resource to a quarry coming on stream and delivering product to market.

We recognise that major infrastructure projects are challenging and carry inherent risk and uncertainty. However, both of these examples demonstrate that this needs to be appropriately managed and communicated. Arm's-length bodies are answerable to their sponsoring department but this presents only an indirect route to resolving these performance issues and is an effective barrier to a normal supplier-client relationship.

The scale of these bodies gives them significant market power. Their poor communication and management of projects, allied to Government's optimism bias creates significant uncertainty that makes it harder for companies providing essential materials to invest.

Advisory

More positively, there are some bodies established with whom we have open and engaging relationships. The Climate Change Committee is a good example; while we do not agree with them on everything and challenge some of their advice, there is an open, professional dialogue where we can represent our members appropriately. CCC engages in regular bilateral meetings, meaning that engagement is constant rather than a reactive cycle around consultations, and allow MPA to keep CCC updated as to our work on issues of interest to them.

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