YORK POTASH LTD

APPLICATION TO CARRY OUT MINERAL WORKING AND ASSOCIATED DEVELOPMENT

September 2014

Major Development Test Planning Statement

Quod

YORKPOTASH
A Sirius Minerals Project

THE YORK POTASH PROJECT

MAJOR DEVELOPMENT TEST PLANNING STATEMENT

September 2014

Our Ref: Q40243

Quod | Ingeni Building 17 Broadwick Street London W1F 0AX | 020 3597 1000 | www.quod.com

Contents

Documents

1 INTRODUCTION

1.1 York Potash Limited ("YPL") is submitting a minerals application to the North York Moors National Park Authority ("NYMNPA") and Redcar and Cleveland Borough Council ("R&CBC") seeking permission for the winning and working, and onward transport of, polyhalite natural fertiliser at land centred at Dove's Nest Farm and Haxby Plantation, Sneatonthorpe.

1.2 From a mine head development at Dove's Nest Farm, North Yorkshire's new mine would operate for in excess of 100 years and would have access to the World's largest and highest grade established polyhalite reserve. The proposals, with a limited above-ground presence, represent a major investment in the North Yorkshire region, and would not only contribute significantly towards the challenge of global food security but also create over 1,000 direct jobs, with many more created in the wider economy.

1.3 This Major Development Test Planning Statement ("MDT Planning Statement") has been prepared by Quod in support of the minerals application. Its purpose is to provide the planning policy context for considering the 'in principle' acceptability of the proposals and the context within which the application should be determined. In particular, the MDT Planning Statement considers the so-called 'major development test' which is set out in relevant planning policy documents and generally applied to proposals of this nature in designated areas such as National Parks. Other detailed planning policy matters are considered in the separate Planning Statement that is also submitted in support of the application.

1.4 The MDT Planning Statement draws on information provided in the aforementioned Planning Statement, along with other documents submitted in support of the application, summarising relevant findings and conclusions where appropriate but in a manner that seeks to avoid unnecessary duplication.

1.5 **Section 2** of the MDT Planning Statement provides a summary description of the proposals. **Section 3** provides a comprehensive analysis of MDT planning policy. **Section 4** considers the way in which the MDT has been applied in respect of other relevant major developments and the

implications that this has for assessing YPL's proposals. **Section 5** summarises the evidence relating to the use of polyhalite as a fertiliser, with **Section 6** considering the commercial market for polyhalite. **Section 7** discusses the economic benefits of the proposals and **Section 8** considers the environmental impact and proposed mitigation measures. **Section 9** considers the alternative sites which have been assessed during preparation of the planning application. Having considered all of these matters, **Section 10** provides the conclusions of this Statement and assesses whether the proposals meet the MDT.

1.6 **Appendix 1** provides a summary of the most relevant issues and options contained in the emerging Minerals and Waste Joint Plan (MWJP) in respect of the proposals. **Appendix 2** reviews the planning policy assessment of five other major development proposals which have been previously determined and a summary analysis of this is presented in Section 4.

2 THE PROPOSALS

a) Summary of the Proposals

2.1 The application seeks consent for the following:-

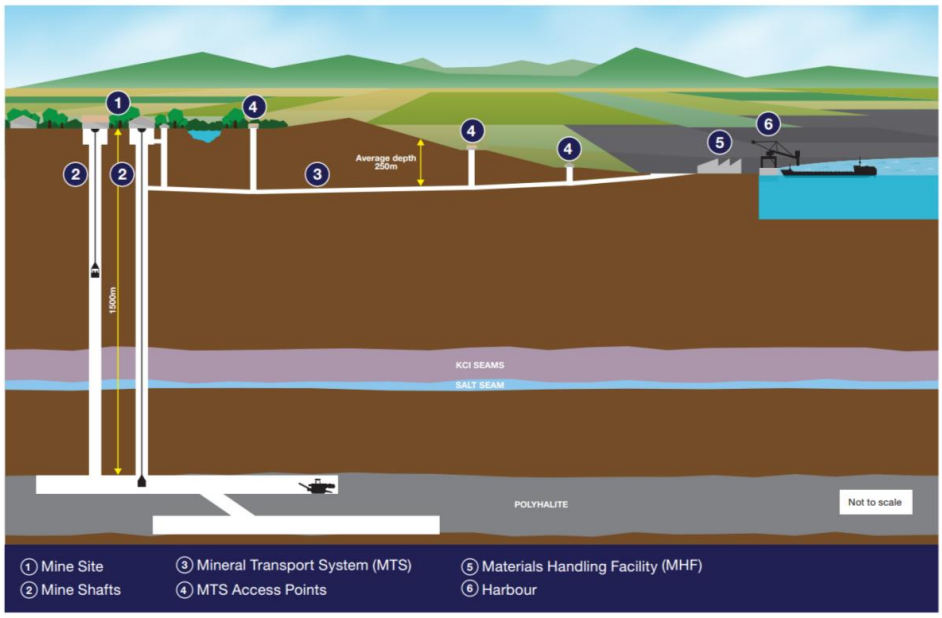
> **"the winning and working of polyhalite by underground methods including the construction of a mine head at Dove's Nest Farm involving access, maintenance and ventilation shafts, the landforming of associated spoil, the construction of buildings, access roads, car parking and helicopter landing site, attenuation ponds, landscaping, restoration and aftercare and associated works. In addition, the construction of an underground tunnel between Doves Nest Farm and land at Wilton that links to the mine below ground, comprising 1 no. shaft at Doves Nest Farm, 3 no. intermediate access shaft sites, each with associated landforming of associated spoil, the construction of buildings, access roads and car parking, landscaping, restoration and aftercare, and the construction of a tunnel portal at Wilton comprising buildings, landforming of spoil and associated works."**

2.2 The above Mine and Materials Transport System ("MTS") proposal comprises two of the main elements required for the implementation of the York Potash Project ("the Project"). In summary, and as indicated in Figure 1 below, the main project elements and their interrelationships are:-

- An underground Mine, including a surface access point ("the Mine head") at Dove's Nest Farm and Haxby Plantation, Sneatonthorpe;
- A MTS, primarily consisting a 36.5km long tunnel, containing a series of linked conveyor belts that will transport the polyhalite from an underground point at the Mine head beneath Dove's Nest Farm, to Wilton at Teesside, and three intermediate surface sites along the route at Ladycross Plantation, Lockwood Beck and Tocketts Lythe to provide access for tunnel construction, ongoing maintenance, ventilation and emergency access;
- A Materials Handling Facility ("MHF") – a granulation and storage facility at Wilton (Teesside) that will receive and handle the polyhalite transported via the MTS; and

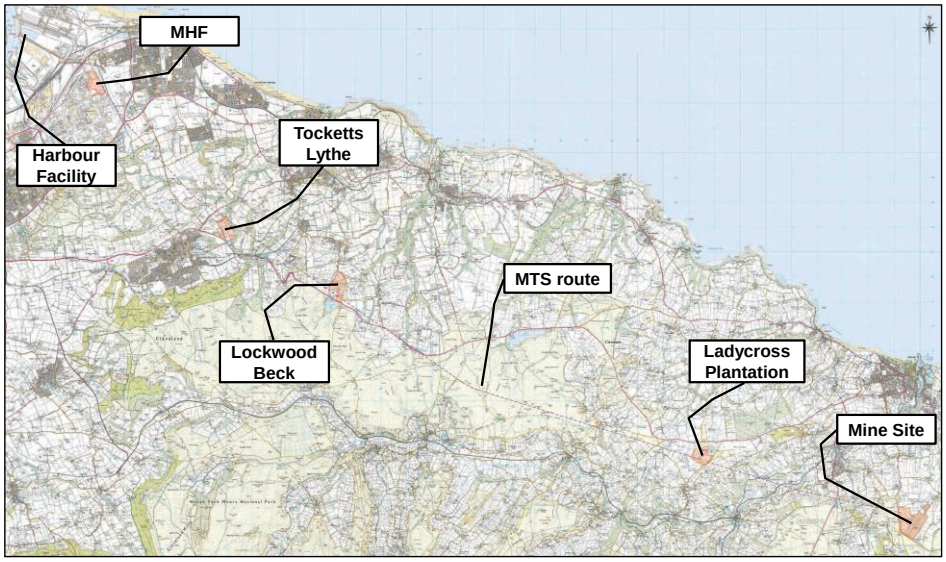
- A Harbour Facility proposed at Brans Sands, Wilton Industrial Estate on the south bank of the River Tees Estuary, connected to the MHF via conveyor, for the bulk shipping of the polyhalite. Provisions for domestic distribution via road is also proposed.

Figure 1: Indicative Image of York Potash Project



2.3 The general location and routes of these main elements of the project are shown in Figure 2 below:-

Figure 2: Plan Showing the Broad Location of each of the Project Elements



2.4 Other developments associated with the project include:-

- A temporary Park & Ride facility to transport construction workers to the mine construction site. This is proposed at land to the south of Stainsacre Lane, directly opposite the existing Whitby Industrial Estate, south east of Whitby. The option to provide a construction worker village at the site is also provided for;

- A mine operations Park & Ride facility, south of Whitby. This would involve the creation of additional car parking spaces for mine workers as part of the existing Cross Butts Park & Ride and allow for the provision of a bus connection directly to the Mine head at Dove's Nest Farm; and

2.5 Full details of the proposal are provided in other documents submitted in support of the application, including the Application Drawings, the Planning Statement and the Design and Access Statement

3 MDT PLANNING POLICY

a) Introduction

3.1 This section of the Statement provides a comprehensive review and analysis of planning policy and guidance that relates to the 'major development test' (MDT). This forms the immediate policy context for assessing the acceptability of the proposals in relation to the MDT.

3.2 Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires planning applications to be determined in accordance with the Development Plan unless material considerations indicate otherwise.

3.3 The application site falls partially within the administrative area of the North York Moors National Park Authority (NYMNPA). The Development Plan for the National Park consists solely of the NYMNPA Core Strategy and Development Policies (CSDP), which was adopted in November 2008.

3.4 The following documents are also relevant and material in determining this application:

- **The National Planning Policy Framework (NPPF) (CLG; March 2012)** - this sets out the Government's national planning policy. Local Plans and Core Strategies should be consistent with the NPPF.
- **National Planning Practice Guidance (NPPG)** (CLG; March 2014) – this provides the Government's guidance on planning including for mineral extraction in plan making and the application process.
- **The English National Parks and the Broads: UK Government Vision and Circular 2010 (Defra; March 2010)** - this provides policy guidance for the English National Parks and the Broads. It is due to be reviewed within five years of its date of publication (i.e. by March 2015).
- **The North York Moors National Park Management Plan (NYMNPA; 2012)** – this provides the strategic framework for managing the National Park over the next 15 years.

- **York, North Yorkshire and East Riding Local Enterprise Partnership (LEP) Strategic Economic Plan (January 2014)** – although this is not a planning policy document, it provides the economic and business strategy for the area.

- **The Minerals and Waste Joint Plan for the City of York, North York Moors and North Yorkshire (Issues and Options Consultation; February 2014)** – once adopted, this will provide planning policies for minerals and waste development. At this stage, however, the consultation document only contains a series of issues and options, rather than definitive policies.

3.5 The Minerals and Waste Joint Plan (MWJP) is an emerging document and, therefore, the amount of weight that should be given to it is likely to be determined by the document's consistency with national policies, the degree of progress towards adoption and the extent of public consultation which has been completed at this time.

3.6 For the avoidance of doubt, the saved policies of the North Yorkshire Minerals Local Plan, adopted in 1997, are not considered to be a material consideration for assessing this application since the plan only covers the area of the County of North Yorkshire outside the Yorkshire Dales and North York Moors National Parks and the City of York Council.

b) <u>The Development Plan</u>

3.7 As explained above, the Development Plan for NYMNP consists solely of the Core Strategy and Development Policies (CSDP), which was adopted in November 2008.

3.8 Chapter 2 of the CSDP provides a 'Spatial Portrait of the North York Moors', referring to the 1995 Environment Act which sets out two purposes for National Park Authorities:

- To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Parks; and

- To promote opportunities for the understanding and enjoyment of the special qualities of the Parks by the public (paragraph 2.2).

3.9 Paragraph 2.3 explains that the 1995 Environment Act subsequently places a duty on National Park Authorities in pursuing the two purposes *'to seek to foster the economic and social well-being of local communities'.* Section 62 of the 1995 Act also requires all relevant authorities to:

> **"have regard to the statutory purposes in exercising or performing any functions in the National Park and; if it appears that there is a conflict between those purposes, to attach greater weight to the purpose of conserving and enhancing the natural beauty, wildlife and cultural heritage of the area."**

3.10 It is helpful that these matters are expressly considered in the CSDP. It can be assumed, therefore, that the policies of the CSDP fully take them into account so that they do not need to be considered in addition to the policies of the CSDP in the planning decision to be taken in this case.

3.11 Chapter 2 of the CSDP also explains that the Park has a considerable history of mineral extraction, with the largest current operation being the UK's only potash mine at Boulby in the north of the Park (paragraph 2.13).

3.12 Chapter 3 of the CSDP ('Influences on the Spatial Strategy') explains that the policies in the plan provide a spatial dimension to many plans and strategies relevant to the National Park and will help to deliver their outcomes (paragraph 3.1). The CSDP explains that, as well as national planning policies, this includes the relevant Community Strategies and North York Moors National Park Management Plan. This provides the overarching strategy for the future of the Park, containing policies to help deliver the two National Park purposes and for fostering the economic and social well-being of local communities. It includes a vision for the Park and lists the special qualities that have contributed to its designation as a protected landscape and which the Local Development Framework (LDF) must seek to safeguard (paragraph 3.12). Although the CSDP refers to the 2004 Management Plan, which has now been replaced by the 2012 Management Plan, the function of the document and relationship with the CSDP remains unchanged in seeking to fulfil the requirements of the 1995 Environment Act. Again, it is helpful that the Management Plan was explicitly taken into account in the preparation of the CSDP policies.

3.13 The strategic framework for future development in the National Park is provided by Core Policy A ('Delivering National Park Purposes Sustainable Development') and Core Policy B ('Spatial Strategy').

3.14 Core Policy A states that the LDF seeks to further the National Park purposes and duty by encouraging a more sustainable future for the Park and its communities whilst conserving and enhancing the Park's special qualities. It states that priority will be given to, amongst other things:-

> **"Providing a scale of development and level of activity that will not have an unacceptable impact on the wider landscape or the quiet enjoyment, peace and tranquillity of the Park, nor detract from the quality of life of local residents or the experience of visitors…"**

3.15 Core Policy B relates to the provision of additional housing and employment opportunities in accordance with the Park's settlement hierarchy.

3.16 Paragraph 5.3, which supports Core Policy A states:-

> **"The Park is not expected to be a location for major development schemes. Planning Policy Statement 7 and Circular 12/96 set out the considerations that will be applied in assessing proposals for major development in National Parks. <u>There is no precise definition of 'major development' but an indication that it includes proposals raising issues of national significance. The guidance indicates that major development should only take place in exceptional circumstances and where it can be shown to be in the public interest</u>. Examples of development that might be classed as major include mineral workings, waste disposal facilities, larger energy generating schemes, water storage reservoirs, high voltage electricity transmission schemes, large scale military development and larger road schemes."** [Emphasis added]

3.17 Whilst the Development Plan should be read as a whole, it is clear that one policy has particular relevance when considering proposals for minerals development. Chapter 6 of the CSDP ('Protecting, Enhancing and Managing the Natural Environment') includes Core Policy E ('Minerals') which applies to minerals extraction in general throughout the Park. It states:-

> **"…Minerals extraction or the re-working of former quarries will be permitted where:-**

It is of a scale appropriate for its location in the National Park and is for meeting a local need for building stone.

There are no suitable sources of previously used materials to meet the identified need.

Any waste materials from extraction will be re-used or recycled wherever possible.

A scheme for restoration and after-use of the site based upon protecting and enhancing the special qualities of the National Park forms an integral part of the proposal.

…All other minerals developments will be considered against the major development tests. The continued extraction of potash at Boulby will be permitted provided that any detrimental effect on the environment, landscape or residential or visitor amenity is not unacceptable in the context of any overriding need for the development." [Emphasis added]

3.18 Whilst, not unexpectedly, Core Policy E focusses on local needs, it sets out a clear approach for all other minerals developments, namely that they must be considered against the 'major development tests'. It also provides qualified support for the continued extraction of potash at Boulby. This approach is explained in paragraph 6.37 of the CSDP which explicitly recognises the national need for potash:

> **"The policy approach for Boulby is established out of the recognised national need for potash..."** [Emphasis added]

3.19 The CSDP also recognises the employment opportunities that are offered by a small number of larger organisations such as Boulby Potash mine (RAF Fylingdales is the only other such organisation referred to) (paragraph 8.3). It also recognises that the NYMNPA has a duty to foster the economic and social well being of local communities and, therefore, will encourage and promote opportunities for new employment, training and enterprise in the Park (paragraph 8.4).

c) NPPF

i. Sustainable Development

3.20 The NPPF (March 2012) sets out the Government's national planning policy. It reinforces the Government's commitment to securing economic growth and that the planning system should do everything it can to support rather than impede sustainable economic growth.

3.21 The NPPF replaced almost all of the previous national guidance contained within Planning Policy Statements (PPSs), Planning Policy Guidance Notes (PPGs), Minerals Policy Statements (MPSs), Minerals Policy Guidance Notes (MPGs) and is now an important material consideration in planning decisions.

3.22 The NPPF is underpinned by an overarching presumption in favour of sustainable development. Paragraph 14 of the NPPF states inter alia:

> **"At the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking.**
> **For plan-making this means that:**
>
> - **local planning authorities should positively seek opportunities to meet the development needs of their area;**
> - **Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:**
>   - **any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or**
>   - **specific policies in this Framework indicate development should be restricted.**
>
> **For decision-taking this means:**
>
> - **approving development proposals that accord with the development plan without delay; and**
> - **where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:**
>   - **any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed**

against the policies in this Framework taken as a whole; or

- **specific policies in this Framework indicate development should be restricted."**

3.23 A footnote (no 9) relates to the last bullet point, explaining that such policies relate to, amongst other things, National Parks. This effectively exempts National Parks from the general presumption in favour of sustainable development. The consequence of this is that planning applications in the NYMNP will be considered in the traditional way, starting with the policies of the development plan and then taking into account any material considerations, including other relevant policies in the NPPF.

3.24 Paragraph 7 of the NPPF defines the three roles of sustainable development (i.e. economic, social and environmental) as followed:

i. "Economic role –contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;

ii. Social role – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural wellbeing; and

iii. Environmental role – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy."

3.25 It is significant that it is the economic role that is singled out for particular weight:

> **"The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should encourage and not act as an impediment to sustainable growth, and as such, significant weight should be placed on the need to support economic growth through the planning system."** (paragraph 19)

3.26 This is consistent with the Government's overall plan for economic growth. The NPPF provides a positive approach to development, for instance:-

- Requiring that plans "*take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities*" (paragraph 17);

- Requiring that local councils make every effort to identify and then meet the housing, business and development needs of an area, and to set out a clear strategy for allocating sufficient land which is suitable for accommodating this required development (paragraph 17);

- Requiring local authorities to have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, local authorities should "*work closely with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability*" (paragraph 106); and

- Ensuring viability and deliverability is given significant weight and local authorities are reminded that "*the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of*

development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable" (paragraph 173).

ii. *National Parks*

3.27 Paragraph 115 states:

> **"Great weight should be given to conserving landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty, which have the highest status of protection in relation to landscape and scenic beauty. The conservation of wildlife and cultural heritage are important considerations in all these areas, and should be given great weight in National Parks and the Broads."** [Emphasis added]

3.28 A footnote (no. 25) to this paragraph cross-refers to English National Parks and the Broads: UK Government Vision and Circular, 2010.

3.29 Paragraph 116 provides what has become known as the 'major development test' and states:

> **"Planning permission should be refused for major developments in these designated areas except in exceptional circumstances and where it can be demonstrated they are in the public interest. Consideration of such applications should include an assessment of:-**
>
> - **the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy;**
> - **the cost of, and scope for, developing elsewhere outside the designated area, or meeting the need for it in some other way; and**
> - **any detrimental effect on the environment, including the landscape and recreational opportunities, and the extent to which that could be moderated."**

3.30 The reference to "major developments" in paragraph 116 is the only use of this term in the NPPF and 'major development' is not defined in the glossary provided in Annex 2 of the document. This, however, is the up to date version of the major development test referred to in Core Policy E of the CSDP.

iii. Minerals

3.31 Section 13 of the NPPF relates to 'Facilitating the sustainable use of minerals' and paragraph 142 states:-

> **"Minerals are essential to support sustainable economic growth and our quality of life. It is therefore important that there is a sufficient supply of material to provide the infrastructure, buildings, energy and goods that the country needs. However, since minerals are a finite natural resource, and can only be worked where they are found, it is important to make best use of them to secure their long-term conservation."** [Emphasis added]

3.32 In preparing local plans, local planning authorities should, amongst other things, identify and include policies for extraction of mineral resource of local and national importance in their area; and define Minerals Safeguarding Areas and adopt appropriate policies in order that known locations of specific minerals resources of local and national importance are not needlessly sterilised by non-mineral development (paragraph 143).

3.33 When determining planning applications, paragraph 144 requires local planning authorities to (amongst other things):

> **"▪ give great weight to the benefits of the mineral extraction, including to the economy;**
>
> **▪ as far as is practical, provide for the maintenance of landbanks of non-energy minerals from outside National Parks, the Broads, Areas of Outstanding Natural Beauty and World Heritage sites, Scheduled Monuments and Conservation Areas;**
>
> **▪ ensure, in granting planning permission for mineral development, that there are no unacceptable adverse impacts on the natural and historic environment, human health or aviation safety, and take into account the cumulative effect of multiple impacts from individual sites and/or from a number of sites in a locality;**
>
> **▪ not normally permit other development proposals in mineral safeguarding areas where they might constrain potential future use for these purposes;" [Emphasis added]**

3.34 Paragraph 146 of the NPPF states that authorities should plan for a steady and adequate supply of industrial minerals by:

> "▪ **co-operating with neighbouring and more distant authorities to co-ordinate the planning of industrial minerals to ensure adequate provision is made to support their likely use in industrial and manufacturing processes;**
>
> ▪ **encouraging safeguarding or stockpiling so that important minerals remain available for use;**
>
> ▪ **providing a stock of permitted reserves to support the level of actual and proposed investment required for new or existing plant and the maintenance and improvement of existing plant and equipment"**

3.35 Annex 2 of the NPPF ('Glossary') includes a definition of the term 'Minerals of local and national importance'. This lists a series of *"minerals which are necessary to meet society's needs"* which includes potash.

iv. *National Planning Practice Guidance (NPPG)*

3.36 The NPPG was published in March 2014 and includes guidance on planning for mineral extraction in plan making and the application process. Amongst other things, the guidance states:

- Safeguarding mineral resources should be defined in designated areas and urban areas where necessary to do so (Reference ID: 27-004-20140306);
- Mineral planning authorities should plan for the steady and adequate supply of minerals with the priority being to designate specific sites where viable resources are known to exist, landowners are supportive of minerals development and the proposal is likely to be acceptable in planning terms (ID 27-008-20140306);
- Designating specific sites in minerals plans provides the necessary certainty on when and where development may take place (ID 27-009-20140306); and
- The NPPG's list of defined terms includes 'Industrial Minerals' – minerals which are necessary to support industrial and manufacturing processes and other non-aggregate uses. These include minerals of recognised national importance including potash (ID 27-221-20140306).

v. National Planning Practice Guidance (NPPG) – July 2014 Update

3.37 The NPPG was updated on 28 July 2014 to provide additional guidance on the approach to planning for unconventional hydrocarbons (i.e. shale oil and gas) in National Parks, the Broads, Areas of Outstanding Natural Beauty and World Heritage Sites.

3.38 Publication of the guidance accompanied the Government's new onshore licensing round which opened the bidding process for companies seeking licences to explore oil and gas, which it believes has the potential to provide the UK with greater energy security, growth and jobs (CLG Written Statement; 28 July 2014[1]).

3.39 Paragraph 223 (Reference ID: 27-223-20140728) of the NPPG now states:

> **"In considering applications for unconventional hydrocarbon development in National Parks, the Broads and Areas of Outstanding Natural Beauty, mineral planning authorities should give great weight to conserving their landscape and scenic beauty. These areas have the highest status of protection in relation to landscape and scenic beauty, and the conservation of wildlife and cultural heritage in these areas should be given great weight.**
>
> **Where applications represent major development, planning permission should be refused in National Parks, the Broads and Areas of Outstanding Natural Beauty except in exceptional circumstances and where it can be demonstrated they are in the public interest. The assessment that needs to be carried out, including any detrimental effect on the environment, such as the noise and traffic which may be associated with hydraulic fracturing, is set out in paragraph 116 of the National Planning Policy Framework.**
>
> **…Where appropriate, planning conditions can be imposed to ensure that development is made acceptable in planning terms before it can proceed."**
> [Emphasis added]

3.40 The effect of this is to restate existing policy, i.e. that the exploration of unconventional oil and gas reserves within National Parks, including the use of hydraulic fracturing, is subject to the same existing tests as other mineral development, namely the major development test as prescribed in paragraph 116 of the NPPF.

[1] https://www.gov.uk/government/speeches/planning-for-unconventional-oil-and-gas

vi. Existing Plans: The NYMNPA Core Strategy and Development Policies

3.41 The NPPF states that due weight should be given to relevant policies in existing plans according to their degree of consistency with this framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given) (paragraph 215).

3.42 In October 2012, following publication of the NPPF, the Park Authority (PA) published a self-assessment2 of the CSDP against the NPPF. The assessment states the following in respect of paragraph 116 of the NPPF regarding major developments:

> **"The three criteria of the Major Development Test are as were in PPS7 and MPS1. However specific reference to the need for the 'most rigorous examination' and to carrying out the development to high environmental standards has been removed. The requirement for a rigorous assessment does however remain in the National Parks Circular, and it is considered to be a process issue which should apply to such proposals as a matter of course."**

3.43 With regard to paragraph 143 of the NPPF, relating to the extraction and safeguarding of minerals, the self-assessment states:

> **"The NPPF does not contain a specific presumption against major minerals development in National Parks (as was in MPS1), although Core Policy E defines which minerals developments will be considered under the Major Development Test and paragraph 116 of the NPPF states that planning permission should be refused for major developments in National Parks except in exceptional circumstances. Former MPS1 contained reference to 'national considerations of mineral supply' within the Major Development Test for minerals developments. This has now been lost and replaced with the more general Major Development Test in the NPPF. The implications are that the issue of how far a proposed development will meet a national need for minerals, as opposed to any wider need, is now not a specific consideration under the Major Development Test. Nevertheless the more general phrase 'national considerations' remains within the Major Development Test and it is considered that minerals supply should be considered within this context."** [Emphasis added]

3.44 With regard to paragraph 144 of the NPPF, relating to planning applications for minerals development, the self-assessment states:-

[2] http://www.northyorkmoors.org.uk/__data/assets/pdf_file/0004/277915/Detailed-assessment-for-website.pdf

> **"<u>Giving great weight to the economic benefits is a new requirement.</u> The economic considerations will in many cases be determined by the application of the Major Development Test. The NPPF, in paragraph 115, also requires great weight to be given to conserving the landscape, scenic beauty, wildlife and cultural heritage of National Parks and it is considered that the approach in the LDF represents an appropriate balance between these two requirements."** [Emphasis added]

3.45 The self-assessment also considers that both paragraphs 143 and 144 of the NPPF have a 'high significance' for decision making. It concludes that the immediate action for the PA is:

> **"Continue to emphasise the approach to minerals development as set out in LDF represents [sic] an appropriate balance between facilitating minerals development and protecting the National Park environment and landscape"** (page 38).

3.46 The CSDP, which was adopted in 2008 and informed by national planning guidance that has now been cancelled, however, is clearly out of date with the NPPF since it does not recognise the revised emphasis in the NPPF on the need to give great weight to the economic benefits of mineral extraction or recognise that the issue of how far a proposed development will meet a national need for minerals, as opposed to any wider need, is now not a specific consideration under the major development test. Neither does the CSDP recognise the NPPF requirement for authorities to plan for a steady and adequate supply of industrial minerals by, amongst other things, safeguarding/stockpiling and providing a stock of permitted reserves to support required investment.

3.47 In these important respects, the CSDP is out of date and inconsistent with the NPPF. The CSDP is not unhelpful to the York Potash proposal because it does specifically provide conditional support for the mining of potash in the National Park, in view of its national importance. It would be right, however, to recognise that the changes brought about in national policy by the NPPF require greater weight to be given to the economic benefits of a mining proposal than would have been the case at the time the CSDP was prepared and adopted. This should be expected to realign the balance in the CSDP more strongly in favour of the grant of planning permission for such projects.

3.48 The PA's assessment of the CSDP also makes it clear that there is no obligation now on an applicant to demonstrate a national need for major development. 'National considerations' can be relevant but these are not expressed as a test or prerequisite and they could include economic or other considerations.

d) <u>The English National Parks and the Broads: UK Government Vision and Circular 2010 (Defra; March 2010)</u>

3.49 This Circular was published by Defra in March 2010 and, although it has not been replaced by the National Planning Practice Guidance which was published in March 2014, paragraph 4 of the Circular states that it is due to be reviewed within five years of its date of publication (i.e. by March 2015).

3.50 The Circular aims to encapsulate the statutory purposes and duty of the Authorities in a modern vision (paragraph 11). The 'Vision for the English National Parks and the Broads' states that by 2030 the Parks will be places where, amongst other things, *"there are thriving, living, working landscapes notable for their natural beauty and cultural heritage"* and *"sustainable development can be seen in action"* (paragraph 10).

3.51 Paragraphs 28-30 relate specifically to the objective of achieving sustainable development:

> **"The principles of sustainable development include living within environmental limits, achieving a sustainable economy and ensuring a strong, healthy and just society. There are wide ranging demands and needs within the Parks, including, for example, conservation, public access, local employment and affordable housing. The Authorities' primary responsibility is to deliver their statutory purposes. In doing so, they should ensure they are exemplars in achieving sustainable development, helping rural communities in particular to thrive…"** (paragraph 28)

3.52 The Circular also refers specifically to 'major developments', although it does not define or provide any qualification of the term.

> **"Major development in or adjacent to the boundary of a Park can have a significant impact on the qualities for which they were designated. Government planning policy towards the Parks is that major development should not take place within a Park except in exceptional circumstances. …Applications for all major developments should be subject to the most**

> **rigorous examination and proposals should be demonstrated to be in the public interest before being allowed to proceed…"** (paragraph 31)

3.53 Specific guidance on minerals is also provided in the Circular, which states that the Parks are a vital source of some of the minerals that society and the economy needs, recognising that quarry works may also provide employment within the Park boundary. It therefore advises that the need for minerals and the impacts of extraction and processing on people and the environment should be managed in an integrated way (paragraph 141).

3.54 More generally, the Circular also states that the Parks' socio-economic duty has been given added weight and momentum by the Taylor Report and the Rural Advocate's Report on the economic potential of rural England. It continues:-

> **"Both reports point to the need to accommodate growth, development and investment in all rural areas at an appropriate scale and form. This should not be interpreted as meaning that development cannot be accommodated; rather, it means that additional and concerted efforts are required to ensure communities, planners and businesses have clear, consistent advice regarding the acceptable forms development might take, so that Park communities are places where people can live and work by maintaining sustainable livelihoods."** (paragraph 70)

e) <u>The North York Moors National Management Plan (NYMNPA; 2012)</u>

3.55 The Management Plan provides the strategic framework for managing the National Park over the next 15 years, setting out a vision, strategic policies and outcomes. It explains that the Park comprises 1,436 square kilometres of land and is home to around 25,000 residents, with large urban communities to the north of the Park in Teesside and the smaller towns of Whitby and Scarborough to the east (section 1.1).

3.56 Section 1.1 refers to the two statutory purposes of National Parks, the additional duty placed on National Park Authorities by the 1995 Environment Act and the guidance provided by the 2010 Circular (see above). The Management Plan takes forward national and local policies and other strategies within the framework of the National Park purposes and duty along with local circumstances. It sets the context for other documents that relate specifically to the National Park such as the Local Development Framework (Section 1.4). Each of the policies contained in the

Management Plan includes a 'Means to Achieve' and, where appropriate, this refers to the relevant policy in the CSDP.

3.57 One of the aims of Section 2 of the Plan, which relates to the 'Environment', states:

> **"Non-natural changes to the National Park's geology have occurred through the extraction of minerals such as coal, ironstone, alum, jet, roadstone and ballast from the Whinstone dike, sandstone and limestone… <u>The National Park is important on a national level for its reserves of potash</u> which are mined at Boulby, although the resultant changes to the geology will only be evident underground."** (page 43) [emphasis added]

3.58 Section 4 of the Management Plan relates to 'Business and Land Management' and explains that the National Parks Circular indicates that National Park strategies should be informed by their local economic circumstances and seek to foster improvements in productivity and incomes through appropriate policy and intervention. In respect of 'Local Business' Page 94 states:

> **"The two biggest single employers in the National Park are Boulby Potash mine and RAF Fylingdales. The Boulby mine is the UK's only commercial potash mine and employs over 800 workers, making it the largest employer in the National Park. Exploration of other potash reserves is currently under way between Whitby and Scarborough. RAF Fylingdales provides a ballistic missiles warning and space surveillance service for the Government. Apart from employing around 360 people, it is also responsible for the protection and management of 1,200 hectares of the National Park."**

f) <u>York, North Yorkshire and East Riding Local Enterprise Partnership (LEP) Strategic Economic Plan (March 2014)</u>

3.59 Local Enterprise Partnerships (LEPs) are partnerships between local authorities and businesses. Their purpose is to support development and investment, recognising the importance of property and development in ensuring economic growth. The Government's strategy on LEPs is set out in the Local Growth White Paper[3], which explains:-

> **"The previous approach to sub-national economic development was based on a centrally driven target which sought to narrow the growth rates between different regions. Not only did this approach lead to policies which worked**

[3] 'Local Growth: Realising Every Place's Potential'; Department for Business, Innovation & Skills; 2010

> **against the market, it was also based on regions, and artificial representation of functional economies; for example, labour markets largely do not exist at a regional level, except in London. This therefore missed the opportunities that come from local economic development activity focussed on functional economic areas."** (paragraph 1.10)

3.60 LEPs were established to reflect genuine "market" areas and to address local economic needs. Paragraph 2.6 of the White Paper confirms that LEPs will provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area. The Government particularly encourages partnership working in respect of transport, housing and planning as part of an integrated approach to growth and infrastructure delivery.

3.61 These initiatives were explained as providing a shift in power to local communities and businesses, recognising that every place is unique and thus has potential to progress. In this respect, paragraph 1.19 of the Local Growth White Paper is significant:

> **"Localities themselves are best placed to understand the drivers and barriers to local growth and prosperity, and as such localities should lead their own development to release their economic potential. Local authorities, working with local businesses and others can help create the right conditions for investment and innovation. Critically, our approach will enable places to tailor their approach to their circumstances and recognises that places can usefully compete with one another, harnessing self-interest and ambition to grow, increase prosperity and collectively increase the size of the national economy."**

3.62 The objective of the York, North Yorkshire and East Riding LEP, therefore, is to help businesses in York North, Yorkshire and the East Riding improve and grow, in order to grow the economy and create good quality local jobs.

3.63 In March 2014 the LEP published its Strategic Economic Plan (SEP), which provides a strategy that sets out the key economic issues, opportunities and priorities for the area, as well as providing a basis for EU and Central Government funding through the Local Growth Deal (page 2). The Foreword of the document refers directly to the York Potash proposals and states:-

> **"Offshore opportunities and a new potash mine in Whitby have the potential to boost our economy by a billion pounds and tackle head-on the declining role of the seaside, creating good quality jobs in our most deprived communities on the Yorkshire Coast."**

3.64 The SEP includes a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis which identifies weaknesses as including few larger employers; low Gross Value Added and productivity; and that employability and higher level skills can be lacking. The proposed potash mine and investment in Whitby is identified as an Opportunity (page 90).

3.65 The significance of the proposed potash mine, and the investment that relates to it, are clearly stated in the SEP:-

> **"The York Potash project is a proposal to develop a new high-tech potash mine in Scarborough Borough. It has the potential to make the area a world leader in high value potash production, creating up to 4,000 new direct, indirect, supply and construction jobs… In addition, the new potash and renewable sectors open up exciting new markets to our existing engineering base which is one of our largest employment sectors and is vibrant and expanding"** (page 153).

3.66 The importance of the proposed potash mine is also recognised elsewhere in the SEP, including as follows:-

- The proposed £2 billion potash mine near Whitby, which could generate £1 billion of annual exports, will generate employment and present supply chain opportunities for local companies (page 17).
- The proposed potash mine near Whitby could stimulate further considerable investment and economic opportunity (page 53).
- The potash mine could deliver around 1,500 jobs in the local area from the time it is planned to open (2017) to 2024. Of these jobs, approximately 550 are related to supply-chain services that should be accessible to the mine itself (page 155).

3.67 The York, North Yorkshire and East Riding Local Growth Deal Implementation Plan, which sets out the specific investments needed to stimulate economic growth in the region, was also published in

March 2014. The infrastructure plan within this document promotes investment in five areas, one of which is the Yorkshire Coast economy to maximise the economic value of new growth opportunities. Page 3 states that major investment is required in strategic transport infrastructure to ease congestion and also to connect the A1/A19 growth corridor to the Yorkshire Coast and *"new emerging opportunities around potash and offshore wind."*

3.68 The Implementation Plan states that *"over the next 5 years there is set to be unprecedented investment on the Yorkshire Coast, potentially in excess of £2 billion, in the following key sectors:…Potash Mining – The York Potash project is a proposal to develop a new high-tech potash mine in Scarborough Borough…"* (pages 43/44 – the reference to Scarborough Borough is understood to relate to the location of the headquarters of York Potash).

3.69 The CSDP is out of date in respect of these matters, since it predates the SEP and does not consider the importance that is placed on potash and, in particular, the proposed new mine near to Whitby (i.e. the York Potash proposal) in the SEP. Neither can the CSDP have had regard to the SEP more generally or the role given by the Government to the LEP to drive economic development in the area. Instead, the CSDP refers to the Yorkshire and Humber Regional Spatial Strategy to 2026 (2008), which has now been revoked, as well as other historic documents such as the Regional Economic Strategy for Yorkshire and Humber 2006-2015 and the Investment Plan for York and North Yorkshire 2004-2009, all of which are now out of date.

f) <u>The Minerals and Waste Joint Plan for the City of York, North York Moors and North Yorkshire (Issues and Options Consultation; February 2014)</u>

3.70 The Minerals and Waste Joint Plan (MWJP) will, once adopted, provide strategic and development management policies relating to minerals and waste developments and will replace Core Policies E and F of the NYMNPA Core Strategy and Development Policies. However, at this early stage of the plan preparation process, the Issues and Options document carries very limited weight.

3.71 Following an initial public consultation in May/June 2013, an Issues and Options draft document was published for public consultation between February and April 2014. The current timetable for preparing the plan assumes that a Preferred Options consultation will take place later in 2014, followed by an examination in summer 2015 and adoption in October 2015.

3.72 **Appendix 1** provides a summary of the most relevant issues and options contained in the emerging plan in respect of the proposals.

3.73 The Issues and Options document states that employment in mining and quarrying represents around 1% of employment in the Joint Plan area, recognising that Boulby Potash Mine is the largest employer in the North York Moors National Park (paragraph 2.6). The MWJP area is identified as a significant producer of minerals at a regional and, in some instances, national scale, with over 50 working quarries. Potash is considered to be an important mineral, with Boulby Mine in the NYMNP being the UK's only potash mine (paragraph 2.63). Around a third of potash produced from the Boulby potash mine is exported from the UK according to the plan (paragraph 2.67).

3.74 Commercial interest for a new potash mine in the NYMNP is identified as being one of the key issues and challenges for minerals that the MWJP will need to address.

3.75 Paragraph 5.155 explains that there are various forms of potassium-bearing minerals which can be mined for potash including sylvinite, polyhalite and carnalite. Potash and salt resources are both found throughout the eastern part of the MWJP area, mainly within the NYMNP. They are currently mined at the Boulby Potash Mine in the north of the Park, which is the only mine of its kind in the UK and supplies both the UK and international markets (paragraph 5.156). The MWJP then refers to York Potash Limited's proposals for a new mine within NYMNP approximately two kilometres south of Sneaton village, which would extract polyhalite.

3.76 Paragraph 5.158 states:-

> **"Potash and salt are all identified as minerals of local and national importance in the National Planning Policy Framework which requires policies to be included for their extraction. There is however no requirement within national policy to maintain a certain level of potash reserves. For this reason, and acknowledging the fact that the new potash mine proposed is a particularly complex project and at a relatively advanced stage in planning terms, it is not appropriate to consider allocating land for potash extraction within this Plan. Draft National Planning Practice Guidance on Minerals states that preferred areas or areas of search are not expected to be designated in National Parks. A new mine in the National Park would be classed as 'major development' and would need to be considered against the 'Major Development Test' (see glossary)."**

3.77 This suggests that it is this planning application rather than the MWJP that will determine the proposals for a mine head at Dove's Nest[4].

3.78 Appendix 1 of the MWJP presents details of the specific sites that were submitted in response to the 'Call for Sites' which formed part of the initial public consultation in May 2013. Further consideration will be given to these sites as work on the MWJP progresses and a site assessment methodology has been prepared to inform this. Site MJP34 is 'Land between Sandsend, Whitby, Scarborough and West Ayton', which was proposed by York Potash Limited for the extraction of potash by underground methods.

3.79 YPL has submitted representations on the Issues and Options document which seek substantive amendments so that, ultimately, the MWJP is consistent with national policy and meets the tests of 'soundness'. The suggested changes include recognising the fundamental changes in national policy set out in the NPPF, including the requirement that local authorities should give "*great weight*" to the benefits of mineral extraction, including to the economy and plan for a steady and adequate supply of potash. No mention is currently made of this in the Consultation document, nor of the changes that have been made to the major development test and the way in which it is to be applied.

3.80 In July 2014 the minerals and waste planning authorities published the Summary of Responses to the MWJP Issues and Options Consultation. This summarised each comment received during the consultation process, including those provided by YPL and those provided by the York, North Yorkshire and East Riding LEP. The latter state that the MWJP should give greater emphasis to the economic benefits of mineral extraction; it should take account of the LEP Strategic Economic Plan which gives significant weight to the proposed York Potash mine in generating significant economic benefit, within and outside of the national park; allow for further sites for potash extraction creating direct jobs and through local supply chain opportunities; and highlight the importance of a potash mine for the local economy (pages 1; 160).

[4] The appropriateness of a planning application was confirmed in a letter from NYMNPA dated 15 August 2014.

3.81 Against this planning policy background, the next section of this Statement considers how the MDT has been applied in other cases, in order to help inform how it might be applied in this case. Following that review, conclusions are reached about the implications of the MDT for the determination of the York Potash proposals.

4 APPLICATION OF THE MDT TO OTHER MAJOR DEVELOPMENT PROPOSALS

a) Introduction

4.1 The assessment of YPL's proposals, particularly the interpretation of planning policies and the application of the major development test, can be informed by the way in which /proposals for other major developments in National Parks have been considered and determined. Whilst the number of such proposals is clearly limited by the untypical characteristics of such proposals (firstly, that they are for major developments and, secondly, that they are located within National Parks), some relevant examples have been identified and these are analysed in this section of the MDT Planning Statement. These have been selected as the most directly comparable or representative cases, i.e. as the closest examples of major development proposed in national parks, rather than for their outcome, although all have been approved.

4.2 In addition, this section considers the current planning application that the North York Moors National Park Authority (NYMNPA) is considering in respect of proposed polyhalite mining at Boulby Mine, Loftus (NYM/2014/0296/FL).

4.3 It must obviously be recognised that the precise planning policy context for each application, including the development plan itself, will differ according to the administrative area(s) within which the proposals are located and the date at which the proposal is determined. However, the NPPF, provides national policy for determining all applications within England, so that some lessons learnt may have a national application.

4.4 It is important to note that the general principles of paragraph 116 of the NPPF, which states that permission should be refused for major developments in National Parks, except in exceptional circumstances and where it can be demonstrated they are in the public interest, and sets out details of matters that should be included in the assessment of such proposals, have been included in national planning policy and/or guidance for at least two decades. More specifically, the remaining text of NPPF paragraph 116, including that assessment of such applications **"***should*

include the need for the development, including in terms of any national considerations" has been constantly present in a sequence of national documents over a number of years, namely:-

- Circular 12/96 (1996) (paragraph 49);
- PPS7 (2006) (paragraph 22);
- MPS1 (2006) (paragraph 14); and
- NPPF (2012) (paragraph 116).

4.5 Notwithstanding this background, which goes back to the 1949 Act and Hansard recorded statements of the time, the NPPF introduced a clear step change to the way in which authorities should consider applications for minerals developments. As explained above, paragraph 144 requires them to *"give great weight to the benefits of the mineral extraction, including to the economy"*.

4.6 As identified above (paragraph 3.43), the NYMNPA recognises (in its self-assessment of the CSDP against the NPPF) the re-balancing of national policy introduced by the NPPF, namely that giving great weight to the economic benefits of mineral extraction is a new national requirement, whilst the issue of how far a proposed development will meet a national need for minerals, as opposed to any wider need, is now not a specific consideration under the major development test.

4.7 **Appendix 2** provides an assessment of five other major development proposals which have been previously determined and a summary analysis of this is presented below. These decisions relate to major developments of a not dissimilar nature within National Parks or other designated areas such as an Area of Outstanding Natural Beauty (AONB), including two that relate to the NYMNP itself, and therefore involve assessments of proposals against the major development test. One of these decisions relates to the existing Boulby potash mine. The other four decisions are relatively recent (including two that have been issued since the NPPF was published).

b) Boulby Mine, Loftus, North York Moors National Park

4.8 In 1998 NYMNPA granted planning permission to Cleveland Potash Limited (CPL) for the retention of an existing potash and salt mine (which had originally been consented in 1968), including all surface installations, buildings, plant etc. and extension to the approved underground mine working area at Boulby mine (R0030043B). The permission authorised the mining of potash and salt for a further period of 25 years, expiring on 6 May 2023.

4.9 The planning application proposed to extend the onshore mining area, which was then approximately 8,200 ha in size, by an area of 5,557 ha. It did not propose to extend or alter any of the surface buildings or operations, which would be retained. The application involved the area with existing planning permission, as well as the proposed extension, with the intention that the new permission would apply to the whole of the operations of Boulby Mine, including the mine head and processing area. The applicants envisaged at the time that the extraction of potash from the whole of the application site would give a further 25 years of operation at Boulby Mine.

4.10 NYMNPA's assessment of the proposals (section 18 of the committee report) can be summarised as follows:-

- There is a national need for potash largely for use in the fertilizer and chemical industry. The whole question of need was examined in the previous public inquiry in 1968 when a decision was taken to allow exploration of the known potash reserves in the Boulby area to help satisfy the national need for potash.

- There are no alternative UK supplies of potash and although alternative sites for potash mines within and on the edge of the National Park have been looked at over the last 20 years these were dismissed because the environmental effects were considered unacceptable.

- This site still provides the UK's only source of potash and there is no evidence of any other proposals to provide alternative supplies within the UK. If potash is not mined at Boulby most of the UK's potash would need to be imported.

- The mine has now been in operation for over 20 years and with 950 employees it is the biggest single employer in East Cleveland. This operation constitutes a major factor in the local economy with an estimated annual input of over £50 million in terms of wages, services and goods bought.

- In this case the impact on the local economy of approving or refusing this proposal is significant and must be a major factor in the decision.

- There is little scope for developing this mine elsewhere in the area due to the location of the potash deposits and the fact the other possible sites would be likely to be in or on the edge of the National Park and so have equal or greater effect on the environment. The cost of relocating or providing new infrastructure for Boulby Mine in another location would be very significant and totally uneconomic.

4.11 NYMNPA did, however, consider that the existing operations at Boulby had a significant effect on the environment and, therefore, an extension in time and area of the operations would continue these effects. This included identifying the significant visual impact of the buildings:

> **"The existing plant and buildings at Boulby have a significant effect on the appearance of the National Park. The impact of these buildings was one of the major issues at the public inquiry in 1968. At that time there was some investigation of alternative sites. The site eventually chosen had some landscape advantages being in a valley with high land to the north/west which provides a backcloth for views from the south and screening from views, from the Easington area.**
>
> **The scale of the buildings and plant is such that landscaping would not provide effective screening and so the buildings were architecturally designed to give a compact group that respected the existing landform as much as possible…"** (paragraphs 15.1; 15.2)

4.12 The NYMNPA report subsequently concluded:

> **"19.1 <u>This is a major development of great importance to the local economy.</u> Whilst there are detrimental effects associated with this operation, as there would be with any industrial operation of this scale, it is considered that planning conditions and other environmental legislation can reduce these to an acceptable level…**

> **19.4** **There is a continuing national need for this mineral and the environmental effects of the proposal can be satisfactorily moderated through conditions and other controls. It is considered therefore that the proposal has met the tests for major development in National Parks set down in Government advice and development plan policies.**
>
> **19.5** **This application has been rigorously examined and demonstrated to be in the public interest. Approval of this proposal is therefore recommended."** [Emphasis added]

4.13 The planning conditions attached to the 1998 permission require, amongst other things, submission of a restoration scheme for approval and its subsequent implementation once the minerals extraction has been completed on or before May 2023. This was not required under the original planning permission for the mine.

4.14 NYMNPA's assessment of the 1998 application focused on whether the proposals were in accordance with the requirements of the Major Development Test. At the time of the application, the test was set out in PPG7 and reiterated in the relevant regional and local policy documents. The wording and requirements of the test itself were similar to that which is now included in the NPPF, including its specific reference to 'exceptional circumstances', 'public interest' and assessing the need for development in terms of 'national considerations'. However, unlike the NPPF, the policy did not require that great weight should be given to the benefits of the mineral extraction, including to the economy.

4.15 Nevertheless, the NYMNPA concluded that the proposal had been rigorously examined and demonstrated to be in the public interest. Whilst not an explicit requirement of the Major Development Test, the authority considered there to be a national need for potash, rather than restricting itself to an assessment of national considerations. It also found that there were no alternative UK supplies of potash; the operation constituted a major factor in the local economy; there was little scope for developing a mine elsewhere outside of the National Park; and the environmental effects of the proposal could be controlled to an acceptable level through planning conditions and environmental controls.

4.16 On this basis, the Major Development Test was considered to have been met by the NYMNPA and planning permission was granted accordingly. This conclusion was reached despite the clear recognition that the existing buildings, which included two 87.5m high stacks on the site, had a significant effect on the appearance of the National Park and that landscaping could not provide effective screening due to the scale of the buildings and the plant.

4.17 These findings are or particular relevance to the consideration of YPL's proposal since the terms of national policy and the Major Development Test, which the Boulby Mine was considered to meet, remain similar but are now more positively expressed. NYMNPA found that there was a national need for potash, there was no alternative UK supply of potash and there was little scope for developing a mine elsewhere outside of the National Park. The decision clearly has some relevance to a decision on the York Potash application, which offers the potential for greater local and national economic benefits but with significantly reduced environmental impacts.

c) Ebberston Well, Ebberston, North York Moors National Park

4.18 In April 2010 Moorland Energy Limited (MEL) submitted parallel planning applications for a gas well site, pipeline and processing plant, the smaller part of which is located within NYMNP and the remainder in Ryedale District Council (RDC), to be determined by North Yorkshire County Council (NYCC) as the adjoining Minerals Planning Authority (NYM/2010/0262; NY/2010/0159ENV). The applicant appealed against the non-determination of the applications and they were approved by the Secretary of State in June 2012. Of particular note is that the principal sites are located within the same National Park as the application site and that the application was approved by the Secretary of State after the NPPF had come into effect, despite objections from the NYMNPA.

4.19 Although the applications were to be determined by the SoS, the Planning Inspectorate requested that NYMNPA submit a recommendation to the Secretary of State prior to the Public Inquiry, and the application was therefore considered by the NYMNPA Planning Committee in September 2011.

4.20 Accordingly, NYMNPA submitted to the SoS a recommendation to refuse the application for 6 reasons. The reasons for refusal and the officers' consideration of the application as documented in the committee report concluded inter alia that:-

- the applicants had failed to robustly demonstrate that there is significant national need for the gas resources and it was therefore contrary to the Major Development Test;
- the applicants had failed to demonstrate that there was a sufficient level of gas resources in the area to justify the construction of a gas processing plant within close proximity to the National Park;
- Officers remained unconvinced that the five to eight year 'proven' supply from the well site was sufficient to prove a need amounting to the exceptional circumstances required by the major development test;
- Officers considered that the impact of the development would be negligible in terms of the local economy and the proposals did not therefore fulfil the requirements of the first part of the Major Development Test;
- the lack of alternative sites for the gas processing plant had not been robustly demonstrated and officers concluded that the proposal in its entirety failed to meet the requirements of the second stage of the Major Development Test;
- the visual appearance of industrial structures was considered to significantly harm the visual setting of the National Park, with officers concluding that the final step of the Major Development Test had not been met; and
- on balance it was considered that the national need for gas extraction and production did not outweigh the harm that the proposal in its entirety would have on the National Park and its wider landscape setting and, therefore, the proposal would conflict with the requirements of the Major Development Test.

4.21 Following the public inquiry, the SoS agreed with the Inspector's conclusions and recommendation that the appeals should be allowed and granted planning permission in his letter dated 28 June 2012. Within his letter, the SoS endorsed in turn each of the Inspector's principal findings and conclusions on the proposals. Amongst other things, the SoS and Inspector concluded the following:

- the well site, pipeline, new access road and above ground installation would not result in an unacceptable visual impact on the landscape of this part of North Yorkshire, including views from and into the NYMNP. The major development test, as set out in NPPF paragraph 116, would not be failed;

- there are no sites other than the proposal site within reasonable proximity to the well site that could accommodate the gas processing plant;

- in the light of the NPPF, the SoS attached great weight to the benefits of the mineral extraction, including to the national economy;

- the national and more limited local benefits of the scheme were sufficient to outweigh the more limited harms by way of visual impact on the landscape; and

- although the SoS found the location of the gas processing facility in open countryside would conflict with policies in the NYMLP and Ryedale Local Plan, in the absence of a suitable alternative site he was satisfied that this would not amount to an overriding in principle policy objection.

4.22 Ultimately, the SoS concluded that the factors which weigh in favour of the proposed development outweigh its shortcomings and overcome the conflicts with the development plan. Therefore, he did not consider that there were any material considerations of sufficient weight to justify refusing planning permission (paragraph 33).

4.23 The most significant conclusion from this analysis derives from the way in which the SoS and Inspector applied the re-balanced national policy which was formally introduced by the NPPF's publication in March 2012. As a result of the NPPF, the SoS attached particular weight to the benefits of the proposal. This included attaching great weight to the benefits that the proposal would bring to the national economy, whilst clearly demonstrating that it was not necessary to consider 'testing' the proposals to establish whether there was a national need for the development. The Inspector referred particularly to the annual value of gas to be produced from the well site, which was estimated at £37.5m, and to the estimate that the supply of gas would be equivalent to the annual energy needs of over 75,000 dwellings. It was also noted that some local

jobs would be created, comprising temporary jobs for some 150 people and permanent posts for a further 23.

4.24 The SoS and Inspector also clearly considered the other two 'elements' of the major development test, namely the scope for developing outside of the designated area and any detrimental effect on the environment. Whilst not explicitly referring to 'exceptional circumstances' or 'public interest', both the SoS and Inspector concluded that the proposals met the major development test. Whilst the proposals would conflict with planning policies on visual impact, the benefits of the proposal were considered to outweigh its shortcomings and overcome the conflicts with the development plan.

4.25 This approach to the application and interpretation of planning policy, especially the major development test, rejected the case made by the NYMNPA which, was overly reliant on the CSDP and gave insufficient regard to the benefits of mineral extraction. The case helps to demonstrate the rebalancing of that policy approach which has become necessary as a result of the NPPF.

4.26 The consistency and clarity of the approach which was taken by both the SoS and the Inspector in this post-NPPF case helps to provide a clear basis for assessing other applications for major developments within, and close to, National Parks, including with any issues relating to the interpretation and application of the major development test. This case would seem to be particularly relevant for informing the assessment of YPL's proposals, given that much of the policy framework is the same owing to its location in NYMNP. The decision is relatively recent and, whilst the impacts of the MEL proposals were less than those likely from the construction of the YPL proposals, the scale of benefits were very significantly smaller but nevertheless capable of meeting the major development test.

d) Dry Rigg Quarry, Helwith Bridge, Yorkshire Dales National Park

4.27 This application was submitted by Lafarge Aggregates Limited in January 2011 for the proposed continuation of mineral working ("gritstone" (siltstone)) in the Yorkshire Dales National Park. It was approved by the Yorkshire Dales National Park Authority (YDNPA) in February 2012 without an

inquiry (C/49/603D). Of particular note is that the proposal was for minerals development, was located within another National Park and has also been determined relatively recently.

4.28 The YDNPA's planning policy assessment was based on applying the major development test (as set out then by MPS1 which was in effect at the time) and considering whether the proposal would result in sufficient overall benefits, in accordance with the most relevant policy in the development plan (Local Plan Policy MLP2).

4.29 Determination of the application (9 August 2011) clearly preceded publication of the NPPF (March 2012) so the YDNPA was unable to draw upon paragraph 144 which gives great weight to the benefits of mineral extraction, including to the economy.

4.30 Although in this case YDNPA did not consider it necessary to assess the proposal against each individual element of the major development test in the committee report, the report clearly identified that the proposed extension of the quarry's operations would not meet a national need.

4.31 YDNPA's assessment was subsequently based instead on considering the particular benefits and disadvantages of the proposals, which included significant environmental concerns. The determining factor was considered to be the transfer of a significant volume of haulage from road to rail to reduce the adverse impacts of the quarry's operation. On this basis, the proposal was judged to be acceptable.

4.32 Although the scale and nature of this proposal differs considerably from that being promoted by YPL, the relevant planning authority applied the major development test by assessing the benefits of the proposal against its impacts. Whilst it clearly concluded that the proposal did not meet a national need and had a number of substantive disadvantages, the authority applied its overall planning judgment and, given the benefits that it would bring, considered this major minerals development in a National Park to be acceptable.

e) <u>British Sugar Factory, Cantley, The Broads</u>

4.33 In June 2009 the Broads Authority (BA) granted planning permission to British Sugar plc for industrial works at its Cantley sugar beet factory comprising a new evaporator plant and associated

equipment as part of an energy reduction scheme, and new buildings to accommodate a diversification of operations in order to handle raw sugar cane which would be transported to the site by road from the Outer Harbour at Great Yarmouth (BA/2008/307/FUL). Notwithstanding the site's location in the Broads, the buildings that formed part of the proposals were sizeable, comprising the Evaporator cylinder (height 26.5m, diameter 4.5m) and a series of other buildings which would be up to 25m high, 40m long and 19m wide.

4.34 Whilst recognising the relevance of PPS7 which was in effect at the time, the BA committee report did not in this case give explicit consideration to the major development test or the related matters of public interest and exceptional circumstances.

4.35 Its assessment was centred instead on the most relevant local plan policy (policy CAN1 of the Broads Local Plan) and, in accordance with the requirements of the policy, it considered whether the proposed development would meet 'essential operational requirements' at the site. The BA concluded that it would meet essential operational requirements, principally due to the strategic importance of the Cantley site to the local economy and its unique geographical position in terms of access to developing port facilities at Great Yarmouth. More specifically, it identified the diversification and viability benefits of the proposals, related employment benefits, the value of the sugar beet crop and the importance of meeting the requirements of the British and export markets.

4.36 The BA recognised that this was a controversial proposal given that it was for an industrial operation on an industrial site within the Broads and that significant traffic would be generated. However, the location of the plant was viewed as an historic anomaly and it was concluded that the proposed development would not significantly change any of the existing impacts, but may instead protect the viability of the site against wider changes which might in themselves be of more detriment locally.

4.37 When considering a subsequent extension of time application which was submitted in March 2012, the BA recognised the relevance of the NPPF, which by then had replaced PPS7, concluding that its previous approach of basing its assessment of the proposals on Local Plan policy CAN1 remained sound and up-to-date, and accordingly granted permission for the extension of time. The change in national policy was recognised by the BA and it had particular regard to the NPPF's overarching

support for sustainable economic development and, more specifically, the requirement to support a prosperous rural economy including the sustainable growth and expansion of all types of business and enterprise (NPPF paragraph 28). The case demonstrates that major industrial development can be consented in a national park where its economic and other benefits outweigh its impacts.

f) Doreys Ball Clay Quarry, East Holme, Dorset

4.38 This planning application for a southerly extension to Doreys Pit to develop land for the purposes of the winning and working of ball clay and ancillary operations was submitted by Imerys Minerals Ltd in June 2013. The application proposed a major extension to an existing ball clay pit within the Dorset Area of Outstanding Natural Beauty (AONB). There is also an area of heathland that lies adjacent to the western boundary of the site which is designated as a Special Area of Conservation (SAC), Special Protection Area (SPA), Ramsar and a Site of Special Scientific Interest (SSSI). A similarly designated area lies 150m east of the site boundary. A Scheduled Monument (Three Lord's Barrow) is situated within/adjacent to the site. Dorset County Council (DCC) granted planning permission in February 2014 (6/2013/0347).

4.39 DCC's planning policy assessment centred on the application of the major development test as prescribed in the NPPF, given the application site's location within an AONB. The proposals were considered against the three specific criteria that comprise the test. In respect of need, DCC recognised that ball clay is (like potash) identified as a nationally important mineral in the NPPF and that there was a need for the development, given the substantial contribution that the ball clay industry makes to the local and national economy, with about 80% of the mineral being exported. It concluded that there was no scope for the development to occur outside of the designated area, given the specific properties of the clays that are found only within the Wareham Basin. DCC also concluded that the proposals were acceptable in respect of environment, landscape and recreational impacts given a commitment to biodiversity and recreational improvements, whilst also recognising that there would be net traffic benefits as a result of using the off-highway haul road.

4.40 The committee report referred explicitly to paragraph 144 in the NPPF which requires local authorities to give great weight to the benefits of mineral extraction, including to the economy.

4.41 Accordingly, DCC considered that the proposal complied with the NPPF as well as relevant local adopted and emerging policies.

4.42 The case provides another example of the application of the Major Development Test. It demonstrates that the normal application of the test involves a planning authority weighing the benefits of a proposal against its impacts. Particular weight is attached to economic benefits. Authorities do not require a national need to be demonstrated and, in this case, the majority of the mineral is exported (like polyhalite), so that the benefits were principally economic benefits. The Major Development Test from the NPPF was applied as a framework for the decision, rather than a strict pass or fail test, allowing a balanced judgement to be reached taking into account all material considerations.

g) Current Planning Application for Polyhalite Mining at Boulby Mine, Loftus

4.43 In May 2014 Cleveland Potash Limited (CPL) submitted a planning application (NYM/2014/0296/FL) to NYMNPA for the replacement of the existing concrete roadhouse with a metal framed building, a pipe conveyor to transport polyhalite from a new roadhouse to a new crushing and screening plant and the construction of a crushing and screening plant to process the mineral. The development is proposed within the site boundary of the existing Boulby mine in Loftus, which is currently used to mine potash and salt. The proposed metal framed building would be 98 metres long, 31 metres wide and a maximum of 34 metres high (according to the Design and Access Statement (DAS) that supports the application). The application proposes that the new facilities would operate 24 hours per day, 7 days per week.

4.44 The DAS explains that in addition to sylvinite and salt there are significant amounts of alternative mineral deposits that could be accessed from the existing shafts and mine infrastructure. One of these minerals is polyhalite, which is not mined anywhere else in the world. The polyhalite deposits at Boulby mine are 150 metres deeper underground than the current mined minerals of halite and sylvinite (potash) (page 1). The new facility will have a capacity of 12,000 tonne run of mine stockpile (page 2). In addition, page 2 of the DAS states:-

"The existence of an operational potash mine working at depths close to the polyhalite deposit has dramatically reduced the cost to extract this mineral.

This gives a unique opportunity to unlock a national resource that will contribute to UK plc."

4.45 YPL's representations welcomed CPL's previous recognition that the York Potash project posed no threat to CPL and its future operation and success as a business based on the production of Muriate of Potash (MOP) derived from sylvinite. More recently, CPL has recognised the value of the market for polyhalite (a market which YPL has created) and announced its own proposals to develop new facilities to mine up to 600,000 tonnes of polyhalite per year. Government support for the development has also been demonstrated through the awarding of a £4.9 million grant from the Government's Regional Growth Fund (RGF) Round 5, which recognises the economic importance of polyhalite production.

4.46 Whilst CPL would be deliberately generating a competitive position with YPL, the YPL representations explain that there is a large global market for polyhalite as a multi-nutrient fertiliser, which is more than sufficient for the potential CPL production and the much more substantial YPL production.

4.47 The application was reported to committee on 18 September 2014 with a recommendation for approval and approved in accordance with that recommendation. Despite the scale of the proposed infrastructure, the officer's report does not consider the application to be "major development" within the context of the CSDP or the NPPF. Instead, the report advises that matters relating to the MDT would be considered at the time that an application is submitted for the continued use of the mine following expiry of its temporary consent.

4.48 The officer's report recognises that the proposed development would add to the already significant harmful impact on the visual amenity of the area and that the existing mine has "*a significant detrimental impact on the visual amenity of the area and the proposed new building will add to this.*" However, the extent of additional impact is not considered sufficient to warrant refusal of the application whose development would help to provide a financially sustainable footing for the mine into the future.

4.49 CPL's proposals for Boulby are not an alternative to Doves Nest; instead, the Boulby proposal is considered to be complementary to Doves Nest with the former's more limited potential helping to

secure the economic future of the Boulby mine and add to the economic benefits that the area can achieve from polyhalite, notwithstanding that the principal benefits will flow from the York Potash project. Approval of the Boulby application, however does recognise the appropriateness of mining polyhalite within the NYMNPA, given its local and national economic importance.

h) The Policy Tests for Assessing the Dove's Nest Proposals

4.50 From the review of planning policy in Section 3 and the analysis of the way in which it has been applied to recent proposals for other major developments in National Parks, the relevant policy tests against which the Dove's Nest application should be assessed can be clearly identified.

4.51 Given the site's location in the NYMNP, the starting point in this case remains that the application should be determined in accordance with the Development Plan unless material considerations indicate otherwise. As demonstrated above, the NPPF is considered to be a very important material consideration.

4.52 The principal matters to be drawn from the CSDP and the NPPF are considered in turn below.

4.53 **The Development Plan** - particularly the most relevant policy, namely Core Policy E of the CSDP, establishes the principle that potash mining proposals can be consented in the National Park. Potash is highlighted within the policy, separately from other minerals because of its stated national importance. The policy applies particularly to Boulby mine as the only consented potash mine in the National Park, but the principle that the national importance of potash can justify major development in the park is clear. The support, of course, is not unconditional - consent may be granted provided that any detrimental effect on the environment, landscape or residential or visitor amenity is not unacceptable in the context of any overriding need for the development. Consenting such development, having proper regard to its environment effects can be consistent with the statutory duty of the Park Authority to foster the economic and social well-being of local

communities in the NYMNP, which informed preparation of the CSDP. The development plan, therefore, accepts the principle of potash mining in the National Park and is a helpful starting point.

4.54 Since the CSDP was adopted in 2008, the national and regional planning policy framework has changed. The NYMPA's assessment of its own CSDP has confirmed, in particular, that, unlike at the time the CSDP was prepared and adopted, there is no longer an explicit presumption against minerals development in national parks, there is no longer a requirement to show national need for a proposal and great weight must now be attached to the economic benefits of mineral development. The rejection of the NYMPA's case against the Moorland Energy proposal demonstrates the change in emphasis brought about by the NPPF and the out-dated nature of the CSDP.

4.55 Additionally, whilst the LEP's Strategic Economic Plan (SEP) is not a planning policy document, it has been prepared in accord with clear government policy that regions should prepare economic growth plans, aimed at fostering the inherent potential of the regions – and that such plans should be co-ordinated in partnership with planning policies. The SEP is an up to date economic strategy for the area which strongly supports the York Potash proposals and its publication further highlights the out of date nature of the CSDP which, of course, can have paid no regard to it.

4.56 Whilst the CSDP does support the principle of potash mining in the National Park, therefore, it should be recognised that it was prepared against a more cautious policy framework. The NPPF continues to attach great weight to the protection of the special qualities of national parks but the balance to be struck between this and other objectives has moved towards a greater recognition of the benefits and economic importance of mining.

4.57 **The NPPF** - this is the most relevant other material consideration and requires that the planning system places significant weight on the need to support sustainable economic growth. More specifically, the NPPF states that minerals are essential to support sustainable economic growth and our quality of life; potash is defined as a mineral of local and national importance; and, importantly, local planning authorities should, when determining planning applications, give great weight to the benefits of the mineral extraction, including to the economy. As NYMNPA states in its self-assessment of the CSDP against the NPPF, giving great weight to the economic benefits of

mineral extraction is a new national requirement, whilst the issue of how far a proposed development will meet a national need for minerals, as opposed to any wider need, is now not a specific consideration under the major development test. This shift in emphasis is reflected in the Moorland Energy decision.

4.58 The authoritative wording of the major development test is now provided in the NPPF and it is important to recognise the following points to ensure that the test is properly applied and interpreted:-

- Application of the test must have sufficient regard for the NPPF's other requirements, notably that minerals are essential to support sustainable economic growth and that, accordingly, great weight should be given to the benefits of the mineral extraction, including to the economy – consistent with the policy, such benefits could be local, regional or national and they are not confined to benefits with accrue to the Park;

- Great weight must also be given to protecting the landscape and scenic beauty of national parks. This does not create a policy conflict with the great weight to be attached to the benefits of minerals development – both are important factors in a planning decision and they need to be weighed as part of a balanced judgement on any specific proposal. The major development test, together with the other policies of the NPPF, provides the framework for that judgement.

- The MDT does not, therefore, create a presumption against minerals development. Such development is not contrary to policy if it satisfies the policy's terms – i.e. that the proposal demonstrates exceptional circumstances such that it would be in the public interest to grant permission.

- The terms of the policy do not set a pass or fail test. Three matters are set out which should be included as part of an assessment – i.e. they are not the only potential considerations and none of them is expressed in absolute terms.

- Not only is there no need to demonstrate a national need for the development of the mineral, consent could be granted even if there were no "national considerations".

Any such considerations should be taken into account but they are not a requirement or a test. This approach is clear from the terms of the policy and from the way it has been applied in practice, for instance in the Yorkshire Dales or Norfolk Broads cases.

- Any national considerations can relate to economic benefits just as much as to the need for a mineral – indeed it is the effect on the local or regional economy which the decision maker is asked to consider. It would not be appropriate, for instance, to attach negative weight in a planning decision to an absence of national need.

- In considering what weight to attach to economic benefits, the scale of those likely benefits is clearly important. The case studies demonstrate that proposals with very substantially less benefits than the York Potash proposals can be consented in designated areas because of their benefits (see, for instance, the Norfolk Broads, Dorset and Moorland Energy Cases.

- A balance needs to be drawn between these benefits and the environmental effects of the proposals (the third limb of the policy). Again, there is no absolute test for instance to reject proposals with a certain level of impact. A balance is to be struck and it is clear that reduced environmental impact is a relevant consideration in the test and in the overall weighing up of benefits and disbenefits. At Moorland Energy, for instance, the benefits were relatively small, but so were the environmental effects.

4.59 In this context, the approach previously taken by NYMNPA in assessing the extended working of the existing Boulby potash mine against the Major Development Test is considered to be of relevance. Whilst the detailed requirements of national policy are now more positively expressed, the PA's assessment demonstrates that there is no in principle objection to major development in the form of potash mining in the National Park. Significant environmental effects were accepted in that case in view of the need for the mineral and the scale of the forecast economic benefits to the local as well as the wider economy.

4.60 With regard to maintaining and safeguarding the UK's supply of potash, it is significant that the existing permission for Boulby expires in 2023. This results in a relatively short period during which an alternative UK supply of potash can be expected to be brought forward, particularly given the

long lead-in periods for the approval and construction of such development. The existing supply from Boulby is also reliant on a mine and related equipment that have been operating for over 40 years so there may be limited ability to extend this particular supply beyond 2025 without, at least, significant investment. As YPL stated in its representations to the recent application for polyhalite storage and processing facilities at Boulby, if a choice had to be made between polyhalite mining proposals at Boulby or Doves Nest, the terms of the MDT would attach greatest weight to the proposal with the greatest benefits and the least impact.

4.61 Subsequent sections of this MDT Planning Statement assess the York Potash proposals against the policy analysis set out above. This requires an assessment both of the benefits of the proposal and of its environmental effects. The provision in the MDT that regard should include consideration of the potential for the need to be met by proposals outside the designated area is specifically considered in Section 9.

5 POLYHALITE – THE AGRONOMIC CASE

a) Introduction

5.1 This section of the MDT Planning Statement summarises the evidence relating to the usefulness of polyhalite as a fertiliser.

5.2 To a large extent, the agriculture and fertiliser industry is already aware in principle of the utility and beneficial qualities of polyhalite. Its constituent minerals are all used in the fertiliser industry and, as explained in the next section of this Statement, the fertiliser market has reacted positively to the York Potash proposals for large-scale polyhalite production. Nevertheless, the NYMPA has expressed a wish to understand more about the qualities, usefulness and benefits of polyhalite as a fertiliser. Consequently, YPL has commissioned independent research from the following:-

ADAS – as the former scientific and consulting arm of the Ministry of Agriculture, ADAS is now a highly respected independent, science – based environment and rural consultancy. ADAS is well known in the town and country planning world and is regularly called upon by planning authorities to provide independent advice on issues relating to agriculture;

Science Review Panel – in order to further reinforce the independence and quality of the ADAS work, a separate Science Review Panel was appointed by YPL to peer review critically and examine the methodology, findings and output of the independent ADAS review. The Panel members comprised:-

i. Dr. Ian Richards – Chairman

ii. Professor Ken Barbarick (Colorado State University)

iii. Professor Hans-Werner Olfs (University of Osnabrück)

iv. Dr. Clive Rhan (PlantNutrition)

Dr Ian Richards is a nationally renowned expert in fertiliser, a member of DEFRA's fertiliser steering groups and, since 2000, has provided the Technical Information Service for UK Facts, on which the fertiliser industry relies.

FERA is the Food and Environment Research Agency, partially funded by DEFRA; and

Ricardo AEA is a major supplier of policy support and research consultancy to a wide range of public and private sector organisations.

5.3 Each of these reports has been made available to NYMPA for independent review and each is provided as an appendix to this MDT planning statement, in support of the planning application. Consequently, this section of the MDT planning statement provides only a brief summary of the principal findings.

5.4 Perhaps the shortest and most independent way of summarising the principal conclusions is firstly to set out in full the Executive Summary of the ADAS report, as follows:-

> **Polyhalite (K2Ca2Mg(SO4)4·2H2O) is a naturally occurring mineral that contains crop available plant nutrients: potassium (14% declared as K2O), sulphur (48% declared as SO3), magnesium (6% declared as MgO) and calcium (17% declared as CaO).**
>
> **The generic term used to describe a variety of mined minerals and manufactured fertilisers that contain potassium (K) is potash, which is referred to in this report.**
> **The constituent nutrients contained within Polyhalite are all essential for plant growth. Potassium is one of four major nutrients (along with nitrogen, phosphorus and sulphur) needed in large quantities for plant growth. Potassium controls the movement of sugars in plants, regulates plant cell water content and is important for enzyme function. Sulphur is an essential component of the amino acids cysteine and methionine, and is required for a number of important enzyme reactions controlling metabolic and growth processes. Magnesium is an important constituent of chlorophyll which is vital for photosynthesis, as well as having a key role in a range of enzyme-regulated physiological processes. Calcium has a major role in the structure, stability and formation of cell membranes, and in cell division. Potassium and sulphur are the most valuable nutrients in Polyhalite, because in many situations soil supply of these nutrients is insufficient to support optimal crop growth.**

The global demand for agricultural production is estimated to increase by 60% in 2050 (compared with the present day), as a result of the increasing world population, changing diets and the use of crops to produce biofuels. These pressures have driven steady increases in crop yields and global fertiliser consumption, which is now estimated at 173 million tonnes of fertiliser per year.
Potash. Global potash consumption is predicted to grow at an average rate of 3% per annum, to satisfy the increasing demand for food production. As a result, annual potash fertiliser production will need to increase by c.1.0 million tonnes K2O per annum to satisfy global demand.

Sulphur. The increasing prevalence of sulphur (S) deficiency throughout the world, as a result of reductions in atmospheric deposition and the need to increase crop production will increase the need for sulphur fertilisers. The current global sulphur deficit (i.e. crop sulphur requirement vs. sulphur fertiliser applications) has been estimated at 11 million tonnes of sulphur per annum. Polyhalite has a major contribution to make in this area.

Magnesium. Magnesium (Mg) fertilisers are important for several widely grown crops, including potatoes, sugar beet and, to a lesser extent, oilseed rape, cotton, oil palm and onions, particularly where these crops are grown on sandy/light textured soils that are inherently low in plant available magnesium.

Calcium. Calcium is a valuable fertiliser for specialist horticultural and fruit crops where low calcium levels can reduce crop quality and storage life.

A review was undertaken of pot and field-scale experiments designed to rigorously evaluate the effects of Polyhalite on the growth of a wide range of crop species; compared with (untreated) control treatments and other manufactured fertiliser treatments. The experiments were carried out by four internationally recognised organisations including: The University of Durham (UK), The University of Florida (USA), Shandong Agricultural University (China) and Texas AgriLife Research (USA). The data from these replicated experiments was analysed, using analysis of variance procedures.

Polyhalite has a potential advantage over muriate of potash (KCl) when used on crops which are sensitive to high chloride/salt concentrations (e.g. potatoes, rice, onions, peas, beans, mango, citrus, pepper, celery, carrot, cucumber, lettuce and melon etc. because of its lower salt index. Nutrient release tests showed that the nutrients within Polyhalite quickly became available for plant uptake following soil application. Polyhalite use had no measurable effects on soil pH and contains very low levels of potentially toxic elements.

Data from experiments published in the scientific literature (and those described above) showed that Polyhalite significantly increased the growth of a wide range of crop species including: corn, flax, oilseed rape, pepper, potato, sorghum, soybean, sugarcane and wheat. Polyhalite produced no negative crop growth effects in any of the experimental studies. In around 90% of experiments with a range of crop species, Polyhalite always produced an equal or greater growth response compared with other widely used potash fertiliser (when balanced for potash supply).
In order to identify the best-fit crops for Polyhalite, a review was carried out to estimate the amounts of potash, sulphur and magnesium removed from the soil by different crop species. Additionally, crops with a low tolerance to chloride/salt were identified, as these crops would be more appropriate for Polyhalite than MOP fertiliser use. All of the major global crop species removed substantial amounts of potassium, sulphur and magnesium from the soil, and will therefore potentially benefit from Polyhalite fertiliser addition in situations where the soil supply of these nutrients is limiting. The global quantity of nutrients removed from the soil in crop products for the top 16 global production crops (i.e. maize, rice, wheat, soybean, barley, cotton, rapeseed, sugar cane, oil palm, forage maize, cassava, grass, alfalfa, fodder pumpkins, potatoes, sugar beet) accounted for 85% of total dry matter production which amounted to 37.8 Mt of potash as K2O, 13.3 Mt of sulphur as SO3 and 13.3 Mt of magnesium as MgO.

Crops that fit particularly well with Polyhalite use are those with high potash, sulphur or magnesium requirements, and/or intolerance to chloride/salt. Crops that fit these categories include: sugar cane, sugar beet, silaged grass, silage alfalfa, forage maize, oil palm, oilseed rape, soybeans, rice, potatoes, onions, and vegetable crops including brassicas, lettuce and carrot. These Crops are grown in 414 million hectares throughout the world.

Polyhalite is very well suited for inclusion in blended/complex fertiliser products, with other N, P and K sources, to produce multi-nutrient fertiliser products. Polyhalite can be used as a straight fertiliser, but in most situations it would not be practical to supply all crop potash requirements, because sulphur supply would greatly exceed crop demand, so use in blended/complex fertilisers will be the most common. Spreading tests with granulated Polyhalite and a blended Polyhalite-based fertiliser showed that they can be spread accurately at up to 36m, with commercial fertiliser spreading equipment.

In summary, Polyhalite is a valuable source of major plant available nutrients (i.e. potash, sulphur and magnesium) that can be used to produce multi-nutrient fertiliser products or as a straight product. The main markets for Polyhalite will be supplying potash and sulphur, with magnesium

important for specific crops. The world market for potash, sulphur, magnesium and calcium fertiliser products will continue to expand, because of the need to increase food production and, for sulphur, the continued decline in atmospheric deposition.

The Science Panel was established by Sirius Minerals to review the technical and agronomic report on polyhalite produced by ADAS. The Panel received copies of drafts of the report and provided comments and amendments. As the members of the panel, we are satisfied that this report is a valid and reasonable summary of existing knowledge and relevant information. We agree with the principal conclusion that polyhalite is an effective source of potassium, magnesium, calcium and sulphur for crop nutrition. We further agree that markets for these nutrients exist currently worldwide in agriculture and horticulture and that they are expected to grow as world food demand increases."

5.5 It is also relevant to record the Panel Statement from the Science Review Panel, which endorsed the findings of the ADAS work in the following terms:-

> **"As the members of the Panel, we are satisfied that this report is a valid and reasonable summary of existing knowledge and relevant information.**
>
> **We agree with the principal conclusion that polyhalite is an effective source of potassium, magnesium, calcium and sulphur for crop nutrition.**
>
> **We further agree that markets for these nutrients exist currently worldwide in agriculture and horticulture and that they are expected to grow as world food demand increases."**

5.6 It is for those documents to set out their findings in full. From a planning perspective, however, it is reasonable and appropriate to draw the following principal conclusions:-

1. Polyhalite comprises 4 principal components (potassium, sulphur, magnesium and calcium) – each component is a plant nutrient and "*all are essential for plant growth*". In principle, therefore, polyhalite is a multi-nutrient fertiliser and each of its component parts have a recognised and important role in fostering plant growth;

2. Polyhalite has a low chloride content and has potential advantages over the more commonly used muriate of potash fertilisers in use on crops which are sensitive to high

chloride concentrations. This suggests that polyhalite is a useful general fertiliser but also that it may be particularly useful for intensive agriculture and in relatively arid climates;

3. Experiments demonstrate that polyhalite significantly increased the growth of a wide range of crops compared with other widely used potash fertilisers;

4. Polyhalite is very well suited for inclusion in blended/complex fertiliser products because of its multi-nutrient qualities; and

5. The relatively high sulphur content of polyhalite is important in providing essential nutrients for sulphur – deficient environments which are becoming increasingly widespread around the world.

5.7 Polyhalite is accredited by the Soil Association and Organic Farmers and Growers limited for use in organic farming. Nutrient release tests showed that the nutrients within polyhalite quickly became available for plant uptake, whilst trials have also demonstrated that it has good spreading characteristics. Polyhalite has no measurable effects on soil pH. FERA's investigations concluded that the use of polyhalite as a fertiliser will show no adverse environmental impacts. Additionally, the FERA report identified that polyhalite has beneficial effects on plant bacteria, improving plant health and boosting yields. The FERA report also confirms that the use of polyhalite can have beneficial effects in relation to climate change because (compared to nitrogen based fertilisers) the use of polyhalite and other potash based fertilisers does not involve the emission of oxides of nitrogen. In fact, Ricardo conclude that the carbon footprint of polyhalite is considerably lower than that of other potassium based fertilisers.

5.8 An independent analysis of polyhalite, therefore, confirms its inherent practicality, utility and benefits as a multi nutrient fertiliser.

5.9 In terms of the MDT policy, these conclusions are highly relevant in their own right. It is also relevant to recognise, however, what the application of polyhalite would achieve, i.e. greater plant growth. In a time of world food shortages and forecast rapid global population growth, there is arguably no greater need which any form of development could help to meet. ADAS forecast that the global demand for agricultural production is estimated to increase by 60% by 2050, with the

forecast growth in global potash consumption running at 3% per annum. There are recognised world-wide deficiencies in all of the nutrient ingredients of polyhalite. Increased fertiliser and food production is an international need of literally global importance.

6 THE MARKET FOR POLYHALITE

a) Introduction

6.1 In addition to the scientific reports commissioned by YPL to confirm the potential use for its polyhalite supply (see previous section), YPL has also commissioned research on the commercial demand for polyhalite. CRU, an internationally recognised independent market analysis company specialising in the mining, metals and fertilizer market, was commissioned to determine the market potential for polyhalite. CRU was asked to advise on the market value of polyhalite, taking account of transport costs and the scale of global demand for the mineral at different pricing levels.

6.2 The CRU report[5] is submitted in support of the planning application as an appendix to this MDT Planning Statement. It provides a detailed assessment of the fertilizer industry and the potential for polyhalite to establish a global market position, either as a straight, directly applied fertilizer or for use in the fertilizer blending industry.

b) The Market Potential for Polyhalite

6.3 Key conclusions from the CRU report include the following:

- Polyhalite has the potential to compete with existing fertilizers as a feedstock to NPK (blended) fertilizers, as a direct application fertilizer and as a valuable source of sulphur;
- Based on the intrinsic market value of its constituent nutrients, polyhalite is worth between $107 and $198 per tonne;
- In practice, value will vary with the volume of production but polyhalite is estimated to achieve $110 to $170 for the levels proposed for full production at Dove's Nest (13 million tonnes per annum (mtpa));

[5] 'Polyhalite Market Study: April 2014' (CRU)

- Demand for polyhalite mined at Dove's Nest is likely from multiple regional markets on account of polyhalite's multi-nutrient characteristics; and

- Key target markets are the USA, Brazil, China, Africa and Europe.

6.4 These values, in addition to the total planned capital investment, employment and operating cost by YPL, have been used to estimate the economic effect of the York Potash Project. The economic effect and the way in which the CRU report has informed this assessment is explained in further detail in the following section of this Statement.

6.5 The strength of this market assessment is borne out by the fact that Sirius Minerals has already secured commitments from international buyers for the large scale supply of polyhalite, despite the fact that planning permission has not yet been granted.

6.6 Moreover, Sirius Minerals has already secured offtake contracts, framework sales agreements or memoranda of understanding for nearly five mtpa of polyhalite sales. Most of these agreements are for ten years' supply, or for five years' supply with options for a further five years. The agreements include:

- A take or pay offtake agreement with a US Fortune 500 agribusiness company for 500,000 tonnes per annum (tpa) for five years with an option for a further 500,000 tpa and a contract extension of five years. The unconditional contract is worth approximately £400 million over five years alone;

- An offtake contract for 1,000,000 tpa for ten years with Yunnan TCT, a Chinese state run agribusiness;

- Memoranda of Understanding ("MOU") with four additional Chinese agribusinesses, each for 500,000 tpa for ten years; and

- Framework sales agreements, MOUs and letters of intent covering markets in Europe, Africa, Latin America, South America and South-East Asia for approaching 2 mtpa.

6.7 Given that Sirius Minerals is a company listed on the Alternative Investment Market (AIM) of the London Stock Exchange (LSE), the above agreements have been reported publicly and independently assessed in accordance with the strict regulations of the AIM/LSE and those of the Government's regulator, the Financial Conduct Authority.

6.8 Companies such as Sirius Metals, which are listed on AIM, are regulated by the 'AIM Rules for Companies' which were created by the LSE. The AIM Rules state that every AIM company must issue a "*notification [to the market] without delay of any new developments which are not public knowledge which, if made public, would be likely to lead to a significant movement in the price of its securities*". Furthermore, a company "*must take reasonable care to ensure that any information it notifies [to the market] is not misleading, false or deceptive and does not omit anything likely to affect the import of such information*."

6.9 Each company listed on the AIM is also required to appoint a nominated adviser, which is responsible to the LSE for assessing on an ongoing basis the appropriateness of an existing AIM company for listing on AIM, and for advising and guiding an AIM company on its responsibilities under the AIM Rules. In addition, nominated advisers themselves are assessed by the LSE to ensure they have suitable experience to allow them to act in such a capacity and are also required to undertake continuous training to ensure they are appropriately qualified to act in the role.

6.10 Sirius Minerals nominated advisor reviewed the offtake agreements, framework sales agreements and memoranda of understanding between Sirius Minerals and various counterparties for the sale and purchase of polyhalite, along with the related public disclosures made by the company. It confirmed the accuracy of the information and due compliance with the AIM Rules. The NYMPA has a copy of the confirmation.

c) Independent Validation of the CRU Report Findings

6.11 In August 2014 the 'World Potash Outlook to 2028' report[6] was published by Argus FMB Media, a globally well-respected and independent market analysis company which is focussed on the oil & gas industry and the fertilizer industry. This comprehensive study assesses a number of important

[6] http://www.argusmedia.com/Fertilizer/Argus-FMB-Potash

market considerations including: the rapid pace of change in the potash industry; the forecast for potash prices up to 2028; the function and strategic value of magnesium-potash products; and the potash industry's capacity to meet the growing demand for NPK fertilizers[7]. More specifically, the value of polyhalite as a multi-nutrient product is clearly recognised by this industry expert.

6.12 The Argus FMB study clearly reconfirms and endorses the findings of the CRU report. Some of the most relevant conclusions from the Argus FMB study are extracted below:-

> **"In respect of potassium/magnesium/sulphate products, the new-comer on the block is polyhalite."** (page 119)
>
> **"The decision of ICL [Israel Chemicals Limited] to move from its test programme to commercial production and the positive results of agronomic testing of polyhalite by Sirius suggest that in the short to medium term the product will become a feature of the international fertilizer market."** (page 121)
>
> **"As mentioned above, ICL has test-marketed polyhalite and is now understood to be moving towards commercial production, initially up to 0.6mnt/yr, supported by a grant of £4.9mn from the UK government. If there is strong growth in the demand for polyhalite fertilizer, we believe that CPL could easily expand its output to 1mnt/yr without having to make significant investment. The objective is to produce an S:K product qualifying for the organic label as part of its speciality market strategy."** (page 120)
>
> **"It seems certain that polyhalite will not be marketed simply as a source of potash but as a multi-nutrient fertilizer/blend component offering the inter elemental synergies which are a strong feature of multi-nutrient combinations."** (page 121)
>
> **"The evidence also suggests that its scope will not be limited to the speciality market but extend into agricultural usage, both for high-value and staple crops."** (page 121)
>
> **"The symbiotic effects of using major, secondary and micronutrients in combination is well documented. In a number of field tests there was significant evidence that the use of polyhalite alongside other fertilizers improved nutrient use efficiency of the N and P applied."** (page 121)

[7] Nitrogen, Phosphorous and Potassium

"On the basis of the extensive testing still being undertaken, Sirius has summarized its findings as follows:

- **Polyhalite is an effective direct application fertilizer and blend component**
- **Multi-nutrient yield boost stresses the value of balanced fertilization**
- **Positive indicative results for both staple and high-value crops." (page 121)**

"…the Company [Sirius Minerals] has undertaken significant testing of polyhalite in a wide variety of regions and on many different crops. We reproduce below data on the production of polyhalite and some of the early results from independently organized agronomic testing programmes to give an idea of the future potential for polyhalite, not as a raw material but as a multi-nutrient fertilizer in its own right. As much of this test data is in the public domain, we will merely sum up some of the findings in this report, as the detailed data is available from Sirius

- **In terms of production, polyhalite has a significant advantage in respect of costs. It is mined and granulated without the need for processing steps and generates no waste product such as salt of MgCl – apart from mine waste which can be disposed of underground**
- **The product granulates and compacts, handles and stores well and is compatible as a blend component**
- **The product is certified as permissible in organic cropping**
- **Polyhalite (based on samples from the Sirius ore-body) is low in chloride (<2pc) and therefore suitable for many chloride- sensitive crops. The content of chloride may vary in other polyhalite deposits**
- **In tests comparing natural polyhalite with a synthetic version containing the same nutrient content (a mixture of SOP, CaO and Kieserite), the natural product significantly outperformed the synthetic version. The natural polyhalite contains traces of micronutrients required in plant nutrition which may well explain its enhanced performance." (page 120) [Emphasis added]**

6.13 In essence, the Argus FMB study provides a series of compelling findings, endorsing the large body of work already undertaken by YPL, CRU and other parties. It reinforces this work which has already identified the significant potential that polyhalite has to be used widely in the market as a multi-nutrient fertilizer to increase crop production, and economic productivity more generally, both within the UK and international markets.

7 ECONOMIC BENEFITS OF THE PROPOSALS

a) Introduction

7.1 As indicated in the previous sections of this MDT Planning Statement, over the last few years Sirius Minerals has invested substantially in YPL to explore and validate the largest polyhalite resource in the world. Amongst other things, YPL has commissioned an extensive borehole exploration programme in the NYMNP, which has confirmed the presence of the world's largest and highest grade resource of polyhalite. YPL has also undertaken engineering design work to demonstrate the feasibility of the project, has validated the benefits of polyhalite through agronomic tests and crop trials and developed a considerable market for the product through market research and sales agreements, which have been derived from global marketing. Coupled with engineering, approvals and product development work, this has amounted to an investment of around £100 million to date.

7.2 Dove's Nest can be developed as a highly efficient new mine giving high quality access to by far the most significant polyhalite resource in the world, given the thickness, continuity, grade and size of the YPL resource. Based on the defined resource, York Potash can expect to operate at full capacity of 13mtpa for well over 100 years.

7.3 YPL is proposing an investment of nearly £1.7 billion to reach an output of 13mtpa. The initial construction period – scheduled to last around 58 months – involves spending just under £1.4bn across the project as a whole, to reach a production capacity of 6.5mtpa. An additional investment of £306m would increase capacity from 6.5mtpa to 13mtpa.

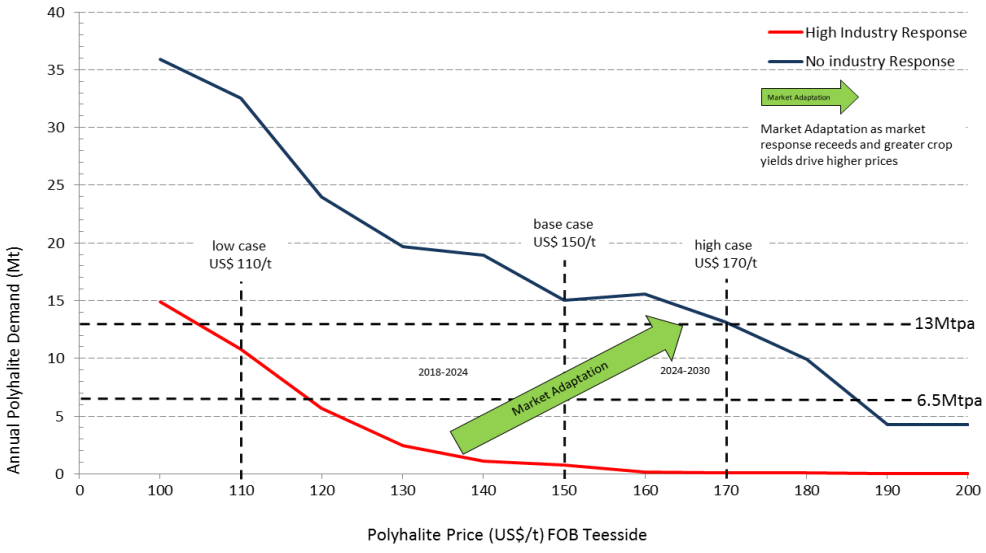
7.4 The mine, which would be located at Dove's Nest Farm and Haxby Plantation, is to be connected to the port and Materials Handling Facility (MHF) by an underground Mineral Transport System (MTS). Together, these will deliver and/or make a significant contribution to higher employment (direct, indirect and induced), higher economic output, an increase in exports, UK tax revenues, and local payments such as royalties, both during construction and for the duration of mining operations. These will be accompanied by a range of other benefits such as wages going into the local economy

and potential falls in unemployment, which will all make a contribution towards boosting the economy nationally, regionally and locally.

7.5 The economic impacts, that is both economic benefits and any adverse economic impacts that are predicted to arise from the construction and operation of the development, have been comprehensively assessed as demonstrated in the Economic Impacts Report and the Socio-Economic Chapter of the EIA that inform the application.

7.6 As explained earlier, YPL has commissioned additional research from world leading industry experts CRU Strategies into the markets for polyhalite. The CRU report has been submitted in support of the planning application as an appendix to this MDT Planning Statement. It demonstrates that there will be a demand for polyhalite at different price levels, and based on this market demand, the York Potash project will deliver significant economic benefits.

7.7 The CRU report identifies a "demand window" of prices and quantities for 2018 at which it forecasts YPL will be able to sell polyhalite. At the bottom of the window, prices are assumed to be driven down by a strong response from competitors who may choose to cut prices to maintain their market share (a condition CRU believes is unlikely to exist in the long term). At the top of the price window, it assumes there is no pricing response from competitors who choose to protect profit margins rather than volumes.



7.8 The report has confirmed that there would be market capacity to absorb YPL's production at 6.5mtpa and 13mtpa at prices ranging from $110/t to $170/t. The range between the no industry response scenario and high industry response scenario illustrates the two possible extremes of industry reactions, and hence show the entire likely spectrum of polyhalite demand variation. CRU believes that the actual demand will sit somewhere between the two scenarios.

7.9 The assessment of economic benefits that supports the planning application has therefore been undertaken on the basis of an average price for polyhalite of $150/t (£94) with YPL selling 6.5mtpa in 2021 and 13mtpa in 2024. This is consistent with YPL's current marketing and the 5mtpa that is already subject to off-take agreements, memoranda of understanding and framework sales agreements. It is also important to recognise that sensitivity tests have been undertaken and this work demonstrates that even at a polyhalite price of $100/t the project is viable and profitable such that it continues to deliver corporation tax revenues even at these levels.

b) National Economic Objectives

7.10 An important consideration is to recognise the proposals as a whole contribute to meeting national needs in respect of national economic policies and objectives. The Government's policies supporting economic growth include the Local Growth White Paper (BIS, 2010), the BIS and HM Treasury Business Plans 2012-15 (BIS & HMT, 2012), Autumn Statement 2013 - Reducing the Deficit and Rebalancing the Economy (HMT, 2013), and the Plan for Growth (BIS & HMT, 2011). These overarching policies also underpin the NPPF which promotes growth and a positive approach to planning decisions. (Paragraph 19).

7.11 Paragraph 116 of the NPPF states that consideration of planning applications for major developments in National Parks should include an assessment of the need for the development, including in terms of any national considerations, and the impact on the local economy. The "*national considerations*" referred to in Paragraph 116 of the NPPF are not specifically referenced i.e. but they can be assumed to include current national policy priorities. These priorities are set out in a range of government policies and statements including those referred to above. These priorities include:-

- reducing the deficit;

- rebalancing the economy away from the public sector and towards the private sector;
- rebalancing the economy away from services and consumption towards production and, in particular, investment and exports; and
- rebalancing the economy away from London and the South-East and encouraging faster economic and employment growth in the Midlands and North.

7.12 Section 3 of this Statement analyses the NPPF in more detail, including its recognition that minerals are essential to support sustainable economic growth and our quality of life (paragraph 142) and that great weight should be given to the benefits of mineral extraction, including to the economy (paragraph 144). Section 3 also considers relevant regional and local economic policies, including the support for the proposals which is provided within the York, North Yorkshire and East Riding (YNYER) LEP's Strategic Economic Plan, published earlier this year.

7.13 The Plan for Growth states that the UK economy has suffered in the past decade becoming unbalanced and stagnated, and seeing its international ranking in competitiveness falling (paragraph 1.1) as other nations have reduced barriers to investment, making their nations more attractive to businesses (paragraph 1.6). Imbalance in economic growth has become apparent as growth has become concentrated in London and the South East with other regions becoming increasingly reliant on jobs funded by public spending. To rebalance, the economy the Government has set out its third ambition - creating sustainable growth away from a reliance on a narrow range of sectors and regions towards an economy built on investment and exports with success shared across all regions (paragraph 1.39).

7.14 Exports are a key step in achieving sustainable and balanced growth in the UK. The UK is well positioned between the USA and the rest of Europe to take advantage of these opportunities in exports (paragraph 1.42). The Government is looking to increase private sector employment in regions outside of London and South East to ensure that benefits are felt across the country. Actions include investment in the private sector with the Regional Growth Fund (RGF) (paragraph 1.50). The £4.9 million grant from the RGF that has been awarded for CPL's proposed polyhalite development at Boulby mine is an example of the policy in action. Investments such as this are at least regionally important and directly consistent with national economic objectives.

7.15 More recently, the Chancellor has announced a new policy aim for the UK to achieve Full Employment, which he defines as the highest employment rate in the G7 group of nations. Achieving this will mean raising the UK's employment rate to 73%. The current employment rate in the area around the project is approximately 67% in the Boroughs of Redcar and Cleveland and Scarborough and also across the North York Moors National Park's (NYMNP) travel to work area.

c) National Economic Benefits of the Proposals

7.16 The economic assessment that supports the application demonstrates that the proposals would bring significant national benefits and contribute to the Government's core economic objectives of increasing economic growth, rebalancing the economy, increasing exports, achieving Full Employment and reducing the deficit.

7.17 The project would have significant and positive economic benefits, directly, through employment and output and, indirectly, through the supply chain and employee expenditure. It would result in an increase in GDP; a nationally significant reduction in the trade deficit; over 1,000 high value direct jobs and many more in the supply chain, boosting the employment rate and spending power; corporate and income tax receipts; and royalty payments.

7.18 The contribution to national GDP alone is expected to be £500m per annum in 2021 and £1bn per annum in 2024. As well as boosting GDP and the other national benefits identified above, the mine would help reduce the UK's trade deficit which was £27bn in 2013 – that is, the UK imported £27bn worth of goods more than it exported with more money going out of the country on traded goods than was coming in. Addressing this deficit is a major part of the Government's economic policy.

7.19 YPL anticipates the vast majority of its product would be exported with approximately 125,000 tonnes of the first 6.5mtpa and 175,000 tonnes of 13mtpa being sold into the UK market, with the rest exported. At full production, this would equate to £1.2bn of exports each year and would reduce the UK's trade deficit by just under 4%. These are benefits of a national scale.

7.20 It is recognised that these effects would be sensitive to changes to the price at which polyhalite can be sold and to changes in the cost of operation. Sensitivity testing for a range of possibilities shows that, even in the case of a lower prices and/or higher costs, the impacts of the project would be

nationally significant. These benefits can be attributed to both the construction and operation of the polyhalite mine and associated developments.

7.21 Moreover, given that based on the defined resource, York Potash can expect to operate at full capacity of 13mtpa for well over 100 years, it is likely that the proposals would make a long and lasting contribution to the local, regional and national economies.

7.22 The benefits of the project as a whole are summarised in Figure 3 below.

Figure 3: Concluding Impacts

Benefit	Magnitude
Construction	
Construction Capital Investment over total construction phase	£1.7bn
Construction Direct Employment - peak	1,670 at peak
Construction Indirect and Induced Employment (one year jobs)	9,720
Construction direct, indirect and induced GVA over total construction phase	£1.1bn
Tax receipts during total construction phase	£188m
Operational – Annual at full operation	
Annual Expenditure	£214m
Direct Jobs	1,040
Annual Direct Salary Payments	£35m
Indirect and Induced Employment	1,100
Annual Sales	£1.222bn
Annual Export Value	£1.205bn
Annual Direct GVA	£1bn
Annual Indirect and Induced GVA	£75m
Annual Operational Taxation	£234m

7.23 The benefits would be strongly felt in the within YNYER and Tees Valley Unlimited (TVU) LEP areas, but would be of a significant magnitude and reach to have national effects, especially with respect to exports and the trade deficit. Collectively, these impacts demonstrate that the York Potash

project would make a large and lasting contribution to meeting national need and core local and national policy objectives.

b) Regional and Local Economic Benefits of the Proposals

7.24 At full production, the mine would permanently increase the economic output of North Yorkshire by 10% and would permanently increase the output of the YNYER LEP area economy by 5%. The multiplier impacts would create a further GDP uplift of up to £75m.

7.25 The significance of the regional and local economic benefits has been recognised by business networks including the Chamber of Commerce, Federation of Small Business and the Confederation of British Industry, in addition to the Local Enterprise Partnerships covering North Yorkshire and Tees Valley.

7.26 Local Members of Parliament, education institutions, tourism bodies and council leaders have all made public statements about how the region and the national economy would benefit from the project, as have Government Departments.

7.27 In addition to national taxes and duties, YPL would also pay local taxes and duties including business rates and royalties to landowners. These could total £27m in 2021 rising to £48m in 2024. The largest component of this is royalties to landowners which are estimated to be £15m at 6.5mtpa and £29m at 13mtpa across North Yorkshire. There would also be payments to shareholders in the local area. The proportion of the shareholding that is held by residents of North Yorkshire and Teesside is estimated at 13% and it is estimated that they will earn £4.3m in dividends at 6.5mtpa and £8.2m at 13mtpa. This is effectively additional income for local residents which would be taxed, saved and spent much like wage income and would therefore support additional induced employment. Using the same assumptions as for the multiplier calculations for potash production, this would support a further 60 jobs at 6.5mtpa and 130 jobs at 13mtpa.

7.28 YPL's operations will also pay business rates estimated at just under £5m for its head office and its operating facilities. Under the new business rate retention, business rate uplifts in Enterprise Zones will be retained for use and reinvestment by the LEP. The MHF would be located in an Enterprise Zone and would have an annual business rate payment of around £3.7m.

7.29 The final local payment would be to the York Potash Foundation, which has been set up by YPL to enable the community to benefit from a community fund. This will be an independently run body which is seeking charitable status and will "asset lock" its income so that it is used solely for charitable purposes.

7.30 YPL will contribute an annual royalty of 0.5% of revenue from the project to the Foundation. Based on current estimates the annual payment could be £3 million at 6.5mtpa of production and up to £6 million at full production. An initial start-up fund of £2 million will be contributed by the Company on the formal commencement of construction. The Foundation's broad objectives provide a wide range of areas where it can support community projects. Its formal objectives are to:-

- advance education including by supporting projects and training that benefit people from the area of benefit by enhancing their skills;
- promote the general health and well-being of the community;
- advance environmental protection and improvement including by enhancing the local landscape;
- advance citizenship and community development including by improving community facilities to bring people in the area of benefit together; and,
- relieve those in need because of financial hardship by virtue of being out of work, particularly the long-term unemployed, by helping them to gain skills.

7.31 The project requires a highly skilled mining workforce and YPL has developed 'Potash Prospects', a careers guide to highlight the types of jobs available. YPL has also produced a skills strategy to help ensure that the workforce is sourced from the local area wherever possible. The Strategy sets a target of having at least 80% of the workforce sourced from the local area and to increase that figure over time. The Strategy sets out four key themes:-

- **Attract –** Raise awareness of the project and the range of career opportunities, thereby increasing demand for relevant courses and qualifications.

- **Train –** Work with education institutions and other stakeholders to enrich and align the relevant curriculum areas, and develop bespoke provision, thereby increasing the supply of skilled people.

- **Recruit –** Provide employment routes into York Potash.

- **Retain –** Support continuous professional development of all staff, enabling workers to progress their careers within York Potash.

7.32 The YPL Skills Strategy contains an Action Plan, which outlines a range of activities to help the Company to deliver its commitment of sourcing its workforce from the local area wherever possible. This includes the following provisions and undertakings as part of the S106 agreement:

- Funding to improve the awareness of Science, Technology, Engineering and Maths (STEM) in primary schools;

- Funding for the provision of STEM resources and activities for secondary schools and further education;

- Funding to provide resources to identify and prepare local people for opportunities during construction and operation;

7.33 In addition, undertaking to:

- Create 50 apprenticeship opportunities initially over a 5 year period and commitment to maintain an apprenticeship programme;

- Support 15 people over 5 years (3 per year) through the York Potash Undergraduate Programme;

- Deliver work based training for 250 people in preparation for mining operations;

- Train 50 people with transferable skills to become tradespeople in mining operations;

- Deliver quarterly employment opportunity information sessions targeted at the local unemployed.

7.34 The National Park is a tourist destination, deriving a large proportion of its economic activity from sectors that support tourism. In order to assess the potential effects on tourism within the NYMNP, the potential effects on its "Special Qualities" (or other factors that could influence visitor behaviour or amenity) have been identified. The full assessment draws on the assessments of the individual aspects of the scheme to understand the extent to which there will be landscape and visual, noise, traffic or amenity issues. It also reviews evidence from other schemes, including Fylingdales, where no adverse effect on tourism employment has been identified. Taken together the actual estimated impacts presented in the EIA and people's perception of those impacts gauged from the survey help to inform a more robust judgment on impact on tourism within NYMNP.

7.35 In order to support an assessment of the potential for the project to impact on tourism, YPL commissioned a survey of visitor perceptions, which was undertaken by Ipsos MORI. The survey was designed to provide reliable data and evidence to support forecasting while recognising that even well-designed surveys will have limitations. Forecasting a possible impact based on stated intention cannot be completely accurate (nor without uncertainty), but it is still an accepted method of estimating impact.

7.36 The conclusions of the survey are primarily based on comparing the change in respondents' attitudes to visiting the NYMNP before and after they had been given a description of the project. Respondents were asked in what ways the description had changed their views on visiting the NYMNP and how many nights they would stay on their next visit. Ipsos MORI took the percentage change of visitor days and applied it to the NYMNP 2012 Scarborough Tourism Economic Activity Monitor Report, which enabled them to estimate the possible economic impact of the project on tourism in the NYMNP as follows:

- a negative annual impact of -£10.3 million during the construction period; and
- a negative annual impact of -£5.2 million during operations.

7.37 These overall results are relatively small in relation to total tourism income in the NYMNP – a loss of 3.4% during the construction phase and 1.7% during operations.

7.38 In reality, the actual effects on the landscape, traffic, noise are expected, in the context of the diversity and breadth of the NYMNP tourism offer, to affect a limited area of the park and be limited in their nature. Moderate or major adverse effects occur only in the construction period. There would be no major adverse effects related to tourism that would continue beyond the construction period, and most remaining visual impacts will be reduced to moderate after 1 year of operation; and negligible by 15 years, as plants designed for visual screening mature.

7.39 Even if the worst case scenario were to occur, the potential adverse impacts are very small in comparison to the scale of benefits the project will bring. A 3% loss of tourism employment during the construction phase would equate to around 150 jobs being lost. This compares to the creation of about 750 well-paid, mainly full-time jobs within the Park at the Mine itself. Similarly, the loss of tourism activity at £5.2m during the operational phase is insignificant in comparison to the £1.2bn of annual turnover generated by the project.

7.40 Further details are provided in the Draft Planning Obligations document submitted in support of the application including contributions to tourist promotion and investment to the Esk Valley Railway.

8 ENVIRONMENTAL EFFECTS

8.1 Paragraph 116 of the NPPF (the MDT) requires that consideration should be given to an assessment of any detrimental effects on the environment and the extent to which those effects could be moderated as part of the assessment of major development proposals in national parks. It is apparent from Section 4 of this Statement that planning decisions for major development in National Parks weigh the extent of residual environmental harm against the benefits of the proposals in order to consider whether or not granting permission would be in the public interest. There is no in principle conflict with policy in consenting major development in these circumstances and the case studies demonstrate that the lower the level of environmental harm, the lower the economic and other benefits need to be to justify the grant of permission.

8.2 This MDT Planning Statement is not the place to undertake an in depth assessment of environmental effects. The application is fully informed by a comprehensive Environmental Impact Assessment and the design of the proposals is explained in the submitted Design and Access Statement (DAS). The separate Planning Statement considers the local effects of the project in more detail. Nevertheless, it is appropriate for this Statement to consider the scale of the principal effects of the development in order to illustrate the nature of the balance which needs to be addressed in applying the major development test.

a) <u>The Application Proposals</u>

8.3 The proposals are summarised in Section 2 of this Statement. The principal development is proposed on a site of approximately 65ha at Doves Nest Farm and Haxby Plantation, i.e. the site of the mine head and its associated buildings. It is also important to recognise, however, that the project has a number of other component parts including:-

i. the Mine and Materials Transport System (MTS) which consists of a 36.5 kilometre long tunnel that will transport the polyhalite from an underground point at the mine head to Wilton at Teeside. The MTS features 3 intermediate surface sites along the route, including a site at Ladycross Plantation;

ii. a material handling facility (MHF) – a granulation and storage facility at Wilton; and

iii. a harbour facility at Brans Sands, Wilton on the bank of the River Tees Estuary.

8.4 Additionally, the project includes a temporary park and ride facility at Whitby and permanent park and ride provision outside Whitby. The proposals are described in detail in the DAS.

8.5 The nature of the mine head facilities is illustrated in the DAS, as follows:-

8.6 Before considering the significance of the environmental effects of the development, it is important to recognise the extent to which YPL has worked in order to minimise potential effects. There are a number of important steps which have been taken in order to limit environmental effects as far as practical. In particular:-

a) The site at Doves Nest Farm and Haxby Plantation was carefully selected. The site is well located to exploit the known mineral reserve economically and efficiently but particular care was taken to avoid sensitive moorland and to select a site which was well screened with an existing heavily wooded character. The mature woodland cover within Haxby Plantation in particular encloses the majority of the southern and eastern boundaries, whilst mature belt plantations partially enclose the western boundary. These characteristics provide an inherent degree of visual containment and a mature setting for the mine head;

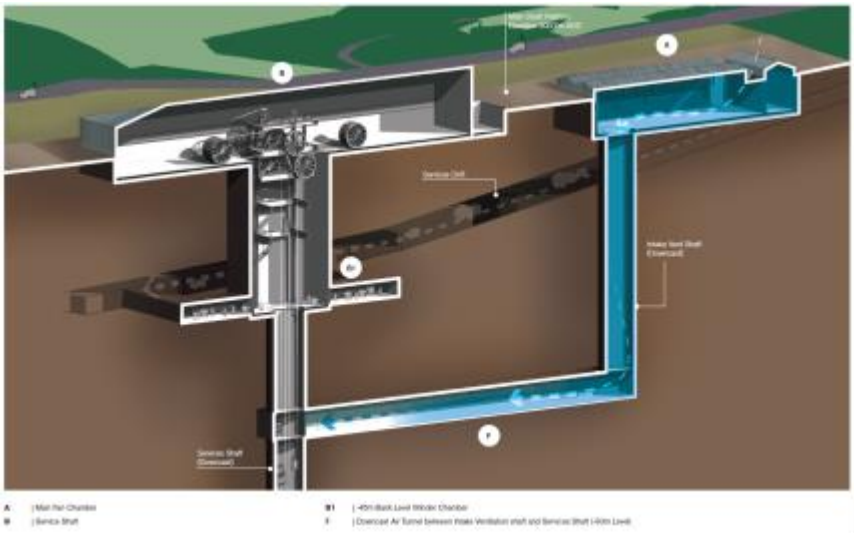
b) An early project decision was taken to process the minerals at the port, rather than at the mine. By comparison with Boulby, for instance, this has enabled the industrial footprint of the mine to be significantly restricted, with industrial activities taking place within an industrial location, rather than the National Park;

c) Whilst this decision could have generated a substantial transport impact, very careful consideration has been given to the development of a transport system which limits road traffic as far as practical. Early investigations were made into the possibility of using rail infrastructure in the area but this was discounted because of the intrusive implications of running freight trains on the North Yorkshire Moors Railway (a heritage line) and through small villages across a wide area of the National Park. Initially, YPL proposed a buried pipeline transport system but design development identified that the construction of the pipeline would have substantial environmental effects. Accordingly, the new MTS was developed and the decision to adopt the MTS enabled a 70% reduction in the construction impact of the project. The use of the MTS enables mined polyhalite to be transported to Teeside without the need for it to be brought to the surface. The design initiative reduces to a minimum the surface infrastructure. The intermediate sites also enable the excavated tunnel material to be used for mounding and landscaping so that the environmental effect of the intermediate sites themselves is also reduced; and

d) Particular attention has also been paid to innovative design solutions to limit the need for above ground infrastructure and floorspace at the mine head itself – and these are explained more fully below.

8.7 Traditionally, mine installations such as those shown below comprise a large area of site disturbance, high profile mine infrastructure, substantial mineral processing and mineral storage facilities, large building footprints and high elevations with an intrusive industrial appearance. The mine head at Boulby provides one such example.

8.8 In contrast, YPL has set itself the objective of limiting built development at the mine head as far as practical. World leading mining experts have been employed to design a mine head which encapsulates the two deep shaft winding structures which are normally so prominent at mines in sub surface concrete head-frame chambers. This imposes a significant cost on the project but it enables the above ground infrastructure and floorspace to be substantially limited in scale. The consequence is explained in the DAS and illustrated in the figure below.



8.9 Each of the mine head buildings have been designed as single storey buildings with maximum ridge heights determined by the visual impact assessment. The design of the building is based on simple agricultural building forms of a type that does not look out of character in a rural location. Where views can be obtained, therefore, the mine head buildings are designed to be appropriate to their setting.

8.10 The main Welfare building is proposed as a larger two storey building in order to limit its footprint but its location has been carefully chosen within Haxby plantation. The use of the existing woodland height and its location in a lower part of the site has allowed the larger building to be integrated within the site while maintaining a low visual impact from surrounding views. Further details of the buildings design and materials are provided in the DAS.

8.11 The decision was also taken to maintain as far as practical a cut and fill balance across the mine head site with the dual advantages that this would limit the transport of material through the National Park whilst enabling landscaped bunds to be created to reinforce the visual screening of the development.

8.12 In combination with other features, such as the park and ride proposals to limit traffic activity, it is apparent that YPL has worked hard to develop a mining proposal which is as sensitive as it can be to the National Park.

b) Environmental Effects

8.13 It is for the EIA to assess and report the residual environmental effects of the proposed development and the short summary here is no substitute for a careful examination of all the submitted information. However, some general principles are drawn from that detailed work below.

8.14 The principal adverse effect arising from the York Potash proposals relates to the landscape and visual effect of the development during the construction period. Temporary structures, including 3 45m high winding towers, 2 40m high generator stacks and mobile cranes would be required to construct the mine. These would be in place for varying timescales during the 58 month Phase 1 construction period. The works would include the removal of vegetation cover and permanent alteration to the existing land form within the site boundary. The Environmental Statement (ES) reports a significant adverse effect on landscape character and visual influence across parts of the Coastal and Moorland Landscape Character Area and from public rights of way. Whilst significant, these effects, however, would be temporary and reversible. The prominence of the structures is illustrated below.

8.15 However, the limited duration of the works and the effective screening of the operational infrastructure is illustrated in the slide below which is taken from the same view point one year after the opening of the mine.

8.16 In time, the landscaping of the bunding would become more effective and even this limited close range view would be further screened.

8.17 More distantly, views during the operational phase of the development would be extremely limited. The ES reports that operational phase effects of the mine on landscape and visual receptors would include minor adverse impacts in the first year, when the new mounds would be recently completed. That would change to a minor beneficial impact as planting matures and integrates the site physically and visually into its landscape setting. Operational buildings and surface activity would be hidden within an enveloping framework of mounds and woodland/scrub cover. Overall, the mine site would read as part of, and would reinforce, the existing wooded character of the Ugglebarnby Mooridge. Long term management of existing broad leaf and coniferous woodlands within the site would provide additional landscape benefits.

8.18 The construction impacts, therefore, are significant but, following the establishment of restoration proposals, they would operate without adverse effect on their visual and landscape setting and would provide a minor landscape benefit. This is an exceptional outcome which has only been made possible by the quality of the design development work undertaken by YPL in order to limit the impact of the development.

8.19 It would not be appropriate to try to summarise the other effects of the development briefly within this Statement and the planning authority will no doubt consider the EIA and other reported effects in full. There will, for instance, be traffic impacts particularly during the construction period. During operation, traffic related to the project would be limited to transporting the workforce (up to 8 buses with only 76 car parking spaces at the mine) and a small number of deliveries per day (say 5). The movement of vehicles to and from the site would be strictly managed; with a Construction Traffic Management Plan clearly setting out ways to mitigate potential effects. During construction access to the mine would be via the A171 and B1416 and site traffic would be prohibited from using other roads.

8.20 There are a range of other relevant considerations including ecology. Again, however, the mine head site has been carefully chosen – there are no statutory or non-statutory designated sites within Doves Nest Farm. The southern and western parts of the site do include an area of deciduous woodland that is designated as a BAP Priority Habitat but the proposals seek to maintain this area in its current form. Mitigation and enhancement measures have been proposed in the application and the assessment of the net effects is that significant adverse impacts can be avoided.

8.21 Undeniably, there would also be more subtle effects that will arise from the construction activity particularly but also from an increase in the level of activity in this part of the National Park, although the measures described above would limit that activity as far as practical.

8.22 YPL recognise that the development will generate some adverse effects and consideration has therefore been given to the development of mitigation measures to which commitment would be made through a Section 106 Agreement with the NYMPA. The proposed Heads of Terms for the Section 106 Agreement are reported elsewhere in the application documents but the principal proposed obligations can be grouped under the following headings:-

i. Management Plan contribution:- substantial contributions are proposed during the construction period, stepping down in the immediate post construction period and then continuing at a lower level through the operational life of the mine towards a range of initiatives set out in the National Park Management Plan. The purpose of these is to recognise that the long term effects on the National Park cannot be completely mitigated through project design but it would be possible to carry out work that would enhance the landscape, reduce light pollution, increase tranquillity and improve the natural environment and visitor experience of the National Park in other ways. The overall objective is to fund a series of landscape, tranquillity and visitor related improvements at a local level to help offset the residual impacts of the project indirectly. The scale of the proposed contributions is such that very substantial enhancements to the National Park can be achieved directly consistent with its own management strategy;

ii. Tree planting: - to complement these measures, additional commitments are proposed to extensive tree planting within the National Park and it is also proposed to source 10% of the energy used at the mine from renewable sources. Whilst the tree planting is principally intended to assist in offsetting the carbon footprint of the development, it would have an important complementary role to the other national park management initiatives by further enhancing the landscape character of the National Park;

iii. Tourism: - as reported in Section 7 of this Statement, financial contributions are proposed which would be managed by *Welcome to Yorkshire.* These would be used to promote the National Park and to off-set any adverse impacts that might arise on the tourist economy, particularly through the construction period of the mine. The budget proposed is intended to be sufficient to mitigate any negative perceptions.

iv. Transport:- payments are proposed to establish a new train service to double the services between Middlesborough and Whitby, including necessary costs of signal and other upgrades to facilitate the additional four services per day. The increased service would be effective in reducing impact on the A171 (particularly from traffic flows during construction). The enhanced service would also improve the accessibility of the mine head for the workforce and provide an important alternative form of transport. Additionally, the enhanced service would

be useful in assisting with the economic objectives of enhancing tourist accessibility to the national park and adjoining towns.

8.23 The combination of measures described above will act very substantially to limit the adverse effects of the York Potash proposal. From careful site selection through innovative and creative approaches to the structure of the project and then through very detailed design development and mitigation YPL has taken very seriously the need to limit impacts on the National Park. The extent of the proposals respects the special qualities and designation of the National Park and enables the Environmental Statement to conclude that there would be no significant long term adverse impacts from the project on the National Park.

9 ALTERNATIVE SITES

9.1 Paragraph 116 of the NPPF requires that consideration should be given to a number of matters in determining whether or not an application for major development in a National Park has demonstrated exceptional circumstances and that the grant of permission would be in the public interest. Those matters include:-

> "• the cost of, and scope for, developing elsewhere outside the designated area, or meeting the need for it in some other way;"

9.2 As with the other considerations listed in paragraph 116, this is not expressed in absolute terms, i.e. not as a pass or fail test. Nevertheless, YPL recognise that it would be an important material consideration if the benefits of the proposed development could be achieved from development outside the National Park, particularly if such development could have fewer impacts on the National Park and its special qualities.

9.3 In order to address this issue, YPL's planning consultants Nathaniel Lichfield and Partners have produced a detailed Alternative Sites Assessment (ASA). The ASA runs to well over 100 pages and is supported by detailed appendices relating to geological, environmental and other matters. As with the project's EIA, it would not be appropriate to attempt a definitive summary in this MDT Planning Statement and the NYMPA will no doubt consider the ASA in its full detail. Nevertheless, it is appropriate to report here on its principal findings.

a) <u>Stage 1 – Defining the Extent of Polyhalite</u>

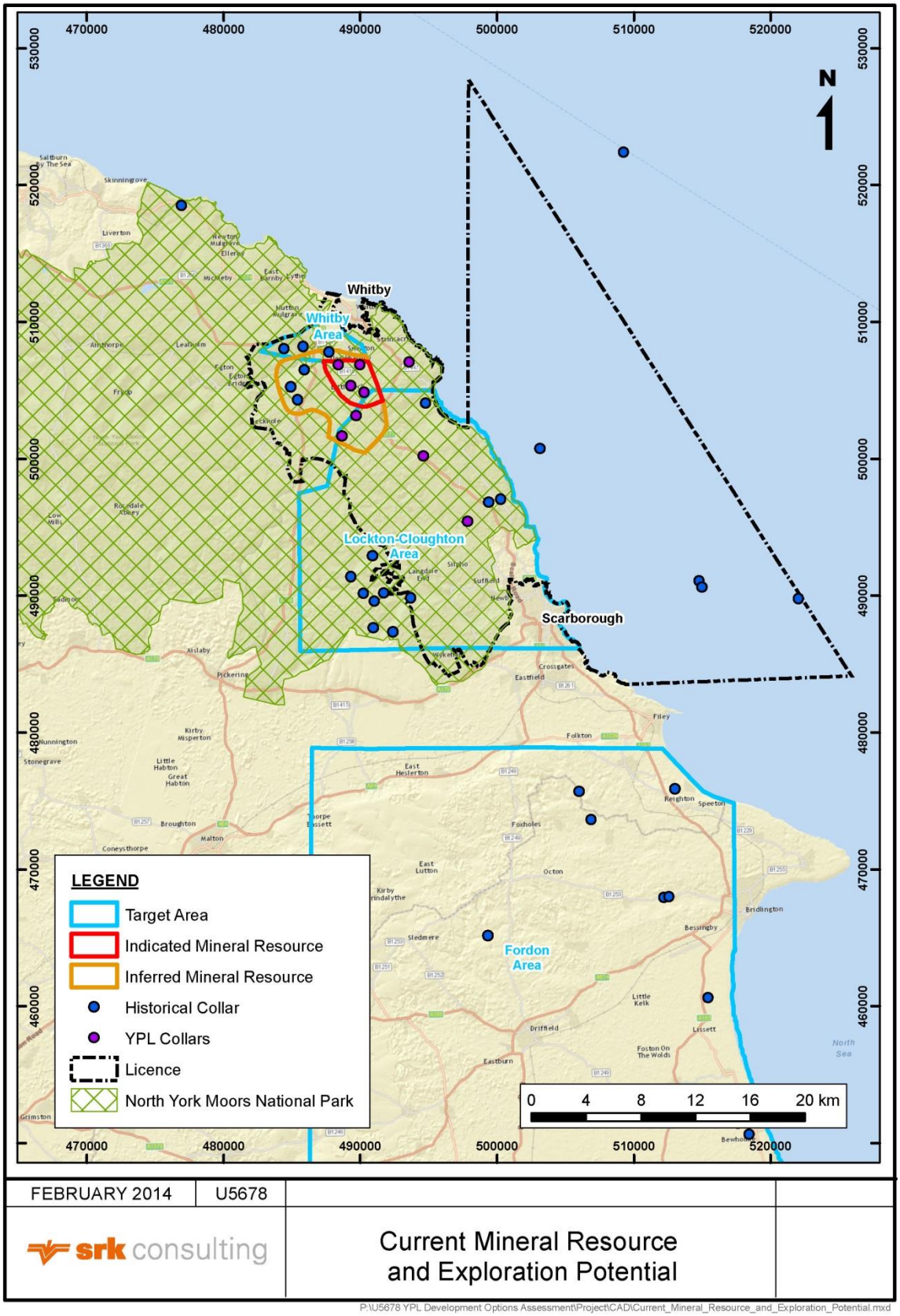
9.4 Polyhalite is a particular form of potash containing potassium sulphate along with magnesium, calcium and sulphur. It is predominantly found in marine deposits where sea water has been concentrated due to prolonged evaporation. Geological assessments have identified that only the sedimentary Fordon Evaporite deposit contains significant proportions of polyhalite. The deposit comes on shore in the UK over a relatively small distance of around 140km of coastline in North Yorkshire and this constitutes the only known resource of polyhalite within the UK. This area of

coastline has, therefore, formed the focus of the ASA and the focus of YPL's activities to define a mineable resource.

9.5 Across the area where polyhalite is likely to be present (that extends from Staithes in the north to the Winesteads area near Kingston Upon Hull in the south) there are variations in its depth below ground; it's thickness; and its quality, all of which have implications for mining. In broad terms, evidence from borehole analysis; British Geological Survey maps, and seismic data combine to demonstrate the presence of a more significant, thick, high grade and laterally consistent deposit closer to the surface within a Shelf seam, compared to the deeper, more fragmented polyhalite in southern parts of the National Park and beyond.

9.6 Against this background, YPL set out on a determined campaign of activity to understand the extent of polyhalite and to define its mining potential. The work involved a complete review of all historic geological and mining data for the area and the instruction of specialist consultants. In particular, international mining experts SRK Consulting (SRK) were instructed to define estimates of the Ore Reserve in accordance with the internationally recognised JORC Code – a pre-requisite to being able to raise finance for any large-scale mining activity for any project

9.7 YPL has spent an estimated £60 million investigating and validating the extent of the Ore Reserve. In particular, YPL has drilled at least 9 sites for a total of 16,000m. The exploration has provided 16 intersections of the polyhalite seams and this information from the drill holes has been used directly together with historic information to derive the polyhalite Mineral Resource estimate. The figure below identifies the Area of Interest and the location of YPL's boreholes which have been sunk in an iterative process, each borehole informed by the results from the previous bore hole in order to sufficiently identify the extent of the economic resource.



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srk consulting		Current Mineral Resource and Exploration Potential	

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9.8 There are two levels of definition contained within the SRK JORC compliant report, as follows:-

9.9 SRK has generated a Mineral Resource estimate, defined by the JORC code as a resource that has reasonable prospects for eventual economic extraction. Amongst the criteria applied by SRK was a cut-off criteria that the resource should achieve at least 80% in grade continuity (purity). On this basis, the polyhalite content of the Mineral Resource has been reported as 2.28 billion tonnes; and

9.10 A more detailed report has been prepared of the Ore Reserve – defined as that proportion of the Mineral Resource that has been demonstrated by a detailed technical and financial assessment to be economic to exploit at the present time. The report can only be made after extensive and detailed technical appraisal, applying a number of criteria including in this case that the reserve should achieve a mining grade of at least 88%. Based on this analysis, SRK reported a probable Ore Reserve as defined by the JORC code of some 250 million tonnes with a mean grade of 87.9% polyhalite.

9.11 This work defines the resource as by far the most significant source of polyhalite in terms of scale and quality anywhere in the world.

9.12 As the figure above shows, the indicated Mineral Resource is centred within a geographically specific part of the National Park, in close proximity to Doves Nest.

9.13 The SRK report advises that, in their opinion, the exploration programme followed by YPL was planned and carried out in a professional manner, was initially and properly focussed in an area where there was a good expectation of success, was then adapted as results became available to demonstrate both continuity between intersections and to prove a sufficient tonnage to justify the establishment of a mining operation. SRK have advised that the work now forms the basis of a mining plan which has been demonstrated to be economic to exploit the mineral from a mine head at Doves Nest Farm.

9.14 In other words, the York Potash proposals at Doves Nest Farm have been professionally and robustly developed in response to sufficient available knowledge about the location, scale and quality of the polyhalite reserve.

9.15 The Stage 1 work and the exploration activity carried out by YPL, however, can also help to inform the assessment of the potential for alternative sites.

b) Stage 2 – High Level Assessment of Constraints on Minehead Construction and Operation

9.16 The second stage of the ASA has involved the application of a high level assessment of known constraints on the mine head construction and operation. In other words, there are a number of factors which can constrain the ability to locate an effective mine head and these have been applied as part of a sieving exercise in order to develop a short list of potential locations for the mine head.

9.17 There are a series of fundamental constraints that affect mining potential. The presence of gas and, in particular, those areas where gas is actively being pursued as a target for exploration, impact upon mining opportunities. The proliferation of faults across the polyhalite catchment area in some instances creates significant hazards to any mining operation and restrict the ability to create mine shafts to access the below-ground resource. Added to this, the incompatibility of mining activities with underground aquifers and source protection zones, given the associated risk to water suppliers further restricts the remaining opportunities for mine head development locations.

9.18 The outcome of the Stage 2 Assessment is a more refined "area of search" based on the identified constraints to mining (see below).

c) Stage 3 – High Level Assessment of Environmental and Sustainability Criteria

9.19 Layered on to those practical mining constraints, the ASA then applies a series of environmental constraints. In particular, the ASA then excludes the following policy protected areas from further consideration:-

i. National Parks;

ii. Special Protection Areas;

iii. Special Areas of Conservation;

iv. Sites of Special Scientific Interest;

v. Areas of Outstanding Natural Beauty;

vi. Heritage Coastline; and

vii. Scheduled Ancient Monuments

9.20 Other development considerations that individually or collectively can affect the ability to establish a mine head operation have also been identified and these include:-

i. locations within urban areas;

ii. locations that would impact on recreation and tourist activity;

iii. site availability in terms of the willingness of land owners to release land for use as a mine head development;

iv. locations where the capacity of existing infrastructure and services would not support development;

v. areas constrained by the availability of onward transport options for the worked mineral; and

vi. areas remote from any potential work force.

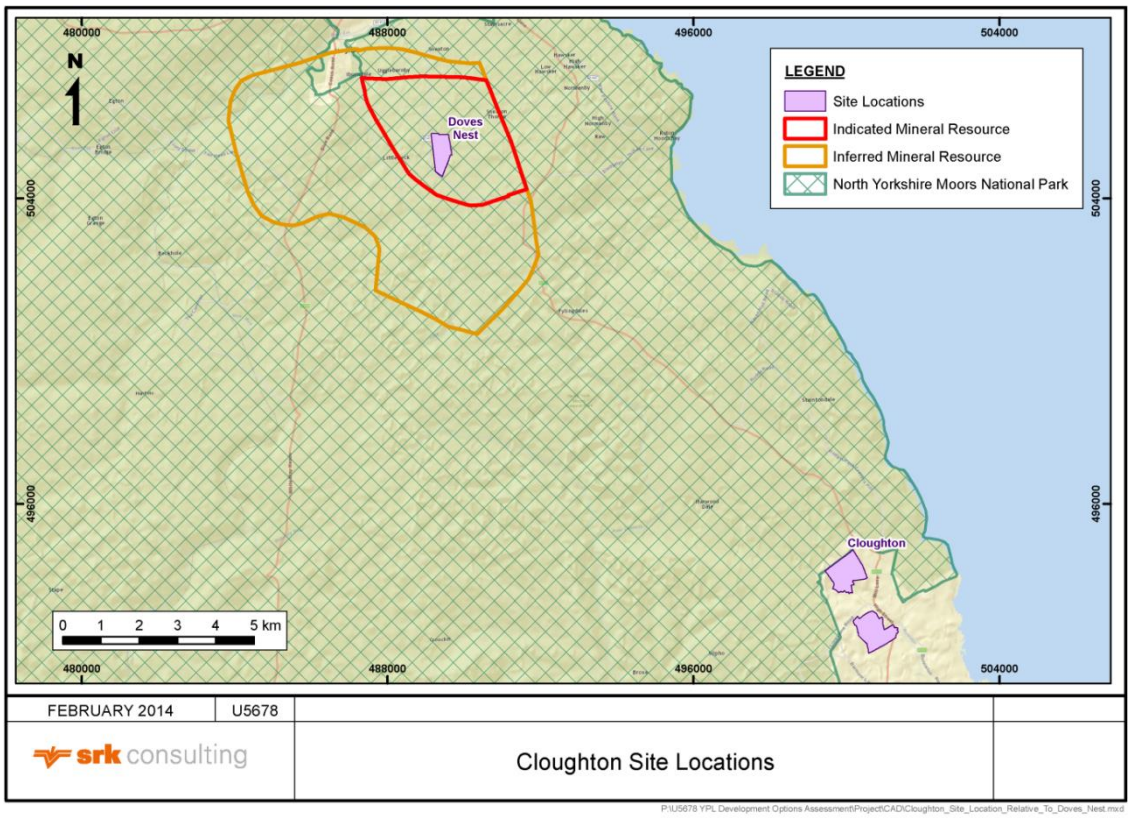
9.21 Whilst all of these constraints are relevant, in order to ensure the ASA was as inclusive as it could be, only the constraint relating to land within urban settlements and a constraint relating to land owned by the Forestry Commission (where there is no reasonable option to secure ownership) have been applied as absolute constraints at this stage of the ASA.

9.22 Combining the constraints from stage 2 and stage 3 demonstrates the very limited availability of potentially suitable locations for a mine head. Only two locations outside the National Park boundary were identified as being worthy of further consideration: (a) land in the vicinity of the

village of Cloughton to the south of the National Park and (b) a small parcel of land to the north of Whitby, which is referred to in the ASA as the "Whitby enclave".

d) Stage 4 : Detailed Assessment of Short Listed Sites

9.23 The potential sites at Cloughton and their relationship to the mineral resource at Doves Nest are shown on the figure below.



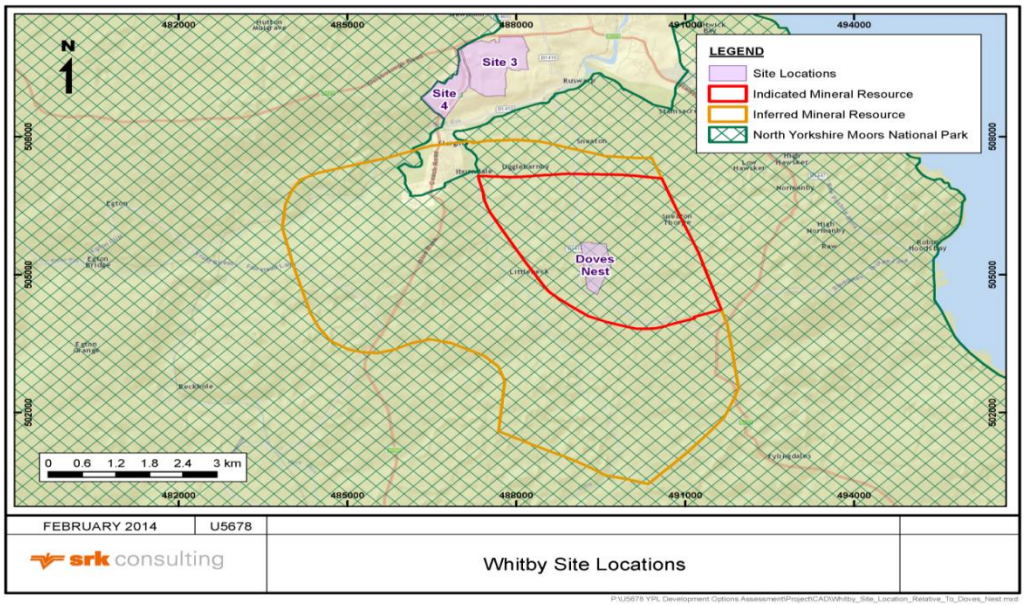
9.24 In relation to the Cloughton area, SRK advise that inferior and deeper Basin seam polyhalite would represent the principal exploration target. The ability to mine the area would be constrained by the presence of a series of major geological faults. The uncertainty regarding the availability and quality of the mineral would require an extensive programme of exploration drilling before any commitment could be given to the development of a mine head. SRK estimate the total cost of exploration and design development that would be necessary before a commitment could be given

to a mine at Cloughton could be as much as £99 million. Around 15 bore holes would be required for Mineral Resource drilling at Cloughton and SRK estimate that this exercise together with engineering design for a mine head at Cloughton would delay the development of the mine by approximately 47 months compared with the position achieved at Doves Nest. SRK also advise, however, that it is unrealistic to expect that any exploration or mining company would risk the expenditure required to commit to the exploration and development work necessary to assess the merits of establishing a mine head at Cloughton, based on what is known about the depth and inferiority of polyhalite in the area. Combined with knowledge of faulting and other mining constraints in the area, SRK conclude that Cloughton does not offer a realistic alternative to Doves Nest.

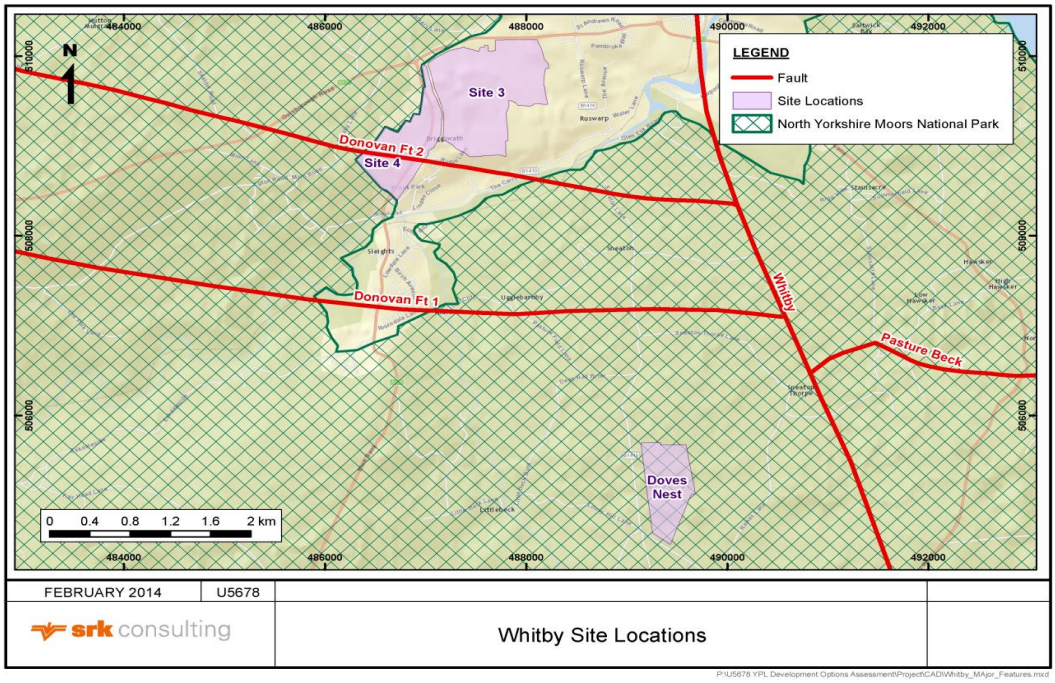
9.25 These conclusions are compounded by the environmental work reported in the ASA. At Cloughton, the ASA concludes that it is difficult to envisage achieving a satisfactory solution in terms of creating appropriate access to either of the possible sites, without routing substantive HGV movements through Scarborough and/or impacting directly upon the villages of Burniston and Cloughton, and on the National Park. Consideration was given to onward transportation of polyhalite via road, rail, pipeline and tunnel/MTS, as well as the potential to access Hull to the south, and none of these options are considered to provide a realistic opportunity. Both of the short listed sites also involve development in relatively open and exposed locations, with transformational impacts likely for their village settings, views from the National Park and various nearby heritage assets. Land owners at Cloughton have also confirmed that potential sites would not be available, necessitating compulsory purchase should either site be progressed.

9.26 For all of these reasons, Cloughton is not considered to be a potential alternative site to Doves Nest.

9.27 The location of the Whitby enclave relative to Doves Nest is shown on the figure below.



9.28 The Whitby Enclave is particularly affected by a major fault known as the Donovan fault which runs east-west and which separates Whitby Enclave from the indicated Mineral Resource centred around Doves Nest.



9.29 Polyhalite is known to be present north of the Donovan fault in the Whitby enclave but SRK estimate that the potentially mineable mineral that could be present in the Whitby enclave is between 40 million tonnes and 80 million tonnes, with the lower estimate being more likely. SRK explain in their report that this is not a sufficient quantity of polyhalite to justify the cost of mine head development, even if one could be certain of the extent and quality of the mineral. As with Cloughton, however, an exploratory process of further bore holes would be necessary in order to define and validate the resource before any commitment could be made to a mine head in this location.

9.30 Additionally, SRK advise that no commitment could be given to a mine in this location without first developing a confident life of mine plan which would require a detailed feasibility study of the ability to mine through the Donovan Fault to access the Mineral Resource to the south in the vicinity of Doves Nest. SRK estimate the total cost of exploration and design development that would be necessary before a commitment could be given to a mine at the Whitby Enclave could be as much as £76 million. Again, based on the available information, SRK conclude that it is unlikely that any exploration or mining company would commit to this expense. In addition, the implications and risks of mining through faults can only really be understood from underground and a project remains at risk until this time.

9.31 Again, these conclusions are compounded by the environmental assessment work reported in the ASA. Environmental impacts associated with potential mine head sites at Whitby would be of particular concern, given the relative proximity of nearby villages and the outskirts of Whitby. Views of these relatively elevated and open sites to and from the National Park would be compromised, not least due to the massive re-profiling works that would be required to create appropriate levels. Land ownership is also a significant constraint.

9.32 For all of these reasons, the ASA concludes that there are no realistic or reasonable alternatives to a mine head within the national park.

e) MTS Intermediate Sites

9.33 The ASA also considered the potential alternatives for the proposed intermediate sites that are required for the MTS, including the site at Ladycross Plantation within the National Park. The use of

the MTS as a means of transporting the mined polyhalite necessitates the construction of intermediate sites along the tunnel route, primarily to offer emergency access, egress and ventilation, but also to facilitate efficient construction of the tunnel programmes and spoil distribution. Due to health and safety considerations, the maximum distance between intermediate sites must be no more than 16 km, but wherever possible, shorter separation distances should be achieved.

9.34 The distance between Dove's Nest Farm and the National Park boundary near Moorsholm (i.e. the first point at which the tunnel route passes beyond the Park boundary) is approximately 23 km. This is beyond the applied maximum separation distance and therefore necessitates the creation of an intermediate site within the National Park. It follows that an intermediate site is required to be located between land south of Sleights and Stonegate. Ladycross Plantation is such a site and offers a number of advantages including existing natural screening, isolation from residential properties and its ability to accommodate spoil. Alternative sites were considered by YPL but were rejected primarily on visual impact grounds.

9.35 Overall, the ASA concluded that no alternative sites along the MTS route appear to offer clear-cut preferential development opportunities over and above those associated with the three intermediate sites identified. Furthermore, there are no apparent advantageous sites located away from the MTS route that has been identified that could potentially offer preferred development opportunities

10 CONCLUSIONS – MEETING THE MDT

a) Introduction

10.1 The principal purpose of this MDT Planning Statement is to consider the 'in principle' acceptability of the proposals and, in particular to assess the proposals against the pre-eminent planning policy test, namely the so called 'major development test' which is set out in the National Planning Policy Framework (NPPF) and the CSDP. It is this 'test' that forms the central basis for assessing the acceptability in planning terms of such proposals in designated areas such as the North Yorkshire Moors National Park.

10.2 As comprehensively documented earlier in the MDT Planning Statement, the MDT is definitively prescribed in paragraph 116 of the NPPF, which was published in 2012. The precise wording is re-stated below for ease of reference:-

> **"Planning permission should be refused for major developments in these designated areas except in exceptional circumstances and where it can be demonstrated they are in the public interest. Consideration of such applications should include an assessment of:-**
>
> - **the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy;**
> - **the cost of, and scope for, developing elsewhere outside the designated area, or meeting the need for it in some other way; and**
> - **any detrimental effect on the environment, including the landscape and recreational opportunities, and the extent to which that could be moderated."**

10.3 It is important to recognise the following points to ensure that the 'test' is properly interpreted and applied:

- Application of the test must have sufficient regard for the NPPF's other requirements, notably that minerals are essential to support sustainable economic growth (paragraph 142) and that, accordingly, great weight should be given to the benefits of the mineral extraction

(paragraph 144), including to the economy – consistent with the policy, such benefits could be local, regional or national and they are not confined to benefits with accrue to the Park;

- There is no need to demonstrate a national need for the development or the mineral (notwithstanding that any national considerations that do exist should be assessed) – the test is simply whether exceptional circumstances exist such that the grant of consent would be in the public interest;

- It is clear from the way in which the MDT has been applied elsewhere that economic benefits, even if they are principally local benefits, are capable of substantially meeting the test's requirement to demonstrate that there are exceptional circumstances and the proposals are in the public interest; and

- It is also clear that other aspects of the NPPF are important, such as the fact that great weight should be given to conserving the landscape and scenic beauty of National Parks but that development with significant environmental effects can nevertheless be acceptable, whilst reduced environmental impact is a relevant consideration in the test and in the overall weighing up of benefits and disbenefits to judge the overall acceptability of a proposal.

10.4 The development plan for NYMNPA consists solely of the Core Strategy and Development Policies (CSDP), which was adopted in November 2008. Core Policy E states that proposals for new minerals developments will be considered against the major development tests. The CSDP states that major developments should only take place in exceptional circumstances and where it can be shown to be in the public interest (paragraph 5.3), whilst simultaneously recognising the national need that exists for potash (paragraph 6.37).

10.5 However, given its date of adoption four years prior to publication of the NPPF, the CSDP was informed by national planning guidance that has now been cancelled, and is clearly out of date with the NPPF since it does not recognise the need to give great weight to the economic benefits of mineral extraction or recognise that the issue of how far a proposed development will meet a national need for minerals, as opposed to any wider need, is now not a specific consideration under the major development test. The Moorland Energy decision illustrates the change in approach that is now required.

10.6 Neither does the CSDP recognise the NPPF requirement for authorities to plan for a steady and adequate supply of industrial minerals by, amongst other things, safeguarding/stockpiling and providing a stock of permitted reserves to support required investment.

10.7 More generally, the CSDP fails to take into account the Government's commitment to ensuring that the planning system does everything it can to support sustainable economic growth, which is a major thrust of the NPPF. In this context the CSDP cannot have reflected the importance which the draft Strategic Economic Plan of the LEP attaches specifically to the York Potash project.

10.8 In these important respects, the CSDP is out of date and inconsistent with the NPPF.

10.9 Nevertheless, the CSDP does recognise the national importance of Potash and accepts the principle of potash mining in the National Park, subject to its environmental effects.

10.10 Consistent with this approach, the PA has approved proposals for major development for potash mining within the National Park – proposals with greater long term impacts than the York Potash project and fewer economic benefits.

b) Do the Proposals Meet the Major Development Test?

10.11 This MDT Planning Statement has undertaken a comprehensive assessment of the proposals against the major development test. This assessment has demonstrated the following key considerations:

- Dove's Nest Farm has the potential to be developed as a highly efficient new mine giving high quality access to a significant proven resource of polyhalite. The thickness, continuity, grade and size of the York Potash resource makes it by far the most significant polyhalite resource in the world.

- Polyhalite is a valuable source of major plant nutrients that can be used to produce multi-nutrient fertiliser products or as a straight fertiliser. YPL's proposed production of polyhalite would help to provide a solution to the challenge of UK and global food security. The evidence demonstrates that there can be no doubt about the quality, utility or benefits of

polyhalite as a fertiliser. Consequently, the York Potash polyhalite resource should be regarded as a resource of national and international significance.

- At full production, the York Potash project would supply approximately 4% of the world potassium based fertilizer market. That market is forecast to grow by 60% by 2050 to address world nutrient deficiencies and a growing global population. Demand for polyhalite mined at Dove's Nest is likely from multiple markets on account of polyhalite's multi-nutrient characteristics, with key international target markets being the USA, Brazil, China, Central America, Africa and Europe.

- The claimed characteristics of polyhalite make it well suited to a wide range (approximately 85% of world food crops) whilst its low chloride content and its accreditation for use in organic farming make it very well suited to a wide range of world markets.

- YPL has already secured commitments from international buyers for the large scale supply of polyhalite, despite the fact that planning permission has not yet been granted. These commitments comprise a variety of offtake contracts, framework sales agreements or memoranda of understanding for nearly five mtpa of polyhalite sales, most of which are for ten years' supply, or for five years' supply with options for a further five years. This extent of proven market interest is strong validation of the importance and market potential of polyhalite.

- Market and pricing studies demonstrate that it is realistic to expect the York Potash proposals to reach and sustain their full planned level of output. Based on the defined resource, York Potash can expect to operate at full capacity of 13mtpa for well over 100 years, resulting in the potential for the proposals to make a long and lasting contribution to the local, regional and national economies.

- The project would have significant and positive economic benefits, directly, through employment and output and, indirectly, through the supply chain and employee expenditure. It would result in an increase in GDP; a nationally significant reduction in the trade deficit; over 1,000 high value direct jobs and many more in the supply chain, boosting the employment rate and spending power; corporate and income tax receipts; and royalty

payments. The project would be effective in contributing to meeting a need to rebalance the national economy and substantially strengthen the regional and local economies.

- YPL anticipates the vast majority of its product will be exported with approximately 125,000 tonnes of the first 6.5mtpa and 175,000 tonnes of 13mtpa being sold into the UK market, and the rest exported. At full production, this would equate to £1.2bn of exports each year and would reduce the UK's trade deficit by just under 4%. By any measure, these are benefits of local, regional and national importance.

- YPL has adopted a world leading approach to the design of the project and to the development of the mine head, with the result that the impact of the proposal on the National Park and beyond has been limited as far as practical.

- The Environmental Statement has demonstrated that impacts are in general limited and mainly temporary in nature.

- The Alternative Sites Assessment (ASA) has demonstrated that there is no alternative site for the proposals outside of the National Park.

10.12 This assessment of the proposals against the major development test clearly identifies that, whilst there is no need to demonstrate a national need for the development or the mineral, there is a clear national, regional and local economic need for the proposals. There is also an international agronomic need for the proposals. The NPPF requires that great weight should be given to these benefits.

10.13 Against this background, the major development test is readily met. By comparison with other projects consented in these and other National Parks, the test is very clearly "passed". The scale of benefits, including the contribution towards meeting local, regional and national economic needs very substantially outweighs the limited residual adverse effects.

10.14 Whilst there may be other important planning considerations which are covered in other application documents, the policies of the major development test are clearly met. It is therefore

evident that in this case there are exceptional circumstances and that the proposals can be approved in the public interest.