The Benefits of Quarrying and Related Activities to the Somerset Economy

EXECUTIVE SUMMARY

15 July 2014

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1 This project, commissioned by Somerset County Council, investigates the benefits of the quarrying industry and related activities to the economy of Somerset in 2014. The data gathered contributes to the independent evidence base for Somerset's emerging Minerals Strategy. With caveats, the project represents the most comprehensive and robust analysis to date of the contribution made by the Quarrying industry (and related sectors) to Somerset in terms of economic value and employment.

2 The project experienced some difficulties in obtaining data from all the companies, and as a result the dataset used to estimate the economic importance and employment benefits is incomplete. This means extrapolations have been required introducing uncertainty into the estimates. Although attempts have been made to validate estimates, the figures given on the aggregates sector should be treated with caution.

3 Twenty four companies were asked to contribute information to the project using interview and questionnaire techniques. The overall response rate was 54%. These data were supplemented with desk-based research/web searches.

4 To maintain confidentiality and non-attribution of information, all data obtained from interviews and questionnaires during the project have been presented in an aggregated format, with the Final Report treated as 'Commercial in Confidence'. Only this Executive Summary containing aggregated data and key findings is being made available for wider readership and external viewing.

5 To ensure the project covered a broad range of operators across the industry and related activities, the following four 'sectors' were identified. Individual operators/companies were assigned to each category and this formed the basis for subsequent analysis

- Aggregates
- Quarry Products
- Building Stones
- Stonemasons

6 Based on responses to the questionnaire and sales data, the minimum total annual production of extracted stone (aggregates, building stone, masonry products) and Quarry Products (including cement and coated materials such as asphalt) is estimated to be 12.6 million tonnes.

7 The overall annual turnover of Quarrying and Related Activites (across the four sectors) is approximately £209.2 million, with a Gross Value Added of between £56 million and £74 million. This compares well with National Statistics data for GVA of mining and quarrying in Somerset and Dorset for 2010 of £85 million.

8 Based on the questionnaire responses received, it is estimated that the quarrying industry and related activities in Somerset directly employ 1045 Full-time Equivalent (FTE) employees.

9 Due to uncertainties over which jobs have been counted across the four sectors and how direct/indirect jobs are distributed, estimates of indirect employment arising from the industry and related activities are more difficult to calculate. However, indirect employment is estimated to represent a minimum of 280 FTE jobs. Recruitment across all the sectors is mainly local.

10 The estimated number of direct employees per 10,000 tonnes of rock extracted (or 10,000 tonnes of concrete produced) varies from 0.6 for the Aggregates sector, to 1.3 for the Quarry Products sector to 12.3 for the Building Stones sector.

11 The GVA/tonne of stone produced varies from £3 to £4 for the Aggregates Sector, £4 to £6 for the Quarry Products sector, £25 to £39 for the Building Stones Sector, and up to £920 for the Stonemasons Sector. These estimates are presented to two significant figures to reflect uncertainty.

Data (for 2013) presented in points 6 to 11 above is summarised in the table overleaf.

12 Quarrying and related companies contribute financially to, and support a diverse range of projects, varying from small-scale community projects to larger sponsorships of sports clubs and provision of educational and hydrotherapy facilities. In addition, the Building Stones and Stonemasons sectors contribute to the conservation and restoration of Somerset's built heritage and character.

SECTOR → ↓ SUBJECT	Aggregates Sector	Quarry Products Sector	Building Stones Sector	Stonemasons Sector	Σ Cross-sector
Production (annual, 2013)	Mean production 15.6 mt; Sales 10 mt	Mean 1.0 mt (2.4M m^3) concrete, 1.6 mt aggregate	Max. permitted 48,700 tonnes; total produced est. 32,400 tonnes	Est. 1200 tonnes (off-site value £1.1M); 275 tonnes (on-site, value £1.5M)	**Est. 12.6 mt – 18.3 mt**
Turnover	£145M	£57M	£4.4M	£2.8M	**£209.2M**
Gross Value Added (GVA)	£44M - £55M	£10M - £16M	£1.2M - £1.9M	£1.1M	**£56M - £74M**
Employment	600 FTE direct, 250 indirect	315 – 362 direct, indirect likely very small	Est. 60 FTE direct, up to 24 jobs indirect	Est. 40-50 (incl. FTE and contract/self-employed), up to 7 jobs indirect	**1015 – 1072 FTE (incl. c/s-e) direct, up to 281 indirect**

13 Projected growth over the next 3 years across all the sectors is generally regarded to ‘remain about the same’ or to ‘slightly increase’ with a number of companies investing in additional plant or transport facilities, extending premises and seeking new market opportunities. The Aggregates and Quarry Products sectors identified an increase in turnover and UK domestic orders over the past 12 months, part of this being linked to ‘Somerset-specific’ products such as high quality lime for animal feeds. Following recession and reduced demands in the construction industry, the Building Stone Sector is currently more optimistic and is seeing an upturn in the local housing market.

14 Representatives of both the Aggregates and Quarry Products sectors noted the potential growth opportunities offered by major construction projects within Somerset, specifically development at Hinkley C Nuclear New Build and associated infrastructure projects. Opportunities may be regarded as *direct* (i.e. as a result of orders related to Hinkley C Nuclear New Build) or *indirect* (i.e. as a result of space created within the market as other operators focus on involvement with Hinkley C Nuclear New Build and associated infrastructure projects).

15 The planning ‘regime’ was identified by all sectors as representing a barrier to growth. Specific factors varied from sector to sector, but included operational limitations (such as conditioned working hours), landscape considerations versus resource availability, the slow nature of the planning process itself hindering investment, and obtaining planning permissions and implementing planning conditions at costs which were viable.

16 The Aggregates and Quarry product sectors also cited haulage services as representing a barrier to growth, identifying a general lack of hauliers in the SW Region and noting that staff demographics in the haulage business were changing, with few, young hauliers entering the market.

17 Building Stone quarry operators identified the securing of local stone reserves and a change in market trends (towards cheaper options such as brick and render unless the use of local stone is made a planning condition) as barriers to growth. All operators in this sector noted that the use of local building stone should be better promoted.

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