



appg Environment

Kickstarting the circular economy

A six step plan
to make better
use of resources



Contents

Foreword	2
Introduction	3
The Environment APPG's six steps to kickstart the circular economy	
1 Take a whole economy approach	6
2 Direct investment in circular business and innovation	8
3 Cut the cost of living with a real right to repair	10
4 Enhance clean energy security with circularity	12
5 Build the skills needed to get there	14
6 Set a long term goal to bring resource use within planetary boundaries	16
Acknowledgements	18
About the APPG	18
Endnotes	20

Foreword



Andrew Pakes MP
Chair of the
Environment APPG

For many of the questions facing us, the circular economy provides some answers. How do we make the UK more resilient in a fractured world? How do we bring skilled jobs to our high streets and industrial heartlands? How do we get inclusive growth? How do we clean up our streets, rivers and seas? How do we decarbonise our industries? How do we leave a liveable planet for our children?

Making better use of precious resources holds a key to all of these.

Ambitions are high. The Environment Secretary has pledged to end the throwaway society and establish the UK as a leader in the circular economy. The government has already set the ball rolling on tangible measures like the deposit return scheme, first proposed by the Conservatives, which will keep materials in circulation and cut litter. We need to build on these first steps through a Circular Economy Strategy that matches bold vision with immediate action.

The All-Party Parliamentary Group on the Environment's report *Kickstarting the circular economy* is a checklist for this government, setting out how it can go further to close the loop. It is time for politicians of all stripes to seize the opportunities of the circular economy and create secure, resilient jobs for the future.

Introduction

What is the circular economy?

Today, the UK's economy is predominantly 'linear'. This means raw materials are extracted, processed, manufactured, used and then thrown away. More raw materials then need to be extracted for consumption to continue. Waste is built into every stage of the economy, not just what we see go into our household bins.

This linear model builds in immense environmental damage and human costs. Globally, the use of resources is skyrocketing, with extraction nearly quadrupling since 1970. Extraction and processing drive a shocking 90 per cent of biodiversity loss and over 55 per cent of all global greenhouse gas emissions, as well as 40 per cent of health impacts from particulate air pollution.¹

This also builds in risk. The UK imports around three quarters of the resources it uses, making us vulnerable to global shocks and nature degradation.²

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As nature's degradation, climate breakdown and trade barriers kick in, the wasteful linear economy is a risk to the UK. Building a circular economy that keeps the world within sustainable limits will make the UK more resilient and secure.”

Libby Peake
Senior Fellow and Head
of Resource Policy at
Green Alliance

Meanwhile, there is a growing wealth of materials waiting to be unlocked around us in existing infrastructure, imported products and in our 'waste'. Bringing circular industry onshore is a major economic opportunity.

The only sustainable route to growth uses fewer natural resources, through an economy designed around reducing, reusing, repairing and recycling, to keep materials in use as long as possible. These activities are familiar to many as the 'waste hierarchy' sign you might see above your bin in the workplace. But, writ large, this approach can transform our economy into one that brings more resilience, more jobs and more growth, with less pollution, emissions and extraction: a circular economy.

A close-up, shallow depth-of-field photograph of a clothing rack. Several garments are hanging on wooden hangers. In the foreground, a pair of teal-colored jeans is prominent, showing details like the waistband and pockets. To its right, a dark red or maroon textured garment is visible. The background is filled with other clothes in various colors (pink, yellow, blue) that are out of focus, creating a bokeh effect. The lighting is warm and directional, highlighting the textures of the fabrics.

Six steps to kickstart the circular economy

1

Take a whole economy approach



Nitrogen

Nitrogen is a striking example: it is vital to crop growth, but nitrogen pollution, from farming, industry and transport, costs the UK £11 billion a year.

The Sustainable Nitrogen Alliance has shown that reducing inputs and developing circularity will improve health while saving farmers money.


Previous attempts to reform resources policy have often become stuck on specific areas or have placed too much emphasis on household waste.

But the circular economy and its opportunities are much bigger than this. Using resources more efficiently has the potential to deliver a £25 billion GDP boost to the UK economy by 2035.³

Transforming UK resource efficiency can also give a major boost to climate action, cutting greenhouse gas emissions equal to closing 20 coal-fired power stations.⁴ It's popular too: 90 per cent of the UK public believe there is a strong or very strong need to use resources more efficiently.⁵

The government should work on reform across the economy, not just add recycling onto the end of wasteful processes. This will require strong cross government collaboration.

We welcome the intention to **provide roadmaps for key sectors** alongside the strategy. These should combine first steps with ambitious end goals. Priority sectors could include agri-food, textiles, electronics, energy infrastructure and packaging.



"The government has a crucial opportunity to unite businesses and communities in rewiring the economy - moving away from wasteful, linear systems to a more efficient, circular approach. By embedding resource efficiency across key sectors, we can unlock economic growth, drive innovation and build a more resilient, competitive economy that works for people and the planet."

Iain Gulland
Chief Executive, Zero Waste Scotland

"We must make better use of resources to tackle the dual nature and climate crisis. Now is the time to think big, galvanising action across the economy to bring resource demand within global limits."

Adrian Ramsay MP
Vice Chair of the Environment APPG

2

Direct investment in circular business and innovation



Construction

Knocking down a house and building a new one incurs no VAT. But renovating existing homes and commercial buildings usually incurs the full 20 per cent VAT (except energy saving materials which have been given a VAT holiday until 2027).

This contributes to unnecessary demolitions, waste and emissions.

The new Circular Economy Strategy must implement solutions we already have, while enabling innovation. The government should **create a dedicated circular economy kickstarter fund** to help avoid the 'valley of death' experienced by start-ups trying to commercialise new technologies. The **National Wealth Fund needs to invest in the circular economy** to deliver on the industrial strategy.

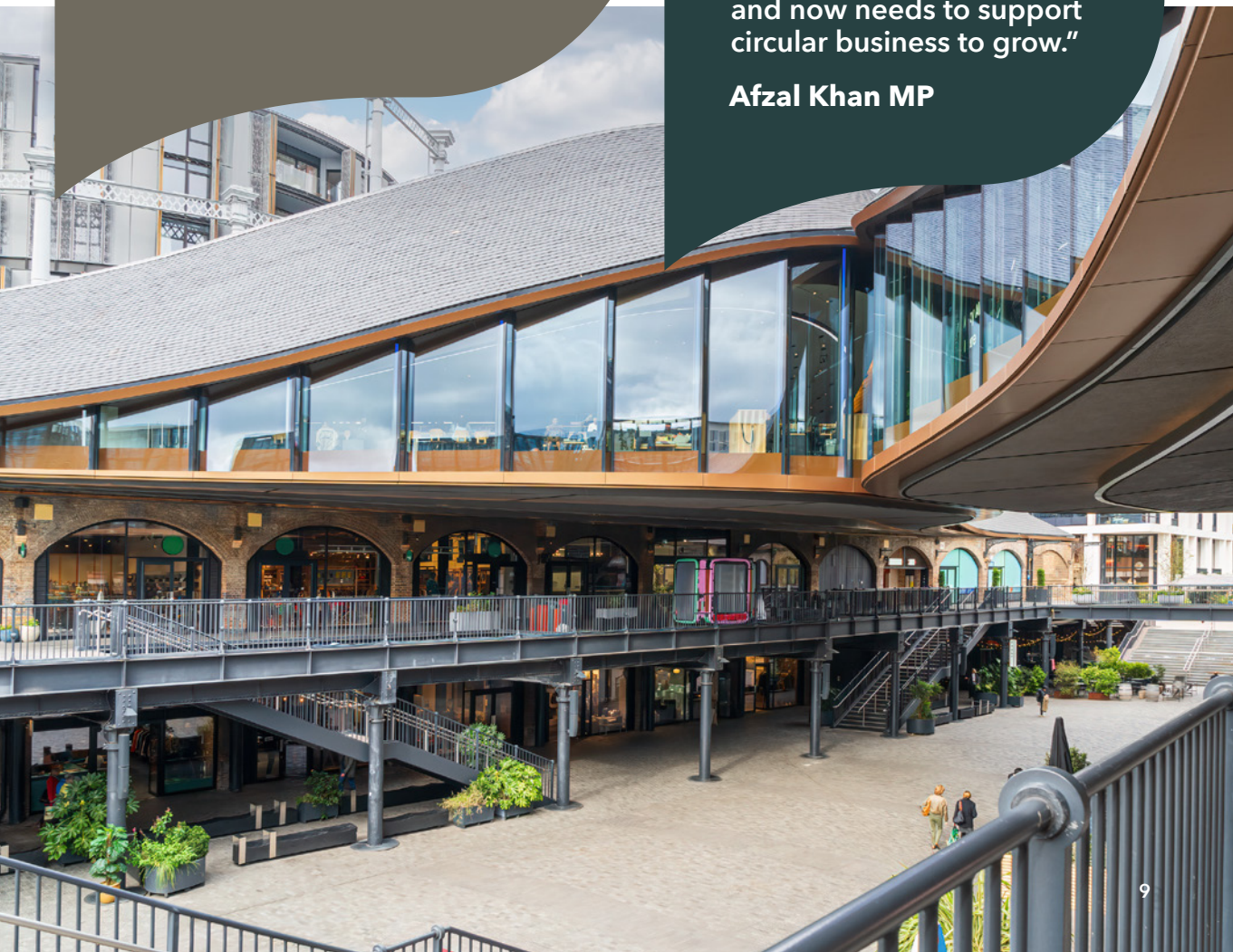
Public funds should work alongside private finance. Linear business models frequently enjoy an unfair economic advantage against circular businesses because they don't pay their true costs. **Positive incentives should be provided to resource efficient businesses**, going beyond achieving a level playing field. The government can also **enable partnerships between circular start-ups and established companies**.

"The UK has a unique opportunity to become the global leader in circular technologies that capture the lost resources of waste. The government must do all it can to join up and scale UK-led innovation by co-investing in our future infrastructure and so enable technology exports to gain competitive advantage in global markets."

Dr Steve Mahon
CEO, Mura Technology

"We need bold and comprehensive leadership to tackle the waste crisis. The government has come in with the right ambition and now needs to support circular business to grow."

Afzal Khan MP



3

Cut the cost of living with a real right to repair



Repair cafés

High streets in the UK are struggling. But there is a growing movement that bucks the trend: repair cafés.

These hubs cut waste, increase high street footfall and build community links. More than 400 exist in the UK today: what if every town had one?

Too often, poorly made products break quickly. Low income households can end up paying more in the long run by repeatedly buying cheap goods. Worse still, when things break there are barriers to repairing them. Sixty five per cent of the UK public are regularly frustrated by how products don't last and 62 per cent find them hard to repair.⁶ This is particularly acute for electronics, where the UK has the second highest level of e-waste per person in the world. There is 100 times more gold in a tonne of smartphones than in a tonne of gold ore.⁷

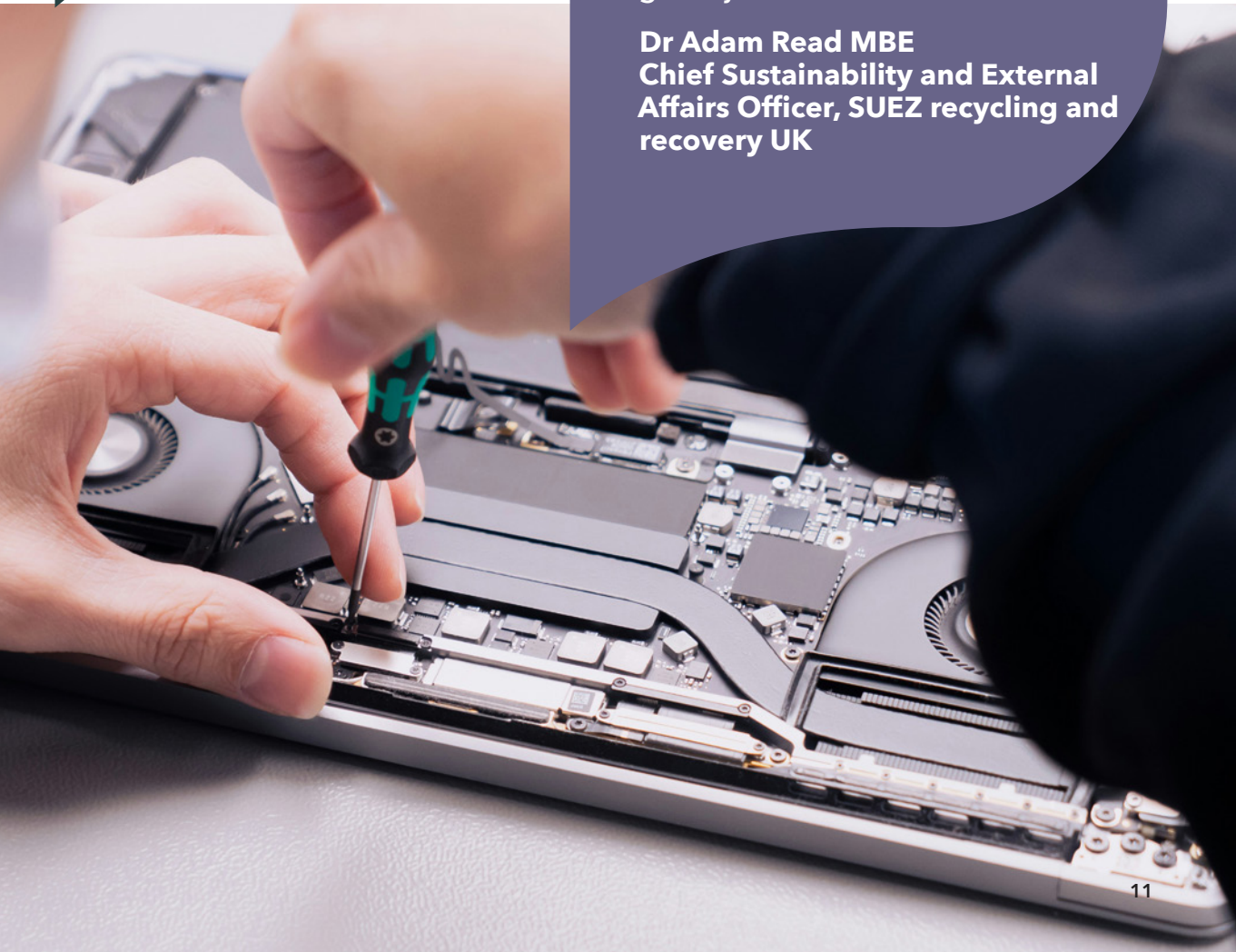
The 'right to repair' is built on three principles: products should be designed for repairability, spare parts and repair services should be affordable, and people should have access to all the information they need to get repairs done. **The UK should match or exceed EU initiatives on ecodesign and the right to repair.**⁸ Expanding the extended producer responsibility model can encourage manufacturers to make more lasting products.

"A real right to repair will enable people to play their part in the circular economy and tackle the cost of living. Repair can be a thriving sector of the growing green economy."

Baroness Parminter

"The UK is the second largest producer of electrical waste in the world, and a significant proportion of what we throw away could have been given a second life. Repair and reuse is already popular and people want to do more - we need a clear policy steer from government to create a fix-first, pre-loved economy that will generate skilled, green jobs."

Dr Adam Read MBE
Chief Sustainability and External Affairs Officer, SUEZ recycling and recovery UK



4

Enhance clean energy security with circularity



Wind turbines

A major resource is coming down the line as wind turbines are going to be decommissioned in greater numbers.

The UK manufactures very little to build wind turbines.

Remanufacturing just ten components out of the thousands that make up a wind turbine over the next ten years could create a UK market worth £9.6 billion.

Energy is just one sector that depends on critical minerals. The UK is over 90 per cent reliant on imports of 32 of the 34 minerals deemed critical to our economy. Critical minerals will often be imported, then exported for recycling, only to be imported again.

Developing facilities in the UK to reuse products and components containing these minerals and recycle them will increase resilience and provide an economic opportunity. It will also limit the harms to people and the planet found in many of the supply chains for primary minerals. **The upcoming Critical Minerals Strategy should embed circularity in its goals and policies.**

The government can also work from the other end, building in demand for recycled minerals. **Recycled content requirements for critical mineral heavy products** are becoming more common. For example, the EU has set requirements to use recycled cobalt, lead, lithium and nickel in electric vehicle batteries. Investments made in carbon capture should look at how CO₂ can be used, such as for advanced fuels, not just stored.

"The economic benefits of offshore wind for the UK are not limited to manufacturing and deployment. Circularity in the wind industry presents an opportunity for the industrial strategy to position the UK as a world leader in repowering and decommissioning; creating green jobs, conserving critical minerals and generating economic activity across the country."

Andrew MacDonald
Director of Development & Operations, Offshore Renewable Energy Catapult

"The Clean Power 2030 Mission is a crucial measure to reduce our exposure to volatile fossil fuel markets, and it needs to go hand in hand with a strategy to keep critical minerals in use. Reducing our demand will help countries around the world get the minerals they need to decarbonise."

Wera Hobhouse MP
Vice Chair of the Environment APPG



5

Build the skills needed to get there

Much needed reforms to the UK's skills system are already underway. Skills England is set to launch this year with the aims of forming a coherent picture of skills gaps and shaping the workforce needed for the future economy. **Building skills in repair, remanufacturing and recycling should be one of Skills England's aims**, as part of wider work on the green economy and industrial strategy.

A much more ambitious, economy-wide approach to repair, remanufacturing, reuse and recycling has the potential to create hundreds of thousands of jobs over the next decade.⁹ But, even now, some circular initiatives are hindered by workforce issues. These barriers are not necessarily confined to new skills either, with the shortage of welders making facilities hard to build. **Boosting the number of apprenticeships in semi-skilled professions**, which do not require a degree or advanced training, will improve the accessibility of circular professions.

"There is an urgent need to make our economy more sustainable. This will require new skills in our businesses. The government should enable them to meet the ambitions for the circular economy, together with a plan to build the skills we need to achieve that."

The Earl of Caithness

"The circular economy has the potential to boost regional growth and leave Britain cleaner and greener for our children. Increasing the size of the repair and reuse economy, and promoting these skills at a local level, must be central to reforms."

**Dame Caroline Dinenage
MP**



6

Set a long term goal to bring resource use within planetary boundaries

Ministers have recognised that the UK's material footprint is over twice the sustainable limit identified by the UN.¹⁰ The circular economy will minimise extraction by keeping resources in use at their highest value for as long as possible, so economic growth does not rely on increased raw material consumption.

To bring it all together, **the government should set a target as a guiding 'north star' to bring resource use within sustainable levels by 2050**, with interim direction setting targets along the way. The UK's legal commitments to net zero and the carbon budget framework help to provide certainty for investments in decarbonisation that last beyond a Parliamentary term. We need similar signals, with cross party support, to encourage long term planning to shift to a circular economy.

"The UK has an opportunity to show the world how to grow the economy while making resource use more efficient. The Circular Economy Strategy is a big step forward and should work towards achieving absolute decoupling of resource use from GDP, enabling a just transition to a low carbon economy that supports the long term wellbeing of our population."

Sarah Mukherjee
CEO, IEMA

"Too often the burden of excess resource use falls on the Global South or developing economies, driving nature loss and pollution from the waste the UK exports. The government has set out a path to end the throwaway society and protect nature, not just in the UK but globally - this is more vital than ever to protect our planet and our natural world."

Uma Kumaran MP



About the Environment APPG

The Environment APPG was established to strengthen the influence of parliamentarians on environmental policy and provide a forum for debate, as well as access to specialist information.

The chair of the group is Andrew Pakes MP, and the secretariat is provided by Green Alliance.

This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either house or their committees.

All-Party Parliamentary Groups are informal groups of members of both houses with a common interest in particular issues. The views expressed in this report are those of the Environment APPG.



Endnotes

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