CIRCULAR ECONOMY OR BUST

Is it time to rethink infrastructure delivery?

Introduction

The UK government will publish a new Circular Economy Strategy in autumn 2025.

The focus of the strategy will be to reduce waste and reuse materials in six priority areas: textiles; transport; construction; agri-food; chemicals and plastics. These sectors were chosen because they have potential for economic growth, substantial waste reduction and lower emissions.

A Circular Economy Taskforce has been established to work with businesses to create sector-specific roadmaps to deliver substantial reforms in these areas. A lot of progress has been made to date. This paper, prepared by the Environmental Industry Commission (EIC), seeks to build on this and understand the role we can all play to ensure the long-term success of the UK circular economy.

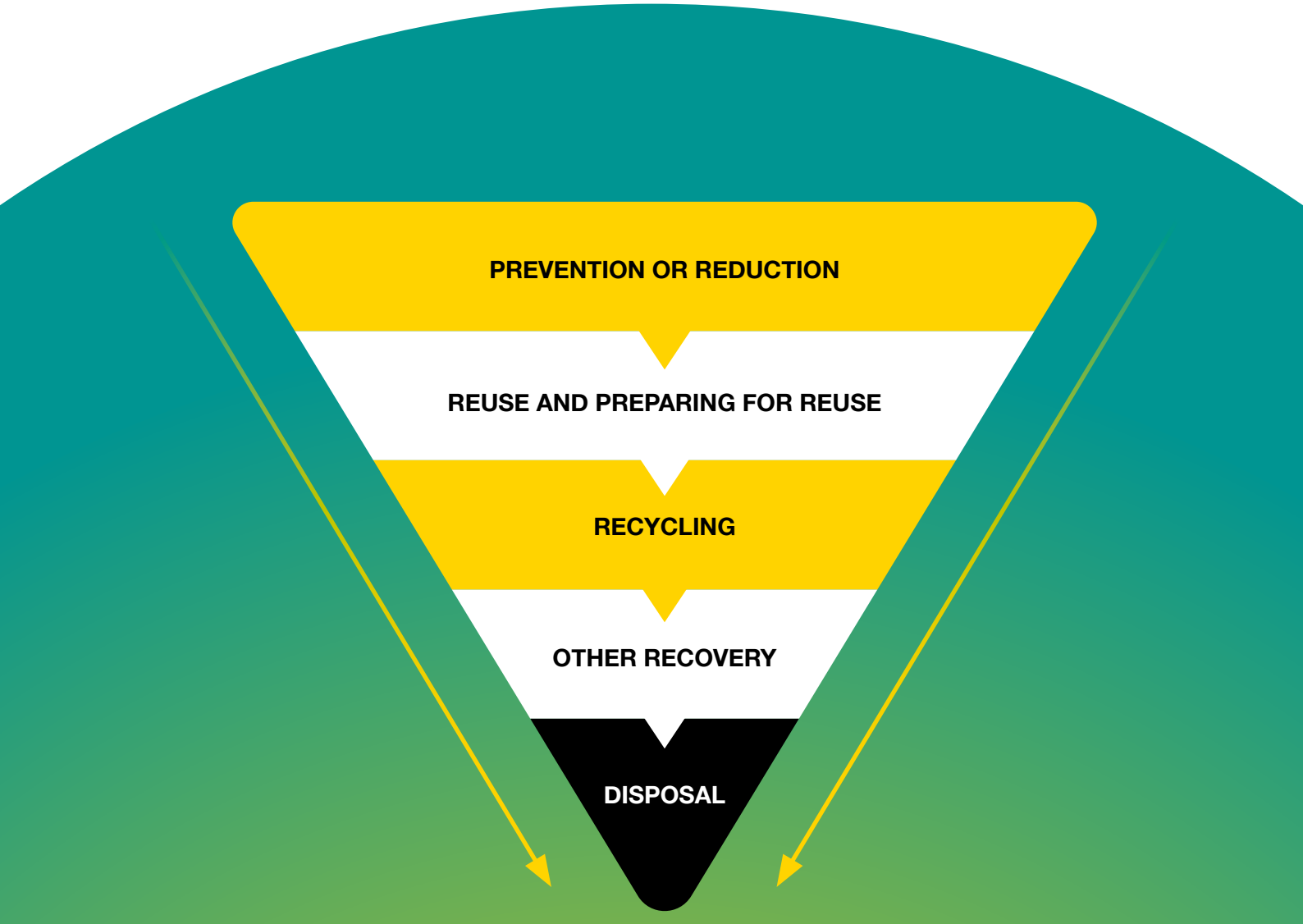
The circular economy links to the government's Growth Missions, with opportunities arising from the industrial and infrastructure strategies and the clean power mission. It is not just an environmental solution. It is a smarter, more sustainable way of doing business, driving growth and managing resources.

This paper is the start of an industry conversation for the infrastructure sector on what this means. While we cannot do everything all at once, many of the challenges our sector faces will be reflected in the soon-to-be-published sector specific roadmaps.

We know that policy cannot be delivered in silos. Therefore, the recommendations outlined below seek to kick-start a discussion about what this looks like in practice.

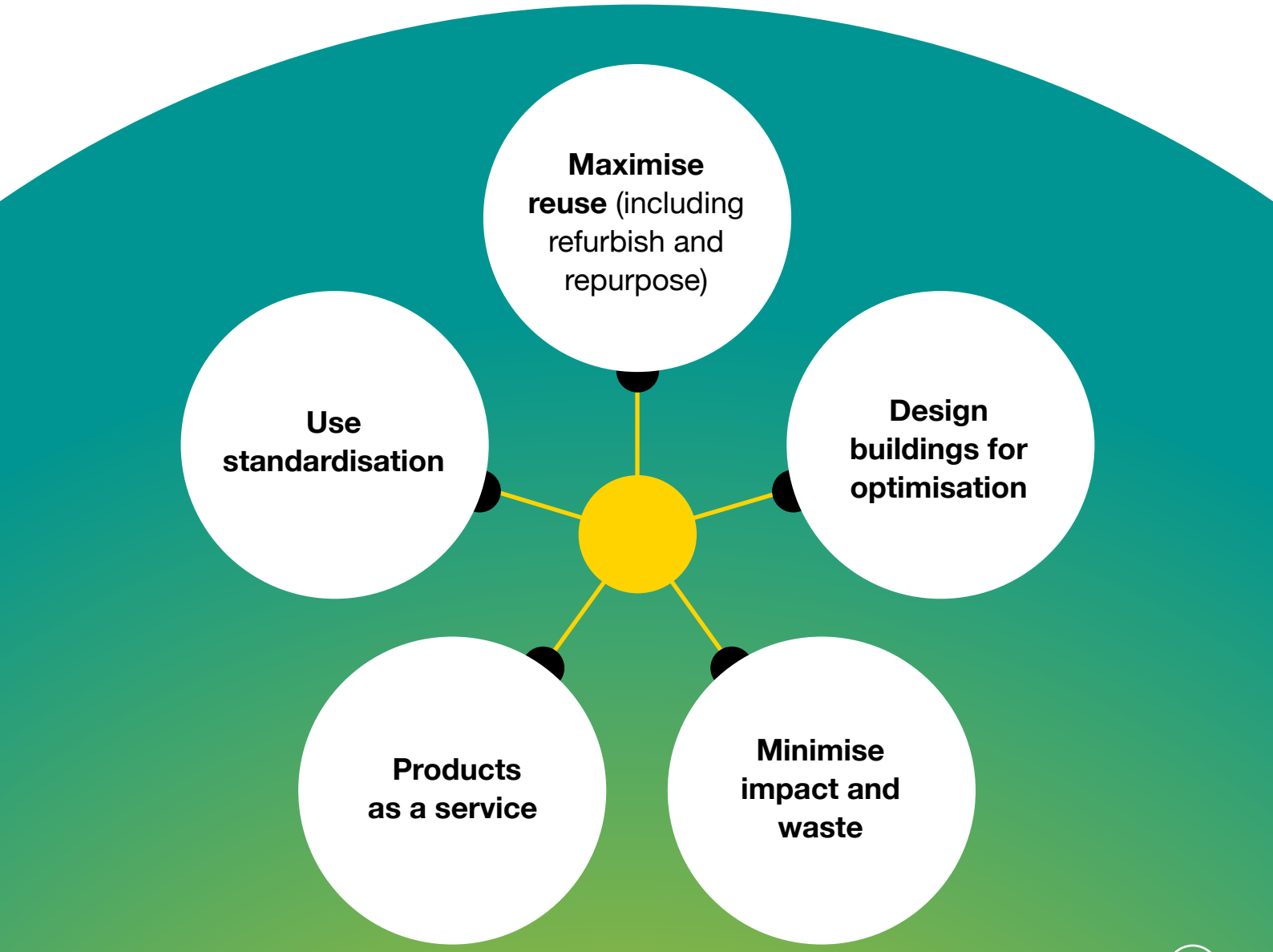
The waste hierarchy

The waste hierarchy is a framework for ranking waste management options by environmental impact and sustainability, from most to least preferred. The top priority is waste prevention or reduction; disposal is the least favoured. In the UK, producers must take all reasonable steps to apply this hierarchy before transferring waste.



What is a circular economy?

The UK Green Building Council outlines the following principles for a circular economy:



3 steps for economic growth with a circular economy

A circular economy can drive economic growth by increased resource productivity, opening new market opportunities and reducing costs. It can also foster innovation, improve competitiveness and support our natural capital.

EIC has identified three success factors for growth:

Recognise that the circular economy is essential to unlock productivity. Getting the policy right on delivering a circular economy has the potential to transform UK capability at home and in the global marketplace, revitalise our industrial heartlands and provide lifelong opportunities for our existing and future workforces. New systems thinking by the National Infrastructure and Service Transformation Authority (NISTA) and the DEFRA Land Use Framework consultation present opportunities to do this.

Create a market for the circular economy. The recently published Treasury Green Book Review can kick-start a circular economy revolution within the public sector. Substantial opportunities lie in the delivery of whole life value within procurement processes, removing silos from public expenditure and ensuring the right tax and investment incentives.

Upskill and deploy the circular economy through the Infrastructure Strategy. The circular economy can create lifelong benefits for society. Not only via diverse and interesting work, but also by improving resource efficiency in our homes and infrastructure. This in turn unlocks productivity and economic growth, helps make homes more affordable and creates places and communities where people want to live and work. The new Construction Skills Mission Board is creating opportunities here.

Recommendations for a circular economy for infrastructure

1

Prevent or reduce: Design for resource efficiency and opportunity

New and existing buildings and infrastructure must be durable and adaptable not only for the entirety of their lifespans but also for when they are no longer needed.

- Include engineering design consultants in the initial stages of planning to ensure optimal solutions often driven via systems thinking.
- Optimise our existing asset base to drive low carbon outcomes, such as committing to public transport infrastructure.
- Recognise improved outcomes in the health of communities as a positive.
- Value natural resources by creating a circular economy for soil and water.
- Establish the principles that reduced carbon impact, delivering climate resilience and biodiversity net gain depend on minimising waste.

2

Reuse: Habitualise the circular economy

With the right policies and incentives in place, the circular economy could become the norm for the infrastructure sector. Utilising a Five Capitals Approach is the first step to success.

- Incentivise retrofit by scrapping VAT on building refurbishments and retrofits to stop the incentivisation of demolition and building anew.
- Embed circularity and whole life value in public procurement processes and the Green Book.

3

Recycle: Align the Industrial Strategy with the circular economy

The Industrial Strategy sets out a new economic approach to backing the UK's high growth industries. Maximising opportunity via the circular economy is no exception.

- Pilot whole-life carbon assessments and circularity targets to understand and minimise the environmental impact of infrastructure projects throughout their lifecycle.
- Support the development of robust circular infrastructure supply chains, including material recovery and processing facilities for key materials.
- Take a whole lifecycle approach to the supply chain – recognising opportunities to onshore and build new UK business capability.

4

Recover: Create the right incentives

In the waste hierarchy, recovery is the process of extracting value from waste materials that cannot be reused or recycled, typically through energy recovery.

- Incentivise privately funded opportunities to support clean power goals.
- Review construction and infrastructure taxes and levies to ensure they create incentives for productivity and a circular economy.

5

Dispose: Make landfill the last resort

Landfill is no longer the ideal waste disposal solution. While we are unlikely to eliminate its use entirely, the amount of waste received must be reduced.

- Review taxation and reward incentives across all levels of the waste hierarchy to avoid perverse incentives.

Get involved and join the conversation

Share your thoughts on the circular economy and infrastructure, email policy@acenet.co.uk

The Environmental Industries Commission (EIC) champions new environmental markets to government and other stakeholders and is the leading association representing the environmental technologies and services sector.

We represent around 400 member companies, large and small, working in the environmental technologies and services sector.

EIC is part of the Association for Consultancy and Engineering Group (ACE). ACE is the business association for the UK's professional consultancy and engineering companies operating in the social and economic infrastructure sectors.

Together, our members provide insight and guidance on infrastructure and environmental programmes of scales and stages of development. Leveraging insight from global best practice, they bring innovation, solutions and cost effectiveness.

Our sector is highly skilled, productive and forward-looking - employing over 470,000 people and contributing more than £39bn to the UK economy. It competes on a global stage, exporting over £11.1bn providing solutions to the world's pressing issues and holds the key to a brighter future.

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Resources

Construction Leadership Council, Green Construction Board, Biodiversity Roadmap
https://www.constructionleadershipcouncil.co.uk/news/construction-industry-unveils-plan-to-increase-biodiversity-and-support-the-natural-environment/

Green Alliance, Circular construction: building for a greener UK economy
https://green-alliance.org.uk/publication/circular-construction-building-for-a-greener-uk-economy/

Bart van Ark, Stephen Millard, Adrian Pabst and Andy Westwood, Joining Up Pro-Productivity Policies in the UK
https://www.productivity.ac.uk/wp-content/uploads/2025/07/Joining-Up-Pro-Productivity-Policies.pdf

UK Green Building Council, Circular Economy Principles for Construction
https://ukgbc.org/our-work/topics/circular-economy/