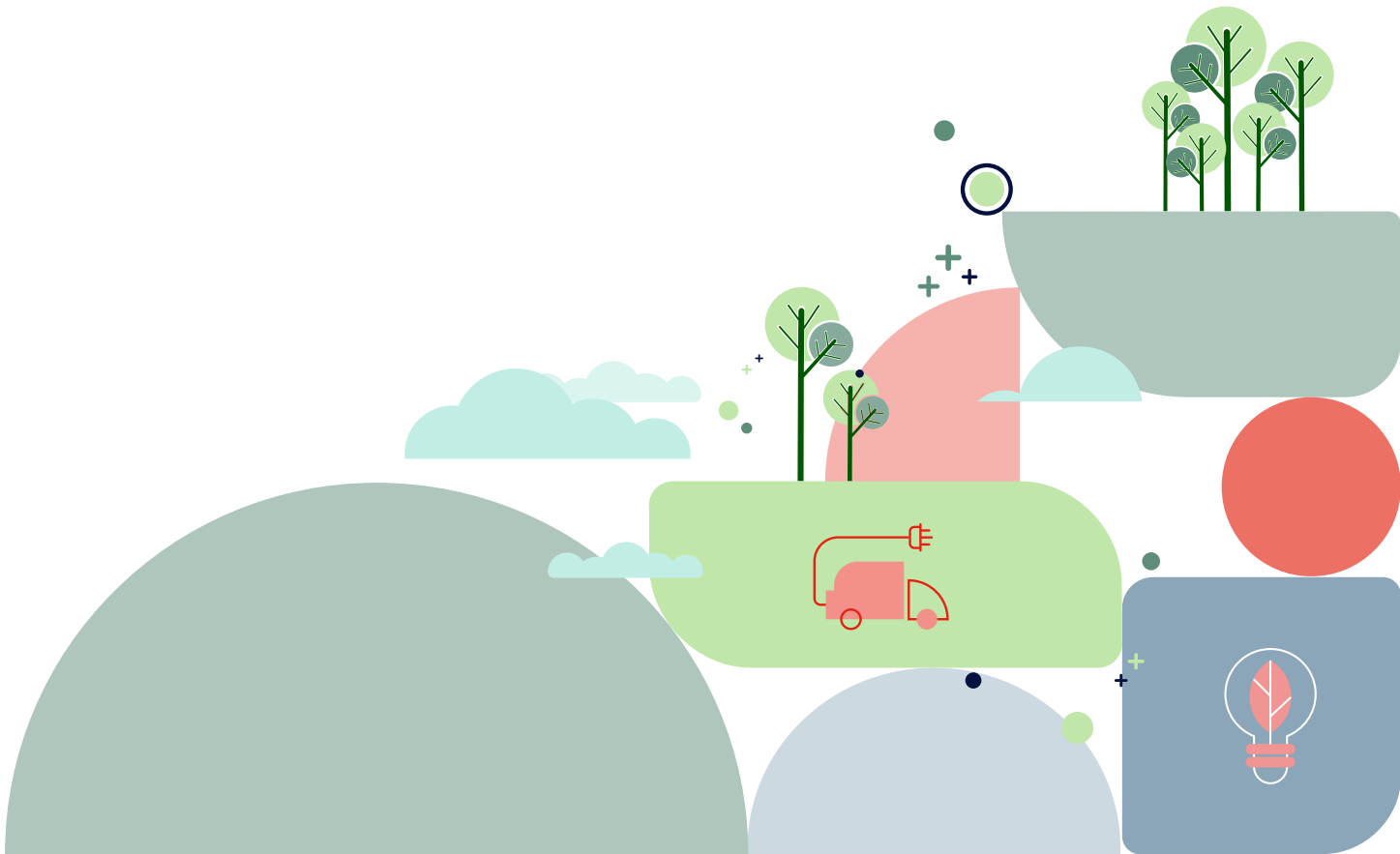
Reality Check 2025

Enabling the UK circular economy

Executive Summary



A reality check for 2025

By Michael Topham, Biffa CEO

It's been three years since our last Reality Check, and once again, the world has changed — presenting new challenges, but also fresh opportunities. While global events have shifted short-term political focus, the need for climate action remains urgent and clear.

What's also clear is that, despite headwinds, there are powerful levers at our disposal to drive meaningful progress. Some organisations are recalibrating their ESG commitments and looking to supply chains for support. This creates a moment of opportunity: to work together more strategically, aligning commercial needs and economic growth with environmental ambition.

Yes, momentum has slowed in some areas — but the case for action has never been stronger. The impacts of climate change are increasingly visible, reminding us why decisive, coordinated effort is essential. Equally critical is the need for resilient supply chains that reintegrate resources and underpin the UK economy to drive growth. Rather than a burden, this is a call to innovate, invest, and lead.

The financial reality of past commitments is becoming clearer, and it underscores the need for smart, well-designed 'investment grade' policy that supports long term growth. Policy certainty, long-term contracting structures, and appropriate risk allocation are essential to unlock private capital and reduce the cost to citizens. While businesses like Biffa continue to thrive despite the current conditions, the wider societal and environmental impact will take much longer to achieve without this stability.

Government has a vital role to play: setting out a clear, consistent direction for industry, creating a stable environment that supports innovation, de-risks investment, and accelerates progress. There's work to do, but there's also huge potential to unlock.

While we are still in the implementation phases of the UK's 2018 Resources and Waste Strategy, there remains strong potential for impactful circular interventions — including reuse, remanufacturing, and repair — that can reshape supply chains and generate economic opportunity.

The Circular Economy Task Force will play a vital role in shaping this future, but many of the outcomes will take years to implement. There are practical steps we can take now within the existing legislative framework to reduce waste and build a more circular economy today.

Progress since 2022:

Since Biffa published the 'Reality Check 2022: Blueprint for Waste Net Zero', the UK has made only modest progress on critical reforms. While Scotland and Wales have advanced with updated strategies, England's Resources and Waste Strategy has suffered delays and dilution.

Key measures such as packaging Extended Producer Responsibility were pushed back, Deposit Return Scheme has had multiple delays and is now due in 2027, and Consistent Collections has experienced challenges in operational rollout. Carbon capture for Energy from Waste has moved forward, but new facilities can still be built without it.

As a result, household recycling rates remain stagnant, plastics capacity has shrunk, and investment has slowed under policy uncertainty. Although Biffa and the sector have continued to grow, the UK risks falling behind international competitors if stability is not restored. Clarity and consistency is needed to create investment grade conditions that accelerate progress towards a circular economy.

With the right policy environment and industry collaboration, the UK can lead the way — creating new markets, pioneering scalable technologies, and delivering green jobs across the economy.

3 further things to consider:

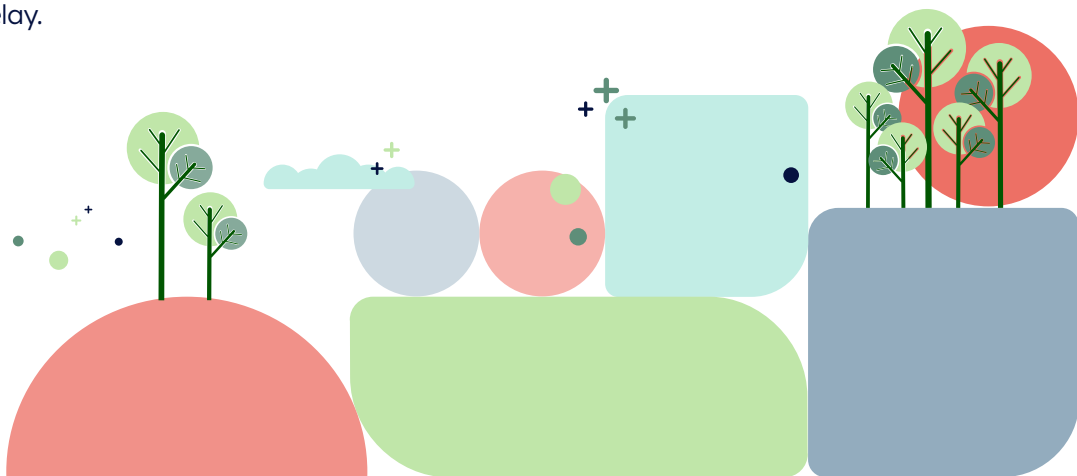
1. Citizenship must sit at the heart of the transition

While everything we are advocating is essential to stimulate and shape our sector and lay the foundations for a UK circular economy, we need to remember that people are at the centre of it all – at home, in the workplace and in public spaces. Citizenship must sit at the heart of the UK's transition to a more sustainable, circular economy.

This means shifting the mindset – from seeing people as passive consumers to recognising them as citizens with a real stake in how systems evolve. Policies like Deposit Return Schemes (DRS) and Simpler Recycling aren't just about infrastructure or logistics, they're about building public ownership and changing behaviours. The sector has a clear opportunity here: to design services and communications that empower participation, not just demand compliance.

2. Don't let perfect be the enemy of good

We also need to stop holding out for perfect solutions. Progress won't be tidy, there will be setbacks, compromises, and lessons learned along the way. But waiting for flawless strategies means wasting time we don't have. Whether it's decarbonising fleets or scaling recycling capacity, the goal is to move forward, even if that means adapting as we go. What matters most is that businesses, local authorities, and policymakers keep working together and don't let complexity become an excuse for delay.

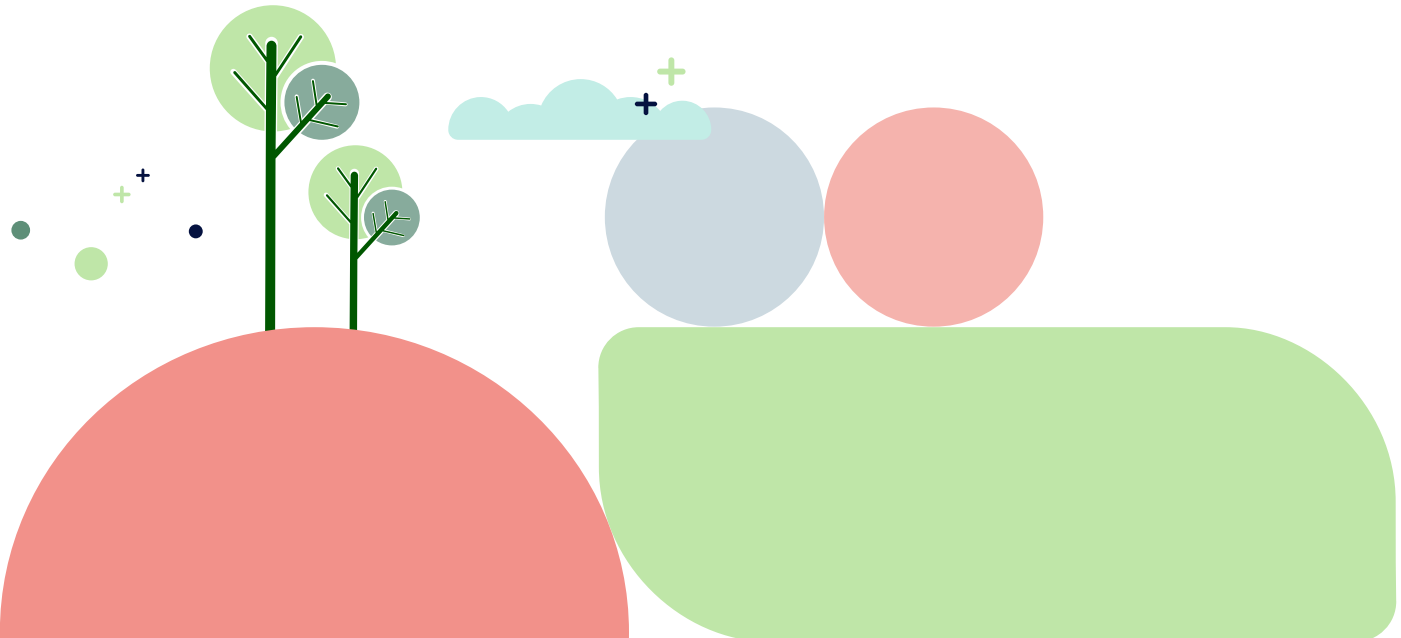


3. Innovation is happening and it needs space to grow

Finally, innovation in the waste sector is real, and in many cases, it is ready to scale. From carbon capture in EfW plants to AI-enabled sorting and smart logistics, the ideas are already out there. What they need now is consistent policy, stable markets, and clear investment signals to help de-risk early action. This isn't about controlling innovation from the top down, it is about established players listening, creating strategic partnerships, and helping the best ideas reach commercial maturity. The next phase of progress will be built on collaboration, not competition.

In this executive summary of Biffa's 2025 Reality Check, we identify the practical, high-impact actions we can take right now to build a better, more sustainable future.

Michael Topham
Chief Executive Officer



1. Support UK plastic recycling

The UK invested heavily in plastics recycling after the 2018 Waste and Resources Strategy was launched, but weak policy follow-through has left facilities vulnerable.

Biffa continues to recycle over 190,000 tonnes annually through its specialist plants at Redcar, Seaham and Sherburn, producing food-grade rHDPE and rPET for UK manufacturers. Yet delays to Deposit Return Scheme and shortcomings in the Plastics Packaging Tax have restricted demand, while PERN incentives still encourage exports of unprocessed waste. This has lead to the closure of polymers plants across the sector has reduced UK capacity. Additionally, imports of fraudulently self-certified recycled plastic undermine domestic producers, and the UK continues to export around 600,000 tonnes of unprocessed plastic each year.

Ending the export of unprocessed plastic waste and the market distortion created by the PERN system would ensure the UK takes full responsibility for its own waste, creating a valuable domestic supply of recycled materials. Retaining high-quality plastic within the UK would help stabilise bale prices, reduce the competitiveness gap with virgin plastic, and ensure that material collected through the forthcoming deposit return scheme remains available for UK reprocessing.

Alongside this, the Plastic Packaging Tax should be made progressive, with the minimum recycled content threshold rising from 30% to 50% as quickly as possible to stimulate investment and drive demand for recycled plastic. At the same time, the introduction of robust import verification is essential to prevent tax evasion and the mislabelling of recycled content. Requiring independent, third-party verification for all imported recycled plastic would protect legitimate UK recyclers and strengthen market integrity. Finally, certifying food-grade recycled plastic through the Food Standards Agency would enable UK processors to develop a competitive export market for high-quality recycled pellets, supporting innovation, job creation and decarbonisation in the circular economy. Together, these reforms would build a resilient, transparent, and self-sufficient UK plastics recycling system capable of meeting both environmental and economic goals.

With stronger policy, the UK could be self-sufficient in plastics recycling, creating jobs, cutting emissions and reducing reliance on virgin material.

Policy Asks

- End exports of unprocessed plastic waste and PERN distortions
- Make the Plastic Packaging Tax progressive
- Introduce third-party verification for imported recycled plastic
- Certify food-grade recycled plastic from the Food Standards Agency (FSA).

2. Stop edible, surplus food from becoming waste

The UK wastes 10.7 million tonnes of food annually, worth £21.8 billion, even though much of it is edible. Surplus redistribution is growing, with Biffa's Company Shop Group and Community Shop providing commercial and social enterprise models that divert tens of thousands of tonnes each year. .

These operations both prevent waste and support communities experiencing food insecurity, but current VAT rules favour donations to charities, creating a barrier for commercial redistributors.

Mandatory food waste reporting is also missing, limiting understanding of where waste occurs and how surplus could be unlocked. Company Shop Group demonstrates the potential: £188 million paid to industry for otherwise wasted stock and over 46,000 tonnes of surplus redistributed last year.

Voluntary food surplus and waste reporting, introduced by WRAP in 2015 through the Courtauld Commitment, has delivered strong progress, but further growth depends on creating a level playing field for surplus redistribution across all sectors. Current VAT exemptions tend to favour donations to registered charities, unintentionally excluding social enterprises like Community Shop and private operators such as Company Shop Group. This limits the wider redistribution of edible surplus. VAT incentives should instead reward the act of donation itself, regardless of the recipient, to encourage participation from all redistribution channels.

Despite broad recognition that food waste is a critical issue, the UK still lacks comprehensive data on where and how much food is wasted. Without mandatory reporting, current estimates rely on compositional analysis, surveys and modelling that vary in accuracy and scope. Mandatory food waste reporting must therefore become a cornerstone of UK food policy, not only to measure waste accurately but to capture and redirect surplus. A consistent, time-bound reporting framework aligned with the food waste hierarchy would ensure that edible food is prioritised for redistribution before it becomes waste, unlocking environmental, social and economic value while advancing national sustainability and food security goals.

With the right policy, more edible surplus could get to people who need it, and avoiding the environmental impact of disposal.

Policy Asks

- Extend VAT relief to all surplus redistribution models
- Implement mandatory food waste reporting with clear standards

3. Extend the life of construction materials

Construction and demolition generate 30 percent of UK waste by volume, yet policy interventions remain limited. While metals and concrete already flow into secondary markets, other materials are often lost through mixed skips and inadequate segregation.

Demand for recycled content is inconsistent, leading to stockpiling and wasted materials. Without stronger regulation, the sector risks missing the opportunity to embed circularity into the government's housebuilding and infrastructure pipeline.

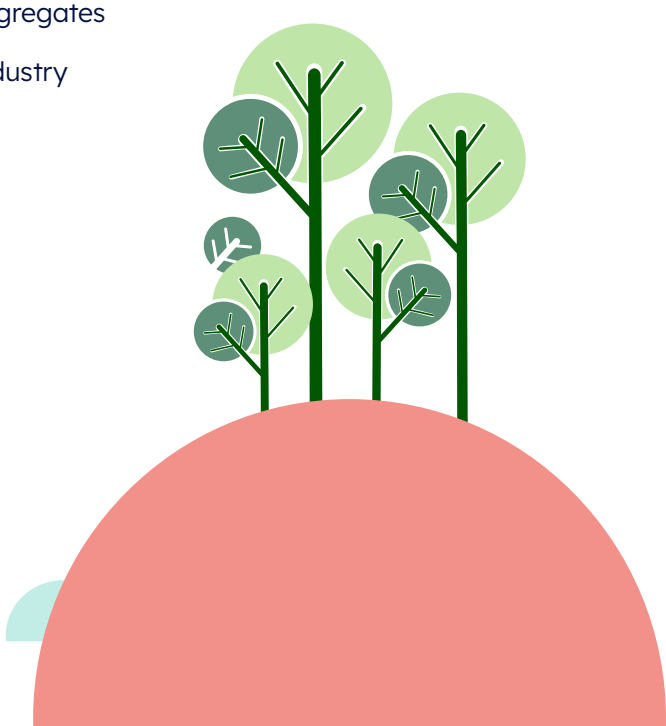
Onsite waste segregation is carried out voluntarily by many companies, but there is currently no regulation mandating it. Beyond the materials included in Simpler Recycling for businesses with 10 or more full-time equivalent employees, there is no legal requirement to segregate waste on construction sites. This is because Simpler Recycling applies only to household and household-like waste generated by businesses and organisations. Most construction and demolition waste, including inert waste, wood and uPVC, falls outside this definition and therefore needs its own version of Simpler Recycling. Establishing such a framework would help reduce the use of mixed skips, which remain common on construction sites and lead to contamination and the loss of valuable materials.

Even where materials are separated and recycled, demand for recycled commodities is inconsistent. Metals have a stable global market, but materials such as aggregate and wood face fluctuating demand, creating barriers to maintaining critical recycling infrastructure and leading to stockpiling. Stronger demand-side measures are needed, including mandating recycled content in construction projects to drive market stability.

Construction projects are often complex and involve multiple subcontractors, making it difficult to track waste flows. This depends on Waste Transfer Notes (WTNs), which record details such as carrier licences, facility permits and waste codes. Although digital WTNs exist and are used by Biffa for most collections, compliance remains uneven across the sector. The government's commitment to Digital Waste Tracking will help resolve these issues by improving traceability, compliance and data quality across the construction waste system.

Policy Asks

- Mandate onsite separation for key construction materials
- Introduce a UK-wide directive for recycled content in aggregates
- Deliver Digital Waste Tracking in full consultation with industry



4. Decarbonise residual waste

Residual waste accounts for around 8 percent of UK emissions. The sector has achieved a 46 percent reduction since 1990, largely by diverting material from landfill, but further progress requires new measures.

Landfilled organics remain the largest single source of emissions, while plastics in residual streams drive fossil-based carbon. Simpler Recycling, packaging Extended Producer Responsibility and Deposit Return Scheme will help reduce plastics, but capacity to recycle flexible films and other complex materials is lacking.

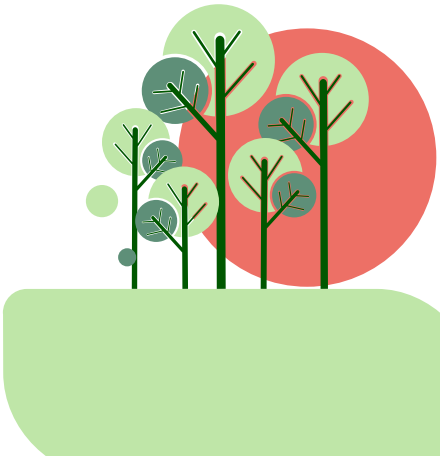
Removing organics from landfill must remain a priority, as biodegradable material is still the single largest source of emissions from the sector. Reforming the Landfill Tax and supporting the rollout of food waste separation under Simpler Recycling will increase feedstock for anaerobic digestion, turning inedible waste into renewable biogas and digestate.

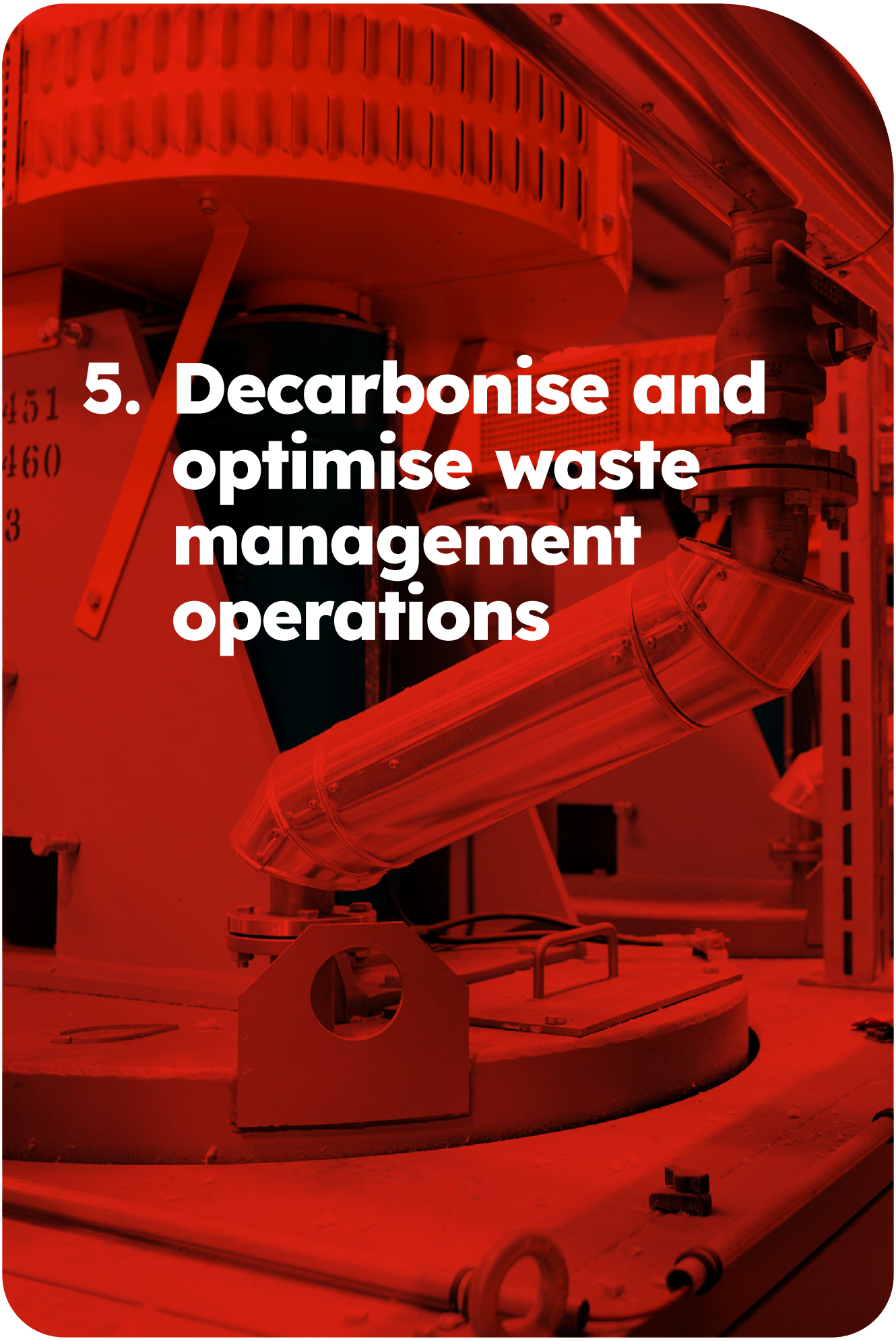
Alongside this, fossil-based materials such as plastics should be systematically removed from residual waste streams before they reach energy recovery facilities. This requires investment in pre-sorting infrastructure and enforcement of collection reforms such as Simpler Recycling and Deposit Return Schemes to prevent recyclable plastics from entering the residual waste stream.

Carbon Capture and Storage should be promoted across the Energy-from-Waste sector to mitigate remaining emissions, and an investment-grade Emissions Trading Scheme aligned with EU policies should be implemented by 2028 to drive long-term decarbonisation. In parallel, a national strategy should prioritise residual waste as a feedstock for higher-value applications such as sustainable aviation and maritime fuels, while placing limits on the construction of new EfW capacity unless fitted with CCS. Together these measures would accelerate a circular, low-carbon waste system.

Policy Asks

- Remove organics from landfill
- Remove fossil-based materials from residual waste
- Promote Carbon Capture and Storage for EfW
- Implement an investment grade ETS in 2028 aligned with EU policies
- Develop a strategy to prioritise residual waste for higher-value applications (e.g. SAF, maritime fuels)
- Limit construction of new EfW facilities unless fitted with CCS





5. Decarbonise and optimise waste management operations

Logistics and fleet operations remain a significant source of sector emissions. Transition to electric or alternative-fueled vehicles is slow due to high upfront costs, grid connection charges and lack of charging infrastructure for HGVs.

A fairer approach is needed to manage the cost of upgrading local grid connections for depot charging, ensuring these costs are not borne entirely by the first operator to invest in electric vehicle infrastructure. Coordinated funding mechanisms and partnerships between government, local authorities and industry could unlock faster rollout.

There is also a critical need for a national plan to address the shortage of on-the-go charging and refuelling infrastructure for alternatively fuelled HGVs, particularly in towns and rural areas. In the short term, targeted fiscal measures will be required to offset the higher purchase and ownership costs of electric and alternative-fuel vehicles, supporting operators to scale up investment.

Responsibly sourced HVO can provide a viable transitional fuel, but sustainability standards must be enforced to prevent misuse. Cities can play a catalytic role by introducing zero emission zones and embedding low-emission requirements in procurement policies, accelerating fleet decarbonisation and stimulating investment in new vehicle technology. With the right mix of cost-sharing, infrastructure planning and market incentives, the sector can transition to a truly low-carbon logistics network.

Emerging AI and robotic technologies are beginning to transform waste handling and sorting, offering new ways to automate complex processes and enhance material recovery. These technologies could improve recovery rates for hard-to-recycle materials like flexible plastics and reduce reliance on incineration. Efficiency gains will also depend on pragmatic collaboration across industry, regulators and local authorities. Progress will be uneven, but momentum must outweigh the pursuit of perfection.

Policy Asks

- Spread or mitigate the cost of local electricity grid upgrades
- Develop a plan for on-the-go HGV charging infrastructure
- Support measures to reduce ownership costs for alternative vehicles
- Encourage creation of zero emission zones in cities.

Conclusion

Turning momentum into meaningful change

After a period of costly inertia, we have seen some welcome progress in the last 12-24 months. We welcome the new momentum but are troubled about the lack of real-world impact on recycling rates and secondary markets for recycled materials since 2022.

Investment grade policy, such as the previous reform of Landfill Tax, can reshape markets. But ill-timed, poorly enforced, or incoherent policies risk becoming compliance costs rather than catalysts for transformation. What's needed now is a pragmatic, joined-up, forward-facing approach that creates stability for investment, rewards innovation, and provides industry with the confidence to act.

Biffa's vision for the future is to accelerate growth into a high-performance, low-carbon waste system that underpins the UK's circular economy ambitions. This means scaling domestic infrastructure, supporting competitive secondary markets, and aligning fiscal levers with both sustainability and business outcomes. It means embedding circularity from planning through to product design, and ensuring citizens are empowered through the process.

Download the full report here

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