Executive summary

Progress on decoupling but environmental challenges are pressing

Over the past decade, the United Kingdom has reduced several environmental pressures while growing its economy. Protected areas, especially marine areas, significantly expanded. However, air pollution, deteriorating natural assets and missed biodiversity targets are all concerns. Further efforts are needed to achieve net zero greenhouse gas (GHG) emissions by 2050, prepare for climate change, reverse biodiversity loss and ensure a more resource-efficient circular economy.

A new framework for environmental protection after leaving the European Union

The 2021 Environment Act lays out a domestic framework for environmental governance post-EU exit (mostly for England). It legalises environmental principles, requires the UK government to set targets on air quality, water, biodiversity, resource efficiency and waste reduction, and establishes an Office for Environmental Protection. Devolution of responsibility for environmental policy to Northern Ireland, Scotland and Wales allows for tailored policy making but requires stronger co-ordination and peer learning between the UK and devolved governments in the absence of common EU law.

Ambitious climate targets should be quickly translated into reality

Ahead of its presidency of the 2021 UN Climate Change Conference of the Parties (COP26), the United Kingdom has led the way. It was the first G7 country to legislate for net zero GHG emissions by 2050 to deliver on the Paris Agreement. It has significantly reduced GHG emissions with the shift in electricity generation from coal to gas and renewable energy, but progress is slower outside the energy industries. The 2021 Net Zero Strategy outlines indicative emission reductions to meet the sixth carbon budget (2033-37) and ultimately net zero by 2050. Although it puts forward credible proposals, it is not yet clear how it will deliver on its ambition.

Public spending and investment could be further aligned with environmental goals

The UK government has introduced one of the largest fiscal responses to the COVID-19 crisis globally. The 2020 Ten Point Plan for a Green Industrial Revolution, the 2021 plan to Build Back Better, Net Zero Strategy to Build Back Greener and the Fairer, Greener Scotland Programme for Government 2021-22 reflect UK's priority on green recovery. During the pandemic, green measures have rightly supported public transport services and active travel. However, opportunities have been missed to boost the decarbonisation of buildings or to condition support on environmental improvements. In a welcome step, the 2021 Autumn Budget outlined the public spending contribution to the Net Zero target over 2021-25. Future budgets could also report the potential negative contribution of programmes such as road investment. The United Kingdom has a robust framework for policy evaluation, but environmental impacts of public investments could be better monitored and considered in decision making.

Biodiversity funding needs scaling up

Public spending on biodiversity fell notably in the past decade. Post-EU exit, new sources of public financial support are aiming to reverse the trend. In England, environmental land management schemes will gradually replace payments from the EU Common Agricultural Policy and pay farmers for provision of public goods. The four countries plan to create woodlands and restore peatlands but should do more to mobilise private finance. The Environment Act calls on local authorities to develop local nature recovery strategies in their spatial planning; encourages landowners to adopt voluntary long-term conservation covenants; and introduces Biodiversity Net Gain to property developers. These are all steps in the right direction. However, coherence must be sought between these new environmental policy instruments, and between them and public financial support for biodiversity.

Carbon prices send inconsistent signals

The UK government has introduced several economic instruments to help reduce GHG emissions. However, the complex system of explicit and implicit carbon prices sends inconsistent signals across sectors and fuels, favouring for example gas over electricity. Road fuel taxes are relatively high, but their freeze since 2011 has reduced the incentive to shift to public and active transport. As electric vehicles develop, the governments need to address transport externalities and tax revenue loss. Although the United Kingdom has no “official” fossil fuel subsidies, the National Audit Office and the OECD have identified tax support for oil and gas consumption and production. These rebates may encourage environmentally harmful practices and should be systematically screened to reform those that are not justified on economic, social and environmental grounds.

Progress in municipal waste reduction, reuse and recycling needs to continue

Landfilling of municipal waste has fallen since 2010 and incineration with energy recovery has increased, largely due to high landfill taxes. Northern Ireland, Scotland and Wales have significantly improved the separate collection, recycling and composting of municipal waste. Recent policies and the provisions of the 2021 UK Environment Act set the scene for better progress in England, where recycling and composting have increased slowly. The United Kingdom is preparing to strengthen and expand extended producer responsibility schemes and introduce deposit-return schemes. A tax on plastic packaging with less than 30% recycled content took effect in 2022.

Further use of economic instruments, such as incineration taxes, could support greater recycling and composting. The United Kingdom should consider other instruments, including pay-as-you-throw mechanisms that charge households for the volume of their residual waste, along with full financing of waste collection and treatment costs via user fees. UK governments still need to clean up contaminated sites and combat illegal waste dumping.

The United Kingdom is preparing for more ambitious action on the circular economy

Across the United Kingdom, governments have supported work on the transition to a circular economy, and private sector initiatives have reduced waste and increased circularity in key sectors including food and textiles. Cities including London and Glasgow have worked with businesses to promote the circular economy at local level. The construction sector, a major consumer of raw materials and waste producer, struggles to improve resource productivity; consumption of aggregates in the sector increased alongside growth in production.

Recent UK policies set long-term ambitions to improve resource efficiency and move towards a circular economy: England calls for doubling resource efficiency by 2050, while both Scotland and Wales have set zero waste objectives. A recent private initiative calls for zero avoidable waste in the construction industry. Achieving these ambitions will require renewed public and private efforts, including promotion of domestic recycling and reprocessing and increased durability, reusability and recyclability of products.

To build on achievements, the UK’s four nations should put in place stronger co-operation mechanisms, along with greater monitoring and evaluation of circular economy progress, to identify and address problems.