

The cost of doing business: Foundational Sector Snapshot Mineral Products



Key messages

- Mineral products generated **£6.3bn in direct GVA**, supported **88,600 direct jobs** and included 2,450 businesses in 2025¹.
- Cost pressures are being driven by high energy costs and rising taxation and regulatory costs. Electricity prices for extra-large manufacturing users increased by **81% between 2019 and 2025²**.
- Costs have increased whilst the sector has experienced four consecutive years of declining demand, resulting in plant closures, job losses and deferred investment.
- Government can strengthen domestic supply resilience** by supporting recovery in housing and infrastructure delivery, improving industrial energy competitiveness and providing a stable business tax and regulatory environment.

Table 1: Key business tax contribution figures for the mineral products industry³

	2024/25	2025/26	Difference
Business tax contribution	£1.22bn	£1.29bn	+6.1%
Tax contribution as a share of GVA	18.8%	20.9%	+2.1 ppt
Employers' NICs	£0.21bn	£0.27bn	+25.9%

Strategic importance

Mineral products are an essential enabling industry underpinning the UK's built environment and manufacturing base. Aggregates, concrete, asphalt, cement, lime, building stone and industrial minerals are essential and provide the physical foundations to the delivery of homes, schools, hospitals, workplaces and nationally significant infrastructure. As the largest component of the construction supply chain, around 95% of the industry's output is used in construction, directly supporting housing delivery and infrastructure investment⁴.

The sector is also a critical input into wider manufacturing and essential services. Mineral products support iron and steel, glass, ceramics, paper, food, pharmaceuticals, agriculture, water treatment and emissions control. The sector is predominantly domestic, with most

materials produced and consumed in the UK, providing security of supply for materials that are often bulky, low value and costly to import at scale.

Long-term demand fundamentals should be strong given government ambitions for housing and infrastructure. Mineral Products Association (MPA) analysis suggests construction aggregates demand could exceed 320 million tonnes per year by the mid-2030s, up from around 250 million tonnes in 2021⁵. Realising this growth will depend on the sector's ability to secure new permitted mineral reserves, invest in new capacity and operate within a stable policy and cost environment.

Failure to maintain domestic production capacity threatens high-quality jobs and risks increasing import dependency and constraining the UK's ability to deliver housing, infrastructure and net zero objectives in the most cost-effective and sustainable way.

Growing cost pressures

Mineral products businesses are facing a challenging combination of weak demand, rising operating costs, and increasing tax and regulatory burden. Housing construction output in 2025 was 10% lower than in 2019 and 17% lower than in 2022, while sales of aggregates, concrete, cement, asphalt and mortar remain at multi-year lows⁶. This prolonged downturn has reduced revenues and weakened confidence across the sector at a time when firms are seeking to invest in future capacity to deliver the Government's growth agenda.

At the same time, businesses are facing rising cost pressures across many aspects of the sector's operations, including employment costs, business taxation, energy costs and regulatory compliance. Key issues have recently included:

1. Employment costs

Changes to Employer National Insurance Contributions (NICs) added an estimated £87.7m in costs to the sector in 2025-26 before allowances. The impact is particularly acute for SMEs, with a representative business employing 25 people estimated to face a 19% increase in employer NICs liabilities between 2024-25 and 2025-26. At a time of weak demand and tight margins, these additional costs are reducing firms' capacity to invest, recruit and grow.

2. Business rates

Changes to the multipliers structure will add to already significant fixed cost for industrial sites. Industry liabilities in England & Wales are estimated at £146.8 million in 2026-27, which is £54 million (58%) higher than in 2021-22. Cement works in England face the largest cash increase, up £38,000 per site in 2026-27.

3. Energy costs and competitiveness

Energy costs remain a major competitiveness challenge for the sector. Electricity prices for extra-large manufacturing consumers, such as cement producers, increased by 81% between 2019 and 2025, while gas prices for large consumers, such as lime producers, increased by 98%⁷. Energy now accounts for an average of 37% of operating costs for cement and 54% for lime, leaving businesses highly exposed to sustained energy price pressures⁸.

Taken together, these pressures have substantially increased the sector's cost base, with limited scope to offset through pricing in a weak demand environment. Sector analysis shows the overall tax burden on businesses increased by up to 29% compared to 2021-22⁹.

Improving the operating environment

As the supplier of essential materials for housing, infrastructure and manufacturing, the mineral products industry depends on a stable operating environment that supports domestic production, investment and long-term supply resilience. However, the sector faces several structural challenges that are increasing costs and weakening capacity at the point when future demand is expected to rise.

1. Construction demand and infrastructure delivery

Weak construction activity remains the primary constraint on the sector. Housebuilding accounts for around 25% of construction aggregates demand and 30% of ready-mixed concrete demand, but has yet to show a sustained recovery¹⁰. Alongside the downturn in housebuilding, repeated delays, descope and cancellations in infrastructure have created stop-start demand patterns, making production planning and investment decisions more difficult. This reduces visibility for businesses, weakens confidence and discourages investment in future capacity, increasing the risk that domestic supply may be constrained when housing and infrastructure demand recovers.

2. Industrial energy cost and domestic supply competitiveness

Energy-intensive producers face structurally high electricity and gas costs compared with international competitors. Cement and lime producers have benefitted from increased exemption levels under the British Industry Supercharger, but do not qualify for pass-through Emissions Trading Scheme / Carbon Price Support compensation. Similarly, the forthcoming British Industrial Competitiveness Scheme, designed to reduce electricity costs for eligible manufacturing and energy-intensive businesses, excludes essential parts of the mineral products supply chain, including construction aggregates producers. High UK energy costs are weakening competitiveness, contributing to rising import penetration in higher-value products such as cement, and constraining investment in domestic production and decarbonisation.

3. Aggregates Levy

The Aggregates Levy remains a significant cost pressure on the mineral products industry. HMRC receipts reached £360m in 2024-25, averaging £374m per year over the past decade and equivalent to around 14% of sector GVA in 2023¹¹. While the levy is not new, the return to RPI indexation in 2024 after a 15-year freeze has increased costs at a time of weakening demand. The levy rate increased from £2.00 per tonne in 2023 to £2.16 per tonne in 2026, an increase of 8%, despite aggregate sales being 9% lower in 2025 than in 2022 and expected to decline further in 2026¹². The return to uprating has increased industry costs by an estimated £50m since 2024, including £16m in 2026/27 alone¹³. As a sector supplying the majority of materials used across housing and infrastructure, these additional costs ultimately feed through into the delivery of homes, transport networks, energy infrastructure and public buildings.

Tackling the regulatory burden

Mineral products businesses operate within a complex regulatory environment spanning mineral planning, environmental permitting, product standards, climate reporting, health & safety regulation, and building safety requirements. The principal challenge is often not the direct cost of regulation itself, but the growing volume of regulatory requirements and the way they are administered. Accessing new mineral reserves can take more than a decade. Lengthy approval processes, high upfront costs and significant uncertainty over outcomes combine to undermine business confidence and deter long-term investment.

Businesses increasingly face overlapping regulatory processes, repeated requests for similar information from multiple authorities, and lengthy approval times for planning and environmental permits. In addition, as requirements evolve, businesses are increasingly required to dedicate management time and investment towards compliance activities, raising costs and uncertainty.

The uncertainty and delays associated with navigating these processes often have a greater impact on investment decisions than the direct costs of compliance themselves. As a result, regulatory burden is becoming a material constraint on investment, productivity and the timely development of the mineral supply chain needed to support Government housing, infrastructure and economic growth objectives.

Mineral products businesses engage with a wide range of regulations and enforcement bodies across government, as illustrated in the tables below. The list is not intended to be exhaustive but instead highlights the key regulatory regimes affecting the industry.

Ministry of Housing, Communities and Local Government (MHCLG)

Regulation	Regulator
Town and Country Planning Act (Minerals Planning Applications)	Local Mineral Planning Authorities
Environmental Impact Assessment Regulations (Planning)	Local Mineral Planning Authorities
Section 106 Agreements	Local Mineral Planning Authorities
Local Plan and Minerals Local Plan requirements	Local Mineral Planning Authorities
Planning Act 2008 (Nationally Significant Infrastructure Projects)	Planning Inspectorate
Construction Products Regulations / reforms	OPSS
UKCA Marking Requirements	OPSS
General Product Safety Requirements	OPSS

Department for Environment, Food and Rural Affairs (DEFRA)

Regulation	Regulator
Environmental Permitting Regulations (EPR)	Environment Agency / Local Authorities / NRW / SEPA / NIEA / Port Health Authorities

Biodiversity Net Gain (BNG)	Local Planning Authorities / Defra
Habitats Regulations Assessment (HRA)	Natural England / Environment Agency / NRW / SEPA / NatureScot / NIEA
Protected Species Licensing	Natural England / NRW / NatureScot / NIEA
Water Framework Directive	Environment Agency / NRW / SEPA / NIEA
The Water Resources (Abstraction and Impounding) Regulations 2006	Environment Agency
Waste Framework Regulations	Environment Agency / NRW / SEPA / NIEA
Mining Waste Directive	Environment Agency
Landfill Tax Regulations	Environment Agency / NRW / SEPA / NIEA
Air Quality and Industrial Emissions requirements	Environment Agency / Local Authorities / NRW / SEPA / NIEA / Port Health Authorities
Packaging Extended Producer Responsibility (pEPR)	Environment Agency / NRW / SEPA / NIEA
UK REACH	HSE
UK Fertiliser Regulations /reforms	Environment Agency / Natural Resources Wales / SEPA

Department for Work and Pensions (DWP)

Regulation	Regulator
Quarries Regulations 1999	HSE
Health and Safety at Work etc. Act 1974	HSE
Control of Substances Hazardous to Health (COSHH)	HSE
Control of Noise at Work Regulations	HSE
Control of Vibration at Work Regulations	HSE
Explosives Regulations 2014	HSE
Dangerous Substances and Explosive Atmospheres Regulations (DSEAR)	HSE
Control of Major Accident Hazards (COMAH) Regulations	HSE / Environment Agency

Department for Energy Security and Net Zero (DESNZ)

Regulation	Regulator
UK Emissions Trading Scheme (UK ETS)	Environment Agency
Streamlined Energy and Carbon Reporting (SECR)	Financial Reporting Council
Energy Savings Opportunity Scheme (ESOS)	Environment Agency

Within this broader regulatory landscape, the Mineral Products Association (MPA) has identified three of the most problematic regulatory burdens, which have a significant impact on investment and long-term competitiveness:

1. Patchy Infrastructure Delivery and Weak Supply Chain Confidence

Challenge: The UK has no shortage of infrastructure ambitions, strategies and project pipelines, but the translation of these into projects on the ground is often slow and uncertain. Delays to project approvals, changes in scope, and the repeated postponement or cancellation of major schemes create stop-start demand patterns for the construction supply chain which are almost impossible to plan for. This weakens business confidence, discourages investment and contributes to cost escalation across major projects.

MPA recommendation: Government should move beyond publishing project pipelines and provide greater certainty over infrastructure delivery by publishing credible delivery plans alongside long-term strategies. This should include improving transparency over project timing, funding status and construction material requirements, whilst also strengthening accountability for project delivery across government.

Expected impact: Greater confidence from businesses to invest for the long term in production capacity, skills and decarbonisation, improved supply chain resilience, and more timely and cost-efficient delivery of housing, infrastructure and net zero projects.

2. The mineral planning system is not delivering

Challenge: Permitted reserves of construction aggregates are being consumed around twice as fast as they are being replenished. In other words, the mineral planning system is not delivering the permitted reserves needed to maintain a steady and adequate supply of essential construction minerals over the long term. Capacity constraints within mineral planning authorities, environmental regulators and statutory consultees contribute to lengthy determination periods, undermining confidence, increasing costs for businesses and delaying investment. The resulting decline in permitted reserves risks constraining the future supply of materials needed to deliver housing, infrastructure and economic growth. The supply of essential mineral products cannot be taken for granted; it must be strategically planned, managed and monitored to ensure future demand can be met from cost-effective and sustainable domestic sources.

MPA recommendation: Deliver a dedicated mineral planning reform package that recognises the essential role of domestic mineral supply, increases specialist mineral planning and permitting capacity, streamlines planning and permitting processes, and reduces unnecessary duplication between regulatory regimes. This is increasingly important given local government reorganisation is expected to erode and fragment specialist mineral planning capacity with the move away from counties to unitary authorities.

Expected impact: Faster determination of mineral applications, improved replenishment of permitted reserves, greater business confidence and investment, and a more resilient domestic supply chain capable of supporting housing, infrastructure and net zero ambitions.

3. UK's lack of Competitiveness in Industrial Energy

Challenge: Energy-intensive mineral products sectors such as cement and lime face some of the highest industrial electricity prices in the developed world. In addition to wholesale energy costs, businesses are exposed to a range of direct and indirect carbon policy costs, including the UK Emissions Trading Scheme (UK ETS), Carbon Price Support (CPS) and carbon costs passed through electricity bills. While some sectors benefit from compensation and exemption schemes, coverage remains incomplete and parts of the mineral products supply chain remain excluded. The cumulative impact of these policy costs is weakening the competitiveness of domestic production, contributing to rising import penetration and reducing the attractiveness of investing in UK manufacturing and decarbonisation projects.

MPA recommendation: Government should continue to secure a level playing field with international competitors. This should include addressing the domestic drivers of high industrial electricity costs, including introducing a two-way CfD (as proposed by UK Steel), extending compensation for ETS and CPS pass-through costs, strengthening carbon leakage protections, including a watertight UK CBAM, and supporting investment in industrial decarbonisation technologies.

Expected Impact: Improved international competitiveness, greater confidence to invest in low-carbon production technologies, reduced carbon leakage, and a stronger domestic manufacturing base capable of supporting economic growth and net zero ambitions.

Endnotes

- ¹ MPA (2025), Profile of the Mineral Product Industry – 2025, available at: [Profile of the UK Mineral Products Industry 2025.pdf](#). The 2025 figures have been calculated by the CBI, using 2023 figures presented in the referenced report.
- ² Department for Energy Security and Net Zero (DESNZ) (2026), *Prices of fuels purchased by manufacturing industry*, available at: [Prices of fuels purchased by manufacturing industry - GOV.UK](#)
- ³ The CBI used its business tax contribution analysis in which we break down taxes by industry on a 2-digit SIC level. For employers' NICS we used the latest [ASHE](#) and [BRES datasets](#) to distribute ER NICS by industry. To estimate the contribution as a share of GVA, we used the latest [ONS GVA estimates by industry](#) to estimate the sectoral business tax contribution. Where it was not possible to assign the sector firmly to one or multiple 2-digit SICs, we asked TAs to provide data which we used and scaled accordingly. It should be noted that for some sectors there is a larger margin of error in the contribution statistics given 2-digit SICs do not necessarily fully align with the specific activities progressed in certain sectors. For the minerals industry, we used the latest MPA report, and scaled based on SICs 08 and 23.
- ⁴ MPA (2025), *Profile of the Mineral Product Industry – 2025 (Table 1.1)*, available at: [Profile of the UK Mineral Products Industry 2025.pdf](#)
- ⁵ MPA (2022), *Aggregates demand and supply in Great Britain: Scenarios for 2035*, available at: [Aggregates demand and supply in GB Scenarios for 2035.pdf](#)
- ⁶ MPA (2026), *Four years of decline in British construction demand threatens jobs and future capacity, warns MPs*, available at: [Four years of decline in British construction demand threatens jobs and future capacity, warns MPA](#)
- ⁷ Department for Energy Security and Net Zero (DESNZ) (2026), *Prices of fuels purchased by manufacturing industry*, available at: [Prices of fuels purchased by manufacturing industry - GOV.UK](#)
- ⁸ MPA (2023), *MPA survey of cement and lime members*
- ⁹ MPA (2026), [Surging tax burden in a falling market: new report](#).
- ¹⁰ ONS (2026) [Output in the construction industry](#). Release 14 May 2026.
- ¹¹ HMRC (2025), *Environmental Taxes Bulletin*, available at: [Environmental Taxes Bulletin - GOV.UK](#) and ONS (2025), *Non-Financial Business Economy, UK: Sections A to S: 2023 Results*, available at: [Non-financial business economy, UK: Sections A to S - Office for National Statistics](#)
- ¹² HMRC (2026), *Environmental Taxes Bulletin historical rates*, available at: [Environmental Taxes Bulletin historical rates - GOV.UK](#)
- ¹³ MPA (2026), *The cumulative impact of taxation on the UK mineral products industry*, available at: [Surging tax burden in a falling market: new report](#)



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