

# Public Accounts Committee

## Oral evidence: Government's intervention in British Steel, HC 101

Monday 22 June 2026

Ordered by the House of Commons to be published on 22 June 2026.

[Watch the meeting](#)

Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Sarah Green; Sarah Hall; Rupert Lowe; Tristan Osborne; Matt Turmaine.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Leena Mathew, Director of Business and Trade, National Audit Office, and Marnya Jain, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1 - 98

### Witnesses

[I](#): Charlotte Brumpton-Childs, National Secretary, GMB Union; Linda McCulloch, National Officer, Unite the Union; Rob Waltham MBE, Leader, North Lincolnshire Council; and Paul McKenna, National Secretary for Steel and Light Industries, Community Trade Union.

[II](#): Amanda Brooks CBE, Interim Permanent Secretary, Department for Business and Trade; David Bickerton, Strategic Business Adviser and Senior Responsible Owner, Steel Programme, Department for Business and Trade; Neil Johnson, Director of Materials, Department for Business and Trade; and Lorna Gratton, Director for Site Management, UK Government Investments.

## Report by the Comptroller and Auditor General

### Investigation into the government's intervention in British Steel's Scunthorpe site (HC 1736)

#### Examination of witnesses

Witnesses: Charlotte Brumpton-Childs, Linda McCulloch, Rob Waltham MBE and Paul McKenna.

**Q1 Chair:** Welcome to the Public Accounts Committee on Monday 22 June 2026. The UK steel industry has been placed under significant pressure in recent years. Rising energy prices, decarbonisation, uncertainty about trade and tariffs from the US and EU, and increased global competition have all contributed to the situation. British Steel employed 4,052 permanent staff, as at 31 January this year, and has the last two remaining operational blast furnaces in the UK, located at Scunthorpe. In April 2025, following concerns that the blast furnaces would be closed, therefore putting UK industries and jobs at risk, the Government passed emergency legislation in one day to prevent the closure of the furnaces. In March this year, the Government published its steel strategy, the key aims of which were to ensure the viability of the UK steel industry, to move towards green steel production and to attract new investment in the sector.

Today, we are fortunate to have with us a panel of witnesses with a huge wealth of knowledge and experience of working in the industry, ahead of the questioning of our main Government officials in the second session this afternoon. We will ask our witnesses for their thoughts on the Government's intervention, on its impact on steelworkers and the local community in Scunthorpe, and on the Government's new steel strategy, among other key issues. We have a good panel of witnesses before us, and I will ask each one of you to introduce yourselves, starting with you, Charlotte—say who you are and what union you represent. That would be really helpful. We all know that Rob is a councillor, and not in the same camp. Please introduce yourselves.

**Charlotte Brumpton-Childs:** Thank you very much for having me. I am Charlotte Brumpton-Childs. I am the national secretary of the GMB union, looking after the private sector. I am also a former steelworker at the Scunthorpe plant. To declare an interest, I sit on the Government's Steel Council, put together as part of the steel strategy, which was launched a couple of weeks ago.

**Chair:** I am sure we will benefit from your experience. Councillor Rob, please introduce yourself.

**Rob Waltham:** I am Councillor Rob Waltham, the leader of North Lincolnshire council. I have been a councillor for 20-something years and

leader for nearly 10, so I have been around everything that has happened in the steel industry for all the time we have had our challenges.

**Chair:** We are glad to have you.

**Linda McCulloch:** Good afternoon, everyone. My name is Linda McCulloch. I am a national officer with Unite the union. My remit is engineering, manufacturing and steel.

**Chair:** Finally, and by no means least, Paul.

**Paul McKenna:** Pleased to meet everyone. I am Paul McKenna, national secretary for steel and light industries at the Community union. I was based in the Corby tube works for 26 years. I went from British Steel to private owners, so it is coming full circle. Thanks for inviting me.

**Chair:** For absolute clarity, I should let everyone know that I had a short, private meeting with Minister Chris McDonald and David Bickerton. I do not think anything particularly secret was discussed, but I certainly learned a little. Without any further ado, my very excellent deputy, Clive Betts, will start the questioning.

Q2 **Mr Betts:** Good afternoon, everyone. Obviously, there are big, national implications for what happens at Scunthorpe, but we know in particular there is a direct impact on the workers and on the community. It is great to have you all with us this afternoon. To ask the trade union reps to begin with, what changes have the workers experienced since the Government announced an intervention at Scunthorpe? Has that improved morale, or changed it in any way?

**Linda McCulloch:** Most definitely. I think it settled the workforce down, because there had been so much uncertainty, particularly when Jingye was there. Yes, I think it has been really good for the workforce.

**Charlotte Brumpton-Childs:** A key indicator is that, for three or four years before the Government's intervention, there had been no intake of apprentices at Scunthorpe steelworks, so there is already quite an age gap and an ageing workforce in that area. Since the Government's intervention, the steelworks restarted the apprenticeship programme and, in September last year, it took on over 50 apprentices—for the first time in, I think, five years.

**Linda McCulloch:** Yes.

**Charlotte Brumpton-Childs:** That is a vote of confidence not only from the young people who applied for the apprenticeships, but from our community. When I started my career in the steel industry, it was because my uncle encouraged me to apply for an apprenticeship. I was told emphatically, "That's a job for life, Charlotte. If you go there and do that, you'll never struggle to earn a wage." I hope and think that the Government's intervention has helped move public perception back towards that area.



## HOUSE OF COMMONS

**Paul McKenna:** I took over the national role in early February, getting involved by meeting individual members on site. For me, speaking to people, the intervention gave some reassurance. Charlotte and Linda were there before, under Jingye and so on, and the doors were not so open when trying to engage. We have been working as a team up in Scunthorpe with the management on health and safety and other issues, but it is now about collaboration and working together to make sure that what we are doing is right for the future.

Q3 **Mr Betts:** Before the emergency legislation last year, were workers really fearing that they were looking over a cliff edge, and that everything was going to close and jobs were going to go?

**Charlotte Brumpton-Childs:** We were in in-depth negotiations with Jingye for a number of months on the transitional arrangements for Scunthorpe and moving towards a decarbonisation plan. We got incredibly concerned, as did the UK management and people in the background, about Jingye's earnestness and approach to those conversations. When Jingye made the announcement that they intended to close the blast furnaces, we held town hall meetings for our members and we saw 600 to 700 people, in the space of about four hours, come in to speak to the trade unions. They were asking, "What are we going to do? How are we going to protect our jobs, our livelihoods and our industry?" Before the intervention, it really felt as though we were right on the precipice of something irreversible happening to our industry.

Q4 **Chair:** I am going to turn to Councillor Rob Waltham. We are really pleased to have you here representing the council. What impacts have you observed in the local community since the change?

**Rob Waltham:** Just to set the context, I am a son of somebody who worked at the steelworks. It is a culture. Just to evidence what Charlotte said, we were always told it was a job for life. I went off to university, much to my father's disgust, instead of going to work at the steelworks.

I think, generally, the community feel that the industry is much more stable. Like union colleagues, I even went to China to liaise with Jingye to try to stabilise some of the relationships, because it was a significant employer and we needed to make sure that those relationships were there. We even talked to them about how we could try to expand some of the operations that they could have on site. But it was all a bit futile, because the underlying premise behind their engagement was that they needed to make a decision about how steelmaking would continue in the country, full stop.

So Jingye's investment became more and more tenuous as time went on. This clearly left people feeling incredibly vulnerable. It is significant when you talk about 4,000 employees, but when you look at the broader context, any level of economic evidence says there are 20,000 employees, which is a significant proportion of the county area's working-age population. The aftershock of losing the steelworks would be so dramatic

that we would never recover without years of economic stimulus. That is the extent of the requirements that would have been needed.

I say that just to evidence the point that it is heartening that we have this level of stability, but we have a great challenge. It is not purely ownership—nationalisation and putting in steps to create a stable platform, which I have been welcoming and calling for for some time. The challenge we have is that we still do not have an operating environment, of which ownership is only one element, to make sure that steelmaking is competitive for years to come. That is not just about servicing markets; it is about how we prepare the next level of investment that is needed to make British Steel competitive, while removing the constant, perpetual challenge of uncertainty in the workforce that we have had for many years. Whether we are talking about the problems it causes for families trying to get a mortgage or any of the other things, we need to make sure we resolve that and keep the steel industry secure and viable, which are critical as we go forward.

**Chair:** That is really helpful. With the next panel, we will be addressing the permanent secretary and other officials on precisely some of those points. You are very welcome to stay for that if you wish. Thank you all very much for that introduction.

**Q5 Sarah Green:** Rob, when the Department for Business and Trade was negotiating with Jingye—forgive me if I am pronouncing that incorrectly—at what stage did you become involved? At what point did you have input?

**Rob Waltham:** Pretty constantly, really. We work really closely with Nic Dakin as the local Member of Parliament and Martin Vickers, who is here. They work together on this as a tag team. At any opportunity, the Department talk and liaise with us, and officials work with our officials at the council, because we have been here before. I have chaired a taskforce on three occasions when the industry has failed. I have to say that you get the best of the UK civil service and Government working effectively together when you get an economic shock. Sadly, it is then that you get that, but it is very much a part of how we work together.

**Q6 Sarah Green:** Could you give us some colour? In what ways were you able to input into the negotiations, for example?

**Rob Waltham:** We were very aware that I had my own relationship with Jingye, and we were feeding that back to the Government. We went to China to try to understand what their agenda was for investment in the site. It is fair to say that we struggled to get a permanent commitment, and we were passing that intelligence back to the Government so that they were aware.

We regularly met local Members of Parliament, and we fed into the Government to make sure that we were managing relationships at a local level and having a strategic relationship with Jingye and its officials in China and locally. We committed to a weekly meeting on site, and we were again feeding that into the Government. On the questions that the

Government were struggling to get answers to, we were able to make sure that we were part of that—

**Q7 Sarah Green:** Was it a united front?

**Rob Waltham:** Yes, it is hand in glove. There is absolutely no partisanship; it is about the place and how we support the people who work there.

**Q8 Sarah Green:** How effective has DBT's engagement with your council been? It sounds like you would rate it quite highly.

**Rob Waltham:** This has been an ongoing issue for the last four years, since we ended up in a situation where Jingye were successful. It has been a while, so the relationship with Ministers has been present for the last four years or so. In that time, we have been able to share intelligence, but more importantly, it has worked really effectively.

The challenge in this case has always been dealing with—forgive my phraseology—an alien partner who had its own business interests that it was trying to co-ordinate. Our job was to work absolutely aligned to try and get as much as we could.

It was never a shock—I know Charlotte will agree—that Jingye was not as committed to Scunthorpe as it needed to be. That did not stop us from trying to have a relationship, not least because fundamentally it was co-ordinating whether local workers would have a job and whether the investment was going to happen.

**Q9 Sarah Green:** It sounds like you had a very effective channel of communication with the Department. Was that based on how it conducted itself, on relationships or on individuals? What reason would you pinpoint as the reason why it worked?

**Rob Waltham:** We agreed to the outcome quite early. We operate a value set around steelmaking. The council is cross-party, which sets the culture for the tone of the working relationship. When we go to full council with 43 councillors, we all vote to support the steel industry, which is important. Those values, that outcomes basis, the relationships that we have with the locally elected Members of Parliament, such as Nic and Martin, and the permanent relationships that officials have, was critical to making sure that we had the support we needed should anything happen. We were permanently risk assessing and looking for opportunities.

Going forward, we are looking at the future of the site so that we can build more resilience. That has been an ongoing conversation for a number of years. It is about good relationships, but it is also about good values on the outcome of protecting steelmaking for the country and local people.

**Chair:** Thank you both. That was very useful dialogue.

**Q10 Matt Turmaine:** To the union leaders, how effective do you think the Department's communication with you has been over this process?



## HOUSE OF COMMONS

**Charlotte Brumpton-Childs:** I have engaged with the DBT on the steel industry for a number of years; it has always been part of my remit as a national officer and then as the national secretary for the GMB. The Department and its civil servants have been key to this successful intervention.

While we were dealing with an unpredictable partner in Jingye—I think that is the fairest way to say it—regardless of which Government were in power and which Secretary of State was running the Department, we have always had civil servants who fundamentally believe in the importance of the steel industry and the need to support and sustain it. That has been so helpful because, through elections and changes in ministerial remits, having that consistent agreement of values, and agreement that this is important and that we need to do what we can to support it, has been fundamental to our being able to shift the dial on some of this stuff.

**Paul McKenna:** I totally agree with what Charlotte is saying. Those communication links have to be open, because that is so important. We have to feel that our concerns are being listened to going forward. We at Community welcomed that, in a lot of the process along the way, people were listening. That was a good outcome.

**Linda McCulloch:** I don't think there is anything I can add, because Charlotte and Paul have covered it eloquently.

Q11 **Matt Turmaine:** Thank you very much. That sounds positive. What do you think the Department's direct communication with workers was like? Was that good as well, or was it mostly just going through you guys?

**Linda McCulloch:** I think it was very good, particularly after Parliament was recalled on the Saturday morning. We had a lot of Government Ministers. We had Rachel Reeves, Johnny Reynolds and Angela Rayner. It was good because we had all the shop stewards from the three separate unions there. That message was getting out to the workforce, and it was really good. It really lifted spirits right across the site.

**Matt Turmaine:** It was a very unusual situation to be called back for that.

Q12 **Rupert Lowe:** I was going to ask this question of the next panel, but I think it is rather more appropriate to ask it of you. Obviously, we are all concerned about employment and people's families, communities and everything else, but I cannot see how this intervention in steelmaking in the UK can work until we get a proper business plan that sets out how we are going to do it. I may be missing something—perhaps you can enlighten me—but we have a lunatic policy on energy. I do not need to tell you that the basis of steelmaking is cheap energy. We are talking about China and Jingye, or whatever they call themselves. At the end of the day, China is still mining coal and building railways, and it is burning coal in its power stations, as is India. Carbon is at a relatively low level in geological time, yet we have a fixation on decarbonisation.

By intervening without a plan, are we not just consigning the British taxpayer to funding the losses that we make because of our lunatic energy



## HOUSE OF COMMONS

policy, which means that steelmaking is destined to fail in this country until we get the dynamics right? Am I missing something?

**Charlotte Brumpton-Childs:** The first point is that the cost of not intervening is unfathomable—

**Rupert Lowe:** I accept that, but that is not the question I asked.

**Charlotte Brumpton-Childs:** Please let me finish.

**Rupert Lowe:** I am asking you the question about—

**Chair:** Let Charlotte do the counterfactual first.

**Charlotte Brumpton-Childs:** Thank you. The cost of not intervening is unfathomable. If the Government had not acted at that time and in that way, those jobs would be gone and we would not have any debate about energy policy, decarbonisation or the emissions trading scheme. It would not matter, because the blast furnaces would have died and those jobs would have disappeared.

**Rupert Lowe:** I get that.

**Charlotte Brumpton-Childs:** There is obviously work to do on energy policy. The unions have long campaigned for action on energy policy, procurement and trading rules to level the playing field, but there is a misconception that decarbonisation is driving these policy decisions. It is not.

The coke oven closure at Scunthorpe, which happened a couple of years previous, was not because the carbon emissions were costing so much that they had to close it. It was because Jingye had not invested, and the predecessor Greybull, and Tata Steel before that, had not invested in this infrastructure in decades, so it was a death trap. They had to close it because it would not work any more. We rewrite history to say that it was closed because of the carbon emissions, the cost of those making it untenable. That is not true. It is because it did not work any more.

We need a coherent plan for steel—I totally agree with you. We need a longer-term plan on energy prices for energy-intensive industries and a coherent decarbonisation plan. We all agree, as the three trade unions, that we need a route to decarbonised steel, but because of the commercial environment that British Steel finds itself in, the intervention made by the Government has given us the space to make that plan rather than make rash, short-term decisions that leave options off the table that, if we have more time, we could consider.

Q13 **Rupert Lowe:** I understand that, but on the one hand we are watching Aberdeen die a death because we are not using the natural hydrocarbons—gas and oil—that we have off the Shetlands and across the country, and on the other hand we are intervening to rescue an industry that relies on cheap energy. We have the most expensive energy in Europe, as you all know, so what is the solution to that?



## HOUSE OF COMMONS

At the end of the day, this Committee exists to protect the British taxpayer, who is abused at all twists and turns by the Government. They may well have helped you with this intervention, and I understand the reason for intervening to prevent the closure of the furnaces—I would like to see blast furnaces producing here, for national security reasons—but I do not see a plan from the Government. On the one hand they are destroying our energy industry, and on the other hand they are trying to bail out our steel industry. Does that not strike you as slightly odd?

**Rob Waltham:** There is a challenge here. First of all, ownership, as I alluded to in my first statement, is only one element of how you get a stable industry. That is the same in any sector; ownership is one element. We had uncertain ownership, so we had to step in to resolve that. The market had failed, so we had to step in. That is absolutely my position. *[Interruption.]* Let me finish this point. The rest of the world provides a stimulus to protect their steel industry. If you go to France or Germany, they have a stable—

Q14 **Rupert Lowe:** They have cheap energy.

**Rob Waltham:** That is through cheap energy and other measures, I would argue, whether that is procurement or other things. So there is a stimulus. If you want British Steel to function in a competitive environment, you have to be able to provide the same level of stimulus, particularly now, when the market has failed, to give some certainty around how that will work.

In terms of the environment that British Steel needs to operate in—I absolutely support Charlotte's view here—part of it is about investment. For a number of years, we have not had the investment in plant that was needed to make British Steel competitive or as productive—

Q15 **Rupert Lowe:** Have you discussed the Government's energy policy with them? Have you told them that this is the root cause of your problem?

**Rob Waltham:** Absolutely. At every turn, it has been presented that unless you can create an environment around tariff, taxation, the barriers to investment, and energy—which needs to be significantly cheaper for it to work effectively—you will never have a stable steel industry. I think that that is fully understood.

In terms of making British Steel a strategic industry, if you look at the volatility of price and supply, conflict and all the other factors, you have what you would classically call, in economic terms—this is a lad from Lincolnshire and the son of a steelworker here—an imperfect market. All this will work only if you have a stable plan to ensure that you can invest effectively in steel plant and make it effective, and only if you say that this is a strategic industry and make sure steel is a critical part of your infrastructure going forward.

Remember that you are not investing in a diminishing market here; you are investing in a growth market. We provide a very small proportion of

our country's steel usage. Look at the other factors across the world. If you leave yourselves vulnerable to them—

**Q16 Rupert Lowe:** I understand all that, and I totally buy into the strategic importance, but the oxymoron I cannot get my mind around is that, on the one hand, we are bailing out an industry, and, on the other hand, we are killing—

**Chair:** Rupert, I think we have the basis of the question. We must let people answer.

**Rob Waltham:** You do not get to do one without the other; you have to create a stable industry to make sure that it can do all the things you need it to do—

**Q17 Rupert Lowe:** You cannot do that with high energy prices.

**Chair:** Order.

**Rob Waltham:** But you have to do it at the same time, to enable you to transition. I can assure you that nobody advocates for good, cleaner and greener energy that works effectively more than me. Do I think that solar panels—this is another point, Chair, so forgive me—should be on fields? Of course I don't. But we lack cheap energy that will enable that plant to work effectively. That is a significant barrier.

I would argue that some of the Government's policies around energy are fundamentally flawed when applied to the steel—

**Rupert Lowe:** That is the answer I wanted.

**Rob Waltham:** And I will happily give you those. But you cannot do it in isolation; you have to work those things through together, and you will then have a viable business plan that means we are meeting market expectations, are competitive with the world and, more importantly, have certainty over the steel we will need and use. At the same time, we keep jobs in the local economy.

**Rupert Lowe:** But meanwhile—

**Q18 Chair:** No, no. Paul, did you want to come in?

**Paul McKenna:** You mentioned steel being made in China and so on. We cannot sit here and dictate that; we have to look at what is happening here. British Steel is part of different companies in the UK and is part of a supply chain that is going to make valuable products and infrastructure for this country to make it secure—plate mills and everything that we need to look at—so it goes across the board. In terms of what is happening in Port Talbot and how the unions reacted to Port Talbot, with the furnaces going down, it was a bit too early, and we should maybe have stood back and watched what was happening. There is a transitioning happening there, and we are supporting that transition.

Regarding what is happening in the UK, we have to look at the bigger picture; there are steel companies that are producing steel with furnaces



## HOUSE OF COMMONS

here, but the bigger picture is how we can get to that aim. I understand the question, and I think you are maybe trying to get us to say that there is no plan for British Steel in this country. There is a plan; there is a plan to secure those jobs. In terms of that bigger picture, the average person within those plants really is not interested; it is about what is going on the table for his kids that night or the mortgage for the house. That is what they are interested in at the minute, and that is what we are trying to protect as trade unionists.

In terms of the bigger picture regarding the issues around energy, of course we have told the Government that energy needs to be reduced. Why wouldn't we? It is too high; everybody can see that. But we can only deal with what is in front of us, and we are trying to do that step by step by working with these companies. I was up at the Hartlepool 42-inch pipe mill the other week. A transition has happened there, with a company coming in and giving a future and stability to those people that were laid off for months and months. They are back at work now, and that is fantastic for the area and the local economy. We need to see that bigger picture, not just narrow it down.

**Q19 Rupert Lowe:** The taxpayer is funding it. It is not a viable industry at the moment.

**Paul McKenna:** We understand that, but the plan would make it viable. Economists have already said that, within the steel industry in the UK, we have a viable business that can succeed. Yes, we may need that little lift up, and that comes from the taxpayer. We understand that money is valuable to taxpayers—we are all part of that—but for me, that is money well spent.

**Rupert Lowe:** Finally—

**Q20 Chair:** Hang on, Rupert. Linda and Charlotte, would you like to have a go at this?

**Linda McCulloch:** As far as energy costs are concerned, my union has openly campaigned on high energy costs, and particularly what has been happening in the North sea—I am not going to sit here and deny that. We have been actively campaigning because we have workers in the North sea, in oil refineries and so on. A lot more has to be done around Government energy policy, because every one of us sitting here represents members in industries that are highly energy-intensive, which makes them really uncompetitive.

**Q21 Chair:** It does not matter whether it is cement or aluminium or whatever.

**Linda McCulloch:** Exactly—or glass.

**Charlotte Brumpton-Childs:** Just to finish off, the issue in the steel industry and energy crisis is not gas; it is electricity. At Scunthorpe, they burn blast furnace gas. They do not have a natural gas connection. That was part of the issue we had with closing the blast furnaces. It is the electricity prices that are the issue there. Projects like Hinkley Point C, Sizewell C and the new nuclear projects that have been announced will



## HOUSE OF COMMONS

help reduce those energy prices. There is more to do, and there is certainly more support required for the North sea oil workers. GMB campaign alongside Unite incredibly seriously around those things.

**Chair:** We will come on in a minute—Rupert, you may want to take part in that discussion—to what you think the next steps should be. But for now, I call Clive Betts.

Q22 **Mr Betts:** Some of us might ask the question—whether you want to answer it or not—about the cheapest form of electricity in this country, which is renewables by a long way. The problem is that the electricity pricing system does not reflect that properly. It reflects the expensive price of gas, and that is one of the fundamental problems. Of course, China is currently developing more renewables than anywhere else in the world.

**Rupert Lowe:** They are burning more coal as well.

**Mr Betts:** Okay, we can look at the progress on that one, but to come back to what we are dealing with here and now, is nationalisation going to be a major step forward? Has it got benefits, or can you see any downsides in it at all from the point of view of your employees?

**Charlotte Brumpton-Childs:** I think that the transition for Scunthorpe is a difficult one. If you look to Port Talbot and what is currently happening for Tata Steel—the challenges they are facing in maintaining their business while they are not producing virgin steel to transition to decarbonised steel—you see what happens when there is a pot of money that is not big enough and a plan that is dependent on a too small pot, rather than thinking, “What do we need? Okay, where do we get the money from?” and then moving that way.

I believe there is a bright future for the Scunthorpe steel industry. We spent a considerable amount of time looking at the different decarbonisation options before the Government intervention. The complicated question around ownership has meant that we have paused those discussions while the ownership question is resolved. I understand there is legislation going through Parliament that will hopefully give us an answer to that. Fundamentally, the options that we had in front of us when we started those conversations with Jingye are the options that we need to explore. The key message from the trade unions and our members is: do it with them, not to them; do it for them, not against them; and ensure that a transition protects our jobs and communities. I want my children to have the option to go and work on the steelworks when they are at the right age to go and do that. I am sure my colleagues feel the same way.

If you look at the Government’s steel strategy, there is absolutely space for growth, there is space to improve our domestic usage of UK steel. Some of the tariffs that are being introduced in July will help to stimulate some of that growth. They are not perfect, by the way, Chair, and there is work to be done on those to make sure we do not stifle other areas of the



## HOUSE OF COMMONS

steel industry. But the steel strategy is the first one I have seen in the industry for a long time—I know I look incredibly young, but I started working in the steel industry when I was 16, so I have been around it a while now—that has practical steps that the Government and the industry are going to take to make the industry viable moving forward. It encompasses things like energy prices and procurement, and it is about ensuring that we grow market share, not manage decline.

**Linda McCulloch:** Obviously, the Government see the steel industry as part of national security. We have to have sovereign capability to be able to make our own steel. As the forecast for steel goes up, that becomes more and more important.

We know that, at Scunthorpe, we will probably transition eventually to green steel, but we also want that to be a workers' transition; we do not want to see anybody left behind. When I look at what happened at Port Talbot, all of a sudden the blast furnaces were closed and we had massive redundancies. That is not the right way to handle a transition.

As Charlotte indicated, we had a few plans on the table that we were looking at. We did not get that option when we met Jingye in March last year, because they more or less told us that they were intending to stop iron production and shut the furnaces down, and that is when panic mode started. So it would be good to get back round the table and start having those discussions and having a proper transition for Scunthorpe going forward, because we want to see steel there for the next 50 years.

Q23 **Mr Betts:** Sorry, did you say, "get back round the table"? I thought you would have been round the table for the last few months looking at these issues.

**Linda McCulloch:** Obviously, we have been having discussions with the company, but we need to have discussions with Government Ministers.

Q24 **Mr Betts:** Haven't those discussions been happening for the last few months?

**Linda McCulloch:** Charlotte sits on the Steel Council, so maybe she is better placed to answer that.

**Charlotte Brumpton-Childs:** We meet the company regularly. We also meet Chris McDonald, the Minister responsible, at regular intervals. To be frank, the conversations about the long-term future of Scunthorpe cannot be had until we do not have a silent owner sat in the background. We are in such a strange scenario at the minute, where the Government are paying for it and running the day-to-day operations. But if the ambition of the Government—this is not necessarily the GMB's view—is to find a private equity partner or owner, they cannot make decisions that would commit an owner down a certain path. We need Jingye out of the way, because there is a moral argument about whether you are committing an owner to something that they do not have a say in, so that we can then make those long-term plans.



## HOUSE OF COMMONS

We have short to medium-term plans. There is no concern from the trade unions or workforce in terms of the viability of Scunthorpe. There is an understanding and acknowledgment from our members that we will have that conversation about decarbonisation. The options that we had put in front of us, and perhaps some of the options that the trade union proposed back to the company, will be back on the table as soon as that ownership conversation has been resolved.

**Q25 Mr Betts:** Getting the ownership resolved and then looking at the future—with private capital maybe coming in, or maybe not—are the sorts of options you want to be part of the discussions.

**Charlotte Brumpton-Childs:** Yes, of course.

**Rob Waltham:** Could I come in on that point? The challenge we have is that the Treasury are watching the budget fall down on this day by day because of the costs of subsidising—I actually agree with the point that was made earlier. My worry is that they will go into a turnaround space. The industry needs investment to catch them up and to make them competitive, which I think everyone would accept. If you make yourself really competitive, you have a fighting chance. That could come from some UK-owned private sector investment, as much as it should be Government, but again, there has to be some transparency in the space around that.

What I would not want to do in this transitionary time is bring in somebody who tells you that you turn around a business by stopping doing a whole range of stuff, because if we were to stop making steel as part of our transition, all our customers would disappear. Can you imagine stopping selling a product and assuming all your market would stay and wait for you to get your new processes and product up and running? It would be a folly, but a purely accounting economic model might say, “Well, while we are doing that, can we stop doing this?” We need to be really transparent about the way we do this.

Taxpayers’ money aside—I promise you that everybody who lives in the community and all the workers are very conscious of the fact that they are supported by taxpayers’ money, and nobody is sat there saying we are at a folly—fundamentally, if we accept that we need to keep strategic capability around steelmaking for the sake of our nation and for steel security, we will not be able to do that without a stimulus. You either let the industry fail and then spend years trying to recover the community, and trying to help people who are out of work and workers’ families, or you spend it now to invest effectively. I think that was the previous Government’s plan as well; I was sat here with Nus Ghani and Andrea Leadsom having those conversations. This has been a long-understood premise, but fundamentally you have to invest in this industry. If it is strategic, and if it matters to you, you have to do it.

Let’s look at the projections for steelmaking and demand. We currently produce about 3 million tonnes and consume 9 million tonnes. We are likely to need 14 million tonnes to keep our economy growing, with its



data centres or whatever else is needed—just general infrastructure. If you do not have capacity for that, you are stuck with the world market. They will sell you the quality they have, at the price they demand and at the time they will permit. That is why this is a strategic industry, and we cannot afford to leave ourselves purely at the whim of the market. Of course there are considerations to make this business profitable. It needs to be profitable, or it will not be viable for the long run.

**Chair:** Thank you very much for that. That is a very helpful *raison d'être* for keeping the plant open.

**Q26 Tristan Osborne:** I have two questions, one of which follows on from what you just said. The subsidy at the moment is £1.3 million a day. The Government have looked at alternative models—for instance, private equity investment very similar to Sizewell C, which has 49% private equity support. Do the unions have any comments on how this nationalised model might look? I fully appreciate that there are conversations with Jingye going on at the moment. Have you been able to feed back into those?

My second question is on the liabilities. Obviously, if nationalisation happens, there are pensions, debts and liabilities. Have there been any conversations on that? Lastly, what footprint do you expect going forward? With the investment, the sector might require a smaller headcount or new ways of thinking. Is that something you would be willing to have a conversation about, and has it been discussed?

**Paul McKenna:** On the first point about private investment, it is no secret that the Government have always said there would be private investors and things like that going forward. There is a public interest test regarding the future of the plant—the plans, the strategy, the product and so on—so we would always say that there is the possibility of private investment in those things.

My only concern—I am speaking for myself and not for the rest—is that we have been burned so many times by people coming in with false promises. That is the way it goes, but we need to be answering those questions and we need to put those questions forward if that will allay fears on that site or any site, because there is a lot going on in the steel industry in the UK.

On the footprint and how the site works, we would hope that the headcount would be increasing due to tonnages increasing, furnaces getting ramped up and apprentices being brought, as is happening. It is all part of everything, step by step, as you have laid out there. Those questions probably can't all be answered directly at the moment, but they have certainly been raised about how that can look going forward.

As Charlotte says, we speak to the company regularly and we put questions to the company, because our members are continually contacting us and our reps on the sites about what is happening and what the next steps are. We have to try to have those answers for them, but we are not just going to tell our members anything to get them off our backs;

we want facts and figures so that they have some security and some future going forward. That is what we are all about.

**Linda McCulloch:** To add to what Paul said, we have obviously been here before with private equity firms investing, or under-investing, in steel. Quite frankly, what has happened in the steel industry has left quite a bad taste in my mouth—all across the steel industry, but particularly at Scunthorpe. We had Greybull, which went into administration, followed by Jingye, which did not invest—it might have invested in the site, but it certainly did not invest in infrastructure: if you go up and actually look at the site, parts of it are quite derelict and parts are quite dangerous.

Obviously, if it came to any private investment, I would still like to see the Government maintaining some kind of stake. I do not think that we can be left to the mercy of private equity firms, because the steel industry is a strategic industry in the UK and we must maintain that going forward. Private equity money coming in is great, but I still think the Government must maintain a stake.

**Charlotte Brumpton-Childs:** The GMB's policy is really clear: we believe that the steel industry should be nationalised. We have worked with Greybull, Liberty, Tata and all those iterations over the last couple of decades. Even in the example of Tata, which prides itself on being a business that respects and works with the communities it operates in, you look at Port Talbot and that is where the bottom line is.

There comes a point where they get to choose between shareholder profit and working-class communities, and that side never, ever wins. That is why we believe that the Government should wholly nationalise it—but at the very least they need to maintain a stake in it, because such a foundational, cornerstone industry for our country should not be left at the mercy of shareholder profits. I know that that is expensive, but that is how I want my taxpayer money spent: protecting the communities that we live in and their jobs.

**Q27 Tristan Osborne:** Can we come back to the question I asked about liabilities? From your members' perspective, pensions and other issues might be attributed to any transfer. Are you making representations on those? Have you had any feedback on that?

**Charlotte Brumpton-Childs:** We have started conversations with the business about what a transfer to a wholly nationalised steel industry would look like. They are obviously subject to consultation, and I am genuinely not sure how much of that is confidential or not.

Our members are not expecting to see any significant change to any of their terms and conditions with this transfer from Jingye, but I will say that, in 2019 when Jingye took over after the insolvency, it absolutely raided our terms and conditions. Our members work longer hours with fewer shift premiums, less overtime pay and worse pensions. We have done some work on pensions in our recent pay negotiations, but if you think about the terms and conditions that Rob's dad worked under, or

even the pension that I started off with, those do not exist any more. The things that people would attribute to the historical steel industry, like seeing people retire in their mid-to-late 50s and enjoy a retirement, are just not the reality for steelworkers today as it used to be.

**Paul McKenna:** On that point, you are asking us the question but, for us, that is a question that we should be asking regarding protection, in the nationalisation or whatever way it goes forward, of terms and conditions and pensions under any TUPE rules. That is the same question that we want answered. We are having those dialogues, but obviously that will be part of the plan that will be decided as to what is happening going forward.

**Chair:** Thank you all very much. We need to speed up, otherwise our next witnesses will be waiting a long time.

Q28 **Sarah Green:** I will try to be pithy. Councillor Waltham, how well do you feel that the Government's new steel strategy covers the needs of those areas that are home to steelworks?

**Rob Waltham:** It certainly recognises the strategic importance of steelmaking, which I think has significant weight. There are lots of factors that create a sustainable business: the stakeholders, the suppliers. Some of those have been burnt in the past, in various iterations. We saw local businesses nearly go out of business; they didn't know whether to keep investing in the current operations—including a local construction firm that put up the steel to create a new shed that was going to be part of steelmaking operations.

It is critical to recognise that steel is a strategic industry, and clearly the strategy does that. My concern is the fact that it is a reducing balance of investment. My challenge—almost answering a bit of the last question—is that we started with £5 billion; that is now £2.5 billion, for all sorts of different reasons. At some point, that becomes a negative balance, and British Steel in Scunthorpe becomes a problem for the Treasury, rather than what we have all narrated to you today, which is a great opportunity to stop bringing in steel from other markets that are already provided with a stimulus.

My worry is that the strategy sets a pot of money that may not be enough to create a viable steel industry. By any measure, the public, taxpayers and many other institutions may look at it and think, "Well, I am not sure this is an investment we need," and we do not need that level of criticism now; we need to get behind investment in steelmaking, so we can genuinely be competitive in world markets and also supply some of those opportunities that 14 million tonnes of steel would bring.

Q29 **Sarah Green:** Is any additional Government investment urgently needed to support the steel sector in your community?

**Rob Waltham:** There are two elements to that. It is not always about investment; sometimes it is about permissions. It is about thinking about how, locally, we could work more effectively. There are 300-plus acres of



## HOUSE OF COMMONS

site there, which I think Linda started to talk about. There could actually be a whole range of other businesses within a cluster around steelmaking, which could start to see us grow the economy using our strategic capability around steelmaking.

Yes, it is about investment to make sure that, whatever the future of steelmaking looks like, it is properly resourced and the investment is in place, but, at the same time, we have to keep making steel because, if we don't, our customers go, nobody resets and, frankly, we lose a load of jobs in the meantime.

The issue is also about creating an environment, which we are working really closely on. We have an executive board, which I chair, with the Members of Parliament—very much connected into Government—feeding in what we think the future of the site should look like.

We could build that cluster of advanced manufacturing, and start to put around profitable businesses that would all benefit from a really productive steelmaking plant. That would then enable us to add more jobs to the economy, rather than looking at a diminishing pot of jobs in an industry that we do not want to see fail.

I think it is both, really. It is the permission to enable us to get on with supporting the development that is needed to make the site effective. It is a strategic employment site of 300 acres. They have done great work on this up at Teesside—they used it—and that is what we need; we need those powers and that permission to be able to get on with delivering that as the local council, as much as we need the investment.

**Q30 Matt Turmaine:** I would like to address Charlotte, Paul and Linda, if I may. How well does the Department's new steel strategy address the needs of steelworkers?

**Linda McCulloch:** I think it has covered the immediate needs of steelworkers, and a lot of what was in the Government's strategy has already been done. We would like to see some more meat put on the bones, maybe in a second strategy, maybe around hydrogen and a DRI plant being introduced over a period of time, because obviously that would cut down on emissions and transition us into low-carbon steelmaking.

Overall, the strategy was there, but at this moment a lot of what is in it has already been done. Obviously, we have concerns because, while the Government receiver is engaging with interested parties for Liberty Steel, we would like to see a positive outcome. We are still a bit away from that.

**Paul McKenna:** Regarding the strategy, there is a commitment to increasing from 30% to 50%, which would be an immediate increase in value for our members. The strategy covers many aspects. However, looking at going forward with decarbonisation and future electric arc furnaces and so on, there must be a strategy regarding the scrap that goes into those furnaces for those products, because there are different grades and products that come out of the furnace and go on to the market.



## HOUSE OF COMMONS

It is good that part of it is to set up a committee to look at that, because if we are transitioning to electric arc, how much scrap will we need? All that needs to be taken into account and would affect members' outcomes if we are all struggling for the same materials to put in. We must have a plan for that—that is key.

**Q31 Matt Turmaine:** Do you see that transition to electric arc as being beneficial to the workforce?

**Paul McKenna:** Yes, as long as we take lessons from other transitions and how they were done. It has been mentioned earlier that, when you cut something off, there is nothing for people to do. The only thing we can do is put those people out of jobs. That is not what we want to do. We want to ensure we get to that transition and that it is done sensibly. We will work with those companies and businesses. If it is the Government, we will work with them and the local managers.

We want to ensure that the steel industry is there for this country going forward. It is key to supplying our industries, military and security of this country. As I mentioned, we have got the Dalzell plate mill up in Scotland, which needs investment. It is there. It has got orders. We are talking about looking at a new plate mill somewhere in the UK—well, we have got one in Scotland. Let's use it and get steel into it.

I may sound frustrated because I am: people are sitting at home now when they could be making valuable products for this country. They cannot get supply. It is shocking.

**Q32 Matt Turmaine:** Are there areas that you think the Government should be prioritising in their investment to address the immediate risks that the industry is facing?

**Paul McKenna:** Regarding the immediate risks, there is investment that has not happened over a period. Blast furnaces are big and they need a lot of maintenance; there have been issues in the past, so they probably need to be looked at straight away. We have spoken to the business about the rail lines and so on. They all take time and money, but for the business going forward it is a necessity. It is something that we must jointly work around and ensure that money is available for the rail lines and other things that are much needed.

**Charlotte Brumpton-Childs:** On the steel strategy, as I said at the beginning, I sit on the Steel Council and was a small part of the team that put that together. If you ask the GMB, it says that the steel industry needs five times as much money and 10 times as much time to be able to turn it around. We are never going to say that we have done enough because more can always be done.

I am incredibly proud of the work that we did on that council. Sarah Jones MP, when steel was in her remit, did an incredible job advocating on behalf of our industry. We sat in the first Steel Council meeting with six or seven different steel companies, all with different priorities and pressures bearing



down on them. What the Department did incredibly well was find the common ground.

Do not forget that, once upon a time, they were all the same company: it used to be British Steel when it was nationalised. We would make slabs up in Scunthorpe and send them down to Port Talbot to be rolled through the mill. It was all very homogeneous. Those things still happen, but everyone is adding a bit on top as it goes around, which creates an economy that makes the steel more expensive.

Yes, there is more to do. There is stuff outside of the Department's control. We talk a little bit about energy policy, and that has to feed into what we do here. We talk to the Treasury about the procurement rules, and we talk to DESNZ about the emissions trading scheme. All that has to feed into a strategy to ensure that the steel industry is maintained, but what we have in the steel strategy now that we have not had in the past is a plan for growth. Where we have been managing decline and managing how we mitigate these losses, we are now saying, "What do we need to grow?"

If we are saying that we will be investing in defence, we should be making the plate that goes into the warships that we are building unequivocally in Scunthorpe or Dalzell. If we will be investing in offshore wind, we should be onshoring the manufacturing capability for those energy infrastructure projects so that our members and our workforce realise the benefits of that transition. There is no point offshoring the jobs and the carbon responsibilities and not reaping the rewards of the huge investment that is currently being made.

**Matt Turmaine:** There is a real potential and possibility there if we get it right, so hooray for strategies.

**Charlotte Brumpton-Childs:** The thing that the strategy did that we have not done before is go, "Okay, we don't have the capability to do this right now. Where's that gap and how do we meet it so that we have the capability moving forward?" We are not just accepting that we cannot do it now, so we will not do it.

**Rob Waltham:** The problem is that the rest of the world is also doing this, and we do not want to be too late. Our big risk is that competitors—other nations—are all investing in this stuff, and they will get the market by the time we have created it; then we will have missed the boat and built up capacity for which there is no market anyway. That is a big risk, but there is all the more reason to make sure that we have a business plan locally that works for Scunthorpe, which is clearly the essence behind the debate that we are having today.

Q33 **Chair:** I would like to challenge you: how are you going to get from A to B? Is the future for Scunthorpe electric arc furnaces? If so, how do you get from blast to electric arc furnaces? Do you keep the blast furnaces going as long as they possibly can until the electric arc furnaces are built? That is bearing in mind that we know that there are health and safety issues—



there have been outages and stoppages because the existing blast furnaces have not been maintained properly or been relined in the last 20 years. How do we get from A to B?

**Charlotte Brumpton-Childs:** That is an interesting question, Chair, because the trade union has already put together a plan for Jingye when they said that they were going to close the blast furnaces. The answer is all those things.

Yes, we should maintain blast furnace operations; as Councillor Waltham said, if we do not then we stop manufacturing in Scunthorpe while we are building our arc furnace. I am sure that we are all acutely aware of the challenges that the national grid has at the minute with the connections. We do not want delays outside of steelmakers' control challenging the economic viability of that transition.

Linda already mentioned that new technology is becoming available all the time. A direct reduced iron, or DRI, plant is a good alternative to blast-furnace steel longer term. It also creates jobs—not as many jobs as blast furnaces, by the way. There is an opportunity in Scunthorpe specifically to have a DRI plant with hydrogen capability, when hydrogen is manufactured at the scale needed to power it. In the meantime, it could be operated with natural gas to manage that transition and feed an electric arc furnace. That means that we would be able to make the high-grade steel that we currently have, to meet our national security requirements and build an electric arc furnace plant.

If there were a tagline for what the trade union plan is for decarbonising Scunthorpe, it would be “a managed transition”. We do not need to do it all right now; we need to do it at the correct pace. We have an ageing workforce in Scunthorpe. We have the opportunity to take advantage of that natural attrition so that we are not putting people on the job heap, but allowing people to see out their career, while also creating new opportunities.

As Paul said, we have more than enough demand to create another plate mill, and we should be doing that—we need £100 million to be able to do it. We need to build a DRI plant. We do not need a DRI plant for each steel manufacturer, but if we had one that had a hot connect in Scunthorpe, and had Liberty and Tata as customers, that would create viability for the site. The 300 acres that are currently unused could be redeveloped into a brownfield site for an energy infrastructure park for advanced manufacturing. It is about reinvigorating; we have the skills and capabilities. I am so proud of where I live and the capability that we have there, and we absolutely have an optimistic vision of what that looks like.

- Q34 **Chair:** Two fundamental questions arise from all that. Is there a time incentive in this? I mentioned the health and safety incidents caused by the lack of investment in the blast furnaces, and there have been outages. Is there a problem such that there could be a serious incident and you would have to close the blast furnaces, or one of them?



## HOUSE OF COMMONS

**Charlotte Brumpton-Childs:** Those health and safety issues became incredibly serious and immediate when Jingye was still in control, because it was deliberately choosing not to invest in the infrastructure needed to make those things safe. In every single meeting we have with Allan Bell as the CEO, along with Government Ministers at the appropriate time, the first thing we talk about is health and safety, but I am not worried about my members and friends going to work in the same way that I was then.

Look, it is a dangerous place to work. I lost a colleague when I worked there. People should not go to work and not come home. The immediate concerns, if you remember the debate around closing the coke ovens in Port Talbot, were about the fact that they were falling down and it was not safe for people to be there. We are not in that position in Scunthorpe. Yes, more investment needs to be made, but there is not an immediate and imminent danger for our members going to work beyond what there usually is for someone who works in a top-tier COMAH site.

Q35 **Chair:** Linda, you covered the workforce union arrangements at Port Talbot and the fact that they are converting to electric arc furnaces, which need fewer employees. Is there an acceptance at Scunthorpe that if you do convert to electric arc furnaces, there will need to be some reduction in employees, or is that not necessary?

**Linda McCulloch:** I think there is acceptance there that when you transition to electric arc, you do not need as many people as you do when you run blast furnaces, but it is about how that transition is managed. Charlotte has already covered that, including natural attrition and various other things. It is also about reskilling people, because if you have been in a job for a certain period of time—years, if you have been in the steelworks—it is maybe about upskilling people. We want to make sure that when we do it, we do it properly and in a sensible manner, and that we transition at pace.

Q36 **Mr Betts:** I appreciate that time is running on, but this is a fascinating discussion. I thank you for giving us your views and your hope for the future, as much as anything else. What lessons can DBT learn from the intervention in British Steel? It has been going on for an awful long time, it seems, with discussions, working parties and ideas. Are there lessons to be learned about how to do interventions better, maybe in the rest of the steel industry or elsewhere?

**Charlotte Brumpton-Childs:** It is a huge thing for the Government to take the keys off a private company and say, “We are going to run this now.” I believe that should be a last resort. With that comes a certain amount of brinkmanship from the owners. I believe that Johnny Reynolds had to get to a point where there was no other option, and I think he got there. We were clear in the couple of days leading up to the decision to intervene that Jingye was about to close our steelworks. We worked really closely with the UK management team and with DBT to make sure that message was received by the Treasury, the Prime Minister and the Secretary of State so that the intervention was made.



## HOUSE OF COMMONS

My wish was that nationalisation would come a couple of weeks later. The emergency legislation had to be written in the way that it was, because it needed to go through the House in the way that it did. I think that the way it was written made it palatable for parties of all colours to be able to vote and say, "Yes, this is what we need to do."

I have also had the unfortunate experience of negotiating with Jingye, so I understand the challenges that the Government have had. As I am sure you saw in your planning committees, Rob, we had iterations 16, 17 and 18 of what decarbonising Scunthorpe looked like over a period of about six months. You think you get to a certain point with Jingye, and then there is a complete about-turn and no acknowledgment that that is what is going on, and then we are on a completely different path.

The lesson should be that industries of strategic national importance should not be left at the mercy of private equity, because that is what happens. If the Government had a stake and were able to make those decisions without having to pass legislation, I am sure they could have done that in a much more managed way. We should not have been tracking ships bringing iron ore into Immingham and asking, "Where are they? Have they stopped? Have they turned around? Are we going to get it in time?"

**Linda McCulloch:** "Have they paid for it?"

**Chair:** It was touch and go.

**Charlotte Brumpton-Childs:** Yes. I think the lesson is that there should be a model like Sizewell C, where they have an equity stake and a real, big say in some of the negotiations we have about the terms and conditions and what they are going to look like there. Being at the table at the right point is crucial.

**Rob Waltham:** There are private businesses seeking to work in a relationship with the Government going forward. They are knocking on my door, and I am sure the union's door and the Government's door. They see this as a potential model for working differently to reduce the subsidy that the taxpayer is paying. They are very focused on this. There are great models across the world with the workers at the heart of the relationship.

We have to accept that this is an industry that will require some level of intervention; whether it is the right policy to encourage procurement in the round or in the best way, it will need that for some time. Apart from anything else, there is scope to grow the economy in north Lincolnshire by using that site effectively in future. Once this ownership thing is out of the way—it has been frustrating for us all—there will be no excuse for anybody not to get on with the job that we need to do to make sure that we have a sustainable steel industry.

I would add that we have lots of steel sellers in our area, because they have located themselves appropriately next to British Steel. They are all saying—this is the market saying—that, "Actually, British Steel has to start



## HOUSE OF COMMONS

producing cleaner steel.” They are saying that because we are missing out on things now. This is global; the States did it years ago.

There are some fascinating models of how the state has built a relationship with steelmaking, and we have to be very aware of that, but we cannot afford to keep missing markets. Apart from anything else, if that opportunity is forgone, it will be lost forever and we will lose something that is critical for our area—I am here to pitch for north Lincolnshire; you should be under no illusions—but it will also be the death knell of steelmaking, and we will be dependent on the rest of the world. It is a folly, isn’t it, if we think about the things that we were so proud of making in this country—my dad told me from when I was so big that it was important for us to keep on making steel in our country—to surrender those things to China or the other developed nations that have this understanding.

We cannot be purists about this. If you asked me whether I would prefer us to operate purely on a capitalist model, I would have to say that that would be my agenda. But you cannot be a purist when you talk about steelmaking; you have to understand that it is a strategic capability that is critical for the nation.

I cannot see any Government for a long time, whoever they are, saying that they would just be able to walk away from steelmaking in Scunthorpe. If you did, you would seal in what happens when communities are failed for generations—generations of families who have lost their livelihoods. You would end up spending money on them, but out of failure; you would be paying for them not to work, which in itself would be soul destroying. That is not an effective social policy from anybody’s perspective.

**Q37 Chair:** You almost got there, Rob. I have a final question before we finish. This may be crystal ball gazing, but with all your knowledge, how long do you think it will take to get from A to B? In reality, how long do you think it will take to go from blast furnaces to electric arc furnaces—the full transition, whatever that is?

**Paul McKenna:** You are asking who has the crystal ball here. One thing we have to do is make sure that we learn from what happened in south Wales about supporting people. When that happened, Community opened the hub in Port Talbot, which is still there, and many of our members went through there for further education, to get support and to look for other work. We need to ensure that—this is a cry, really—through those processes, we are part of everything that is happening and that people listen to us. We are the ones who know our members, and know what they want and what they need.

**Q38 Chair:** What is going through my mind is that a lot of taxpayer money is going in at the moment, and we want to get to a situation where it is sustainable, and hopefully profitable. Roughly how long has it taken in Port Talbot? They are still not fully in operation yet, are they?



**Paul McKenna:** It is still not. There are obviously difficulties with the grid and so on. We would say that to get those furnaces up and running, the product through and the procurement in is a complete circle, because that procurement will add value to the taxpayer, who put the money in, so it will come back.

On the timescales, yes, we need to make sure that we and the company are working to them, and that everything is transparent. As a tripartite group, we will sit and speak about making sure that the timelines are followed, because, as I say, we need to take lessons from what has happened at other places, to ensure that we learn from them and are not just blundering about.

Q39 **Chair:** So it is an impossible question to answer?

**Paul McKenna:** I don't think it's impossible—

**Linda McCulloch:** If you look at Port Talbot, for example, that has been put back a year because of grid connections. A lot of stuff has to be done about the infrastructure first, because the grid is not equipped to take that. If you were looking at that type of scenario and for that to apply at Scunthorpe, you would be looking about, maybe, three to five years, and that is being optimistic.

**Charlotte Brumpton-Childs:** It depends on the process that you decide to go through, because if you want to maintain steelmaking while you transition, which we believe is the only way to safeguard jobs, it takes longer, because there are more logistics to consider. You have to keep people safe while you are making steel and building new infrastructure projects.

The steel industry has long been a victim of short-term thinking, whether that is Government policy that thinks about electoral cycles rather than business cycles, energy prices and procurement, or investors and owners who are looking to come in, make money and leave, so I would urge the Government and Westminster more broadly to think about the long-term benefits of thinking beyond the next election and about what is needed. It could be a decade before we are making steel with electric arc furnaces in Scunthorpe, but if it takes that long to do it right—to safeguard those jobs, to make the right investments—and to stimulate the growth in the area needed to offset the jobs that will be lost through that process by creating new opportunities ancillary to it, then that is the right thing to do.

**Chair:** Rob, do you want to add anything briefly?

**Rob Waltham:** My fear is that it will be five years, but it needs to happen in three. I get the point about short-termism, but I have to say that Allan Bell and Lisa Coulson, who are managing the site, are very aware of that. They are working closely with the Government, and they are doing a great job, but my genuine fear about keeping the momentum and the will that is needed is that we will end up with people playing politics, talking about the subsidy cost today and that sort of stuff, rather than the rest, so I think it has to happen in three years, otherwise the goodwill will be lost.

**Chair:** I thank you all very much. It has been a really interesting session. You have given us the benefit of all your knowledge. An uncorrected version of the transcript will be available in the next few days, if anything you have said is materially wrong. We will study your evidence carefully and we will produce a report, I suspect with some recommendations, which the Government will look at and, I hope, accept. If any of you wish to stay for the next session, if you have the time and think you might be of benefit, you are more than welcome to do so. Otherwise, I thank you again very much indeed. We have appreciated your time.

### Examination of witnesses

Witnesses: Amanda Brooks CBE, David Bickerton, Neil Johnson and Lorna Gratton.

Q40 **Chair:** Welcome back to the Public Accounts Committee on Monday 22 June 2026. We now move to our second panel. We have just heard from an excellent panel of witnesses about the challenges facing the steel industry. The NAO's Report on this subject found that the Department for Business and Trade had moved quickly last April to prevent the closure of Scunthorpe's blast furnaces and to avoid the potential economic shock, as we have just heard, if steelmaking ceased at the site. However, the Report found that the intervention had "no clear end date" or "exit strategy", with British Steel losing £1.4 million a day. Last week, DBT announced that, as of 18 June, £555 million had been supplied to British Steel. So today we will be looking to challenge DBT on its preparedness for its intervention in British Steel and to establish what lessons the Department can learn from this. We will also be examining the total cost of the intervention and the wider impact, as well as the future of British Steel and the possible nationalisation, and considering the implications of the new steel strategy for the wider steel sector.

Could we please ask all of you to introduce yourselves, starting with you, Amanda? Could you say who you are and what you do, please?

**Amanda Brooks:** Thank you very much for the invitation, Chair. My name is Amanda Brooks. I am the interim permanent secretary of the Department for Business and Trade—a position I took up at the start of April.

**David Bickerton:** I am David Bickerton, the chief strategic business adviser to the Department, and the senior responsible officer for the steel sector and British Steel.

**Neil Johnson:** I am Neil Johnson, the director for materials. Steel is one of the materials that fall within my brief.

**Lorna Gratton:** I am Lorna Gratton. I am a director at UK Government Investments and, for much of the last year, I have been seconded to DBT and working as a site director up at British Steel.

**Amanda Brooks:** Chair, may I say this? If you know the steel programme well enough, you will see that Eoin Parker is not with us today. He is the

director who has been responsible for steel transactions as part of our wider steel programme. Unfortunately, he is on leave this week and unable to join us, so we will do our best to cover his areas as well.

**Chair:** I have no doubt that, with the galaxy of talent around you, you will do a very good job.

**Amanda Brooks:** Fingers crossed!

Q41 **Mr Betts:** As I indicated outside, you will have a hard job to do to match what the unions and the council leader gave us earlier—their clarity of purpose on this matter. There hasn't always been clarity of purpose from the Department, has there? This went on for quite a long time, with no obvious, clear end result or end game, to achieve what was needed. Eventually, after months of discussions, committees and working parties, there was suddenly emergency legislation and we all came back on a Saturday to rush it through because it was desperately needed. How did we get into that position?

**Amanda Brooks:** The first thing I want to say is a big thank you to the National Audit Office for the work they did in their investigation. I am a new interim permanent secretary, and the Report has been incredibly helpful to me as I have come to this topic fresh and tried to get my head around it.

I also want to reflect on the fact that, obviously, since the Report was published, a number of things have happened. First, the Government published the steel strategy, as you know. As part of that strategy, two things were clear. First, we would take some steel trade measures to deal with the global overcapacity that exists in the steel market. And the Government announced in the King's Speech, and subsequently introduced to the House, the Steel Industry (Nationalisation) Bill. A lot has been happening.

I will ask David in a minute to give you a fuller timeline of how we got here, but the one thing I want to say is that it was very important that we introduced the Bill that we did—what is known as SISMA, the Steel Industry (Special Measures) Act—and it was very kind of Parliament to come and deal with that Bill in such a speedy way. We did not do that lightly. The action needed to be taken urgently, rather than as an emergency—I would say that is something a little different—because we had seen that the situation at British Steel was reaching a critical stage, in terms of the availability of critical raw materials and indeed the intention being signalled by the owner to close the site.

Therefore, we needed to act with pace and urgency, because the situation changed. However, we had been engaged with Jingye, as the owner, for almost two years, prior to that point, over the transition towards decarbonised steel and over the future of the plant. It was a step in that process. David, say some more about those two years that got us to where we are today.



**David Bickerton:** I think that is right. I, too, am very grateful for the NAO Report. The only bit I probably baulked at a little—with apologies, Leena—is that it was an emergency, although I completely understand that recalling Parliament over the weekend gave a sense of emergency.

The thing that is important to me is that, before the special measures Act, we were trying to find a viable future for British Steel in negotiations with Jingye. After the Act, we are still trying to find a viable future for British Steel. Over that very short period, probably between the end of March and 11 or 12 April 2025, it became apparent to us that we were not going to be able to do a transaction with Jingye, which was then the current owner. It is up to Jingye to explain why that is the case, but the Secretary of State concluded that it would no longer be possible to do a deal with it.

We were trying to ensure that we did not have the unmanaged closure of the blast furnaces. In considering any future for British Steel, if that involved closure of the blast furnaces, that closure would have to be carefully managed with a view to money and operational requirements, as well as customer demand. SISMA, the special measures Act, stopped the unmanaged closure of the blast furnaces. However, we are still embarked on the same exercise: how do we find a future for British Steel? How do we establish a viable way for that business to run?

In the immediate aftermath of the special measures Act, we did not take control of the company. We do not own the company. We, or the Secretary of State, have a very specific and relatively limited ability to give instructions in order to keep the blast furnaces running. After the Act, we had no input from Jingye about how to run the company. We asked it several times what it thought, what it would like us to do, and whether it had any suggestions about how the company should be run, and it made none.

As funder of the company, we were required to set up the internal governance and frameworks for spending money—which you will correctly challenge us on—to ensure that we were careful with the money that we were spending. I am sure you will have more detailed questions on that to come. Throughout, we kept in mind our primary goal, which was to find whether there is a viable future for British Steel.

The publication of the steel strategy, which makes clear that electric arc furnaces are likely to be the future, means that we are essentially trying to get into a position where we might find another investor who could come in on the same sort of deal as Jingye.

Q42 **Mr Betts:** Right, I might ask why you were not talking to other potential investors about electric arc before. There has been quite a lot of discussion with Jingye, and it clearly was not really committed for a long time.

**Amanda Brooks:** But it is also the owner. It was the owner then—the decisions were for it, not for us—and it is the owner now. I totally appreciate the point you are making, but it is quite difficult for the Government to intervene when we are not the owner.



## HOUSE OF COMMONS

Q43 **Mr Betts:** It might have been necessary to intervene, but in March 2025, very shortly before we were all called back on a Saturday to rush through a piece of legislation, the Department concluded that there was no value-for-money case for it to intervene.

**David Bickerton:** I think we said it was not affordable, and in that context, we were talking in terms of managing public money, in that we did not have any budget for it.

Q44 **Mr Betts:** Well, that is slightly different from not having a value-for-money case, because I understand that the Department needed a ministerial direction to actually go ahead.

**David Bickerton:** Amanda, do you want to talk about the direction?

**Amanda Brooks:** In making our decisions, the advice from my predecessor to the then Secretary of State was that, given the pace at which we were needing to make decisions, we were unable to complete the full due diligence needed to assess, first, value for money grounds, because we did not have full access to all the relevant information.

The second ground was feasibility. As you know, raw materials had been critically depleted inside British Steel and, bluntly, we simply did not know whether we would be able to source those materials in time to maintain the sustainability. The points on which we sought the ministerial direction, therefore, were value for money and feasibility, because we were unclear whether we could meet those in the time available.

Q45 **Mr Betts:** You are the accounting officer at the end of the day—

**Amanda Brooks:** I am.

**Mr Betts:** Do you not accept that there is, or was, a value-for-money case to make the intervention?

**Amanda Brooks:** At the point at which we made the intervention, we did not have the information to be able to make that judgment.

**David Bickerton:** I believe that an impact assessment earlier this year concluded that there was a net social value.

Q46 **Mr Betts:** That is your position now, is it? You believe it is value for money?

**Amanda Brooks:** It is, but we were referring to the point at which the ministerial direction was sought.

Q47 **Mr Betts:** At the time, there was no attempt to look at the national security implications. Our previous panel, right across the board—the trade unions, the council leader—very strongly argued about the impact not merely on workers, but on the community, and about the national impact of not having a steel industry. That was not an issue, when you looked at it, was it? Why?



## HOUSE OF COMMONS

**David Bickerton:** If I may, one of the reasons—or one of the stated aims of the Secretary of State—for why we introduced the special measures Act was to carry out a national security assessment. That has been carried out, and we keep it under constant review. It is a designated secret, so we cannot talk about it in this forum, but we did share it with the NAO, which reflected that, I believe, in its paper.

Q48 **Mr Betts:** It is difficult to see why we cannot talk about it. It is pretty obvious, isn't it? We have to produce weapons from steel, and a whole range of other industries rely on steel—

**Chair:** I think there are sensitivities here that I can see.

**Amanda Brooks:** The key is that we are making that assessment on national security. Also, the context in which we make that assessment is constantly changing, so it is important that the assessment exists, which it does, but it is also important that it is constantly reviewed to ensure that it reflects the circumstances we are in. I would say that the national security circumstances are much more acute today than they were in 2023, due to the fact that there are now two wars on European borders, when there was only one war at that point.

Q49 **Chair:** That is a fair point. To go back to David, on the intervention itself, did you look at any alternatives, or did you look at them all and conclude that none of them was realistic?

**David Bickerton:** Basically, we looked at five options. Essentially, what happened is that we had been making offers and Jingye had been declining them over a period of time, through different Administrations. Jingye had been signalling to us for a period of time that the operating costs, particularly carbon costs and energy prices, were a big issue. It kept asking us whether we could fund its operating expenditure, which for us was a red line, but of course would become moot if we did do a deal with it, because what it chose to allocate any state funding towards would be up to it.

When we made an offer of £500 million on, I think, 24 or 25 March, Jingye declined it the same day. I think that, the next day, it announced a redundancy consultation. In the days following that, we discovered that it was not taking on board its shipments of raw materials—it was either sending those raw materials off to China or declining to accept them. So what we did was look at five options. Up till that date, the Secretary of State's preference had been to do a deal with Jingye, but we then looked at five options: doing nothing, which is always the first option to look at; whether we could fund Jingye's raw materials for three months, and we engaged with it on that one; whether we could do a consensual purchase; whether we could do a nationalisation; and—I have run out at four—

**Neil Johnson:** The Civil Contingencies Act.

**David Bickerton:** Oh yes—whether we could use existing legislation. We took advice from the Attorney General, and we discovered that we could not use existing legislation. So we engaged with the company to say, "We



## HOUSE OF COMMONS

will pay for a proportion of your raw materials,” because we did not want to get into the situation we ultimately got into.

Eventually, the talks, if you like, broke down. That is the point at which the Secretary of State came to the conclusion—in my view, correctly—that there was no deal to be done, because we had offered to pay for all its raw materials and it was going to take the proceeds of selling its product. We had also asked for restrictions around disposal of assets and repatriation of cash outside this jurisdiction. That was not acceptable to Jingye, so we did, in fact, come to the conclusion that there was no deal to be done.

**Q50 Chair:** The question that was shouting at me as I was reading the NAO Report was, when you took those powers on that Saturday, why did you not include powers to nationalise it? That was over a year ago, and we might be further ahead now if you had taken those powers then. Was it impossible, practically, in the time available to produce a Bill that would include powers, if you wished, to nationalise it then? What was the problem? Did you not think about it then?

**David Bickerton:** We did contemplate nationalisation. We were providing submissions to the Secretary of State and the ministerial team from September or October 2024 about routes to nationalisation. The special measures Act is a temporary provision. The simplest way to end it, of course, would be for the owner to say to us, “Okay, I’m going to run the company properly,” and we would look towards running the blast furnaces on a consistent basis. We felt that, at the pace at which we were doing it—noticing that there had been quite extensive debate about the proposed nationalisation Bill, which I believe is in discussion in the House of Lords at the moment—it was not likely to be acceptable to actually nationalise something.

One of the crucial things for us that we were taking into consideration is that Jingye has spent a lot of money on this site. Unfortunately for Jingye, it has made a very bad business decision, so the company is currently worthless and not investible, but it has spent an awful lot of money. We would be very nervous about nationalising companies willy-nilly, because that would cause concern not just in relation to our relationship with China; it would cause challenges for getting in external investment from other countries. It has been very important to us all along that we treat Jingye with respect and in the way that any other international investor would expect to be treated in the UK.

**Amanda Brooks:** As I said earlier, at the point at which we were making the decision to pursue SISMA, we did not have enough information about the situation inside the company, so for us to leap to the decision that nationalisation was the only option would have been premature. As David said, given that we first needed to have better information about the situation as we found it, in practice, even after the introduction of SISMA, we continued to have negotiations with Jingye about the potential purchase of British Steel. It is not that we have gone straight from SISMA to a decision to introduce the steel nationalisation Bill; there have been ongoing discussions and negotiations to find other solutions.



## HOUSE OF COMMONS

Introducing the steel nationalisation Bill is a last resort, but as it is a last resort and such a significant move, it is incredibly important that it goes through due parliamentary process and due parliamentary scrutiny to ensure that the approach has been tested rigorously in the way that Parliament is here to do. It is extremely important, and it is moving through both Houses relatively quickly—as you know it had its Second Reading last week in the House of Lords. It is still the Government's view that we would like to see the passage of the Bill completed speedily to enable us to make recommendations, in my case, to the Secretary of State, about the next steps, which may be to recommend nationalisation if it is in the public interest, but we have to go through that due process and have the information on which to be able to make those decisions sensibly and advise Ministers appropriately.

**Q51 Sarah Green:** I would like to follow up on some of the questions that we have already had around monitoring the risks in the lead-up to the intervention. I will quote from paragraph 8 of the NAO Report, which says, "Jingye had been clear about British Steel's financial and operational challenges. In July 2024, Jingye told DBT its financial position was 'unsustainable' and that it would have to close the blast furnaces." Given that those warning signs were there for some time—I accept, Amanda, that you said, "We did not have enough information about the situation"—I am keen to understand what contingency plans the Department was putting in place in terms of powers or funding options. It sounds like it snowballed at you at the back end of one particular—

**Amanda Brooks:** I do not think that is quite right, in terms of snowballing. As David has already explained, there was an ongoing series of discussions between us and Jingye that started back in 2022 about the electric arc furnaces and its desire to transition towards those. The approach it wanted to take to that transition changed over a number of conversations that others around this table were involved in rather than me. Therefore, it was an iterative process, with different information coming to light. Jingye approached us on a number of occasions for different levels and types of funding, on which we entered into discussions with them, but they ultimately reached decisions not to accept the proposals made by the Government. I understand that you feel it has snowballed, but it has been a long, concerted, involved and iterative process that we have gone through.

**Q52 Sarah Green:** But were there any contingency plans in place? I am not sure we can see evidence that there were.

**Amanda Brooks:** As David has just said, we were advising Ministers back in the September before on the different options that were available to us, and indeed we were looking at some of those options in detail, such as the option that Neil kindly remembered on whether we could use the Civil Contingencies Act. We were working through those, but the primary focus remained on trying to reach the right solution with Jingye.

**David Bickerton:** The only thing I would add is that you could have picked an earlier date for when they started threatening closure. Looking



at my notes, they first threatened job closures in January 2023. If somebody keeps saying that their business model is unsustainable and then month after month, year after year, they are still saying that it is unsustainable, we were entitled to be slightly sceptical about it. Our primary contingency plan was to pay for their raw materials. From an economically rational investor, you would think that, although they were bearing the cost of running the business, one of the major costs of their business was being assumed by us, so we thought that was a good defence.

The other thing is that all along we had EY on stand-by, ready to step in if necessary. I can run you through the things we did afterwards, all of which worked. We stood up a team very quickly; we got a director on site that day to talk to the staff. We were ably supported by Lorna and her predecessor, who went up to be the site director. Also, to be fair, we were extremely well supported by the British Steel management team.

**Amanda Brooks:** It is worth saying that when we made the assessments against the managing public money tests—the four accounting officer tests—one of the tests we felt that we comfortably passed was propriety. We were ready to take some of these actions, we had the ability to bring in EY and we had the budget set up inside the Department so that we were able to surge colleagues from around the Department to strengthen the team for a very different circumstance from where we had been.

**Q53 Matt Turmaine:** This question is to all of you: what are the main lessons that this intervention has taught you that you would apply to future interventions, either in the steel sector or in other sectors that were facing distress?

**Amanda Brooks:** We talked about this quite a lot, as I am sure you would hope and anticipate. First, it is worth reflecting that DBT has a centre of expertise on economic shocks, which we have had in place for some time. They do a number of things. First, they help to make sure that we have the capability inside the organisation so that we are able to deploy on a short-term contingency basis when situations begin to emerge. They also operate a series of playbooks that they have developed over time.

You will all appreciate that every circumstance we face is rather different, but there are certain common elements, options and frameworks that we need to consider. They have crystallised into playbooks, which we use, adapt and learn from as we develop over time, and which we share more broadly across Government.

Of course, they also do quite a bit of horizon scanning, in terms of looking at public data sources, so that we can get ahead and see the warning signs. Obviously, our sector teams do a considerable amount of sector engagement, and they are often an excellent source of concerns that they want to make sure we are aware of. And we work with other Government Departments. That is existing expertise, and we are perpetually learning and strengthening as we go.



When we step back, though, and look at what we have learned from this particular example, a number of things come to light that have been reflected in the NAO Report. First, can we intervene even earlier? Can we get upstream of the problems? That is one of the things we have thought about very consistently. In the current economic context in which we are operating, we advised Ministers, and you will have seen that announcements have been made, on both the chemicals and the ceramics sectors, partly to help us to get upstream of the problem. If you want to know more about that, please ask Neil, because he did all the work on it.

Also, we have been reflecting a lot on the criteria that we use for assessing this, and strengthening the framework that we use. We are beginning to use it in a very different way from how we have used it in the past. That helps to inform us and inform the advice that we give to Ministers on whether we should or shouldn't intervene. Again, that is something we have been using in practice over recent months. It's all on Neil! Again, Neil has been using it specifically in the cases of Ensus and Grangemouth. Again, we have been using the framework to help to underpin the assessment that we have made of the case for intervention. You will understand that, sometimes, applying the framework suggests that we should not intervene, which is information that we do not tend to share, given the sensitivity. But we are using the framework.

There are other areas. We have heard loud and clear your concerns about exit strategies. How do we ensure that we think about that more concertedly at an earlier stage? This particular circumstance may not be unique, but it is certainly highly unusual that we have ended up recalling Parliament to take through legislation at very short notice, in a single day, to enable us to act, but also introducing the Steel Industry (Nationalisation) Bill. All of this feels like a very exceptional circumstance that we have moved into. There is more, but would you like Neil to say anything more on his application of our lessons learned?

**Q54 Matt Turmaine:** Yes, absolutely. That would be really kind. And then, Neil, I have a question for you—if you don't cover it in what you are about to say.

**Neil Johnson:** There is not much to say other than what Amanda has already said, but the interesting thing on the couple of cases that she mentioned, Ensus and Grangemouth, is that we were able to reach a financial settlement with the companies in question. We were, of course, thinking about national security. We were, of course, thinking about critical products. We were also, of course, thinking about what we would have to do in terms of our team to make sure we were ready to deal with the consequences if we were not able to reach a settlement. We were trying to learn those lessons.

The other thing Amanda has already mentioned. The NAO Report talked about getting upstream, and that has been very important to our Secretary of State and something we have really tried to do. That is to say that some of these companies have common themes that we can see are going to cause problems. They are highly energy-intensive. They are



highly trade-exposed. We have spiking energy prices again because of what is going on in the middle east, so we can see that is going to cause problems. We know which sectors that is going to be in, because we are talking to them all the time. That is where the recent chemicals package and ceramics package came from: "We can see it is going to ripple through and cause us trouble, so let's get ahead of it and get the money ready to go." We are now talking to the companies that we know are critical in those sectors, so that we can get to them very quickly if we need to.

**Q55 Matt Turmaine:** That's great, thank you. Yes, it is really interesting to see the application of this to ceramics and chemicals. In terms of the steel sector, though, does the intervention tell you useful stuff about what is really needed for a viable UK sector?

**Neil Johnson:** We have a lot of information about the steel sector. We are already in arrangements with Tata. Obviously, we get lots of financial information from British Steel. We can see that you can create a business environment that means these sectors can survive and prosper, but it requires heavy lifting. That is what we have been doing. We have been trying to create that business environment with things like: the CBAM—carbon border adjustment mechanism—that we will deliver in a couple of years' time; the trade measures that Amanda talked about; and implementing the supercharger scheme to reduce energy costs, the network element of which has been increased to 90% so that steel companies now essentially get almost wholesale energy prices on electricity.

We are also seeing where our natural advantages are in the steel sector. In the UK we have abundant scrap metal—11 million tonnes of scrap, most of which is exported—but we do not really have much coal and iron ore left in the UK, commercially available at the quality that we need. That tells you that the sector needs to transition to a decarbonised electric arc furnace scrap route; it can then have a viable future. That is what our steel strategy has been about. How do you create a sector where, essentially, we do not have to do these interventions again because it should be a profitable business environment?

**Amanda Brooks:** As Neil has just said, the work the Department has done, including the really strong work across the Department internally and the cross-Government work to produce the steel strategy, should not be underestimated. It is very clear that the strategy is focused on how we build a viable future for the steel sector in the UK, given that it is so important to so many sectors—particularly our eight industrial strategy sectors; although not to all of them, and to some of them more than others—and in the national security context that Mr Betts mentioned earlier.

We set out a clear plan for how we aim to rebuild the sector, how we are trying to build towards domestic share being around 40% to 50% of domestic demand—that was the case in the past, although it is around 30% today—and how we position the UK as a world leader in clean,

modern steel production. The steel strategy is an important part of the overarching framework. As you know, the steel strategy looks at various aspects of the business environment that we think we need to address to ensure that it works for all companies, working across the sector, not just for British Steel or Tata. It looks at the sector as a whole. Neil mentioned almost but not quite all those aspects—he missed out skills.

**Matt Turmaine:** The previous panel really sang the praises of the strategy, so thank you.

**Q56 Chair:** For the purposes of this question, let us assume that Parliament fully enacts the Steel Industry (Nationalisation) Bill as it is at the moment and decides to use its powers. Briefly, what are the next steps to transition the business to have a viable future?

**Neil Johnson:** David will also have views on this, but the steel strategy sets out that, broadly, the UK steel sector needs to decarbonise and to go down the electric arc furnace route, but that it needs to be a managed transition. It is not slamming the blast furnaces shut today; it is working out how you look after the workforce and how you keep the customers. These are very big capital projects, and very big HR projects. It is very important to support the workers and the company through that transition. These are also very expensive, multibillion-pound projects. No decisions have been taken, and the work is ongoing.

The other thing to say before I hand over to David is that essentially, like with Tata, we expect the company to come up with the solution. It needs to be company-led, and the company needs to come to us with the proposals, as Tata did.

**David Bickerton:** One key thing for us is that we need to get the benefit of private sector and commercial experience in running the company. If you fast-forward—the legislation has been passed, the public interest test has been met and the statutory instrument has gone through—we would look to appoint a board to assess whether there is actually a pathway to the future viability of the company that is aligned with the steel strategy. We are not looking just at the steel strategy because that strategy is part of the industrial strategy; we are also looking at economic security and through the lens of jobs, regional prosperity and, of course, decarbonisation. Essentially, on that first day we would set up the governance for a Government-owned company, and we would get a lot of help from UKGI because it is the expert on that. We would try to set the objectives for a company like that, so that we set the objectives but then use the people who have the real skill in running those sorts of companies to deliver them.

Given that our stated aim—we call it the pathway—is still finding the way to a sustainable, investible future for British Steel, we would continue to stabilise the workforce and operations. We would be establishing whether a company can get into the sort of shape that is necessary to deliver what would be a very complex transformation project—to move from the old blast furnaces to electric arc furnaces—whether they have the capability to



## HOUSE OF COMMONS

do that transformation project, and when the best time to do it is. When you decide to move from blast furnaces, it will be a hugely impactful event in Scunthorpe, and of course it will have huge economic consequences.

Around the team composition, Jingye essentially ran this company very closely, and a lot of stuff went back to China. With full respect to the great British Steel management team who are on the ground now, there are some capability gaps within the business about whether it would be able to do it. To make sure we are not the sole funder, we need to make sure that we can create an investible proposition out of this company. To be clear, it is not investible at the moment, so we need to get a board in there that can get it to a position where internationally credible investors would say, "Okay, I see the steel strategy, I see the management team in British Steel, I see the market in the UK, and therefore I can see an investment opportunity for me."

**Chair:** David, with great respect, that is—

**Amanda Brooks:** Sir Geoffrey, might I just add one point that David missed that I think is really important? We would, as is foreseen under the nationalisation Bill, also appoint an independent valuer of the business to enable us to reach a satisfactory conclusion to the relationship with Jingye. We recognise that it is a loss-making business, and it has been for many years. It may be that an independent valuer says that there is no value in the business, but obviously we respect the commitments that we have made and the investment that comes into the UK from other countries, and we wish to make sure that we handle that appropriately and in line with our obligations. I do not want to forget a very important part of this process, should it unfold, which is that we need to ensure that we part ways with Jingye appropriately, using independent valuation—which we will abide by.

Q57 **Chair:** I can understand why you have put that on the record. I do not want to pressure you any more on that; I simply want to say that this business is losing £1.4 million a day. Figure 12 on page 38 of the Report says that, by 30 June, you will have put in £641 million. This question is about timetables. I want to try to understand from this afternoon's hearings what you envisage the taxpayer will have to put into this whole thing to get the business into the transition phase.

**Amanda Brooks:** Let me start and then I will turn to Lorna, who is very close to the financial aspects. You said earlier, and you are correct, that, as of today, we have made payments to British Steel of around £555 million. That did a number of things. It has enabled us to replenish working capital and raw materials, both of which, as you have heard, were running significantly lower than was appropriate. It has enabled us to support British Steel to fill some key gaps in the workforce, to give a pay rise to workers who have not had one since 2023, and to ensure that we were transitioning people out of temporary contracts into permanent contracts.



## HOUSE OF COMMONS

The most important bit of money we have spent, however, has been on health and safety. As you know, it is a high-risk site—I do not know how many of you have visited—and the concerns that we had on our arrival on site were very much centred on the health and safety situation that we encountered, where we felt that there had been under-investment and that health and safety did not meet the requirements that we felt were necessary. We have a new health and safety director who, I can confirm, is absolutely passionate about protecting the people on the site. I commend him for his passion and commitment. That has been critical.

At the moment, we anticipate that the process David has just set out will still take some time. I do not know—I do not think any of you can yet tell me—when we will reach Royal Assent and therefore when we will be able to advise Ministers on next steps, to appoint the board and so forth.

**Chair:** My question assumed that you had Royal Assent.

**Amanda Brooks:** Assuming that, we will need to give the board time to work through the plan. We have provision in the Department's budget for a similar level of funding this year as there was last, although I very much hope that it will be less than that—please do not hold me to that. We are prepared for the year ahead. Lorna, do you want to add anything?

**Lorna Gratton:** Only to say that not all of the money we have put into the company so far is funding losses. Some of the money remains in the company in the form of cash, inventory, receivables and unsurrendered carbon allowances. A proportion of that money is still there, and we expect it to continue to be there while the company continues to operate. Ultimately, however, as you have heard, the company is structurally unprofitable in its current configuration, so we expect it to continue to be loss-making on an ongoing basis, while it continues to operate with the blast furnace and mill configuration that it currently has.

Q58 **Chair:** I am getting great answers, but I am not getting the answer to my questions. I really want to get from this session how much money you think that the taxpayer is going to have to sink into this project before you get to full implementation, and how long it will take. We began to explore that with the last field of witnesses. Surely you have been thinking about this for quite a long time—it has not just suddenly sprung on you—so what is the answer to my questions?

**Amanda Brooks:** I do not think we can put a hard timeline on it, because we need to take control of the business—if that is what Ministers decide is appropriate and the public interest test is met—we need to appoint a board, and they need to work through the transformation plan that Lorna has just set out. It is going to be necessary for this to cease being a loss-making company, and to be a viable company going forward. You have heard us all talk about that being the long-term objective. It remains the long-term objective, but this is not going to be solved at enormous pace, just because of the complexity of what we are doing in understanding the changes that are going to be needed. Shifting from the blast furnaces, both of which are over 70 years old, and installing new electric arc

furnaces—if that is the transformation path that a new board decides is the right way forward—is going to take a little time for us to navigate.

Q59 **Chair:** You are not necessarily committed to that path?

**Amanda Brooks:** That is not a decision for me; it is a decision for the board.

**Lorna Gratton:** Ultimately, it will be a decision for Ministers how they want to get there, so the cost will partly be driven by how they choose to operate the site—if they acquire the site—between now and the electric arc furnace being built. There will also be a variable in how long the construction takes, which is reliant on a number of factors, some of which are within Government control, but not all of them are. That is dependent on having a grid connection to run the arc furnace, and it is contingent on being able to commission one, purchase one and get the relevant studies done. There is quite a large window within which that could happen and be completed.

**Chair:** There are lots of unanswered questions there. I might come back to it, if we have time, but otherwise we will pursue it in writing.

Q60 **Sarah Green:** May I ask about the impact this is having on your wider budget as a Department? You have already mentioned the eight growth sectors. What impact is this having on what you are able to do for those eight sectors, for example?

**Amanda Brooks:** Positively, I think it is important that we are pursuing this programme to support the eight sectors. Not all of them, as I mentioned earlier, are dependent on steel as part of their supply chain, but a number of them—whether it is defence, advanced manufacturing or clean power, for that matter—absolutely have steel as part of their requirements, and therefore having that security and resilience of supply is incredibly important. That is why steel is described in the industrial strategy as a foundational sector, and that matters.

I think what you are actually getting at is funding, so let me answer that question specifically. In the financial year 2025-26, the vast majority of funding for British Steel actually came from the Treasury reserve, which accounted for about £358 million of the money spent on supporting British Steel in that financial year. We had agreed with the Treasury that underspends that emerged during the financial year would be repurposed to support British Steel. Ultimately, over that year, around £95 million of our underspends were repurposed from supporting other projects to funding British Steel.

For this financial year, it is a bit different: it is set out in our budget separately. There is a clear budget line, which is broadly similar to the one under which we operated for payments to British Steel last year, and we are not anticipating a call on the reserve. We have not had to make any hard trade-offs, if I can put it that way, because of the underspends that emerged last year and the Treasury support through access to the reserve.

**Q61 Sarah Green:** So you have not had to cut anything that you were planning to do around, for example, the eight growth sectors because of this intervention?

**Amanda Brooks:** I would frame it slightly differently. One of the biggest changes that we made to enable us to surrender those underspends was to our digital data and technology programme inside the Department. We reprofiled it and reworked the work programme, which generated some underspend that was deployed to support British Steel. As part of our spending review, we also had some unallocated funding to support some of the industrial strategy sectors. That had not been allocated to sectors, so it was specifically for professional and business services. A third instance was that one of the advanced manufacturing programmes had some underspends because project proposals did not meet the value-for-money assessments. Therefore, it was appropriate to redeploy that funding to support British Steel.

**Q62 Mr Betts:** I could not just look at the steel sector now, as it seems as though your answer is, "Well, this money was just lying around, and we have not missed it."

**Amanda Brooks:** That is not strictly true, as it was the result of some considered decisions. As you on the Committee and NAO colleagues will know, our spending in DBT can be quite unpredictable due to the profiling of spend that happens over the year and the speed with which it is drawn down by the different organisations to which we provide funding, so I would not say that it was "lying around". In the case of 2025-26, we were fortunate to have access to the Treasury reserve. We had made a commitment to the Treasury that we would use underspends to support British Steel over calling on the reserve, but as you can see, the balance was that the vast majority of our interventions in 2025-26 were funded by the reserve, supported by £95 million that came from emerging underspends.

**Q63 Mr Betts:** Right. There was £2.5 billion alongside that to support the steel industry more widely. How much of that will go on the Scunthorpe works? What will therefore be left for the rest of the steel industry?

**Amanda Brooks:** It is quite hard to be precise on that, given what we have said about the future profile. However, as you will know, a substantial chunk of that money has gone to the National Wealth Fund to support green steel, as one of its five strategic priorities. Other funding has been invested—for example, in the work that we are doing with other steel companies at the moment. The funding for Tata to move to an electric arc furnace is outside that £2.5 billion, as is the money that MOD spent to support Sheffield Forgemasters. I am afraid that I cannot give you a precise figure, but we are tracking it very carefully.

**Q64 Mr Betts:** It would be helpful to know. Obviously, you have the Liberty steelworks in Rotherham and Stocksbridge, where people are currently being furloughed and are working only part-time. That seems an awful waste of money: you have plant and equipment there, but you are employing people to sit at home. Where are we in terms of the money that



## HOUSE OF COMMONS

you have available to look at the future of the industry? Surely a lot of it is going to Scunthorpe, so less must be left for the rest.

**Amanda Brooks:** Obviously, a significant proportion of the money is going to Scunthorpe—we have already set that out. Of course, we are working carefully with other steel companies that might need different forms of support. Do you want to talk about Speciality Steel, Neil?

**Neil Johnson:** I am happy to update on Liberty. It is a process being run by the court-appointed official receiver. The official receiver had chosen a preferred bidder; that period has now lapsed, and we are essentially working with the official receiver because some of the bidders have asks of the Government to take over and run the site. At the minute, it looks like it should be able to return to the private sector.

Q65 **Mr Betts:** But in the meantime, you are funding it?

**Neil Johnson:** In the meantime, as per the agreement with the courts and the official receiver, we provide funding to keep it running as it was before it went into that process. The staff had already been furloughed by GFG before the court intervened.

Q66 **Mr Betts:** Right, so you are funding Liberty on an ongoing basis. You have no control over it; you are just putting money in. Have you no idea how much that is going to cost the taxpayer?

**Amanda Brooks:** At this precise moment in time, the official receiver is in commercial negotiations. We are providing funding to the official receiver while they are going through that process, but as Neil has just said, we remain hopeful that it will return to the private sector.

Q67 **Mr Betts:** Right, but any cost in the meantime, before a hopeful purchase takes place, is going to come out of the £2.5 billion, is it?

**Amanda Brooks:** Right.

Q68 **Mr Betts:** That is a limited pot, is it? What happens if it runs out?

**Amanda Brooks:** As you know, we will be going into a new spending review period, and we will therefore need to assess the future requirements that we might have as an organisation and address those through the normal processes of the spending review.

Q69 **Mr Betts:** A simple question then: is the money being spent at Scunthorpe—however important, and we accept that it is—going to affect your ability to support any other parts of the steel sector?

**Amanda Brooks:** I do not think I can answer that very clearly. At the moment, we are able to fund the support to Scunthorpe, as I have already explained, and to British Steel because that is factored into the Department's budget for this year. The work that we are doing with Speciality Steel is creating a pressure, but we are managing that inside the Department. What that means in the longer term depends on the direction of travel of those negotiations.

**Q70 Mr Betts:** Right, but I think most people who work in those industries, and the communities there, will not be terribly reassured about the possibility that you could run out of money and not be able to support them.

**Amanda Brooks:** Obviously, we would approach the Treasury and have discussions about the funding requirements that we will generate. We are, of course, talking to the Treasury at every stage of the steel strategy, both overall and on the constituent parts. They are fully sighted on the financial challenges and pressures that are emerging on the Department's budget.

**Q71 Mr Betts:** Again, you have a strategy, but it cannot be a strategy that says, "We might run out of money and not be able to deliver it," can it?

**Amanda Brooks:** No strategy has limitless funds, I would politely say.

**Q72 Mr Betts:** I am trying to get out of you what the future is for the rest of the steel industry. It is no use saving one bit if you cannot save the rest. If it is a strategy, it is a strategy for the whole industry. Are you confident that you can deliver the strategy? To deliver the strategy, surely you have to deliver the funding to meet it.

**Amanda Brooks:** I am confident that we can deliver the strategy. I think the point where I am taking a slightly more nuanced view is that I am not clear on the extent to which Government funding will be needed for every aspect of that strategy, given that a proportion of the steel sector remains—and will continue to remain—in the private sector and that we are working, as David said, with British Steel to ensure that this is an investible proposition in which the private sector is also invested longer term. You are talking to us at a point in a process where many factors are unknown, as Lorna has just set out, including some of the potential costs of some of the choices that will need to be made by different boards, in the case of British Steel, and, in the case of Speciality Steel, the conversations that are unfolding, which are being led by the official receiver.

**Q73 Mr Betts:** You will have to update the Committee in a few weeks' or months' time.

**Amanda Brooks:** We will update you as soon as we have a substantive update to provide.

**Q74 Matt Turmaine:** I would like to direct this question to Mr Bickerton, if I may. It relates to advisers. Why did you need to spend so much on advisers to help implement the intervention? What actions are you taking to reduce that, and why are adviser costs not treated as part of the loan to British Steel as other costs are?

**David Bickerton:** We have two main buckets of advisory costs, which is the support that EY has been giving to us on the site. The other bucket is Ashurst, which has been giving us legal advice. Both have been procured through the Government commercial function, so they are operating on the panel rates that are agreed through that competitive competition.

*[Clive Betts took the Chair]*

Both stood up at very short notice to support us, and I would say the advice that they have given us has been valued and timely. The question, as always with advisers, is whether it is better for us or British Steel to procure through experts or to hire our own. We did not take this decision based on departmental headcount considerations. We essentially looked at where we would get the best advice for the money in this specific area. I know that the Committee have looked at the value for money of procuring external advisers. We get excellent advice from the Government Legal Department.

On the international angles, as we engage with Jingye, we think that the global expertise of those firms is better than we could buy ourselves. What have we done to try to reduce that cost? We have frequent meetings under the panel arrangements where we challenge them on their costs and the number of people involved. We have reduced quite significantly the number of people working on this project through EY in order to keep costs down. Why is it not added to the loan? I might pass that over to Lorna in the hope that she would know.

**Lorna Gratton:** Thank you, David. EY has been doing a number of different things for us on site and as part of the contract. Part of that, certainly at the beginning, was filling capability gaps in the organisation. As Amanda said at the start, a lot of the senior people at British Steel were Chinese nationals. It was run as part of a group, and quite a lot of the functions were not performed within the company in Scunthorpe. That includes some of the Treasury and finance functions. There was a genuine capability gap in the company, which EY has been filling. British Steel has been building up its own capability over time to fill that gap.

Similarly, on the health and safety side, when we started funding the company there were only around six employees in the health and safety team. You would typically expect it to be a team of around 20 or 30, which was, I think, the size of the team when Jingye first acquired the company in 2019, so there was clearly quite a big capability gap there. EY was initially providing support in that space as well. Again, that has now been built up in the British Steel team. As Amanda said, they have a new health and safety director and are making massive strides in that space.

One of the other functions that EY does for us is provide independent advice to the Department. None of us are British Steel executives and we are not health and safety practitioners, so EY provides an independent view for us. Where it provides an independent view, it is important that it is contracted to us and paid by us, so that there is no perception that it could be conflicted by having an obligation to the company as well. It is important that it has been contracted by us rather than by British Steel, but that is changing over time. EY's on-site support to British Steel is now very limited.

**Q75 Chair:** You are basically supporting a steel plant with blast furnaces, which everyone accepts are not the future. Does it feel very frustrating that you



## HOUSE OF COMMONS

are pouring money into something that is going to end, and probably end sooner than you would like?

**Amanda Brooks:** It is important that we continue to have primary steelmaking capability in the UK. That was a decision Ministers made, and it is partly behind the original intervention. It does worry me that the blast furnaces are as old as they are, so their operational reliability is not always as sound as we would like it to be in terms of their ability to produce steel consistently. The NAO Report says that British Steel has capacity to deliver 3 million tonnes per year. In practice, we have not seen anything approaching that for some years. I think it was 1.7 million tonnes in 2023. Is that right, Lorna?

**Lorna Gratton:** I don't know, sorry.

**Amanda Brooks:** Okay. It is considerably smaller than the 3 million that the NAO Report refers to. However, it is our primary steelmaking capability, and it is therefore important for us to continue it. That is why the Government have taken these actions to intervene to stabilise the operations of British Steel over the years that we are doing so. It matters, but of course we need to make sure that we are transitioning to an appropriate future.

Q76 **Chair:** You keep mentioning primary steelmaking. Why is that so important? Many countries do not have primary steelmaking capacity, do they?

**Amanda Brooks:** I will defer to somebody who definitely knows—Neil, I would be surprised if you did not realise this was coming your way—but my fundamental understanding is that very few major economies do not have that capability. For us not to have it in the UK would be anomalous with many of the economies that we would consider our global comparators. I think it also goes to the points you raised earlier about security of supply, resilience and national security. However, I will defer to Neil.

**Neil Johnson:** If we were to shut down the blast furnaces today, we would be the only G20 country not to have ironmaking capability, which is what we call primary steelmaking capability. There are two questions. First, can you make all the steel products that you need to make for your country through the electric arc furnace route? We commissioned the Materials Processing Institute to answer that question, and it definitively said the answer is yes. So you can go the electric arc furnace route and make defence steels, steels for the renewable industry and steels for your food packaging industry.

Secondly, you need a small supply of iron to make all the grades. The question there is whether you can secure that iron at all times when you need it, and can you ensure that you have a secure supply? What takes time is that you have to transition to the electric arc furnace while ensuring that you have supply of either hot briquetted iron or direct reduced iron. When you go down the EAF route, you need a secure supply

of the other product. There is plenty in the world; it tends to be made in places like Trinidad or the middle east.

**Q77 Chair:** So you need primary steel because of the quality of the steel?

**Neil Johnson:** You need a very small quantity to make some types of products. Actually, it is nothing to do with defence. You essentially need a very small quantity of iron to make food packaging, mostly.

**Q78 Chair:** Right. Why are we looking at electric arc furnaces, then? Are we looking at DRI as an alternative?

**Neil Johnson:** The steel strategy says that the Government would be keen to see a DRI plant in the UK if that can be made economically viable. That is what we would like to see. If we are not able to make that economically viable, because it requires very large volumes of either methane or hydrogen, which unfortunately we do not have economically today. We hope to have them in the future, but in that gap you need very secure supplies of DRI from reliable allies.

**Q79 Chair:** So the future is that you make DRI work?

**Neil Johnson:** Yes.

**Chair:** The plan is to try to get there?

**Neil Johnson:** The strategy says that you would like to get to a world where you could have a HBI or DRI plant in the UK, but those products require very large quantities of hydrogen to make them in a net zero way.

**Q80 Chair:** Do you have a plan, a business model, for how you want to get there, even if you are not sure that you can get there at this stage?

**Neil Johnson:** I would not say a business model, but we have essentially done the analysis of how you can do it. Essentially, it is a question of the cost and availability of methane or hydrogen. If you were to make DRI in Europe, you would make it in the UK.

**Amanda Brooks:** I would add that hydrogen is one of the other strategic priorities for the National Wealth Fund.

**Q81 Chair:** ITM Power in my constituency is one of the leading developers of green hydrogen. I hope that you are looking at its capacity, and at the capacity of other, similar companies.

**Amanda Brooks:** Clearly the National Wealth Fund is looking for opportunities in that space. As Neil said, we have also been looking at those opportunities.

**Q82 Tristan Osborne:** I have a couple of questions about the current estimate. From press reports, the estimate last year was £1 billion and in the latest report it is £1.5 billion by 2028. Obviously, the estimates have changed and increased. The company has net liabilities of £788 million and intergroup debt of £736 million—that is the Chinese company in question. Can I start by questioning the certainty around that £1.5 billion mark? I



## HOUSE OF COMMONS

understand that an independent valuer will be appointed to determine compensation, so that £1.5 billion is not the total figure, is it? It is subject to increases if the independent valuer comes in and—

**Amanda Brooks:** I am sorry, but I am struggling to recognise the £1.5 billion figure. Do you recognise that?

**David Bickerton:** No.

**Amanda Brooks:** No. I think we are all struggling slightly with that figure.

**Tristan Osborne:** It is in the NAO Report, I think.

**Lorna Gratton:** Is that the operating costs of British Steel?

**Tristan Osborne:** Yes.

**Lorna Gratton:** In FY '26, the operating costs for the company were roughly £1.5 billion; revenue covered roughly 70% of those costs, with HMG funding the gap for the losses.

**Tristan Osborne:** Sorry, it is in paragraph 3.18 in the NAO Report: "If spending continues at current rates, it could exceed £1.5 billion in 2028 depending on policy choices that may be taken in the future."

**Amanda Brooks:** Oh, I see. Yes.

**Tristan Osborne:** I appreciate that you might not have known that it was £1.5 billion, but it has gone up by £500 million since last year. In 12 months, we have already seen a 33% increase in the costs; are we certain about that £1.5 billion, given that the independent valuer will also determine compensation? Can we be sure that this will not increase in the next six to 12 months, depending on where we are in the process?

**David Bickerton:** The independent valuer will come in and value the business at the point of nationalisation if it happens, subject to the public interest test. Bizarrely, the higher the cost to the Department, if you project forward the losses through to 2028 or beyond, the lower the value of the company. That is essentially why we have the view that, at the moment, the company is valueless. It is making significant losses every year, and if you present-value those back to establish what the equity value is, the present value of the future cash flow to the shareholder is negative—that is zero. The other way of looking at the valuation of the company is that you would look at the realisation that creditors would look at winding up and, again, the losses that the company is generating indicate that there would be little or no return for any of the creditors. So on that £1.5 billion, actually, the worse it is, the more it makes the case that the company is not valuable. Although it is strategically important to us, it is not commercially valuable.

**Amanda Brooks:** I have now caught up with where you are with a bit of help from my friends here. You are right that if, as I said earlier, we had spent £453 million in the last financial year—2025-26—and you roll that



## HOUSE OF COMMONS

forward and assume that we are spending roughly the same amount of money for three financial years, you get the £1.5 billion. We are assuming that that will change over time, and indeed that it will decline over time, but how that interacts with any compensation to Jingye that the independent valuer might find is the point that David was making, so yes, this all does fit together.

**Tristan Osborne:** Right.

**Amanda Brooks:** Sorry for being slow to catch up.

Q83 **Tristan Osborne:** That is okay. Has the independent valuer been commissioned?

**Amanda Brooks:** No.

**Tristan Osborne:** So it might be an additional cost to the £1.5 billion?

**Amanda Brooks:** As it says very clearly in the paragraph you referred to, the £1.5 billion is before potential transformation or compensation to Jingye.

Q84 **Tristan Osborne:** And your response to me was that the independent valuer might not come back with a significant increase, due to the marginality of the—

**David Bickerton:** My personal opinion is that it would be surprising if they came back with any number at all, but we have an important relationship with international investors in this country. It is important to us that we deal with Jingye fairly. It is a matter of public record that we have engaged with it in commercial negotiations on our acquisition of the company. It is fair to say that we were miles apart, so the idea of getting in an independent valuer—appointed after the nationalisation Bill has come in and, if the public interest test is met, after the nationalisation is actually implemented—is quite a good way of amicably sorting out a disagreement between commercial people.

Q85 **Tristan Osborne:** I completely agree on the litigation risk and geopolitical risks. My second question is about how we are assuming nationalisation, when other options are on the table. Conservatorship is one option, as is, potentially, a private sector interest that might take SSUK into account as well. We could create a broader ecosystem that includes more than just British Steel. Without getting into commercial sensitivities, I am assuming—maybe you can clarify—we are looking at a more expansive offer than just British Steel as part of private sector provision, so that we can possibly get an interested party involved.

**David Bickerton:** I think it is fair to say that Government policy is pursuing the nationalisation Bill in relation to British Steel. The prospect of combining British Steel would be a matter for Ministers, but the one thing I would note is that, in my view, at the moment British Steel is not investible. It has an excellent management team, but it has significant management capability gaps; it does not currently have a prospect of a transformation project to get to the EAF, nor does it have a transition



## HOUSE OF COMMONS

project in place that would get it to changing from blast furnace to electric arc furnace. At the moment, therefore, it would be a surprise to me were a private sector investor to come in right now. There is a huge amount of work, and that is what we are committed to do as quickly as we can, subject to the nationalisation.

**Amanda Brooks:** May I ask Neil to add to this point about the wider conglomeration that you are talking about?

**Neil Johnson:** SSUK, British Steel and indeed Port Talbot were all part of one company at one time, and we obviously look at the synergies between them. I think what I would say is that they all need significant investment to get to the future we want for them, where they are commercially viable. That investment, as we have just talked about, cannot all come from Government, so that requires a lot of input from the private sector. In fact, the majority of the money is going to have to come from the private sector. My personal view, for what it is worth—if I am asked to advise Ministers—is that I think that that is easier to do in bite-sized chunks, and that is easier to do in the separate companies, rather than putting them together at the outset. I believe that the private sector can play a role in SSUK and British Steel, if between them they can find commercial synergies. By the way, I believe that the private sector will be better at identifying those synergies and, of course, we would encourage that.

Q86 **Sarah Green:** How are you assessing whether the new tariffs are protecting UK steelmakers without imposing undue costs elsewhere in the supply chain? I am sure you have had feedback that that has caused a great deal of concern.

**Amanda Brooks:** I can assure you that we have had feedback and, indeed, that we are listening to it, but may I start with a little myth-busting? One of my worries about the steel trade measures is that some businesses assume that the measures are applied to any import of steel. That is not the case. The steel trade measures only go in when there is production in the UK. That is a really important distinction, so it is important that downstream users are checking whether the specific products that they require are affected by steel trade measures. We have definitely had examples of businesses assuming that that was the case, and it was not. You may want to come back to me on that before I carry on, but it is really important that we are clear about that. The measures do not cover every steel import.

Q87 **Sarah Green:** Where would a business find that clarity? I am happy to discuss this outside the Committee, but I will give you an example of a business in my constituency that is a manufacturing success story. It employs 150 people and has provided 40 apprenticeships, and it cannot get the steel it needs to make what it produces in the UK. Right now, it is worried in the way you have just described. Where would it get that clarification from?

**Amanda Brooks:** The first thing it can do is check the provisional quotas we have published on gov.uk. A business will be able to check whether the type of steel it produces is covered by those measures.

I need to give a slight wrinkle to my statement. It is true that not all steel imports are covered by the measures; however, because of the endless complexity of steel, both in terms of the different sizes and measurements of steel products, there are circumstances where specific steel products made in certain sizes and lengths are made in the UK, but others are not, and yet are still covered by the steel measures. That is because of the level of specificity of the individual product.

The really boring explanation is that we can only enforce those measures at an eight-digit standard industrial classification at the point at which things come over the border. Products may be affected even where there is not production in the UK. The headline is that the information at that eight-digit customs code level is available on the gov.uk website, with additional guidance that we have published subsequently to help people understand some of the transitional arrangements that we have also put in place.

**Sarah Green:** If I may, Chair, I might share the specific example—

**Amanda Brooks:** Write to me afterwards—that is absolutely fine.

Q88 **Sarah Green:** But I am not sure I have an answer to my original question. How are you responding to that feedback? So far, you have said you would like to provide clarity. What else are you doing? Will there be exemptions, for example?

**Amanda Brooks:** We have been listening. Ministers and teams have held a number of roundtables with downstream users to ensure we have understood the concerns about the provisional measures that we forewarned people of. We are currently going through quite a complex process of working through the different feedback and responses. I anticipate we will make some limited changes to reflect some of the feedback from downstream users in finalising the quotas, which we hope to publish soon.

We have listened to the feedback. We will be making some changes, though please hear me when I say that they will be limited, because are trying to balance domestic production and downstream users. Also, we will be reviewing the measures every 12 months to ensure they are working as we anticipate and having the impact that we expect.

The way we are doing the quota administration is also important. Unused quota from one quarter will roll into the next quarter. There are a number of different mechanisms, and we will be monitoring carefully. We will be able to use the flexibility of unused quotas from one quarter to the next. However, we will also be reviewing the measures annually to ensure they are having the impact we intend.

Q89 **Sarah Green:** Will that update be shared before 1 July? You said you are



## HOUSE OF COMMONS

working through all that feedback and providing clarity.

**Amanda Brooks:** We are working very hard to ensure that is in the public domain before 1 July. That is the intention.

Q90 **Sarah Green:** And it will not be reviewed for another 12 months?

**Amanda Brooks:** That is correct.

Q91 **Sarah Green:** So if those businesses do not hear before 1 July that they are not going to be clobbered, will they have to wait another 12 months to see if they will be less clobbered?

**Amanda Brooks:** By 1 July we will, hopefully—fingers and toes crossed, because these complex discussions are ongoing—be able to provide clarity on the quotas for the year ahead. We will then be monitoring the situation over the next 12 months and reviewing it at the 12-month point.

Q92 **Chair:** Let me pick that up. A lot of MPs have had representations from constituents. The Minister had a meeting with MPs the other day, and a lot of people were there with detailed examples. You began by indicating that the intention was to ensure that businesses downstream were not affected by these measures, because you were not going to be changing quotas or tariffs for particular types of steel which could not be produced in the UK.

**Amanda Brooks:** That is correct, unless it is at a point at which there is some domestic protection in a category where we cannot enforce the measures if we go to the level of granularity that would require us to be able to do that.

Q93 **Chair:** Explain that a bit more, because often that sort of granularity affects small companies in particular.

**Amanda Brooks:** The example that the team took me and, indeed, the Secretary of State through in great detail looked at different types of steel pipes, which come in both different diameters and different lengths. Certain diameters and lengths have UK production and certain diameters and lengths do not, but they are all under—I am slightly simplifying for effect—the same eight-digit standard industrial classification code, and that is the level at which HMRC is able to enforce the measures. So we cannot go to an increasing level of detail to be able to distinguish, at that point, where there is and is not UK production.

Q94 **Chair:** What happens for a company that relies on the sorts of pipes that are going to be affected?

**Amanda Brooks:** In that case, I'm afraid, they will need to be using the quota and paying the out-of-quota tariff.

Q95 **Chair:** That might put them out of business.

**Amanda Brooks:** Yes, I'm afraid that may well be the case.

Q96 **Chair:** I went to see Ansell Handtools, which is a small company, employing a few workers. They have been there a long time; John Ansell runs the business. What they have said to me is that, yes, they can



## HOUSE OF COMMONS

currently get steel supplied from the UK, but when they have gone to companies here to produce it, they have been told, "Oh, you have to buy for a whole year." They say, first of all, they cannot afford the cost up front and, on top of that, they do not have the storage capacity that would be needed. Either they will have to pay a lot more up front, which they cannot afford, or go to a stockholder, which they have been told to do but which will put an extra cost on them as well. This is a small company, with very small margins. It will be out of business if you carry on like this.

**Amanda Brooks:** I appreciate the challenge that you are posing to us, but we have worked really hard to handle this as best we can to manage the tension between supporting domestic production in the way that most of this conversation has focused on, and downstream users. We cannot find a perfect match. Also, I cannot account for commercial decisions that suppliers might make in the way that you are suggesting, in terms of asking businesses to commit to a year's supply.

Q97 **Chair:** But they have not had a UK supplier for that sort of reason; that is why they have gone to companies overseas. It does not help to say that you cannot help them in that situation, because if you do not help them, they are out of business. It is a small family firm. Is there nothing the Department can do in terms of a fall-back where you have specific examples of companies that will be affected and that cannot get out of the impacts of the measures you are bringing in?

**Amanda Brooks:** I can take that away and look at it further. I recognise that it is an extremely challenging situation where we are dealing with competing asks from downstream users and our domestic producers.

Q98 **Chair:** Nevertheless, you could have a look at what you could do. I don't think that, so far, there has been feedback about what you might do in addition to simply altering the codes and tariffs, and so on.

**Amanda Brooks:** I hear you. I will take it away.

**Chair:** Thank you very much for coming along today and giving evidence to the Committee. An uncorrected transcript of this hearing will be published on the Committee's website in the coming days. We will consider the evidence provided and will produce a report in due course. Hopefully, you will come back to us in due course with more information as this complex and challenging situation starts to develop in the next few months. Thank you very much.