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PARLIAMENTARY DEBATES  
(HANSARD)

# HOUSE OF LORDS

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<b>Abbreviation</b>	<b>Party/Group</b>
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
Non-afl	Non-affiliated
PC	Plaid Cymru
UUP	Ulster Unionist Party

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# House of Lords

*Saturday 12 April 2025*

12 pm

*Prayers—read by the Lord Bishop of Lincoln.*

## Business of the House *Motion on Standing Orders*

12.05 pm

*Moved by Lord Kennedy of Southwark*

To move that, in the event the Steel Industry (Special Measures) Bill has been brought from the Commons, Standing Order 44 (*No two stages of a Bill to be taken on one day*) be dispensed with today to enable the Bill to be taken through its remaining stages and that, in accordance with Standing Order 47 (*Amendments on Third Reading*), amendments shall not be moved on Third Reading.

**Captain of the Honourable Corps of Gentlemen-at-Arms and Chief Whip (Lord Kennedy of Southwark) (Lab Co-op):** My Lords, on behalf of my noble friend the Lord Privy Seal, I beg to move the Motion standing in her name on the Order Paper. In doing so, I thought it would be helpful for noble Lords if I set out how proceedings will work today. As the House will know, the House of Commons is currently considering the Steel Industry (Special Measures) Bill. While this is happening, our House will have a general take-note debate led by my noble friend Lady Jones of Whitchurch. This is intended to form the substantive debate on the Bill, ahead of a formal Second Reading when the Bill reaches our House.

Twenty-seven noble Lords are signed up to speak, with an advisory Back-Bench contribution time of five minutes. This is designed to balance the importance of scrutiny with concluding our proceedings at a reasonable hour. When the clock reaches four minutes, Back-Bench speakers should begin to make their concluding remarks and at five minutes, their time is up.

If the Bill arrives from the Commons during the take-note debate, we will briefly adjourn the debate to give the Bill a First Reading. This allows the Bill to be printed and means that noble Lords can then approach the Public Bill Office to table amendments. Once the debate has concluded, we will have a formal Second Reading and adjourn for an hour to allow noble Lords to table amendments for Committee stage. The precise timings for amendments will be announced in the House and advertised on the annunciator. Today's list will then be reissued with the groupings of any amendments for Committee stage debates.

Once Committee has concluded, and if no amendments have been made, we will then proceed to a formal Report stage and Third Reading. If the Bill is delayed in the Commons for any reason, some of these arrangements will change, and the Whips and I will update the House at a suitable point. The House will rise once the Bill has received Royal Assent.

Finally, I thank all our colleagues working for the House who have come in on a Saturday during the Easter break to allow the House to sit at short notice. The police and security staff are keeping everyone on the Parliamentary Estate safe. The House officials, the Library staff, the staff of the Government Whips' Office and the Leader's office, special advisers, Opposition, Liberal Democrat and convenor's office staff, Black Rod and her team, the doorkeepers and the catering staff in the River Restaurant and the Long Room are all here, and I am very grateful for their dedication and support. I also place on record my thanks to the usual channels for their helpful and positive engagement yesterday. I beg to move.

*Motion agreed.*

## Steel Industry *Motion to Take Note*

12.08 pm

*Moved by Baroness Jones of Whitchurch*

To move that this House takes note of His Majesty's Government's legislative proposals to ensure the continued operation of the steel industry in the light of the Steel Industry (Special Measures) Bill.

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Department for Science, Information and Technology (Baroness Jones of Whitchurch) (Lab):** My Lords, the House has reconvened under exceptional circumstances, which merit an exceptional response from the Government. Our request to recall Parliament was not made lightly, and I am grateful to noble Lords on all sides of the House for being here today as the Government seek to pass this emergency legislation.

This legislation allows the Government to take control of British Steel's blast furnaces, maintaining steel production and, by extension, protecting the company's 3,500-strong workforce. I reassure noble Lords that, given the exceptional nature of a recall, the Government thought it better to limit the powers in the Bill—which are still significant—rather than introduce more complex matters of property rights and public ownership at the same time. This is not about nationalisation. We are keeping all options under review, and we will of course return to Parliament for further scrutiny should the need arise.

As noble Lords will know, since taking office, the Government have been negotiating in good faith with British Steel's owners, Jingye. We have sought to prevent the early closure of the two blast furnaces at the company's Scunthorpe site, which Jingye has claimed are no longer financially viable. We have worked tirelessly to find a way forward, making a generous offer of support to British Steel with sensible, common-sense conditions to protect the workforce and UK taxpayers, and to create a commercially viable company for the future. Jingye's refusal to accept the deal on the table, and to accelerate the closure of the blast furnaces at Scunthorpe, has left us no other choice: we must now take control of the company's blast furnaces.

Let there be no doubt: this Government will never hesitate to take action to protect this nation's assets. We will not abandon the hard-working steel-making

[BARONESS JONES OF WHITCHURCH]

communities that have given so much to both our economy and country. Where vital industries are on the verge of collapse or where communities face devastation, we will always act in the national interest.

We do not accept the argument that steel-making has no future in the UK. As the Prime Minister asserted yesterday, our plan for change means that domestic demand for steel is set only to go up, not down. In the last few weeks alone, we have seen Heathrow Airport announce multi-billion-pound expansion plans requiring 400,000 tonnes of new steel. We have seen Universal Studios confirm that it will build Europe's biggest theme park, and, where possible, it will use UK-made steel to make it. We need British steel for this and our critical infrastructure projects, from rail to renewable energy. We need it to keep Britain secure at home and strong abroad.

The legislation we are setting out today will also help end the uncertainty that has been hanging over British Steel's Scunthorpe site for far too long. We know that rebuilding our steel industry brings its fair share of challenges, but we believe that they are worth facing and that we are more than prepared to overcome them. It is why we agreed a new deal with better protections for workers at Port Talbot within weeks of taking office, which will transform production and deliver a modern electric arc furnace. It is why we have delivered measures as part of the British industry supercharger to cut electricity costs for steel firms and bring prices more in line with international competitors.

It is why we have simplified public procurement, aligning it with our industrial strategy, which is putting UK firms, including those in the steel industry, in the best possible position to bid for and win public contracts. It is why we launched a consultation on our steel strategy as part of an effort to work with industry on overcoming difficult issues, such as high electricity costs and unfair trading practices, so that we can protect the UK's industrial heartlands.

It is why we have taken the decision today to safeguard British Steel. Britain is a steel-making country. Steel-making has been fundamental to Britain's industrial strength, security and identity as a global power. Today's legislation will help ensure that we can retain that steel-making capability here in the UK, both now and for many years to come, and I urge the House to support it. I beg to move.

12.13 pm

**Lord Hunt of Wirral (Con):** My Lords, I begin by echoing the words of the Government Chief Whip: I thank all the staff of Parliament for their tremendous efforts in facilitating this recall today. It is no small task to bring us all together at short notice, and their dedication to the democratic process is deserving of recognition.

At its heart, this debate is about whether we have a steel sector in this country at all, and whether it is run in the national interest. Earlier today, the Government confirmed that they will take control of British Steel, following the collapse of negotiations with its Chinese owners. This is a pivotal moment, not just for the future of British steel-making but for the future of Britain's industrial base itself.

Before I go any further, perhaps I may say that our thoughts today must be with the steel-workers, their families, their suppliers and the communities whose futures now hang in the balance. They deserve better than uncertainty and neglect, and they must certainly have a Government who are on their side.

This the first time that Parliament has been recalled to sit on a Saturday since I was sitting in the other place in 1982, after the Falklands war began. It is only the sixth occasion since the end of the Second World War—and for a Bill published just two hours ago. There has been no respect for Parliament whatever. I really must say that this is not the way in which to treat this precious institution.

The Bill itself grants far-reaching powers to the Secretary of State. The Government will argue that this is necessary because of the emergency we face. However, just now, in the other place, the Secretary of State said:

“I do not want these powers a minute more than necessary”.

So where is the sunset clause in this Bill? How can we be assured that these extraordinary powers will not be abused or extended indefinitely? The Government have to make clear the precise timeframe for these powers and, more importantly, they must demonstrate how they intend to ensure that public and Parliament are not left in the dark once this emergency has passed.

The choice before Ministers should never have become this stark. Faced with the collapse of British Steel, the Government had little option but to intervene. Let us be clear: nationalisation is not a triumph but a last resort made necessary by failure. Without it, Britain would indeed have become the only G7 country without primary steel-making capacity. However, today's events are not simply the result of forces beyond the Government's control. The truth is that nationalisation must be a platform for urgent and permanent modernisation, not a short-term bailout or a delaying tactic. Without decisive action, Britain's steel industry will wither under the combined pressures of global competition, green regulation and technological change.

It is essential that we consider the effect and impact of green targets, which have placed immense strain on our industries. The policies driving us towards net zero by 2050 have hit our industries hard, especially energy-intensive sectors such as steel. Energy costs in the UK are now the highest in Europe, and four times those in the United States, and the current trajectory of green regulation is making it harder, not easier, for our industries to compete internationally.

We just need to ensure that our environmental goals do not come at the cost of our industrial base. The Government must urgently review their net-zero policies to ensure that they support, and do not strangle, British industry. If we do not strike the right balance, we will continue to see industries such as steel driven offshore, taking with them not only jobs and investment but the very emissions targets we champion. We cannot allow this to happen.

Let us remember that, just a few months ago, Ed Miliband banned coal and coke production in the UK and boasted about sending a signal to the world. Yet today, as we heard in the other place, the Government are going around the world with a begging bowl,



trying to find enough coal to keep the last blast furnaces running. Could British Steel survive today if access to coal was not artificially restricted? Possibly, but we are in this mess because decisions such as this have been made in pursuit of political point-scoring by this Government, with no thought for the long-term health of our core industries.

How is it possible that no one in the Government saw this crisis coming? How could they have been so unprepared? The warning signs have been flashing for months: ageing infrastructure, soaring energy prices and growing global competition. We debated in this Chamber just a short time ago the fact that there had been no serious contingency planning, as yet no coherent industrial strategy and certainly no sense of urgency. Instead, the Government are now scrambling to nationalise British Steel as a last resort. That is not leadership; it is crisis management at its worst.

On 31 March, the Minister stated that

“we will be producing a steel strategy very soon”.—[*Official Report*, 31/3/25; col. 18.]

Following the events of the last 24 hours, and now that the Government have found time to lay an emergency Bill, it is surely time for them to publish an emergency steel strategy too. Where is it? The Secretary of State in the other place just referred to quotations from the steel strategy, so it must exist in draft. Should this House not be given a copy? Steel-workers and their families, and the taxpayer, need more than vague assurances—they need clear timelines—so when will this strategy be published? Will it commit to the urgent modernisation that our steel sector desperately needs? Will it address the crippling energy costs faced by our steel-makers? Will it set a clear and credible path to return British Steel to private ownership?

We have to learn from industry. The last time steel was nationalised, back in the 1960s, the results were disastrous. I will cite figures from *Hansard*. Grants and loans to the British Steel Corporation between 1967 and 31 March 1980 totalled £4,925 million, and the net total loss for BSC since 1967 has been £1,552 million. Rather than revitalising the industry, nationalisation led to bureaucratic inefficiencies, losses, a decline in productivity and widespread industrial action.

The Government’s approach to the steel sector is compounded by the broader challenges they face and are imposing on employers right across the country. The Government increased employers’ national insurance contributions and they are rushing through the unemployment Bill, which, in its current form, will add further strain to the already fragile labour market. It is difficult to see how these measures align with any credible strategy to attract private investment. Surely the Minister must acknowledge that the Government’s policies have made it more difficult to deliver the investment that the steel industry so desperately needs. If they are serious about a future where British Steel is returned to private hands, they must urgently reconsider their policies. We agree that uncertainty has to end, so will the Government confirm today that, should nationalisation be pursued, it will be only a temporary measure? Will they clearly set out the timeline for that transition to private ownership?

We cannot afford to hear again the standard vagueness of “all options are on the table”. This does not provide the certainty that workers, who deserve clarity about their future, need. It does not provide certainty for the taxpayer, who is now footing the bill. Which brings me to my final point: can the Minister tell us what estimate the Government have reached of the cost of nationalisation to the taxpayer? This is not leadership; this is not planning; this is a crisis, and one that should never have been allowed to happen in the first place.

12.25 pm

**Baroness Brinton (LD):** My Lords, from these Benches, I too thank all the staff who have come in. We are very grateful to them, not just for giving their time but for taking care under the special circumstances which have complicated today.

The urgent and serious position that this country now faces means that emergency action must be taken, and it makes complete sense to recall both Houses of Parliament, but this must be the start of a serious plan for the sustainable future of domestic steel production. The circumstances requiring these measures have been known for some time, and it is clear from the diplomatic language of government statements in the last 48 hours that the word “forthright”, when used in the context of government negotiations with the Chinese company Jingye, is doing a great deal of heavy lifting, so it is good that the Minister has outlined some of that detail this morning. It explains the nature of the urgent crisis.

However, it is worth noting that this is not a recent problem—not even one of a few months, as just suggested by the noble Lord, Lord Hunt of Wirral. Ever since privatisation, which these Benches do not oppose in principle—nor, by the way, are we against nationalisation as a last resort—there has been a disregard for the impact of the repeated change of ownership of our state infrastructure companies. That may have been less important at the time, but other changes in global manufacturing and trading patterns should have been a warning signal—especially to past Conservative Governments. I say to the noble Lord, Lord Hunt of Wirral, that it is worth reminding ourselves that a past Conservative Government sold British Steel for £1. Then there were the consequences of the extra trade barriers as a result of Brexit, scrapping the industrial strategy council and allowing the sale of steel plant to a Chinese firm which, it is now clear, is not negotiating in good faith.

The entry of foreign state-owned enterprises into the British economy and infrastructure means that a number of other Governments now own all or part of key UK infrastructure, sometimes leaving us vulnerable. In today’s *Financial Times*, Ewan Gibbs says that the UK is

“an outlier in Europe, where the state still often owns important industries”.

President Trump’s tariff wars mean that all other nations are now reviewing their ability to maintain their own infrastructure in the light of tariffs, and the Government are right to do so at a time when our steel industry is already in crisis. We start from a weaker position than those countries because we do not own our own infrastructure. Can the Minister say, as we

[BARONESS BRINTON]

increase defence spending for the existential threats facing the UK, Europe and, of course, Ukraine, whether the Chinese company's threat to remove manufacturing back to China acceptable? Is it not a clear security threat?

Before I turn to the Bill, it is really important to focus on the broader issue of the possible closure of the Scunthorpe works. This Government promised that they would deliver on the promises made by the previous Conservative Government, which were woefully underdelivered, to strengthen communities in the north of England. The Scunthorpe community is like many other steel communities, such as Port Talbot and others in the past, with centres in south Wales, Teesside and Scotland. I remember Corby in the 1970s and, visiting it 20 years later, I saw a community utterly broken by steel closure. Our thoughts at the moment are very much with the workers, people and community of Scunthorpe.

The Scunthorpe works employ 2,700 staff, as well as others in the local, national and international supply chain. The consequences of a possible closure of the works would be severe for them and for the entire community. The Bill talks about compensation for a steel undertaking but it is totally silent on the support for workers and the community in the event of a disruption or, worse, closure. Are there any plans for support for the community during this period of uncertainty? What happens if negotiations do not work?

Only last autumn, we saw from the Port Talbot experience the effect on a community of closing down one furnace before its successor—a much greener one, of course—is even fully planned, let alone being built. Can the Minister say why, last autumn, the Government did not do what they are doing today, after the previous Government failed to support and save Port Talbot? What help are they providing for the Port Talbot community with new skills and enterprises?

In Clauses 3 and 4 of the Bill, the Secretary of State is taking extraordinary powers to himself. Given the urgency, that is understandable. However, we on these Benches say that the Government need to understand that they have to communicate with Parliament, through Statements and debates, on the use of these extraordinary Henry VIII powers as it happens. Will the Government undertake to do this? As with when the Conservative Government took such powers to themselves in 2020, at the start of the Covid pandemic, they should remember that post-event openness is vital; otherwise, the trust put in their hands by all parts of Parliament will be lost.

In Clause 3—

“Breach of directions: power to take control of assets”—  
subsection (2) says that:

“The Secretary of State may do anything for the purpose”  
set out. Anything? That is certainly sweeping. I hope that the Government will keep Parliament abreast of any such powers taken.

Clause 4, on offences, creates very serious crimes either for the steel undertaking or for individuals associated with it, and includes such terms as “connivance”, which I am not sure I have seen defined in criminal law before. Has the Secretary of State for the Ministry of Justice, the Attorney-General, been consulted on the creation of these new crimes?

Clause 7 deals with the compensation scheme. Although I accept that there needs to be such a scheme, as and when that happens, will the Government please undertake to publish the full details? The behaviour of Jingye, as outlined by the Minister, means that the public need to know the cost of compensation.

We on these Benches are concerned about the lack of a sunset clause. We hope that there is still time for the Government to consider adding one in Committee.

We support the Bill as it appears, given the concerns that we have. The crisis must override those, and we will support the Government in its deliverance.

12.33 pm

**Lord Reid of Cardowan (Lab):** My Lords, I will make five simple points.

First, the Government are absolutely correct to intervene. Like the noble Baroness, Lady Brinton, I have personal experience of the devastation that is wrought on communities by the closure of steel industries. Some noble Lords may remember that we once had a steel industry in Scotland, with 7,000 jobs in Ravenscraig itself and more than 20,000 jobs in the ancillary plants. I can testify to the absolute devastation of communities, individuals, workers and families from the 1980s onwards. The Government are undoubtedly correct to intervene on social grounds alone.

Secondly, whatever the Government do, there will be no free pass for the workforce. Let no one think that this is an easy way out. From my experience, I have seen steel-workers meet the challenges that these circumstances pose by getting rid of restrictive practices, increasing productivity, increasing efficiency and so on. In the case of Ravenscraig, it probably extended the life of the steelworks by 10 years or more. I hope that the workforce in Scunthorpe responds positively and constructively to the efforts of the Government intervening.

Thirdly, the Government are right to emphasise the crucial role of blast furnaces. This is not a mere technicality. These blast furnaces are designed to operate continuously, to maintain the high temperatures and reactions that are necessary in quality steel. Turned off prematurely, they will effectively lower production, decrease quality, increase slag and possibly render the whole edifice unworkable. A shutdown would force the entire steelworks, which relies on the furnaces' molten iron, to cease operations altogether. Therefore, it is crucial—though it seems a technical point—that the Government are projecting and focusing on the question of the blast furnaces.

Fourthly, there is a matter of wider national and strategic importance. I was surprised by the spokesman from the Opposition Benches, who seems to have forgotten that it was the previous Government who sold this industry to the Chinese. We are constantly told, not least by the party opposite, that there is no firewall between the Chinese Government and Chinese industry. Did it never occur to anyone in the last Government that, in a competitive world, it may be in the interests of the Chinese Government to purchase British Steel and then close down the industry? If that was not considered then there was a gross omission of responsibility by the previous Government.

Fifthly, the potential loss of virgin steel-making capacity in the UK, which has not been mentioned, would be very serious. With the closure of the blast furnaces at Port Talbot, the only virgin steel-making, or primary steel-making, is in Scunthorpe. Should that close, the UK would be the only G20 country that does not produce its own virgin steel. For the uninitiated, virgin steel, also known as basic oxygen steel-making, is primarily used in industries that require high-quality steel for various applications, including construction, manufacturing, defence and transportation. It is produced from iron ore and coke, using a blast furnace process, which takes us back to the importance of that. Being the only G20 country that does not produce its own virgin steel raises immense questions around national security and whether virgin steel production should be retained as a sovereign capability. In my opinion, it should be.

It is therefore right that the Government explore every avenue to ensure that the social, economic, employment and national security implications of the present situation are addressed. Not to do so would be a dereliction of duty to the country as a whole. The Government deserve our support in what is a necessary national endeavour.

12.38pm

**Baroness Coffey (Con):** My Lords, it is fair to say that the steel industry has been in special measures for some time. The noble Lord has just referred to the acquisition that was made in 2020. Indeed, the last Government made sure that Scunthorpe did not close, and there was only one private investor prepared to invest in British Steel. I am conscious that the last Government nationalised another steel producer, Sheffield Forgemasters, again recognising how important that was to the needs of national security.

The strategy put out for consultation less than two months ago recognises that primary steel is still important, but the end is nigh for this blast furnace way of producing it. I am concerned that, on the one hand, we now seem to be in a temporary situation: let us recognise that the technology is not around the corner; it will be a long time before we are able to produce primary steel in a more environmentally friendly way. At the same time, it is concerning that Scunthorpe is close to its life end. I want to understand from the Minister whether she has asked the HSE for its view on the lifetime of these assets and the cost of repair. I am not suggesting that the Government should shy away from seeking to extend its life, but it is important to understand the amount of money being invested.

The other issue is the supply of coke. As has just been explained, that is the only way that steel can be produced with a blast furnace today. Yet, within a week of taking office, the Government decided to pull out of the legal case concerning the coke mine in Cumbria. I would like to understand from the Government whether they will revisit this, recognising that, at the moment, they are trying to source coal from around the world.

Thinking further about the issues with the Bill, the sunset clause has already been mentioned. With candour to the House, I can see these powers probably being used for at least 10 years. In taking charge of effectively

nationalising British Steel, the Government have made a commercial decision. On Clause 7, I therefore want to clarify the following: while the regulations will not be available and will be done by negative resolution, is it the Minister's expectation that there will be a 100% reimbursement to the owners of British Steel?

On thinking ahead, the steel strategy very clearly talks about the electric arc furnace. I am conscious that the Government had the deal in Port Talbot to make that transition, and I expect that they will want to make that transition in Scunthorpe in due course. However, there seems to be one part of the country where there is a site ready, with planning permission already granted and connections already sorted with the national grid and where there is already the political will locally, but it seems there is very clearly not the political will nationally. I am sorry: it feels, just because the voters of Teesside decided to vote for my noble friend Lord Houchen of High Leven, that, where there is an open deal to be done—it is my understanding from speaking to my noble friend that the owners of British Steel are keen to invest in Teesside—the Government have indicated that there is no way that they will help British Steel to do that. Thinking just about political back and forth is not—dare I say it—a grown-up way. We should be looking to the future, to have a comprehensive steel strategy, and to make sure that the political colour of who represents people locally does not matter or determine whether there will be good green electric arc furnaces producing steel in the future, which are necessary for the expansion of many industries. Living in Suffolk, not far away from the nuclear power station but also very close to where a significant number of wind farms are being or will be constructed, I am conscious that we need to try to increase the amount of production of those turbines onshore with green energy.

I am conscious that this Bill will sail through today and that the Act will be in place for a long time, but we need to make sure that, while steel is produced domestically, it covers all the sectors heading forward, as well as those that we are trying to rescue today.

12.43 pm

**Lord Kerr of Kinlochard (CB):** My Lords, it is difficult—in fact, almost impossible—to appear more gracious than the noble Lord, Lord Hunt of Wirral, but for once, I think I can. I thought it was extremely good of the Minister to get us a letter this morning explaining what we are up to here and including the draft of the Bill. I am grateful for that—and that is the only bit of my speech that she will like. I ask her four questions.

First, what is so special about steel? Why does she say in her letter that

“UK-made steel is critical to the country for jobs, for economic growth and our national security”

and that “domestic steel production” is “a crucial national capability”? Let us take aluminium: it is now more strategic, in a sense, given its conductivity and its use in computers as well as aeroplanes and vehicles. We used to have an aluminium industry in this country; we now have one tiny smelter left in Scotland. The largest user of electricity in Britain was the big smelter in Wales, and we had a smelter in Northumberland,



[LORD KERR OF KINLOCHARD]

close to the coal industry up there. We have closed them all and have one tiny little one left. We are happy to live off imported aluminium coming from countries where they have bauxite and where they have cheap electricity, such as Canada. We do not feel that we need, for strategic reasons, to have an aluminium industry. Why steel?

Secondly, how will we ensure that this Bill—which must pass, I accept—does not deter other potential inward investors? These powers are, as the noble Baroness, Lady Brinton, has said, extremely draconian. I was a director of a company developing an LNG plant in Russia. The techniques the Russians used to take control were much more subtle than this sledgehammer of a Bill. How will we ensure that there is not a deterrent effect from these draconian powers that we are giving the Secretary of State?

Thirdly, where is the wider public interest in all this? The Minister says in her letter that the Bill is “a proportionate and necessary intervention ... in the wider public interest”.

I understand the community interest in Scunthorpe. I understand that argument. I understand the wider public interest in the water industry and in trying to stop the pollution of our rivers and beaches and the diversion of resources into dividends for Australians, but I do not understand the wider public interest in distinguishing steel from, say, aluminium and maintaining a perpetual subsidy. That is what I think we will get: a perpetual subsidy for as long as we insist on having a domestic primary steel industry.

What is the end game? That is my last question to the Minister. How does she see it coming to an end? In 1982, as the noble Lord, Lord Hunt, recalled, the Commons met over the Falklands. I had to go to see the Prime Minister that morning to get her to agree to the seizure of the Argentine gold held in the Bank of England. I thought it was my duty to inform her that there was much more British capital investment in Argentina and we would undoubtedly see it seized in retaliation. The ratio was about five to one. She dismissed the point with contumely. She said, “Now is hardly the time to be thinking about details like that, is it?” I feel that we need to think about the end game. In her case, the end game was obvious: she was going to take back the Falklands, and she did. How are we going to handle this down the line? British companies have failed to make a go at commercial primary steel production in Britain. A Dutch company failed to make a go. Two successive Indian companies have failed to make a go. Here we have a Chinese company failing to make a go of it. Will the Secretary of State, when using his powers to nationalise—this clearly ends in nationalisation, but not today, I agree—do any better? Why should we expect him to do better? It seems to me that, so long as we go on believing that we have an absolute requirement to maintain a primary steel industry, we are condemned to perpetually supporting it financially. So, my last question to the Minister is: what is the end game?

12.48 pm

**Lord Tunnicliffe (Lab):** My Lords, I rise to totally support the Government and to congratulate them on their draft Bill. I think the actions of the Government

have changed the tone of the debate. The role of government is being redefined. There is an acceptance that government is in the business of involvement in industry, where it is necessary. I suspect that, in coming to the conclusions, some sacred cows within government have been, if not slaughtered, certainly put under some new pressures.

There is much debate about jobs. If the initiative that is being taken was about jobs and jobs alone, I am afraid I would be less sure. I suspect that, as a jobs exercise, we would discover the cost per job saved to be rather high, and that rather high price would be a bad precedent. But I support the strategic case. It is impossible to imagine a period in our history since the Second World War where the world has been more unstable. I remember the Cuban crisis—I was a student at the time. It was dodgy, but it was clear, in a sense, that men—and it was men in those days—of a serious conscience would at the end of the day find a solution, and they did. That is not at all clear now. We have all sorts of unstable characters in the mix and we could be a victim of that instability.

When peace breaks out, demand for steel will escalate. The world is in a destructive state: in war zone after war zone there will be a requirement for reconstruction, infrastructure, growth and repair. The demand for steel will escalate in these circumstances. Defence spending will require much more specialist steels. Supply is uncertain, both in areas of specialism and overall. It is wholly credible that the world could run out of steel and, if steel fails, the results for this country would be catastrophic. I believe the Government should press on with this legislation, and I accept the point made by my noble friend Lord Reid that, in the longer term, it will almost certainly lead to nationalisation.

I would certainly encourage the Government to beware the concept of partnership. Partnership is an unusual phenomenon at the level of a steelworks. Both parties need the same objective. A private sector partner that has the size and capability to be a useful partner has got there through the good old-fashioned market objectives of maximising shareholder value. Rather sadly, in this day and age, that is short-term shareholder value. The state is entering a difficult process of maximising the public good. That is what it is there for and I strongly recommend that it does not try to do it in a confusing partnership situation.

12.53 pm

**Lord Howell of Guildford (Con):** My Lords, it takes only a few minutes to see why British Steel is in dreadful trouble and chaos, and why we are where we are today. First, its costs are very uncompetitive indeed, especially the cost of electric power, as my noble friend Lord Hunt pointed out in his excellent opening speech. We have some of the highest energy costs for industry in the entire world—so we are told. Secondly, there is this premature and badly planned rush to go green—in all industries, not just steel—with various levies and additional costs at every point, and the cutting out of gas and coke, as we have heard, and all other cheaper alternatives.

We have to ask why electricity costs are so crushingly high that they are having this effect on our economy and the whole of our steel industry, including the



giant Scunthorpe plant. It is a big plant by our standards. We are fed stuff about costs being linked to the world gas price. We are big importers of gas nowadays, but this is the sort of marginal-cost economic argument that, frankly, could be swiftly corrected. There has been talk about blame, and that applies obviously to the previous Government as well as this Government.

But again, world gas prices are falling quite fast right now and there is plenty of gas available throughout the world, both through pipelines from Norway and elsewhere and from LNG galore—although Mr Trump may put a stop to that, because most of it comes from shale gas in the United States. So, no, the exceptionally high price does not come from that, really. It comes from the fact that we have drifted as a nation into the most extravagant and costly patterns of electricity generation possible. The planned massive increase in reliance on renewables will therefore mean massive reliance when the wind around the UK does not blow—about 3,000 hours a year: slightly under one-third—mainly on new gas-fired plants, which we are sensibly looking at now, and new nuclear, preferably small, attractive to the private sector and built on time, to ensure that we continue to get a first-world, reliable, affordable power supply at a vastly higher level than hitherto, which we need in a modern industrial state.

In a few years it may be that cheaper hydrogen will help on this front, but, for the moment, there is no possible alternative to new gas-fired stations, which will have to be combined with carbon capture and storage facilities—one is being built and many more are needed—and new nuclear, which I hope will be small and attractive to private investors, in line with new technology and not in the white-elephant class, and a brand new transmission grid as well, at an estimated cost of £600 billion.

So no wonder our small steel-making sector—which, remember, is 0.3% of world production, as against China's 54%—was going to be in severe trouble, and that, as the noble Lord, Lord Kerr, has just reminded us, will continue. Why? Because, whether Scunthorpe is saved or not, we will continue to import Chinese steel. Most products and services in the world have a Chinese component because most of the world is computerised and most computers have Chinese components of some kind, whether through services or actual production. I hope that the President of the United States understands this but, frankly, I do not think he does. Instead, I fear that he will lead us not to MAGA—Make America Great Again—but to Make America Small Again. That would be a tragedy that we must seek ourselves to help America recover from.

12.57 pm

**The Lord Bishop of Lincoln:** My Lords, I welcome the attention that the Government are paying to this matter in recognising the gravity of the situation we face. At a time of tariffs, threats to jobs and wider economic uncertainty, it is vital to safeguard the steel industry while transitioning towards a greener future. Production of steel is vital to the well-being and identity of Scunthorpe, a place I am proud to serve as bishop. That is before we consider its importance to our national infrastructure, recognising the need for connectivity through our railways in order to see one

another, stimulate our economy and reduce regional disparities. Protecting these jobs and the vital work done through them required action that has not appeared to be forthcoming from private investment. I wish the Government well in their endeavours, which are not without cost.

We are learning something about the state of our economy a quarter of the way through this century. When we have some distance from the immediate challenge we face today, I urge this House to engage in a broader conversation about economic trends and our role in shaping them as well as responding to them. We heard from the Minister that a former brickworks will become a theme park that could create 28,000 jobs and attract 8.5 million visitors per year. I raise this not to pass judgment on that particular investment—who among us would be upset by the prospect of a theme park featuring both James Bond and Paddington Bear on one site?—but I note what it says about our economy, which year by year seems driven more and more by the delivery of goods and services, especially through entertainment. While our economy is changing before our eyes, the need for a secure manufacturing base is essential, all the more so given global pressures and the attendant disruption to our economic and political norms.

I conclude by turning away from global headwinds and back towards the communities I live among in Lincolnshire. Naturally, my prayers are with the many people who will feel uncertainty and anxiety about the present and the future. They will require a response that is pastoral as well as practical. In our churches, we will seek to respond in love and to share the hope we hold on to, doing so now as we approach the disconsolation of Good Friday and the joy of resurrection on Easter Day.

In response to this issue, I encourage the Government to remember the pastoral issues alongside the practical measures they are outlining today. The two are linked and getting this right will require the Government to engage with local partners on the ground, including the combined authority and the voluntary and community sector, to ensure that we are able to respond together to the impact of what is happening to a resilient but fragile community.

1 pm

**Baroness Drake (Lab):** My Lords, the Prime Minister is absolutely right to move quickly and ask Parliament to approve powers to protect and secure the UK steel industry. Urgent action today, which is what is before us, is absolutely in the interests of the nation and those communities where steel is such an important part of the local economy. They are feeling deep anxiety for their futures—we know it and can feel it.

Retaining our steel industry is integral to the UK's economic growth—I have no hesitation on that point—and to our resilience as a nation at a time of growing geopolitical turbulence. The Government's economic growth aspirations for our country mean that we need more steel, not less. We need a secure supply of steel for decades to come—for infrastructure, homes, energy, transport and for so many more reasons, particularly our country's defence. We know we need to build a greater national defence capability as we adapt to our

[BARONESS DRAKE]

changing defence alliances and the emerging threats. Without that supply, we undermine our long-term economic security and lose our national resilience.

As my noble friend Lord Reid spelled out, if Scunthorpe ceases production, we will be the only member of the G7 without an ability to produce virgin steel—an unthinkable proposition. A lack or loss of capacity to produce our own supply of steel also poses a wider national security issue for our country. If we depend increasingly on China, India or other countries for our supply, we will be vulnerable to the actions of others who will seek to leverage and exploit that dependency. We must be in no doubt; recent world events have exposed such vulnerabilities all too clearly.

We need to expand and modernise our steel industry. Maintaining production in Scunthorpe through government intervention would save some 2,700 jobs at risk. It would also prevent the loss of many other jobs in the wider economy and supply chain. Failure to defend our steel industry would mean the loss of the high-value engineering that is delivering bespoke and customised products; the loss of high-value jobs; and the loss of knowledgeable, experienced and skilled employees—the very assets and people that are valuable for sustainable growth. We need more steel, not less, in our net-zero future—something the Prime Minister recognises. Steel can contribute to our decarbonisation, not only by reducing emissions from its production but through the use of steel in energy infrastructure and technologies that enable the transition to a net-zero economy.

Demand for steel produced using less carbon-intensive processes is increasing as a growing number of companies focus on reducing emissions in their supply chains—they are very focused on it. The UK could be well placed to lead on green steel-making, given that we have one of the largest scrap resources; given our progress on renewable energy; given the Government's intention to introduce a carbon border adjustment mechanism in 2027; and given that they are now focused on an integrated power strategy for the nation as a whole, including all its economic elements.

A principal cause of high electricity prices for the steel industry was high gas prices, rather than the cost of net-zero policies. Nevertheless, the steel industry needs an affordable, sustainable and resilient energy supply to support productive investment. Will the Government's steel strategy road map for the industry specifically address those energy supply needs, and will it strengthen the policy framework and strategy for building a net-zero steel sector?

1.05 pm

**Lord Moylan (Con):** My Lords, during the speech of my noble friend Lord Hunt of Wirral, I carefully watched the Labour Benches and, when he made some moderate criticisms of the Government, he faced what might be described as a certain degree of genteel barracking. What I did not see on the faces of those on the Labour Benches opposite was any suggestion or hint of apology—an apology, first of all, for rushing this legislation through Parliament with practically no scrutiny, when it, or something like it, must have been

foreseeable in recent weeks. There is no apology at all for the policies chosen to implement net zero, which have included ramping up the price of electricity to an unprecedented level, and one that has no comparison in similar economies—as explained with such patience by my noble friend Lord Howell of Guildford. There has been no apology for the incompetence of their negotiations. An insight into their negotiating ability has already been given to us in relation to the Chagos Islands, and now we see something similar happening with the steel industry. There has been no apology for their recent resultant decision to block the domestic mining of coal fit for coking. This is no way to treat Parliament and no way to treat our industrial sector—and no way to treat the workers involved and their families.

I accept that there may be a case for extraordinary measures in the case of steel production, for the reasons set out—I thought quite well—by the noble Lord, Lord Tunnicliffe, in relation to defence and the needs of our industry more broadly. What I am not persuaded of is the assertion that steel is somehow exceptional. There may be a case for that but, as the noble Lord, Lord Kerr of Kinlochard, pointed out, the case needs to be made and, so far, the Government have done nothing but assert it. Even the speech just now from the noble Baroness, Lady Drake, did nothing but assert what is so special about steel. What about other industries under threat from high electricity prices? What about glass, chemicals, cars and concrete? Do the Government have a plan? Are these extraordinary measures that we are taking today part of a strategy, or are they simply the result of panic?

The Bill itself is remarkable. It is not in fact nationalisation, as the Minister was keen to point out. It is in some ways almost worse: it is the confiscation and control of a private company, for whatever reasons, with no safeguards and no sunset clause, as things currently appear. Who knows—one may be inserted in the Bill before it completes its passage.

I conclude with a question that illustrates the rush with which the Bill has been prepared. In Clause 3(4)(a), the Bill allows the Secretary of State to enter the premises “using force if necessary”. I am curious to know whose force he is going to use; he does not have a force at his own disposal. The Bill does not give him powers to direct police forces to enter the premises and creates no provision, that I can see, whereby he can apply to the court for something that would allow bailiffs to operate. I would simply like to know, as a practical matter, how the Secretary of State is going to exercise this power to use “force if necessary”, should the owners of the factory choose to close the doors in his face.

1.10 pm

**Lord West of Spithead (Lab):** My Lords, I have here a long list of the numerous occasions on which, over the past 10 years, I raised my concern over the emasculation of our steel industry and the fact that, if we did not do something very urgently, we might well lose the ability to produce, with a sovereign capability, virgin steel. That is very important for our national security broadly and in particular for our military power.

I can think of a number of specialist steels that are required, for example, in our deterrent submarines, our attack submarines and elsewhere, that we used to be the world expert at producing. Now, we have to go elsewhere to look for them in a world that is changing and becoming very dangerous. We cannot rely on getting them. Before the Second World War, we put an order in with Czechoslovakia for 40,000 tonnes of steel to be delivered here to help build ships. Of course, along came Hitler and he stopped all that happening, which put us in a very difficult position. We are in a world now where we do not know what will happen. Interestingly, Bismarck always referred to blood and iron—I think that changed to blood and steel—as the most important things for military power within your nation. Therefore, this really concerned me.

At the end of this long list of times I raised my concerns, I asked the previous Government whether they felt there was a strategic need to maintain a steel industry and, if not, how could we ensure our military and industrial resilience. The answer I got really made me feel that they did not think there was such a need, and they would not be able to ensure that resilience. I have to say that I was slightly worried about that.

I congratulate the Government on taking this issue seriously and taking action quickly. In the Cold War, when we worked on how we were going to kill Soviet submarines—we would have been jolly good at it, I hasten to add; I am glad we did not have a war, but we would have been good at it—the slang we used was “fastest with the mostest”. In other words, when you got a sniff of a submarine, you moved really quickly—the Government moved really quickly when they saw that something needed to be done—and put every effort, everything you had, into killing that submarine, which you needed to do. There are things that need to be done on this issue, and I am not sure that all of them are being done. I have a concern about the cost of energy, but all these things need to be looked at.

Noble Lords would be very sad if I did not mention ships, which, of course, are made of steel, and we have too few of them. There are plans that would involve using about 90,000 tonnes of steel—it is not very much, really, compared with some areas, but a lot of it is specialist steel—but those plans have not been turned into orders. We need to realise how important steel is for our maritime capability and ensure that those orders go in.

Finally, I say “flag hoist Bravo Zulu” to the Government, which means well done, because this is a good thing to do. I am glad we have come in to do this. It makes the nation realise that it is important, and the steel industry will realise that it is important, which it is. As my noble friend Lord Tunnicliffe said, there is going to be a huge demand for steel more broadly.

1.13 pm

**Lord Hannan of Kingsclere (Con):** My Lords, the question posed by the noble Lord, Lord Kerr of Kinlochard, and then repeated by my noble friend Lord Moylan hangs in the air of your Lordships’ Chamber, brooding and unanswered: what is the justification for having a permanent, open-ended

commitment to subsidise domestic production? We have heard a perfectly reasonable case that we need lots of steel and security of supply. I agree with that, but the way to have security of supply, whether of steel or anything else, is to source from the widest possible variety of sources so that you are not subject to a localised shock or disruption, which might as easily happen in your own territory as anywhere else.

That is exactly where we are with steel. There is no foreign country that accounts for more than 15% of our total imports—not our total use, our total imports. It is an extremely comfortable position. There is a very widespread view, I think, outside this Chamber that we are somehow dependent on China or other unfriendly autocracies. We heard it from the noble Baroness, Lady Drake, a moment ago, but which countries actually are our chief suppliers? The first is Germany, the second is Spain, the third is the Netherlands and the fourth is Belgium. If, in some bizarre world, we were blockaded by the EU, we would still be able to import from Algeria, Turkey, Vietnam and South Korea before we got to China, which accounts for only 7% of our imports. We need to be realistic about the numbers.

If, for whatever reason, we decide that, despite that, we must have some kind of domestic production capacity at whatever cost then the easiest way to ensure that is to make our industries competitive by no longer imposing on them the most expensive energy costs in the developed world. We seem to have forgotten that actions have consequences. We pass resolutions and laws, we make decisions that make us feel warm and comfortable about net zero, such as not allowing the coking coal mine in Cumbria to be opened, and then we wonder at the consequences. If we want to have a domestic steel capacity, the way to do it is not to burden the producers and, indeed, our taxpayers with the costs of this policy and to be honest about the realism of deferring it.

I close by saying that we are again about to take a decision that will have consequences, which will be a repeat of a policy that has never, ever worked: the nationalisation of steel, which fails every time. It is like that scene of Homer Simpson constantly trying to grab his beer can from some electric wires and electrocuting himself each time and going back to it. In 1949 and in 1967, nationalisation led to disinvestment and maladministration, to political rather than economic decisions and, in the end, not only to the failure of the industry but to taxpayers being left on the hook, as it will this time, to the tune of £700,000 a day in this case.

“... the Dog returns to his Vomit and the Sow returns to her Mire,

And the burnt Fool’s bandaged finger goes wabbling back to the Fire”.

1.17 pm

**Lord Razzall (LD):** My Lords, like many in your Lordships’ House, I lived through the history of the steel industry. In the 1970s and the 1980s, we had the debate over nationalisation, privatisation, nationalisation, privatisation, and in the past 10 years we have had a series of crises, culminating—until now, I suppose—with Port Talbot, where the last blast furnace was closed in 2024, leaving Scunthorpe as the UK’s remaining primary steel-making facility. Of course, Port Talbot has now



[LORD RAZZALL]

been given planning permission for the construction of electric arc furnaces, but they will not come on stream until 2028.

I think it is accepted on all sides, with the possible exception of the noble Lord, Lord Kerr, and maybe the noble Lord, Lord Hannan, that steel is a nationally strategic sector that supports thousands of skilled jobs. As many noble Lords have said, if Scunthorpe is allowed to close, we will be the only G7 country without primary steel capacity. So where did it all go wrong? The noble Lord, Lord Moylan, called for the Government to apologise. Is he going to apologise for the previous Government's behaviour with the steel industry in allowing it to lurch from near collapse to last minute rescue? Is he going to apologise for his Government scrapping the industrial strategy, or for approving the sale of Scunthorpe to what is probably a front for the Chinese Government?

Noble Lords would expect me to say that Brexit did not help. It reduced our capability to sell into Europe, which we had done with some success before Brexit. Of course, Trump has not helped with his 25% steel tariffs. I should say to the noble Lord, Lord Hannan, that the risk is not now of China selling only 7% to us, but that China will now use the opportunity given by Trump to dump steel on to the UK market.

What do we need? We need a real industrial strategy giving manufacturers certainty with clear plans for the steel industry. We probably need a complete overhaul of business rates, giving steel mills breathing room. We also of course need a new UK-EU customs union, reopening export markets for us with the EU and rebuilding our previously existing trade links.

In the meantime, any steps that the Government can take to keep Scunthorpe operational are obviously welcome to your Lordships—apart from one or two speakers—which will give time to implement the essential measures that I outlined above. From these Benches, we support this, but the big question remains, as one or two noble Lords have said. The Government earmarked £500 million to purchase new materials, which was turned down by the Chinese owners. However, if the Government have to nationalise the plant because no private sector interest has come forward, the funding costs will be huge. A new electric arc furnace costs £3 billion and Scunthorpe may need two—£6 billion will test the limit of the Chancellor's fiscal rules.

1.21 pm

**Baroness Ramsey of Wall Heath (Lab):** My Lords, the Round Oak Steelworks was a steel production plant in Brierley Hill, West Midlands, close to where I grew up. Many of my classmates' fathers worked there, meaning that I was often asked as a child, "Can we come round yours to play? My dad's on nights?"—because my dad did not work nights. During the Industrial Revolution, the majority of ironmaking in the world was carried out within 20 miles of Round Oak. At its peak, as in Scunthorpe now, thousands of people were employed at the works. The steelworks were the first in the United Kingdom to be converted to natural gas, which was supplied from the North Sea. The works were nationalised in 1951, privatised in 1953 and nationalised again in 1967, although the

private firm Tube Investments continued to manage part of the operations at the site. The works went through other ownership in later years. The steelworks finally closed in December 1982, making the remaining 1,300 workers redundant. Gone were not only the jobs making steel but all the ancillary work that went with it, supplying goods and services to Round Oak. That provided work to thousands more local people. With it, went the social network and community fabric of the sort that the noble Baroness, Lady Brinton, referred to in Corby and my noble friend Lord Reid so eloquently spoke about in Glasgow.

After the closure at Round Oak, unemployment rates locally reached 25%, which was shocking, even for the early 1980s. I am therefore pleased to support our Government's efforts in this Bill to preserve steel production in Scunthorpe and the once-proud industry in our country and jobs, and to try to avoid the devastating and long-lasting effects of mass local job losses—and with it the sense of community and support that existed where I grew up, and no doubt exists in Scunthorpe, which has a similarly long history of steel-making.

1.23 pm

**Baroness Redfern (Con):** My Lords, I refer to my interests in the register. Scunthorpe, as we have heard from many speakers today, is a proud steel town that I have known for many years. Its people are fighting with all the strength and resilience that they have to keep those coke ovens burning. Some 2,700 jobs hang in the balance. With every family in the area, there is some connection or they know someone working there. There are also the hundreds of people employed in the supply chain, which will be thrown into chaos if Scunthorpe loses its steel capacity.

The big British Steel sign at Scunthorpe says, "Building stronger futures", but there will be no future if the coking coal does not arrive in time to keep Anne and Victoria, the blast furnaces, going hot. If they are closed in an unplanned way, they can never be reopened. With this important decision today feels like everything is going down to the wire. Scunthorpe is proud, and rightly so, that it makes the highest-grade virgin steel available. Let us not forget that, as we have heard from many speakers today, if we let the blast furnaces go cold, we will be the only country in the G20 that does not produce primary steel, against a proud 160-year industrial legacy. All this is against the backdrop that the demand for steel is likely to go up, not down.

Our resilience and national security are threatened as steel becomes the subject of tariffs and trade conflicts. As we know, there is already a proposal on the table for a 25% tariff on steel exports to the US, which we must be very mindful of. The UK has much scrap steel, but we need the import of large quantities of iron pellets and coking coal—although we have the Cumbria mine, mentioned before, which is ready to develop and could supply coking coal in the interim. Transition will take a period of time, so it is vital we keep the blast furnaces burning in Scunthorpe while working towards a gradual transition to low-carbon arc furnaces.

Regrettably, the ongoing issue is for the workforce, who are working with high electric prices, and the industry has called for a cap on energy prices for heavy



industry in order to match. We are charged twice as much as Germany and France are for their industrial electricity, which does not allow us to compete on a level playing field. This is unfair competition and has to be addressed.

Finally, the Government must do the right thing during the period of transition: bring the Scunthorpe site back into public ownership while protecting workers during this time, with a clear plan for the workforce. How can the UK not produce its own, high-quality steel? It must and it should.

1.28 pm

**Lord Falconer of Thoroton (Lab):** My Lords, it is an honour to follow the speech of the noble Baroness, Lady Redfern, which showed real understanding of the position. The facts are clear. Without intervention, Jingye will not commit to buying raw materials immediately. Those raw materials are required immediately to prevent the blast furnaces cooling down. If they cool down, permanent damage is done to the blast furnaces and they cannot be repaired. Then the plant is lost, and the consequence is that the United Kingdom ceases to have the ability to produce primary steel—that means steel not made with scrap metal but of the highest quality.

The Government are absolutely right to intervene and to try to solve this problem by negotiations. They have failed not because of their efforts, and they now intervene to save the steel plant at Scunthorpe and are right to do so. It is churlish of those opposite to say that they have left it too late. They have done all they can; now they move to save. While there are difficult questions about how you ensure steel production, there should be no real question that we should try to ensure that there is domestic steel production in this country.

I disagree with the noble Lords, Lord Kerr, Lord Moylan and Lord Hannan, that we should not have a domestic steel industry. I disagree as well with Kemi Badenoch, who was the Business Secretary in February 2023, who said that perhaps we should not have a domestic steel industry. That may explain why those opposite found it so difficult during the past few days to decide whether they supported this Bill—I am still at a loss to discover whether they do or not.

Steel is essential for the modern economy. It has no viable substitutes that can match its unique properties of strength, durability and versatility. It is critical, as an important element of almost all infrastructure and construction, and as an essential part of a broad range of manufacturing supply chains. As well as making the UK a clean energy superpower, steel is a fundamental component in activities such as the construction of wind turbines, manufacturing the next generation of electric or autonomous vehicles, and building the infrastructure needed to sustain our digital economy, particularly in advanced manufacturing, clean energy industries and defence. For example, it is estimated that offshore wind alone will require 25 million tonnes of steel. That represents a potential £21 billion market for UK steel.

The Government have committed to deliver 1.5 million homes over this Parliament. This, too, will accelerate the use of industrial construction and offer new demand

for steel, providing opportunities to the industry. Then, of course, there is defence, as my noble friend Lord West of Spithead referred to. The Ministry of Defence is currently undertaking an independent strategic defence review, alongside the development of a defence industrial strategy. These will inform our understanding of future steel demand, which is bound to increase as defence expenditure increases.

The noble Lord, Lord Moylan, said that it was only an assertion. The noble Lord, Lord Hannan, said we should rely on the foreign production of steel, which we should import. We should not. We should have our own domestic steel industry, and it may well be that it will have to be subsidised by the state to some extent. We should take that responsibility. As the noble Baroness, Lady Redfern, said in her impressive speech, we should save the town of Scunthorpe and make sure that there are jobs.

1.32 pm

**Baroness Jones of Moulsecoomb (GP):** My Lords, I would love to support the Government wholeheartedly on this Bill. From wind turbines to trains, steel will be needed for the transition to a green economy. However, this Bill contains huge powers for the Secretary of State and no sunset clauses. That is always going to be a source of problems.

I am worried that this is the same old story of taxpayer money paying for private profits and private sector failure. We have seen it with the water industry, where bill payers are taking the hit for billions of pounds in share dividend payments, and a third of my own water bill goes on paying debt. We saw it with the steel mill in Port Talbot, which was a missed opportunity that still grieves many people in Wales. We saw it with the collapse of Carillion, the private sector company that existed on public sector contracts. It paid out higher and higher dividends for 16 years. The owners fleeced it and left the pension fund half a billion pounds short—and, of course, cost the taxpayer £148 million.

Instead of the Government doing the obvious thing and taking over these failing companies, they should be bringing them into public ownership so that we can run them better and bring down bills. We keep throwing bill payers' money at them and expecting a different result. No Government should allow key infrastructure to fall into foreign private investors' hands in the first place; the minute it is not profitable, they pull out, with no recourse.

I have a few questions for the Minister. What is the Government's model for ownership? If we put £500 million into keeping this plant going, what are we getting back? Are we getting shares in the company? Are we getting worker representatives put on to the board? Are we getting guarantees that the steel plant will be handed over to the public sector?

The Minister said in her opening remarks that all options are under review, yet one constantly gets the feeling that, for this Labour Government, nationalisation is something that spooks them quite badly. I would like to know if nationalisation is one of the options under review.

What is the timetable for shifting the Scunthorpe blast furnaces from coal to green hydrogen? We have an increasing number of days when our wind farms

[BARONESS JONES OF MOULSECOOMB]

and solar panels are producing more renewable energy than the national grid needs. Instead of closing things down on those days—when renewables cost us nothing—why do we not use that free energy to produce hydrogen?

We must not leave the future of steel communities and steel-workers to the whims of multinational companies or bullies in the White House. These communities deserve better. Green steel in public ownership is the way to ensure that these communities not only survive but thrive into the future.

1.35 pm

**Lord Glasman (Lab):** My Lords, it is with great joy that I commend my Government for redeeming their promise to Scunthorpe. It is a place that I know well—I do a lot of work in Grimsby—and, without this, it would be another town left to die.

I am saddened but not surprised by the unrepentant Thatcherism expressed by the noble Lord, Lord Hunt. The whole escapade of privatisation subordinated our national security and national assets to profiteers, and it has ended up under Chinese ownership—that of a hostile power. We have to assert our fundamental national interest in preserving the steel industry.

I apologise to the House for not speaking more here. I think that I was the only Member of this House to be invited to the inauguration, so I will share one story. I was sitting in the White House, and President Trump walked past with his entourage. He is entirely one-faced, by the way; he is always the same. He was saying that his favourite word in the English language was “tariff”—I remember that. It was a discussion about putting industrialisation as the prime goal of US policy—the producers rather than the consumers. I was sitting with a group of his advisers, and I said, “What’s your favourite word?” One of them said, “The United States of America”. I said, “That’s four words—I want one word”. He said, “America”, and another said, “Family”. They asked me my favourite word, and I said, “Nationalisation”. I said that I sought the opposite to them—that I sought assurances that the steel industry would never, ever, be put back into the hands of profiteers and hostile powers.

I believe that this is a hugely important moment for us, in that we can now develop what has been squandered over the past 50 years: our industrial strength and our industrial power. It is absolutely vital for our defence and our defence industry. In response to my noble and learned friend Lord Falconer, I say that it is not just about the digital economy and the other things he mentioned; we have to produce weapons now.

This morning, I received many phone calls from Ukraine asking whether it is true that we are engaged in an industrial strategy. But we are living, as the Prime Minister said, in a new era, and I urge the House to pay attention to the Prime Minister’s words. It is an era based on national security and not merely the whims of the market; a new era that is entirely opposite to the era that other noble Lords pioneered, and which is not based on finance in the City but on the faraway towns and industry. I absolutely respected what the noble Baroness, Lady Redfern, said in her speech. This era is going to be based on weapons production, not TV production. It is a very different world.

Easter is coming and it is Passover for me tonight, so I may have to leave a little early, but I certainly believe in the resurrection, and it should be in our thoughts: the resurrection of Scunthorpe. I believe it is said that the last will be first. If we can have an absolutely modern, productive steel power in Scunthorpe, it will be one of the most wonderful miracles that we could witness. Port Talbot was absolutely necessary, but we have to integrate steel with titanium and graphite. Those are the modern materials of industrial top-end weapons production. I entirely agreed with the noble Baroness, Lady Jones, in what she has just said—if Scunthorpe could become the European leader in steel production, I believe that we would have a proper Labour Government; a Labour Government who actually put labour and workers first, and our national security and defence industry first. If, today, we can only hear that beautiful word “nationalisation”, it would be a great day and a day to celebrate.

1.39 pm

**Lord Bailey of Paddington (Con):** My Lords, I associate myself with the comments about how wonderful it is that the staff have been able to open Parliament on a Saturday to facilitate this very important debate.

Of course the Government had to act quickly—speed is of the essence here—but it remains to be seen whether that speed will be of any use. The Government will have to focus on the many things going on now and will have to make very quick decisions. The Bill would have been far better if there had been a longer debate because, as has been said many times in your Lordships’ House, some very draconian powers are about to be handed out. How they are to be administered will send a message around the world about who we are as a place to do business.

I will concentrate mainly on the effects on the community. The noble Baronesses, Lady Ramsey, Lady Brinton and Lady Redfern, very clearly highlighted the reverberations that this will have for communities in Scunthorpe, where the blast furnaces are. We Londoners have very few relationships with steel, but we do have some. Rainham Steel, a business out in Essex, is very close to London; it has been a viable employer for years. It is exactly the kind of business that pushes our economy and provides employment, and it will suffer if this situation is not resolved correctly.

Having said that, I have three questions for the Minister. Again, as a Londoner, steel is not my specialisation, but communities are. I come from a community that struggles hugely with high levels of unemployment. The idea that an entire community’s employment will be whipped away makes this a social question for our country as much as a financial or strategic development one. How can British Steel survive under the current burdensome regulations and unrealistic net-zero targets, especially those around importing materials from abroad rather than using coke from here? I want to be clear: I am not saying that we should not have the net-zero targets, but we have to ask whether they are the correct ones. Are they driving our industries into the ground, making it uncompetitive to run a business in this country, or are they cleaning our environment? We need to make sure we do not do one at the expense of the other.

Has a financial impact assessment been made of the cost of this Bill? It may not lead to nationalisation, but the effect for the British taxpayer will be the same: a huge, growing and ongoing bill. If that has not been considered by an assessment, it really needs to be done urgently. Unfortunately, that cost will reverberate with other communities in this country, and we will be unable to afford the support that they need because we are spending money to subsidise this industry.

How long will this arrangement last? There is no sunset clause but there also seems to be no idea of how long it will go on. I repeat my earlier question: if you have a growing bill, and no way to end it, what happens if the British taxpayer is on the hook for it again and again? We need to get a handle on that.

I wish this Government every success in resolving the situation speedily, but history would suggest that Governments are not good at procurement or at running businesses efficiently. Ultimately, if this business cannot stand on its own two feet, what will we do then? It is very important that we keep the strategic ability to deliver our own steel. What will the Government do to make it work as a business? We have heard lots of talk in the Chamber about the large amount of steel that will be needed in the future but, if that is the case, surely the business is viable today. What work will the Government do to make sure that those orders come in and that this business works, to protect this community and our strategic goings-on around the production of warships in particular?

Can the Minister answer my questions in a direct and simple way that people from my community, as well as other communities across the country, can understand? There has been an awful lot of finger-pointing in the Chamber today, and the people of Scunthorpe, whose jobs, livelihoods and families are at risk, do not want to see that; they want to see a resolution.

1.43 pm

**Lord Sikka (Lab):** My Lords, the Minister said that the Government seek to take control of blast furnaces at Scunthorpe without taking control of British Steel. They are trying to avoid the words “nationalisation” and “public ownership”, but that is really where we are heading. British Steel’s most recent accounts show a falling turnover, increasing losses and a negative net worth. It is bankrupt and there should be very little compensation, if any.

Steel is essential for civil and defence industries. In a world of trade wars, we need to be self-sufficient. We need permanent public ownership of the steel industry. I do not support temporary nationalisation, under which the public purse revives the industry and the Government then hand it back to the private sector for more subsidies.

One of the reasons for the current crisis is that privatisation of essential industries has failed. The 1988 privatisation of steel by the Conservative Government was completely divorced from any industrial strategy, need for jobs and self-reliance. There are those who object to nationalisation but, at the same time, have been content for Governments to hand vast subsidies to the steel industry. This free money enables companies to acquire assets and income streams that enrich their shareholders, and they keep coming back for more.

Steel-making is in crisis because of the failure of other privatisations. Steel-making relies on extensive use of energy but our energy costs are absolutely extortionate. British businesses pay the highest price in the developed world for industrial electricity. It is twice the EU average, 2.6 times the Korean cost, four times the US cost and even more compared to China. In the last four years, the UK’s 20 biggest energy companies have made operating profits of £514 billion and, in doing so, have destroyed steel and other industries.

With the use of electric arc furnaces, UK steel would be even more expensive and uncompetitive. Some 34,000 gallons of water are used to produce one tonne of steel and water costs are extortionate too. No steel nationalisation or industrial strategy can succeed without control of the key costs. Can the Minister explain how the Government will control profiteering associated with energy and water industries?

Yesterday, the Prime Minister said that he will “protect British jobs and British workers” and added:

“Jobs. Investment. Growth. Our economic and national security are all on the line”.

Against this background, people in Scotland and Wales really deserve a straight answer. Grangemouth, Scotland’s only refinery, is set to close with the loss of thousands of jobs, but the Government have not sought to bring it into public ownership. Why? The Government did not prevent the closure of traditional steel-making at Port Talbot in Wales. Tata could have accompanied its electric arc furnace with another plant making direct reduced iron, as suggested by trade unions. Again, the Government did not support that strategy. Why not? The inevitable conclusion is that a London-based Government protect jobs in England but do not really care about job losses and decline in Scotland and Wales. Can the Minister please explain why the Government are willing to save the Scunthorpe plant but not Grangemouth or Port Talbot?

1.48 pm

**Baroness Bloomfield of Hinton Waldrist (Con):** My Lords, I agree with the premise that the UK needs a flourishing domestic virgin steel industry to enable our industrial regeneration goals to be met, but I also express my deep personal regret that virgin steel is no longer made in Wales. My father started his career in Cardiff Steelworks at a time when Welsh steel, particularly that from Llanwern, was known to be the best in the world.

I also echo the deep concern aired throughout this House about the way this has been handled and the potential enormous cost that may fall on the taxpayer. I hope that the Government will agree to a sunset clause, at least to enable them to take stock at some point in the future. For now, my thoughts go out to the steel-workers and their families during an undoubtedly stressful and anxious period. Now may not be the time for political posturing or, indeed, engaging in a baseless blame game, but the facts speak clearly for themselves.

There are a number of issues that have directly caused the precarious situation we now face. For the last few years, it has become increasingly apparent that Chinese companies have developed an insatiable agenda to close down all their competition in the steel



[BARONESS BLOOMFIELD OF HINTON WALDRIST] market. The hostile actions of the parent company, coupled with some reckless decisions taken by this Government, have engineered this predicament. The Government's failure to tackle crippling energy prices, instead deciding to hike national insurance, have caused further, and, I might add, unnecessary pressures on our already struggling industry.

If noble Lords require any further evidence of this Government's short-sightedness, they just need to remember that it was the current Energy Secretary, Ed Miliband, who decided last September to block the planning application from West Cumbria Mining Ltd to mine the coking coal necessary to make virgin steel. Now it must be imported, at greater financial and environmental cost. Bluntly, this made no sense and caused some of our plants to become even less competitive. The Labour Government's poor decision-making has helped engineer the steel crisis. This begs the pertinent question: the Government must have seen the writing on the wall, so why did it take them so long to act?

When faced with a crisis, it is imperative that we act swiftly and decisively, just as the last Conservative Government did with Port Talbot steelworks. In 2023, the then Government were told by Tata Steel that the plant needed to undergo operational changes or face closure, meaning 10,000 jobs would be lost. The company was facing a £1.5 million loss every single day—a huge financial shortfall that no company, and indeed no Government, could sustain. Importantly, it was known that the two blast furnaces there were nearing the end of their useful lives. The Conservative Government acted quickly, leaving no stone unturned in trying to save as many jobs as possible. The agreed plan involved a £500 million government grant support package to build an electric arc furnace, plus millions more to help retrain those who would lose their jobs.

The electric arc furnace currently being built on the site will make us less dependent on imports, because it will recycle the UK's huge tonnage of domestic scrap steel. Of course, it is my hope that, one day, Port Talbot will have a dedicated power supply provided by an on-site advanced modular nuclear reactor, such as those that data centres are helping to finance in order to secure their own energy demands. Nationalisation should be a last resort; it is always the taxpayer who foots the bill. I am confident that everyone in this House will agree with me that steel is of strategic national importance and that we cannot allow the Scunthorpe plant to fail.

1.52 pm

**Lord Hendy (Lab):** My Lords, the Government are to be congratulated on acting decisively and promptly. Like, I think, the noble Lord, Lord Hunt of Wirral, I came here thinking that we were going to be debating the nationalisation of the steel industry; I confess that I am disappointed to find out that we are not. However, the Bill that the Government have put forward buys space and time for them to put forward a real plan for the saving of the steel industry. I hope that the ultimate decision will be to nationalise the steel industry. It is a national asset, as many speakers have described today—and by “national asset” I do not just mean the blast

furnaces, the presses, the cranes and the buildings: the workforce also form a national asset and they deserve to be protected.

The Bill that the Government have put forward demonstrates the complete failure of the privatisation of this industry. I hope the Government will conclude that nationalisation is the answer and I hope, too, that they will consider that remedy for Grangemouth, the water industry and, of course, the energy industry, whose profiteering has done so much damage to the steel industry.

1.53 pm

**Viscount Hanworth (Lab):** My Lords, why have we been recalled with such urgency to debate the future of British Steel? The immediate answer is that the blast furnaces at Scunthorpe require to be fed with iron ore and coking coal to keep their fires alight. If the fires were to be extinguished, the contents of the furnaces would solidify and we should lose our capacity for creating virgin steel from basic ingredients. We should lose a facility on which we have relied for more than 300 years to sustain our industrial productivity. Our steel-making capacity would become entirely dependent on electric arc furnaces, which would be used for the reprocessing of scrap metals.

The Chinese owners of British Steel, Jingye Group, have been impervious to the blandishments of the Government, who offered to pay for the ingredients that would feed the blast furnaces. From Jingye's point of view, it is simply uneconomic to produce steel in Britain.

The problems of our steel industry were developing throughout the Conservatives' period in office, during which time the industry was in foreign ownership and financial crisis. The British Steel Corporation was privatised in 1988 by the Thatcher Government, and it merged with the Dutch National Steel Company in 1999 to form the Corus Group. This was taken over in 2007 by the Indian Tata Steel Corporation. In 2016, Tata divested itself of its UK assets, which were acquired by Greycapital for the sum of £1. It was sold to the Chinese Jingye corporation in 2020.

The writing had been on the wall long before the acquisition by Tata Steel. However, during the years of the Conservative Administration, nothing was done to protect this strategic asset. The question that concerns us today is whether it is appropriate to take drastic and costly action to protect our native steel industry and whether it is an industry that is worth saving. I believe that the preservation of our native steel-making capacity is a national priority. Our long-term prosperity and our national security depend on our being self-reliant. If we do not create a viable industry on the basis of the existing British Steel Corporation, we shall be hard put to re-establish a steel industry.

An immediate issue is whether the two blast furnaces at Scunthorpe need to be kept alive, and the answer must be in the affirmative. They represent the only means by which we can produce the high-grade steels that are required by our automotive and aviation industries. The preservation of the blast furnaces would be the first step in a protracted process of restructuring our steel industry, which would be beset by numerous difficulties. Blast furnaces require iron ore and coking



coal, which come from foreign sources. Sweden is no longer the principal source of iron ore: it comes mainly from Russia, Brazil and Australia. Coking coal exports are dominated by Australia, the US, Canada, Russia and Mongolia, which together account for 90% of the world's exports. I must assert, by the way, that Cumbrian coal, which has a high sulphur content, is inappropriate for producing coking coal.

Ultimately, blast furnaces, which depend on vulnerable supplies of materials and produce large quantities of carbon dioxide, must be replaced by other technologies that are yet to be fully developed. These might depend on hydrogen and electrochemical processes but, in the meanwhile, some major reorientations will be required if we are to fully exploit the technology of electric arc furnaces. At present, Britain exports 80% of its scrap steel, making it the world's second-largest exporter. We are thereby stripping ourselves of a vital resource at a time of rising domestic demand.

The scrap steel ought to be consigned to domestic arc furnaces. However, as we have heard time and again, Britain has some of the world's costliest industrial electricity. The cost is three or four times greater than in the United States and significantly greater than in any of our European neighbours. The costs of our electricity are due in large measure to the costs of our network, which is increasingly reliant on renewable sources of energy that are intermittent. Such costs will not be alleviated unless we resolve to generate a substantial proportion of our electricity from nuclear power.

The preservation of our steel-producing capacity will depend on a long-term strategic plan, with social direction from the Government, as well as ample funds provided by the Government. This surely implies the nationalisation of the industry. In the absence of such a strategy, we will become increasingly dependent on and subservient to other nations, which will be both the owners of our industrial infrastructure and the providers of our strategic materials.

1.59 pm

**Lord Young of Norwood Green (Lab):** My Lords, at this point in this vital debate almost everything that can be said has been said, so I will certainly not repeat everything. I will just observe that there used to be steel-making in London, of course. Not so long ago, the last historic bell-making foundry closed, and you can still see the names of steel-producing companies as you look at bridges and various other means of transport production.

The transition to green production will be vital and will require the production of coking coal. It is a savage irony that the current owners are reported to have visited Scunthorpe and asked its workers whether they want to transfer to China to produce coal there. I thought that that was an interesting proposal, but not one that we would want to support.

Will the Government reconsider the decision not to support the Cumbrian mine, which can produce high-quality coking coal? I might have a disagreement on that with the previous speaker. If that mine will not be the source of the coking coal that will be required to keep the Scunthorpe mine open during the transition period, what will be?

2 pm

**Baroness Laing of Elderslie (Con):** My Lords, I had not intended to speak in this short debate. However, I feel compelled to do so as a member of the Constitution Committee, because the Government have not answered all of the questions that the committee, in its report, *Fast-track Legislation: Constitutional Implications and Safeguards*, set out as ones that ought to be answered when the House is being asked to approve fast-track legislation and the normal processes of scrutiny are being truncated.

In the Explanatory Notes, which in these circumstances become more important than usual, there are 14 questions in all—it is all right; I am going to ask just two of them—set out very specifically. Two of them have not been addressed, and I hope that the Minister will be able to address these specific questions in summing up the debate.

The first question is:

“Does the Bill include a sunset clause ... If not, why does the Government judge that their inclusion is not appropriate?”

The answer given in the Explanatory Notes is that the Bill does not include a sunset clause—that is obvious in the Bill—but there is no explanation as to why there is no sunset clause. The second question that has been omitted is:

“Are mechanisms for effective post-legislative scrutiny and review in place? If not, why does the Government judge that their inclusion is not appropriate?”

Again, the answer given is that the Government decided that such scrutiny and review were not needed, but there is no explanation as to why. It would assist the House if those questions could be answered before we are asked to make decisions.

2.02 pm

**Lord Fox (LD):** My Lords, it has been an unanticipated pleasure to have a debate with noble Lords today. Many of us following the British Steel saga expected to find ourselves debating the issues in your Lordships' House at some point, but I do not think we expected to debate them today. I will not comment on how on earth this scramble happened, but, like the Chief Whip and others, I thank the House authorities, Black Rod and her team, and all those across the House who made this debate possible.

The noble Lord, Lord Hunt of Wirral, with his characteristic hubris, made remarkable accusations—remarkable because the decline of the steel industry has been largely under the auspices of his party. Years of neglect and drift have happened on its watch and that has led to the crisis that we now see today. I do not think that the Government should take any lessons from that party, and I do not think that they will.

Having seen the Bill for the first time just a few hours ago—I thank the Minister for her characteristically clear explanation and her letter—I think it is a Bill that gives the Government of the day very strong powers. It is a shame that we should be rushing it through, but we on these Benches understand why the reason for haste is there. Time is now of the essence. The future of the UK's last blast furnaces at Scunthorpe steelworks hangs in the balance. Closure would bring British virgin steel production to an end, as noble Lords have set out.

[LORD FOX]

As we have heard and read, Scunthorpe's Chinese owner, Jingye, has turned down offers of help and declared the Lincolnshire plant unviable. President Trump's tariffs seem to have been the final straw that exposed the remaining elements of the British steel industry to a harsh global reality. Perhaps those in the past who have spoken volubly and favourably on the merits of Trump II would now like to reflect on a global trading environment with higher tariffs than in living memory, and that is after the 90-day suspension.

Owning and running a steel business should be a long-term enterprise; it should be measured in decades, not months. Scunthorpe's owners since 1988 include the British-Dutch Corus partnership, the Indian Tata Steel conglomerate, then Greybull Capital and finally Jingye. For the latter, Scunthorpe has been a bit-part player in a global multinational with strong Chinese Government links, and Jingye seems happy to walk away from the Government's £500 million offer to keep Scunthorpe open. But steel is not a bit-part player in our industrial economy; if Britain is to have a green and long-term industrial strategy, and if it is to have a defence industrial strategy, it needs steel.

Finally, after years of successive Governments producing piecemeal temporary fixes, we reach the crux. It is now or never, and nationalisation seems to be the only route to some sort of salvation. Steel has been here before, as my noble friend pointed out, but, of late, nationalisation has been anathema. Perhaps we should not be so squeamish. As my noble friend pointed out, the French, Irish, Danish and Norwegian Governments own our wind farms; the Dutch state runs our trains; and the Chinese Government, through PetroChina, own part of Grangemouth, the UK's oldest oil refinery. No matter what the Minister had to say, this Bill looks like a paving Bill for nationalisation.

Given the sweeping powers within the Bill, will the Minister tell your Lordships' House what additional powers the Government think they need to grant themselves full ownership of this industry? Do they actually need any more powers than are currently within the Bill? Given that this is one part of the UK's remaining steel industry, how does Port Talbot fit into the picture?

Clause 7 speaks to compensation. There is government-backed finance in this. Can the Minister assure us that the measures taken today will not inadvertently increase the value of this business and therefore increase the necessary compensation that may be forthcoming from this Government? Finally, can the Minister tell your Lordships' House what will happen to the other Jingye steel businesses in the United Kingdom?

We are still waiting for the Government's so-called modern industrial strategy, but now, with steel in the balance and automotive on the edge, it is time for the Government to get it out there and start working with industry to deliver it. Within that strategy, the future of our steel industry must have a place. We are clear that steel should be classified as a national strategic asset and be backed by a comprehensive plan to ensure that more British steel is used in vital infrastructure

projects, from defence to renewable energy. I say to the noble Lord, Lord Kerr, that just because we abandoned aluminium, why should we abandon steel?

Within the industrial and defence strategies, the Government need to determine what sort of steel we need, and need to produce locally, in order to deliver on our key strategic and security objectives. That requires a real analysis of whether electric arc manufacture can produce the sorts of steel that we need. Can the Minister assure your Lordships' House that this analysis is a priority and will be published before any irrevocable steps are taken on the blast furnace?

That begs the question, of course, on environmental impact and energy. Whatever the future looks like, it must still be executed within a long-term carbon strategy. We do not support going back on our environmental objectives, but I suggest that the route to achieving them might be different from the one envisaged a while ago.

Secondly, it is clear that certain key industries are massively hampered by energy costs. It is a big issue that this Government handed to that Government: the price for energy has not materially increased since the Conservative Party relinquished control of government. That is on their watch, not this Government's, but it is now on this Government's watch to do something about it, and that is what we want to see happen.

As has been pointed out, we also need to understand how the UK will handle the Chinese dumping of steel on our industry. With the US market gone, how will the Government create a level competitive playing field? May I ask that the Trade Remedies Authority accelerate its review of Chinese markets?

Turning to another international issue, at this stage, the Government are not taking the enterprise into full public ownership, so presumably they will transfer money from a UK taxpayer to the plant ownership. Parts of Clause 2 give the necessary powers. This Government seek to uphold the international rule of law, and there are commitments on subsidies arising from the UK's continued membership of the World Trade Organization, primarily set out in the agreement on subsidies and countervailing measures. Further commitments are contained in the General Agreement on Tariffs and Trade, in trade-related investment measures and the general agreement on trade and services. These are not new commitments, as your Lordships know; the UK was subject to WTO rules when it was a member state of the EU.

Furthermore, the UK-EU Trade and Cooperation Agreement contains a chapter on subsidies aimed at ensuring that subsidies do not have a detrimental effect on trade and investment between the UK and the EU. The requirements of the TCA are incorporated into the UK's Subsidy Control Act, which has been in force since 4 January 2023. It is important for the Minister to set out how, under its proposed activity, it will meet these international obligations. I want the Government to succeed, but they should succeed within the rule of international law. More especially, at a time when we desperately need a closer trading relationship with the European Union, as set out by my noble friend, we want to know how this Bill and these actions will affect our relationship via the TCA obligations that we have made.

I had the pleasure of working on the Subsidy Control Bill, and it seems to be the core of this issue, yet somehow absent from any discussion of this Bill. Given the complexity of the Act, I do not propose to go into details, but Sections 19 and 20 are the key specific areas. The Act says that a

“subsidy ... given during the preparation by the enterprise of a restructuring plan”

can be legal as long as it

“contributes to an objective of public interest”.

That is the point that the noble Lord, Lord Kerr, made, and it is what it seeks to achieve. However, further on is the condition that the public authority giving the subsidy needs to be

“satisfied that the restructuring plan ... is credible ... is based on realistic assumptions, and ... is prepared with a view to ensuring the return to long-term viability of the enterprise within a reasonable time period”.

Do we have such a plan—or when will we get one? Perhaps the Minister can give a brief answer on the subsidy issue and set out in writing the detail of how we will meet our legal obligations to support the Scunthorpe plan.

A great deal of concern has been expressed about the open-ended nature of the Bill and the strength of the measures contained therein. We believe that there needs to be some end point in the Bill, and we are happy to discuss with His Majesty’s Government ways of alleviating our concerns on this—but these are genuine concerns felt right across this Chamber, and possibly at the other end.

This is a very difficult time for the people of Scunthorpe and everybody connected with this important plant. I close by reiterating comments we have heard right across the House: our thoughts go with this community—to the people who must be sick with worry about what is going to happen in their town. We on these Benches will do our utmost to support and maintain this industry so that it can move forward and they can have a future.

2.15 pm

**Lord Davies of Gower (Con):** My Lords, I thank all noble Lords who have attended to contribute to this important debate, and I repeat thanks to all the House authorities who have allowed this to happen. The fact that Members of both Houses have been called in for an emergency Sitting reflects, in part, the way that this Government have managed this issue. Reports released earlier this week clearly show that serious questions over the delivery of coking coal were left outstanding following talks with the CEOs of Jingye and British Steel on Wednesday, and it was clear that they did not yield a deal. Indeed, British Steel released a statement on 27 March in which it said that

“the blast furnaces and steelmaking operations”

at Scunthorpe

“are no longer financially sustainable”.

Given this, I ask the Minister why the Government appear to have had no plan in place to manage these developments, given that they should have been able to anticipate the need to intervene to keep the furnaces in operation.

The actions taken by the Government to secure the raw materials needed to keep the furnaces in operation are, of course, necessary, and this is the right course of

action in the short term, but the Bill demonstrates a complete and utter failure to act. This should never have been necessary in the first place. The mess we are in today is entirely of this Government’s making. If they had acted sooner and negotiated better, this entire debacle could have been avoided.

The Secretary of State in the other place said at the beginning of the Second Reading debate that the previous Government did not have a deal in place with British Steel. However, on 30 April last year, British Steel was granted planning permission to build an electric arc furnace at its Scunthorpe plant and a further furnace at Teesside. This represented £1.25 billion of investment in modernising steel production. The previous Government were taking action to safeguard and improve Britain’s steel industry.

As my noble friend Lady Laing said, the Government believe that specific measures for post-legislative scrutiny and review are not needed for the Bill. I am afraid that this response is wholly inadequate. It cannot possibly be true that the Government believe it unnecessary to include post-legislative scrutiny for a Bill passed in one day and of which noble Lords had had sight for only two hours before our debate commenced. We understand the urgency required today, but that cannot come to the detriment of proper and effective scrutiny of these wide-ranging powers after the Bill is passed.

To that end, my right honourable friend in the other place, the shadow Secretary of State, tabled amendments to permit the Secretary of State to be able to use the powers under Clause 2 for the period of only one year and to insert a sunset clause which would see the Act expire either after one year or six months after the issuing of a direction under Clause 2. These amendments are crucial to ensure that the provisions in the Bill are not open-ended powers. I urge the Minister to consider placing reasonable time limits on the Bill.

The experience of the workers and communities affected by the changes at Port Talbot demonstrates the importance of these decisions and how they are taken for the thousands of people who are directly involved with the production of steel. At this juncture, I take issue with the noble Baroness, Lady Brinton, who said that the Conservatives failed to support Port Talbot. In fact, it was the Conservative Government who agreed the half a billion pound investment in the electric arc furnace at Port Talbot, and millions of pounds more to support the workers and families. This was adopted by the current Government. I remind the noble Baroness that I represented the steel-workers and the community of Port Talbot in the National Assembly for Wales for a number of years. Indeed, many of them were my constituents when I was a Member of Parliament.

Can the Minister outline how the Government are engaging with the affected communities in both areas to provide support? Furthermore, can she confirm that she and her Government understand the importance of clarity and openness with communities as to their next steps in the medium and long term? Can she share those today?

To that end, it is important to press the Minister on how long the Government intend to continue this intervention in the operation of the steelworks. Can



[LORD DAVIES OF GOWER]

she also outline the discussions that the Government are having with commercial providers in their exploration of solutions that do not sign the taxpayer up to a sustained liability? Furthermore, what assessments have the Government made of the relative benefits and limitations of commercial solutions versus any proposed nationalisation?

It is imperative to remember that the acquisition of an organisation also involves picking up the tab for how that organisation has been operating. A full assessment of this needs to be performed as a matter of urgency, if it has not already been completed. Can the Minister provide any information on the cost to maintain blast furnaces beyond the immediate short term?

It is vital that decisions we make in this matter centre on supporting the national interest. It is important that the Government make choices pragmatically and responsibly. I therefore ask the Minister: what, if any, role has been played by trade unions in negotiations over the future of the Scunthorpe steelworks? Can the Minister assure the House that the Government's next steps will be determined by the national interest and not by the unions?

The events of this week have affected the relationship between the UK and China, and I am aware that the Chinese Government actively attempted to transfer ownership of some raw materials to Jingye yesterday. Can the Minister provide any updates to the House on talks the Government have held with the Chinese Government on this issue? In addition, have these events led the Government to undertake a renewed assessment of the security and defence implications on our trading relations with China?

In closing, it is important to reiterate that the Government are proposing a very short-term, temporary measure that will not provide a stable solution to the problems we face. In the interests of the affected communities and, most importantly, the taxpayer, the Government must take their next steps sensibly, and we need to make sure that we do not see another panicked response like the one this weekend. To that end, can the Minister set out the next steps the Government are taking to support the operations of the Scunthorpe steelworks in the medium and long term, beyond the intervention that is being discussed today?

2.22 pm

**Baroness Jones of Whitchurch (Lab):** My Lords, I thank all noble Lords not just for participating in this debate but for returning to this place in these exceptional circumstances. Before I respond to the comments that have been made, I reiterate the points made by the Prime Minister yesterday and by the Business Secretary in the other place today: the Government have always said from the outset of their negotiations with Jingye that we would keep every option on the table and act in the national interest to protect British jobs.

UK-forged steel built our railways, bridges and buildings. It is an integral part of our economic future, as it has been in our industrial past. That is why we need to pass this legislation today. I am therefore

grateful to my noble friends Lord Reid, Lord Tunnicliffe, Lord West, Lady Drake, Lord Glasman and Lord Hanworth, and to my noble and learned friend Lord Falconer for reminding us how fundamental steel is to our infrastructure and our future economic growth plans. I also thank the noble Baroness, Lady Redfern, and my noble friend Lady Ramsey, who reminded us of the human cost of the potential closure of the Scunthorpe site. We reiterate our commitment to protecting jobs and communities impacted by that potential closure.

The noble Lords, Lord Hunt and Lord Moylan, complained about the urgency with which we have had to rush this legislation through. I think they do not appreciate the urgency of the situation we find ourselves in. Those blast furnaces were in danger of failing within days. That is why we are here today and why this action was so necessary. Like the noble Lord, Lord Fox, I am not inclined to take lessons from the party opposite, given their record over the previous 14 years. In her year and a half as the Business and Trade Secretary, Kemi Badenoch met UK steel companies on just three occasions. On the party opposite's watch, UK steel production plummeted by 4 million metric tonnes between 2010 and 2023—an eye-watering fall of 42% in manufacturing. The UK went from the 17th largest steel producer in the world to the 26th largest over that period. The economic output of UK steel halved to £2.3 billion in that time. The noble Lord, Lord Hunt, heralded the use of coal and the opportunities that it would provide. I must remind him that it was his party that closed the coal mines and made us reliant on imported coal in the first place.

The noble Lord, Lord Moylan, asked if we would apologise. The Government will not apologise for acting in the national interest. As my right honourable friend said in the other place, this issue should have been resolved years ago. The situation we inherited across the board on assuming office is one in which most of our foundation industries found themselves in difficulty. Since 2010, UK crude steel production has almost halved. We know that rebuilding our steel industry after years of neglect will be a challenge, but it is one that this Government have grasped and it is why today, where others have shied, we have stepped up to take action.

I move on to some of the points that have been made. The noble Baroness, Lady Brinton, asked about the legal advice from the Attorney-General. It is the Government's policy not to discuss advice provided to the Government.

The noble Baroness, Lady Coffey, asked about Teesside. Ultimately, British Steel has been responsible for commercial decisions regarding its location strategy. The Government were right to prioritise protecting as many jobs as possible during those negotiations, but it is not right to force job losses in Scunthorpe to benefit Teesside. However, of course we want to do the best we can by Teesside communities, so the Government are continuing to work with the Tees Valley Combined Authority and local partners on regional investment and growth opportunities.

The noble Lord, Lord Fox, asked about international law and our obligations. I can assure him that everything we do is in compliance with our international law



obligations under the WTO, the GATT framework and international law more generally. I reassure him that we are entirely satisfied that these short-term powers are within the terms of our international law obligations.

The noble Lord, Lord Kerr, the noble Baroness, Lady Brinton, and others asked whether compensation would be paid. We need compensation provision within the Bill to preserve the investment climate and to comply with international standards, but the chances of compensation being recovered are slim because the powers are there to protect the company's assets, not to damage them. Compensation would also have to be done via an SI, which would be subject to parliamentary scrutiny through the negative resolution.

The noble Baroness, Lady Brinton, also asked whether the Bill's powers were overreaching for the Secretary of State. The powers are linked to what a relevant person could have done. Basically, they are to do anything that management is empowered to do, so they are there within those confines.

The noble Lord, Lord Hunt, the noble Baronesses, Lady Brinton and Lady Laing, and other noble Lords asked about the sunset clause. Because of the speed at which the legislation has been drafted and the uncertainty of the situation, it was neither necessary nor appropriate to set a timeline for these specific interventions. The current international situation is unpredictable, so a fixed sunset clause would not be workable or acceptable, as we might have to come back to Parliament and do it all again. We can, of course, revoke directions at any time in relation to a particular steel company once the need for intervention has passed. We would welcome working with the Business and Trade Select Committee to make sure we work with Members and keep them updated so that these powers are not in place any longer than is absolutely necessary. We understand the concern of the House about the use of these powers, and it is right that Parliament closely monitors this. We will be updating the House every four weeks on the use of these powers.

**Lord Fox (LD):** My Lords, I thank the Minister for those words. What this House seeks, rather than an update, is the opportunity to invoke these powers in a way that they appear to be intended. They have been called emergency powers, and the Minister has called them short-term powers. Will the Government, within six months of this Bill coming into force, commit to having a substantive debate, in both Houses, to determine whether the Act will continue and to acting on any resolution of the House of Commons on the further continuation of those powers?

**Baroness Jones of Whitchurch (Lab):** My Lords, I have been here on a number of occasions answering questions on the situation with steel. In the future, we will continue to engage as widely as we have done to make sure that Parliament is updated on these matters. As I have said, we will update the House every four sitting weeks on the use of these powers. I honestly think that, in these circumstances, that is sufficient.

**The Earl of Kinnoull (CB):** The Business and Trade Select Committee, which the Minister just spoke of, is a House of Commons committee. Within our own

House, we have the Industry and Regulators Committee. Are the Government proposing that they would offer the same service, as it were, to our committee as well?

**Baroness Jones of Whitchurch (Lab):** I thank the noble Earl for raising that question. I am sure that we would be happy to consult with the relevant committees within your Lordships' House as well.

A number of noble Lords, including the noble Lord, Lord Hunt, asked about the cost of providing these safeguards. We are directing British Steel to act in a way that safeguards its assets, and this funding should be provided by the company. If the Government need to spend money, we will look to recover that from the company if we can and where reasonable. We have committed up to £2.5 billion for steel, via the National Wealth Fund and other routes, and no further government borrowing is envisaged to support any intervention. The alternative would be importing steel at considerable extra cost to our economy. As noble Lords have pointed out, we would then be the only country in the G20 without domestic steel production. There is a cost either way, and we must balance those costs when we make decisions going forward.

The noble Lord, Lord Sikka, asked what was happening in Port Talbot and whether we are nationalising British Steel in response to this situation. As I made clear in my opening comments, we are not nationalising anything. We have put forward a Bill to ensure the continued safe operation of the blast furnaces. Without swift intervention, there was a risk of accelerated closure, jeopardising the safety and production outcomes of British Steel.

Tata Steel decided to close the blast furnaces at Port Talbot in January 2024 under the previous Government, and the decision to provide a grant agreement towards Port Talbot's transition project was made by the previous Government. This transition was already well under way by the time we came into office. This is the point that the noble Lord, Lord Davies, made. However, I say to the House that we negotiated an improved deal with Tata, after just 10 weeks in office, with better terms for workers, future investment opportunities for the area and the highest voluntary redundancy package Tata has ever offered. Since then, we have provided more than £50 million directly to the local community, from the £80 million available from the UK Government to help people learn new skills, to support the supply chain and to protect people's mental health.

The noble Lord, Lord Kerr, the noble Baroness, Lady Jones, and others asked about the endgame for British Steel. Our long-term aspiration for British Steel remains a co-investment agreement with a private sector partner to secure a long-term transformation. We are determined to see a bright and profitable future for steel-making in this country.

A number of noble Lords asked about energy prices and the cost of energy. The Government are committed to tackling high industrial prices in the UK. The British industry supercharger package of measures for energy-intensive industries came into force in April 2024 and brings energy costs for strategically important UK industries, including steel, closer in line with other major economies around the world, so that they remain

[BARONESS JONES OF WHITCHURCH]

competitive on the world stage. Once fully implemented in April 2025, the measures will save eligible businesses on average £24 to £31 per megawatt hour on their electricity costs. The total value of reduced electricity prices is estimated to be between £320 million and £410 million in 2025 and around £5.1 billion over 10 years. This will help keep business energy costs down.

To reiterate the point about future scrutiny of the implementation of the Bill, as the Secretary of State said in the other place, we are happy to engage with relevant committees, and I am happy to keep the House updated on these matters. We will continue to update the House every four sitting weeks on the use of these powers.

**Lord Hunt of Wirral (Con):** Can I just say to the Minister how grateful we are that she understands the House's concern about the use of these powers? As I understand it, she has told the House that she will return every four weeks to update the House on the use of the powers. However, she was intervened on by the noble Lord, Lord Fox, to suggest that she might go a little further than that and have a clear debate after six months. I still think that this whole question of a sunset clause is very relevant indeed. Can the Minister expand on what she said earlier—that she believes that a fixed sunset clause would not be workable or acceptable? Why not? It is generally accepted in this House that powers of this nature should have a sunset clause. Can she perhaps expand on that and give a little more detail before we consider whether to table such an amendment?

**Baroness Jones of Whitchurch (Lab):** My Lords, I thought I had answered that point. The Bill, as it stands here, is to deal with one emergency. As we know, it is a volatile sector and we might need to use those powers at other times. We will use them judiciously and with care, and, as I keep saying, we will continue to update the House as to the use of those powers. We do not feel that a sunset clause is necessary or desirable in this Bill. To clarify, my general comment to the noble Lord was that we would continue to engage with the Lords committees to make sure that they are fully updated with progress going forward.

In concluding this debate, I convey my thanks to all noble Lords for their thoughtful contributions and for helping us to pass this legislation so that we can retain steel-making capacity in the UK—for British workers' security, for British industry's future and for the future of British Steel workers and their families. That is our priority and that is how we intend to go forward.

**Baroness Brinton (LD):** The Minister did not respond to my specific question about ensuring that the amount of any compensation paid under the terms of the Bill would be absolutely clear and stated to the public and to Parliament.

**Baroness Jones of Whitchurch (Lab):** The noble Baroness makes a reasonable point. I am sure that we can accommodate that and make sure that that information is available.

**Lord Davies of Gower (Con):** Can I just point out to the Minister that I asked a number of questions that she has not answered? Will she look at the record and write to me?

**Baroness Jones of Whitchurch (Lab):** I apologise to the noble Lord—he was speaking more quickly than I can write. I will endeavour to respond to the points that I have not been able to respond to so far.

**Baroness Jones of Moulsecobm (GP):** Before the Minister sits down again, I made a specific point about whether nationalisation was one of the options on the table under review.

**Baroness Jones of Whitchurch (Lab):** I make it clear that nothing is off the table. All options will be considered. I have also made it clear that this Bill is not about nationalising steel. If we need to take any further steps, we will obviously have to come back to the House with further proposals.

**Baroness Butler-Sloss (CB):** What opportunity will this House have to reflect on the Bill?

**Baroness Jones of Whitchurch (Lab):** Obviously, we have had a full debate today. As I said, we will come back regularly to report on progress to the House, including to the relevant committees of the House, so there will be plenty of opportunities to measure the implementation of the Bill as we go forward.

*Motion agreed.*

## Steel Industry (Special Measures) Bill

*First Reading*

2.41 pm

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

## Arrangement of Business

*Announcement*

2.41 pm

**Captain of the Honourable Corps of Gentlemen-at-Arms and Chief Whip (Lord Kennedy of Southwark) (Lab Co-op):** My Lords, I thought it would be useful to update the House on what will happen next. Now that the Bill has had its First Reading, we will adjourn the House for 15 minutes while it is printed and prepared for its Second Reading. That should be brief and formal in the light of this afternoon's debate. After Second Reading, the House will be adjourned again for at least one hour to enable noble Lords to table any amendments for Committee. The precise timings for Committee will be advertised on the annunciator when we can be more precise. With that, I beg to move that the House do now adjourn during pleasure until 2.57 pm.

2.42 pm

*Sitting suspended.*

## Steel Industry (Special Measures) Bill

### Second Reading

2.57 pm

Moved by **Baroness Jones of Whitchurch**

That the Bill be now read a second time.

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Department for Science, Information and Technology (Baroness Jones of Whitchurch) (Lab):** My Lords, for the record, we debated the purpose of this Bill earlier today.

*Bill read a second time and committed to a Committee of the Whole House.*

## Arrangement of Business

### Announcement

2.58 pm

**Captain of the Honourable Corps of Gentlemen-at-Arms and Chief Whip (Lord Kennedy of Southwark) (Lab Co-op):** My Lords, we will now adjourn the House once more. Noble Lords will have an hour to table any amendments. If there are amendments, additional time will be needed to prepare the relevant paperwork in order to facilitate Committee stage. We will advertise the precise timings on the annunciator in due course when the details are clearer.

2.59 pm

*Sitting suspended.*

## Steel Industry (Special Measures) Bill

### Committee

4.45 pm

#### Clause 1: Meaning of “steel undertaking”

*Clause 1 agreed.*

#### Clause 2: Directions about use of assets

##### Amendment 1

Moved by **Lord Hunt of Wirral**

**1:** Clause 2, page 1, line 6, after “undertaking” insert “within a period ending one year after the passing of this Act”

**Lord Hunt of Wirral (Con):** My Lords, as I indicated earlier today, in this House we have a responsibility to ensure that legislation is properly scrutinised and debated, and that it does not give unlimited powers to the Executive without the essential checks and balances that are largely portrayed in the work in depth of this House, in particular.

My noble friend Lady Laing of Elderslie reminded us that, in its report, *Fast-track Legislation: Constitutional Implications and Safeguards*, the Constitution Committee stated that

“whenever possible sunset clauses should be incorporated into emergency legislation particularly in relation to legislation that impacts upon civil liberties”.

It continued,

“emergency legislation should automatically be subject to post-legislative review”.

A number of us have had a chance to reflect not only on the debate we have just had but on the words of the Minister, who, in her closing speech, said that she would regularly update the House every four weeks. Reflecting, though, on what the Constitution Committee said, we do not believe that that goes far enough. That is why my noble friend Lord Davies of Gower and I have tabled this amendment, to ensure that there is a sunset clause. We look forward to hearing from the Minister as to whether or not she accepts the need for some check on the power of the Executive.

A number of noble Lords quoted from the Bill, which we have, of course, seen for the first time only today. One such quotation was the unfortunate wording in Clause 3 that:

“The Secretary of State may do anything for the purpose of securing the continued and safe use of the specified assets”.

It is essential that that power is there available for the sake of the future of the Scunthorpe steelworks, but should it be there available in perpetuity? That is the key question that this Chamber must now decide.

The fact that the Government are saying that they may need to return to Parliament to extend these powers is not, as they seem to believe, an argument against a sunset clause. I believe that it is imperative that emergency powers are subjected to constant oversight, and I hope that the House will agree with me. These amendments that we are proposing would simply allow Parliament to do its job. Emergency powers should never be allowed to become permanent by default. Surely, they have to be justified continually, not assumed indefinitely.

We recall the Coronavirus Act, as my noble friend pointed out. That was a piece of emergency legislation containing a sunset clause. That was in recognition of the fact that the Bill provided extraordinary powers—it was not power that should ever be delegated to the Government indefinitely. What we are now proposing has a strong precedent, and we would strongly encourage the Government to adopt this. If these are emergency powers designed to allow the Government to intervene in Scunthorpe’s steelworks in the short term, why would the Government resist a sunset clause? Indeed, in the debate in the other place, the Secretary of State said in response to an intervention that these are short-term measures to deal with an emergency situation, and he used “temporary” in opening. Why can the Government not accept that these are temporary but necessary powers?

I suppose there is also the argument that there is greater certainty if we know exactly where we are so far as the powers devolved to the Government are concerned. Earlier today, I agreed with the noble Lord, Lord Fox, in calling for a sunset clause, and heard his further comment that a debate might perhaps help to focus attention in a way that would then enable Parliament to understand the motivation behind it. I am slightly nervous at that. There is no substitute for an out-and-out sunset clause, which I believe is the right thing to do in these circumstances. I hope that the Minister, particularly accompanied by the wording of the Bingham lecturer, the person sitting alongside her—with which I agreed and have quoted on many



[LORD HUNT OF WIRRAL]

occasions—agrees that it is time for a reset between Parliament and the Executive. This is the time. I beg to move.

**Baroness Freeman of Steventon (CB):** My Lords, I speak very briefly to my Amendment 2. Clause 3(4) makes it clear that the Secretary of State has power to enter premises and make orders on the premises, but the wording in subsection (4)(a), in which it says that “the Secretary of State may ... be accompanied by any person” could be read to imply that the powers are invested in the Secretary of State in person—that is, that the Secretary of State themselves would need to be present on the premises. After speaking to the Public Bill Office, I wanted to give the Government the opportunity to clarify that a designated representative of the Secretary of State would be imbued with these same powers, so that any intransigent company could not seek to delay government action by demanding that the Secretary of State was present in person.

**Lord Moylan (Con):** My Lords, I rise on the back of that very interesting amendment to take the brief opportunity to ask again the question that I asked when we debated the Bill earlier today, which relates to the same clause of the Bill—namely, when the Bill says that the Secretary of State has the power to exercise force on entering premises, which force in practice would he intend to use? The Bill gives him no power to direct chief constables; it would be practically, and probably constitutionally, improper for him to send civil servants from his department to force entry into premises. There is also no provision in the Bill allowing him to seek a warrant that would result in bailiffs being able to enter the premises.

I genuinely want to know how, in practice, the Secretary of State would exercise force. When I asked that question in today’s earlier debate, I did not get a satisfactory answer—or, indeed, any real answer at all. I have no doubt that, now that the Minister has had the opportunity to discuss it with the Attorney-General, who is sitting next to her, it may be possible that she can answer me in her response to this debate.

**Baroness Coffey (Con):** My Lords, I will speak to the amendment tabled in my name. I am conscious of the extraordinary powers that are being granted to the Secretary of State today.

I will briefly speak in response to the amendment tabled by the noble Baroness, Lady Freeman of Steventon. It is my understanding, having been in government, that anything in the name of the Secretary of State can be automatically delegated to a civil servant, but it cannot go beyond that. As we have seen in a number of cases, civil servants already have some powers to gain entry, but only in relation to specific Acts of Parliament—so perhaps this amendment would give a wide-ranging element.

This is clearly not an occasion to use the Civil Contingencies Act, but something that surprises me about this Bill is that the powers being given to the Government and the Secretary of State today are extraordinary and go way beyond what happened with the Coronavirus Act 2020. The inspiration for my amendment comes from the Bill that was presented to

Parliament then. It set out that, to have scrutiny, a report would be put forward by the Secretary of State—over several periods, not just a year—and that there would be a debate on that report. Having a report matters because it would bring together how the powers have been used: have they been used in the way that both Houses anticipated? It may even extend to the provision of how the finances would be distributed for the regulations we have yet to see.

Overall, it is important that, when we give these powers for just one industry—I guess that if we were to name the company it would end up being a hybrid Bill, so that has been deliberately avoided to make sure that it covers the entire steel industry—we should be able to have regular discussions, not simply because this is the steel industry but due to the scale of the powers being granted. To that end, that is why I have literally lifted, with a bit of adjusting, what happened in the Coronavirus Act. Frankly, for something that took over our country in such an unprecedented way, I hope that the Government would concede to think carefully about how they will report back to this House and how this House can be involved.

**Lord Fox (LD):** My Lords, I will speak to Amendment 5, which is in my name and that of my noble friend Lady Brinton.

The whole House heard my contribution during the take-note debate, and I am grateful for the subsequent supportive comments that noble Lords made to me afterwards. Amendment 5 reflects that contribution. As noble Lords can see, it calls for a debate in Parliament after six months. That would be a substantive debate on which the House could vote if it so decided.

The whole House also heard me pledge to work constructively with the Government to get a solution to the question of giving Parliament an opportunity to debate a possible continuation or cessation of these emergency powers. I hope that the constructive discussions we have had over the past hour or so will bear fruit and that the Minister will be able to accept the spirit, if not the letter, of Amendment 5 from her Dispatch Box. Like the noble Baroness, Lady Coffey, we too have, in a sense, lifted experience from Covid, but—with all due respect to her—we believe that Amendment 5 offers more flexibility to the Government while also giving the oversight that Parliament needs at a level that is not overbearing.

These are emergency powers and periodic debate is essential. Equally, the Minister called for sufficient flexibility for the power to be either kept or discarded. We should recognise that there will be times when this may need to be turned on and turned off, and the process I propose would allow that happen. Our amendment provides for that flexibility while also somewhat enhancing parliamentary scrutiny. I hope that the Minister can reassure your Lordships that she agrees with us.

**Lord Carter of Haslemere (CB):** My Lords, I will make a brief supplementary point to the points made by the noble Lord, Lord Fox. I cannot support a sunset clause of the sort proposed by the noble Lord, Lord Hunt. That would cause these provisions to

cease altogether after 12 months, and I think these provisions are necessary—albeit very draconian, as has been accepted.

I would have gone for a different option that combines a sunset provision with a debate, of the sort that we used to have with the Prevention of Terrorism (Temporary Provisions) Acts, year after year, from 1989. We would have a clause providing for the expiry of the provisions after a certain period—be it six or 12 months—subject to renewal by an order subject to affirmative resolution. That would mean there would then be a debate in each House and approval would be required for the provisions to continue. We would have a debate but would also have the provision for expiry if the Houses voted for that. That is not here, but I am reassured that the noble Lord, Lord Fox, thinks that his amendment could procure a vote, because that is the key to this, with these powers being so draconian.

5 pm

**Baroness Butler-Sloss (CB):** My Lords, I entirely support the Bill and I ask this question only because I am concerned about exactly what is meant by Clause 3(4)(a) saying that the Secretary of State can enter a premises “using force if necessary”. How is that expected to work?

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Department for Science, Information and Technology (Baroness Jones of Whitchurch) (Lab):** My Lords, I am sure that by now noble Lords will be more than familiar with what the Government are seeking to do with this legislation. It will allow us to take control of British Steel’s blast furnaces, maintaining steel production and, by extension, protecting the company’s 3,500-strong workforce. As such, I will turn swiftly to the amendments at hand.

Noble Lords across the House have raised a number of important issues relating to the parliamentary scrutiny of this Bill. I want to reassure noble Lords that this Government take these concerns very seriously. With regard to the amendment in the name of the noble Lord, Lord Hunt of Wirral, that seeks to add a sunset clause to the Bill, I will reiterate what I said earlier: because of the speed at which this legislation has been drafted and the uncertainty of the situation, it was neither necessary nor appropriate to set a timeline on those specific interventions. As noble Lords are keenly aware, the current international situation is unpredictable. A fixed sunset clause would not be practical and would cause an unacceptable amount of uncertainty if a solution to the issue at hand became protracted. In those circumstances, we might have to come back to Parliament and go over this whole process again.

We can revoke directions given to a particular steel company at any time once the need for intervention has passed. As I have said, we would welcome working with the Business and Trade Select Committee in the other place and relevant committees of your Lordships’ House, to make sure that we work with your Lordships and Members of the other place and keep everyone updated, so that these powers are not in place any longer than is absolutely necessary.

I was clear in the debate earlier today that the Government will provide an update to Parliament every four sitting weeks, as well as providing information

to relevant Select Committees. I do not want to pre-empt discussions in the usual channels across both Houses about the nature of these updates, but it is our intention that the first instance will be an Oral Statement and that subsequent updates will be made in an appropriate manner. What this means in practice will be subject to further discussion but could, for example, be determined by the reality on the ground at that time.

Given the interest in both the steel sector and the use of powers in this Bill, I can confirm that my noble friend the Chief Whip will facilitate a fuller debate on the Floor of the House on the operation of what will then be the Act. This will take place within six months, with exact details to be subject to further discussion in the usual channels. In addition, as stated in the Government’s letter to all Peers this morning, we intend to publish our steel strategy in the spring. We will continue other related work, such as on our modern industrial strategy, and we will of course update noble Lords on that as well. All of these moments will allow scrutiny of the Government’s use of the powers in this Bill and of our wider efforts to support the vitally important steel industry.

The noble Lord, Lord Hunt, draws attention to Clause 3(2) and his concern about the words that the Secretary of State can do “anything”. I have to say to him that those words need to be read in conjunction with the rest of that sentence, which limits them to anything that a

“relevant person in relation to that undertaking could do”.

It is for only a very specific purpose. I hope that this commitment satisfies the concerns raised by the noble Lord, Lord Fox, and the noble Baroness, Lady Coffey.

I underline that a sunset clause would create further uncertainty for thousands of workers, who need to know that their jobs are secure on a long-term basis. Inserting a sunset clause would create an arbitrary deadline by which the long-term future of that plant would need to be settled. As I said before, nothing is off the table in our response to securing the future of steel in this country. We should send a strong message today to those whose livelihoods depend on the steel sector that this Parliament stands behind them.

The amendment of the noble Baroness, Lady Freeman, seeks to add to Clause 3(2), after “the Secretary of State”, the words,

“or a responsible person they designate”.

I can confirm that Clause 3(2) entitles the Secretary of State to do

“anything ... that the steel undertaking, or any relevant person ... could do”.

So officials can act in the name of the Secretary of State.

Regarding the question of the noble Lord, Lord Moylan, about using force if necessary, this will be a statutory power to be carried out by those acting on behalf of the Secretary of State. Officials or their agents could use force to enter the premises, but this would have to be lawful force; therefore, they could not assault anyone, and there would have to be clear barriers on their actions. It is up to police judgment as to whether they would intervene, based on usual policing principles.

[BARONESS JONES OF WHITCHURCH]

I hope I have been able to provide reassurance on all these matters. I therefore respectfully ask that all the amendments in this group are not pressed.

**Lord Hunt of Wirral (Con):** My Lords, I join the Minister in wanting to send a strong message from Parliament to all those involved in the Scunthorpe steelworks that we are solidly in support of them, and that everything we do today is directed to that end.

Turning to my amendment and the debate we have just had, I think that the noble Baroness, Lady Freeman, made a very important point about civil servants being able to act in the name of the Secretary of State. My noble friend Lady Coffey confirmed that that was the case, so at least we know where we are.

I thank the noble Lord, Lord Fox, very much indeed. He and I have been working together on this as hard as we possibly can to find a way through, because we do not want to stop this action in its tracks—far from it. We just feel that Parliament—in particular, the House of Lords—and the words of our Constitution Committee should not be disregarded. The committee has a right to stress the importance of sunset clauses.

However, having heard this debate, I am quite happy, following discussions through the usual channels, to indicate that such a debate could be postponed until we know a little more clearly where we are. In six months' time, if we are to have—as the noble Lord, Lord Fox, and the noble Baroness, Lady Brinton, have suggested—what he referred to as a substantive debate, and, as the Minister said, further debate on the operation of this legislation, we have made a great deal of progress. The voice of this Chamber has been heard, and I am very pleased to have been able to speak in this debate. I say to my noble friend Lord Moylan that he and I still await the reply to the question that he posed, but no doubt the Minister will write.

I do not think that the noble and learned Baroness, Lady Butler-Sloss, has had an answer to her point about force. That is something that we will have to leave for another day, but it is a very important issue. We should not be giving powers in this Parliament to individuals to use force without clarifying exactly the circumstances in which they can be used.

All in all, we have reached a reasonable conclusion, and I am very grateful to the Minister for having listened so carefully and taken to heart the concerns of this Chamber about the need for this legislation to have an end date. We will return to that in the debate that we will have in October on a substantive Motion, as the noble Lord, Lord Fox, said. In the meantime, I beg leave to withdraw my amendment.

*Amendment 1 withdrawn.*

*Clause 2 agreed.*

**Clause 3: Breach of directions: power to take control of assets**

*Amendment 2 not moved.*

*Clause 3 agreed.*

*Clauses 4 to 9 agreed.*

*Amendments 3 and 4 not moved.*

### Amendment 5

*Tabled by Lord Fox*

**5:** After Clause 9, insert the following new Clause—

#### “Debate on provisions of this Act

Within six months of this Act coming into force, a Minister of the Crown must, in both Houses of Parliament, table a motion for debate on the continuing necessity of the provisions contained in this Act.”

**Lord Fox (LD):** My Lords, I would just like to say a few words. I first thank the noble Lord, Lord Hunt, for his kind words—which I had not expected—but, mostly, I thank the Government Front Bench, in particular the Chief Whip, for the constructive discussions that we have had, which enabled the Minister to say the things that we hoped she would say. The point is that we understand the need for flexibility, but we also understand the need for parliamentary scrutiny. I hope that, between us, we have got to that point, thanks to the flexibility and the scrutiny that we have had over the past few hours.

*Amendment 5 not moved.*

*Clause 10 agreed.*

*House resumed. Bill reported without amendment.*

## Steel Industry (Special Measures) Bill

### Report

*5.13 pm*

*Report received.*

## Steel Industry (Special Measures) Bill

### Third Reading

*5.13 pm*

### Motion

*Moved by Baroness Jones of Whitchurch*

That the Bill do now pass.

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Department for Science, Information and Technology (Baroness Jones of Whitchurch) (Lab):** My Lords, we are moving at pace, which is a good thing. I remain grateful to all noble Lords who have contributed to this process, in particular those who tabled amendments and those who have spoken in today's debates.

The passing of this legislation is needed not just to protect British Steel and its 3,500 employees; it is needed to protect the future of the UK steel industry to forge the steel needed in our railways, homes and critical infrastructure. That is what is at stake here, which is why I am grateful to all those who have supported the Government in our action today. Our decision to protect UK steel-making now and long into the future is essential.

We know that events such as this are exceptionally rare, but the Government would never have requested a reconvening of Parliament were it not absolutely



necessary. The emergency legislation introduced to this House means that the Government will now be able to order the iron ore, coal and other raw materials needed to keep the blast furnaces at Scunthorpe running.

I am grateful to everyone who has played a part in getting this legislation over the line. This includes noble Lords in this place, officials at the Department for Business and Trade, those in departments across government who have worked on the Bill, and the staff here on the estate who were called in at incredibly short notice. It is thanks to all those efforts that we can protect steel-making in this country now and for years to come. I beg to move.

**Lord Davies of Gower (Con):** My Lords, I shall be very brief. I just want to say that this is a very important and necessary debate, and it is right that we have had it today to do everything we can to support our remaining steel industry. I have sadly witnessed the demise of this great industry in Wales, particularly south Wales. As I say, we must do all we can to protect Scunthorpe, and this emergency Bill is intended to do just that.

It has been a very good debate, with passion from all sides of your Lordships' House. On behalf of His Majesty's loyal Opposition, I thank all noble Lords for their contributions. In particular, I thank the Minister for her part in this. Without further ado, I wish noble Lords well for the rest of the recess and a particularly happy Easter.

**Lord Fox (LD):** Even more briefly, I hope, I thank both Front Benches for facilitating an open and very clear debate, which proceeded in the right spirit. I associate myself with the Minister's list of people to thank. I reiterate what I said at the beginning to the House authorities and everybody across the House. Today has been incredibly smooth and like a normal working day, which is very much to everyone's credit. We should all be very grateful. Finally, I thank Humphrey Amos in our Whips' office, who has kept us all in line.

*5.17 pm*

*Bill passed.*

*5.17 pm*

*Sitting suspended.*

## Royal Assent

*6 pm*

*The following Act was given Royal Assent:*  
Steel Industry (Special Measures) Act.

*House adjourned at 6.01 pm.*

